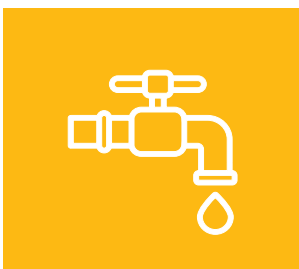
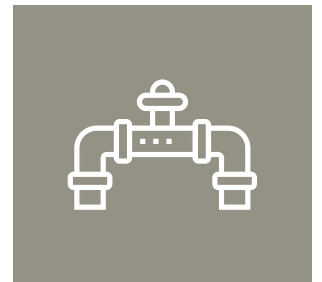


# A Brighter Future Ahead



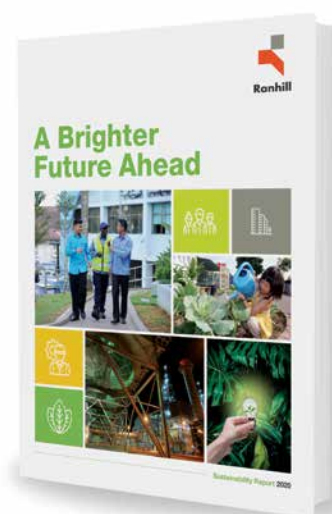
# 7<sup>th</sup>

## Annual General Meeting ("Fully Virtual")

**Date** : 28 June 2021, Monday  
**Time** : 2.00 p.m.  
**Broadcast Venue** : Tricor Business Centre,  
Gemilang Room, Unit 29-01,  
Level 29, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South,  
No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur



## Our Reports



### ANNUAL REPORT 2020

The AR2020 provides a comprehensive account of Ranhill's financial performance as well as the audited financial accounts.

It also provides strategic information pertaining to the Group's business and operational strategies, its challenges and risks, outlook and prospects as well as information on its business model and industry value chain including financial and non-financial values created.

### REPORTING SUITE

### SUSTAINABILITY REPORT 2020

The SR2020 is a comprehensive report of the Group's sustainability performance. It covers results achieved for material Economic, Environment and Social ("EES") topics.

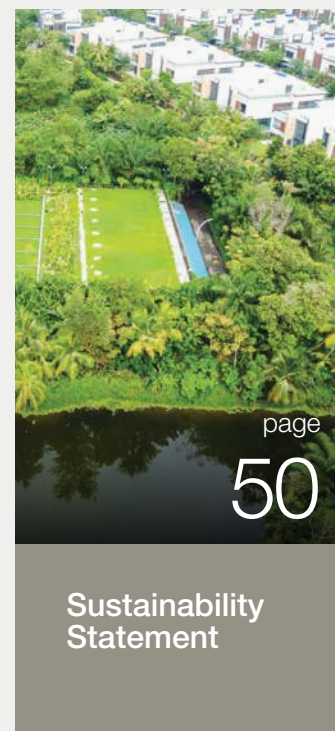
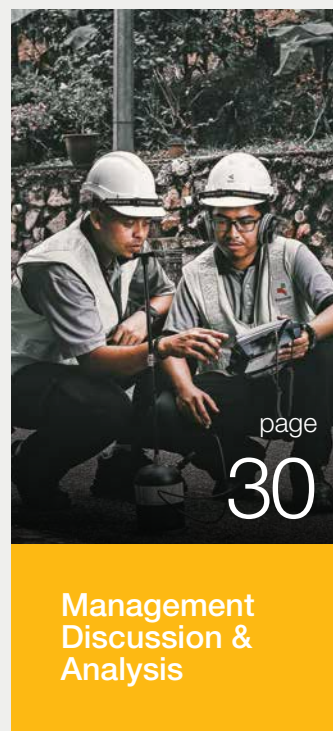
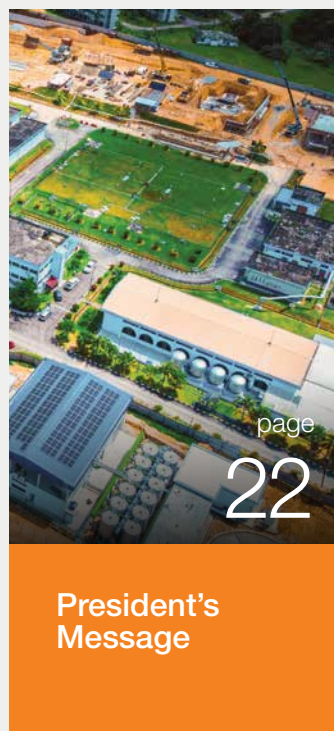
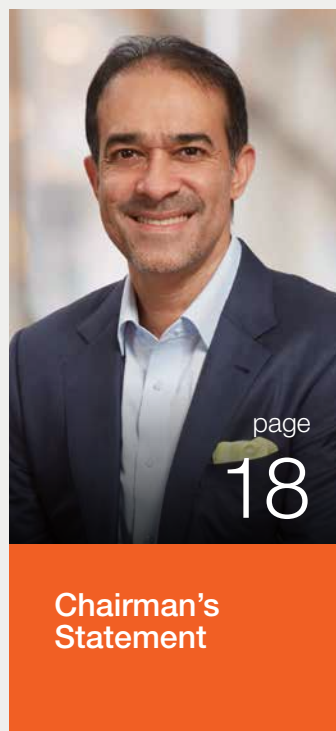
The SR2020 is developed in accordance to the GRI 2018 Standard as well as disclosure requirements under the Bursa Malaysia FTSE4Good Index.

### CORPORATE GOVERNANCE REPORT ("CG2020")

CG2020 demonstrates how Ranhill has applied corporate governance practices as provided for in the Malaysian Code of Corporate Governance 2017 ("MCCG" 2017).



# Contents



## Business Overview

<b>3</b>	Group Corporate Profile
<b>5</b>	Ranhill Fact Sheet
<b>6</b>	Our Presence
<b>8</b>	Corporate Information
<b>10</b>	Our Value Creation Model
<b>12</b>	Our Value Creation Approach
<b>14</b>	Our Value Chain

## Performance Review

<b>18</b>	Chairman's Statement
<b>22</b>	President's Message
<b>30</b>	Management Discussion & Analysis
<b>49</b>	Group Financial Highlights

## Sustainability

<b>50</b>	Sustainability Statement
<b>Governance</b>	
<b>78</b>	Board of Directors
<b>80</b>	Board of Directors' Profile
<b>88</b>	Key Senior Managements' Profile
<b>89</b>	Corporate Governance Overview Statement
<b>102</b>	Additional Compliance Information
<b>103</b>	Audit Committee Report
<b>106</b>	Statement on Risk Management and Internal Control
<b>109</b>	Directors' Responsibility Statement

## Financial Statements

<b>111</b>	Directors' Report
<b>118</b>	Statement by Directors
<b>118</b>	Statutory Declaration
<b>119</b>	Independent Auditors' Report
<b>125</b>	Statements of Comprehensive Income
<b>127</b>	Statements of Financial Position
<b>129</b>	Consolidated Statement of Changes in Equity
<b>131</b>	Statements of Changes in Equity
<b>132</b>	Statements of Cash Flows
<b>135</b>	Notes to the Financial Statements

## Other Information

<b>240</b>	Property Owned by Our Group
<b>241</b>	Disclosure of Recurrent Related Party Transactions
<b>246</b>	Analysis of Shareholdings
<b>251</b>	Notice of Annual General Meeting
<b>260</b>	Statement Accompanying the Notice of Annual General Meeting

Proxy Form



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## OUR MISSION

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**TO BE A REGIONAL LEADER IN WATER,  
WASTEWATER AND ENERGY WITH  
EMPHASIS ON CIRCULAR ECONOMY.**



---

## OUR VISION

---

**ENRICHING LIVES THROUGH  
SUSTAINABLE SOLUTIONS**

### ENRICHING LIVES

Ranhill aspires to lift the quality of life by being at the forefront of nation building through sustainable environment and power solutions using innovative and clean technology.

### SUSTAINABLE SOLUTIONS

Ranhill aspires to meet the needs for an enhanced quality of life and a cleaner planet through innovation.

We subscribe to the triple-bottom-line approach, to the Environment (Planet) and Communities (People) whilst achieving our Financial Objective (Profit).

We inspire our employees to be innovative in providing solutions beyond customers' expectations.



---

## OUR VALUES

---



---

### RESPECT

---

Respect for the environment, communities we serve and for our employees.



---

### RESOURCEFUL

---

Determination in sourcing and adopting innovative solutions.



---

### RESULT

---

Focussed on delivering growth and value to our stakeholders.

## GROUP CORPORATE PROFILE

Ranhill Utilities Berhad (“Ranhill” or “the Group”) is an industry leader in its chosen business sectors of Environment and Energy. Within Malaysia and abroad, Ranhill has and continues to distinguish itself for world-class water and power operations and for setting industry benchmarks.

Ranhill’s Environment Division provides water supply in the Johor State, and operates water, wastewater and reclaimed water treatment plants in Johor, Thailand and China. The Division also provides technical services in the management and optimisation of water utility assets as well as Non-Revenue Water (“NRW”) management.

Ranhill’s Environment businesses account for 84% of revenue with the balance derived from the Energy Division which provides energy generation in the state of Sabah.

Ranhill’s Energy Division consists of the development, ownership, operation and maintenance of two (2) Combined Cycle Gas Turbine (“CCGT”) power plants, which have a total electricity production capacity of 380 Megawatts (“MW”).



132kV Gayang Substation in Kota Kinabalu, Sabah.

### ENVIRONMENT DIVISION

#### RANHILL SAJ SDN BHD

Ranhill SAJ Sdn Bhd (“RanhillSAJ”) is involved in the principal business of raw water abstraction, treatment, distribution and sale in the state of Johor, Malaysia. RanhillSAJ’s supply of water accounts for approximately 78.6% of Group revenue. It operates 44 Water Treatment Plants (“WTP”) state-wide with a total treatment capacity of 2,026 Million Litres Per Day (“MLD”).

As at 31 December 2020, RanhillSAJ’s network system comprises 705 reservoirs and 23,341 kilometres of pipelines that supplies treated water to 3.8 million people in Johor as well as industries across the state.

With a low NRW level of 17.5 metres cubed per kilometre of mains per day (“m<sup>3</sup>/km/day”), RanhillSAJ is one of Malaysia’s most efficient water operators, a fact further evidenced by Johor State’s low NRW levels of 26.7% in FY2020.

Working together with Ranhill Water Services Sdn Bhd (“RWS”), which specialises in NRW reduction and management, RanhillSAJ has set a target of further reduction of Johor’s NRW levels to 7.5% in the long-term.

## GROUP CORPORATE PROFILE

### RANHILL WATER SERVICES SDN BHD

Ranhill Water Services Sdn Bhd (“RWS”) is one of the largest NRW Management specialists in the region with a workforce of more than 516 highly skilled staff, dedicated to providing effective NRW solutions for a wide range of clients. They include state and federal governments, municipal authorities, industrial parks and industrial and commercial businesses.

RWS strives to incorporate innovative and state-of-the-art technologies within its workflow. The company leverages on its in-house, cloud-based NRW Management software platform called AquaSMART. AquaSMART assists water operators in the quest for optimum NRW reduction. It has obtained patent and copyright approval within Malaysia.

Progressively, RWS continues to improve on its track record for NRW savings. In FY2020, RWS has saved more than 64 MLD of treated water in Johor.

### RANHILL WATER TECHNOLOGIES SDN BHD

Ranhill Water Technologies Sdn Bhd (“RWT”) undertakes varied water, wastewater and reclaimed water utility projects in terms of size, location and project complexity in Malaysia, Thailand and China. This includes operating treatment plants for the same.

To date, RWT operates 22 water, wastewater and reclaimed water treatment plants on a Build-Operate-Transfer (“BOT”) or a Rehabilitate-Own-Transfer (“ROT”) business model.

In Malaysia, RWT successfully designed and built the 50,000 Population Equivalent (“PE”) Sewage Treatment Plant (“STP”) known as STP4 at Forest City on 25 March 2019.

In Thailand, the company operates 10 water and wastewater treatment facilities with a total aggregate capacity of 114 MLD. Concessions held range up to years 2028-2043. The facilities are based in the Amata Industrial Park in the province of Rayong and Chonburi.

RWT also operates two (2) reclaimed water treatment plants in the Amata Industrial Park with a total treatment capacity of 17 MLD. These are the 10 MLD Amata City Chonburi Industrial Estate W RTP1-CB and the 7 MLD Amata City Rayong Concession Industrial Estate W RTP2-RY.

In China, via a long-standing strategic partnership with our local partner, SIIC Environment Holdings Ltd, RWT operates 12 wastewater treatment plants on a BOT

and takeover-operate-transfer (“TOT”) basis with an aggregate capacity of 227 MLD. Concessions held in China stretch between 25-30 years, providing RWT with a stable revenue base and recurring income.

To date, Ranhill via RWT has achieved 341 MLD, or 85% of its targeted 400 MLD for international water and wastewater operations.

### ENERGY DIVISION

Ranhill via its subsidiaries, Ranhill Powertron Sdn Bhd (“RPI”) and Ranhill Powertron II Sdn Bhd (“RPII”), operate and maintain two CCGT power plants located in the Kota Kinabalu Industrial Park.

RPI operates the 190 Megawatts (MW) Teluk Salut Power Station while RPII operates the 190 MW Rugading Power Station. The former comprises four (4) 30 MW gas turbines, four (4) vertical heat recovery steam generators and two (2) 35 MW steam turbines. The latter consists of two (2) 65 MW gas turbines, two (2) horizontal heat recovery steam generators and 60 MW steam turbines.

Cumulatively, the Group’s power plants deliver up to 380 MW of energy, which is equivalent to approximately 40% of the total installed capacity of Independent Power Producers (“IPP”) in Sabah state. This makes Ranhill the largest IPP player in Sabah.

The Group derives revenue from the sale of electricity generated to Sabah Electricity Sdn Bhd (“SESB”) as per the terms contracted under the Power Purchase Agreements (“PPA”). The RPI has a PPA for 21 years until 2029, while RPII’s 21-year PPA is until 2032.

## Business Overview

**Ranhill Fact Sheet****Business Overview**

Performance Review

Sustainability

Governance

Financial Statements

Other Information

Provides Water to

**3.8 Million**

in Johor, Malaysia

**705**Active Treated  
Water Reservoir**44**Water Treatment  
Plants

NRW Level stands at

**26.7%****99.8%**

Water Supply Coverage

**12**Wastewater  
Treatment Plant  
in China**10**Water & Wastewater  
Treatment Plant and Water  
Reclamation Treatment  
Plant in Thailand

Employees

**3,086****23,341 kilometres**

of pipelines of which

**19,748 kilometres**

of water reticulation mains

**3,347 kilometres**

of water mains distribution

**169 kilometres**

of raw water pipelines

**77 kilometres**

of PUB distribution



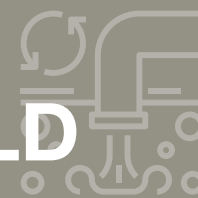
Provides Electricity to

**1.2 Million**population with a total energy generating  
capacity of **380 Megawatts ("MW")** from **two  
Combined Cycle Gas Turbine ("CCGT")**  
power plants in Sabah, MalaysiaTotal Water and Wastewater  
Treatment Capacity**2,367 MLD****85.6%**

Local

**14.4%**

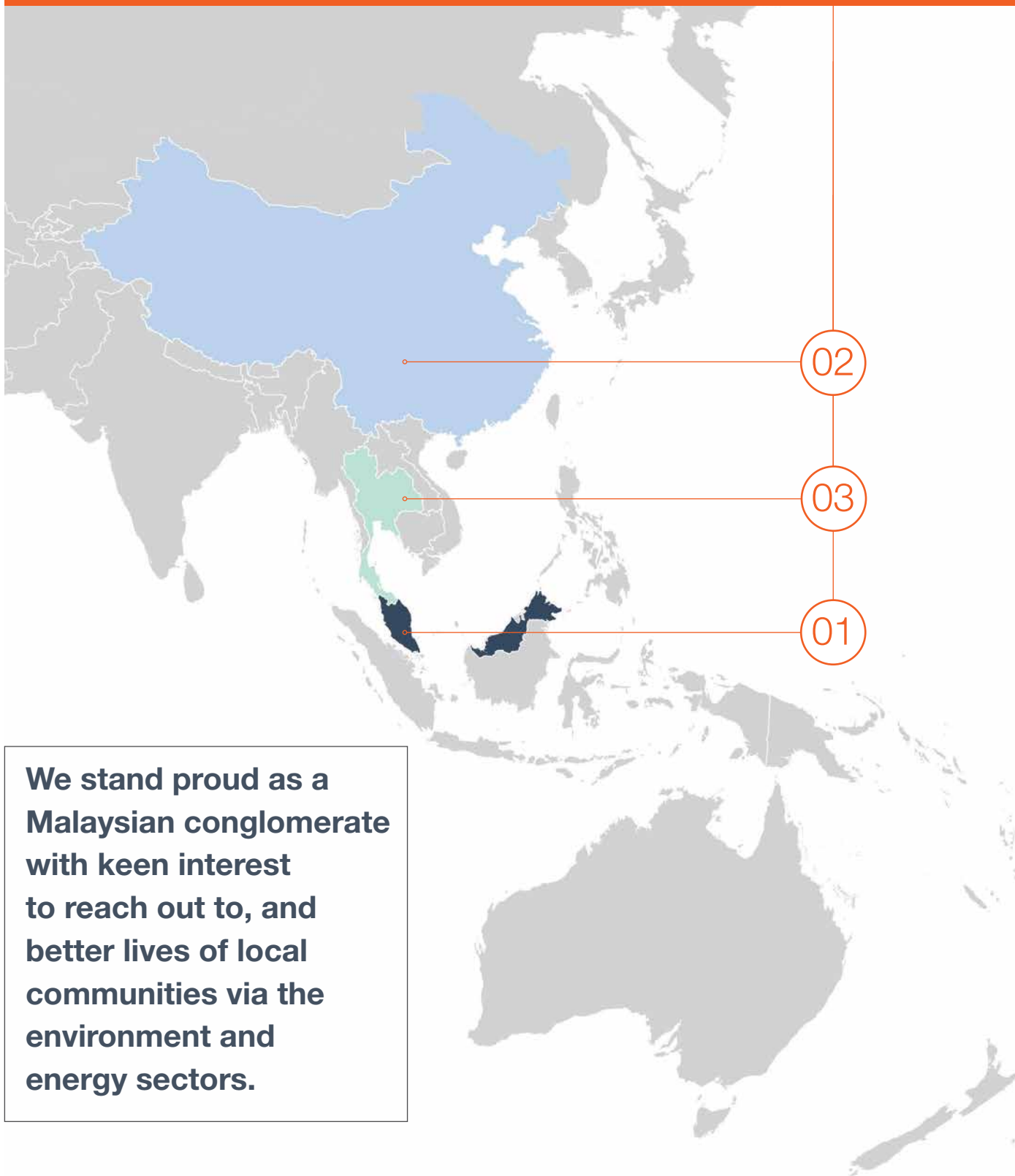
International

Ranhill Utilities Berhad included in  
**FTSE4Good Bursa Malaysia Index**



Business Overview

## Our Presence



**We stand proud as a Malaysian conglomerate with keen interest to reach out to, and better lives of local communities via the environment and energy sectors.**



Operates in  
**3** countries

## Our Businesses

Water  
Supply  
Services



Water and  
Wastewater  
Treatment &  
Reclamation  
Water Treatment



Non-Revenue  
Water  
Management



Energy



# 01

## MALAYSIA

### Water Supply Services in Johor, Malaysia

- Exclusive license to provide source to tap water supply services throughout the State of Johor
- Johor is the third most populous state with a population of approximately 3.8 million as at December 2020
- 44 Water treatment plants
- Total treatment design capacity of 2,026 MLD

### Power Business in Sabah, Malaysia

- The largest IPP in Sabah, Malaysia
- Operates two (2) 190 MW CCGT power plants in Kota Kinabalu Industrial Park
- 21-year PPA with SESB for the sale of up to 380 MW of electrical generating capacity and electricity production
- Total capacity represents approximately 40% of combined installed capacity of all IPPs in Sabah

# 02

## CHINA

- Concession agreement with local authorities or industrial park management councils
- 12 Wastewater treatment plants ranging from 25-30 years
- Total treatment design capacity of 227 MLD

# 03

## THAILAND

- 10 Water, wastewater treatment plant and reclamation water treatment plant
- Total treatment design capacity of 114 MLD



### SEGMENTAL REVENUE (RM'Million)

## 1,464.3

99.0% of group revenue



### SEGMENTAL REVENUE (RM'Million)

## 14.1

1.0% of group revenue



### SEGMENTAL REVENUE (RM'Million)

## 154.0

Revenue of RMB 253.0 Million (RM154.0 Million) but is not consolidated (effective December 2016, Ranhill Water (Hong Kong) Ltd. ("RWHK") has become an associate as the group's shareholding in RWHK reduced to 40%)

Business Overview

## Corporate Information

### Board of Directors

**TAN SRI AZMAN YAHYA**

Chairman  
Independent Non-Executive Director

**TAN SRI HAMDAN MOHAMAD**

Executive Director  
President and Chief Executive

**DATO SRI LIM HAW KUANG**

Executive Director

**DATUK ABDULLAH KARIM**

Senior Independent Non-Executive Director

**MR LIM HUN SOON @ DAVID LIM**

Independent Non-Executive Director

**MS LOONG MEI YIN**

Non-Independent Non-Executive Director

**MS LEOW PEEN FONG**

Independent Non-Executive Director

**ENCIK ABU TALIB ABDUL RAHMAN**

Independent Non-Executive Director

#### AUDIT COMMITTEE ("AC") MEMBERS

**MR LIM HUN SOON @ DAVID LIM**

Chairman  
Independent Non-Executive Director

**DATUK ABDULLAH KARIM**

Member  
Senior Independent Non-Executive Director

**ENCIK ABU TALIB ABDUL RAHMAN**

Member  
Independent Non-Executive Director

#### NOMINATING AND REMUNERATION COMMITTEE ("NRC") MEMBERS

**DATUK ABDULLAH KARIM**

Chairman  
Senior Independent Non-Executive Director

**TAN SRI AZMAN YAHYA**

Member  
Independent Non-Executive Director

**ENCIK ABU TALIB ABDUL RAHMAN**

Member  
Independent Non-Executive Director

#### GOVERNANCE AND RISK MANAGEMENT COMMITTEE ("GRMC") MEMBERS

**MS LEOW PEEN FONG**

Chairman  
Independent Non-Executive Director

**TAN SRI HAMDAN MOHAMAD**

Member  
Executive Director  
President and Chief Executive

**DATO SRI LIM HAW KUANG**

Member  
Executive Director

**ENCIK ABU TALIB ABDUL RAHMAN**

Member  
Independent Non-Executive Director

**LONG TERM INCENTIVE PLAN  
COMMITTEE (“LTIP”) MEMBERS****DATUK ABDULLAH KARIM**

Chairman  
Senior Independent Non-Executive  
Director

**TAN SRI AZMAN YAHYA**

Member  
Independent Non-Executive Director

**ENCIK ABU TALIB ABDUL RAHMAN**

Member  
Independent Non-Executive Director

**COMPANY SECRETARIES****MS LAU BEY LING**

Chartered Secretary  
MAICSA 7001523  
Practising Certificate No.: 201908004064

**MS LEONG SHIAK WAN**

Chartered Secretary  
MAICSA 7012855  
Practising Certificate No.: 202008002757

**REGISTERED OFFICE**

Bangunan Ranhill SAJ  
Jalan Garuda, Larkin  
80350 Johor Bahru  
Johor Darul Takzim  
Malaysia

Telephone No. : +(607) 225 5300  
Facsimile No. : +(607) 225 5310  
Website : www.ranhill.com.my

**SHARE REGISTRAR****BOARDROOM SHARE REGISTRARS  
SDN. BHD.**

Registration Number: 199601006647  
(378993-D)

11th Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia

Telephone No. : +(603) 7890 4700  
Facsimile No. : +(603) 7890 4670  
Website : www.boardroomlimited.  
com

**AUDITORS****MESSRS ERNST & YOUNG PLT**

PLT 202006000003 (LLP0022760-LCA) &  
AF No.: 0039

Chartered Accountants  
Level 23A, Menara Milenium,  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia

Telephone No. : +(603) 7495 8000  
Facsimile No. : +(603) 2095 5332  
Website : www.ey.com/en\_my

Note : Subject to the approval of the shareholders of the Company for Ordinary Resolution No. 5 to be tabled at the Company's 7<sup>th</sup> Annual General Meeting to be held on 28 June 2021, Messrs Deloitte PLT has been proposed to be appointed as Auditor of the Company in place of retiring Auditor, Messrs Ernst & Young PLT for the financial year ending 31 December 2021.

**PRINCIPAL BANKER****Malayan Banking Berhad****STOCK EXCHANGE LISTING****Main Market of Bursa Malaysia  
Securities Berhad**

(Listed on 16.12.2015 and traded on  
16.03.2016)

Stock Name : RANHILL  
Stock Code : 5272

**FORM OF LEGAL ENTITY**

Incorporated on 28 April 2014 as a private limited liability company in Malaysia under the Companies Act 1965. On 24 October 2014, converted into a public company limited by shares under its current name. Commenced its business on 16 December 2015 following the completion of the pre-offering reorganisation. On 16 December 2015, also assumed its listing status on the Main Market of Bursa Malaysia Securities Berhad following the completion of the reverse takeover acquisition of Symphony House Berhad (now known as Symphony House Sdn. Bhd.).

Ranhill Holdings Berhad had changed its name to **Ranhill Utilities Berhad** (“Ranhill”) effective 13 May 2020. The new name of Ranhill Utilities Berhad is consistent with Ranhill's vision, mission and circular economic model. The unified brand provides a unified identity for both of Ranhill's water and power operations and highlights the Group's proven expertise and experience in the utilities sector for both water and energy.

## Business Overview

## Our Value Creation Model

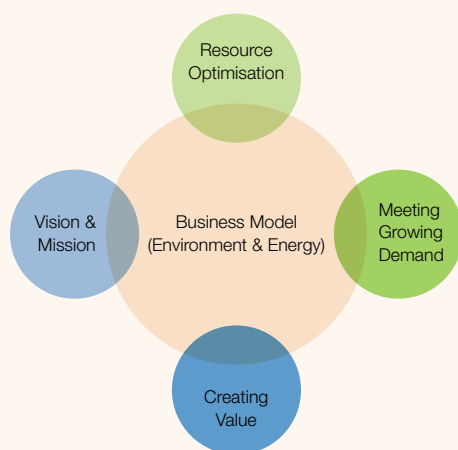
The following value creation model illustrates the capitals or resources that Ranhill consumes through its water and power operations and the outputs and outcomes generated for the Group and other stakeholders. Going forward, Ranhill's focus is to generate more positive outcomes while mitigating or reducing negative values such as environmental impacts. The Group will also look to reduce its reliance on finite resources where possible, and to harness renewable resources in line with the circular economy approach.





**OUTPUTS & OUTCOMES****Business Divisions:**

Environment  
Energy

**Business Model:**

Short, Medium and Long-Term Horizon

**ENVIRONMENT**

Mitigating and managing our environmental footprint through the circular economy approach.

**SOCIAL**

Delivering positive impact on all stakeholders.



- RM1,478.4 million revenue
- RM92.8 million in profit before taxes and zakat
- RM92.1 million in profit from operations
- RM29.8 million in dividend payout
- Share price depreciation of 15.4% in FY2020
- RM964.3 million market capitalisation as at end FY2020
- 2,026 MLD total treatment capacity
- 17 MLD in reclaimed water
- Approximately 40% of total IPP installed capacity in Sabah state
- High customer satisfaction levels for water supply services in Johor
- 177 new hires
- 3,086 workforce strength
- Low 4% attrition rate
- Development of leadership bench
- Incorporation of new technologies into business processes
- Penetration into new markets including Indonesia
- Strengthening of our business model and value proposition, expansion into new businesses and future proofing our business amidst a dynamic and fast changing operating environment
- Improved relationships with the Government and industry regulators
- Stronger investor confidence with increased buy calls for Ranhill's shares
- Reduction to 226,796.24 Carbon dioxide equivalent ("CO<sub>2</sub>e") (10.7% decrease, y-o-y) in Greenhouse Gas ("GHG") emissions, cumulative from all RanhillSAJ WTPs
- 698.37 million cubic metre ("m<sup>3</sup>") water consumption in FY2020
- 454.7 Gigawatt hours ("GWh") energy consumption
- Continuous efforts to reduce our environmental footprint and to empower communities across the country
- Adoption of more "green" methods of operations across our businesses

## Business Overview

## Our Value Creation Approach

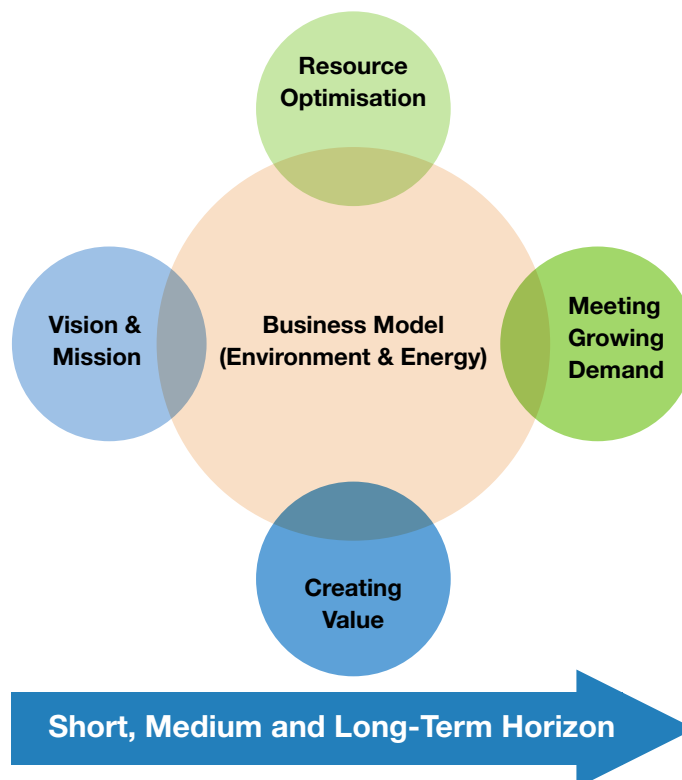
### OUR APPROACH TO VALUE CREATION

Ranhill Utilities Berhad (“Ranhill” or “the Group”) is committed to the realisation of both financial and non-financial values for its stakeholders. The Group’s approach to value creation is based on the circular economy model, which is reflected in the business operations of the Group’s Environment and Energy business divisions.

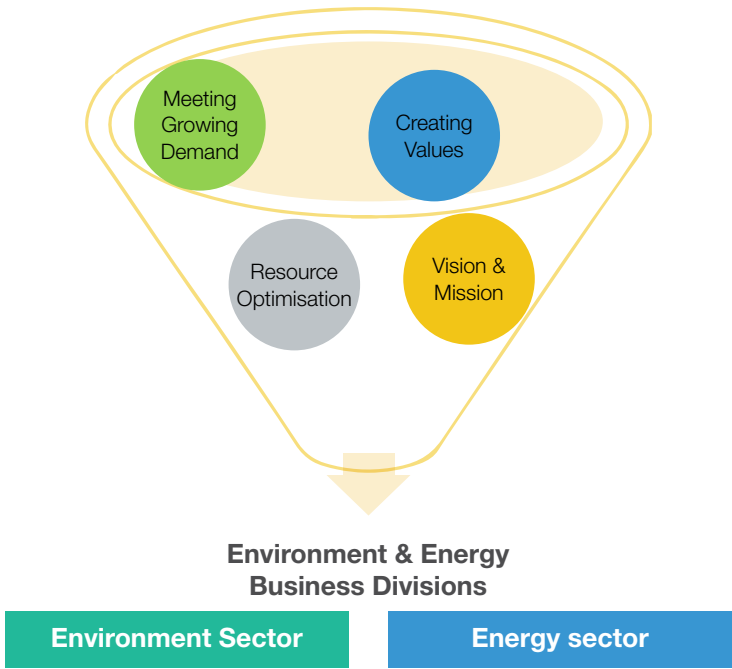
The circular economy approach is premised on a triple-bottom-line; that is people, planet and profit as opposed to the traditional profit-oriented approach, where financial gains are prioritised above other elements. The circular economy concept also espouses that resources are to be optimised – recycled and preserved and kept in use for as long as possible – extracting the maximum value while simultaneously allowing these to regenerate for future use.

Ranhill’s approach to value creation increases in relevance given the many present issues in the world today. These include increasing scarcity of natural resources and growing consumption demand arising from rapid industrialisation, population growth and other macro-economic trends and developments.

By being cognisant of both resource consumption as well as outputs generated, Ranhill is driving value creation with a focus on the triple-bottom-line of economic, environmental and social performance. This approach ultimately, ensures the long-term viability of the Group. It also generates a wide range of stakeholder value that is consistent with the aspirations of the United Nations Sustainability Development Goals (“UN SDGs”).



<b>Business Overview</b>	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		



Refer to the Industry Value Chain section for information on the business divisions.

### + Values Created

- Clean and reliable water and electricity / power supply to meet basic living needs and to drive socio-economic development.
- Develops local supply chains and enables job creation.
- Indirectly spurs infrastructure development, commercial activities and attracts investments.
- Contributes to nation growth and prosperity.

Refer to the Value Creation Model for detailed information on capitals consumed and values created.

### - Values Created

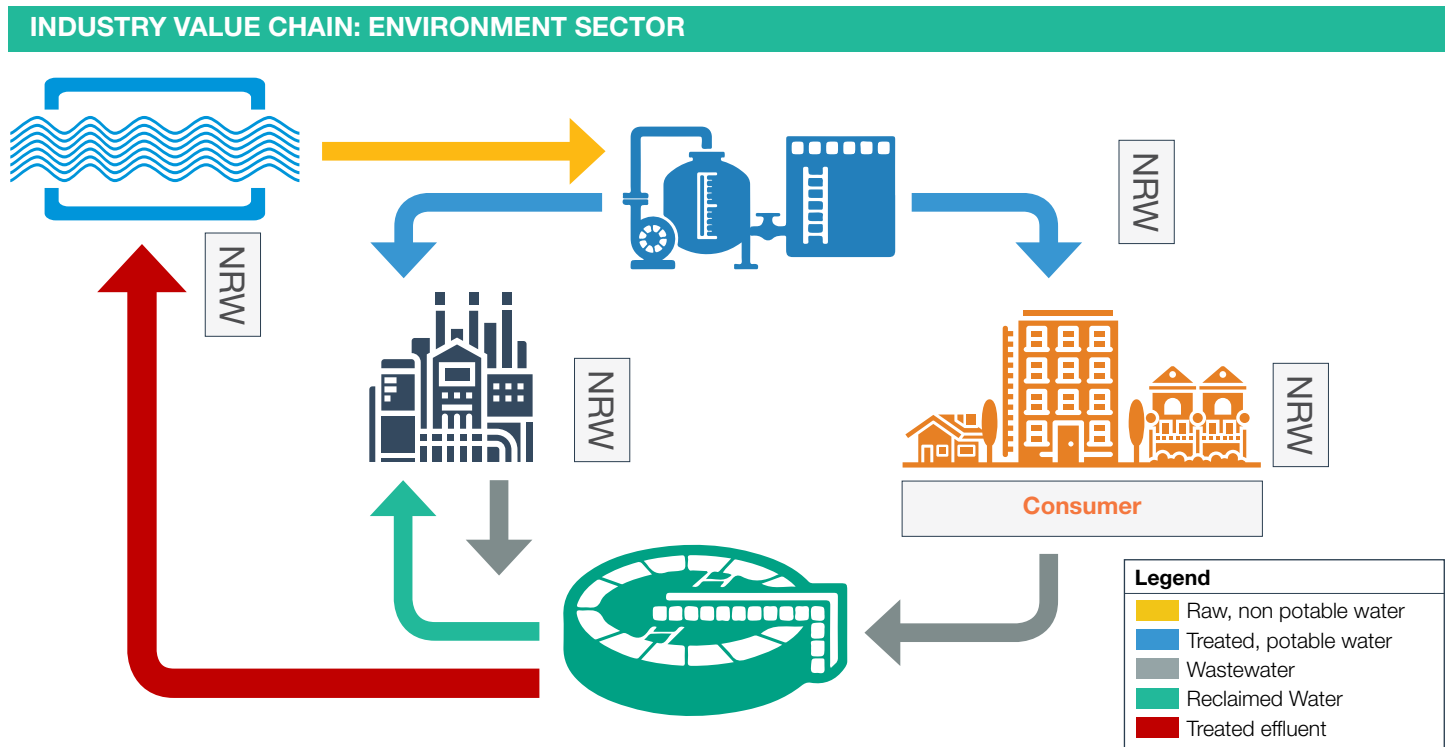
- Environmental impacts
- Business model is hinged on finite water resources as well as fossil fuels ("LNG")

### Contribution to the realisation of selected UN SDGs



Refer to the Sustainability Statement / Sustainability report for detailed information on sustainability performance and contribution to the UN SDGs.

## Business Overview

**Our Value Chain**

Ranhill's Environment Sector's operations comprises the abstraction and treatment of raw water, the treatment of wastewater and NRW management. Together, Ranhill's water related operating companies, RanhillSAJ, RWS and RWT provides a source to tap solution for state governments, municipal authorities, industrial parks and commercial clients.

RanhillSAJ is responsible for raw water abstraction, treatment, distribution and sale in Johor. Potable water is supplied to residential, commercial and industrial consumers across the state. As at 31 December 2020 RanhillSAJ operates 44 WTPs state-wide with a total treatment capacity of 2,026 MLD and supplies the state's of 3.8 million population.

At Amata Industrial Park, Thailand, Ranhill through RWT operates two (2) reclaimed treatment plants and in Malaysia, operate sewerage treatment plant at Forest City,

Gelang Patah, Johor, where effluent, which is treated and discharged into rivers, is reclaimed and reused for a wide range of non-potable commercial and industrial applications.

The use of reclaim water or greywater offers many benefits. This includes reducing demand for treated water extracted from the source, upstream rivers. This reduces pressure on a finite supply of water and provides a long-term solution for industrial and commercial customers, who are the biggest consumers of treated, potable water. Greywater is also part of the solution to address growing consumption demand from increased industrial and commercial activity as well as population growth.

Ranhill's aggregate reclaimed water capacity as at end FY2020 stands at 28 MLD, with plans to increase this number going forward.

Ranhill through RWS and RanhillSAJ also looks to address NRW. By reducing NRW levels, the stress on WTPs and supporting assets can be reduced significantly – resulting in lower maintenance cost as well as lower consumption of power, water and other resources. Water saved will increase the reserve margin with the surplus being redistributed to high demand areas such as Johor Bahru city. Consequently, this contributes to an increased revenue.

High NRW necessitates greater abstraction of water from already dwindling river water sources. This also translates into higher water treatment costs and increased environmental footprint due to power consumption and emissions from WTPs and increased workload on the existing water assets and infrastructure. NRW loss is also a loss of revenue.



**BUSINESS STRENGTHS AND COMPETITIVE ADVANTAGES**

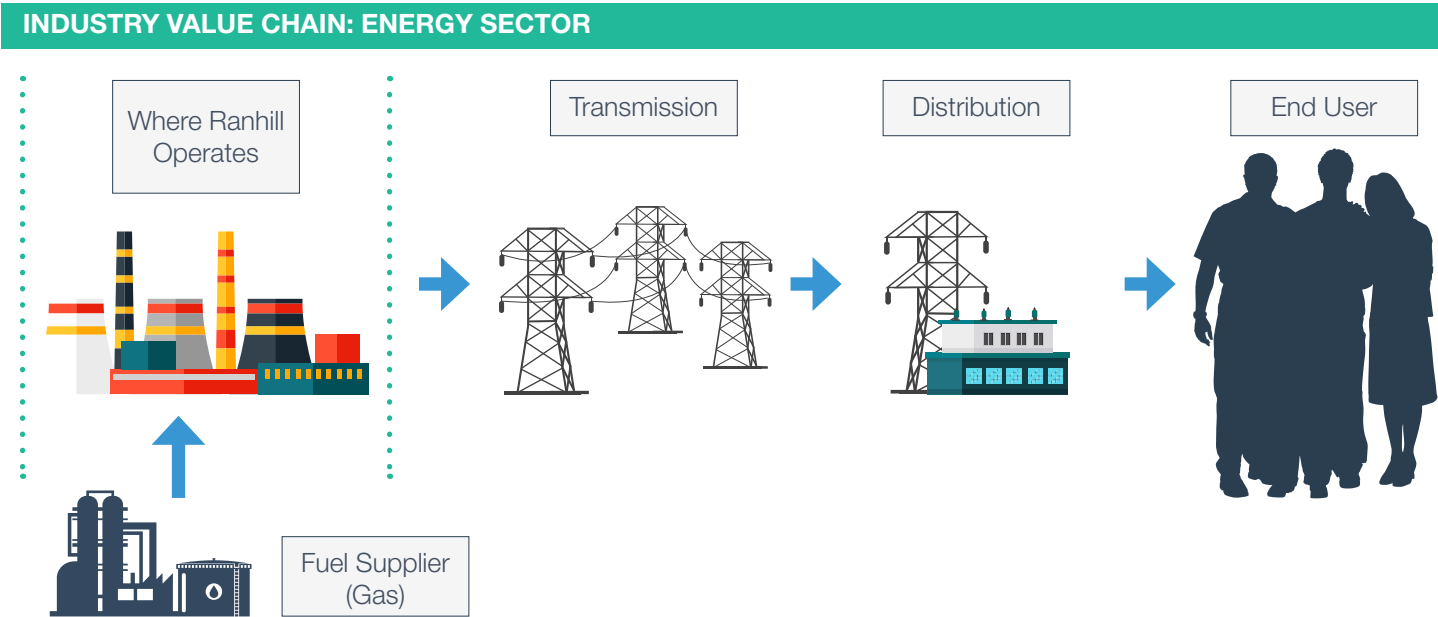
- Sole water operator in Johor.
- Proven track record for NRW reduction.
- Continues to meet all regulatory Key Performance Indicators ("KPIs") for water quality and supply.
- Regularly recognised by industry regulator, Suruhanjaya Perkhidmatan Air Negara ("SPAN") for excellence in the operation and maintenance of WTPs.
- Proven reclaimed water expertise within Malaysia and abroad.
- Provides stable, recurring income on the back of growing consumption demand.

**KEY FACTS AND FIGURES**

KEY BUSINESS PROCESS / OPERATIONAL ASPECTS	CHALLENGES & CONSIDERATIONS	MITIGATION STRATEGIES / OPPORTUNITIES
Abstraction of water from upstream rivers	Upstream water pollution, climate change and weather patterns, lack of rainfall, drought.	Close collaboration with law enforcement, exploration of alternative water sources such as groundwater and off river storage.
Treatment of water at WTPs	Complicated condition of incoming water, ensuring operational reliability of WTPs, limited MLD capacity of WTPs, high energy consumption.	Use of solar energy to power WTPs, expansion of WTPs to meet increased demand.
Supply of potable water through pipeline network	Leaky pipes that contribute to NRW and other issues. Faulty water meters.	Undertaking / proposing pipe rehabilitation, and pipe and meter replacement projects to relevant authorities.
Treating reclaim water	Lack of demand for greywater especially during the COVID-19 pandemic period, complicated condition of incoming greywater.	To promote greater awareness on greywater usage among industrial parks within Malaysia and abroad.
Other aspects	Water tariff, consumer satisfaction, unscheduled / scheduled water supply disruption.	Adoption of digital technologies i.e. Artificial Intelligence and Big Data Analytics to improve reliability of supply, undertake preventive maintenance and address potential issues in the supply chain.

Business Overview

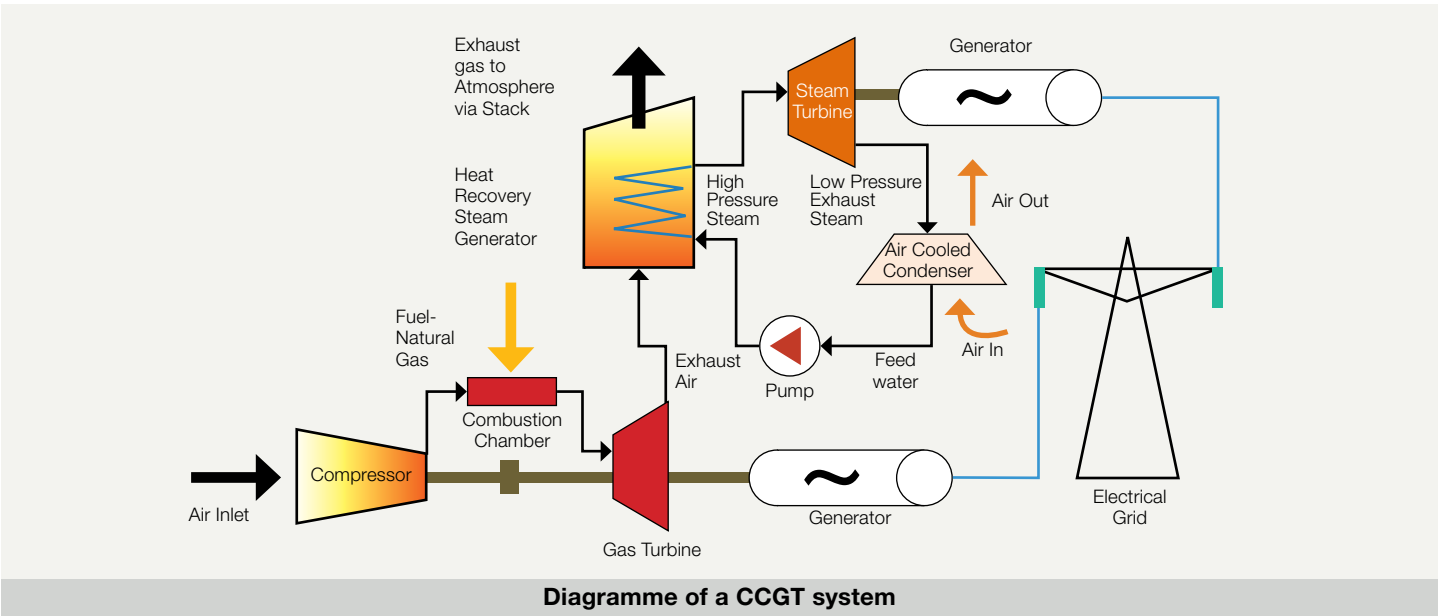
# Our Value Chain



Ranhill’s Energy sector comprises Ranhill Powertron (“RPI”) and Ranhill Powertron II (“RPII”). RPI operates the 190 MW Teluk Salut Power Station while RPII operates the 190 MW Rugading Power Station.

Both plants cumulatively produce up to 380 MW of power, making Ranhill’s Energy Division the largest IPP in Sabah providing up to approximately 40% of the state’s effective IPP’s generation capacity. RPI has a PPA for 21 years until 2029, while RPII’s 21-year PPA is until 2032.

The CCGT use both gas and steam turbines together to produce up to 50% more electricity from the same fuel than a traditional simple-cycle plant.



<b>Business Overview</b>	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

**BUSINESS STRENGTHS AND COMPETITIVE ADVANTAGES**

- Largest Independent Power Producer (“IPP”) in the state of Sabah providing up to 40% of effective IPP’s generation capacity.
- Both power plants continue to outperform their respective PPAs.
- Provides stable, recurring income on the back of growing consumption demand and fixed concession rates.
- Plants run on liquefied natural gas, which is the cleanest of all fossil fuels.
- Ranhill’s Energy sector continues to make inroads into Renewable Energy (“RE”).



**KEY FACTS AND FIGURES**

STAGES OF BUSINESS PROCESS	CHALLENGES & CONSIDERATIONS	MITIGATION STRATEGIES / OPPORTUNITIES
Energy despatch	<ul style="list-style-type: none"><li>• Potential low energy despatch due to lack of demand (due to lack of industrial activity in Sabah).</li></ul>	<ul style="list-style-type: none"><li>• Completion of East-West transmission line will enable greater power despatch to Sabah’s eastern region from the west.</li></ul>

Performance Review

## Chairman's Statement

### Tan Sri Azman Yahya

Chairman/Independent Non-Executive Director



#### Dear shareholders,

On behalf of the Board of Directors, I am pleased to present the annual report and audited financial statements of Ranhill Utilities Berhad ("Ranhill" or "the Group") for the financial year ended 31 December 2020 ("FY2020").

Indeed, 2020 has proven to be an unprecedented year of challenge, change and disruption to the usual business and operating environment. The financial year proved to be a most turbulent period not just for Malaysia, but the entire world as nations everywhere grappled with the black swan event of the COVID-19 pandemic.

What appeared as an isolated and containable issue quickly became a global outbreak. As the virus became increasingly widespread, our regular business and social activities came to an abrupt halt, severely disrupting trade and commerce in Malaysia and across the world.

The global economy contracted significantly by 4.9% in 2020. Consistent with global economic performance, Malaysia's gross domestic product ("GDP") growth contracted by 5.6% last year.

#### Highlights

- » License renewal for RanhillSAJ to supply water in Johor for Operating Period Five ("OP5")
- » 2.79 sen per share with total dividend payout of RM29.8 million
- » Profit from Group operations: RM92.1 million (FY2019 (Restated): RM215.4 million)





Ranhill has continued to remain relevant and robust during the pandemic year. Many difficulties were faced and overcome and as a result, various business and operational highlights were realised.

Throughout 2020, a large number of businesses saw their revenues and earnings reduced. The ripple effects felt throughout the value chain led to a collapse or significant downsizing across multiple industry verticals and economic sectors.

#### LESSONS LEARNT FROM FY2020

It is safe to say that not one nation, economy, or industry has been spared the effects of the COVID-19 pandemic. If anything, a key insight has emerged and that is the importance of adopting a triple-bottom-line perspective, beyond just the realisation of financial values. Environmental, Social and Governance (“ESG”) performance is equally important to ensuring a robust and resilient business model.

No longer can the world, countries, governments and businesses continue to operate on the legacy capitalistic models of profit first and profit above all else. Eventually, the consequences of

poor corporate governance, business practices and risk management will lead to far-reaching negative impacts that will undermine value creation capability, profits and ultimately, long-term business viability.

In today’s globalised world, all stakeholders are connected. The ripple or butterfly effect at a far-flung location can cause titanic shifts in another location. It is time to not only rethink the business model beyond just profits, but to see the linkages between financial performance and non-financial performance.

Beyond profits, there needs to be a return to the true virtues of capitalism, which is value creation.

#### VALUE CREATION THROUGH THE CIRCULAR ECONOMY APPROACH

Ranhill continues to practice the circular economy approach within its business model. By focussing on sustainably managing water and energy resources to meet growing consumption demand, the

Group has maintained a stable financial and business performance while staying the course towards realising its aspirations and targets.

Revenues and profits remain integral to the Group’s business, but beyond just extracting resources for financial values, the Group continues to seek ways to preserve and optimise natural capitals towards ensuring a sustainable value proposition across a triple-bottom-line.

Ranhill has continued to remain relevant and robust during the pandemic year. Many difficulties were faced and overcome and as a result, various business and operational highlights were realised.

The full details of these positive outcomes are provided in the President’s Message and the Management Discussion and Analysis sections of this report. Of note, I wish to highlight SPAN’s renewal of RanhillSAJ’s license to treat and distribute treated water for the period of Operating Period Five (“OP5”) from 2021 to 2023.

Performance Review

## Chairman's Statement

The renewal is a strong vote of confidence and acknowledges our ability as a water operator who is not just able to meet present consumption demand, but who continues to work tirelessly towards resolving the many issues and challenges in ensuring the sustainability of the sector going forward.

The license also provides further impetus to Ranhill to undertake new projects to expand supply capacity and enhance operational and cost efficiency to meet Johor's growing demand for water while managing finite resources.

### PROGRESS IN TERMS OF GOVERNANCE, ANTI-BRIBERY AND RISKS

Strong corporate governance is vital for the realisation of sustainable financial and non-financial performance. The Board's approach in FY2020 is in line with the Group's Code of Conduct & Business Ethics ("CCBE") which was implemented on 25 April 2016.

The CCBE has been the Group's approach in governing all related areas for good governance and corruption, anti-bribery, conflicts of interest ("COI"), abuse of power and more. The CCBE is consistent with the spirit of the Anti-Bribery & Anti-Corruption ("ABAC") Policy and Section 17A of the MACC Act 2009. Supporting the CCBE is the Fraud and Whistleblowing policy which sets the standard for expected behaviour and practices for all within the Group.

In FY2020, the Ranhill Board, through its Group Risk Management Committee ("GRMC") has continued to provide oversight on key corporate governance matters. These included ongoing efforts to establishing an Integrity Working Committee ("IWC"), in addressing identified gaps in internal controls for anti-

corruption and risks and in developing a comprehensive ABAC Guide for Ranhill's internal and external stakeholders. The Board has also reviewed supporting policies such as the Whistleblowing Policy towards creating a stronger impetus in driving an anti-corruption organisational culture within the Group.

Additionally, risk management practices have also been bolstered. The effects of pandemics have been added to the Group's Risk Register with appropriate mitigation measures being developed. Beyond looking at risk mitigation measures for identified risks, the Board has led the effort to link risks and mitigation measures to the business strategy and business model.

This facilitates a more strategic approach to managing risks, where risk factors are viewed from a larger context in terms of severity or impact and likelihood of impact on the availability of resources, disruption to business processes within the respective value chains and also the impacts on stakeholders.

### LOOKING AHEAD

The Board and Management are cognisant that the upcoming financial year ending 31 December 2021 may be equally challenging, if not more. However, the challenges faced in FY2020 have strengthened Ranhill's resolve and have emboldened us for the future.

While global economic growth is predicted to be on an uptrend, there are still many uncertainties that may derail or dampen the anticipated recovery.

Across the world, the news of vaccines is greeted with optimism and positivity, though the continued imposition of lockdowns also necessitate cautionary sentiments.

The efficacy of vaccine candidates remains to be proven, especially in neutralising mutated virus strains. Equally important is the availability of sufficient supply and distribution capabilities to ensure that the vaccines are able to be delivered across the world.

Beyond arresting COVID-19, the pace of global and national socioeconomic recovery will hinge on the implementation of fiscal and monetary measures by governments to kick-start their respective economies. Pump priming through public sector expenditure is vital as the private sector is still recovering from the effects of the pandemic.

Notwithstanding the uncertainties, the medium and long-term prospects for the world remain bright, especially for the water and energy sector.

Despite the expectation of renewed falls in GDP in 4Q20 in the Eurozone and the UK, following the recent tightening of restrictions in movement to curb the third wave of COVID-19 infections, GDP for FY2021 is to maintain an upward momentum, touching 5.3% (from 5.2%).

The Ministry of Finance ("MoF") in its Economic Outlook 2021 Report forecasted that GDP growth for FY2021 to reach between 6.5% and 7.5%. This may be adjusted downwards given the reinstatement of the Movement Control Order ("MCO") in January 2021.

However, GDP growth should be on the uptrend underpinned by the anticipated improvement in global growth and international trade, as well as the various stimulus measures announced under Budget 2021.



Notwithstanding the uncertainties, the medium and long-term prospects for the world remain bright, especially for the water and energy sector.

Demand for water and energy remains on the uptrend globally and in Malaysia. How we choose to meet this demand is essential. Ranhill will continue to espouse the circular economy approach to strengthen its performance across a triple-bottom-line, while meeting the needs of the present and future generations of stakeholders.

#### **APPRECIATION AND ACKNOWLEDGEMENTS**

As we look back on the financial year, I wish to thank our many shareholders who have exhibited strong confidence in Ranhill during the course of an eventful 2020. Your unwavering support inspires all of us on the Board and Senior Management to continue delivering value and to strive for greater heights of accomplishment for the Group.

The Board wishes to also thank the Group's workforce, who under difficult operating conditions brought on by COVID-19 and other factors have proven their mettle and commitment by delivering excellent performance throughout the year. The teamwork and professionalism of our people have been key to the many positive business and operational results achieved in FY2020. Thank you and keep up the good work as we move into FY2021.

On the same note, I wish to acknowledge my fellow Board members for their acumen and wisdom in steering the Group forward during a most challenging year. Special mention goes to Tan Sri Hamdan Mohamad and his Senior Management team for helming Ranhill to another year of progress and growth.

We learned from the past and look to the future with renewed hope, vigour and inspiration that having come through FY2020, Ranhill is poised to face the uncertainties and to emerge stronger. We are geared towards maintaining a clear growth trajectory to the realisation of our vision, mission and strategic objectives.

This is to be a leading, international water and energy player with 3,000 MLD of water and wastewater treatment capacity by 2022, with 400 MLD coming from international operations. We are also confident of attaining our target of reaching 1,000 MW of energy generation capacity by 2022.

#### **TAN SRI AZMAN YAHYA**

Chairman / Independent Non-Executive Director

Performance Review

## President's Message

### Tan Sri Hamdan Mohamad

Executive Director/President and Chief Executive



#### To our esteemed shareholders,

Despite a most challenging financial year, I am pleased to share that Ranhill Utilities Berhad (“Ranhill” or “the Group”) has continued to make progress in the realisation of its business objectives and in sustaining value to shareholders.

#### Highlights

Year 2022 Targets:

- 3,000 MLD Water and Wastewater Treatment Capacity
- 1,000 MW Energy Production Capacity

NRW Reduction Level to 7.5% in the Long Term Target

Revenue:

- Environment Sector RM1.235 billion
- Energy Sector RM0.244 billion

Financial year ended 31 December 2020 (“FY2020”) has been unprecedented with the onset of the COVID-19 pandemic and its globally disruptive effects.

Global economic performance has declined on the back of diminished trade, economic and industrial activity. Similarly in Malaysia, COVID-19 has also disrupted a wide range of economic sectors and industries, including those in which Ranhill operates in.

#### MAKING PROGRESS IN THE PANDEMIC YEAR

The requirements for new safety protocols such as social distancing, reduced manpower, quarantine measures and others, had to a certain extent impacted productivity and the progress of infrastructure projects. These included capacity expansion works for WTPs, pipe rehabilitation works, active leakage control (“ALC”) efforts and others. Several contract awards or potential projects were also delayed due to COVID-19.

However, the impacts have been comparatively lesser, given that water and energy are essential services. In fact, the pandemic has enabled Ranhill to showcase the resilience of its business model. Regardless, water and power are required on a daily basis and while there was a significant decline in demand for both, the Group still saw relatively high water and energy consumption in FY2020.

The challenge faced was to meet this demand while complying with the new normal Standard Operating Procedure (“SOPs”) that had a dampening impact on operational productivity. In essence, Ranhill focussed on ensuring business and operational reliability.



Business Overview	●	Financial Statements	●
<b>Performance Review</b>	<b>●</b>	Other Information	●
Sustainability	●		
Governance	●		



Amata Reclamation Plant, Thailand.

The strategies implemented with swiftness and precision ensured that both water and energy operations remained at a high level of efficiency to meet stakeholders’ requirements for clean water and energy.

The exemplary professional contributions of our people, enabled a swift and precise response. The support received from regulatory authorities were also important in ensuring sustainable operations.

The Group has continued to fulfil its obligations as a reliable and world-class water operator for the Johor State and as Sabah’s largest IPP.

Our strategic response however, was not just due to the COVID-19 scenario. We continued to play our role in addressing

the prevalent issues within Malaysia’s water and energy sectors.

Irrespective of the pandemic, the pressing issues of water scarcity, climate change and the continued delays in much-needed water infrastructure works to address NRW persisted in FY2020. The energy sector in Sabah also faced issues of low load factor and the eastern region of the state faced low energy generation capacity due to the lack of new power plant projects.

It is these (and other) challenges, as well as the difficulties of operating amidst a new normal that the Group continued to progressively address in FY2020, registering various highlights and achievements.

**FINANCIAL PERFORMANCE**

The Group’s water and energy operations have provided stable recurring revenue and earnings as well as steady cash flows.

Despite industrial and commercial consumption of water and energy decreasing in FY2020, domestic consumption increased as more people stayed at home due to the implemented MCO. The general preference of people to stay at home during the pandemic year also contributed to increased domestic consumption.

Total water consumption in FY2020 only dipped marginally by 1.64% year-on-year. Total energy consumption only declined by 9.6%.

**BUSINESS AND OPERATIONAL HIGHLIGHTS**

**ENVIRONMENT SECTOR**

The financial year saw the Service License renewal for RanhillSAJ to supply water in Johor for OP5 for the period of 2021-2023. This renewal is a further endorsement of the Group’s good management of water resources in Johor and the ability to meet operating standards as set out by the water industry regulator, SPAN.

Despite the many challenges affecting water resources in the state, Johor has continued to enjoy clean, affordable and reliable water supply. This is a reflection of the strategic role that RanhillSAJ has played as stewards of water resources in the state.

## Performance Review

**President's Message**

Under the asset light regime, RanhillSAJ continues to distinguish itself as a water operator, meeting KPIs set by SPAN and the Group is pleased to have now reached its fifth operating period.

The Group's wastewater treatment, reclaimed water and other water industry operations also registered various operational highlights. The full details of these highlights and achievements are provided in the Management Discussion and Analysis ("MD&A") section of this annual report.

#### ADDRESSING WATER INFRASTRUCTURE ISSUES

Prior to FY2020, water consumption has been increasing on an average by 3.15% in the past five years. Even taking into account FY2020, water consumption still shows an increasing trend of 2.35% per annum.

This places increasing pressure on a finite supply that is constantly affected by climate change, reduced rainfall and changing weather patterns, upstream river pollution and water theft.

The optimal strategy is to increase abstraction of raw water as well as increase treated water production and supply; whilst reducing wastage through NRW management. The latter requires extensive pipe rehabilitation and pipe replacement works.

RanhillSAJ's NRW master plan for Johor calls for NRW levels to be reduced to 7.5% in the long-term. Towards this end, the company has attempted to accelerate its NRW reduction programme, which includes pipe rehabilitation and pipe replacement works. We have also looked to expedite construction works on expanding existing WTPs and to build new ones, especially in critical areas.

The progress of these efforts were certainly affected by COVID-19, as well as other factors.

For example, ALC activities were affected in FY2020. In FY2020, a total of 56,329 leaks were detected through ALC activities. This is a 4.3% increase from FY2019. The MCO had impacted ALC activities largely due to curtailed movement. Hence, the goal for FY2021 is to ramp up ALC activities going forward.

In terms of Capital Expenditure ("CAPEX") works such as WTP construction and capacity expansion projects, works on several WTPs were delayed. These were the Sultan Iskandar, Pagoh and Buloh Kasap WTPs. However, completion of these projects were achieved by the first quarter of FY2021. These WTP projects are essential in increasing water supply to critical areas in Johor where water demand is fast growing.

#### ADDRESSING INFRASTRUCTURE LEAKAGE INDEX AND NRW

Throughout OP3 (2015-2017) and OP4 (2018-2020), RanhillSAJ has met all KPIs set by SPAN with the exception of Infrastructure Leakage Index ("ILI"). ILI is a measurement of the water supply system performance against the existing leakage level. In FY2020, despite RanhillSAJ's best efforts, performance was below the KPI set by the SPAN.

ILI had increased due to delays in implementing the 2018 / 2019 Pipe Rehabilitation Programme.

The programme only commenced in March 2020 and all efforts have been made to expedite progress. Completion is expected by December 2021 and with that, a downtrend in ILI and NRW going forward. Specific details are provided in the MD&A section of this report.



On going project of 20 MLD Sultan Iskandar Water Treatment Plant.



Business Overview	●	Financial Statements	●
<b>Performance Review</b>	<b>●</b>	Other Information	●
Sustainability	●		
Governance	●		

We continue to actively engage the regulatory stakeholder who also agree that such works are required to address water issues in the state. We remain confident of obtaining SPAN approval for our proposed plans going forward.

However, the state’s NRW levels are still the lowest in Malaysia at 17.5 m³/km/day or 26.7% for FY2020. With 516 staff allocated for Johor, the whole state remains under constant NRW monitoring.

On a related note, RanhillSAJ established 16 District Metering Areas (“DMAs”) across the state in FY2020. This brings total DMAs in Johor to 1,139, 1.4% more year-on-year. The DMA approach essentially divides a large water network into a number of smaller areas, each having between 500 to 1500 connections with defined permanent geographical and / or hydraulic boundaries.

**ADDRESSING WATER SCARCITY**

Growing water consumption places increased pressure on river water supply which is dwindling over time. With this in mind, the Group has proposed new source works to both the Johor State and Federal Governments as well as offered solutions to avert a potential water crisis.

Building on the successes in tapping groundwater at the Lok Heng WTP, RanhillSAJ has continued to undertake exploration activities. Our efforts have been rewarded with several ground wells identified as being suitable to be tapped. These will be further explored during OP5. One ground well located at the Skudai WTP, shows the highest suitability for groundwater extraction.

Our venture into desalination plants have also been successful. SPAN has approved the construction of a 2 MLD capacity desalination plant at Sungai Simpang Arang, Gelang Patah, Johor for the end client, Forest City. The value of the project is close to RM8.67 million.

Projected water demand against the treatment capacity for every district in Johor is reviewed on a regular basis in planning and developing new WTPs. This is in full compliance with SPAN’s KPI of maintaining a minimum reserve margin.

**PROMOTING MORE SUSTAINABLE WATER CONSUMPTION HABITS**

Beyond increasing supply and eliminating wastage, RanhillSAJ works towards addressing high water consumption per capita in Johor. The average consumption per capita in Malaysia, at 210 litres

per capita per day, far exceeds the World Health Organisation’s (“WHO”) recommended 180 litres per capita per day.

Though increased water consumption translates to increased revenues, such an approach is not sustainable and not in line with the precepts of a circular economy, which Ranhill adopts across its business model. In essence, natural resources which are finite must be used judiciously and wherever possible, recycled and reused to ensure a continued availability of the resource.

Community awareness remains a key aspect of tackling this issue, but the onset of COVID-19 had curtailed engagement activities. The Group, through RanhillSAJ, will continue to collaborate with all stakeholders towards promoting sustainable water consumption habits in Malaysia.



Pressure Valve (PRV) setup by Ranhill Water Services to control water pressure.

Performance Review

## President's Message

The issue however, is not just in educating customers but also in engaging multiple stakeholders, such as regulators and industry players. For example, providing incentives to property developers to build homes with water saving features may be a model to emulate, as proven by success stories in other countries. This will however, require the concerted efforts of all parties beyond just RanhillSAJ.

### STRENGTHENING ENFORCEMENT AGAINST WATER THEFT AND UPSTREAM RIVER CONTAMINATION

The issue of water theft and upstream river pollution remains an ongoing problem. RanhillSAJ continues to work with the regulatory authorities to ensure stringent enforcement to address both issues. I am happy to report that most reported cases of water theft have been effectively resolved with the lost revenues recouped.

River contamination is a more serious problem as continued dumping of pollutants into rivers leads to the shutdown of WTPs due to inability to treat the high chemical content in the water, in particular ammonia.

Plant shutdowns impact water supply availability and lost revenues. Frequent cuts will also impact the credibility of RanhillSAJ as a reliable water operator, besides inconveniencing customers.

In FY2020, RanhillSAJ has played its part in addressing upstream river pollution by reporting all incidents to the authorities.

Where the source of the pollutants were clearly identified, effective enforcement action was taken, leading to shutdowns of operations at those premises. The full details of reported incidents and action taken is provided in the Sustainability

Statement section of this report as well as the Group's standalone Sustainability Report 2020 ("SR2020").

We are heartened by the swift and decisive action taken by the authorities to protect water sources in Johor and we wish to commend them on their professionalism and dedication.

### ACKNOWLEDGED AS A LEADING WATER OPERATOR IN MALAYSIA

One of the highlights of FY2020 was RanhillSAJ being the first water operator in Malaysia to receive the Hazard Analysis Critical Control Points ("HACCP") certification. This is a global benchmark for excellence in food and water safety. RanhillSAJ received HACCP certification for all 44 of its WTPs in Johor.

The certification affirms our operations as having met the high standards for water quality in Malaysia and it will give

confidence to consumers as well as regulatory authorities of our operations and capabilities as a reliable and proven water operator.

### ENERGY SECTOR

#### ENSURING HIGH AVAILABILITY AND OUTPERFORMING THE POWER PURCHASE AGREEMENT

The COVID-19 pandemic impacted the state of Sabah, amongst others, beginning with the initial strict MCO imposition in March 2020. Consequently, power demand began to decline before recovering as the MCO was replaced with the less restrictive Conditional Movement Control Order ("CMCO") and subsequent Recovery Movement Control Order ("RMCO").

Unfortunately, the spike in COVID-19 cases during the 3rd and 4th quarters of the year led to the return of stricter



Water quality test at one of the upstream at Senai, Johor by RanhillSAJ and local authorities.

Business Overview	●	Financial Statements	●
<b>Performance Review</b>	●	Other Information	●
Sustainability	●		
Governance	●		

controls and lockdowns which once again impacted business and commercial activities and thus, power demand.

However, as the biggest IPP in Sabah, Ranhill's power division, comprising RPI and RPII was committed to ensuring full availability during this critical period. RPI and RPII operate the Teluk Salut Power and Rugading Power stations respectively.

In FY2020, The Teluk Salut and Rugading power plants maintained a high equivalent availability factor ("EAF") and Availability Target ("AT"). Both have outperformed their respective PPA targets. In FY2020, RPI achieved an EAF of 92.89% (PPA Target: 87%) while RPII achieved an AT of 95.86% (PPA Target: 94%).

Despite facing various operational challenges, both power plants achieved compliance with the regulators' KPI for Unplanned Outage Rate.

#### ADDRESSING LOW POWER RESERVE MARGIN AND LOW LOAD FACTOR IN SABAH

Sabah continues to face a conundrum of low reserve margin as well as low power generation capacity. The low reserve margin compels our power plants to remain connected to the state electricity grid for prolonged periods. This enables more electricity to be sold to generate stronger revenues, but also leads to disruption in the maintenance schedules of both plants. This could lead to operational issues which may result in an inability to despatch power or ultimately, plant failure.

I am pleased to report that despite the situation, both plants have maintained their uptime and no major issues were reported in FY2020.

FY2020 saw continued issues of low load factor for both power plants. It is hoped that the completion of the East-West transmission line by FY2022 will resolve this issue as it will facilitate the despatch of power from the west coast to the east. The Energy Division also looks to revive the Tawau Green Energy project to address the issue of low energy capacity in the eastern parts of Sabah.

#### CONTINUED NEGOTIATIONS ON THE DEFERRED TAX APPEAL

The Energy Division remains in active discussion with the Ministry of Finance Malaysia on the deferred tax appeal for Rugading. Similarly, we continue to engage the Energy Commission ("EC") with regards to the 2019 penalty incident for Rugading.

#### GROWING OUR RENEWABLE ENERGY PORTFOLIO

In FY2019, Ranhill's Energy Division, together with RWT and RanhillSAJ initiated a pilot project to power one of the latter's WTPs via solar energy. The pilot project proved successful and hence in FY2020, RWT is proceeding with the installation of a 54.27 kilowatts peak (kWp) Solar PV System as part of the ongoing capacity expansion works for the Sultan Iskandar WTP.

The system will generate up to 61,257 kWh of electricity, sufficient to power the WTP's operations, thus making it energy sufficient. Cost savings aside, the use of solar power will reduce up to 39 tonnes of carbon emission annually.

Going forward, feasibility studies are being conducted on the suitability of similar solar system installations at other WTPs.

In FY2020, a bid for a 50 MW solar photovoltaic ("PV") farm under the government's Large-Scale Solar ("LSS") 4 bidding exercise was submitted. In March 2021, said proposal was accepted by the EC.

Collaborating with RWT, RanhillSAJ is participating in the ongoing Bukit Payong Waste-to-Energy project tender organised by the Ministry of Housing and Local Government with the submission due in April 2021.

We also continue to look forward to progress from the earlier collaboration agreement with Thailand's Treasure Specialty Co Ltd for the development of a 1,150 MW CCGT power plant.

We are positive that given the interests expressed by both governments and the mutual benefits to both nations, the project will see tangible progress going forward.

In Indonesia, an Expression of Interest ("EOI") was submitted to establish a strategic partnership with PT Pembangkitan Jawa-Bali, a wholly-owned subsidiary of PT Perusahaan Listrik Negara for the development of IPP projects in Indonesia. The partnership will enable the Group to tap the growing opportunities within the Indonesian power sector. The country expects to see strong growth in energy demand, fuelled by continued economic and infrastructure development.



Performance Review

## President's Message

As the Malaysian government looks to encourage the development of more industrial parks, there will be greater opportunity to offer our wastewater and reclaimed water treatment expertise.

### OUTLOOK AND PROSPECTS

The outlook for the coming financial year remains challenging, given the continued presence of the COVID-19 pandemic around the world and in Malaysia. With the reinstatement of the MCO in January 2021, it is likely that the initially predicted economic recovery for Malaysia will be derailed.

The pace of economic recovery will be determined by the speed in which vaccines can be made available to the masses towards developing herd immunity that will enable a progressive recovery to a pre-pandemic operating environment.

Still, the turbulent operating conditions do not change the medium to long-term prospects for Malaysia's water and energy sectors.

The demand for water and clean energy, especially energy remains on the rise, fuelled by robust socio-economic development and industrial activities. Urbanisation and population growth is another contributory factor that supports demand.

The challenge, however, is in managing existing resources to meet growing demand. In this regard, the Group, through its successful operations in water and energy, has clearly demonstrated its experience and capabilities to be a pivotal player in meeting Malaysia's needs for sustainable water supply and clean energy.

### ENVIRONMENT SECTOR

We have been actively pursuing value accretive opportunities throughout FY2020 and will continue do so in the coming

financial year. We foresee delays and issues arising due to continued impacts of COVID-19, but the Group has prepared itself accordingly to drive business development in FY2021.

In FY2020, Ranhill has further expanded its presence in Indonesia. The month of July 2020 saw Ranhill execute a Memorandum of Understanding ("MoU") and a Consortium Agreement with Perusahaan Perseroan PT Pembangunan Perumahan TBK and PT Varsha Zamindo Lestari ("Consortium").

Ranhill as lead partner with a 75% equity interest, is working with its consortium partners to conduct feasibility studies and to eventually submit a bid for the development of a source-to-tap drinking water system and to distribute drinking water to five (5) areas surrounding Jakarta.

Further details are provided in the MD&A section of this report but the first phase of feasibility studies have been completed and we await regulatory approval for the second phase. The project enables Ranhill to establish a strategic presence in the high-potential Indonesia water infrastructure sector. It marks a further expansion of overseas operations for the Group and strengthens our credentials to seek similar projects in other countries.

We are committed to achieving the 7.5% NRW target for Johor. However, the realisation of the target requires a collective effort from all stakeholders. The Group is ready and willing to undertake the necessary CAPEX works, but funding is required to achieve this in FY2021. We continue to engage with SPAN towards

expediting budget approval and to double our efforts to realise Johor's NRW target.

In terms of wastewater and reclaimed water, there remains immense potential for the Group, through RWT, to showcase its fullest capabilities. Increasing scarcity of water as well as growing environmental issues are now key focal points that are dawning on businesses and thus, there is growing interest in the use of greywater. Usage of greywater also offers cost benefits in the long run.

Leveraging on RWT's inherent capabilities, the Group can essentially design a plant according to customised specifications to treat various types of wastewater based on the compliance standards set by the Malaysian or foreign regulatory bodies. These include the Industrial Estate Authority of Thailand ("IEAT"), Thailand Provincial Waterworks Authority ("PWA") as well as the WHO.

As the Malaysian government looks to encourage the development of more industrial parks, there will be greater opportunity to offer our wastewater and reclaimed water treatment expertise. Through RWT, the Group has proven its capabilities in this niche sector, having an established track record from its operations of wastewater and reclaimed water treatment plants in Malaysia and China as well as Thailand.

The growing awareness on usage of Point Source Removal Treatment systems to tackle contaminants at the source for early remediation for WTPs is also an area that the Group will focus on, given that pollution of upstream rivers remains a perennial problem.



## ENERGY SECTOR

The medium and long-term demand for power will remain on an uptrend driven by population growth, increased industrial and commercial activity and other factors.

The Group's Energy Division will pursue the existing business development activities initiated in FY2020, while continuing to seek new opportunities. Overseas opportunities will likely be tapped via a joint venture model with a local partner.

In particular, the collaboration in Indonesia should open further opportunities to establish the Group's presence in the country. The Group's initial entry into the country in FY2019 provided the much-needed exposure and experience to the local business environment. Equipped with the insights gained, Ranhill's Energy Division is better placed to develop its portfolio of overseas businesses in FY2021 and beyond.

In Indochina, we continue to leverage on our existing presence in Thailand through RWT to explore power generation opportunities.

We look forward to progress being made on the 1150 MW CCGT power plant proposal. In the same vein, we continue to explore business opportunities in Myanmar and Indonesia.

Progressively, we are confident that opportunities to showcase our fullest potential will emerge going forward. With that, the Group will continue to make purposeful strides towards realising its target of attaining 3,000 MLD of water and wastewater treatment capacity by 2022, with 400 MLD coming from international operations. We are also confident of attaining our target of reaching 1,000 MW of energy generation capacity by 2022.

## APPRECIATION AND ACKNOWLEDGEMENTS

I wish to take this opportunity to thank the staff of the Group who have made a tremendous effort to ensure smooth operations during the pandemic year. Beyond professionalism and expertise, many of our staff have made personal sacrifices and have exemplified strong discipline and resilience to adhere to SOPs. Their commitment and dedication to ensure the best job possible, even when working with the many restrictions and difficulties placed by such SOPs, is to be acknowledged.

Thank you for leading and rising to the occasion with your creativity, determination and spirit. On this note, I also wish to thank the Management for their strong and resolute leadership and for rising up to the tasks demanded of them in FY2020.

I also wish to express my utmost appreciation to the Board, whose wisdom and astute leadership have provided stability and confidence to the Group during a financial year more known for uncertainty and confusion. The Board has remained firmly focussed on executing its duties and in enabling the Group to maintain a stable growth trajectory.

Certainly, a word of thanks is also due to our stakeholders – our bankers, investors, shareholders, the regulatory agencies and our customers for their continued strong support to the Group.

Thank you. May FY2021 bring better prospects as we journey together towards achieving greater accomplishments.

**TAN SRI HAMDAN MOHAMAD**

Executive Director/  
President and Chief Executive



Corrective and preventive maintenance at RPI Plant, Teluk Salut, Sabah.

Performance Review

## Management Discussion & Analysis



### Revenue Contributors

#### Environment sector:

RM1,234.6 million  
(FY2019: RM1,299.0 million) 4.9% decrease

#### Energy Sector:

RM243.8 million  
(FY2019 (Restated): RM252.9 million) 3.6% decrease



### Group Earnings Performance

#### Profit from Group operations:

RM92.1 million  
(FY2019 (Restated): RM215.4 million)

#### Profit Net of Tax Attributable to Owners of the Parent:

RM36.5 million  
(FY2019 (Restated): RM65.7 million) 44.4% decrease



### Dividends Declared

2.79 sen per share with total dividend payout of RM29.8 million  
(FY2019: 5.0 sen per share with total dividend payout of RM53.4 million)



### Key Business & Operational Highlights

**NRW Level in Johor stands at 26.7%**  
(FY2019: 24.9%), with increment of 37.1 MLD for FY2020

**Total wastewater treated by the Group:**  
341 MLD (FY2019: 314 MLD)



Heat Recovery Steam Generators ("HRSG") at Rugading Power Station, Kota Kinabalu, Sabah.

## OVERVIEW OF GROUP BUSINESS AND OPERATIONS

Ranhill Utilities Berhad (“Ranhill” or “the Group”) operates within the Environment and Energy sectors.

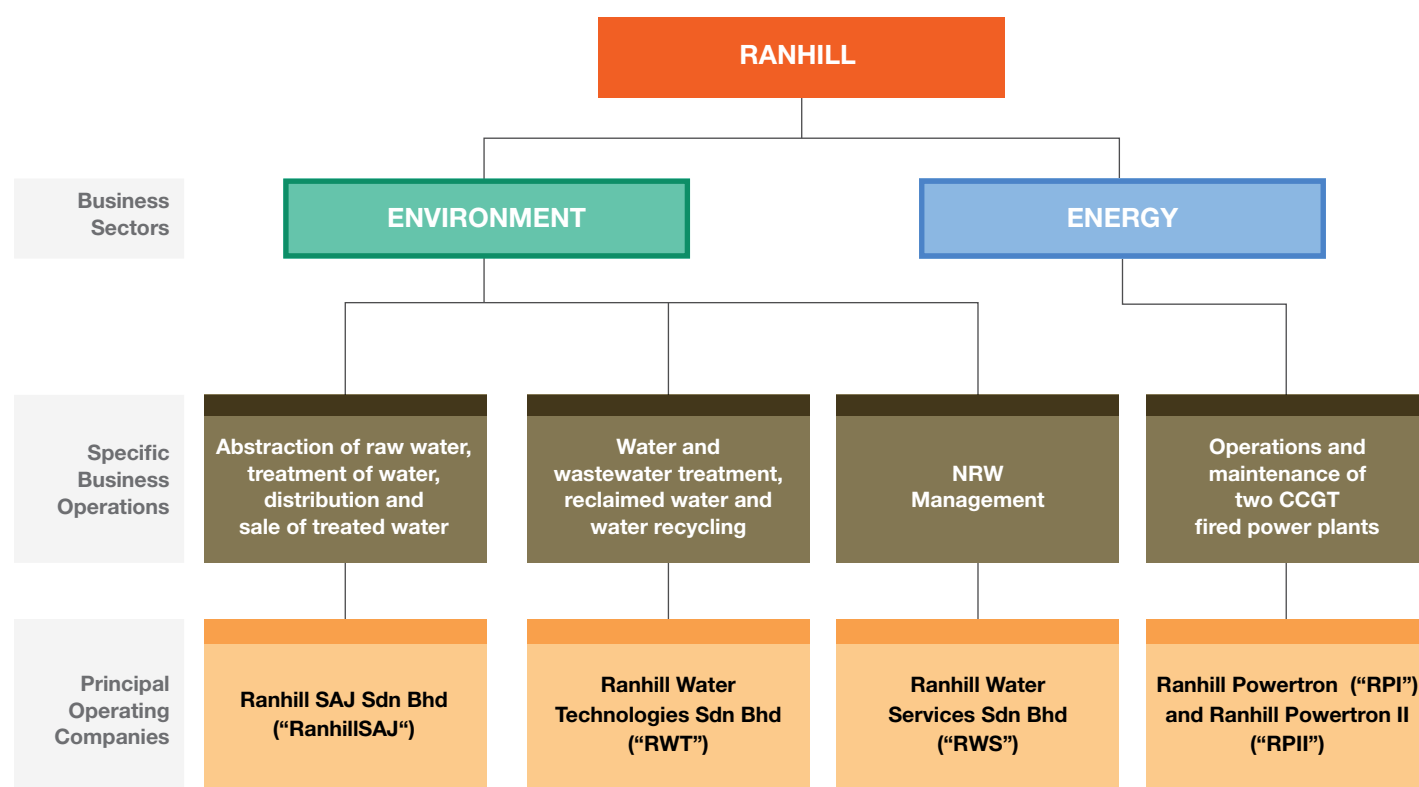
Under the Water Services Act 2016, Group subsidiary, RanhillSAJ is the sole provider of source to tap water in Johor. RanhillSAJ manages 44 WTP with a total capacity of 2,026 MLD of treated water in Johor, serving some 3.8 million local residents and managing 23,341 kilometres of pipes.

Through subsidiary RWS, Ranhill is a leader in NRW Management across Malaysia. Subsidiary RWT undertakes varied water, wastewater and reclaimed water utility

projects in terms of size, location and project structures in Malaysia, Thailand and China. This includes operating WTPs and Wastewater Treatment Plants (“WWTP”).

Together, the three subsidiaries enable the Group to deliver a complete solution for the water industry and firmly positions Ranhill as an established leader with diverse capabilities. Ranhill’s environment businesses account for 84% of revenue, with the balance derived from its provision of energy in the state of Sabah.

The Group’s energy operations are helmed by RPI and RPII who operate the Teluk Salut Power Station and Rugading Power Station respectively. Together, they are the largest IPP in Sabah. They own and operate two (2) CCGT power plants, which have a total electricity production capacity of 380 MW, providing approximately 40% of the total installed capacity of IPPs in Sabah state.



Note:

Kindly refer to the Group Corporate Profile section of this annual report for further information.



Performance Review

## Management Discussion & Analysis

### LONG TERM OBJECTIVES & STRATEGIES

Ranhill has set clear business growth targets for its environment and energy generation business as follows:

- 3,000 MLD water and wastewater treatment capacity, with a target of 400 MLD from international operations by year 2022, and
- Gross 1,000 MW power plants that deliver energy by 2022.

The Group also intends to achieve a more balanced revenue and earnings spread between domestic and overseas operations. At present, domestic revenues and earnings account

for 99.0% and 78.1% respectively of the Group's financial performance with contributions from RanhillSAJ to Group revenue measuring 78.6% .

Specific strategies, objectives and aspirations related to Ranhill's business are as follows:

#### Water Operations

- Reduce long-term water consumption in Johor State from its present 200 litres per capita per day to 180 litres per capita per day
- Integration of water and wastewater management as well as water reclamation projects for long-term sustainability of water resources in Johor
- Increase the use of information technology ("IT") and automation in water and wastewater management systems

#### Energy Operations

- Extension of concession for existing assets
- Development of new CCGT power plants in the ASEAN region
- Ongoing diversification into RE sources, such as large scale solar, hydro, geothermal and waste-to-energy ("WTE")



RanhillSAJ never compromise the quality of treated water and has been certified Hazard Analysis Critical Control Point ("HACCP") at 44 WTPs.

**GROUP FINANCIAL PERFORMANCE**

	<b>FY2019 (RM'million) (Restated)</b>	<b>FY2020 (RM'million)</b>
Revenue	1,551.8	1,478.4
Profit Before Tax and Zakat ("PBTZ")	209.9	92.8
Profit Net of Tax	105.1	62.4
Profit Net of Tax Attributable to Owners of The Parent*	65.7	36.5

	<b>FY2019 (sen) (Restated)</b>	<b>FY2020 (sen)</b>
Net Dividend Pay-out/Proposed in Financial Year 2020 (sen)	5.0	2.79
Earnings Per Share Attributable to Owners of The Parent (sen)	6.2	3.4

	<b>FY2019 (RM'million)</b>	<b>FY2020 (RM'million)</b>
Total Dividend Pay-out	53.3	29.8

\* The drop in profit (from RM65.7 million to RM36.5 million) is due to lower contribution from RPI and RanhillSAJ (due to discount to B40, COVID-19 contribution and non-recurring income recognition in FY2019).

<b>SUBSIDIARY PERFORMANCE</b>	<b>FY2019</b>			<b>FY2020</b>		
	<b>Revenue (RM'million) (Restated)</b>	<b>PBTZ (RM'million) (Restated)</b>	<b>PAT (RM'million) (Restated)</b>	<b>Revenue (RM'million)</b>	<b>PBTZ (RM'million)</b>	<b>PAT (RM'million)</b>
<b>RANHILLSAJ</b>	1,225.8	264.4	187.0	1,161.5	126.0	107.6
<b>RWS</b>	82.4	11.1	8.4	106.6	10.1	7.3
<b>RWT</b>	54.0	2.3	1.4	54.4	0.4	0.8
<b>RPI</b>	136.4	13.3	8.4	121.1	5.9	1.5
<b>RPII</b>	116.6	(5.0)	(20.4)	122.6	0.6	(1.3)

**CASHFLOW**

	<b>FY2019 (RM'000)</b>	<b>FY2020 (RM'000)</b>
Cash at banks and on hand	99,309	137,746
Short term deposit with licensed banks	354,583	120,499
Total deposits, cash and bank balances	453,892	258,245*
	<b>FY2019 (RM'000)</b>	<b>FY2020 (RM'000)</b>
Net cash from operating activities	349,921	122,974
Net cash (outflow)/inflow for investing activities	(61,223)	(53,389)
Net cash outflow for financing activities	(323,825)	(118,302)
Net increase/(decrease) in cash balance	(35,127)	(48,717)

\* Drop in cash due to repayment of loan principal and dividend to shareholders.

**ASSETS & LIABILITY**

<b>Assets</b>	<b>FY2019 (RM'000) (Restated)</b>	<b>FY2020 (RM'000)</b>
Non-current	1,848,191	1,466,738
Current	956,377	842,478
Total Asset	2,804,568	2,309,216
<b>Equity &amp; Liabilities Capital And Reserve Attributable To Owners Of The Company</b>	<b>FY2019 (RM'000) (Restated)</b>	<b>FY2020 (RM'000)</b>
Share Capital	1,275,319	1,282,907
Total Equity Attributable to Owners of the Company	468,903	463,973
Non-Current Liabilities	1,432,390	1,342,661
Current Liabilities	760,972	373,927
Total Liabilities	2,193,362	1,716,588
Total Equity and Liabilities	2,804,568	2,309,216

## Performance Review

# Management Discussion & Analysis

## KNOWN TRENDS & EVENTS

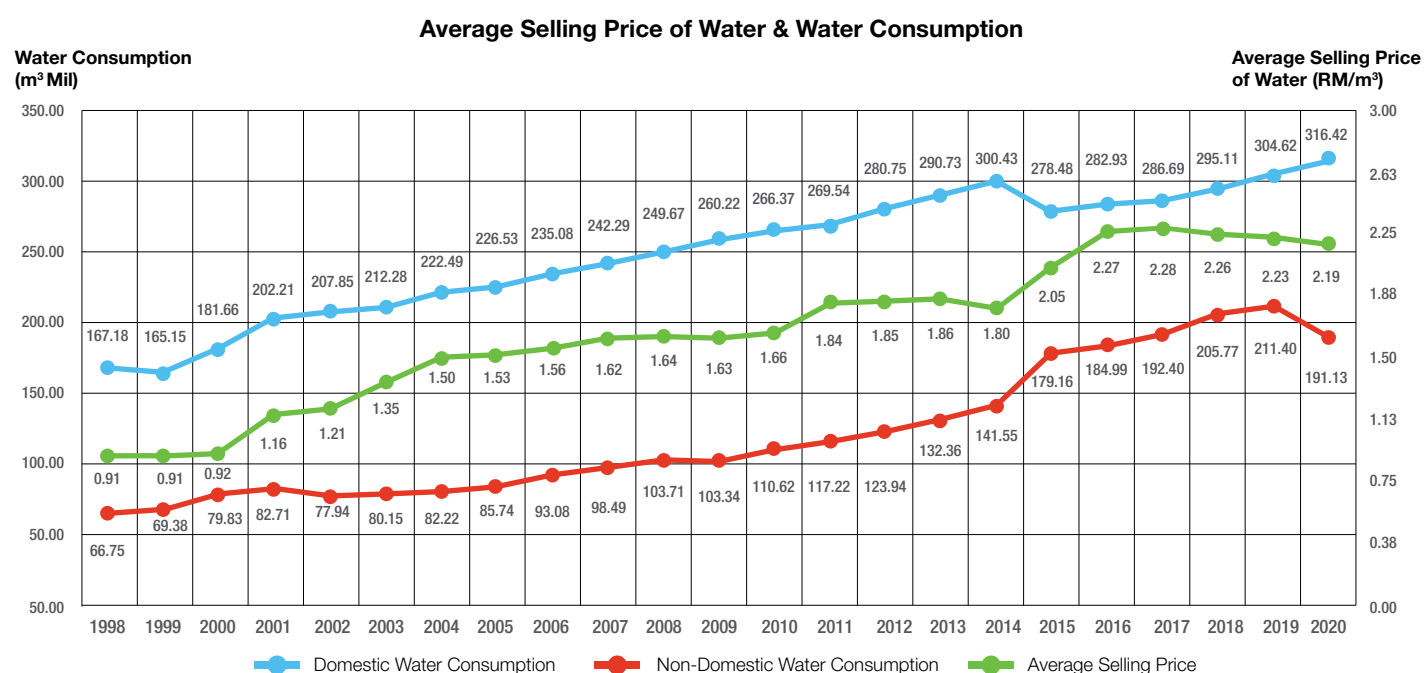
### ENVIRONMENT SECTOR

#### RANHILL SAJ SDN BHD

Water supply is an essential service and hence, RanhillSAJ's operations which comprises the abstraction, treatment and supply of water to Johor, continued to operate despite the COVID-19 outbreak in FY2020.

However, there were disruptions in water consumption patterns when the strict MCO was implemented in March 2020. With the MCO replaced with the less restrictive CMCO and subsequently, the RMCO, water consumption patterns in Johor normalised.

Overall, in FY2020, industrial and commercial consumption decreased by 9.5% year-on-year, while domestic water consumption increased by 4.7%. Total water consumption in FY2020 only saw a marginal decrease of 1.6% year-on-year. Despite the various MCOs resulting in reduced industrial and commercial water consumption, increased domestic consumption cushioned the impact.



However, the various MCOs disrupted RanhillSAJ's key infrastructure works and the implementation of strategic programmes. These include pipe rehabilitation works and refurbishment and expansion of WTPs.

NRW reduction activities such as Active Leakage Control ("ALC") measures, repairing of leaky pipes, customer meter replacement (faulty or ageing meter) activities, as well as surveillance activities related to prevention and enforcement of water theft were all impacted in FY2020. However, ALC activities still saw a marginal increase of 4.3% year-on-year.



Due to the delay in commencement of the 2018 / 2019 Pipe Rehabilitation Programme, NRW levels in Johor for FY2020 had increased to 26.7% (FY2019: 24.9%).

The Pipe Rehabilitation Programme, which was initially meant for completion by end 2019, only commenced in March 2020 due to delays in the finalisation of pipe design & specifications. The delay in replacing ageing pipes, which are prone to leakages contributed to a higher ILI rate and subsequently, higher NRW.

In addition, the current NRW calculation method is based on the new SPAN guideline which specifies that the water used for operational works (flushing, scouring, reservoir cleaning, equipment services, leakage repair, etc.) must still be considered as NRW unlike the previous guideline.

However, with the commencement of the programme in March 2020, works have been expedited towards rehabilitating approximately 200 kilometres of pipeline by end December 2021.

Going forward, ILI levels are expected to be on a downtrend and with that, NRW levels for Johor.

Despite the increase in NRW levels, Johor's physical losses level of 17.5m<sup>3</sup>/km/day remains the lowest in Malaysia as at 31 December 2020.

RanhillSAJ has been successful in meeting all other SPAN KPIs in FY2020, as per the table below:

#### RANHILLSAJ PERFORMANCE AGAINST SPAN'S KEY PERFORMANCE INDICATORS

		SPAN KPI Target	Achievement
Water Supply Coverage (%)	Urban Areas	100%	100%
	Rural Areas	99.5%	99.8%
Water Quality Compliance (%)	National Drinking Water Quality ("NDWQ")		
	Residual and Combine Chlorine	99.0%	99.94%
	Turbidity	99.7%	100%
	Aluminium	95.0%	96.87%
	E.Coli	99.90%	100%
Continuity of Water Supply (Water Interruptions and Main Breaks)	E.Coli and Residual Chlorine	99.95%	100%
	Communication pipe failures to be repaired within 24 hours; (for cases where services are affected)	98.0%	99.1%
	Pipe repair and restoration of supply for pipe below 200 mm diameter to be within 24 hours.	99.5%	99.9%
	Pipe repair and restoration of supply for pipes size 200 mm diameter up to 600 mm diameter to be within 36 hours.	98.0%	99.3%
	Pipe repair and restoration of supply for mains exceeding 600 mm diameter to be within 48 hours.	97.0%	100%
<b>OPERATIONAL &amp; ECONOMIC PERFORMANCE</b>			
Water Loss Non-Revenue Water	Total Non-Revenue Water ("NRW")	24.8%	26.7%
	Real Losses Volume: Liter / connection / day ("l/con/day")	280.0	301.6
	Commercial Loss: (Number of Meters Not Functioning or Stop)	1.0%	0.1%
	Infrastructure Leakage Index ("ILI")	7.3	8.5
Operating Cost	Operating Cost: per 1000 accounts	604,050	532,499
	Operating Cost: per cubic meter produced (RM/m <sup>3</sup> )	1.057	0.934

The target going forward is to achieve an NRW volume saving of 0.45 million m<sup>3</sup>/month by June 2021 or equivalent to 2.7 million m<sup>3</sup> of water saved from January to June 2021.

ALC teams will be increased from 70 to 80 and the goal is to identify some 35,000 leakages within the aforementioned six (6)-month period.

## Performance Review

## Management Discussion & Analysis

Additional leak noise correlating loggers will be installed at critical DMAs. The above will be supported with the optimisation of advanced pressure management within the network.

RWS has also identified potential areas for pipe replacement within the various DMAs where stretches of pipes with high leakage rates (and with considerable financial impacts) can be recommended for replacement.

### RENEWAL OF LICENSE FOR OPERATING PERIOD 5 (“OP5”)

In FY2020, RanhillSAJ’s Service License to treat and supply treated water for OP5 (2021-2023) was renewed by SPAN.

SPAN has renewed the Service License, which covers the complete water provision cycle comprising sourcing and abstraction of raw water, treatment and distribution of potable water to industrial, commercial and residential consumers across Johor State. The license also includes the maintenance of the water supply system.

The Service License renewal is a clear recognition of RanhillSAJ’s good performance over the previous operating periods in ensuring safe and reliable source to tap supply for Johor. It is also an affirmation of the company’s ability to effectively manage finite water resources and its continued efforts to ensure the sustainability of the state’s water resources.

### ADDRESSING GROWING WATER DEMAND AND OPTIMISING FINITE SUPPLY

In FY2020, RanhillSAJ has continued to increase its production capacity towards ensuring sufficient supply of water across Johor, in particular, in southern parts of Johor, where reserve margins are low and water demand is high.

RanhillSAJ has continued to actively engage SPAN and the Water Asset Management Company (Pengurusan Aset Air Berhad or “PAAB”) in constructing new WTPs as well as upgrading existing WTPs.

In FY2020, key projects initiated were the upgrading of the 20 MLD Sultan Iskandar WTP at Johor Bahru to meet increased water demand. Other upgrades undertaken were for the 160 MLD Layang 2 WTP, the 16 MLD Buloh Kasap WTP, the 40 MLD Pagoh WTP as well as the 4 MLD Pemanis and 8 MLD Bukit Serampang WTPs.

However, the upgrading works at the Sultan Iskandar and the Layang 2 WTPs were disrupted due to the implementation of the MCO. The delay on the other WTPs were caused by slow progress of works by contractors.

However, with the easing of the strict MCO and with contractors expediting works, construction progress on all aforementioned WTPs has improved. Works on both the Sultan Iskandar and Pagoh WTPs have been completed by the first quarter of FY2021.

The Buloh Kasap WTP was completed on 7 October 2020. Works on the 160 MLD Layang 2 WTP commenced on 3 June 2020 and completion is expected in

FY2023 (originally FY2022). Total cost of works stands at RM250 million.

RanhillSAJ has also proposed upgrading works on several WTPs in FY2021. The WTPs earmarked for upgrading are the Gembut and Air Panas C WTPs located at Kota Tinggi and Segamat respectively.

The proposed upgrading works for Gembut will more than double the plant’s water treatment capacity from the present 9.1 MLD to 20 MLD. Similarly, proposed upgrading works for the Air Panas C will increase treatment capacity from the present 11 MLD to 29 MLD. Post submission of the proposals, RanhillSAJ will tender for the upgrading works in FY2021.

RanhillSAJ in FY2021, has also submitted to SPAN plans for a 50 MLD package plant and a 160 MLD extension, both at the existing Semangar WTP. The 50 MLD is an immediate measure to increase water supply, while the latter will provide a longer-term solution.

The proposed projects at the Semangar WTP are subject to approval from the regulatory authorities. We look forward to seeing positive developments going into FY2021.

The following table provides a snapshot of WTP construction and upgrading works proposed by RanhillSAJ:

WTP	Location	Status
160 MLD Sultan Iskandar (Phase 1)	Johor Bahru	6.83% and the target completion by June 2022
20 MLD Sultan Iskandar (Package Plant)	Johor Bahru	Completed by 28 February 2021
Buloh Kasap	Segamat	Completed 7 October 2020
Pemanis	Segamat	Completed 6 August 2020
Pagoh	Muar	Completed 7 January 2021
Gembut	Kota Tinggi	Tender expected to be called by PAAB in June 2021
Air Panas C	Segamat	Tender expected to be called by PAAB in June 2021

Business Overview	●	Financial Statements	●
<b>Performance Review</b>	●	Other Information	●
Sustainability	●		
Governance	●		

Successful construction and operations of the said plant will place Ranhill in an advantageous position when bidding for or proposing similar projects to governments, industrial parks and other parties.

On a related note, RanhillSAJ received approval from SPAN to construct a 2 MLD desalination plant at Forest City, Johor. Tapping the technologies and expertise of Group subsidiary RWT, RanhillSAJ will be embarking on this project, which is one of few desalination projects to be undertaken in Malaysia.

Successful construction and operations of the said plant will place Ranhill in an advantageous position when bidding for, or proposing similar projects to governments, industrial parks and other parties.

RanhillSAJ has persisted with its efforts to tap groundwater as a supplementary water source. In FY2019, exploration activities were successful and three groundwater tubewells were built at the Lok Heng WTP to abstract 0.9 MLD of groundwater.

Continuing the effort in FY2020, RanhillSAJ explored several WTP locations for groundwater abstraction opportunities. These sites were at the Tenglu, Mersing, Gembut, Lok Heng, Layang and Skudai WTPs.

In particular, WTP Skudai has the highest potential for groundwater extraction with a 1.5 MLD capacity via Fractured Rock Aquifer. Hence, production wells and abstractions system will be developed at said site by the first half of FY2021.

### PURSuing COST AND OPERATIONAL EFFICIENCY

In FY2019, Polyaluminium Chloride ("PAC") type 1 coagulant was used at the Sembrong Barat WTP, which offered a 23.8% reduction in operational cost amounting to RM0.78 million.

Given the success of the implementation, in FY2020, a thorough review of existing chemicals used was conducted across 30 WTPs. The renewal contract shall come into effect from 1 January 2021 until 31 December 2023 and will result in estimated savings of RM3 million over the OP5 period.

The substitute chemical programme complies with the safety standards set by the MOH.

### ENHANCING OPERATIONS THROUGH DIGITALISATION AND QUALITY STANDARDS

In continuing to enhance operational efficiency and capability, RanhillSAJ has increased its adoption of digital technologies and automation. A key development on the technology front was the establishment of a command centre in FY2020.

The command centre, as its name implies, is a central location that provides strategic coordination for daily operations. The centre aggregates all incoming data via Big Data Analytics and allows for faster, real time decision making. It enables a more efficient utilisation of resources for improved productivity and quicker response time to addressing complaints or emergencies. In addition, it provides reports of incidents of upstream water pollution as well as water theft.

More importantly, the establishment of the command centres enables the development of various strategic insights that can be tapped for more accurate decision making at both the strategic and operational levels. It facilitates focussed improvement at specific targeted areas within the water supply chain.

On a separate note, RanhillSAJ has implemented the globally recognised quality standards of ISO/IEC 27001:2005 (Information Security Management System) and MS ISO 50001:2011 Energy Management System. The former is aimed at ensuring uninterrupted operations of the IT system while the MS ISO 50001:2011 Energy Management System aims to monitor, control and optimise the performance of the water treatment and pumping system.

### INTERNATIONAL BUSINESS HIGHLIGHTS

In Indonesia, in July 2020, Ranhill executed a Memorandum of Understanding ("MoU") and a Consortium Agreement with Perusahaan Perseroan PT Pembangunan Perumahan TBK and PT Varsha Zamindo Lestari ("Consortium").

Ranhill will lead the Consortium with a 75% equity interest, while Perusahaan Perseroan PT Pembangunan Perumahan TBK (PP) and PT Varsha Zamindo Lestari will hold a 15% and 10% stake respectively.

The purpose of the consortium is to collaborate towards undertaking feasibility studies and thereafter, to bid for the development of a source to tap drinking water system and to distribute drinking water to five (5) areas. These are DKI Jakarta, Bekasi City, Bekasi Regency, Bogor Regency and Kerawang Regency, based on the allocation of raw water of 10,000 Litres per second ("l/s") from the Jatiluhur Dam.

The first submission of the Feasibility Studies was submitted by the Consortium in October 2020 to Kementerian Pekerjaan Umum dan Perumahan Rakyat (Indonesia's

## Performance Review

## Management Discussion & Analysis

Ministry of Public Works and Public Housing or "PUPR"). The second submission of the Feasibility Studies (downstream) was submitted in January 2021 to PUPR. We now await initiation status for the project. The Group remains positive of its prospects, supported by its consortium partners.

### RANHILL WATER SERVICES SDN BHD

In FY2020, Ranhill Water Services Sdn Bhd ("RWS") continued to pursue NRW management and pipe replacement works contracts across Peninsular Malaysia.

In March 2020, RWS secured the RM87.8 million pipe replacement works contract for Johor Bahru and Pasir Gudang. The project entails High Density Polyethylene ("HDPE") pipe replacement for the district of Johor Bahru and Pasir Gudang involving 43 kilometres of pipeline and 44,000 tappings. The project is scheduled for completion in the third quarter of 2021.

Also in Johor, RWS continues to make progress on its water meter supply contract awarded by RanhillSAJ. The contract entails replacing legacy meters with newer, more accurate and more durable Electromagnetic Flow Meters ("EFM") and R800 metrology mechanical meters.

As at 31 December 2020, about 70 units of EFMs and 5,000 units of R800 meters have been installed statewide.

EFM meters will replace non-domestic mechanical meters, which have an average monthly usage exceeding 2,000 m<sup>3</sup>. R800 meters are used to replace existing mechanical water meters which have an average monthly usage of 2,000 m<sup>3</sup>. Both programmes are aimed at ensuring meters installed at customers' premises provide accurate water consumption readings.

RWS has continued to make progress on the existing PAAB pipe replacement programme contract for the districts of Kota Bharu. Both contracts entail replacing ageing pipes with PVC-O pipelines. RWS is expected to complete ongoing works by the second quarter of FY2021. Total length of pipeline to be replaced measures 47 kilometres.

The Malaysian government has allocated some RM535 million for Approach 1 of the National NRW Programme and another RM1,370 million for Approach 2 (Matching Grant Programme) under the 11<sup>th</sup> Malaysia Plan.

Approach 1 targets Pahang, Kelantan, Sabah, Sarawak, Kedah, Perlis and Labuan, all of which have NRW levels exceeding 40%. RWS participated in all 12 tenders called under Approach 1 and though no contracts were secured directly, RWS was successful in securing a sub-

contract in Perlis worth RM5.95 million. RWS is also pursuing a similar sub-contract opportunity in Pahang.

### RANHILL WATER TECHNOLOGIES SDN BHD

FY2020 was the 4<sup>th</sup> year of RWT's Strategic Turnaround Plan.

The company continues to make progress in terms of financial performance, business growth and operational sustainability.

The impact of COVID-19 led to a direct reduction in demand for wastewater treatment and reclaimed water. Industrial parks and utility operators, both whom are key customers for RWT, had downscaled their operations in the wake of reduced economic and commercial activity. Consequently, there was less demand in both wastewater and reclaimed water treatment plants in FY2020.



Grounding test by Ranhill Water Services Staff using Groundmic.



Business Overview	●	Financial Statements	●
<b>Performance Review</b>	●	Other Information	●
Sustainability	●		
Governance	●		

In response to the sluggish demand, RWT adopted various contingency measures. These included reviewing its manpower requirements and supply chain structure to unlock efficiencies and strengthen its Business Continuity Plan (“BCP”) towards enabling continued operational productivity amidst the new normal. These and other measures have enabled RWT to maintain a high level of operational effectiveness to continue meeting customers’ benchmarks.

In FY2020, RWT secured the following new projects:

PROJECT	DESCRIPTION	CONTRACT VALUE (RM' MILLION)
Design, construction, testing and commissioning for extension for additional 20 MLD package plant at the Sultan Iskandar WTP, Johor	Awarded by RanhillSAJ, the project entails capacity expansion works to meet growing water demand from the Johor Bahru area	19.95
Capital development works for Syarikat Air Melaka Berhad (“SAMB”) via PAAB for the Merlimau WTP, Melaka	Awarded by PAAB, the upgrading project has been initiated to meet increasing water consumption demand from the Merlimau area in Melaka	14.7
Proposed design, construction, testing and commissioning of a 2.0 MLD desalination plant at Sg. Simpang Arang, Gelang Patah, Johor	Awarded by RanhillSAJ, this project utilises the UF-RO filtration system as the main treatment process to provide clean water for irrigation purposes	8.67
Engineering, procurement, construction and commissioning of 28,000 PE STP for Phase 2 of R&F Tanjung Puteri, Johor Bahru, Johor	Awarded by R&F Development Sdn Bhd on 20 February 2020. Project entails deploying a Sequencing Batch Reactor (“SBR”) system for the main biological treatment process to treat influent to required standards at Tg. Puteri, Johor Bahru	5.51
Provision of a containerised WTP by the Melaka State Government	Awarded by the State Government of Melaka through Badan Kawal Selia Air Melaka (“BKSA”) for the provision of a containerised WTP as a measure to address the water crises in the state	2.25
Design and build a 0.5 MLD portable water treatment plant at Lenggong Plantation, Johor	Awarded by Mados Holdings Sdn Bhd, a smallholder palm oil plantation company. The project will ensure sufficient supply of water for Mados’ operations at their Lenggong plantation	1.0
Specialist works for STP upgrading at Penawar Toll Plaza, Senai-Desaru Expressway (“E22”), Johor	Contracted by ABNT Global Sdn Bhd to provide all necessary works for upgrading the STP at the rest and service area – East and West bound, Penawar Toll Plaza, located on the E22 Senai-Desaru Expressway	0.43

FY2020 marked RWT’s entry into new niche segments such as leachate treatment, high load waste treatment and desalination water treatment. The Company’s presence in these markets is still small but it has made a successful foray by securing the RM8.67 million 2.0 MLD desalination plant at Sungai Simpang Arang, Gelang Patah, Johor. The desalination plant project is expected to be completed by June 2021. The plant is designed to produce water with total dissolved solids (“TDS”) concentration not exceeding 500 mg/L and pH values between 6 and 8.

## Performance Review

## Management Discussion & Analysis

In Malaysia, RWT has successfully been recertified under the ISO 9001:2015 system by the Standards and Industrial Research Institute of Malaysia ("SIRIM") Berhad in November 2020. RWT is working towards the adoption of ISO 45001:2018 and ISO 14001:2015 which is expected to be realised in FY2021.

On a related note, Ranhill has also made strides towards becoming one of Malaysia's pioneer WTE players when it participated in the 800 tonne per day ("tpd") Bukit Payong WTE project tender. The tender was called by the Ministry of Housing and Local Government and entails the construction, operations and management of the WTE power plant in Batu Pahat, Johor. Ranhill intends to submit a bid that will leverage the inherent synergistic expertise and experience within the Group. The submission of tender is expected to be made in early April 2021.

### RWT SECURED PROJECTS / RENEWED CONTRACTS – THAILAND:

In Thailand, RWT, secured renewals of existing tenures for its WTPs:

RENEWED CONTRACT (THAILAND)	CONTRACT VALUE
20 years Rehabilitation-Own-Transfer ("ROT") conversion from O&M Contract for 10.5 MLD Phase 6 Stage 1 WTP, Amata City Chonburi Industrial Estate (Under Ranhill Water Technologies (Thai) Ltd. - RWTT)	<p>Existing tariff: THB 3.42/m<sup>3</sup>            New tariff: THB 4.20/m<sup>3</sup>            (equivalent to RM0.568/m<sup>3</sup>)*</p> <p>Total Rehabilitation Value: THB 21.885 million*            (equivalent to RM2.957 million)*</p>

\*Based on exchange rate at 18 December 2020; RM1=THB7.40

In Thailand, RWT, leveraged on its existing partnership with Amata Water Co Ltd and its track record of excellent performance from its existing WTPs and WWTPs to pursue business expansion.

Several potentials in other industrial parks in Thailand were pursued in FY2020. Due to COVID-19 however, clients had deferred these plans. RWT intends to revive interest in these projects going forward into FY2021.

In Thailand, RWT subsidiary, AnuRAK has been recertified with the latest version of the ISO 9001 management system accreditation in December 2020.



## ENERGY SECTOR

### RANHILL POWER

RPI and RPII, which operates the Teluk Salut and Rugading power stations respectively, continued to exemplify operational excellence. Despite the various challenges posed by the COVID-19 pandemic, RPI and RPII once again outperformed their respective PPA targets for the 12<sup>th</sup> and 9<sup>th</sup> consecutive year respectively.

PLANT AVAILABILITY (%)	PPA Target	2018	2019	2020
<b>RPI (EAF)</b>	87%	92.94	95.32	92.89
<b>RPII (AT)</b>	94%	96.47	94.12	95.86

In FY2020, RPI achieved an Equivalent Availability Factor ("EAF") of 92.89% (PPA Target: 87%) while RPII achieved an Availability Target ("AT") of 95.86% (PPA: Target 94%).

Both plants had successfully maintained full availability to ensure the reliability of the Sabah electricity grid. Electricity energy delivered to the grid for 2020 by RPI and RPII was 1,155 GWh and 1,145 GWh respectively.

TOTAL UNIT OF ELECTRICITY DELIVERED TO THE GRID (GWH)	2018	2019	2020
<b>RPI</b>	1,175	1,276	1,155
<b>RPII</b>	1,077	1,058	1,145
<b>TOTAL</b>	2,252	2,334	2,300

The continued efforts to enhance operational efficiency and improved productivity were effective even during the MCO. Both power plants managed to maintain operational readiness even under new conditions that mandated reduced manpower due to new COVID-19 SOPs.

In FY2020, the number of outages reduced significantly while availability had increased. Unplanned Outage Rate ("UOR") was below the Industrial Limit reference of 4% while availability, as mentioned earlier, had complied with PPA requirements for both power plants.

## BUSINESS DEVELOPMENT INITIATIVES

In FY2020, the Energy Division has been active in pursuing opportunities for RE, primarily in solar photovoltaic ("PV") based projects. In September 2020, the Division submitted a bid to the EC under the Large Scale Solar ("LSS").

MEntARI tender for the development of a 50 MW LSS PV Plant in Batang Padang, Perak. On 12 March 2021, we received a Letter of Notification from the EC notifying that Ranhill has been successfully selected as a Shortlisted Bidder, subject to fulfilment of additional requirements.

Still on solar, the Energy Division is collaborating with RanhillSAJ to develop PV plant solutions to supply clean electricity to generate water. Electricity generated will be supplied exclusively to RanhillSAJ on a long-term basis.

Given our track record for excellent operations in Sabah and being the largest IPP in the state, Ranhill's Energy Division is in a strong position to bid for any upcoming energy generation projects within the state. The Division will also continue to explore solar based alternatives within Sabah and other states in Malaysia as well as overseas in growing its clean energy portfolio.

Performance Review

## Management Discussion & Analysis

### INTERNATIONAL BUSINESS DEVELOPMENT INITIATIVES

In October 2020, Ranhill submitted an Expression of Interest (“EOI”) to establish a strategic partnership with PT Pembangkitan Jawa-Bali (“PT PJB”), for the development of IPP projects in Indonesia. PT PJB is a wholly-owned subsidiary of PT Perusahaan Listrik Negara (“PT PLN”) which has diversified business interests. These include power generation and related operations and maintenance, engineering procurement and construction as well as financing, consulting and training services in Indonesia. The EOI was issued as part of PT PJB’s efforts to source for capable strategic partners to develop future IPP projects in the country.

Indonesia represents a high-potential market, given its growing energy requirements to meet infrastructure development and urbanisation (please refer to the Outlook and Prospects Section of this MD&A for specific forward-looking information). Another highlight is our continued pursuit of the collaboration agreement with Thailand’s Treasure Specialty Co Ltd for the development of a 1,150 MW CCGT power plant.

Given the positive interest expressed by all parties, notably, the Electricity Generating Authority of Thailand (“EGAT”) and the Kedah state government, we look forward to concrete developments on the proposal by the first half of FY2021.

The proposal entails the plant being constructed in Kedah with the energy generated sold to the potential off-taker, EGAT. The project will drive economic development and job creation in both Northern Kedah and Southern Thailand.

Ranhill’s plant is expected to be operating as a base load plant for supply to the Greater Male region and will progressively replace the more costly, diesel-fired plants while catering for future growth in energy demand.



Sequential Batch Reactor (“SBR”), biological treatment adopted in Wastewater Treatment Plant in Amata Nakorn, Chonburi, Thailand.



## RISKS & CHALLENGES FACED IN FY2020

While the Group has achieved many positives during the year under review, we have continued to face various issues and challenges that have impacted operations across our Environment and Energy Divisions. These included COVID-19 related issues as well as inherent industry related challenges.

Ranhill has adopted various mitigation measures to ensure the sustainability of its business model and business operations over the short, medium and long-term perspectives. One such measure is a robust, triple-tier risk management framework that provides for strong governance frameworks, structures and limits on control and authority.

The Board has full oversight over risk via its Governance and Risk Management Committee ("GRMC"), who in turn is supported by the working level, Management Assurance Risk & Compliance Committee ("MARCC"). A comprehensive risk register is maintained and updated accordingly. A robust internal risk management framework has been implemented Group-wide that enables risks or potential risks to be quickly identified at the working level and necessary action taken.



54KW solar panel installation at Sultan Iskandar Water Treatment Plant extension project.

## Performance Review

# Management Discussion & Analysis

For full details on the Group's risk management approach including implemented risk management frameworks, processes and organisational structure, kindly refer to the Statement of Risk Management & Internal Control ("SORMIC") in this annual report. Following is Ranhill's disclosure and mitigation measures pertaining to risks:

**ENVIRONMENT SECTOR**

ISSUE	MITIGATION MEASURES
<p><b>Reducing Rainfall and River Water Levels</b></p> <p>Reduced rainfall leads to less water in rivers, which impacts the volume of water available for abstraction, treatment and supply.</p>	<p>During periods of drought in FY2020, several water rationing exercises were conducted at the Lok Heng and Sg Gembut WTPs. However, water rationing is only a short-term, temporary strategy and does not address the overall issues of water security.</p> <p>RanhillSAJ continues to play an active role in addressing NRW. It continues to expedite pipe rehabilitation works to address the issue.</p> <p>Coupled with the raw water transfer project being undertaken to meet growing water for southern Johor, continued focus on NRW reduction will improve water supply in the state, in particular southern Johor, going forward.</p>
<p><b>Raw Water Contamination and Pollution</b></p> <p>Industrial, agriculture and domestic discharge, untreated sewerage and effluent and discharge from upstream sand mining activities continue to find its way into rivers.</p> <p>Pollutants cause WTPs to temporarily shut down, resulting in less treated water available while also incurring commercial losses.</p>	<p>In mitigating such risks, RanhillSAJ has deployed a wide range of measures to detect potential and actual pollution incidents. This includes early warning systems to ensure that the incident can be addressed at preliminary stage to minimise impacts.</p> <p>RanhillSAJ reports pollution incidents to the relevant authorities for enforcement action. Action taken includes suspension of the polluters' operations.</p> <p>Targeted education efforts including visits to polluters' premises were also conducted, though this was reduced in FY2020 due to COVID-19.</p>
<p><b>Water Theft</b></p> <p>As at 31 December 2020, RanhillSAJ received 6,955 complaints under Section 89 and Section 123 of the Water Services Industry Act 2006 (Act 655).</p>	<p>Enforcement activities led by SPAN, together with RanhillSAJ's Water Operators Team have been effective in addressing the issue of water theft.</p> <p>As at 31 December 2020, out of 62 cases, about 22.6% remain unresolved. These include cases within red zone areas under the COVID-19 MCO SOPs.</p> <p>As at 31 December 2020, over RM2.06 million in water loss charges were imposed on offenders with RM1.04 million recouped thus far.</p>
<p><b>Delays in Pipe Rehabilitation and Pipe Replacement Works</b></p> <p>Delays in infrastructure works results in further NRW loss and other issues, i.e. revenue loss increased need to abstract more water, greater strain on WTPs and so on.</p> <p>Coupled with increasing demand, leaky pipes pose an increasingly serious issue on the sustainability of water supply going forward.</p>	<p>RanhillSAJ continues to urge SPAN and the state government to accelerate approvals for the necessary works. The company continues to present a strong business case that shows how further significant reductions in NRW can only be achieved through pipe rehabilitation and pipe replacement works.</p> <p>RWS has incorporated new technologies such as online cloud-based monitoring system AquaSMART, permanent correlators for SMART District Metering Areas ("DMA") and also introduced best practices for HDPE pipe installations to facilitate a highly effective pipe replacement programme.</p>

Business Overview	●	Financial Statements	●
<b>Performance Review</b>	●	Other Information	●
Sustainability	●		
Governance	●		

## ENERGY SECTOR

ISSUE	MITIGATION MEASURES
<b>Lack of New Power Plant Construction</b> <p>While a plantup in the east coast of Sabah would be beneficial in ensuring a more stable base load for the region, there are currently no plans to develop new power plants in Sabah. Low reserve margin as well as low power capacity continues to affect the Sabah Grid.</p> <p>Consequently, Ranhill's Teluk Salut and Rugading power plants must remain connected to the grid for longer periods, which impacts scheduled maintenance works for both power plants.</p> <p>Prolonged periods without maintenance may result in equipment or operational failure that may impact performance and cause revenue loss in the event of reduced or total disability of the plant to despatch power.</p>	<p>There were no major operational issues such as reduced or total disability of the two plants to despatch power.</p> <p>This situation has provided the Energy Division opportunity to propose an extension to the PPA for the Teluk Salut Power Plant.</p> <p>In addition, the low generation capacity in the East Coast provide the opportunity for the Energy Division to propose a new 200 MW power plant as an anchor to the east coast grid.</p>
<b>Operational Risks</b> <p>Our ability to successfully generate power and deliver the required energy to Sabah Electricity is subject to, amongst others, the following risks:</p> <ul style="list-style-type: none"> <li>• Operator error or failure of equipment or processes, particularly with older generating plants;</li> <li>• Unexpected maintenance needs associated with operational issues;</li> <li>• Interruptions in the supply of natural gas, diesel fuel or other material supplies, and</li> <li>• Operational limitations that may be imposed by environmental or other regulatory authorities.</li> </ul>	<p>In mitigating such risks, the Group conducts regular inspection to detect operational irregularities through 24-hour online monitoring of operations via the plant Distribution Control System ("DCS"). Furthermore, sufficient spare parts are stored for any eventuality while our power operations can also leverage on the support services of original equipment manufacturer ("OEM") companies.</p> <p>The Company also supports continuous training for maintenance staff, in constantly improving troubleshooting skills and capabilities, especially in addressing critical breakdown of power plant equipment.</p>
<b>Inability to Secure Deferred Tax Impairment and Tax waiver</b> <p>An unsuccessful appeal for a tax waiver will result in higher taxation and thus impact Ranhill Power's earnings post FY2026.</p> <p>Further impact to earnings is expected if the tax appeal for Rugading power station is unsuccessful.</p>	<p>The Group continues to engage all parties and has sought the mediation of the EC towards achieving a mutually beneficial outcome for all parties.</p>



## Performance Review

## Management Discussion & Analysis

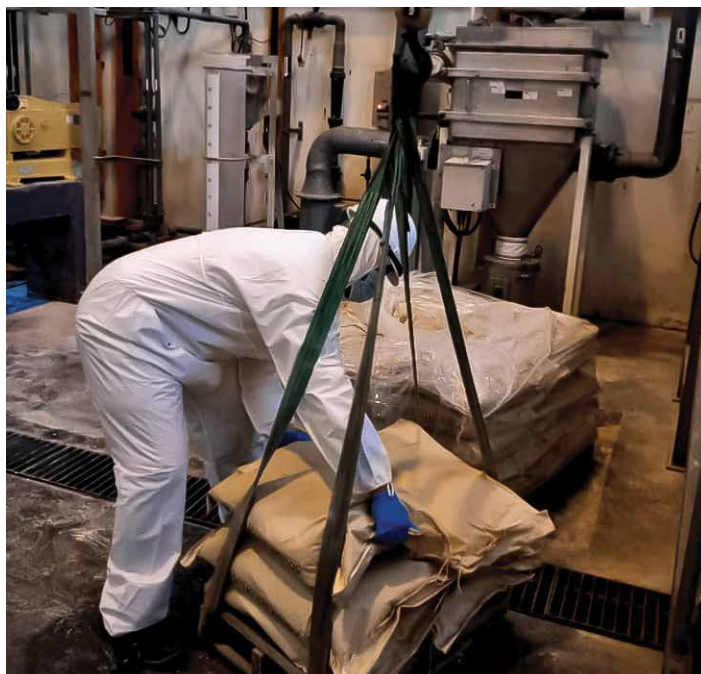
### RESPONSE TO COVID-19

Ranhill updated its BCP in accordance with developing new SOPs consistent with regulatory requirements set out by the government for water and power plant operations. The Group's risk register has also been updated to reflect the potential impact and likelihood of COVID-19 related risks.

Across the Group's operations, SOPs have been adhered to with a high level of compliance. Among new SOPs introduced during the pandemic period were mandatory use of face masks, temperature checks and social distancing; staggered working hours, periodic COVID-19 testing for higher-risk employees, mandatory quarantine periods in the event of infections, use of personal protection equipment and more.

A work from home programme was initiated, where unless absolutely necessary, employees were encouraged to work from their homes or other remote locations away from the office.

With the SOP strictly adhered to, as at 31 December 2020, the Group only had a small number of positive cases of COVID-19 and all have since made full recoveries. Further details of Ranhill's management approach to COVID-19 is provided in the Sustainability Statement of this report and the standalone SR2020.



RanhillSAJ staff wearing full PPE suits as precaution measures to ensure its continuous operation

### OUTLOOK AND PROSPECTS

#### ENVIRONMENT SECTOR

Prospects for the environmental sector remain promising going into FY2021. While COVID-19 has unavoidably resulted in the Malaysian government shifting its immediate focus to address the spread of the pandemic, the government remains committed to addressing the issues faced by the country's water industry.

These include addressing NRW under the National NRW Plan and increasing the reliability of water supply provided by water operators across the country. The government, as evidenced from the 11<sup>th</sup> Malaysia Plan and Budget 2021, is focussed on water security.

However, while Malaysia has robust policies and there is clear acknowledgement from all stakeholders, on the importance of addressing water issues, it is the implementation that continues to be impeded by various challenges. Understandably, the continued spread of COVID-19 across the nation may continue to hamper implementation plans. Nevertheless, it is essential that water, being such an important resource, continues to be prioritised and its related issues addressed soonest.

It must be emphasised that going forward, addressing NRW and reducing water consumption per capita are more effective ways to ensure sustainable water supply in the long term.

While abstracting and treating more water from rivers can meet increasing consumer demand in the short to medium term, it does not address inefficiency across the value chain. It also does not address the prevalent issue of NRW loss.

By reducing NRW levels, the stress on WTPs and supporting assets can be reduced significantly, resulting in lower maintenance cost, as well as lower consumption of power and water.

Water saved can increase the reserve margin with the surplus being redistributed to areas with higher consumption demand. This also contributes to increased revenue.

In Malaysia, the national average is as high as 36.8%, three (3) times more than that of developed countries as estimated by the World Bank. Malaysia still remains far short of its own NRW target of 25%.

Going forward, further efforts must be undertaken to reduce NRW levels nationwide. Hence, the importance of the National NRW Program. As mentioned earlier, the programme looks to effectively address the NRW issue faced by many states in Malaysia. In particular, states with high levels of NRW.

This is to be achieved by enabling such states to correctly establish its NRW levels through the installation of System Input Volume

Business Overview	●	Financial Statements	●
<b>Performance Review</b>	●	Other Information	●
Sustainability	●		
Governance	●		

("SIV") meters, changing aged and faulty consumer meters, establishing Geographical Information System ("GIS") mapping of network assets and promoting repair of reservoirs. The allocated for Approach 1 of the NRW program is RM535 million.

Ranhill, through RanhillSAJ and RWS has proven its capabilities in addressing NRW. The Group possesses the necessary technological assets and capabilities towards effectively supporting the government's NRW Program. We will continue to seek opportunities to lend our expertise and to contribute to the objective of reducing NRW levels nationwide.

In Johor, RanhillSAJ will continue to expedite pipe rehabilitation and replacement works towards the realisation of its set NRW target level of 26.3% for FY2021. This is significant 0.6% reduction from FY2020's level. Further reduction in NRW going forward, is to be achieved via ALC activities that have been proposed under the Rehabilitation 2020 ("Rehab 2020") and Rehab 2021 programmes respectively.

RanhillSAJ have submitted these proposals to industry regulator, SPAN under its OP5 Business Plan.

Rehabilitation Plan	Status	Estimated Total Pipeline Length for Rehabilitation (kilometre)	Cost (RM' Million)
Rehab 2018/2019	Presently in progress	183	215
Rehab 2020	Proposed to SPAN and awaiting approval	281	280
Rehab 2021	Proposed to SPAN and awaiting approval	223	275

We look forward to receiving SPAN's approval, which will enable all proposed pipe rehabilitation programmes to be implemented and completed by end 2022 to achieve the 2023 OP5 NRW target level of 22%.

On a related note, as NRW is addressed, continued focus must be placed on reducing Malaysia's high water consumption per capita. Malaysia's national consumption per capita still far exceeds 180 litres per capita per day, which is the consumption rate recommended by the World Health Organisation ("WHO").

In addition, we look forward to the government continuing to encourage industries to increase usage of reclaimed water.

On its part, Ranhill, through its subsidiaries, remains ready and willing to lend its expertise and experience, and to work closely with all stakeholders towards playing a meaningful role in ensuring the long-term sustainability of the Malaysian water industry.

We also look forward to achieving further progress in Indonesia for the source-to-tap drinking water project with the support of our consortium partners.

## OPPORTUNITIES IN RECYCLED WASTEWATER

Though the uncertainty and disruption caused by the COVID-19 pandemic may temporarily delay progress of greywater adoption, the long-term prospects remain bright. The realisation that using treated or reclaimed wastewater offers both environmental and business benefits is gaining traction and is increasingly being regarded by industries and businesses as a cost-effective, long-term solution.

RWT, having proven its capabilities with its track record with its Amata Industrial Park, Amata City and Forest City projects, is well positioned to offer its expertise to other industrial parks and industries especially in Malaysia and South East Asia.

In Thailand, RWT aims to convert its existing Operations & Maintenance ("O&M") contracts to longer-term ROT concessions. This is consistent with the Group's strategic objective of expanding into the long-term regulated asset business in Thailand. Utilising the same strategy, RWT will continue to pursue potentials across Malaysia and Indochina. The company has previously attempted to expand its regional footprint into Myanmar and Indonesia and going forward, will continue to target industrial parks in these countries. Indonesia also remains another prospective market, offering significant potential.

Moving forward, RWT aims to constantly improve and expand its capabilities towards cementing its position as the industry leader for providing the most efficient and transformative technology solutions for wastewater management.

## ENERGY SECTOR

Though the impact of COVID-19 may have distorted global demand for energy in the short-term, it is expected that the medium and long-term outlook remains on a significant uptrend. Nations across the world, in particular South East Asia and other developing regions such as South Asia and Africa, are energy hungry as energy is required to fuel industrialisation and socio-economic growth.

The growing focus, however, is for the world's increasing energy needs to be met by clean energy sources, as opposed to conventional energy sources such as fossil fuels. Worldwide, there is a greater consciousness of developing sustainable sources of energy. Given this scenario, the general outlook for Ranhill's Energy Division remains positive.

## Performance Review

**Management Discussion & Analysis**

The Energy Division continues to identify and pursue opportunities towards realising its aspirations of securing 1,000 MW of gas fired capacity by 2022, and 300 MW of Solar PV energy by 2024.

Within Malaysia, Ranhill's Energy Division looks forward to seeing progress on the 1,150 MW CCGT power plant in Kedah, which will export power produced to Thailand.

In Sabah, Ranhill remains focussed on pursuing opportunities and continues to actively engage key stakeholders towards developing Sabah's energy infrastructure. Issues of low power despatch, insufficient industry activity and continued deferment on power plant generation projects continue to impact growth and expansion.

Ranhill's Energy Division looks forward to the expected completion of the Sabah East-West Transmission line in 2023. The transmission line will enable up to 400 MW of additional electricity to be despatched from Sabah's West Coast to the East

Coast. This development will be beneficial in resolving some of the energy issues faced including low power despatch and demand.

With this, both RPI and RPII can export power generated by the Teluk Salut and Rugading power plants to Sabah's east coast. This will help alleviate the low power despatch situation in the state while generating opportunities for increased revenue. It is also hoped that with improved energy capacity, more industrial activities and investments will be directed to the eastern regions of Sabah to stimulate socio-economic growth.

Ranhill also aims to participate in the coming LSS 5 bidding exercise in 2021. The experience gained from the previous participation in LSS 3 and LSS 4 will be useful in enabling more competitive bids going forward. Our shortlisted bid for the 50 MW PV plant attests to our capabilities to compete effectively for LSS projects. Bolstered by this achievement, we will continue to pursue suitable projects under LSS 5.

Solar in Malaysia offers plenty of potential given the Malaysian government's stretch target of increasing RE to 20% of the nation's total energy generation mix by 2025. Energy Ministers in the ASEAN region have also agreed to a 35% RE target in terms of installed power capacity by 2025. The target was set under the ASEAN Plan of Action for Energy Cooperation Phase 2 which is to be implemented from 2021-2025.

With increased demand for RE, competition will also increase. This translates into lower prices. In FY2020, offered bids for RE generation ranged from below 20 sen / kWh to even as low as 13.99 cents / kWh. The Group will continue to strive in ensuring competitive offered prices, which it is capable of, given the successful LSS 4 bid.

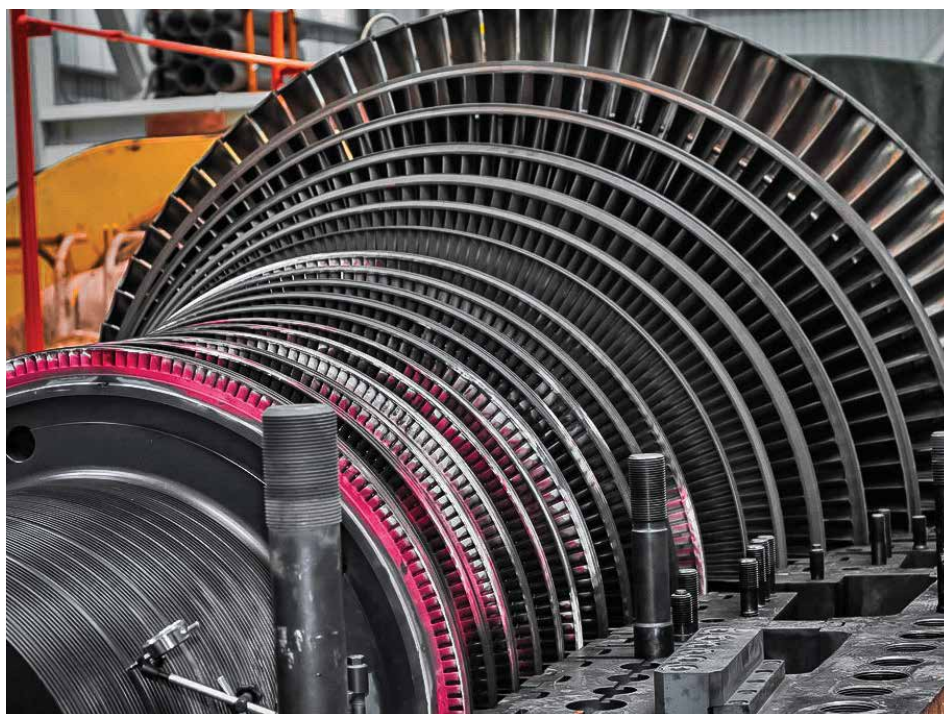
Ranhill's Energy Division is also working with RanhillSAJ to provide clean solar PV energy for their internal power requirements. The Energy Division will develop, finance and operate the solar PV plants on a long-term basis.

The fixed solar tariff will be lower than the present commercial tariffs and hence offers significant energy cost savings for RanhillSAJ. The transition to solar energy is also more environmentally friendly and is more aligned to Ranhill's circular economy approach.

We also look forward to the many power projects initiated in FY2020 seeing further progress in the upcoming financial year.

Outside of Malaysia, Indonesia has projected its energy demand will grow by 5% in 2050, driven by increased domestic, industrial and commercial consumption.

Approximately 552.5 gigawatt ("GW") of installed capacity is required by 2050, with 260 GW and 141 GW to be generated from RE sources and gas power plants respectively. We will continue to monitor and review value accretive opportunities within the country.



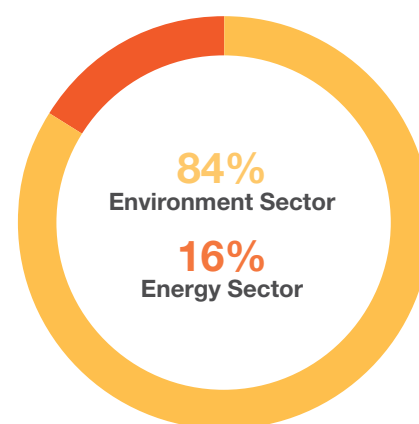
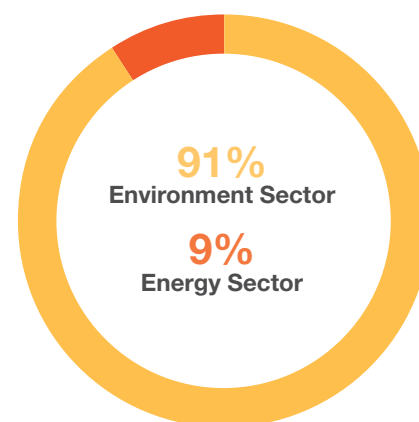
The steam turbine at Rugading Power Station in Kota Kinabalu, Sabah.



## Performance Review

**Group Financial Highlights****Revenue**  
(RM'000)**1,478,409**(FY2019 : 1,551,844)  
(FY2018 : 1,468,127)**Profit from Operation**  
(RM'000)**92,128**(FY2019 : 215,432)  
(FY2018 : 201,683)**Net Profit for the Year**  
(RM'000)**36,492**(FY2019 : 65,689)  
(FY2018 : 64,969)**Shareholders' Equity**  
(RM'000)**463,973**(FY2019 : 468,903)  
(FY2018 : 451,500)

	<b>FY2018</b> <b>(RM'000)</b> <b>(Restated)</b>	<b>FY2019</b> <b>(RM'000)</b> <b>(Restated)</b>	<b>FY2020</b> <b>(RM'000)</b>
Revenue	1,468,127	1,551,844	<b>1,478,409</b>
Profit from operation	201,683	215,432	<b>92,128</b>
Net Profit for the year	64,969*	65,689**	<b>36,492***</b>
Weighted average number of ordinary share	1,065,975	1,065,975	<b>1,067,057</b>
Basic earnings per ordinary share (sen)	6.09	6.16	<b>3.42</b>
Total Asset	2,190,108	2,804,568	<b>2,309,216</b>
Shareholders' Equity	451,500	468,903	<b>463,973</b>
Net Asset per share	0.42	0.44	<b>0.43</b>

**Segment Revenue****Segment Profit/(Loss)**

## Note:

\* Adjusted to exclude non-recurring items and IC Interpretation 12 Service Concession Arrangements ("IC. 12")

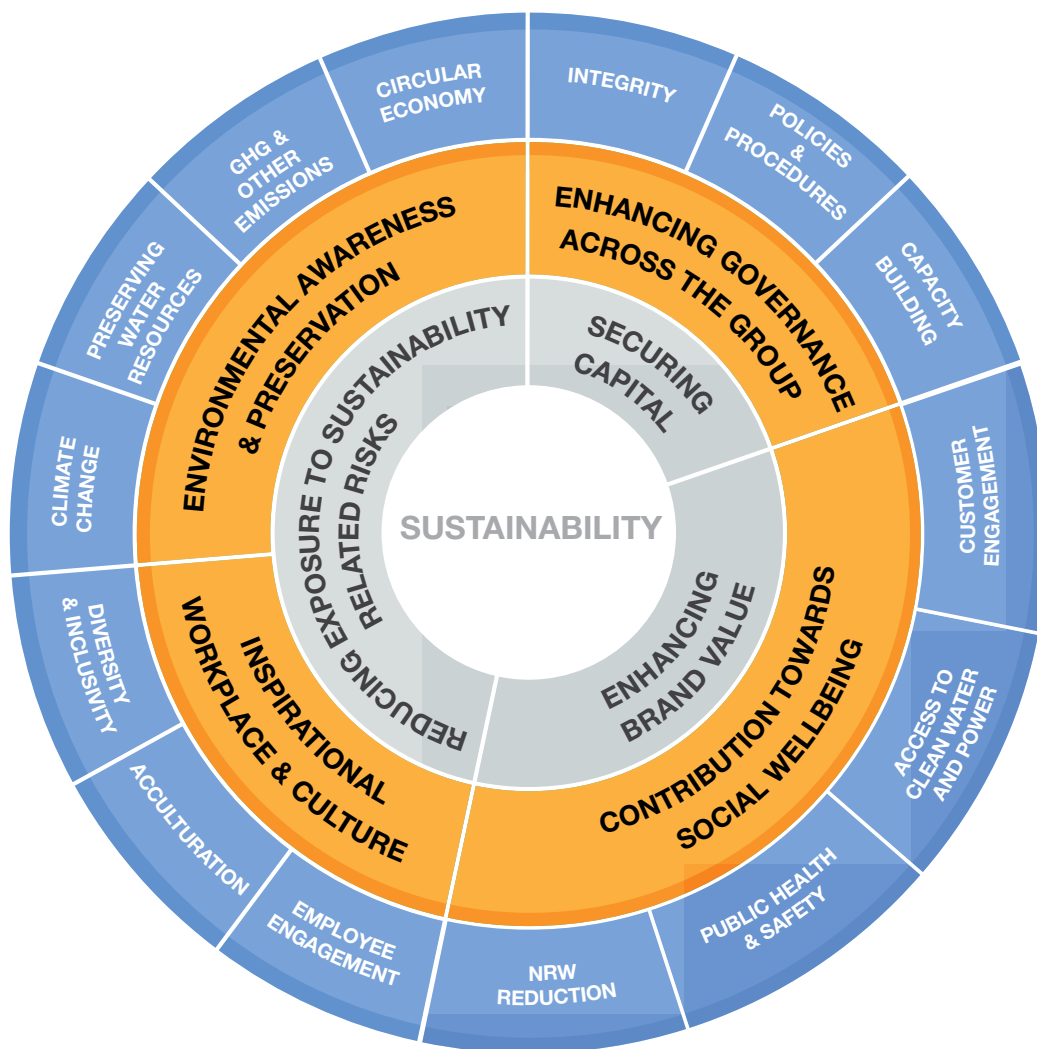
\*\* Adjusted for IC. 12

\*\*\* The drop in profit (from RM65.7 million to RM36.5 million) is due to lower contribution from RPI and RanhillSAJ (due to discount to B40, COVID-19 contribution and non-recurring income recognition in FY2019)

Sustainability

## Sustainability Statement

### MANAGEMENT'S APPROACH TO SUSTAINABILITY



Ranhill Utilities Berhad (“Ranhill” or “the Group”) is committed to the pursuit of sustainability over a triple-bottom-line which comprises Economic, Environmental and Social (“EES”) impacts.

In pursuing this triple-bottom-line, Ranhill has developed a comprehensive framework centred on its four pillar of sustainability. These pillars are Environmental Awareness & Preservation, Contribution Towards Social Wellbeing, Inspirational Workplace & Culture and Enhancing Governance Across the Group.

Sustainability serves as the basis for the alignment of business strategies, goals and objectives as well as business processes towards realising financial and non-financial value creation. The business model is driven by the circular economy approach.








## SUSTAINABILITY COMMITMENTS, TARGETS AND PLEDGES

Beyond the approach, Ranhill has also set tangible sustainability objectives for all of its operating companies:

<b>RanhillSAJ</b>	<ul style="list-style-type: none"> <li>All WTPs operated by RanhillSAJ will be equipped with sludge treatment facilities by 2025.</li> <li>5% reduction target in emissions for every cubic meter of water produced.</li> </ul>
<b>RWS</b>	<ul style="list-style-type: none"> <li>Towards reducing fuel consumption, GHG emissions and fuel costs, there will be stricter adherence to reducing idling time and closer fuel efficiency monitoring via online tracking systems for all 128 vehicles in RWS' fleet.</li> </ul>
<b>RWT</b>	<ul style="list-style-type: none"> <li>Forging closer collaboration with contractors at Amata Industrial Park towards improving environmental and social impact on the local communities in the vicinity of the industrial estate.</li> </ul>
<b>RPI and RPII</b>	<ul style="list-style-type: none"> <li>Formulation of its Environment Policy Statement that addresses stack dust, carbon and other emissions, noise pollution and waste schedule disposal.</li> </ul>

Based on its sustainability pillars, Ranhill continues to track its EES performance, which takes into account achievements made for Non-Revenue Water, water withdrawn from sources, power consumption, GHG and other EES indicators. These have been linked to Ranhill's adopted United Nations Sustainability Development Goals ("UN SDGs").

RANHILL SUSTAINABILITY PILLARS	DESCRIPTION	ACHIEVEMENTS AND HIGHLIGHTS	FUTURE PLANS	UN SDGs
<b>Environmental Awareness &amp; Preservation</b> 	<p>The Group continues to seek ways to minimise its impact on air, water, land and other natural resources. This includes safeguarding upstream and downstream water resources and conserving, preserving and recycling resources as much as possible.</p> <p>The Group believes that its concept of environmental awareness and perseverance must also be propagated to external stakeholders such as the general public, students, and the communities at large and also across its value chain.</p> <p>Only through shared vision and commitment can we truly safeguard our natural resources and the surrounding environment.</p>	<ul style="list-style-type: none"> <li>Circular Economy – three (3) reclaimed plants, two (2) in Thailand (17 MLD) and one (1) in Forest City, Johor (11 MLD)</li> <li>Continued NRW programmes and contracts in Johor, Kelantan</li> <li>Continuous enforcement against polluters in concerted efforts with regulatory authorities</li> <li>Joint sampling with Ministry of Health ("MOH") for water quality</li> <li>Water Safety Plan ("WSP")</li> <li>Carbon Footprint Programme</li> <li>Combating Ammonia Programme</li> <li>Use of solar energy to power WTPs</li> </ul>	<ul style="list-style-type: none"> <li>Increase reclaimed plant capacity</li> <li>Increase water conservation through NRW reduction</li> <li>Increase use of RE across business operations</li> <li>Usage of processed water at treatment plants</li> <li>Cascade Carbon Footprint Programme to Group and other subsidiaries besides RanhillSAJ</li> <li>Increase efficiency of GHG Scope 1, 2 and 3 Emissions</li> <li>Use Big Data, Industry 4.0 and Internet of Things technologies to yield new improvement opportunities in asset management</li> </ul>	   

## Sustainability

**Sustainability Statement**

RANHILL SUSTAINABILITY PILLARS	DESCRIPTION	ACHIEVEMENTS AND HIGHLIGHTS	FUTURE PLANS	UN SDGs
<b>Contribution Towards Social Wellbeing</b> 	<p>As Ranhill pursues its business objectives, it has also integrated a social empowerment agenda to close the infrastructure gap between urban and rural communities.</p> <p>As an industry leader, the Group continues to actively share its knowledge to enhance overall industry standards towards developing a more competitive and sustainable value chain in the businesses it operates in, especially Non-Revenue Water ("NRW") management.</p>	<ul style="list-style-type: none"> <li>• Rebate for the first 25m<sup>3</sup> to the underprivileged in Johor</li> <li>• RM887,461.35 provided in water rebates to 3,207 households</li> <li>• Undertook community development projects such as a school library upgrading, and a wide range of financial and non-financial COVID-19 aid</li> <li>• Continued positive results from annual customer satisfaction survey</li> <li>• Sponsored tree planting activities</li> </ul>	<ul style="list-style-type: none"> <li>• Provide access to underserved areas (water &amp; power)</li> <li>• Further establish Ranhill as an industry and thought leader via involvement in local and international industry events</li> <li>• Capacity building - Collaboration with the Ministry of Higher Education and universities to develop talents for both the water and power industry</li> </ul>	   
<b>Inspirational Workplace &amp; Culture</b> 	<p>The Group believes in harnessing the rich and diverse aggregate talent pool of the Group, across all geographic sectors to create cross-sharing of knowledge, synergy and more to empower greater productivity and competitive advantage.</p> <p>Crucial to this is the retention of talent, the recognition and rewarding of excellent performance and the injection of fresh, high calibre professionals to infuse vibrance and new ideas that will propel Ranhill towards continued realisation of its business goals.</p>	<ul style="list-style-type: none"> <li>• R-Care Programme</li> <li>• Sijil Kemahiran Malaysia (39 recipients)</li> <li>• Knowledge Sharing Sessions</li> <li>• Customer Service Efficiency Blue Print</li> <li>• High Performance Culture ("HPC") Programme</li> <li>• Employee Engagement Survey</li> <li>• Cranfield Water Science Institute Scholarship</li> </ul>	<ul style="list-style-type: none"> <li>• Encourage greater employee diversity and inclusivity across the Group</li> <li>• Provide opportunities for person with disability ("PWD")</li> <li>• Drive succession planning</li> <li>• Identify and equip employees with Industry 4.0 knowledge</li> </ul>	 
<b>Enhancing Governance Across the Group</b> 	<p>The Group is of the view that sustainability and corporate governance are intrinsically linked and that accountability, business ethics, transparency and integrity are essential to the sustainability journey.</p> <p>Strong business values are vital to mould a growing consciousness on sustainability.</p>	<ul style="list-style-type: none"> <li>• Health and Safety - Ranhill Rules of Life</li> <li>• Code of Conduct and Business Ethics ("CCBE")</li> <li>• Business Continuity Management</li> <li>• Third Party Dealings</li> <li>• Risk Management</li> <li>• Fraud and Whistleblowing</li> <li>• Corporate Disclosure</li> <li>• Customer Satisfaction Survey</li> <li>• ISO Certification</li> <li>• Open tender approach in procurement processes</li> <li>• Personal Data Protection Act</li> <li>• Hazard Analysis Critical Control Point ("HACCP") at 44 WTPs</li> </ul>	<ul style="list-style-type: none"> <li>• Implementation of ISO Certification group wide (ISO 45001 Occupational Health and Safety)</li> <li>• External assurance on our Sustainability practices for SR reporting</li> </ul>	  

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
<b>Sustainability</b>	●		
Governance	●		

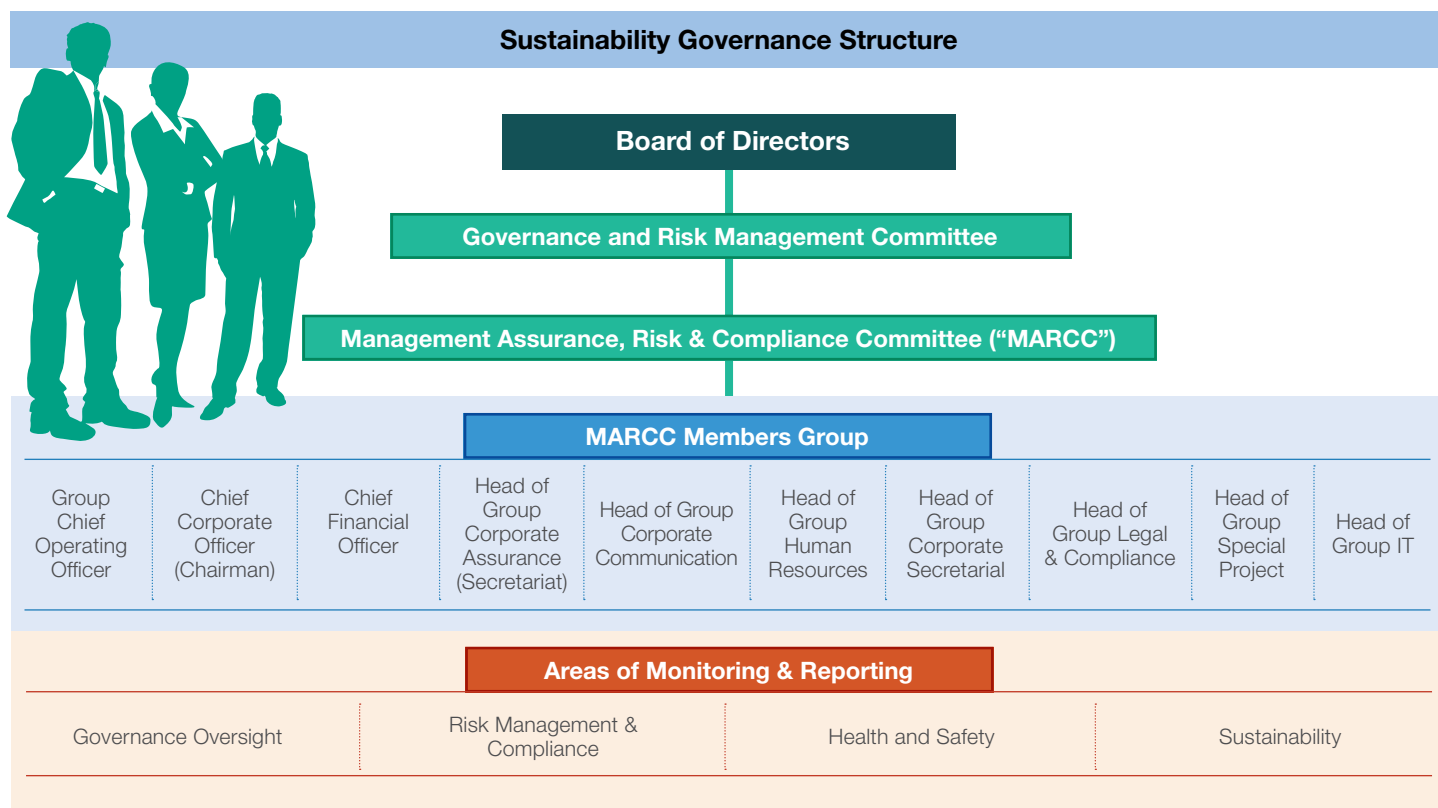
## SUSTAINABILITY GOVERNANCE & LEADERSHIP

Sustainability is governed and promoted by the highest decision making body of the organisation; that is the Board of Directors. Specifically, it is the Board's Governance Risk Management Committee ("GRMC") that provides detailed and regular oversight on EES topics.

The GRMC is supported by the Management Assurance Risk & Compliance Committee ("MARCC"). The MARCC is in turn supported by Senior Management and Department Heads across the Group's organisational structure.

The Group's working committee, the Sustainability Working Group ("SWG") develop sustainability programmes targeted at the society, employees, the environment and other stakeholders.

The aforementioned sustainability governance structure ensures a strategic and comprehensive approach to embedding sustainability within the organisation and in developing related policies.



### Supporting the structure are the following guidelines, policies and procedures:

- Board Charter (inclusive of Terms Of Reference ("TOR") for all respective Board Committees
- Ranhill Authority Manual ("RAM")
- Code of Conduct & Business Ethics ("CCBE")
- Whistleblowing Policy and Procedures
- Ranhill's Rules of Life for Health and Safety



Ranhill's business operations are in adherence to all laws and requirements in the countries that it operates in. This includes environmental and social regulatory compliance. For further details on Board roles and responsibilities as well as Board composition and independence, kindly refer to the Corporate Governance ("CG") Report for FY2020.

## Sustainability

**Sustainability Statement****STRONG ANTI-CORRUPTION STANCE**

Ranhill has always maintained a strong anti-corruption stance in its business operations. All dealings and relationships must be above board and conducted in a professional manner in accordance with the Group CCBE.

In FY2020, the Board of Directors received several hours of training on anti-corruption and bribery. Annually, 100% of staff across the Group receives information on the Group's anti-corruption practices. New employees are briefed on anti-corruption during their company induction.

Beyond policies, the Group has instituted a practice of open tender for contracts, the requirement for multiple tender bids or quotations and other practices. Suppliers who bid for projects must first be prequalified under Ranhill's procurement list. This ensures that only qualified suppliers may bid for projects.

Suppliers and vendors must affirm that they are free from corrupt practices and will remain as such throughout their business relationship with Ranhill. Any supplier who is found to have engaged in corrupt practices will have their contracts terminated and reported to the authorities for legal action.

**STAKEHOLDER ENGAGEMENT****COVID RELATED STAKEHOLDER ENGAGEMENT**

In light of the COVID-19 pandemic, Ranhill and its subsidiaries have been proactive in engaging all relevant government ministries, agencies and other regulatory authorities.

The engagement had several objectives, which included developing a clear understanding of SOP requirements and continuing to work closely with governmental stakeholders to ensure continued completion of projects and smooth business operations.




Our definition of stakeholders is individuals, groups or entities that have the potential to influence or impact Ranhill's operations. Individuals or groups who are, or may be potentially impacted by the Group's presence or business operations are also regarded as stakeholders.

One of the significant highlights in FY2020 was being the first public listed company in Malaysia to conduct its Annual General Meeting ("AGM") for shareholders virtually due to the restrictions imposed by the regulators during the MCO period.



Ranhill's Annual General Meeting was held virtually due to the pandemic last year.






Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
<b>Sustainability</b>	●		
Governance	●		

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
<b>EMPLOYEES</b> 	Virtual Town Hall Session: "Tanyalah Pengurusan" (TaP), forum	Employee engagement forum to provide staff with a channel to voice their concerns and aspirations to the Management	Improved staff morale. Higher awareness and understanding of the Group's business plans. Reduced attrition rates. Improved organisational culture. Greater sense of belonging to the Ranhill brand among staff
	Virtual R-Care Program: Wellness activities, dietary plan, health screening and coaching	With the COVID-19 pandemic, R-Care was tapped to focus on employees' physical, mental and emotional well-being	Employees remained in good spirits and health throughout the pandemic year. The R-Care programmes continues to see increased staff participation
	Sijil Kemahiran Malaysia – Convocation Ceremony	To enhance employees' technical and learning competencies, social and human development	39 employees were certified
	Virtual Food.Learning. Experience ("F.L.E.X") - Knowledge sharing session	Towards communicating key company information such as business plans, goals and strategies for the financial year	Employees have a clear understanding of company's goals and expectations
	Sponsorship <ul style="list-style-type: none"> <li>• Umrah for selected RanhillSAJ staff through ballot system</li> <li>• Ranhill Education Sponsorship Programme</li> </ul>	Acknowledgment and appreciation towards staff	For educational sponsorship, it is the Company effort in nurturing the right talent from the undergraduate level in which they are expected to contribute back to the company and industry
<b>FRONTLINERS, OPERATORS, RECEPTIONIST AND CUSTOMER SERVICE STAFF</b> 	Customer Service Efficiency Blue Print	Improving the skills and service levels of frontliners such as operators, receptionists and customer facing staff	Improved customer service levels which leads to customer satisfaction
	Website and Social Media / RanhillSAJ Info Center	Information on Planned / Unplanned water disruption and issues on water supply	Faster and more efficient notification to customers, which reduces concerns and frustrations. Contributes to reduced complaints during water disruptions / water supply issues
<b>FINANCIAL COMMUNITY</b> 	Annual General Meeting / Financial performance / Operational performance / Regulatory Compliance / Reputation / Investor Relations / Initiatives	Open communication with shareholders, analysts and investors beyond key events of the corporate calendar. This includes platforms such as domestic and international roadshows, seminars and conferences	Our shareholder engagement programme provides a direct avenue for shareholders, investors or clients to access information and engage with the company



## Sustainability

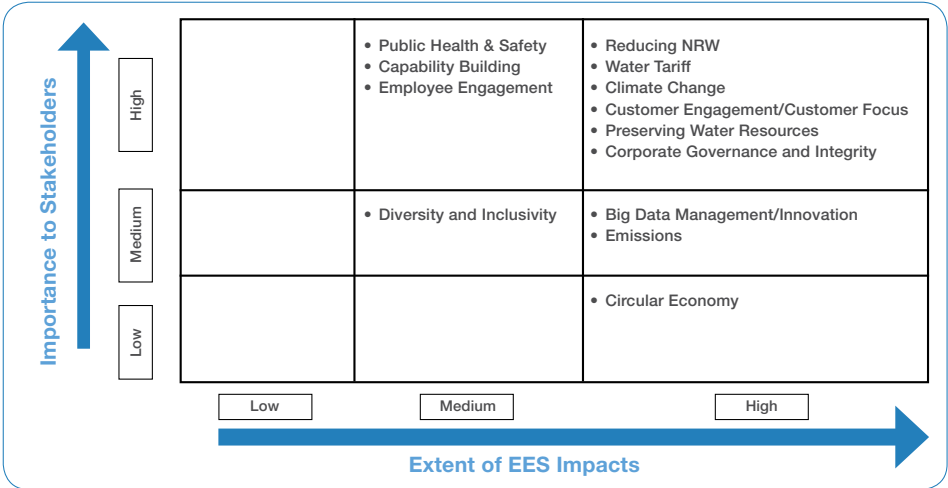
**Sustainability Statement**

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
<b>GOVERNMENT AND REGULATORS</b> 	Briefing & Presentation	Briefing on RanhillSAJ matters to Johor State Executive Council ("EXCO"), Members of Johor State Legislative Assembly ("ADUN") and Members of Parliament	One of the recommended ways to advertise to a target market and create brand awareness and also for operational efficiency  The Group is complying with various regulatory requirements set by our regulators and clients
	Sponsorship • UTM Student Ranhill Book Prize Award Programme	Engagement between Ranhill and Higher Learning Institutions	This is part of succession planning, a process of identifying and developing new leaders in the young generation
<b>LOCAL COMMUNITIES</b> 	Corporate Social Responsibility ("CSR") - Contributions to identified community at Larkin Flat	Contribution of groceries to underprivileged families affected by the COVID-19 pandemic	Creating brand awareness while giving back to the community
	CSR - Program Wakalah RanhillSAJ	Contribution of RM1,000 each to 342 individuals recognised through Majlis Agama Islam Negeri Johor and e-Kasih's lists	
<b>MEDIA</b> 	Press Conferences	Launch of Merdeka Preview of RanhillSAJ short film in conjunction with Merdeka 2020 commemorations  Launch of R-Care programme  Distribution of Wakalah to underprivileged people	Dissemination of information through mainstream media
<b>NON-GOVERNMENTAL ORGANIZATIONAL ("NGO")</b> 	Briefing & Presentation	Plant Visit and Technical Knowledge Sharing with N.U.R Power Sdn Bhd Kulim, Kedah with NGOs	Support from NGOs is important in influencing public opinion towards the Company
<b>SUPPLIERS / VENDORS</b> 	Regular supplier / vendor meetings, tender briefings and tender site visits	Engagement with suppliers is important to ensure that proper transparency and governance are being practiced in procuring their services	A fair, transparent and win-win relationship with our vendors / suppliers

**MATERIALITY**

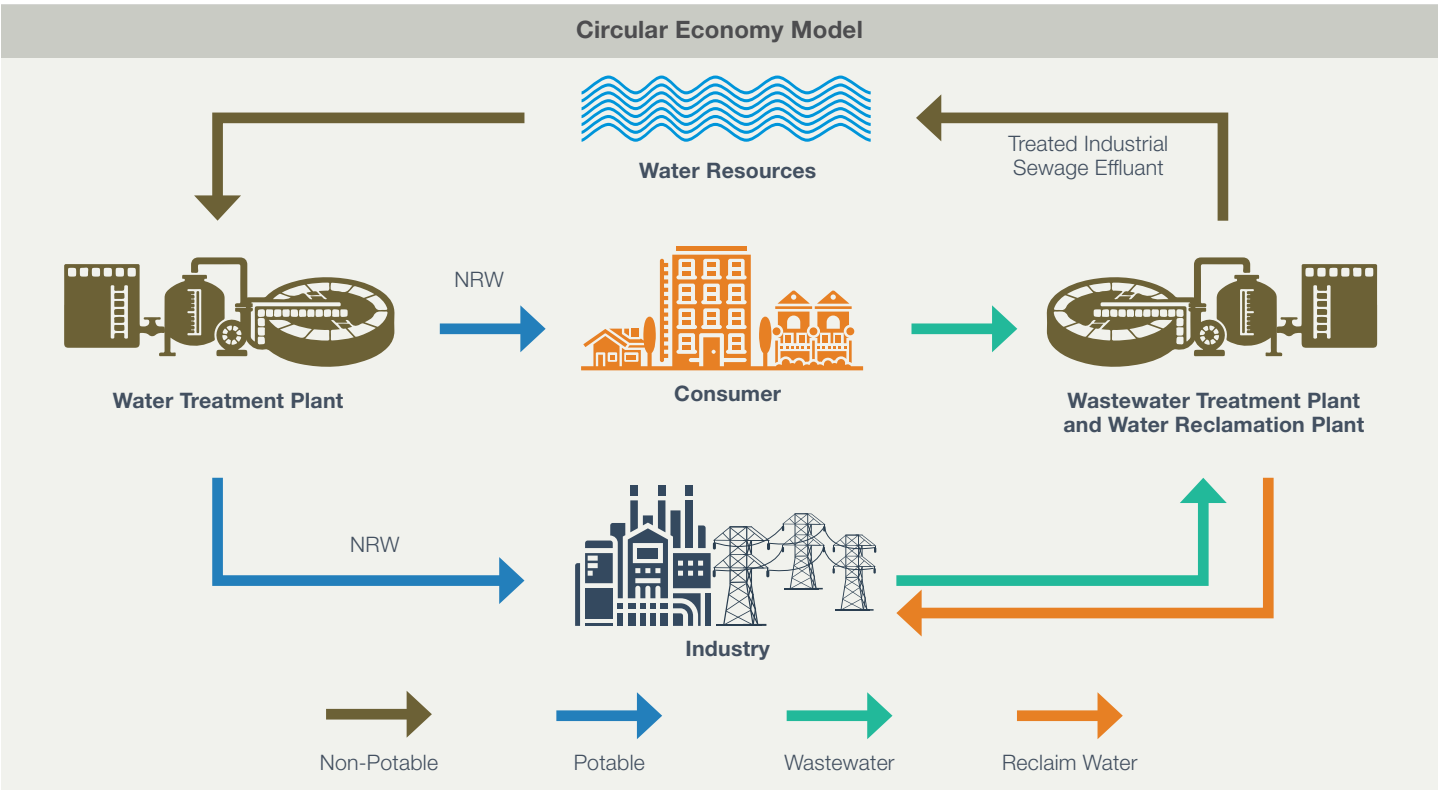
In August 2020, a special SWG sustainability retreat was held where staff from both Ranhill’s water businesses and its power operations gathered to chart the course forward for Ranhill’s sustainability agenda.

One of the key highlights of the workshop was the development and finalisation of the Group’s matrix. The prototype matrix was then refined based on feedback from management. The Group’s revised list of material topics and matrix are provided as follows:



**CIRCULAR ECONOMY**

Ranhill’s adoption of the circular economy approach is exemplified in the Group’s reclaimed water treatment operations and its combine cycle gas turbine fired power plants.



Sustainability

## Sustainability Statement

### DRIVING RECLAIMED WATER USE FOR ZERO DISCHARGE

The use of reclaimed greywater is beneficial, as it reduces demand for treated water extracted from the source, upstream rivers. This reduces pressure on a finite supply of water and provides a long-term solution for industrial and commercial customers, who are the biggest consumers of treated, potable water.

This approach is best exemplified in Ranhill's operations of Water Reclamation Treatment Plant ("WRTP") in the Amata Industrial Park in Rayong and Chonburi in Thailand, and Forest City, Johor, Malaysia.



Amata Reclamation Plant, Thailand.



Forest City Sewerage Treatment Plant ("STP4").

## PROMOTING SUSTAINABLE ENERGY CONSUMPTION

Ranhill also continues to make strides in growing its RE footprint. In FY2020, a proposal for the supply of solar powered electricity to RanhillSAJ's WTPs under the business-to-business PPA was submitted to the Energy Commission.

Ranhill's Energy Division will develop, finance and operate the solar PV plants on a long-term basis. Hence, WTPs will be solar powered, making them more environmentally friendly due to reduced carbon emissions while being more cost efficient.

The system will generate up to 61,257 kWh of electricity, sufficient to power the WTP's operations, thus making it energy sufficient. Potential savings number RM28,200 per annum. Cost savings aside, the use of solar power will reduce up to 39 tonnes of carbon emission annually.

## CCGT OPERATIONS

The Energy Division operates two (2) CCGT plants, with CCGT operations being regarded as the cleanest of all fossil fuelled fired power plants. Natural gas produces 50%-60% less carbon dioxide than when burning coal, and 30% less than when burning oil. According to the American Gas Association, natural gas emits 90,000 fewer pounds of CO<sub>2</sub> per billion British thermal units ("BTU") than coal.

In addition, CCGT plants generate up to 50% more electricity from the same fuel source than a conventional simple-cycle plant. This enables reduced consumption of fossil fuels to generate the same quantity of electricity. Carbon emissions as well as emissions of other gases from both plants remain well below the Department of Environment's threshold for emission levels.

## ADDRESSING NRW CHALLENGES IN MALAYSIA

High NRW loss is a leading cause of many water and related problems. By addressing NRW levels, the stress on WTPs and supporting assets can be reduced significantly – resulting in lower maintenance cost as well as lower consumption of power, water and other resources. Water saved will increase the reserve margin with the surplus being redistributed to high demand areas such as Johor Bahru city. This also simultaneously contributes to increased revenue.

In Malaysia, NRW loss is high. The national average is as high as 36.8%, three times more than that of developed countries as estimated by the World Bank. Malaysia still remains far short of its NRW target of 25% by 2020.

Via subsidiary company, RWS, Ranhill has thus far saved over 64 MLD of treated water in Johor with a cumulative 375 MLD total saving in Johor. Effective NRW management is a key benchmark indicator of the overall efficiency and competence of any water operator in the world.

However, in FY2020 due to external factors beyond the Group's control, the NRW level in Johor has slightly increased in FY2020.





## Sustainability

**Sustainability Statement****CLIMATE CHANGE**

Climate change remains a concern as it affects water supply from upstream rivers. Climate change has altered weather patterns resulting in erratic rainfall patterns and reduced rainfall in some areas of Johor.

In extreme cases, climate change has led to extended dry seasons and at the most extreme, drought. The aforementioned scenario has impacted overall upstream water quantity and quality, with some areas in Johor more severely affected than others.

In FY2020, RanhillSAJ reported that its Lok Heng & Sungai Gembut WTPs were most affected. Other WTPs were also affected in FY2020 due to declining rainfall.

NO.	DISTRICT	WTP	COMMENCEMENT OF RATIONING	END OF RATIONING	NO. OF DAYS	REASON FOR RATIONING
1	Kota Tinggi	Lok Heng	27-Mar-2020	26-Apr-2020	30	
2	Kota Tinggi	Lok Heng	27-Apr-2020	9-May-2020	12	Water level below critical level
3	Kota Tinggi	Sg. Gembut	2-Apr-2020	9-May-2020	37	

In ensuring sufficient water supply, RanhillSAJ has increased the volume of raw water transfer from rivers to designated dams. An example of this includes water transfer activities from Tasik Biru and Chabang Tiram River to the Upper Layang Dam.

RanhillSAJ has persisted with its efforts to tap groundwater as a supplementary water source. It also continues to explore the possibility of developing off river storage ("ORS"). However, this requires substantial CAPEX and requires the support of both the regulator and the state and federal governments.



Well development (flushing) with packer at the bottom of submersible pump, Ladang Keck Seng, Pasir Gudang.



## PRESERVING WATER RESOURCES

### WATER CONTAMINATION AND POLLUTION

In FY2020, there were a number of incidents that caused excessive levels of ammonia and other contaminants in upstream rivers. This necessitated the shutdown of WTPs in the affected areas, resulting in reduced treated water output and lost revenue.

In addition, prolonged shutdowns may lead to water supply disruption to consumers, increased operational costs (from supplying water via tankers) and negative brand image.

#### TOTAL NUMBER OF WATER POLLUTION INCIDENTS AND WTP SHUTDOWNS

YEAR	INTERRUPTION DUE TO *CONTAMINATION IN RAW WATER (NO. OF CASES)	TOTAL HOURS OF SHUTDOWN	FINANCIAL LOSSES (RM' Million)
2016	27*	2,384.14*	3.3*
2017	38*	319.5*	0.9*
2018	30*	962.7	1.8*
2019	24*	1,109.3*	1.1*
2020	5	115.2	0.1

\* Data includes all types of interruption including ammonia contamination.



Water Quality Test at Sungai Skudai by RanhillSAJ.

The causes of upstream water pollution are typically industrial, agriculture and domestic discharge, untreated sewerage and effluent and discharge from upstream sand mining activities. This includes ammonia pollution.

RanhillSAJ continues to work closely with enforcement authorities towards addressing and preventing pollution incidents. In FY2020, the establishment of the Environmental Crime Prevention Unit ("UCJAS") has provided further effectiveness in addressing incidents of water source pollution. The UCJAS is supported by the Department of Environment, the National Water Services Commission and the Royal Malaysia Police.

RanhillSAJ continues to do its part by reporting all water pollution incidents to the relevant regulatory bodies for further action. The company also undertakes constant surveillance of upstream rivers for signs of illegal activity while also engaging in educating upstream river stakeholders on the importance of ensuring clean water conditions for uninterrupted water supply in the state.

## Sustainability

**Sustainability Statement****INCIDENTS OF RAW WATER POLLUTION AND ACTION TAKEN**

No	Date	Issues	Action
1	25/01/2020	Bukit Batu WTP shutdown due to ammonia pollution. Raw water source: Ulu Sg Pontian. Root cause: Chicken factory.	Farms' operations were closed by Jabatan Perkhidmatan Veterinar ("JPV") and Badan Kawal Selia Air Johor ("BAKAJ").
2	11/02/2020	Simpang Renggam WTP shutdown due to ammonia pollution. Raw water source: Ulu Sg Benut. Root cause: Chicken factory.	
3	08/01/2020	Disruption to the Panchor 1, 2, 3 & 4 WTPs as well as Gersik, Gombang and Bukit Serampang WTPs due to high levels of manganese in raw water. Raw water source: Sg Muar. Root cause: Effluent overflow from a factory as well as floods upstream of Sg Muar.	BAKAJ ordered the factory to repair leaks in its catchment ponds.
4	05/03/2020	Sultan Ismail WTP shutdown due to ammonia pollution especially during low rainfall. Raw water source: Sg Skudai. Root cause: Domestic waste as well as sewage treatment plant and industrial waste.	Release of treated wastewater from two IWK sewage treatment plant was drained into Sg Tebrau.
5	25/03/2020	Excessive ammonia levels at Sg Segamat. Root cause: Effluent from palm oil factory.	In the hands of JAS and BAKAJ.
6	29/06/2020	Sg Mersing WTP shutdown due to ammonia pollution. Raw water source: Sg Mersing. Root cause: Unable to verify though a pig farm located upstream of the WTP is suspected.	JPV and BAKAJ have been notified.
7	21/07/2020	Sg Johor, Semangar WTPs, affected Tetrahydrofuran (THF) content in water. Raw water source: Sg Johor. Root cause: Riverside recycling operations.	Raid on premises and suspension of operations by JAS and Kulai municipal council.
8	17/09/2020	Fertiliser dumping that resulted in the shutdown of PUB WTP. Root cause: Fertiliser dumped into farm drainage that subsequently flowed into Sg Sayong.	Under investigation by JAS and BAKAJ.
9	14/10/2020	Sembrong Timur WTP shut down due to ammonia pollution. Raw water source: Sg Sembrong. Root cause: Palm oil factory.	JAS and BAKAJ issued a factory closure order until repairs on the latter's retention / treatment ponds have been completed.
10	22/10/2020	High ammonia levels in Sg Segamat. Root cause: Effluent from nearby palm oil factory.	BAKAJ and JAS ordered factory to undertake improvement works to prevent effluent discharge into Sg Segamat.

## REGULATORY COMPLIANCE (MALAYSIA WATER OPERATIONS)

Despite the various issues faced by RanhillSAJ, the company has continued to exceed set standards for treated water as provided below:

### TREATED WATER QUALITY COMPLIANCE KEY PERFORMANCE INDICATORS

Water Quality Parameter	MoH Standard	SPAN Target (%)	Achievement (%)
Residual & total chlorine	0.2 - 5.0 mg/L	99	100
Turbidity	Absent in 100 ml sample	99.7	100
Aluminium	<5.0 NTU	95	97.6
E.coli	<0.2 mg/L	99.9	100
E.coli with residual chlorine	Absent in 100 ml sample & 0.2 - 5.0 mg/L	99.95	100
% of water supply coverage for Urban Areas	--	100	100
% of water supply coverage for Rural Areas	--	99.5	99.77

## REGULATORY COMPLIANCE (THAILAND WATER OPERATIONS)

As in previous years, WTP, WWTP, and WRTP operations in Thailand have continued to meet or exceed standards set by the Thailand regulatory authorities.

	Target	Actual	Actual
		YTD January	YTD December
<b>1. Amata City Chonburi Industrial Estate WTP2-CB Stage 1 &amp; Stage 2 (Concession)</b>	Color	15	15
	Turbidity	4	0.51
	pH Range	6.5 - 8.5	7.10
	Total Solids	600	424
	Influent Compliance	100	100
<b>2. Amata City Chonburi Industrial Estate WWTP1-CB (Concession)</b>	Color	300	N/A
	pH at 25°C	5.5 - 9.0	6.90
	Total Dissolved Solids	3,000	1,148
	Suspended Solids	50	8.0
	BOD (5 Days, at 20°C)	20	4.0
	COD	120	33
	TKN as N	100	1.92
	Oil & Grease & Fat	<5	2.0
	Effluent Compliance	100	100
<b>3. Amata City Chonburi Industrial Estate WRTP1-CB (Concession)</b>	Color	15	15
	Turbidity	4	0.50
	pH Range	6.5 - 8.5	7.10
	Dissolved Solids	600	468
	Influent Compliance	100	100

## Sustainability

**Sustainability Statement**

		Target	Actual YTD January	Actual YTD December
<b>4.</b> <b>Amata City Rayong Industrial Estate</b> <b>WTP2-RY (Concession)</b>	Color	≤15	5	10
	Turbidity	4	0.50	0.70
	pH Range	6.5 - 8.5	7.30	7.40
	Total Solids	≤600	284	188
	Influent Compliance	100	100	100
<b>5.</b> <b>Amata City Rayong Industrial Estate</b> <b>WWTP2-RY (Concession)</b>	pH at 25°C	5.5 - 9.0	7.30	7.30
	Total Dissolved Solids	<3,000	732	768
	Suspended Solids	<50	6.0	8.0
	BOD (5 Days, at 20°C)	<20	6.4	8.6
	COD	<120	30	51
	Total Kjeldahl Nitrogen as N	<100	4.96	6.59
	Oil & Grease & Fat	<5	2.0	2.0
	Effluent Compliance	100	100	100
<b>6.</b> <b>Amata City Rayong Industrial Estate</b> <b>WTP1/2-RY (Concession)</b>	pH at 25°C	6.5 - 8.5	7.10	7.30
	Turbidity	4	0.70	1.15
	Color	≤15	15	10
	Total Dissolved Solids (TDS)	≤600	320	184
	Total Hardness (as CaCO <sub>3</sub> )	≤300	42	54
	Chloride	≤250	70	30
	Influent Compliance	100	100	100
<b>7.</b> <b>Amata City Rayong Industrial Estate</b> <b>WWTP4-RY (Concession)</b>	Color	300	N/A	N/A
	pH at 25°C	5.5 - 9.0	7.20	6.80
	Total Dissolved Solids	3,000	1,684	1,660
	Suspended Solids	50	12	12.0
	BOD (5 Days, at 20°C)	20	6.30	10.0
	COD	120	32	28
	Total Kjeldahl Nitrogen as N	100	10.68	7.29
	Oil & Grease & Fat	<5	2.0	2.0
<b>8.</b> <b>AIT (O&amp;M)</b>	Effluent Compliance	100	100	100
	pH	5.0 - 9.0	7.30	7.60
	BOD	<20	5.1	11.9
	Total Suspended Solids	<30	4.0	9.0
	Total Dissolved Solids	<500***	388	244
	Oil & Grease	<2.0	2.0	2.0
	Total Kjeldahl Nitrogen	<35	11.96	3.56
<b>9.</b> <b>Amata City Rayong Industrial Estate</b> <b>WRTP2-RY (Concession)</b>	Effluent Compliance	100	100	100
	Color	15	5	10
	Turbidity	4	0.57	0.43
	pH Range	6.5 - 8.5	6.60	7.20
	Dissolved Solids	600	228	212
	Influent Compliance	100	100	100

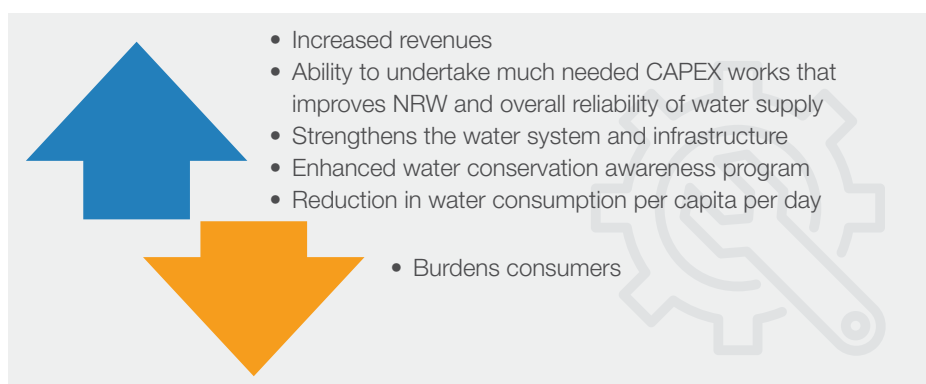
\*\*\* These values are in addition to the TDS of water used.



## WATER TARIFF

While the Federal government has approved an upwards revision of tariffs, many state governments have yet to provide their consent, including in Johor.

Hence, RanhillSAJ is dependent on increasing water consumption to achieve higher revenues. At the same time, we continue to take all measures to achieve cost and production efficiency towards improving earnings given limited revenue growth capacity due to the static tariff.



## WATER CONSUMPTION

In FY2020, RanhillSAJ saw its water operations in Johor report a marginally lower water consumption largely attributed to reduced non-domestic demand. Non-domestic demand comprises industrial and commercial customers, many of whom were affected by the imposition of MCO which may have curtailed their operational activities or led to a closure altogether. However, with more of the populace staying at home during the MCO, domestic consumption increased significantly.

### RANHILLSAJ WATER CONSUMPTION

Year	Total (m <sup>3</sup> )	Raw Water Abstractions River (m <sup>3</sup> )	Raw Water Abstractions Dam (m <sup>3</sup> )	Average (m <sup>3</sup> /month)
2017	644,084,373	393,886,741	250,197,632	53,673,698
2018	672,482,177	395,921,313	276,560,864	56,040,181
2019	693,301,475	411,299,327	282,002,148	57,775,123
2020	698,371,127	424,640,758	273,730,369	58,197,594

Year	Raw Water (m <sup>3</sup> )	Treated Water (m <sup>3</sup> )	In Plant Usage (m <sup>3</sup> )	Total Sludge (kg)
2017	644,084,373	613,206,307	30,878,066	86,502,141
2018	672,482,177	641,291,211	31,190,966	87,204,581
2019	693,301,475	663,261,141	30,040,335	90,724,787
2020	698,371,127	668,147,604	30,223,523	93,857,414

### WATER CONSUMPTION FOR RPI & RPII

Year	RPI (m <sup>3</sup> )	RPII (m <sup>3</sup> )
2016	86,165	48,117
2017	81,427	46,638
2018	89,581	53,187
2019	91,266	68,241
2020	81,937	55,459

Sustainability

## Sustainability Statement

### GREENHOUSE GAS (“GHG”) EMISSIONS

In FY2020, RanhillSAJ initiated its Carbon Footprint Programme towards reducing CO<sub>2</sub> emission. This includes identifying a baseline figure for emissions. In addition, Ranhill looks to mitigate its emissions through its carbon reduction programme, as well as by exploring new initiatives which include carbon capture mechanisms.

Emissions are measured in accordance with the recognised industry standard – MS 1596:2003. Emission levels remain within the thresholds set by the Department of Environment (“DOE”) in Malaysia and Thailand.

#### RanhillSAJ: TOTAL CO<sub>2</sub> EMISSIONS:

Performance Measure	mt CO <sub>2</sub> eq		
	2018	2019	2020
Total CO <sub>2</sub> e emissions	263,391	253,964.5	226,796.4
Scope 1 CO <sub>2</sub> e emissions	2,957.7	3,735.3	4,351.5
Scope 2 CO <sub>2</sub> e emissions	235,611.5	225,550.6	205,526.1
Scope 3 CO <sub>2</sub> e emissions	24,821.8	24,678.6	16,918.8

#### RanhillSAJ: TOTAL CARBON INTENSITY

Performance Measure	kg CO <sub>2</sub> eq/m <sup>3</sup> of raw water		
	2018	2019	2020
Carbon Intensity	0.34	0.34	0.31

Note: Station's emission limit complied with Third Schedule, part A(2), Environmental Quality (Clean Air) Regulations 2014 (first enforced in June 2019), based on emission sources and O2 references corrected at 15%.

### ENERGY CONSUMPTION & MANAGEMENT

RanhillSAJ's approach to energy consumption is guided by the MS ISO50001: 2011 Energy Policy, which is the industry recognised, best practice standard.

In FY2020, RanhillSAJ implemented various energy-saving methods as prescribed under ISO 50001:2011 at five of our WTPs and at its headquarters. This includes green technology initiatives, continuous pump performance tests and refurbishment, infrared investigation, enhancement of preventive and corrective maintenance works.

#### TOTAL ENERGY CONSUMPTION (GWh):

Year	RanhillSAJ (WTPs)	Ranhill Headquarters	RPI	RPII	Total
2016	300.1	1.5	38	40	379
2017	292.7	1.5	41	38	373
2018	305.2	1.5	42.1	44	393
2019	281.7	1.5	42.5	42.9	369
2020	327.9	1.5	43.2	42.4	455

As mentioned earlier, RanhillSAJ and Energy Sector have proposed to the EC for the deployment of solar panels at the former's headquarters as well as to power several WTPs. Identified WTPs are the Sg. Johor, Sultan Iskandar, Sri Gading, Semangar and Parit Raja 4 WTPs.

## HEAT RATE GENERATED

Data for heat generated by the Group's business operations is based on heat generated from the operations of its two CCGT power plants.

Heat rate can be managed by reducing open cycle operations and instead, operate under a Combined Cycle system. The latter reuses heat generated to produce additional energy for the turbine. Heat emitted can also be reduced through proper routine and preventive maintenance.

### HEAT RATE FROM POWER PLANT OPERATIONS

	kJ/kWh		
	2018	2019	2020
<b>RPI</b>	9,512.8	9,392	9,828.7
<b>RPII</b>	8,724.7	8,596.3	8,649.7

## GAS CONSUMPTION

The usage of gas in our operations is confined to our Energy Division, where Liquefied Natural Gas ("LNG"), the cleanest of all fossil fuels is used as a source fuel in our power plants.

### GAS CONSUMPTION AT POWER PLANTS

	2017	2018	2019	2020
<b>RPI</b>	275,296.5	281,806	298,086	282,554.7
<b>RPII</b>	216,454.1	233,247	218,184	238,527.6

## WASTE MANAGEMENT (SLUDGE)

In Malaysia, sludge is treated and managed according to the DOE's Environment Act 1974 Effluent Standard A and Effluent Standard B. In Thailand, sludge is managed in accordance to Notification of Ministry of Industry Re: Industrial Waste Management and Disposal, B.E.2548 (2005).

### SLUDGE PRODUCTION (RANHILLSAJ)

Year	Total (kg)	Average (kg /month)
2017	86,500,900	7,208,408
2018	87,204,581	7,267,048
2019	75,372,479	6,281,039
2020	93,857,414	7,821,451

## ENVIROMENTAL NON-COMPLIANCE

Ranhill in FY2020 has had zero incidents to fines, censures or other forms of punitive action for non-compliance to environmental regulatory standards.

Sustainability

# Sustainability Statement

## BIODIVERSITY

Ranhill presently has no International Union for Conservation of Nature (“IUCN”) Red List species and national conservation list species residing or have a habitat within, or adjacent to its areas of operations.

The Group will continue to monitor for any potential impacts of its operations on the environment and thus far, all discharge, effluents and emissions from our operations remain within the permissible levels as stipulated by the DOE and other regulatory bodies. The Group will continue to monitor the environmental impact of its business presence and operations.

## CONTRIBUTIONS TOWARDS SOCIAL WELLBEING & CAPACITY BUILDING

### COVID-19 PREVENTION

The Group has ensured a high level of SOP compliance across its operations. At Group and subsidiary level, the BCP covers all aspects such as preventive measures, emergency response plan and also addresses supply chain, manpower management, project construction and data management.

New measures introduced include reduced manpower, requirements for social distancing at the workplace, regular screening and testing of employees aside from temperature checks, mandatory 14-day quarantine periods for infected staff, as well as staff who may have been in close contact with infected staff.

A general work-from-home (“WFH”) order was issued to all staff with exceptions made for staff who are stationed at WTPs and other operating sites or who are performing site / field work. All staff have been supplied with masks and hygiene kits were distributed to staff and visitors on a complimentary basis by the company. Regular disinfection was conducted at various operational sites.

The Group is pleased to report only a small number of positive cases in FY2020.

ENTITY	NO. OF COVID-19 POSITIVE CASES
Ranhill Capital	0
RanhillSAJ	18
RWS	2
RWT	0 (from both Malaysia and Thailand operations)
RanhillPower	2

### DEVELOPING LOCAL INDUSTRY VIA LOCAL PROCUREMENT

Ranhill continues to adopt a “locals preferred” policy with regards to procurement. Local suppliers are defined as suppliers / vendors who are incorporated within the country of origin in which Ranhill operates in. In FY2020, an overwhelming majority of contracted suppliers were local:

- RanhillSAJ: 99% Local suppliers / vendors
- RWT: 98.2% Local suppliers / vendors
- RPI & RPII: 94% Local with balance being foreign suppliers
- RWS: 100% Local suppliers / vendors preferred



## CORPORATE SOSIAL RESPONSIBILITY

### SUPPORTING THE BASIC HUMAN RIGHT TO WATER (WATER REBATE PROGRAMME)

In FY2020, RanhillSAJ offered 3,207 customers water rebates including 3,122 poor and 85 hard core poor households. This is in support of UN SDG 6: Clean Water and Sanitation.

#### WATER REBATE PROGRAMME

YEAR	NO. OF POOR AND HARDCORE POOR HOUSEHOLDS	TOTAL REBATED AMOUNT
2018	3,058	RM784,918.53
2019	3,136	RM802,143.67
2020	3,207	RM887,461.35

### COMMUNITY OUTREACH AND SUPPORTING COMMUNITY INFRASTRUCTURE

In FY2020, due to the COVID-19 pandemic, customary activities such as beach clean-ups and other environmental activities were not held. However, the Group through its staff continued to step forward to contribute both financial and non-financial assistance to various charitable courses.

These include undertaking upgrading works for a school library at Sekolah Kebangsaan Termunong, Tuaran as well as undertaking classroom extension and making building improvements at Tabika Kemas Kg. Menengah, Ulu Sipitang. Both of these infrastructure development projects are located in Sabah, and were in relatively close proximity to Ranhill's power plant operations.

Ranhill also helped underprivileged communities affected by the COVID-19 pandemic. In collaboration with the Larkin State Assemblyman's office, the Group distributed groceries to various needy families. In addition, Ranhill also contributed a total of RM1,000 each to 342 destitute individuals for the execution of the Wakalah Programme. Wakalah is a surplus of Zakat payment that has been made to Majlis Agama Islam Negeri Johor, therefore it is compulsory to distribute back the whole amount to destitute individuals. The list of individuals were provided by the Majlis Agama Islam Negeri Johor and from the state government's e-Kasih's lists.



RanhillSAJ contributed RM1,000 to one of the destitute individuals in the Wakalah Programme.

Sustainability

# Sustainability Statement

## INSPIRATIONAL WORKPLACE & CULTURE

### Ranhill complies with the following UN Global Compact 10 Principles:

- Human rights, labour, environment and anti-corruption
- UN Guiding Principles on Business and Human Rights
- International Labour Law
- Prohibiting child and forced labour
- Ensuring non-discrimination and equal opportunity
- Supporting a harassment-free and violence free workplace
- Prohibiting retaliation or any form of physical and mental disciplinary practice
- Respecting workers' right to freedom of association
- Ensuring compliance with laws governing working hours and wages



## COMPLIANCE TO LOCAL LAWS AND LEGISLATION

Ranhill is governed by the Malaysian Employment Act 1995 and all other relevant labour laws of Malaysia. The Group also adheres to the statutes stipulated by the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights.

In FY2020, Ranhill continues to uphold its track record for zero reported incidents of infringements of the rights of any persons, adult or child, nor any incidence of forced or compulsory labour. Neither has there been any violation of human rights involving the rights of indigenous people at any time in the Group's history.

## EMPLOYEE REMUNERATION

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

The total remuneration that employees receive is based on their experience, professional qualifications, job performance and also seniority within the Group. Full-time employees are entitled to an annual bonus, with annual salary adjustments (pay period ending) to take into account rising living costs and inflation.

All employees are accorded benefits as provided for by the Employment Act 1955 as well as additional benefits which the company provides on its own volition. 100% of employees are provided annual appraisals. The Group views the appraisal process as being key to its overall talent management approach.

## LEAVE BENEFITS

Employees are entitled to various types of paid and unpaid leave, which include marriage leave, Haji, study / exam leave and unrecorded leave for sports and social participation. Female employees are entitled to paid maternity leave of 60 consecutive days for each confinement period. Male employees are granted paternity leave of 4 days.

**APPROVED APPLICATIONS FOR PARENTAL LEAVE**

PARENTAL LEAVE	FY2017	FY2018	FY2019	FY2020
Paternity Leave	11	10	11	78
Maternity Leave	2	2	3	20

**RETURN TO WORK RATES POST PARENTAL LEAVE**

Post Paternity & Maternity Leave	FY2017		FY2018		FY2019		FY2020	
	Female	Male	Female	Male	Female	Male	Female	Male
Return to Work Rates (%)	100	100	100	100	100	100	100	100
Retention Rates (%)	100	100	100	100	100	100	100	100

**COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION**

Ranhill's Collective Agreement provides employees the right to bargain collectively. The Group respects the right to freedom of association in Malaysia which is provided for in the Trade Union Act 1959, Industrial Relations Act 1967 and Immigration Act 1956 / 63 of Malaysia.

As at 31 December 2020, Ranhill has close to 64% of its employees covered by collective bargaining agreements. Beyond remuneration, the collective bargaining agreements addresses healthcare and other benefits. Ranhill does not employ child labour.

Where possible, Ranhill has always sought to provide a minimum notice period for major operational changes towards reducing the impact of changes to employees work conditions and their daily lives.

**EMPLOYEE MEDICAL TRUST FUND**

The RanhillSAJ Medical Trust Fund ("MTF") is a special initiative provided by the subsidiary company to provide medical coverage for patients' medical treatments that is not covered under the Group medical insurance scheme.

In FY2020, 78.5% of RanhillSAJ staff (1,746 employees) subscribed to the MTF.

	FY2018	FY2019	FY2020
% of RanhillSAJ	74	76.6	78.5
Actual Number	1,650	1,748	1,746
Amount Disbursed (RM)	63,111	524,611.9	236,250

**WORK LIFE BALANCE AND EMPLOYEE ENGAGEMENT**

Under the R-Care programme, Ranhill held various virtual events using digital platforms for staff. Given that COVID-19 has impacted lifestyles, in general compelling people to stay indoors, Ranhill through R-Care has encouraged staff to stay physically and mentally healthy by making time to exercise and to spend time with their families.

## Sustainability

**Sustainability Statement****EMPLOYEE ENGAGEMENT**

Management replaced physical engagements such as townhalls and meetings with digital communication channels such as virtual townhalls, meetings and others. In addition, other communication channels such as the company Intranet, electronic memos and e-newsletter were also leveraged to engage with employees. Employee Engagement Survey Results (Satisfaction Category)

Employee Engagement Survey Results (Satisfaction Category)	FY2018 (%)	FY2019 (%)	FY2020 (%)
Ranhill Powertron	79	95.5	95
Ranhill SAJ Sdn Bhd	92.1	89	95.9
Ranhill Water Technologies	77	100	78
Ranhill Water Services	84	78	83

**EMPLOYEE ENGAGEMENT – TRAINING & DEVELOPMENT**

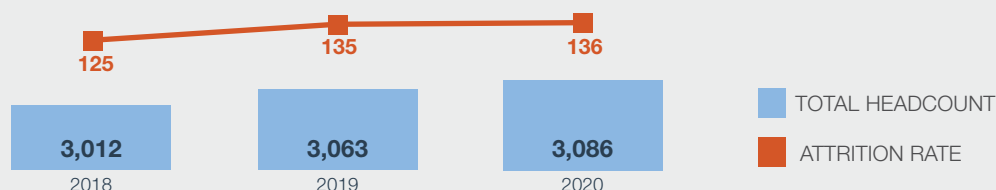
In FY2020, by transitioning to online training mediums, a wide range of training and skills development programmes were conducted for employees. These comprised professional and personal programmes.

TRAINING KPI	FY2018	FY2019	FY2020
Total Training Budget	RM2,961,679	RM2,388,660	RM3,285,000
Average Training Spend Per Employee	RM983.00	RM780.00	RM561
Total Number of Training Hours	97,368	58,398	102,363
Average Training Hours Per Employee	32	19	33

**EMPLOYEE RECRUITMENT**

Ranhill's workforce expanded by 6% in FY2020 on the back of 177 new hires. As at 31 December 2020, total workforce strength stood at 3,086. The Group continues to have a low attrition rate of just 4%.

NUMBER OF STAFF RECRUITED FY2020		NUMBER OF STAFF ATTRITION FY2020	
Ranhill Capital Sdn Bhd	23	Ranhill Capital Sdn Bhd	21
Ranhill SAJ Sdn Bhd	41	Ranhill SAJ Sdn Bhd	75
Ranhill Powertron Sdn Bhd	5	Ranhill Powertron Sdn Bhd	5
Ranhill Water Services Sdn Bhd	103	Ranhill Water Services Sdn Bhd	28
Ranhill Water Technologies Sdn Bhd	5	Ranhill Water Technologies Sdn Bhd	1

**Total Number of Employees and Turnover Rates**

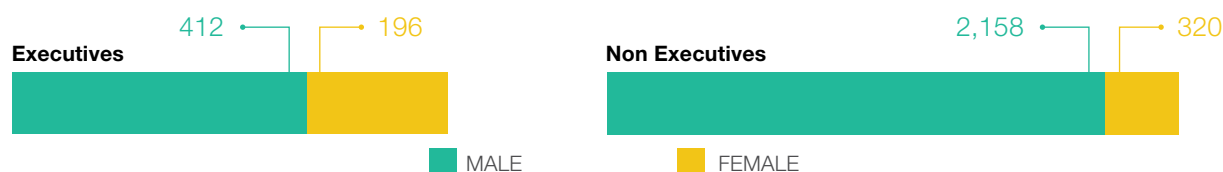


## DIVERSITY & INCLUSIVITY

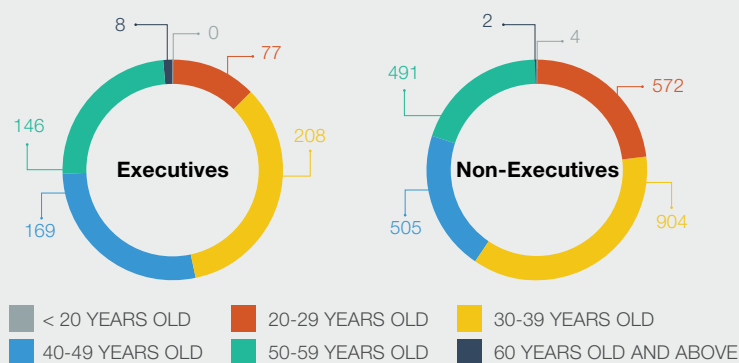
Ranhill is committed to fostering workplace diversity in its workforce. At present, there remains a disproportion in terms of gender parity with male employees still constituting a large composition of the workforce. This is expected as water and energy operations, to a large extent, typically requires many labour intensive or field / on-site jobs which customarily are not preferred by many women.

However, in selecting candidates, both men and women are accorded equal opportunity to apply to any available job position with appointment based purely on merit. The disproportion between male and female employees is considerably lower when considering the employee gender profile for non-manual jobs such as office jobs.

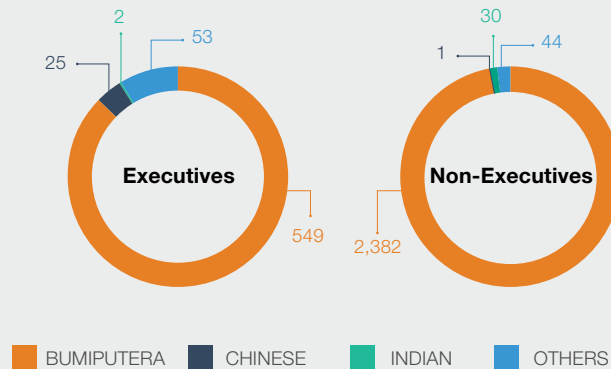
### Employee Diversity (Gender)



### Employee Diversity (Age Group)



### Employee Diversity (Ethnicity)



### Gender Breakdown of Workforce at Group Level



### Ethnic Breakdown of Workforce at Group Level



## Sustainability

**Sustainability Statement****ENHANCING GOVERNANCE ACROSS THE GROUP****HEALTH & SAFETY**

Excellent health and safety performance is essential to value creation and is in the best interest of all stakeholders concerned.

The Board of Directors of the Group, as well as its subsidiary companies maintain oversight on all health and safety matters pertaining to their companies. This is achieved by regular reports being provided to the respective Board of Directors for their review. The designated senior leadership individual for oversight on health and safety matters is as follows:

<b>Ranhill SAJ Sdn Bhd</b>	Chief Executive Officer
<b>Ranhill Water Technologies Sdn Bhd</b>	Chief Executive Officer
<b>Ranhill Water Services Sdn Bhd</b>	Chief Executive Officer
<b>Ranhill Powertron Sdn Bhd</b>	Chief Executive Officer

**OPERATIONAL SITE CERTIFICATION**

The Group adheres to the Occupational Health and Safety Assessment Series, (OHSAS 18001) certification with nine (9) locations under RanhillSAJ and both power plants in compliance with the standard. RPI and RPII has also obtained the ISO 9001:2015 standard for its power plants. Similarly, RWS has also been certified ISO 9001:2015.

RWT was recertified to the latest ISO 9001:2015 standard by UKAS United Kingdom. It is also presently working towards the ISO 45001 Safety Management System by 2020-2021. More sites will be progressively certified going forward with plans to also obtain the ISO 45001 accreditation by March 2021.

All Group companies continue to undertake quality and industry related certification programmes. At present, 19% of RanhillSAJ's sites are certified, while both RPI and RPII continue to pursue their respective certification programmes.

Following are the percentages of our employees that have worker representation in formal joint management-worker health and safety committees:

<b>SUBSIDIARY</b>	<b>2018 (%)</b>	<b>2019 (%)</b>	<b>2020 (%)</b>
Ranhill SAJ Sdn Bhd	5	6.6	6.9
Ranhill Water Services Sdn Bhd	1.3	12	9.2
Ranhill Powertron Sdn Bhd	31	22.1	8.7
Ranhill Water Technologies Sdn Bhd	2.4	2.9	12.5






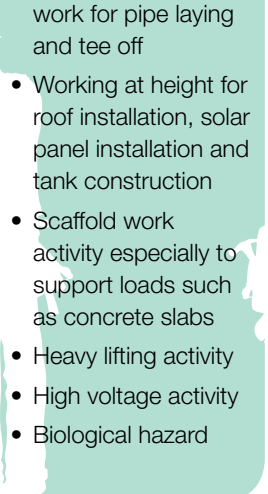

RWT was recertified to the latest ISO 9001:2015 standard by UKAS United Kingdom.

## HEALTH AND SAFETY PERFORMANCE – GROUP

Ranhill continues to maintain an exemplary track record for health and safety as reflected across our KPIs given below:

Occupational Incident Case	2018	2019	2020
Fatality	0	0	0
Loss Time Injury ("LTI")	4	0	0
Incidence Rate	16.2	11.7	13.6
Frequency Rate	7.9	5.1	5.5
Severity Rate	11.1	0	0
Number of workers undergoing health surveillance (long convalescence)	0	0	0

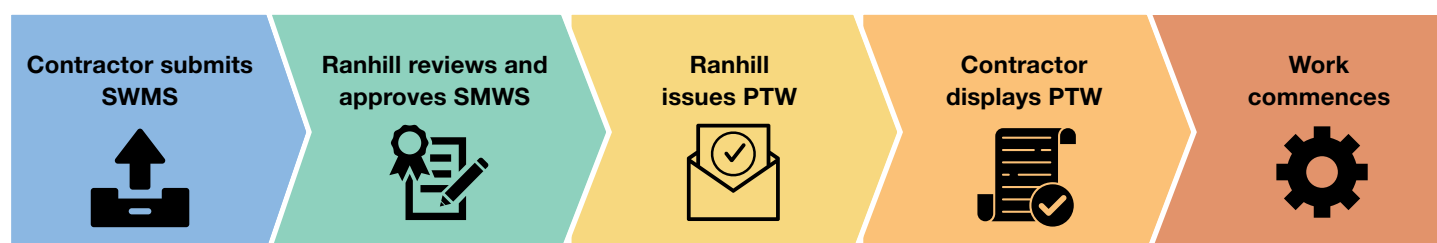
There have been three incidents where Ranhill was fined or censured for health and safety incidents. In FY2020, Ranhill has identified the following operational locations and processes as being of higher risk:

RANHILL CAPITAL	RANHILLSAJ	RWS	RWT	RPI and RPII
<ul style="list-style-type: none"> <li>Physical hazards due to noise, vibration and fallen particles from ceilings due to constant renovation at headquarters</li> <li>The biological hazards e.g COVID-19 pandemic</li> </ul> 	<ul style="list-style-type: none"> <li>Chlorine installation and chlorine leaks</li> <li>Working at height</li> <li>Diving works</li> <li>Confined space activities</li> <li>Drowning while working at dams and reservoirs</li> <li>Struck by falling objects</li> <li>Traffic accidents when working by road sides or high traffic areas</li> </ul> 	<ul style="list-style-type: none"> <li>Working in high and confined spaces</li> <li>Excavation work</li> </ul> 	<ul style="list-style-type: none"> <li>Confined space activity especially during inner pipe welding activity</li> <li>Noise hazard at pump areas</li> <li>Chemical hazard such as Ammonia, Chlorine and Caustic Soda</li> <li>Deep excavation work for pipe laying and tee off</li> <li>Working at height for roof installation, solar panel installation and tank construction</li> <li>Scaffold work activity especially to support loads such as concrete slabs</li> <li>Heavy lifting activity</li> <li>High voltage activity</li> <li>Biological hazard</li> </ul> 	<ul style="list-style-type: none"> <li>Electrical switching activities</li> <li>Working in "online" conditions</li> <li>Lifting activities</li> <li>Working at height</li> <li>Working at transformer area</li> <li>Confined space activities</li> <li>Manual handling of hazardous chemicals</li> </ul> 

## Sustainability

**Sustainability Statement**

On a related note, all third-party contractors must submit a Safe Work Method Statement ("SWMS") prior to undertaking high-risk works. The Group also practices a Permit To Work ("PTW") system. All contractors must display their PTW prior to undertaking any works. PTWs are only issued if a contractor has clearly presented his SWMS, which include precautionary measures taken to mitigate and reduce health and safety risks.



Health and safety related training remains a key component in the overall management approach to maintaining high standards and reducing worker related incidents.

**TOTAL BUDGET SPENT FOR HEALTH AND SAFETY RELATED TRAINING IN MALAYSIA**

	FY2018	FY2019	FY2020
Malaysia (RM)	366,972.90	441,453.80	106,849.20
Thailand (THB)	44,000	71,771.50	22,140

**PUBLIC HEALTH AND SAFETY**

In terms of its water operations, the quality of water supplied is the key health and safety concern. RanhillISAJ has achieved full compliance with SPAN's KPIs for water quality.

Likewise, RWT has also continued to achieve full regulatory compliance for its water operations in terms of water quality and the operations of its WTPs and WWTPs in Thailand.

Ranhill's two power plants' potential health and safety risks are fires or explosions that may spread to the surrounding vicinity. The company has developed prevention plans for this as well as a SOP in the event of such incidents. As such, the risk of this remains minuscule.

In FY2020, there were zero public health and safety incidents.



Sultan Iskandar Water Treatment Plant, Pasir Gudang. One of the WTP which received HACCP certification.

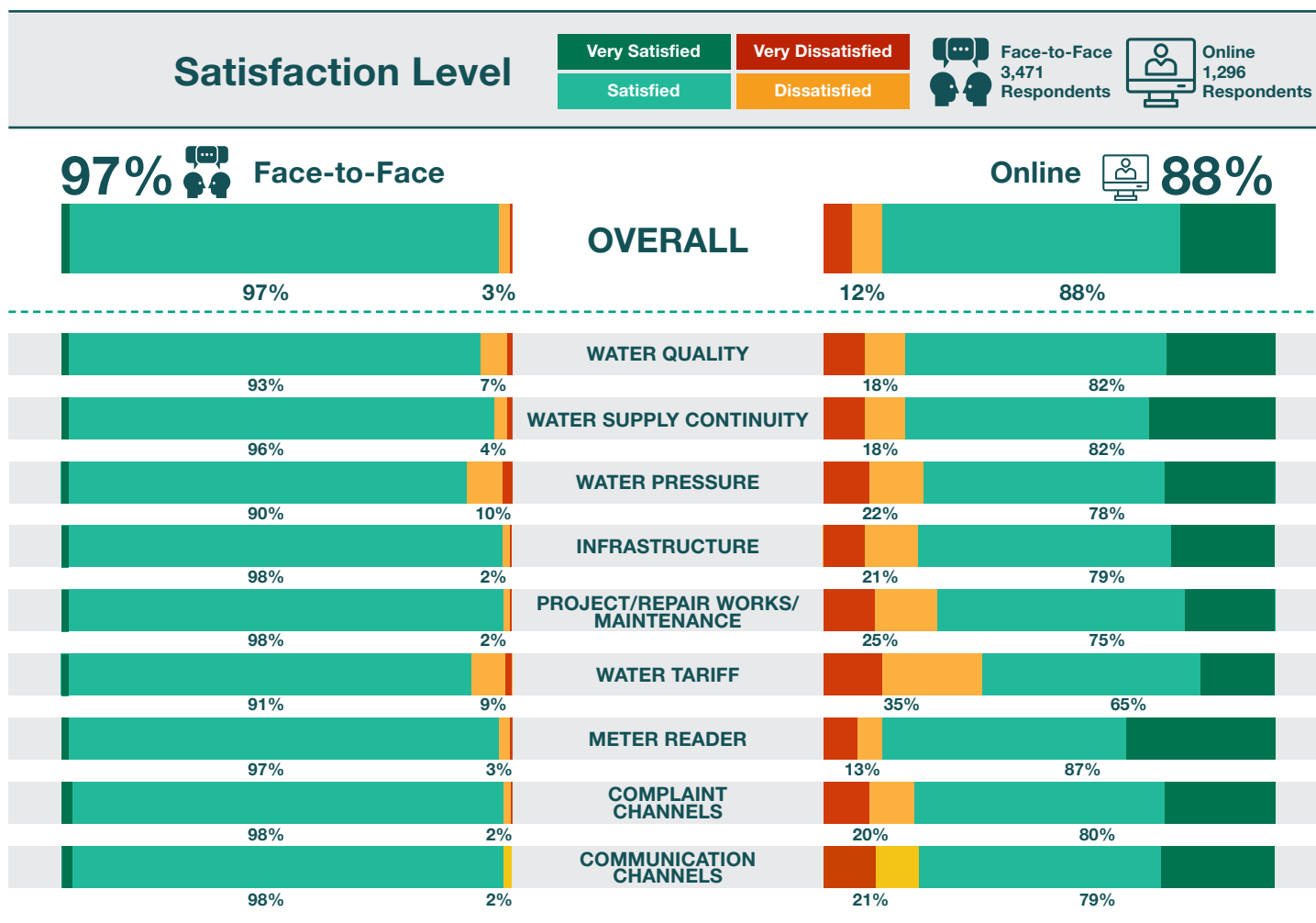


## CUSTOMER ENGAGEMENT

### CUSTOMER SATISFACTION & TRUST

RanhillSAJ continues to engage its customers via its annual survey. Results of the survey show that customer satisfaction levels remain high and on an uprend.

#### FY2020 Satisfaction Survey Results



Source: RanhillSAJ Customer Survey 2020 by Sage Consulting.

Customer service and satisfaction is driven by RanhillSAJ's Quality Management System ("QMS") ISO 9001:2015 certification. The QMS provides a formalised approach to enhancing customer satisfaction. This includes a structured methodology to develop related systems and approaches as well as documentation towards systemising customer satisfaction as part of RanhillSAJ's business operations and processes.

In addition, the Customer Service Department has been certified to ISO 27001:2013 Information Security Management System, which attests to the department's systematic and secure approach to managing customer information.

Governance

# Board of Directors



From left to right:

ABU TALIB ABDUL RAHMAN



LEOW PEEN FONG



DATUK ABDULLAH KARIM



TAN SRI HAMDAN MOHAMAD



TAN SRI AZMAN YAHYA



DATO SRI LIM HAW KUANG



LOONG MEI YIN

LIM HUN SOON @ DAVID LIM

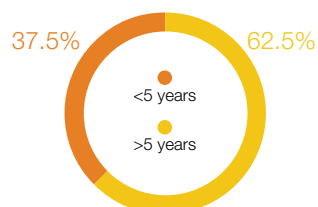


Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	●		



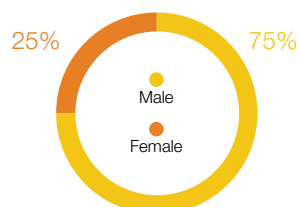
## Leadership Team Characteristic FY2020

### Length of Service

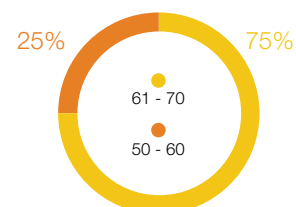


Note: Based on date of appointment

### Gender Composition



### Age Group



## Governance

**Board of Directors' Profile****Tan Sri Azman Yahya**

Chairman, Independent Non-Executive Director

Board Meetings Attendance



Age	Gender	Nationality	Date Appointed To The Board
57	Male	Malaysian	1 September 2014 Re-designated as Independent Non-Executive Chairman w.e.f 2 February 2019, pursuant to Bursa Main Market Listing Requirements ("BMLR").

**Board Of Committee Memberships**

- » Nominating and Remuneration Committee (Member)
- » Long Term Incentive Plan Committee (Member)

**Present Directorship(s) in Other Public Companies:****Public Listed Companies ("PLC")**

- » Nil

**He serves on the following organisation:-**

- » Sepang International Circuit Sdn Bhd (Chairman)
- » Bank Negara Malaysia (Appointed as Director w.e.f 1 June 2020)

**Skills and Experience**

Tan Sri Azman Yahya started his career at KPMG in London. In 1988 he returned to Malaysia where he built his career in investment banking to become the Chief Executive of Amanah Merchant Bank. During the Asian Financial Crisis in 1998, Tan Sri Azman was tasked by the Malaysian Government to set-up and head Danaharta, the national asset management company to acquire, manage and resolve the non-performing loans in the banking sector. He was also the Chairman of Corporate Debt Restructuring Committee, set up by Bank Negara Malaysia, to mediate and assist in debt restructuring programmes of viable companies. In 2003, he returned to the private sector and was the Executive Chairman of Symphony Life Berhad until his retirement on 2 April 2021.

**Qualification**

- » Bachelor of Science (First Class Honours) degree in Economics from the London School of Economics and Political Science
- » Member of the Institute of Chartered Accountants in England and Wales
- » Fellow of the Institute of Bankers
- » Member of the Malaysian Institute of Accountants





## Tan Sri Hamdan Mohamad

Executive Director/President and Chief Executive

Board Meetings Attendance

10/10

Age	Gender	Nationality	Date Appointed To The Board
65	Male	Malaysian	1 December 2015

### Skills and Experience

Tan Sri Hamdan Mohamad started his career as a structural engineer at the engineering consulting firm of Ranhill Bersekutu Sdn Bhd ("RBSB") in 1981. Upon his return to Malaysia after completing his Masters Degree, he was appointed as Director of RBSB in 1988 and eventually became the President and Chief Executive Officer of RBSB in 1995. On 15 November 2000, he became Executive Director of Ranhill Berhad ("RB") where he spearheaded RB and the RB Group's expansion from an engineering and consulting based firm to a full-fledged organisation that engineers, constructs, owns and operates facilities in diverse segments including the infrastructure, environment, power and oil and gas segments. Following the delisting of RB in 2011, he was appointed as the Executive Director in Ranhill Energy and Resources Berhad (now known as Ranhill Energy and Resources Sdn Bhd) on 2 January 2013 and subsequently on 14 June 2013, he was appointed as President and Chief Executive, a position he held before his appointment as Executive Director of Ranhill Utilities Berhad on 1 December 2015.

### Qualification

- » Bachelor of Engineering degree from University of Western Australia
- » Masters of Science degree in Engineering from Imperial College of Science and Technology, University of London
- » Fellow of the Institution of Engineers, Malaysia
- » Professional Engineer registered with the Board of Engineers, Malaysia

### Board Of Committee Memberships

- » Governance and Risk Management Committee (Member)

### Present Directorship(s) in Other Public Companies:

- » Senai Desaru Expressway Berhad

## Governance

**Board of Directors' Profile****Dato Sri Lim Haw Kuang****Executive Director**

Board Meetings Attendance

10/10

Age	Gender	Nationality	Date Appointed To The Board
67	Male	Malaysian	1 September 2014

**Skills and Experience**

Dato Sri Lim worked for Shell for 34 years and held various senior executive positions including Executive Chairman of Shell Companies in China; Vice President Corporate Strategy and Planning for Shell International; President Oil Products for Asia Pacific and Middle East; Chairman of Shell Malaysia, Managing Director of Shell Malaysia Exploration and Production; Senior Corporate Adviser, Asia Pacific for Shell International; and Business Development Manager for Former Soviet Union and Sakhalin for Shell International Gas. In 2011, the Beijing Municipal Government honoured him with the "Great Wall Friendship Award" for his contributions to the city. From 2011 till 2016, he was an international council member of the China Council for International Cooperation on Environment and Development. He was previously the President of Malaysia Business Council for Sustainable Development and a director of China Business Council for Sustainable Development. He was also a board member of BG Group Limited, United Kingdom from 2013 till 2016. He has been awarded state honours by the Malaysian Government. He is also an honorary citizen of Texas and the City of Houston, United States of America.

**Board Of Committee Memberships**

- » Governance and Risk Management Committee (Member)

**Present Directorship(s) in Other Public Companies:****Public Listed Companies ("PLC")**

- » Jinxin Fertility Group Limited, Hong Kong

**Other Public Companies**

- » Wison Group Shanghai
- » Sime Darby Overseas (Hong Kong) Limited (Chairman)

**In addition, he serves on the following organisation:-**

- » Board member of Bank Negara Malaysia

**Qualification**

- » Bachelor of Science (Computing Science) degree from Imperial College, University of London
- » Master of Business Administration Degree in International Management from IMD Switzerland (formerly known as International Management Institute, Geneva)



## Datuk Abdullah Karim

Senior Independent Non-Executive Director

Board Meetings Attendance



Age	Gender	Nationality	Appointment To The Board
68	Male	Malaysian	31 March 2017 Re-designated as Senior Independent Non-Executive Director on 13 November 2018

### Skills and Experience

Datuk Abdullah Karim has over 39 years experience in the oil and gas (O&G) industry, having had a long career with Petroliaam Nasional Berhad ("PETRONAS") which he joined in 1977. From July 2012 till his retirement in July 2016, he was Vice President (VP) and Venture Director, LNG Projects-Domestic where he was tasked to oversee the design and construction of two offshore Floating LNG Plants (FLNG); and the additional onshore LNG Plant (Train-9) in Bintulu, Sarawak.

Datuk Abdullah has also served as Project Engineer (1981) and General Manager Engineering Division (1991) of PETRONAS Carigali Sdn Bhd. He became the Executive Assistant to the President of PETRONAS (1994) after which he was the MD/CEO of OGP Technical Services an Engineering and Project Management subsidiary company of PETRONAS until 1999.

In 1999, he became the MD/CEO of Malaysia LNG Group of Companies, responsible for marketing of LNG and the operations of PETRONAS LNG Complex in Bintulu. During his tenure, the Company had successfully built the additional third LNG Plant in the Complex.

He was also VP, Exploration & Production Business (2004), before being appointed in 2007 as the VP PETRONAS and MD/CEO of PETRONAS Carigali, a wholly owned subsidiary of PETRONAS involved in O&G exploration, development and production in Malaysia as well as in 23 countries worldwide.

In July 2010, he was appointed as the President/CEO of PETRONAS Carigali as well as the VP of PETRONAS Development and Production until 2012.

### Qualification

- » Bachelor of Science degree in Mechanical Engineering from University of Western Australia
- » Diploma in Gas Engineering from Illionis Institute of Gas Technology, USA

### Board Of Committee Memberships

- » Audit Committee (Member)
- » Nominating and Remuneration Committee (Chairman)
- » Long Term Incentive Plan Committee (Chairman)

### Present Directorship(s) in Other Public Companies:

#### Public Listed Companies ("PLC")

- » Icon Offshore Berhad
- » Uzma Berhad
- » Yinson Holdings Berhad

## Governance

**Board of Directors' Profile****Lim Hun Soon @ David Lim****Independent Non-Executive Director**

Board Meetings Attendance

**Board Of Committee Memberships**

- » Audit Committee (Chairman)

**Present Directorship(s) in Other Public Companies:****Public Listed Companies ("PLC")**

- » Manulife Holdings Berhad
- » Kawan Food Berhad
- » Press Metal Aluminium Holdings Berhad

**Other Public Companies**

- » Public Investment Bank Berhad (appointed as Independent Non-Executive Director on 5 April 2021)
- » Manulife Insurance Berhad
- » Rockwills Trustee Berhad (Chairman)
- » Fairview Schools Berhad
- » Affin Hwang Investment Bank Berhad (retired as Independent and Non-Executive Director on 31 March 2021 after completion of 9 years tenure (maximum permitted for Financial Institution))

Age	Gender	Nationality	Date Appointed To The Board
65	Male	Malaysian	1 December 2015

**Skills and Experience**

Lim Hun Soon @ David Lim started his career with KPMG (previously Peat Marwick Mitchell) in the United Kingdom. He returned to Malaysia in 1982 to continue with KPMG. He had a 33 year long career at KPMG, where he was admitted as Partner (April 1990), and served in the Management Committee (1997- 2001) and in KPMG's Partnership Supervisory Council (2002-2010). He was also the Asian Anchor Practice representative for Marketing (2000-2001), where he gained extensive knowledge and insights from KPMG Global counterparts worldwide. He retired from KPMG in 2011. David Lim has been an examiner for company law examinations conducted by MICPA for over 10 years. From 2002 till 2004, he was Chairman of MICPA Code of Ethics Committee and a member of the Malaysian Institute of Accountants Code of Ethics Committee.

In May 2013, he was appointed as Council member of The Institute of Chartered Accountants in England and Wales ("ICAEW"). This was the first time that ICAEW, in its illustrious history had granted Malaysia a seat in the Council. The position was for a term of two (2) years till June 2015. He was reappointed for a further two terms till March 2019 (being the maximum permitted tenure).

**Qualification**

- » Bachelor of Arts in Economics from the University of Leeds
- » Member of the Chartered Institute of Taxation, United Kingdom
- » Member of the Institute of Chartered Accountant in England and Wales
- » Member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.



## Leow Peen Fong

Independent Non-Executive Director

Board Meetings Attendance

10/10

Age	Gender	Nationality	Date Appointed To The Board
63	Female	Malaysian	2 March 2018

### Skills and Experience

Leow Peen Fong was formerly the Chief Operating Officer of Suruhanjaya Perkhidmatan Air Negara (SPAN) before she retired from the position in November 2017. During her tenure in SPAN, she was involved in determining the policy and direction of the Malaysian water services industry reform from its conception which resulted in the passing of the Water Services Industry Act, 2006 (WSIA), to execution as well as monitoring the implementation to:-

- » develop an industry model that will transform the water services industry into a sustainable and well-regulated industry that strives for better water conservation and efficiency through right pricing of water, coupled with innovative financing instruments to secure funding to finance the cost of upgrading and replacing ageing assets as well as the construction of new infrastructure;
- » restructure state water authorities' debt by providing new financing models and to work towards full cost recovery;
- » develop a tariff setting framework that promotes efficiency and transparency, provides consumers with a fair and affordable price structure, and ensures reasonable returns that commensurate with the risks taken by the operators;
- » develop key management tools to measure and evaluate performance of licensees by developing performance standards and Key Performance Indicators (KPIs) for water services and sewerage services licensees.
- » integrate the water and sewerage services;
- » develop and standardize rules and regulations to guide developers, contractors and licensees towards high quality service delivery; and
- » enforce the related laws and regulations.

Before she joined SPAN, she held various positions in the Ministry of Finance Department ("MOF") of Malaysia from 1988 to 2007. With her vast experience in the public financial sector, she was tasked with restructuring the corporate debt of several privatized projects

during the Asian financial crisis of 1997/1998. The major restructuring exercise that she had completed at the height of the financial crisis included the debt restructuring of highways, telecommunication and the takeover and merger of the of the light rail transit companies. She has also been placed in the Economics Division which responsible for macro-economic scenario planning and forecasting as well as preparation of the Annual Economic Reports. The Economic Reports focused on the performance of the economy for the year as well as the outlook for the following year.

She also served in the Ministry of Health ("MOH") from 1981 to 1988, where she was responsible for the projection and management of manpower needs of the support services for the health sector which comprise categories such as dietitians, nutritionists, welfare officers and researches. The management of manpower of these categories include the placement of officers in the various hospitals, clinics as well as research and training institutions, confirmation, discipline as well as charting their career development paths.

### Qualification

- » Bachelor of Arts (Economics) Universiti Malaya (1980)
- » Diploma in Public Administration (1981)
- » Master of Arts (Development Economics), Williams College, USA (1991)
- » Advanced Management Program, Fontainebleau, France (2007)

### Board Of Committee Memberships

- » Governance and Risk Management Committee (Chairman)



## Governance

**Board of Directors' Profile****Loong Mei Yin****Non-Independent Non-Executive Director**

Board Meetings Attendance

8 / 10

Age	Gender	Nationality	Date Appointed To The Board
50	Female	Malaysian	16 November 2016

**Skills and Experience**

Loong Mei Yin is the Deputy CEO and co-founder of TAEI Partners Ltd (TAEI), a regional ASEAN-centric private equity firm established in 2007. She brings with her more than 25 years of financial industry experience, in areas of growth capital private equity investing and investment banking. Having worked with a diverse range of business groups across Malaysia and Thailand, she spearheads TAEI's investment in these two countries and is leading the foray into Myanmar. She spearheads TAEI'S investments in urban sustainability, namely in the water and wastewater treatment, and integrated waste management and waste-to-energy segments. She also focuses on investments across several sectors, including the pharmaceutical, property development, and manufacturing sectors.

Ms. Loong started her career in banking in 1992 with a commercial bank, and subsequently joined Schroders Malaysia in 1994. During her tenure with Schroders, she led the execution of domestic / cross-border debt and equity capital market transactions for a diverse base of business groups. Ms. Loong joined United Overseas Bank in 1999 and her last position was Executive Director with UOB Asia in 2007. After being part of the Malaysian capital markets team, she went on to spearhead the Thai investment banking team. During this period, she was instrumental in partnering with Thai families to consolidate their business platforms and drive growth and expansion.

**Board Of Committee Memberships**

» Nil

**Present Directorship(s) in Other Public Companies:**

» Nil

**Qualification**

- » Bachelor of Science degree, majoring in Accounting, Finance and Computer Science from Monash University, Australia
- » Chartered Financial Analyst (CFA) charter holder



## Abu Talib Abdul Rahman

Independent Non-Executive Director

Board Meetings Attendance

10/10

Age	Gender	Nationality	Date Appointed To The Board
67	Male	Malaysian	1 December 2015

### Skills and Experience

Abu Talib Abdul Rahman started his career as a banker in an agriculture bank before enhancing his work experience in a merchant bank and a commercial bank. Abu Talib left the commercial bank and worked as advocate and solicitor after getting call to the Bar in 1986.

In 1991, he established Messrs Abu Talib Shahrom (formerly known as Messrs Abu Talib Shahrom Kamil & Zahari) ("ATS"). Being a founding partner of ATS, his area of legal expertise encompasses corporate law, corporate secretarial, corporate finance and banking, commercial contracts, construction and private finance initiative projects with the Government of Malaysia. In January 2017, he took sabbatical to assume the position as a Managing Director of Sumatec Resources Berhad ("Sumatec"). On 1 October 2019, he had resigned from Sumatec and subsequently returned to ATS to continue his legal practice effective from 1 January 2020.

### Qualification

- » Bachelor of Law (Honours) degree from University of London
- » Certificate of Legal Practice from Lembaga Kelayakan Malaysia

### Board Of Committee Memberships

- » Audit Committee (Member)
- » Nominating and Remuneration Committee (Member)
- » Governance and Risk Management Committee (Member)
- » Long Term Incentive Plan Committee (Member)

### Present Directorship(s) in Other Public Companies:

#### Other Public Companies

- » Senai-Desaru Expressway Berhad
- » Seloga Holdings Berhad (Appointed as Director w.e.f 1 July 2020)

### None of the Directors have:

- any family relationships with any directors and/or major shareholders of the Company;
- any conflict of interest with the Company save as disclosed in the related party transactions of the Annual Report and the Circular to the Shareholders dated 28 May 2021; and
- been convicted of any offence within the past 5 years (other than traffic offences, if any) and have not been imposed any public sanctions and/or penalties by the relevant regulatory bodies during the financial year ended 31 December 2020.

Governance

## Key Senior Managements' Profile

### Tan Sri Hamdan Mohamad

Executive Director/President and Chief Executive

Age: 65

Date of Appointment: 1 December 2015

Refer to Board of Director's Profile on page 81.

### Choo Chee Keen

Chief Financial Officer

Age: 51

Date of Appointment: 1 June 2016

#### Qualification

- » Accounting Degree in Chartered Institute of Management Accountants in 1997.
- » A Chartered Accountant registered with Malaysian Institute of Accountants since 1999. He was accorded with Fellowship of the Chartered Institute of Management Accountants in 2005.

#### Working Experience

Choo Chee Keen began his career in 1994 with Soctek Sdn Bhd. He then worked with Mercedes Builders Sdn Bhd and Nam Fatt Corporation Berhad, before joining Ranhill Group in 2005 as General Manager of Ranhill Engineers & Constructors Sdn Bhd. His career progressed as GM of Group Accounting & Finance of Ranhill Berhad in 2006 and subsequently in Ranhill Group (post restructuring) in 2013, and a year later as VP of Group Accounting & Finance. Upon the completion on the Reverse-Take-Over (RTO) in 2015, Choo assumed the role of CFO of Ranhill Holdings Berhad effective 1 June 2016.

Choo has more than 20 years of experience covering various financial and taxation roles.

#### Directorship in Public Companies

- » Nil

Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Director and/or Major Shareholder:	Nil
List of Conviction for Offences within the Past 5 Years:	Nil
Particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any:	Nil

## Governance

# Corporate Governance Overview Statement

## CORPORATE GOVERNANCE AT RANHILL UTILITIES BERHAD

Ranhill Utilities Berhad (“Ranhill” or “the Group”) remains committed to enhancing and strengthening corporate governance within its organisation.

This Corporate Governance Overview Statement (“CG Overview” or “Statement”) sets out the principles and features of the Group’s corporate governance framework and practices. It provides a summarised narrative of how Ranhill has looked to further strengthen Corporate Governance practices within the Group.

The disclosures are centred on the following key aspects of corporate governance:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders

For more detailed disclosure on the Group’s practice of Corporate Governance, readers are advised to review the 2020 Ranhill Corporate Governance Report (“CG Report”) which is available for download at: [www.ranhill.com.my](http://www.ranhill.com.my). The CG Report provides specific information on how Ranhill has applied Practices stipulated by the Malaysian Code of Corporate Governance 2017 (“MCCG”).

## BOARD LEADERSHIP AND EFFECTIVENESS

### i. BOARD RESPONSIBILITIES

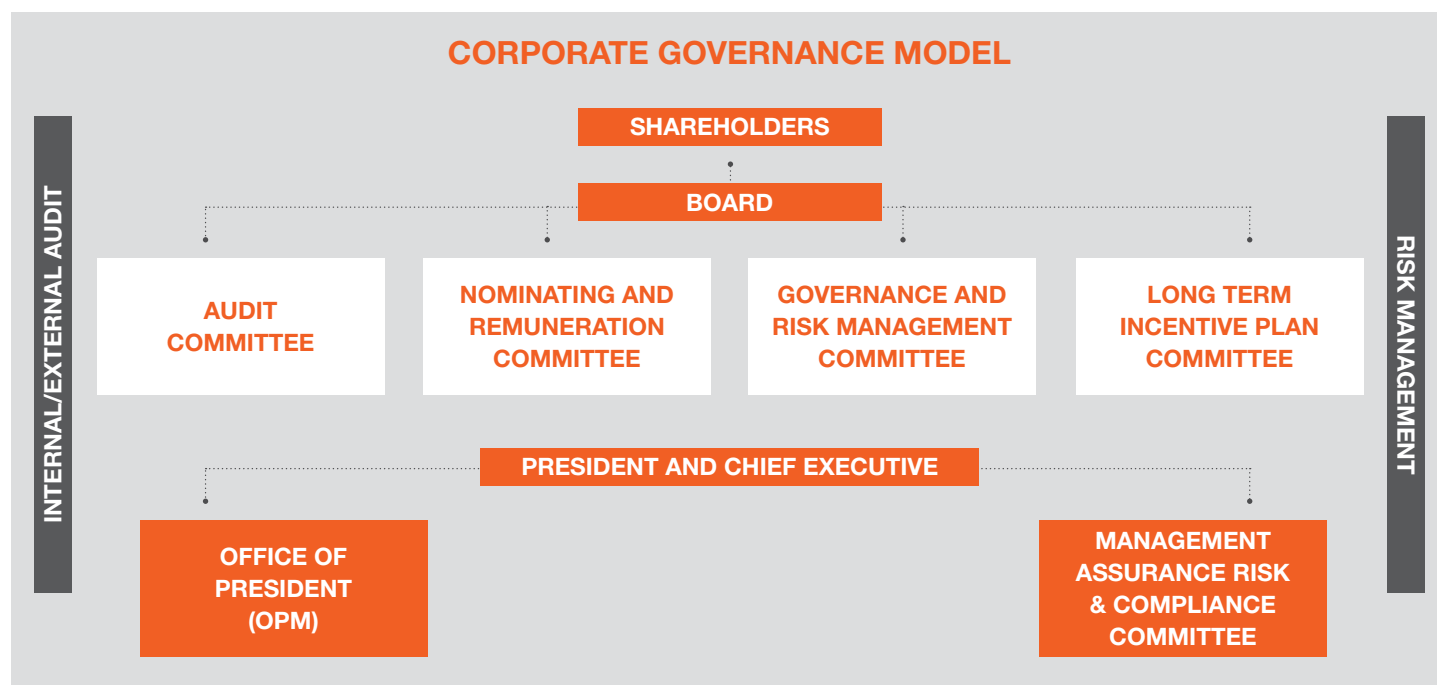
#### GOVERNANCE FRAMEWORK

The Board is responsible for charting the strategic direction of the Group, in safeguarding shareholder value and interests, achieving an appropriate balance between short and long-term business goals and value creation.

However, beyond financial performance, the Board also continues to play an increasingly proactive and leadership role in driving Environmental, Social and Governance (“ESG”) performance, which are intrinsically linked to the creation of financial values.

In discharging its fiduciary duties, the Board operates within a formalised governance framework. The framework enables oversight on ESG matters as well as business, operational, financial and other strategic risks.

In essence, the framework defines how Ranhill will deliver its business objectives and the boundaries within which Ranhill employees are expected to work. It establishes a common approach to how we operate, irrespective of geographical location.



## Governance

**Corporate Governance Overview Statement**

The said framework is also supported by a set of guidelines, policies, procedures and our corporate values, which help to cultivate good corporate governance within the Group.

These are:

- Board Charter (inclusive of Terms of Reference ("TOR") for all respective Board Committees)
- Ranhill Authority Manual ("RAM")
- Code of Conduct and Business Ethics ("CCBE") Policy and Procedures
- Whistleblowing Policy and Procedures
- Corporate Disclosure Policy and Procedures
- Third Party Dealing Policy and Procedures

All of the above are reviewed by the Board to ensure policies are robust and provide the necessary control and guidance to ensure good corporate governance.

In FY2020, Ranhill established its Integrity Working Committee ("IWC"). The Group's Code of Conduct and Business Ethics ("CCBE") is being enhanced to include additional processes and internal controls in relation to anti-corruption and anti-bribery. This is in line with Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009.

**BOARD CHARTER**

The Board has adopted a formalised Charter which spells out the roles and responsibilities of Directors in discharging their fiduciary duties towards the Group.

The Charter also provides for Board balance and composition, Board's authorities, schedule of matters reserved for the Board, the establishment of Board Committees, processes and procedures for convening Board meetings, the Board's assessment and review of its performance, compliance with ethical standards, Board's access to information and advice and declarations of conflict of interest.

The Charter also provides for matters which the Board may delegate to Management to undertake and execute. The Charter is available for download at [www.ranhill.com.my](http://www.ranhill.com.my).

The Board Charter is in compliance with the Companies Act 2016, Malaysian Code on Corporate Governance 2017 and the Bursa Malaysia Main Market Listing Requirements 2018.

**FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD**

There is a formal schedule of matters reserved for the Board except if it chooses to delegate authority to its respective Board Committees or Senior Management. In addition to matters required by law to be approved by the Board, the following powers are reserved to the Board for its decision:

Appointing and removing of the President and Chief Executive ("PCE"), any other executive directors and the Company Secretary and determining their remuneration and conditions of service;	Appointing the Chairman of the Board;
Approving senior management succession plans and significant changes to organisational structure;	Approving policies of company-wide or general application;
Authorising the issue of shares, options, equity instruments or other securities;	Approving annual and half-year reports and disclosures to the market that contain or relate to financial projections, statements as to future financial performance or changes to the policy or strategy of the company;
Authorising borrowings, other than in the ordinary course of business, and the granting of security over the undertakings of the company or any of its assets;	Appointing directors who will come before shareholders for election at the next annual general meeting
Authorising expenditures which exceed the PCE's delegated authority levels;	Establishing procedures which ensure that the Board is able to exercise its powers and to discharge its responsibilities as set out in the Board Charter;
Approving strategic plans, annual business plans and budgets; approving the acquisition, establishment, disposal or cessation of any significant business of the company; and	Setting up of Subsidiary, Joint Venture, Strategic Alliance and Partnership; and
Approving dividends.	Approving Board Charter and Terms of Reference of Board Committees.



Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	<b>●</b>		

## SEPARATION OF THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

The Group practices a clear delineation of responsibilities and power between the Chairman and the PCE. Both positions are held by different individuals to ensure effective check and balance to prevent the accumulation of excessive power and authority with a single individual or post.

For FY2020, Ranhill's Chairman is Tan Sri Azman Yahya and the PCE is Tan Sri Hamdan Mohamad.

Chairman	PCE
Lead the Board in setting the values and ethical standards of Ranhill.	Develop and ensure the execution of corporate and day-to-day operational strategies together with the senior management including implementation of the Board's policies and decisions.
Chair the board meetings and stimulating debates on issues and encouraging positive contributions from each board member.	Develop and recommend to the Board the long-term strategy and vision for the Group that leads to the creation of long-term prosperity and stakeholder value.
Consult with the Company Secretary in setting the agenda for board meetings and ensuring that all relevant issues are on the agenda.	Develop and recommend to the Board the operational plan and budget to realise of the Group's long-term strategy.
Maintain a relationship of trust with and between the PCE and Non-Executive Directors.	Recommend suitable management structure and operating authority levels which include delegations of responsibilities to the management.
Ensure the provision of accurate, timely and clear information to Directors.	Formulate and oversee implementation of major corporate policies.
Ensure effective communication with shareholders and relevant stakeholders.	Report to the Board with regards to financial performance and other relevant matters.
Facilitate effective contribution of Non-Executive Directors and ensuring constructive discussions at board meetings.	Refer to the Board Committees on matters as requested.
Ensure that all directors are properly briefed on issues arising at board meetings and there is sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranging for informal meetings beforehand to enable thorough preparations.	Supervise heads of divisions and departments who are responsible for all functions contributing to the success of the Group.
	Ensure the efficiency and effectiveness of the operation for the Group.
	Assess business opportunities which are of potential benefit to the Group.
	Accountable to the Board for the overall Group performance and observance of management's authority limits. This includes bringing material matters to the attention of the Board in an accurate and timely manner.

## Governance

**Corporate Governance Overview Statement****BOARD ACTIVITIES AND TASKS IN 2020**

The Board reviewed, deliberated and approved, where specifically required, the following:-

Financial & Operations	Strategic Plans and Investments	Corporate Governance
<ul style="list-style-type: none"> <li>Financial and operation performance against Budget, cash flow, proposed dividends.</li> <li>Recurrent related party transactions as recommended by the Audit Committee.</li> <li>Adopted Performance Matrix for FY2019, Considered Performance Bonus and Annual Salary Increments.</li> <li>Extension of contract of Executive Director.</li> <li>Share Buy-Back ("SBB") and renewal of authority mandate of SBB.</li> <li>Allotment of new Company shares under Dividend Reinvestment Plan ("DRP").</li> <li>Award of shares under Performance Share Grant and Restricted Share Grant of the Company's Long Term Incentive Plan ("LTIP Grant(s)") to eligible executive directors and employees of Ranhill and its subsidiary Companies (excluding subsidiaries which are dormant).</li> <li>Declaration of dividends, including a Dividend-in-Specie.</li> <li>External Auditors' Plan.</li> <li>Revision to the Remuneration Structure of the Non-Executive Director.</li> <li>Reviewed the update disclosures in relation to any agreement, arrangement, joint venture, memorandum of understanding or collaboration for the purpose of bidding for or securing a project or contract ("Ventures").</li> </ul>	<ul style="list-style-type: none"> <li>Evaluate and consider the Company and/or Group's strategic business, and/or investment, locally and abroad as well as proposals proposed by Management. This includes a proposal to undertake a secondary listing on Singapore's SGX. The proposal however has been deferred due to the ongoing COVID-19 pandemic and will be revisited in the near future.</li> <li>Annual Business Plan and Budget for FY2021 and the Strategies towards achieving the forecast.</li> <li>Change of Company Name from "Ranhill Holdings Berhad" to "Ranhill Utilities Berhad" as a part of the Group's rebranding strategy as detailed in Ranhill's shareholder circular dated 21 March 2020, Part C.</li> </ul>	<ul style="list-style-type: none"> <li>Revised Board Charter with accompanying respective TOR of Board Committees i.e. AC &amp; GRMC being revised.</li> <li>Matters relating to the AGM including the assessment of Directors retiring at the AGM, re-appointment of external auditors, Ernst &amp; Young PLT and recurrent related party transactions.</li> <li>Present for Briefing on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 by lawyers.</li> <li>Due to the Group's core businesses in the essential business sectors i.e. water and power supply, Board agreed to proceed with a fully virtual AGM in view of the "Movement Control Order ("MCO")" as scheduled for 21 April 2020 so as not to cause any interruption to Ranhill's on-going business activities (i.e. seeking shareholders' mandate for the related party transactions to ensure continuity of Ranhill's businesses which fall within the "essential services" categories). Ranhill is the first public listed company in Malaysia who conducted a fully virtual AGM within the approval and strict guidelines of the Securities Commission regulating fully virtual AGM during the MCO.</li> <li>Risk management and internal controls as detailed in the Statement of Risk Management and Internal Control of this annual report.</li> <li>Adopted terms and determine the eligibility criteria of Long Term Incentive Plan ("LTIP") as proposed by NRC / LTIP members for the implementation and compliance of LTIP including submission of final By-Laws.</li> </ul>

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	●		

## ii. BOARD COMPOSITION






### BOARD COMPOSITION AND INDEPENDENCE

#### BOARD COMPOSITION

The Board comprises eight (8) members of which two (2) are Executive Directors and six (6) are Non-Executive Directors, five (5) of whom are Independent Directors. Independent Directors comprise more than half of the Board's composition.

Details of the directors, including their qualifications, experience, date of appointment and independent status, are set out in the Board of Directors' Profiles section in this Annual Report.

No alternate Directors have been appointed in respect of any of the Directors for FY2020. Ranhill's Board of Directors collectively has a combination of skills and experience in the competencies set out in the table below.

	<b>Leadership</b>	Business leadership, public listed company experiences
	<b>Business &amp; Finance</b>	Accounting, audit, business strategy, competitive business analysis, corporate financing, financial literacy, legal, mergers and acquisitions, risk management and tax
	<b>Sustainability &amp; Stakeholder Management</b>	Community relations, corporate governance, environmental issues, government affairs, health and safety, human resources, industrial relations, remuneration
	<b>Technical</b>	Engineering
	<b>International</b>	Oil and Gas

The Board considers that collectively, the directors have the range of skills, knowledge and experience necessary to direct the company.

The non-executive directors contribute operational and international experience, an understanding of the industry in which Ranhill operates, knowledge of financial markets and an understanding of the health, safety, environmental and community matters that are important to the Company. The PCE brings an additional perspective to the Board through a thorough understanding of Ranhill's business.

Via its Nominating and Remuneration Committee ("NRC"), the Board conducts an annual review of its size and composition, to determine if the Board has the right size, sufficient diversity and a strong degree of independence in exercising judgement.

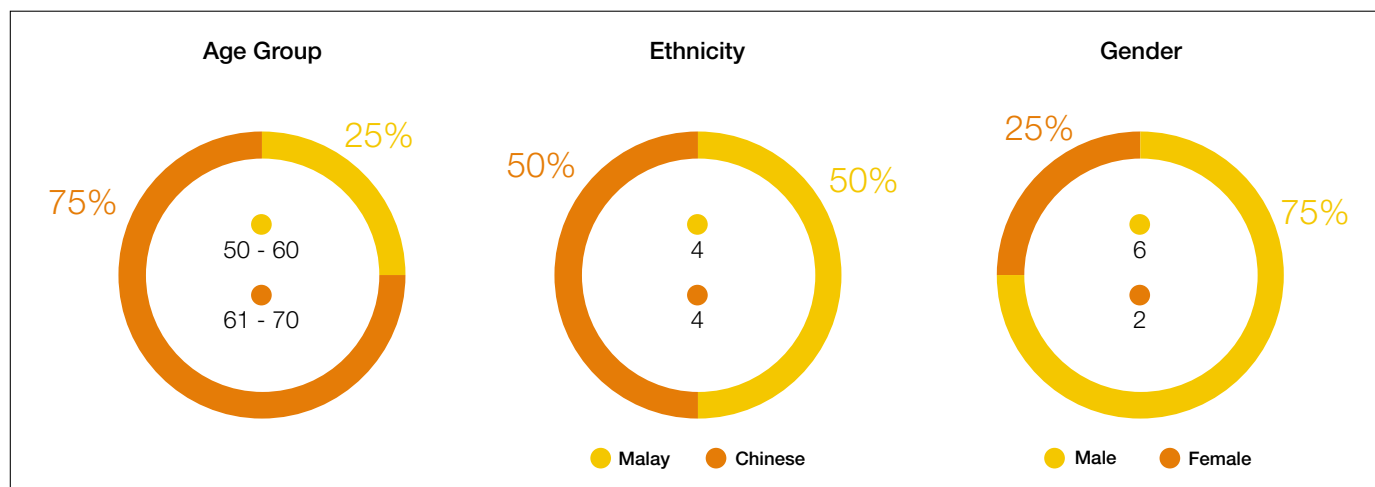
#### BOARD DIVERSITY

During the financial year, the Board had maintained two (2) sitting female Directors, Loong Mei Yin who was appointed on 16 November 2016; and Leow Peen Fong who was appointed on 2 March 2018. Loong Mei Yin serves as a Non-Independent and Non-Executive Director while Leow Peen Fong sits on the Board as an Independent Non-Executive Director.

## Governance

## Corporate Governance Overview Statement

Currently, the Board has two (2) women sitting on the Board out of a total composition of eight (8) directors. The profiles of the Ranhill Board of Directors are given in detail in the Directors' Profiles section of this annual report.



### BOARD INDEPENDENCE

The independence of a director is assessed in accordance with Ranhill's Policy on Independence of Directors. The Policy provides for assessing a sitting director's degree of independence, as well as potential candidates being considered for directorship.

The Board reviews the independence of directors before they are appointed, on an annual basis and at any other time where the circumstance of a director changes and reassessment is warranted.

In accordance with the policy, the Board considers all relevant facts and circumstances including the following:

- Is a substantial shareholder of the company or an officer of, or otherwise associated directly with, a substantial shareholder of the company;
- Is employed, or has previously been employed in an executive capacity by the company or another Group member, and there has not been a period of at least three (3) years between ceasing such employment and serving on the Board;
- Is, or has within the last three (3) years been, a partner, director or senior employee of a material professional adviser to the company or another Group member;
- Is, or has been within the last three (3) years, in a material business relationship with the company or another Group member, or an officer of, or otherwise associated with, someone with such a relationship;
- Has a material contractual relationship with the company or another Group member other than as a director;
- Has close family ties with any person who falls within any of the categories described above; or has been a director of the company for such a period that his or her independence may have been compromised.

The test of whether a relationship or business is material is based on the nature of the relationship or business and on the circumstances and activities of the director. Materiality is considered from the perspective of the company and its Group members, the persons or organisations with which the director has an affiliation and from the perspective of the director. To assist in assessing the materiality of a supplier or customer the Board has adopted the following materiality thresholds:

- A material customer is a customer of Ranhill which accounts for more than 2% of Ranhill's consolidated gross revenue; and
- A supplier is material if Ranhill accounts for more than 2% of the supplier's consolidated gross revenue.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	●		

## INDEPENDENT DIRECTORS

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgement on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the many communities in which the Group conducts its business.

Independent Non-Executive Directors make significant contributions to the Group's decision making by bringing in the quality of detached impartiality.

During the year, the NRC has assessed the independence of Ranhill's Independent Directors as per the regulator's Listing Requirements. The Committee is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the interest of the Group.

The Board also has a policy where the tenure of Independent Directors is limited to a cumulative term of nine (9) years with the view to enable the Board's continuous refreshment to maintain its effectiveness. After which, the said Independent Director may continue to serve on the Board upon his/her being re-designated as a Non-Independent Director.

Currently, none of the Independent Non-Executive Directors of Ranhill have served the Board for nine (9) years. The Board also believes that the current Board composition is appropriate for its purpose, and is satisfied that it adequately safeguards the interests of minority shareholders of the Group.

## SENIOR INDEPENDENT DIRECTOR

The Group's Senior Independent Non-Executive Director ("SINED") is Datuk Abdullah Karim, who was appointed to the position on 13 November 2018. Datuk Abdullah is the designated contact point to whom shareholders may convey any concerns or queries on the affairs of the Company. The SINED serves as an alternative to the formal channel of communication with shareholders. He also provides a sounding board for the Chairman and serves as an intermediary for the other Directors, if necessary.

Datuk Abdullah Karim can be contacted at [Abdulk0608@gmail.com](mailto:Abdulk0608@gmail.com)

## RE-ELECTION OF DIRECTORS

In line with Ranhill's Constitution, one third (1/3) of sitting directors shall retire by rotation at each AGM. The Constitution further provides that all Directors shall retire from office at least once in every three (3) years.

For FY2021, three (3) directors, Dato Sri Lim Haw Kuang, Abu Talib Abdul Rahman and Leow Peen Fong shall retire and are eligible for re-appointment at the forthcoming AGM. The Board, via its NRC has assessed the said Directors based on their aptitude, experience, integrity, competence and time commitment and has recommended their re-election subject to shareholders' approval.

## BOARD EFFECTIVENESS

### BOARD ASSESSMENT EVALUATION ("BAE")

Annually, the Chairman of the Nominating and Remuneration Committee and supported by the Company Secretary conduct a Board Assessment Evaluation ("BAE") exercise to independently assess the effectiveness of every member of the Board. The criteria for evaluation are given within the Board Charter, which is available at [www.ranhill.com.my](http://www.ranhill.com.my).

Based on the assessment, the Board has demonstrated and continues to demonstrate that it collectively possesses the necessary competences, experience and acumen to enable strategic decision making and leadership in the best interest of the Group and its shareholders. Information on the Board's skills and capabilities are provided on the earlier section on Board Composition on page 93.

## TIME COMMITMENT

Directors must be able to allocate sufficient time and commitment in discharging their duties to the Company and as such, time commitment is a key criterion for the assessment of director's effectiveness and performance. This includes attendance at Board and Board Committee meetings, participation in meetings and other necessary duties. The Board obtains this commitment from Directors at the time of appointment.

In ensuring that Directors are able to better plan their schedules to attend meetings, the schedule of meeting is set well in advance before the end of the preceding financial year. If required, additional meetings are convened if and when urgent matters arise between the scheduled meetings.

Directors who intend to accept new directorships with other companies must notify the Chairman, notwithstanding that the Paragraph 15.06 of the Listing Requirements allows a Director to sit on the boards of five (5) listed issuers. At present, no Directors have more than five (5) directorships at any one time.



## Governance

**Corporate Governance Overview Statement**

Following is the Directors' attendance for 2020 which have surpassed Bursa's Listing Requirements:

Directors	Number of the Meetings Held				
	Board	AC	NRC	GRMC	LTIP
<b>Executive Directors</b>					
<b>TAN SRI HAMDAN MOHAMAD</b> (Executive Director/President and Chief Executive)	10/10	–	–	7/7	–
<b>DATO SRI LIM HAW KUANG</b> (Executive Director)	10/10	–	–	7/7	–
<b>Non-Executive Directors</b>					
<b>TAN SRI AZMAN YAHYA</b> (Chairman/Independent Non-Executive Director)	10/10	–	2/2	–	1/1
<b>DATUK ABDULLAH KARIM</b> (Senior Independent/Non-Executive Director)	10/10	5/5	2/2	–	1/1
<b>LIM HUN SOON @ DAVID LIM</b> (Independent/Non-Executive Director)	10/10	5/5	–	–	–
<b>LEOW PEEN FONG</b> (Independent/Non-Executive Director)	10/10	–	–	7/7	–
<b>LOONG MEI YIN</b> (Non-Independent/Non-Executive Director)	8/10	–	–	–	–
<b>ABU TALIB ABDUL RAHMAN</b> (Independent/Non-Executive Director)	10/10	5/5	2/2	7/7	1/1

**DIRECTOR'S TRAINING**

Ranhill's Directors continue to attend a wide range of training programmes throughout the financial year. This is essential in enabling Directors to remain abreast with new developments and changes within the regulatory sphere or in terms of business operations and the industries in which Ranhill operates in.

Training can also be geared towards equipping Directors with new skills or in new areas such as technology proficiency, digitalisation and more. Other areas for training include audit, finance accounting, risk and sustainability.

Following is a list of conferences, seminars and training programmes attended by Ranhill's Board of Directors in 2020:

No.	Training/Seminar/Forum/Conferences
1.	Audit Committee Institute ("ACI") Virtual Roundtable 2020
2.	Best-in-class Boards and Post-COVID-19 Governance
3.	Climate Action: The Boards' Leadership in Greening the Financial Sector
4.	Cloud and Cyber Security
5.	Corporate and Personal Liabilities under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 & Practical Tips on Adequate Procedures
6.	COVID-19 & Current Economic Reality: Implications for Financial Stability
7.	Cross-Border Payments – A Vision for the Future
8.	Fraud Risk Management Workshop
9.	Future of Asia: Climate risk and response in Asia
10.	Green Fintech: Pin An's Use of Technology to Support Green Finance Objectives
11.	Outthink The Competition: Excelling in a Post COVID-19 World
12.	Raising Defences – Section 17A, MACC Act 2009
13.	Sustainable and Inclusive Finance Forum
14.	The Bank's Climate Change Initiatives: Knowledge Sharing Session with BNM Board of Directors
15.	3 <sup>rd</sup> Distinguish Board Leadership Series – Challenging Times: What Role Must the Board Play
16.	4 <sup>th</sup> Distinguish Board Leadership Series
17.	2020 Milken Institute Asia Summit

Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge to discharge their duties effectively.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	<b>●</b>		

### III. REMUNERATION

#### BOARD REMUNERATION

Ranhill's Remuneration Policy for Non-Executive Directors is based on attracting, retaining, motivating and fairly remunerating individuals based on industry standards. Fees paid are also based on the following:

- The size and complexity of Ranhill's operations; and
- The responsibilities and work requirements of Board members.

The Directors' fees are only paid upon approval by the shareholders at the Annual General Meeting ("**AGM**") based on the recommendation by the Board. The remuneration package for Executive Directors are reviewed by the NRC and recommended to the Board for approval. The Board deliberates and decides on the remuneration without the involvement or presence of the respective Executive Director.

In FY2020, during the fully virtual 6<sup>th</sup> AGM held on 21 April 2020, shareholders approved the increase in Directors' fees for Non-Executive Chairman and Non-Executive Directors ("Proposal").

The rationale of the Proposal was that the current Directors' fee has not been reviewed since the listing of the Company on 16 March 2016. In addition to that, this was part of a periodical review on its Non-Executive Directors to ensure the Company remains competitive against its peers and with the onerous responsibilities and accountabilities required of Directors per current requirements under the Companies Act 2016, the Capital Markets & Services Act 2007 and the Malaysian Code on Corporate Governance 2017. The details of the Directors' remuneration received during the financial year is summarised below:-

#### DIRECTORS' REMUNERATION FRAMEWORK

The structure of the fees payable to Directors of the Company for the FY2020 is as follows:

Appointment	Per Annum (RM)
<b>Board of Directors</b>	
Base fee	1,050,000
<b>Audit Committee</b>	
AC Chairman's fee	40,000
AC Member's fee	20,000
<b>Governance and Risk Management Committee ("GRMC")</b>	
GRMC Chairman's fee	30,000
GRMC Member's fee	20,000
<b>Nominating and Remuneration Committee ("NRC")</b>	
NRC Chairman's fee	30,000
NRC Member's fee	20,000
<b>Long Term Incentive Plan Committee ("LTIP")</b>	
LTIP Chairman's fee	30,000
LTIP Member's fee	20,000

## Governance

**Corporate Governance Overview Statement**

Notes: The details of the remuneration of Directors of the Company comprising remuneration received/receivable from the Company and subsidiary companies during FY2020 are as follows:

	Company					Subsidiaries				
	Fees RM'000	Salaries & Bonus RM'000	Benefits- in-kind RM'000	Others RM'000	Company total RM'000	Fees RM'000	Salaries & Bonus RM'000	Benefits- in-kind RM'000	Others RM'000	Group Total RM'000
<b>Executive Directors</b>										
Tan Sri Hamdan Mohamad	–	2,362	661	958	3,981	204	5,720	20	289	10,214
Dato Sri Lim Haw Kuang	–	7,473	–	371	7,844	–	–	–	–	7,844
<b>Total</b>	<b>–</b>	<b>9,835</b>	<b>661</b>	<b>1,329</b>	<b>11,825</b>	<b>204</b>	<b>5,720</b>	<b>20</b>	<b>289</b>	<b>18,058</b>
<b>Non-Executive Directors</b>										
Tan Sri Azman Yahya	340	–	50	34.5	424.5	–	–	–	–	424.5
Datuk Abdullah Karim	230	–	–	37.5	267.5	108	–	–	7.5	383
Lim Hun Soon @ David Lim	190	–	–	34	224	–	–	–	–	224
Ms Leow Peen Fong	180	–	–	34	214	295	–	–	46	555
Ms Loong Mei Yin*	150	–	–	20	170	–	–	–	–	170
En Abu Talib Abdul Rahman	230	–	–	43.5	273.5	195	–	–	4	472.5
<b>Total</b>	<b>1,320</b>	<b>9,835</b>	<b>711</b>	<b>1,532.5</b>	<b>13,398.5</b>	<b>802</b>	<b>5,720</b>	<b>20</b>	<b>346.5</b>	<b>20,287</b>

\*Note: The director's fees to Loong Mei Yin is paid/payable to TAEI One Partners Ltd (as general partner of The Asian Entrepreneur Legacy One, L.P.)

In accordance with the Companies Act 2016, payment of Directors' fees and benefits shall be approved at a general meeting. The Board shall seek shareholders' approval at its upcoming AGM for the payment of Directors' fees and benefits for FY2021 / FY2022.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	<b>●</b>		

## EFFECTIVE AUDIT AND RISK MANAGEMENT

### i. AUDIT COMMITTEE

The Audit Committee (“AC”) provides oversight of the Group on matters delegated by the Board through its approved Terms of Reference (“TOR”). The AC comprises exclusively of Independent Directors. The AC Chairman is a member of Malaysian Institute of Accountants.

Among its responsibilities include ensuring that the financial statements of the Company and Group have been made out in accordance with the provisions of the Companies Act 2016 and applicable accounting standards; and that these provide a balanced and fair view of the financial state and performance of the Group.

AC meetings are normally attended by the PCE, Chief Financial Officer (“CFO”), Head of Group Corporate Assurance and upon invitation, the External Auditors. The Company Secretary acts as secretary to the AC. Minutes of each meeting were recorded and tabled for confirmation in the following AC meeting and also tabled to the Board of Directors for notation.

During the FY2020, the AC had held two meetings with the external auditors, Messrs Ernst & Young PLT (“EY”) without the presence of Management.

The Terms of Reference of the AC are contained in the Board Charter which is included in the Company’s website, [www.ranhill.com.my](http://www.ranhill.com.my). The Terms of Reference of the AC is continuously reviewed with the recent review conducted in February 2020. The full scope of work undertaken by the AC is given in the AC report of this annual report.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group, Ranhill has applied the appropriate accounting standards and policies with consistency in the preparation of these financial statements. The Statement of Directors’ Responsibility is given in the Statement of Directors’ section of this Annual Report.

### ii. Risk Management and Internal Control Framework

#### Risk Management And Internal Audit

#### **RISK MANAGEMENT**

The Board maintains a sound risk management framework and system of internal control to safeguard shareholders’ investment and the Group’s assets. The framework is designed to identify, evaluate, control, monitor and report the principal business risks faced by the Group on an ongoing basis.

Board oversight on risks is achieved through the GRMC. The GRMC is tasked to identify principal risks and recommend policies and parameters for the key risks register and overall risk strategy linking to value creation and the strategic objectives of the Group.

The Board is of the view that the system of internal control and risk management in place is sound and sufficient to safeguard the Group’s assets, as well as shareholders’ investments, and the interests of customers, regulators, employees and other stakeholders.

In FY2020, the effects of the pandemic have been added to the Group’s Risk Register with appropriate mitigation measures being developed.

Further details on the risk management framework and GRMC are set out in the Statement on Risk Management and Internal Control (“SORMIC”) of this Annual Report.

#### **GOVERNANCE AND RISK MANAGEMENT COMMITTEE**

The GRMC serves the Board by providing in-depth governance of risk for the Group. Its Terms of Reference (“TOR”) can be found on the Board Charter [www.ranhill.com.my](http://www.ranhill.com.my). Among its duties as prescribed under the TOR are:

- Applying the principles and good practices of corporate governance, sustainability and corporate responsibility towards the stakeholders and to ensure compliance with applicable regulatory and legal requirements.

## Governance

**Corporate Governance Overview Statement**

- Fulfilling its corporate governance, risk management and statutory responsibilities in order to effectively manage the overall risk exposure of the Group.
- Ensuring an effective Whistleblowing Policy is implemented and to continue monitoring compliance.

**INTERNAL AUDIT**

The Group's Corporate Assurance Division ("GCAD") serves as the internal audit function of Ranhill. Independent of the external audit function, GCAD provides independent, regular and systematic reviews of the internal control, risk management and governance processes within the Group. In preserving independence, the Head of GCAD functionally reports to the AC Chairman and administratively to the PCE.

During the financial year, audit assignments were carried out on major subsidiaries with observation reported and presented to the AC. The total costs incurred for the internal audit function for FY2020 was RM1.29 million.

A comprehensive view of the Internal Audit function is provided in the AC's Report of this annual report.

**INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****I. STAKEHOLDER COMMUNICATION**

The Board continues to place importance on the need to maintain timely and meaningful communication and relationships with stakeholders. Ranhill's Corporate Disclosure Policy encourages effective communication with the Company's shareholders by requiring:

- The disclosure of full and timely information about Ranhill's activities in accordance with the disclosure requirements contained in the MMLR and the Companies Act 2016;
- All information released to the market to be placed on Ranhill's website promptly following its release;

- The Company's market announcements to be maintained on Ranhill's website for at least three years, and all disclosures, including notices of meetings and other shareholder communications are drafted clearly and concisely;
- Timely dissemination of information including audited quarterly and annual financial results and the annual report.

The corporate disclosure policy also sets out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

The Board and Senior Management continue to hold briefings with analysts, engage in media relations activities as well as community outreach initiatives and more.

Ranhill's website has a "Contact Us" section which gives shareholders the option to submit an inquiry with questions or comments directly to either Group Corporate Communications or Investor Relations, depending on the nature of the inquiry.

However, any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

**STAKEHOLDER RELATIONSHIP**

In FY2020, several briefings with investors and analysts were held. The Group had also received media exposure via media relations activities which included issued press statements, interviews and press conferences.

The Board believes its practices in this area are consistent with ensuring dialogue with shareholders and good corporate governance.

More details on the Group's stakeholder management and engagement activities are provided on pages 54 to 56 of the Sustainability Statement.



Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	<b>●</b>		

**II. CONDUCT OF GENERAL MEETINGS SHAREHOLDER PARTICIPATION AT GENERAL MEETING**

The Company recognises the importance of shareholder participation in general meetings and supports and encourages that participation. The company has poll voting arrangements in place. Shareholders are also able to register their voting instructions electronically.

Copies of the Chairman's and PCE's addresses to shareholders are made available to the market and posted on the Company's website immediately prior to the AGM. The outcome of voting on the items of business are disclosed to the market and posted on the company's website after the AGM.

In light of the global COVID-19 pandemic and the Second extension of the Movement Control Order ("MCO") until 28 April 2020, the 6<sup>th</sup> AGM was conducted through live streaming from the following broadcast venue:

The Boardroom, Tricor Investor & Issuing House Services Sdn Bhd, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur ("Fully Virtual").

To maintain social distancing as part of precautionary measures and to abide with the restriction on shareholders meeting during the MCO in order to contain the spread of COVID-19, the number of persons present at the broadcast venue of the 6<sup>th</sup> AGM was limited to 8 persons.

However, all key personnel including Chairman, Tan Sri Azman Yahya who chaired the 6<sup>th</sup> AGM, Tan Sri Hamdan Mohamad, Ranhill's PCE and Mr Choo Chee Keen, the Chief Financial Officer and others were physically present at the broadcast venue. Remaining company directors, the company secretary and other key management staff participated virtually.

Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") was appointed as Special Share Registrar of the Company and provided the Remote Participation and Voting ("RPV") system. Shareholders who intended to attend, could register online to gain access to the meeting.

Shareholders turnout via the RPV was better than our physical AGM held in the past years.

During the virtual AGM, shareholders were encouraged to ask questions and communicate their expectations and possible concerns on proposed resolutions and matters relating to Group operations before putting resolution to a vote. The Chairman and the PCE responded to shareholders' queries.

Questions that could not be addressed during the AGM, due to a lack of time or other reasons, were addressed after the meeting via email or via other communication channels as soon as possible.

The Company's external auditor was also present via Webinar at the Company's AGM to answer shareholders' questions, if any, about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit. The AGM is also overseen by an Independent Scrutineer who participated off-site from their office.

To maintain transparency and to effectively address any matters and concerns, the Group has a dedicated electronic mail which stakeholders can direct their queries to: [ir.info@ranhill.com.my](mailto:ir.info@ranhill.com.my).

This CG Overview Statement was approved by the Board of Directors of Ranhill on 29 March 2021.

Governance

## Additional Compliance Information

### 1. AUDIT AND NON-AUDIT FEES

The fees paid/payable to the external auditor, Messrs. Ernst & Young PLT, for the financial year ended 31 December 2020 are as follows:-

<b>Fees Paid/Payable to Messrs Ernst &amp; Young</b>	<b>Group RM'000</b>	<b>Company RM'000</b>
Audit fees	1,693	128
Non-audit fees	8	8
Total	1,701	136

### 2. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year.

## Governance

**Audit Committee Report**

The Audit Committee (“AC”), chaired by Mr Lim Hun Soon @ David Lim, comprises three (3) members, all of whom are Independent Non-Executive Directors, in compliance with the listing requirement of Bursa Malaysia Securities Berhad and the Malaysian Code of Corporate Governance.

**ROLES AND RESPONSIBILITIES**

The AC is a Board committee tasked with the following primary objectives:

- a) To assist the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group’s operational and financial performance;
- b) To review the Group’s business processes, the quality of the accounting function, financial reporting and the system of internal controls;
- c) To enhance the independence of the external and internal audit functions by providing direction and oversight of these functions on behalf of the Board; and
- d) To ensure an effective ethics programme is implemented, and monitor compliance with established policies and procedures.

Detailed Terms of Reference of the AC is available at the Company’s website, [www.ranhill.com.my](http://www.ranhill.com.my).

**MEETINGS AND ATTENDANCE**

Members	Membership	Appointment	Attendance
Mr Lim Hun Soon @ David Lim	Chairman/Independent Non-Executive Director	1 December 2015	5/5 100%
Datuk Abdullah Karim	Member/Senior Independent Non-Executive Director	18 April 2019	5/5 100%
Encik Abu Talib Abdul Rahman	Member/Independent Non-Executive Director	1 December 2015	5/5 100%

The meetings are normally attended by the President and Chief Executive (“PCE”), Chief Financial Officer (“CFO”), Head of Group Corporate Assurance Division and upon invitation, the External Auditors.

The Company Secretary acts as secretary to the AC. Minutes of each AC meeting were recorded and tabled for confirmation at the next following AC Meeting and subsequently presented to the Board for notation.

## Governance

**Audit Committee Report****KEY ACTIVITIES of FY2020**

During the financial year under review, the AC had carried out the following activities in the discharge of its functions and duties:

**1. Financial Reporting**

- a. Reviewed the unaudited quarterly financial results and full year financial statements of the Company including announcement to Bursa Malaysia and recommended to the Board for approval.
- b. Reviewed and highlighted to the Board significant matters raised by the External Auditors including financial reporting issues, significant judgements made by management, significant events or transactions, and received updates from management on actions taken for improvement.
- c. Reviewed the financial and operational performances, budget achievement, reasons for the variances and efforts by the management to meet targets.
- d. Deliberated significant changes in relevant regulatory requirements, accounting and auditing standards that affect the Company and the adoption of such changes by management.

**2. External Audit ("EA")**

- a. Reviewed year-end financial statement presented by the EA, Messrs Ernst & Young PLT. The review covering amongst others, the assessment on the following:
  - Changes in or implementation of major accounting policy changes;
  - Key Audit Matters;
  - Significant matters relating to provisions, legal and contracts, value of investments and tax matters; and
  - Compliance with accounting standards and legal requirements.
- b. Reviewed the EA's Audit Plan which detailed the terms of engagement for statutory audit, independence of the external audit team, audit approach, and areas of audit emphasis, risk assessment, reporting time line as well

as development in laws and regulations, and changes in regulatory requirements such as Main Market Listing Requirements and Malaysian Financial Reporting Standards ("MFRS").

- c. Requested management to negotiate the audit fees and reviewed by the AC.
- d. Held two discussions with the EA in the AC meeting dated 19 November 2020 without the presence of the President and Chief Executive, management and Internal Auditors to ensure an adequate level of cooperation between the EA and management.

**3. Internal Audit**

- a. The Internal Audit function is undertaken by the Group Corporate Assurance Division ("GCAD"). The AC reviewed and approved the internal audit plan, key performance indicators stipulated in the Balanced Scorecard, budget and staffing requirements for FY2021.
- b. Reviewed the planned and ad hoc internal audit reports issued and the adequacy of management response and actions to address control deficiencies.
- c. Reviewed quarterly updates on the progress and status of corrective actions on whether appropriate actions were taken on the recommendations made by GCAD.
- d. Reviewed and approved the revisions to the Internal Audit Policy and Procedures.
- e. Reviewed the annual assertion on Internal Auditing Standards for financial year 2020 and was satisfied that the Internal Auditors were free from any relationship or conflict of interest that could impair their objectivity and independence.
- f. Reviewed the Information Technology (IT) audit scope covering IT governance, security and technical infrastructure proposed by outsourced IT audit service provider, PricewaterhouseCoopers (PwC).

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	<b>●</b>		

**4. Related Party Transactions (RPTs) and Recurrent Related Party Transactions (RRPTs)**

- a. Reviewed the quarterly RPTs and RRPTs entered into by the Company and its subsidiaries. The objective is to ensure that RPTs and RRPTs are not accorded conditions more favourable than that generally available to the public, and that they are not detrimental to minority shareholders.
- b. Reviewed and deliberated on the proposed new and renewal of Shareholders’ Mandate in respect of recurrent related party transactions of revenue or trading nature for Board’s approval.

**5. Annual Reporting**

- a. Reviewed and recommended to the Board for approval, the Management Discussion and Analysis, Statement on Risk Management and Internal Control and the Audit Committee Report for publication in the Annual Report 2020.

**SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION**

The Audit Committee (“AC”) is assisted by GCAD in discharging its duties and responsibilities. GCAD is independent of business operations and reports functionally to the AC. GCAD is headed by Mr Shariz Puteh, who holds a bachelor’s degree in Accounting and Financial Management from the University of Essex, United Kingdom and a Certified Financial Services Auditor (“CFSA”). He is also a Chartered Member of the Institute of Internal Auditors (“CMIIA”).

The primary responsibility of GCAD is to provide reasonable assurance to the AC on the effectiveness of the governance, risk management and internal control processes within the Group. GCAD is also responsible in administering Ranhill’s Whistleblowing Policy.

All internal audit activities undertaken are guided by the International Professional Practices Framework (“IPPF”) of Internal Auditing, the Internal Audit Charter as well as the Internal Audit policy and procedures. An annual risk-based internal audit plan is presented by GCAD to the AC for approval after having reviewed on the adequacy of the scope, functions and resources of GCAD as well as the competency of the internal auditors. GCAD adopts a risk-based approach and prepares its plan based on the risk profiles of the auditable units in alignment with the strategic objectives of the Group.

Unlike previous years, the unprecedented circumstances of the global covid-19 pandemic had reshaped the internal audit activities in the financial year under review. GCAD has had to rapidly evaluate what it can deliver and revisited the agreed audit plan to determine what is a priority and what fieldwork can, where necessary be performed remotely.

Despite the challenges caused by the pandemic, GCAD had managed to continue conducting audit engagements based on a revised audit plan. Amongst the key areas reviewed were the contract procurement processes, billing & collections effectiveness, Health, Safety & Environment (“HSE” practices at the Group’s main subsidiary Ranhill SAJ Sdn Bhd. GCAD also reviewed the adequacy and effectiveness of the consolidation of financial statement controls at the parent company. Additionally, the advisory services rendered by GCAD include reviewing the Group’s preparedness in managing the covid-19 impact, reviewing of policies and procedures, risk management related matters and reviewing related party transactions.

Internal Audit reports were issued to the management and they contained key operational analysis, insights, improvements opportunities, audit observations, management response on action steps and responsible person as well as targeted date of completion of those actions. Main issues that required significant improvement were highlighted to the AC for deliberation. GCAD provides quarterly updates to management and the AC regarding the progress and status of the corrective actions.

Majority of GCAD’s employees are members of relevant professional bodies such as Institute of Internal Auditors Malaysia (“IIA”) and Malaysia Institute of Accountants (“MIA”). The internal auditors are encouraged to continuously enhance their knowledge, skills and competencies through a combination of external and in-house training. There are eight (8) internal auditors in GCAD which incurred a total cost of RM1.29 million for the financial year ended 31 December 2020.



## Governance

# Statement on Risk Management and Internal Control

This Statement is prepared in accordance with the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers, 15.26 (b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and Principle B of the Malaysian Code on Corporate Governance (“MCCG”) 2017 issued by the Securities Commission Malaysia.

## BOARD RESPONSIBILITY

The Board of Directors (“The Board”) acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders’ investment in the Company as well as the assets of the Company and its subsidiaries (“the Group”).

To achieve this, the Board ensures that there is a robust framework of ongoing risk management process in identifying, evaluating and managing significant risks faced by the Group. This process has been in practice for the year under review up to the date of approval of this statement. The Board has also evaluated the risks associated with new businesses undertaken and major investments made during the year.

In view of the limitations inherent in any system of risk management and internal control, the Board recognizes that such a system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

## RISK MANAGEMENT

Part II of Principle B in the MCCG states that the Board should establish an effective risk management and internal control framework to manage risks. In fulfilling this responsibility, the Board has put in place a well-defined risk management structure with clearly delineated lines of accountability, authority and responsibility, as explained in the following paragraphs:

- **Governance and Risk Management Committee (“GRMC”)**

GRMC is a committee of the Board that assists the Board in fulfilling its corporate governance, risk management and statutory responsibilities in order to effectively manage the overall risk exposure of the Group.

Currently, the GRMC comprises of two (2) independent non-executive directors and two (2) executive directors. The chairperson of the GRMC is an independent non-executive director. The GRMC functions within its terms of reference, and it meets at least four (4) times annually to review and deliberate all key risks identified by the Management.

- **Management Assurance Risk & Compliance Committee (“MARCC”)**

The GRMC is assisted by the MARCC in carrying out its risk oversight function. The MARCC, chaired by the Chief Corporate Officer comprises of the Group’s senior management, and it is responsible for implementing the risk management policy approved by the Board. It meets on a quarterly basis to monitor the risks faced by every Ranhill Group company. The submission of the quarterly Group risk profiles detailing the principal risks and management measures together with the quarterly compliance report are reviewed by MARCC prior to presentation to GRMC. During the current financial year, the Chairman of MARCC reports the risk and compliance matters to the GRMC.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	●		

•    **Risk Management Working Committees (“RMWCs”)**

RMWCs are established at the respective Group Company and meets at least four (4) times a year. The RMWCs, chaired by the respective CEO of the Group Company and being risk owners are responsible for the effective management of their risk profiles. Such responsibilities include identifying potential risks and the impact thereof to the MARCC and implementing measures to mitigate those risks. Submission of the respective Group Company risk profiles, substantial risks and RMWC minutes of meeting to the Risk Management Unit (“RMU”) of Group Corporate Assurance Division (“GCAD”) is performed on a quarterly basis.

•    **Group Corporate Assurance Division (“GCAD”)**

GCAD under its Risk Management Unit (“RMU”) assists the MARCC in the discharge of its function by guiding the risk coordinators on risk related matters of the respective Group Company. Its scope of work also includes collating all the respective Group Company risk profiles and ensuring that the risk owners implement its action plan to mitigate those risks. The RMU is responsible in preparing the Group key risk profile on a quarterly basis for submission to the MARCC and GRMC.

The Board regards risk management as an important component that underpins the Group’s strategic planning process and business operations. It is on this premise that the Board has the following guiding principles to instill a culture of robust risk management across the Group:

•    **Risk Management Policy**

The Risk Management Policy and procedures coordinate and standardize the understanding and application of the Enterprise Risk Management (“ERM”) framework within the Group. Also, to create a strong awareness amongst employees on risk identification, measurement, control, on-going monitoring, responsibilities and accountabilities.

•    **The Escalation of Risk and Incident Policy**

This Policy covers the process of escalating significant risks and incidences of disaster to Senior Management and the Board members of the Group in a timely manner.

•    **Risk Assessment Reviews**

Under the Risk Management Policy, all key risks identified by the Group Companies and corporate functions are categorized according to the nature of the Group’s business activities, and the rating of such risks are assessed based on the likelihood of occurrence and impact via a self-assessment approach. All the respective Group Companies and corporate functions are required to report their risk profiles and its countermeasures to the RMU and MARCC on a quarterly basis. All key risks that are deemed to have a significant impact to the Group are then reported to the GRMC. The GRMC will, in turn, highlight such risks to the Board for its attention. A database on all key risks, key controls and countermeasures and status of implementation of the mitigating plans is maintained by the RMU of GCAD.

**INTERNAL CONTROL**

The Board, through the Audit Committee (“AC”), oversees the internal control framework to ensure operational effectiveness and adequate protection of the Group’s assets. The internal control system covers policies, procedures, day to-day activities and the overall governance of the Group. The following policies and procedures form the backbone of our internal control processes which apply to all levels of employees:

•    **Ranhill Authority Manual (“RAM”)**

This manual covers all Group operations and forms the backbone of all authority limits set by the Board for the Board Committees, management and operations. The RAM creates clear stewardship responsibilities, delegation of authority and accountability.

•    **Whistleblowing Policy**

The Group has in place a Whistleblowing Policy that provides clarity on the oversight and confidentiality of the whistleblowers. The primary purpose of the Whistleblowing Policy and its supporting mechanism is to enable individuals to raise genuine concerns without fear of reprisal.

•    **Code of Conduct & Business Ethics**

The Group has clearly set out the standards of conduct and behavior expected from all Ranhill’s directors and employees in its business dealings within and with external parties. It sets out the basic guiding principles in upholding trust, integrity and high ethical standards and was developed in compliance with the relevant laws and regulations.

## Governance

## Statement on Risk Management and Internal Control

- **Third Party Dealing Policy**

The Group has established a policy to ensure that all transactions entered by each Group Company with third parties are guided by principles of integrity, honesty and ethics. A risk assessment is conducted for any business proposal entered into by Ranhill Group.

- **Business Continuity Management (“BCM”)**

The Group provides policy and procedure provides guidelines in managing and minimizing business interruption due to any disaster. For major disasters, each operating unit has its own Emergency Response Plan.

- **Corporate Disclosure Policy**

The Groups has a policy that provides guidance and structure in disseminating corporate information to, and dealing with shareholders, stakeholders, media representatives, analysts and the investing public. Also, it provides guidance to the Board, management and employees on the Company's disclosure requirements and practices.

- **Regulatory Compliance Monitoring**

The Group's state of compliance to key regulatory requirements is monitored to manage potential breaches and to detect incidents which may have a material effect on the annual Statement on Risk Management and Internal Control

### INTERNAL AUDIT

The Group's internal audit function is performed by GCAD which is an integral part of the Group's internal control systems, reports directly to the Audit Committee (“AC”). GCAD's primary role is to provide independent, reasonable and objective assurance in addition to consulting services designed to add value and improve efficiency of the Group's operations. In assisting the Group to achieve its objectives, GCAD employs a systematic and discipline approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

A risk-based audit plan is developed by GCAD which sets out the audit engagements within the Group for the year, and is reviewed and approved by the AC. GCAD conducts risk-based internal audit reviews at both operational and corporate levels. Plans and tools for corrective action and improvements are identified with operations management to address any issues or deficiencies identified. GCAD follows up on the implementation of its recommendations and reports the outcome to the AC.

### ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Together with additional input from the Management, internal and external auditors, the Board is of the view and to the best of its knowledge that the system of risk management and internal control is satisfactory and adequate to safeguard the Group's and Stakeholders' interests, and Group's assets.

The Board has received reasonable assurance from the President and Chief Executive (PCE) and the Chief Financial Officer that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively for the financial year under review and up to the date of approval of this Statement.

The Group will continue to take measures to improve and strengthen the risk management and internal control environment.

### REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guides 3 (“AAPG 3”) issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, 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, nor is the Statement 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 Directors and management thereon. The report from the External Auditors was made solely for and directed solely to the Board of Directors in connection with their compliance with the listing requirement of Bursa Securities and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Report.

This Statement is made in accordance with the resolution given by the Board of Director on 29 March 2021.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
<b>Governance</b>	<b>●</b>		

Governance

**Directors’ Responsibility Statement**

The Companies Act 2016 (“the Act”) requires the Directors to prepare financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board, and the provisions of the Act and the Main Market Listing Requirements of Bursa Securities, and to lay these before the Company at its Annual General Meeting.

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year ended 31 December 2020.

The Act also requires the Directors to keep such accounting and other records in a manner that enables them to sufficiently explain the transactions and financial position of the Company and the Group and to prepare true and fair financial statements and any documents required to be attached, as well as to enable such accounting records to be audited conveniently and properly.

In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group’s system of internal control to provide them with reasonable grounds to believe that the Group’s accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group. This also enables the Directors to ensure that true and fair financial statements and documents required by the Act to be attached are prepared for the financial year to which these financial statements relate.

Incorporated on pages 111 to 239 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2020.

# Financial Statements

<b>111</b>	Directors' Report
<b>118</b>	Statement by Directors
<b>118</b>	Statutory Declaration
<b>119</b>	Independent Auditors' Report
<b>125</b>	Statements of Comprehensive Income
<b>127</b>	Statements of Financial Position
<b>129</b>	Consolidated Statement of Changes in Equity
<b>131</b>	Statements of Changes in Equity
<b>132</b>	Statements of Cash Flows
<b>135</b>	Notes to the Financial Statements



Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

Financial Statements

## Directors' Report

### DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

### PRINCIPAL ACTIVITY AND CHANGE OF NAME

The principal activity of the Company is investment holding.

The principal activities and other information of the subsidiaries, joint venture and associates are set out in Note 19, Note 20 and Note 21 to the financial statements.

There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial year.

On 13 May 2020, the Company changed its name from Ranhill Holdings Berhad to Ranhill Utilities Berhad.

### FINANCIAL RESULTS

	Group RM'000	Company RM'000
Profit for the year	62,447	43,538
Profit attributable to:		
Owners of the parent	36,492	43,538
Non-controlling interests	25,955	–
	62,447	43,538

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

## Financial Statements

**Directors' Report****DIVIDENDS**

The amounts of dividends paid and to be paid by the Company since 31 December 2019 were as follows:

	RM'000
In respect of the financial year ended 31 December 2019 as reported in the directors' report of that year:	
Third interim tax exempt (single-tier) dividend of 1.0 sen on 1,071,336,566 ordinary shares, declared on 27 February 2020 and paid on 31 March 2020	10,713
Final tax exempt (single-tier) dividend of 1.0 sen on 1,067,090,866 ordinary shares, declared on 21 April 2020 and paid on 28 May 2020	10,671
In respect of the financial year ended 31 December 2020:	
First interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 10,617,974 treasury shares on the basis of 1 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.95 sen per ordinary shares, declared on 26 August 2020 and distributed on 16 October 2020	10,131
Second interim tax exempt (single-tier) dividend of 1.0 sen on 1,066,803,640 ordinary shares, declared on 26 November 2020 and paid on 29 December 2020	10,668
	42,183

The Board of Directors had on 29 March 2021, declared a third interim dividend by way of dividend-in-specie of 1 share dividend for every 100 ordinary shares in respect of the financial year ended 31 December 2020 and to be distributed in May 2021. The financial statements for the current financial year do not reflect this dividend. Such dividend, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

The directors do not recommend a final dividend in respect of the financial year ended 31 December 2020.

**DIRECTORS**

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Mohamed Azman Bin Yahya  
 Tan Sri Hamdan Mohamad\*\*  
 Dato Sri Lim Haw Kuang  
 Datuk Abdullah Bin Karim\*\*  
 Lim Hun Soon @ David Lim  
 Leow Peen Fong\*\*  
 Loong Mei Yin  
 Abu Talib Bin Abdul Rahman\*\*

\*\*These directors are also directors of the Company's subsidiaries.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## DIRECTORS (CONTD.)

The names of the directors of the Company's subsidiaries in office since beginning of the financial year to the date of this report (not including directors listed above) are:

Nadzrim Bin Abdul Hamid	
Choo Chee Keen	
Datuk Harun Bin Ismail	
Zurina Binti Abdul Rahim	
Datuk Mustaza Bin Salim	
Supasak Chirasavinuprapand	
Abinash Majhi	
YB Dato' Haji Azmi Bin Rohani	
Dato' Sri Dr. Mohmad Isa Bin Hussain	
Ng Ching Hai	
YB Datuk Mohd Izhar Bin Ahmad	
Amran Bin Awaluddin	
Phua Kay Choon James	
Tin Wai Han	(Appointed on 9 March 2020)
Muhammad Faizal Bin Aliar	(Appointed on 10 February 2020)
YB Dato' Dr Badrul Hisham Bin Kassim	(Appointed on 9 August 2020)
<i>(Alternate to YB Dato' Haji Azmi Bin Rohani)</i>	
Adzmir Bin Abd Rahman	(Appointed on 2 October 2020)
Haji Ismail Bin Mohamed	(Appointed on 4 November 2020)
Datuk Anwar Ayuub @ Annuar Ayub	(Appointed on 12 November 2020)
YB Datuk Md Othman Bin Hj Yusof	(Appointed on 7 December 2020)
Baran Bin Razali	(Resigned on 9 March 2020)
YB Jimmy Puah Wee Tse	(Resigned on 17 May 2020)
Datuk Ir. Abdul Kadir Bin Mohd Din	(Resigned on 31 May 2020)
Datuk Mohd Zaid Bin Ibrahim	(Resigned on 31 May 2020)
Dato' Dr Shahir Bin Nasir	(Deceased on 6 June 2020)
Christopher Ng Chung Yee	(Resigned on 1 October 2020)
Datuk Ramle Bin Dua @ Ramli Dua Lee	(Resigned on 12 November 2020)

## DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company or its related corporations as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than as disclosed in Note 40 to the financial statements.

## Financial Statements

## Directors' Report

## DIRECTORS' BENEFITS (CONTD.)

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	2,168	1,320
Other emoluments	1,553	1,354
Salaries and bonus	15,555	9,835
Defined contribution plan	241	139
Share-based payment	90	90
Benefits-in-kind	680	661
	20,287	13,399

## INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Group maintains on a Directors' and Officers' Liability Insurance for any legal liability incurred by the directors and officers in discharging their duties while holding office for the Group and the Company. In respect of the above, the total amount of insurance premium paid for the financial year ended 31 December 2020 was RM189,000.

The total amount of sum insured for directors of the Group for the financial year amounted to RM50,000,000.

The directors and officers shall not be indemnified by such insurance for any deliberate negligence, financial, intentional breach of law or breach of trust proven against them.

## DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2020	Acquired	Sold	At 31.12.2020
<b>Name of director</b>				
<b>Direct interest:</b>				
Tan Sri Mohamed Azman Bin Yahya	2,000,000	20,000 <sup>(3)</sup>	—	2,020,000
Tan Sri Hamdan Mohamad	120,453,100	72,545,361	(44,348,118)	148,650,343
Abu Talib Bin Abdul Rahman	32,400	324 <sup>(3)</sup>	—	32,724
<b>Deemed interest:</b>				
Tan Sri Mohamed Azman Bin Yahya	3,000,000 <sup>(1)</sup>	30,000 <sup>(3)</sup>	—	3,030,000 <sup>(1)</sup>
Tan Sri Hamdan Mohamad	249,096,117 <sup>(2)</sup>	9,616,495	(27,269,724)	231,442,888 <sup>(2)</sup>

Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## DIRECTORS' INTERESTS (CONTD.)

	Number of LTIP Grants convertible to ordinary shares			
	At 1.1.2020	Granted	Vested	At 31.12.2020
<b>Ordinary shares of the Company</b>				
Tan Sri Hamdan Mohamad	–	1,946,600	–	1,946,600

- (1) Deemed interest by virtue of Tan Sri Mohamed Azman Bin Yahya's interest in Azman & Sons Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (2) Deemed interest by virtue of (i) Tan Sri Hamdan Mohamad's interest in Hamdan Inc. (Labuan) Pte. Ltd. ("Hamdan Inc."), Lambang Optima Sdn. Bhd. ("LOSB") pursuant to Section 8(4) of the Companies Act 2016 and (ii) Tan Sri Hamdan Mohamad being the sole beneficiary of the Hamdan (L) Foundation which owns the entire equity stake in Hamdan Inc. and LOSB.
- (3) Share dividends received through distribution of dividends in-specie credited on 16 October 2020 on the basis of one (1) treasury share for every one hundred (100) existing ordinary shares held in Ranhill Utilities Berhad as the single-tier first interim dividend in respect of the financial year ended 31 December 2020.

By virtue of Tan Sri Hamdan Mohamad's direct and deemed interest in the Company, he is also deemed interested in shares in all of the subsidiaries and related corporations of the Company, to the extent Company has an interest pursuant to Section 8(4) of the Companies Act 2016.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

## ISSUANCE OF SHARES

During the financial year, the Company increased its issued and paid-up share capital from 1,065,975,159 ordinary shares to 1,072,936,566 by way of the issuance of 6,961,407 new ordinary share pursuant to the First Dividend Reinvestment Plan ("DRP") on 30 January 2020.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

## TREASURY SHARES

During the financial year, the Company:

- (i) repurchased 18,074,900 of its issued ordinary shares from the open market at an average price of RM0.91 per share. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016; and
- (ii) declared a first interim single-tier share dividend in respect of the financial year ended 31 December 2020 paid by way of distribution of 10,617,974 treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company. The treasury shares were repurchased at an average price of RM0.95 per share.

As at 31 December 2020, the number of treasury shares held are 7,456,926 ordinary shares. Such treasury shares are held at carrying amount of RM6,277,000 (2019: nil) and further relevant details are disclosed in Note 35 to the financial statements.



## Financial Statements

**Directors' Report****EMPLOYEE SHARE SCHEME**

On 11 September 2020, the Company implemented the Long Term Incentive Plan ("LTIP"), which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of the Group and of the Company, provided that the total number of shares so allotted shall not at any time exceed ten percent of the total number of issued shares in the Company ("LTIP Grants").

During the year, the Company made an award of up to 9,989,600 LTIP Grants, comprising 8,992,400 Performance Shares ("PS") under the PS Grant and 997,200 Restricted Shares ("RS") under the RS Grant.

The LTIP Grants were awarded, without any cash consideration, to those who have attained the identified performance objectives of the Group and the Company. It serves to attract, retain, motivate and reward valuable employees of the Group and the Company.

Details of the LTIP Grants granted to a director are disclosed in the Directors' Interests section in this report.

The fair values of the LTIP Grants granted are estimated at the grant date using a Monte Carlo Simulation pricing model, taking into account the terms and conditions upon which the instruments were granted.

Further information on LTIP Grants is disclosed in Note 37 to the financial statements.

**OTHER STATUTORY INFORMATION**

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
  - (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability in respect of the Group or of the Company which has arisen since the end of the financial year.

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## OTHER STATUTORY INFORMATION (CONTD.)

- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

## SIGNIFICANT EVENT

Significant event is disclosed in Note 46 to the financial statements.

## AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Ernst & Young		
- Malaysia	<b>1,205</b>	<b>136</b>
- Member firms of Ernst & Young Global	<b>460</b>	<b>-</b>
Other auditors	<b>36</b>	<b>-</b>
	<b>1,701</b>	<b>136</b>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 April 2021.

Tan Sri Mohamed Azman Bin Yahya

Tan Sri Hamdan Mohamad

Financial Statements

## Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Mohamed Azman Bin Yahya and Tan Sri Hamdan Mohamad, being two of the directors of Ranhill Utilities Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 125 to 239 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 at 31 December 2020 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 April 2021.

Tan Sri Mohamed Azman Bin Yahya

Tan Sri Hamdan Mohamad

## Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Choo Chee Keen, being the officer primarily responsible for the financial management of Ranhill Utilities Berhad, do solemnly and sincerely declare that the accompanying financial statements and supplementary information set out on pages 125 to 239 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed Choo Chee Keen (MIA 19773)  
at Kuala Lumpur in the Federal Territory  
on 13 April 2021

Choo Chee Keen

Before me,

Business Overview	●	<b>Financial Statements</b>	<b>●</b>
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

Financial Statements

# Independent Auditors’ Report

to the members of Ranhill Utilities Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

*Opinion*

We have audited the financial statements of Ranhill Utilities Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of 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 125 to 239.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

*Basis for opinion*

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors’ responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

## Financial Statements

**Independent Auditors' Report**

to the members of Ranhill Utilities Berhad (Incorporated in Malaysia)

*Key audit matters (contd.)**Uncertain tax position*

(Refer Note 18 – Deferred Tax, Note 2.22 (b) – Summary of significant accounting policies: Income Tax – Deferred tax and Note 3.2 (c) – Key Sources of estimation uncertainty: Deferred tax assets)

Included in the deferred tax assets of the Group is an amount of RM42,781,000 (2019: RM42,781,000) arising from the unutilised investment allowance of a subsidiary, Ranhill Powertron II Sdn Bhd (“Ranhill Powertron II”). The investment allowance was approved and granted by the Ministry of Finance (“MoF”) to Ranhill Powertron II in a letter dated 4 November 2010 and is available to be carried forward until it is utilised in full. Accordingly, the deferred tax asset has been recognised to the extent that it is probable that future taxable profit will be available against which such unutilised investment allowance can be utilised. In assessing this, Ranhill Powertron II considered its projected taxable profits up to the end of the concession period in year 2032 under the Power Purchase Agreement (“PPA”) and its terms and conditions therein.

The new Finance Act 2018 which came into effect on 27 December 2018, introduced a 7-Year Limitation on carry forward of unabsorbed business losses, unutilised reinvestment and investment allowances. Such ruling implies that Ranhill Powertron II can only utilise its unutilised investment allowance against any taxable profit up to year 2025, requiring a potential reversal of deferred tax asset to the income statement of RM42,781,000 (2019: RM42,781,000). Ranhill Powertron II, through its tax consultant, had appealed to the Ministry of Finance (“MoF”) to allow Ranhill Powertron II to utilise the investment allowance up to the end of the concession period in year 2032.

Management has consulted its tax consultants and solicitors who have advised that, based on the facts and circumstances of the approval of the investment allowance to the company in prior years, it is reasonable for Ranhill Powertron II to place reliance on such approval and continue with the utilisation of the investment allowance in full in accordance with its terms therein.

Management, after consultation with its tax consultants and solicitors, is of the opinion that it is likely that the appeal will be successful and determines its tax position on that basis. Accordingly, the management continues to recognise the deferred tax asset relating to unutilised investment allowance on the basis that any unutilised investment allowance will be available up to year 2032.

The appeal is currently under assessment and consideration by the MoF. The outcome of the appeal can only be confirmed by uncertain future events not wholly within the control of the Group and may develop in ways not initially expected. Therefore, the Group continuously assesses the development of this appeal to determine its tax position. Such assessment involves significant judgment and estimates which are highly subjective. Accordingly, we consider this to be an area of audit focus.

In addressing this area of audit focus, we performed the following:

- reviewed the Group’s correspondences and minutes of meetings with the MoF, tax consultants and solicitors relating to the appeal;
- considered the objectivity, independence and expertise of the tax consultants and solicitors engaged by the Group to evaluate the possible outcome of the appeal;
- obtained and reviewed the legal opinion relied on by management. With the involvement of our tax specialist, we evaluated the basis of the legal opinion and management’s assessment of the outcome of the appeal and the resulting tax position; and
- reviewed the adequacy of the disclosures made in the financial statements.



Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

*Key audit matters (contd.)*

*Impairment assessment of intangible asset - service license*

(Refer Note 15 – Intangibles, Note 2.10 (b) – Summary of significant accounting policies: Intangible assets – Service license and Note 2.12 – Summary of significant accounting policies: Impairment of non-financial assets)

The Group is required to perform annual impairment assessment on its service license which involves the comparison of the recoverable amount of the related cash generating unit (“CGU”) to the carrying amount of the service license and related non-current assets in the CGU.

The Group estimated the recoverable amount of the CGU using the value-in-use (VIU) method. Estimating the VIU involves discounting to its present value the estimated future cash inflows and outflows that will be derived from the CGU using an appropriate discount rate.

This was our area of focus as the impairment assessment was complex and judgemental, and involved the assessment of possible variations in the amounts and timing of future cash flows based on assumptions affected by future water consumption and cost escalations. Judgement was also applied in determining the appropriate discount rate.

In addressing this area of audit focus, we involved our internal valuation experts where, amongst others, we evaluated and assessed:

- the methodology and approach used, considering whether they are consistent with generally accepted models;
- the key assumptions used, particularly the forecasted revenue growth and cost escalations, by comparing against historical trends and taking into consideration the current and expected water consumption including water tariff approved by the relevant authority; and
- the discount rate used, considering whether the rate reflects the current market assessments of the time value of money and the risks specific to the asset.

In addition, we also evaluated the adequacy of disclosures of key assumptions to which the outcome of the impairment test is most sensitive.

*Revenue recognition on sale of treated water (“water revenue”)*

(Refer Note 4 – Revenue, Note 2.26(a) – Revenue from contracts with customers)

The Group recognised water revenue of RM1.1billion, representing 75% of the total revenue of the Group.

The Group relies on its information technology system (the “IT System”) to account for its water revenue, which includes the water billing information system. The IT systems processes large volumes of data comprising of individually low value transactions. In addition, significant estimates are involved in accounting for unbilled revenue at the reporting date.

The above factors gave rise to higher risk of material misstatement in the timing and amount of water revenue recognised. Accordingly, we identified revenue recognition to be an area of focus.

## Financial Statements

# Independent Auditors' Report

to the members of Ranhill Utilities Berhad (Incorporated in Malaysia)

### *Key audit matters (contd.)*

#### *Revenue recognition on sale of treated water ("water revenue") (contd.)*

Our audit sought to place a high level of reliance on the Group's IT System and key controls which the management rely upon to account for its water revenue, where we involved our information technology specialists to test:

- the operating effectiveness of automated controls over the water billing information system, including change management and logical access. We also tested the accuracy of the data interface between the water billing information system and the general ledger; and
- the non-automated controls in place to ensure accuracy of water revenue recognised, including agreeing the tariff in the water billing information system to the approved rate by the relevant authority.

We also performed the following:

- tested the reconciliation between water billing information system and general ledger;
- evaluated management's estimation of unbilled revenue by comparing such amount to the billings raised subsequent to the reporting period; and
- performed three way correlation analysis between revenue, trade receivables and cash and analytical review on the movement of water revenue year on year and throughout the year under review against our understanding of the business.

### *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 other information and we do not and will 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 other information and, in doing so, consider whether the other information 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 this other information, we are required to report that fact. We have nothing to report in this regard.

### *Responsibilities of the directors for the financial statements*

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, 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.

Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

*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 Group’s and of the Company’s internal control.
- 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 Group’s or the Company’s ability to continue as a going concern. 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 a going concern.
- 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 achieves fair presentation.
- 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.

Financial Statements

## Independent Auditors' Report

to the members of Ranhill Utilities Berhad (Incorporated in Malaysia)

### *Auditors' responsibilities for the audit of the financial statements (contd.)*

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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 19 to the financial statements.

## OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
13 April 2021

Chong Tse Heng  
No. 03179/05/2021 J  
Chartered Accountant

## Financial Statements

**Statements of Comprehensive Income**

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
<b>Revenue</b>	4	<b>1,478,409</b>	1,551,844	<b>57,275</b>	86,308
Cost of sales	5	<b>(1,151,468)</b>	(1,051,233)	<b>–</b>	–
Gross profit		<b>326,941</b>	500,611	<b>57,275</b>	86,308
<b>Other items of income</b>					
Interest income	6	<b>65,195</b>	82,590	<b>–</b>	–
Other income	7	<b>9,732</b>	13,951	<b>60</b>	13
<b>Other items of expense</b>					
Administrative expenses		<b>(243,563)</b>	(296,923)	<b>(13,750)</b>	(21,611)
Other operating expenses		<b>(310)</b>	(1,285)	<b>(10)</b>	–
Tendering and marketing expenses		<b>(672)</b>	(922)	<b>–</b>	–
Finance costs	8	<b>(75,572)</b>	(98,001)	<b>(4)</b>	(12)
Share of results of associates		<b>11,064</b>	9,906	<b>–</b>	–
<b>Profit before tax and zakat</b>	9	<b>92,815</b>	209,927	<b>43,571</b>	64,698
Income tax expense and zakat	12	<b>(30,368)</b>	(104,858)	<b>(33)</b>	–
<b>Profit net of tax</b>		<b>62,447</b>	105,069	<b>43,538</b>	64,698
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>					
Foreign currency translation		<b>2,517</b>	1,460	<b>–</b>	–
<b>Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:</b>					
Remeasurement of defined benefit liability		<b>(4,407)</b>	–	<b>–</b>	–
<b>Total other comprehensive (loss)/income</b>		<b>(1,890)</b>	1,460	<b>–</b>	–
<b>Total comprehensive income for the financial year</b>		<b>60,557</b>	106,529	<b>43,538</b>	64,698



## Financial Statements

**Statements of Comprehensive Income**

For the financial year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
<b>Profit net of tax attributable to:</b>					
Owners of the parent		<b>36,492</b>	65,689	<b>43,538</b>	64,698
Non-controlling interests		<b>25,955</b>	39,380	–	–
		<b>62,447</b>	105,069	<b>43,538</b>	64,698
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		<b>35,483</b>	67,149	<b>43,538</b>	64,698
Non-controlling interests		<b>25,074</b>	39,380	–	–
		<b>60,557</b>	106,529	<b>43,538</b>	64,698
Earnings per share attributable to owners of the parent					
- Basic and diluted, for the year (sen)	45	<b>3.42</b>	6.16		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## Financial Statements

**Statements of Financial Position**

As at 31 December 2020

	Note	31.12.2020 RM'000	Group 31.12.2019 RM'000 (Restated)	1.1.2019 RM'000 (Restated)	Company 31.12.2020 RM'000	31.12.2019 RM'000
<b>Non-current assets</b>						
Property, plant and equipment	13	222,434	192,432	164,229	4	8
Service concession assets	14	–	327,299	661,061	–	–
Intangibles	15	308,579	299,293	295,025	–	–
Right-of-use assets	16	9,079	10,123	9,281	–	189
Finance lease receivable	17	–	–	–	–	–
Deferred tax assets	18	40,874	64,780	130,366	–	–
Investment in a subsidiary	19	–	–	–	1,195,000	1,195,000
Investment in a joint venture	20	–	–	5	–	–
Investment in associates	21	180,447	160,924	155,223	–	–
Operating financial assets	22	549,092	620,586	655,158	–	–
Trade and other receivables	23	146,156	160,593	70,408	–	–
Contract related assets	24	–	135	35,377	–	–
Other non-current asset	26	10,077	12,026	13,975	–	–
		<b>1,466,738</b>	1,848,191	2,190,108	<b>1,195,004</b>	1,195,197
<b>Current assets</b>						
Finance lease receivable	17	–	–	–	–	–
Operating financial assets	22	77,490	89,666	104,110	–	–
Trade and other receivables	23	309,012	211,390	249,352	138,371	159,747
Contract related assets	24	32,154	24,302	32,823	–	–
Inventories	25	88,853	89,070	89,381	–	–
Tax recoverable		7,281	1,358	7,272	13	18
Other current assets	26	13,770	11,064	33,990	314	10
Other financial assets	27	55,673	75,635	72,894	–	–
Deposits, cash and bank balances	28	258,245	453,892	355,876	176	973
		<b>842,478</b>	956,377	945,698	<b>138,874</b>	160,748
<b>Total assets</b>		<b>2,309,216</b>	2,804,568	3,135,806	<b>1,333,878</b>	1,355,945

## Financial Statements

## Statements of Financial Position

As at 31 December 2020

	Note	31.12.2020 RM'000	Group 31.12.2019 RM'000 (Restated)	1.1.2019 RM'000 (Restated)	Company 31.12.2020 RM'000	31.12.2019 RM'000
<b>Current liabilities</b>						
Retirement benefit obligations	29	10,634	11,162	15,829	–	–
Loans and borrowings	30	97,111	93,076	92,028	–	118
Zakat	31	–	11,492	8,093	–	–
Trade and other payables	32	260,784	300,390	260,275	21,493	46,506
Contract related liabilities	24	779	57	23	–	–
Service concession obligations	33	–	328,970	333,822	–	–
Tax payable		4,619	15,825	501	–	–
		373,927	760,972	710,571	21,493	46,624
<b>Net current assets</b>		468,551	195,405	235,127	117,381	114,124
<b>Non-current liabilities</b>						
Retirement benefit obligations	29	76,461	72,370	72,561	–	–
Loans and borrowings	30	981,468	1,073,042	1,117,089	–	61
Trade and other payables	32	3,851	1,076	1,216	–	–
Service concession obligations	33	–	–	352,581	–	–
Consumer deposits	34	253,327	251,458	244,364	–	–
Deferred tax liabilities	18	27,554	34,444	43,788	–	–
		1,342,661	1,432,390	1,831,599	–	61
<b>Total liabilities</b>		1,716,588	2,193,362	2,542,170	21,493	46,685
<b>Net assets</b>		592,628	611,206	593,636	1,312,385	1,309,260
<b>Equity attributable to owners of the parent</b>						
Share capital	35	1,282,907	1,275,319	1,275,319	1,282,907	1,275,319
Treasury shares	35	(6,277)	–	–	(6,277)	–
Other reserves	36	(812,657)	(806,416)	(823,819)	35,755	33,941
		463,973	468,903	451,500	1,312,385	1,309,260
Non-controlling interests		128,655	142,303	142,136	–	–
<b>Total equity</b>		592,628	611,206	593,636	1,312,385	1,309,260
<b>Total equity and liabilities</b>		2,309,216	2,804,568	3,135,806	1,333,878	1,355,945

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## Financial Statements

## Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to the equity holders of the parent									
	Non-distributable					Distributable				
	Equity component of convertible unsecured loan stock ("CULS")									
	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Currency translation reserves RM'000	Unsecured loan stock ("CULS") RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
At 1 January 2020 (as previously stated)	1,275,319	-	-	13,007	1,063	(906,015)	198,870	582,244	217,864	800,108
Restatement of comparatives (Note 48)	-	-	-	-	-	-	(113,341)	(113,341)	(75,561)	(188,902)
At 1 January 2020 (restated)	1,275,319	-	-	13,007	1,063	(906,015)	85,529	468,903	142,303	611,206
Profit net of tax	-	-	-	-	-	-	36,492	36,492	25,955	62,447
Other comprehensive loss	-	-	-	2,517	-	-	(3,526)	(1,009)	(881)	(1,890)
Total comprehensive income	-	-	-	2,517	-	-	32,966	35,483	25,074	60,557
Transactions with owners										
Issuance of share pursuant to dividend reinvestment plan ("DRP") (Note 35)	7,588	-	-	-	-	-	-	7,588	-	7,588
Purchase of treasury shares (Note 35)	-	(16,408)	-	-	-	-	-	(16,408)	-	(16,408)
Award of LTIP shares (Note 37)	-	-	459	-	-	-	-	459	-	459
Issuance of equity to non-controlling interest	-	-	-	-	-	-	-	-	221	221
Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(193)	(193)
CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,450)	(1,450)
Dividends paid via:										
- distribution of treasury shares (Note 35)	-	10,131	-	-	-	-	(10,131)	-	-	-
- cash (Note 38)	-	-	-	-	-	-	(32,052)	(32,052)	(37,300)	(69,352)
Total transactions with owners	7,588	(6,277)	459	-	-	-	(42,183)	(40,413)	(38,722)	(79,135)
At 31 December 2020	1,282,907	(6,277)	459	15,524	1,063	(906,015)	76,312	463,973	128,655	592,628

## Financial Statements

## Consolidated Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to the equity holders of the parent									
	Non-distributable					Distributable				
	Equity component of convertible unsecured loan stock ("CULS")									
	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Currency translation reserves RM'000	Unsecured loan stock ("CULS") RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
<b>At 1 January 2019 (as previously stated)</b>	1,275,319	-	-	11,547	1,063	(906,015)	167,455	549,369	207,382	756,751
Restatement of comparatives (Note 48)	-	-	-	-	-	-	(97,869)	(97,869)	(65,246)	(163,115)
<b>At 1 January 2019 (restated)</b>	1,275,319	-	-	11,547	1,063	(906,015)	69,586	451,500	142,136	593,636
Profit net of tax	-	-	-	-	-	-	65,689	65,689	39,380	105,069
Other comprehensive gain	-	-	-	1,460	-	-	-	1,460	-	1,460
<b>Total comprehensive income</b>	-	-	-	1,460	-	-	65,689	67,149	39,380	106,529
<b>Transactions with owners</b>										
Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(163)	(163)
CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,450)	(1,450)
Dividends paid via cash (Note 38)	-	-	-	-	-	-	(49,746)	(49,746)	(37,600)	(87,346)
<b>Total transactions with owners</b>	-	-	-	-	-	-	(49,746)	(49,746)	(39,213)	(88,959)
<b>At 31 December 2019 (restated)</b>	1,275,319	-	-	13,007	1,063	(906,015)	85,529	468,903	142,303	611,206

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



## Financial Statements

**Statements of Changes in Equity**

For the financial year ended 31 December 2020

Company	Attributable to equity holders of the Company				Total RM'000
	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Retained earnings RM'000	
<b>At 1 January 2020</b>	<b>1,275,319</b>	<b>–</b>	<b>–</b>	<b>33,941</b>	<b>1,309,260</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>43,538</b>	<b>43,538</b>
<b>Transactions with owners</b>					
Issue of share pursuant to: dividend reinvestment plan ("DRP") (Note 35)	<b>7,588</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>7,588</b>
Purchase of treasury shares (Note 35)	<b>–</b>	<b>(16,408)</b>	<b>–</b>	<b>–</b>	<b>(16,408)</b>
Award of LTIP shares (Note 37)	<b>–</b>	<b>–</b>	<b>459</b>	<b>–</b>	<b>459</b>
Dividends paid via:					
- distribution of treasury shares (Note 35)	<b>–</b>	<b>10,131</b>	<b>–</b>	<b>(10,131)</b>	<b>–</b>
- cash (Note 38)	<b>–</b>	<b>–</b>	<b>–</b>	<b>(32,052)</b>	<b>(32,052)</b>
<b>Total transactions with owners</b>	<b>7,588</b>	<b>(6,277)</b>	<b>459</b>	<b>(42,183)</b>	<b>(40,413)</b>
<b>At 31 December 2020</b>	<b>1,282,907</b>	<b>(6,277)</b>	<b>459</b>	<b>35,296</b>	<b>1,312,385</b>
<b>At 1 January 2019</b>	<b>1,275,319</b>	<b>–</b>	<b>–</b>	<b>18,989</b>	<b>1,294,308</b>
<b>Total comprehensive income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>64,698</b>	<b>64,698</b>
<b>Transaction with owners</b>					
Dividends paid via:					
- cash (Note 38)	<b>–</b>	<b>–</b>	<b>–</b>	<b>(49,746)</b>	<b>(49,746)</b>
<b>At 31 December 2019</b>	<b>1,275,319</b>	<b>–</b>	<b>–</b>	<b>33,941</b>	<b>1,309,260</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Financial Statements

**Statements of Cash Flows**

For the financial year ended 31 December 2020

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
<b>Cash flows from operating activities</b>				
Profit before tax and zakat	<b>92,815</b>	209,927	<b>43,571</b>	64,698
Adjustments for:				
Depreciation of property, plant and equipment	<b>37,798</b>	36,007	<b>4</b>	4
Depreciation of right-of-use assets	<b>2,374</b>	2,180	<b>52</b>	125
Net loss/(gain) on disposal of property, plant and equipment	<b>38</b>	(121)	<b>-</b>	-
Net loss on disposal of right-of-use assets	<b>137</b>	-	<b>137</b>	-
Property, plant and equipment written off	<b>552</b>	207	<b>-</b>	-
Amortisation of service concession asset	<b>335,172</b>	324,067	<b>-</b>	-
Waiver of lease rental from PAAB	<b>-</b>	(110,289)	<b>-</b>	-
Amortisation of software	<b>2,428</b>	989	<b>-</b>	-
Share of results of associates	<b>(11,064)</b>	(9,906)	<b>-</b>	-
Share-based payment	<b>459</b>	-	<b>459</b>	-
Provision for retirement benefit plan	<b>7,100</b>	8,228	<b>-</b>	-
Bad debts written off	<b>973</b>	1,000	<b>-</b>	-
Bad debts recovered	<b>(51)</b>	-	<b>-</b>	-
Inventories written off	<b>-</b>	173	<b>-</b>	-
Goodwill written off	<b>14</b>	-	<b>-</b>	-
Investment in a joint venture written off	<b>-</b>	5	<b>-</b>	5
Allowance for expected credit losses on:				
- Trade receivables	<b>160</b>	2,900	<b>-</b>	-
- Other receivables	<b>-</b>	5,776	<b>-</b>	-
Net unrealised foreign exchange (gain)/loss	<b>(3,824)</b>	1,675	<b>-</b>	(10)
Reversal for liquidated ascertained damages	<b>-</b>	(351)	<b>-</b>	-
Dividend income	<b>-</b>	-	<b>(57,275)</b>	(86,308)
Interest income	<b>(65,195)</b>	(82,590)	<b>-</b>	-
Finance costs	<b>75,572</b>	98,001	<b>4</b>	12
Operating cash flow before working capital changes brought forward	<b>475,458</b>	487,878	<b>(13,048)</b>	(21,474)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
Operating cash flow before working capital changes brought forward	<b>475,458</b>	487,878	<b>(13,048)</b>	(21,474)
Receivables	<b>(85,129)</b>	46,963	<b>21,072</b>	(44,213)
Payables	<b>2,775</b>	8,659	<b>(25,013)</b>	29,844
Inventories	<b>217</b>	138	–	–
Operating financial assets	<b>140,167</b>	78,179	–	–
Contract related assets	<b>(7,582)</b>	90,514	–	–
Contract related liabilities	<b>722</b>	34	–	–
Other non-current and current assets	<b>(757)</b>	24,875	–	–
Cash generated from/(used in) operations	<b>525,871</b>	737,240	<b>(16,989)</b>	(35,843)
Retirement benefits plan paid	<b>(7,924)</b>	(13,150)	–	–
Zakat paid	<b>(2,485)</b>	(3,388)	–	–
Tax paid	<b>(39,488)</b>	(20,591)	<b>(28)</b>	–
Repayments of lease rental payable to PAAB	<b>(353,000)</b>	(350,190)	–	–
Net cash generated from/(used in) operating activities	<b>122,974</b>	349,921	<b>(17,017)</b>	(35,843)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	<b>(68,876)</b>	(64,373)	–	–
Purchase of right-of-use assets	–	(2,918)	–	–
Proceeds from disposal of property, plant and equipment	<b>456</b>	18	–	–
Proceeds from disposal of right-of-use assets	–	754	–	–
Issuance of equity to non-controlling interest	<b>221</b>	–	–	–
Disposal/(acquisition) of short term investments	<b>19,962</b>	(2,741)	–	–
Purchase of software	<b>(11,728)</b>	(5,257)	–	–
Dividend received	–	–	<b>57,275</b>	86,308
Interest received	<b>6,576</b>	13,294	–	–
Net cash (used in)/generated from investing activities	<b>(53,389)</b>	(61,223)	<b>57,275</b>	86,308

## Financial Statements

**Statements of Cash Flows**

For the financial year ended 31 December 2020

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
		(Restated)		
<b>Cash flows from financing activities</b>				
Withdrawal/(placement) of fixed deposits with banking facilities	147,198	(131,531)	–	–
Purchase of treasury shares	(16,408)	–	(16,408)	–
Drawdown of loans and borrowings	5,000	3,086	–	–
Repayment of principal portion of loans and borrowings	(94,297)	(53,793)	–	–
Repayment of interest portion of loans and borrowings	(66,248)	(70,299)	–	–
Repayment of lease liabilities	(2,663)	(3,012)	(183)	(125)
Dividends paid	(90,884)	(68,276)	(24,464)	(49,746)
Net cash used in financing activities	(118,302)	(323,825)	(41,055)	(49,871)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(48,717)</b>	<b>(35,127)</b>	<b>(797)</b>	<b>594</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>268</b>	<b>1,612</b>	<b>–</b>	<b>–</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>167,302</b>	<b>200,817</b>	<b>973</b>	<b>379</b>
<b>Cash and cash equivalents at year end of the year (Note 28)</b>	<b>118,853</b>	<b>167,302</b>	<b>176</b>	<b>973</b>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Financial Statements

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 1. CORPORATE INFORMATION

Ranhill Utilities Berhad (the “Company”) is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). The registered office and principal place of business of the Company is located at Bangunan Ranhill SAJ, Jalan Garuda, Larkin, 80350 Johor Bahru, Johor.

The principal activity of the Company is that of investment holding. The principal activities and other information of the subsidiaries, a joint venture and associates are set out in Notes 19, 20 and 21 respectively.

There have been no significant change in the nature of these principal activities during the financial year.

On 13 May 2020, the Company changed its name from Ranhill Holdings Berhad to Ranhill Utilities Berhad.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 April 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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 (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and amended MFRSs and interpretation which are mandatory for annual financial periods beginning on or after 1 January 2020 as described fully in Note 2.2.

The financial statements of the Group and of the Company have been prepared on the historical cost convention unless indicated otherwise in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2020, the Group and the Company adopted the following new and amended MFRSs and interpretation mandatory for annual financial periods beginning on or after 1 January 2020.

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 101 and MFRS 108: Definition of Material (Amendments to MFRS 101 and MFRS 108)	1 January 2020
MFRS 3: Definition of a Business (Amendments to MFRS 3)	1 January 2020
MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform (Amendments to MFRS 9, MFRS 139 and MFRS 7)	1 January 2020
Conceptual Framework: Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
MFRS 16: Covid-19-Related Rent Concessions (Amendment to MFRS 16 Leases)	1 June 2020

The adoption of the above standards did not have any significant effect on the financial statements of the Group and the Company.

The Group and the Company have early adopted amendments to MFRS 16: Covid-19-Related Rent Concessions for the year ended 31 December 2020.

**2.3 Standards issued but not yet effective**

The standards that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

<b>Descriptions</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 4, MFRS 7, MFRS 9, MFRS 16, MFRS 139: Interest Rate Benchmark Reform Phase 2	1 January 2021
Annual Improvements to MFRS Standards 2018–2020	1 January 2022
MFRS 3: Reference to the Conceptual Framework (Amendments to MFRS 3)	1 January 2022
MFRS 116: Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116)	1 January 2022
MFRS 137: Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022
MFRS 17: Amendments to MFRS 17 Insurance Contracts	1 January 2023
MFRS 101 : Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)	1 January 2023
MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128)	Deferred

The directors expect that the adoption of the above standards will not have a material impact on the financial statements in the period of initial application.



Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained profits. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

### Business combination

#### (a) Acquisition method

Acquisition of subsidiaries under business combination are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss in accordance with MFRS 9. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.4 Basis of consolidation (contd.)****Business combination (contd.)**

## (a) Acquisition method (contd.)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.10(a).

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in MFRS 137 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

## (b) Pooling of interest method

Business combination under the pooling of interest method are accounted for as follows:

- (i) The results of entities are presented as if the combination occurred from the beginning of the earliest period presented in the financial statements;
- (ii) The assets, liabilities and reserves of the entities are recorded at their pre-combination carrying amounts or existing carrying amounts from the perspective of the common control shareholder at the date of the transfer. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method; and
- (iii) No new goodwill is recognised as a result of the combination. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve or deficit.

**2.5 Subsidiaries**

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

2.    **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

2.6    **Joint venture**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in its joint venture are accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group’s share of the results of operations of the joint venture. Any change in other comprehensive income (“OCI”) of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group’s share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as ‘Share of profit of a joint venture’ in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.7 Associate**

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is measured in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group.

Goodwill relating to associate is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

Equity accounting is discontinued when the Group's share of losses and negative reserves in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

In the Company's separate financial statements, investments in associates are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

**2.8 Transactions with non-controlling interests**

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Group.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.9 Foreign currency

#### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

#### (b) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

#### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.9 Foreign currency (contd.)****(c) Foreign operations (contd.)**

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

Foreign currency	2020 RM	2019 RM
1 United States Dollar ("USD")	<b>4.01</b>	4.00
1 Thai Baht ("THB")	<b>0.13</b>	0.14
1 Chinese Yuan Renminbi ("CNY")	<b>0.61</b>	1.00
1 Hong Kong Dollar ("HKD")	<b>0.52</b>	1.00

**2.10 Intangible assets****(a) Goodwill**

Goodwill is initially recorded at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but tested for impairment annually or more frequently when indications of impairment are identified.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.



Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.10 Intangible assets (contd.)

#### (b) Service license

Represents cost of service license under section 4(1)(b) Act 655 of the Water Services Industries Act ("WSIA") issued to a subsidiary to treat raw water, supply and distribute the treated water to the consumers within the State of Johor. The license is subject to formal renewal every three (3) years by Suruhanjaya Perkhidmatan Air Negara ("SPAN") as further disclosed in Note 14. The license is considered to have indefinite useful life as there is no foreseeable limit to the period over which the license is expected to generate new cash inflows to the Group. Accordingly, the service license is not amortised but tested for impairment annually or more frequently, when indicators of impairment are identified.

#### (c) Operating rights

Represent license ("operating rights") to operate two water treatment plants in Amata City Industrial Estate and Amata Nakorn Industrial Estate, both located in Thailand. The operating rights are stated at cost and are amortised on a straight-line basis over its estimated useful life of 15 years, and expensed to the consolidated statement of comprehensive income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statements of comprehensive income when the asset is derecognised.

#### (d) Computer software

Computer software acquired separately are measured on initial recognition at cost. The cost of computer software acquired is the fair value as at the date of acquisition. Following the initial recognition, computer software are carried at cost less any accumulated impairment losses. The useful life of the computer software is assessed to be finite and is amortised on a straight-line basis over the estimated useful life and impaired. The amortisation period and the amortisation method for computer software are reviewed at least at each reporting date. Computer software are amortised on a straight-line basis over its estimated useful life of 5 years.

#### (e) Capital work-in-progress

Capital work-in-progress is stated at cost and is not amortised until it is ready for its intended use. Upon completion, capital work-in-progress is transferred to categories of intangible asset, depending on the nature of the assets.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.11 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, and only if, it is probable that future economic benefits associated with them will flow to the Group and the cost of the item can be measured reliably. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Capital work in progress are stated at cost and are not depreciated until it is ready for its intended use. Upon completion, capital work in progress are transferred to categories of property, plant and equipment, depending on the nature of the assets.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to their residual values over their estimated useful lives at the following annual depreciation rates:

Building structure	1.25% - 2.5%
Plant and machinery	4% - 20%
Renovations	20%
Furniture, fittings and office equipment	2% - 33.3%
Motor vehicles	10% - 20%

Residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial period in which the changes arise.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the period the asset is derecognised. Gains and losses on derecognition of the asset are determined by comparing proceeds with the carrying amount of the asset.

**2.12 Impairment of non-financial assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.12 Impairment of non-financial assets (contd.)

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss in the period in which it arises.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.13 Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.13 Financial assets (contd.)****Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost ("debt instruments")
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("debt instruments")
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition ("equity instruments")
- Financial assets at fair value through profit or loss

The Group and the Company have no financial assets carried at fair value through OCI, for both debt and equity instruments.

**(a) Financial assets at amortised cost ("debt instruments")**

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade receivables and other receivables.

**(b) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.13 Financial assets (contd.)

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

#### Impairment of financial asset

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. The Group considers forward-looking factors do not have significant impact to its credit risk given the nature of its industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company consider a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.14 Financial liabilities****Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, if any.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to trade and other payables and interest-bearing loans and borrowings. For more information, refer to Note 30 and Note 32.



Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.14 Financial liabilities (contd.)

#### Subsequent measurement (contd.)

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

##### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.15 Service concession contracts

A substantial portion of the Group's assets are used within the framework of concession contracts granted by several public sector customers ('grantors'). The characteristics of these contracts vary significantly depending on the country and activity concerned.

In order to fall within the scope of concession contract, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the significant residual interest in the infrastructure at the end of the term of the arrangement.

Such infrastructure are not recognised in assets of the operator as property, plant and equipment but in financial assets ("financial asset model") and/or intangible assets ("intangible asset model") depending on the remuneration commitments given by the grantor.

#### Intangible asset model

The Group applies the intangible asset model where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the amount recoverable. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service.

Intangible assets resulting from the application of this policy are recorded in the statement of financial position under the heading 'Service Concession Assets' and are amortised, generally on a straight-line basis, over the contract term.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.15 Service concession contracts (contd.)****Intangible asset model (contd.)**

Cash flows relating to these intangible assets are included in net cash generated from/(used in) operating activities in the consolidated statement of cash flow.

Revenue associated with this intangible asset model includes:

- revenue from the construction of the infrastructure on a percentage of completion basis; and
- operating revenue of the infrastructure.

**Financial asset model**

The financial asset model applies when the Group has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the Group has such an unconditional right if the grantor contractually guarantees the payment of:

- amounts specified or determined in the contract or;
- the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of this policy are recorded in the consolidated statement of financial position under the heading 'operating financial assets' and recognised at amortised cost.

Cash flows relating to these operating financial assets are included in net cash generated from/(used in) operating activities in the consolidated statements of cash flow.

An impairment loss is recognised if the carrying amount of these assets exceeds the fair value, as estimated during impairment tests. Fair value is estimated based on the recoverable amount, calculated by discounting future cash flows (value in use method).

The portion falling due within less than one year is presented in the consolidated statement of financial position as 'Current operating financial assets', while the portion falling due within more than one year is presented in the non-current heading.

Revenue associated with this financial asset model includes:

- revenue from the construction of the operating financial assets on a percentage of completion basis;
- finance income related to the capital investment in the operating financial assets; and
- operation and maintenance revenue.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

2.    **SIGNIFICANT ACCOUNTING POLICIES (CONTD.)**

2.16    **Provisions**

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17    **Inventories**

Inventories comprise water related inventories, distillate fuel, spares and consumables. Inventories are stated at the lower of cost (determined on the weighted average basis) and net realisable value. The cost comprises the purchase price plus cost incurred in bringing the inventories to their present locations and conditions.

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.

2.18    **Cash and cash equivalents**

For the purposes of presentation in the statements of cash flows, cash and cash equivalents comprise cash on hand and bank balances, deposits and short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts and other restricted balances.

2.19    **Employee benefits**

(a)    **Short term employee benefits**

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.19 Employee benefits (contd.)****(b) Post-employment benefits**

The Group has various post-employment benefit schemes in accordance with local conditions and practices of countries in which the Group operates. These benefit plans are either a defined contribution or defined benefit plan.

**(i) Defined contribution plan**

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's obligation under post-employment benefits is limited to a monthly contribution to Employees Provident Fund ("EPF") based on a prescribed statutory rate for all eligible employees.

The Group's contributions to a defined contribution plan are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

**(ii) Defined benefit plan**

A defined benefit plan is a pension plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net retirement benefit asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. The expected returns on plan assets of defined retirement benefit scheme are not recognised in profit or loss. Instead, the interest on net defined benefit obligation (net of the plan assets) is recognised in profit or loss, calculated using the discount rate used to measure the net retirement benefit obligations or assets.

**(iii) Employee share scheme**

Employees of the Group and of the Company receive remuneration in the form of shares as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the shares do not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group, the Company or the employee, this is accounted for as a cancellation.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.19 Employee benefits (contd.)

#### (b) Post-employment benefits (contd.)

##### (iii) Employee share scheme (contd.)

In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in profit or loss upon cancellation. The employee share reserve is transferred to retained earnings upon expiry of the shares. When the shares are vested, the employee share reserve is transferred to share capital if new shares are issued, or to treasury shares if the shares are satisfied by the reissuance of treasury shares.

### 2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

#### (a) ROU assets

The Group recognises ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The Group elected to apply the practical expedient not to separate out non-lease components from lease components and instead account for the lease and non-lease component as a single component.

ROU assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and buildings	4% - 20%
Office equipment	2% - 33.3%
Motor vehicles	10% - 20%

The ROU assets are also subject to impairment. Refer to Note 2.12 for accounting policy on impairment of non-financial assets.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.20 Leases (contd.)***Group as a lessee (contd.)***(b) Lease liabilities**

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term.

The Group's lease liabilities are included in loans and borrowings. Please refer to Note 30.

**(c) Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

*Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

The borrowing costs capitalised in respect of infrastructure assets during the financial period incurred on borrowings obtained to finance the project development works are offset against the finance income which arose from the placement of deposits from the proceeds of the borrowings not utilised during the financial period.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

### 2.22 Income tax

#### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.22 Income tax (contd.)****(b) Deferred tax (contd.)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**(c) Sales Tax**

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense items as applicable, and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the statements of financial position.

**2.23 Convertible unsecured loan stocks ("CULS")**

The CULS are regarded as compound instruments, consisting of a liability component and an equity component. The component of CULS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. On issuance of the CULS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy for other financial liabilities set out in Note 2.14.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholders' equity, net of transaction costs.

Transaction costs are apportioned between the liability and equity components of the CULS based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

The Group and the Company do not recognise a contingent liability and asset but discloses its existence in the financial statements.

### 2.25 Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current financial year is recognised when the Company has a current zakat obligation as a result of a zakat contribution approved by the board of directors and determined payable to the relevant zakat institutions for the respective financial years. The amount of zakat expense shall be assessed when the Group has been in operation for at least 12 months, i.e. for the period known as “haul”.

Zakat on business is calculated by multiplying the zakat rate with zakat base. The rate of zakat on business, as determined by National Fatwa Council is 2.5% of the zakat base. The zakat base of the Company is determined based on net current assets, adjusted for items that do not meet the conditions for zakat assets and liabilities.

### 2.26 Revenue from contracts with customers and other revenue

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that they are the principal in its revenue arrangements, because they typically control the goods or services before transferring them to the customer.

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

- (a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

- (b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

- (c) Determine the transaction price

The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Generally, the Group receives short-term advances from its customers. Using the practical expedient in MFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.26 Revenue from contracts with customers and other revenue (contd.)**

- (d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

- (e) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance obligation completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group satisfies over time, the Group determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's effort and the transfer of service to the customer.

The following describes the performance obligation in contracts with customers:

**(a) Water revenue**

Water revenue is recognised at the point in time when the treated water is discharged through the reading meters installed, i.e. when control of the asset is transferred to the customer, generally at the point in time at which the customer consumes the water. Water revenue includes an estimated value of the water consumed by customers from the date of their last meter reading and period end. Accrued unbilled revenues are reversed in the following month when actual billings occur.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due and associated costs.

**(b) Power revenue**

Revenue from the sale of electricity is recognised upon delivery of electricity. The Group applies the practical expedient of recognising revenue in the amount to which the Group has a right to invoice if it corresponds directly with the value to customer of the Group's performance that is completed to date. Power revenue also includes operation and maintenance revenue which is recognised over time in the period when services are rendered.

Revenue relating to construction services under a service concession arrangement, where applicable, is recognised over time using the input method, as and when the performance obligations are satisfied.

Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.26 Revenue from contracts with customers and other revenue (contd.)

#### (c) Contribution by housing developers

Contribution by housing developers is recognised as income at the point in time in accordance with the respective commercial agreements.

#### (d) Non Revenue water reduction income

Non Revenue Water ("NRW") reduction income is generated from management consultancy services relating to water-related projects to water operators and businesses. These services are provided on a time and material basis or as a fixed-price contract, with contract terms generally ranging from one to two years.

The Group has enforceable right to payment for performance completed to-date and therefore, the Group recognises revenue over time by measuring its progress towards complete satisfaction of that performance obligation.

#### (e) Special works and services

Revenue on special works and services is generated from repair works, reconnection fees and other related works charged to consumers. The Group recognises revenue at a point in time upon performance of services.

#### (f) Sale of equipment

Revenue from sale of equipment is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery on equipment.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### (g) Construction contract revenue

For construction contracts, the Group is responsible for overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation, installation of equipment and testing and commissioning relating to water treatment plants. In such contracts, the Group provides significant integration service and will generally account for them as a single performance obligation. Revenue is recognised over time using the input method as it has enforceable right to payment for performance completed to-date.

The customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceeds the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

#### (h) Operation and maintenance revenue

The Group constructs or upgrades an existing infrastructure to provide services to operate and maintain the infrastructure (operation services) for a specified period of time. The Group applies the practical expedient of recognising revenue in the amount to which the Group has a right to invoice if it corresponds directly with the value to customer of the Group's performance that is completed to date.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.26 Revenue from contracts with customers and other revenue (contd.)****(i) Technical and management services**

Revenue from providing technical and management services is recognised at a point in time when services are rendered.

**(j) Dividend income**

Dividend income is recognised when the Company's right to receive a payment is established.

Other items of revenue and income**(k) Finance and interest income**

Finance income arising from the operating financial asset and interest income are recognised using the effective interest method.

**2.27 Contract related assets and liabilities****(a) Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

**(b) Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

**(c) Costs to fulfill a contract**

The costs incurred in fulfilling a contract with a customer that are not within the scope of other MFRSs, such as MFRS 116: Property, Plant and Equipment and MFRS 138: Intangible Assets, are recognised as contract cost assets when all of the following criteria are met:

- the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Contract cost assets are amortised on a systematic basis that is consistent with the transfer to the customers of the goods or services to which the asset relates.

Impairment loss is recognised in profit or loss to the extent that the carrying amount of the contract cost exceeds:

- the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.



Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.28 Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 42.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

### 2.29 Current versus non-current classification

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial Statements

# Notes to the Financial Statements

For the financial year ended 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.29 Current versus non-current classification (contd.)

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on its services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosure of each of these segments are shown in Note 47, including the factors used to identify the reportable segments and the measurement basis of segment information.

Business Overview	●	Financial Statements	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 3.1 Judgements made in applying accounting policies

There were no critical judgements made by the management in the process of applying the Group's accounting policies that may have significant effects on the amounts recognised in the financial statements.

#### 3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

##### (a) Useful lives of property, plant and equipment

The estimate of the useful lives of property, plant and equipment are based on expected usage, physical wear and tear, technical and commercial obsolescence are reviewed annually and are updated if expectations differ from previous estimates. Any change to the estimate of the useful lives will affect future depreciation charges. The directors have relied upon past experience and industry practices in exercising their judgement. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 13.

##### (b) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Uncertainties also exist with respect to the interpretation of complex tax regulations, changes in tax laws and the amounts and timing of future taxable income. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax expenses are disclosed in Note 12.

##### (c) Deferred tax assets

Deferred tax assets are recognised for unabsorbed capital allowances, unutilised reinvestment allowances, unutilised investment allowances, infrastructure allowances, tax losses and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the capital allowances, unutilised reinvestment allowances, unutilised investment allowances, infrastructure allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in Note 18.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES****3.2 Key sources of estimation uncertainty (contd.)****(d) Impairment of service license and goodwill**

Service license and goodwill are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which intangibles are allocated.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying values and the key assumptions applied in the impairment assessment of intangibles are disclosed in Note 15.

**(e) Provision for expected credit loss of financial assets at amortised cost**

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. Information about the ECLs on the Group's financial assets at amortised cost is disclosed in Note 23.

**(f) Defined benefit plan**

The cost of defined benefit pension plans and other post employment medical benefits as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management has derived the applicable interest rates from high quality corporate bonds in Malaysia with an AA rating. The bonds have been selected based on the expected duration of the defined benefit obligation and taking into consideration the yield curve respectively.

The mortality and disability rates are based on publicly available mortality tables for Malaysia. Future salary increase is increased based on expected future inflation rates for Malaysia.

Further details about the assumptions used are as stated in Note 29.

**(g) Construction contracts**

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the reporting date, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion.

In making these estimates, management relied on past experience and the work of specialists. The carrying amounts of assets and liabilities arising from construction contracts at the reporting date are disclosed in Note 24.

## 4. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Water revenue	<b>1,106,124</b>	1,159,411	–	–
Power revenue	<b>243,764</b>	252,921	–	–
Contribution by housing developers	<b>47,524</b>	54,434	–	–
Non-revenue water reduction fees	<b>36,277</b>	20,726	–	–
Construction contract revenue	<b>21,587</b>	36,331	–	–
Operation and maintenance revenue	<b>14,810</b>	15,434	–	–
Special works	<b>7,829</b>	11,949	–	–
Technical and management services	<b>407</b>	418	–	–
Sale of equipment	<b>87</b>	220	–	–
Dividend income	–	–	<b>57,275</b>	86,308
	<b>1,478,409</b>	1,551,844	<b>57,275</b>	86,308

## 5. COST OF SALES

	Group	
	2020 RM'000	2019 RM'000 (Restated)
Water and its related costs	<b>893,851</b>	767,002
Power and its related costs	<b>224,117</b>	241,552
Construction contract costs	<b>20,694</b>	29,617
Operation and maintenance costs	<b>12,779</b>	12,920
Cost of equipment	<b>27</b>	142
	<b>1,151,468</b>	1,051,233

Included in the water and its related costs in 2019 was an amount of RM110,289,000 being the gain arising from the waiver of lease rental previously paid to Pengurusan Aset Air Berhad ("PAAB"). The gain was computed based on the present value of the total waiver amount of RM121,728,000 which is to be recovered via a reduction of future lease payment over 5 years.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 6. INTEREST INCOME

	Group	
	2020 RM'000	2019 RM'000 (Restated)
Interest income:		
- Fixed deposits	5,731	12,202
- Finance income from operating financial assets	58,492	69,296
- Islamic Money Market fund	845	1,092
- Others	127	–
	65,195	82,590

## 7. OTHER INCOME

Included in other income are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unrealised foreign exchange gain	3,824	1	60	10
Realised foreign exchange gain	394	136	–	–
Gain on disposal of property, plant and equipment	–	121	–	–
Rental income	1,868	1,918	–	–
Claim from customer	148	1,127	–	–
Sales of scrap item	446	595	–	–
Relinquishment of guarantee fees	–	6,680	–	–



## 8. FINANCE COSTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Sukuk Murabahah	38,664	40,683	–	–
Musharakah Medium Term Notes (“mMTN”)	29,150	32,338	–	–
Unwinding of interest of service concession obligations (Note 33)	5,585	22,804	–	–
Term loans	1,173	1,563	–	–
Bank overdrafts	3	10	–	–
Unwinding of discount on payables	235	128	–	–
Guarantee fees	481	220	–	–
Lease liabilities (Note 16)	278	176	4	12
Others	3	79	–	–
	75,572	98,001	4	12

Unwinding of interest expense on lease rental payable to PAAB has been off set against the unwinding of interest income of RM3,692,000 (2019: nil) arising from waiver of lease rental receivable.

## 9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000 (Restated)	RM'000	RM'000
Auditors' remuneration				
- Statutory audit				
- Current year	1,693	1,590	128	110
- Underprovision in prior year	11	88	–	23
- Others	8	148	8	8
Employee benefits expense (Note 10)	241,885	249,423	–	–
Directors' remuneration (Note 11)	27,469	21,423	13,399	10,952
Depreciation of property, plant and equipment (Note 13)	37,798	36,007	4	4
Amortisation of service concession assets (Note 14)	335,172	324,067	–	–
Amortisation of software (Note 15)	2,428	989	–	–
Depreciation of right-of-use assets (Note 16)	2,374	2,180	52	125

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 9. PROFIT BEFORE TAX (CONTD.)

The following items have been included in arriving at profit before tax: (contd.)

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Bad debts written off	973	1,000	3	–
Sports related contribution	–	20,000	–	–
Investment in a joint venture written off	–	5	–	5
Allowance for expected credit losses on: (Note 23)				
- Trade receivables	160	2,900	–	–
- Other receivables	–	5,776	–	–
Expenses relating to:				
- short-term leases	2,132	1,997	–	–
- leases of low value assets	47	49	–	–
Property, plant and equipment written off (Note 13)	552	207	–	–
Reversal of provision for liquidated ascertained damages	–	(351)	–	–
Inventories written off	–	173	–	–
Loss on disposal of property, plant and equipment	38	–	–	–
Loss on disposal of right-of-use assets	137	–	137	–
Net unrealised foreign exchange loss	–	1,675	–	–

## 10. EMPLOYEE BENEFITS EXPENSE

	Group	
	2020 RM'000	2019 RM'000
Wages, salaries and bonus	159,897	167,557
Employee allowances	32,259	30,592
Defined contribution plan	19,989	21,137
Defined benefit retirement plan (Note 29)	7,100	8,228
Share-based payment*	257	–
Other staff related expenses	22,383	21,909
	241,885	249,423

\* During the financial year, the Group offered up to 9,989,600 (2019: nil) shares to employees and executive directors of the Group under the long term incentive plan ("LTIP"), that comprises the restricted share incentive plan and performance-based share incentive plan. Further details are disclosed in Note 37.

## 11. DIRECTORS' REMUNERATIONS

The details of remuneration receivable by directors of the Group and the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
<b>Directors of the Company:</b>				
<u>Non-executive directors:</u>				
Fees	1,964	1,597	1,320	962
Other emoluments	265	222	254	221
	2,229	1,819	1,574	1,183
<u>Executive directors:</u>				
Fees	204	168	–	–
Salaries and bonus	15,555	10,336	9,835	8,071
Defined contribution plan	241	318	139	217
Other emoluments	1,288	1,060	1,100	864
Share-based payment (Note 37)	90	–	90	–
Benefits-in-kind	680	643	661	617
	18,058	12,525	11,825	9,769
<u>Other directors of the Group:</u>				
Fees	2,287	2,789	–	–
Salaries and bonus	4,205	3,640	–	–
Defined contribution plan	456	396	–	–
Other emoluments	32	154	–	–
Share-based payment (Note 37)	117	–	–	–
Benefits-in-kind	85	100	–	–
	7,182	7,079	–	–
<b>Total</b>	<b>27,469</b>	<b>21,423</b>	<b>13,399</b>	<b>10,952</b>

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 12. INCOME TAX EXPENSE AND ZAKAT

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
<b>Income tax</b>				
Current income tax:				
- Malaysian income tax	<b>22,732</b>	41,223	<b>33</b>	—
- Foreign income tax	<b>40</b>	—	<b>—</b>	—
- (Over)/underprovision in prior year	<b>(400)</b>	538	<b>—</b>	—
	<b>22,372</b>	41,761	<b>33</b>	—
Deferred tax: (Note 18)				
- Origination and reversal of deferred tax	<b>18,454</b>	53,480	<b>—</b>	—
- Relating to foreign deferred tax	<b>(509)</b>	415	<b>—</b>	—
- (Over)/underprovision in prior year	<b>(942)</b>	2,415	<b>—</b>	—
	<b>17,003</b>	56,310	<b>—</b>	—
Income tax expense	<b>39,375</b>	98,071	<b>33</b>	—
Zakat (Note 31)				
- Zakat expense in current year	<b>1,236</b>	6,787	<b>—</b>	—
- Overprovision in prior year	<b>(10,243)</b>	—	<b>—</b>	—
	<b>(9,007)</b>	6,787	<b>—</b>	—
Total income tax expense and zakat	<b>30,368</b>	104,858	<b>33</b>	—

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2019: 24%) of the estimated assessable profit for the year.

## 12. INCOME TAX EXPENSE AND ZAKAT

A reconciliation of income tax expense applicable to profit before tax and zakat at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Profit before tax and zakat	<b>92,815</b>	209,927	<b>43,571</b>	64,698
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	<b>22,276</b>	50,382	<b>10,457</b>	15,528
Different tax rates in other countries	<b>33</b>	(4)	<b>–</b>	–
Expenses not deductible for tax purposes	<b>24,869</b>	34,102	<b>3,322</b>	5,186
Income not subject to tax	<b>(3,020)</b>	(2,456)	<b>(13,746)</b>	(20,714)
Deferred tax recognised at different tax rate	<b>83</b>	67	<b>–</b>	–
Deferred tax assets not recognised	<b>–</b>	15,404	<b>–</b>	–
Utilisation of previously unrecognised deferred tax assets	<b>(869)</b>	–	<b>–</b>	–
Share of results of an associate	<b>(2,655)</b>	(2,377)	<b>–</b>	–
(Over)/underprovision of income tax in prior year	<b>(400)</b>	538	<b>–</b>	–
(Over)/underprovision of deferred tax in prior year	<b>(942)</b>	2,415	<b>–</b>	–
	<b>39,375</b>	98,071	<b>33</b>	–

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 13. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery RM'000	Building structure RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Long term leasehold land RM'000	Power station RM'000	Replacement parts RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Group</b>									
<b>Cost:</b>									
At 1 January 2020 (as previously stated)	280,765	6,744	201,697	49,774	-	675,358	47,880	33,530	1,295,748
Restatement of comparatives (Note 48)	-	-	-	-	-	(675,358)	(47,880)	-	(723,238)
At 1 January 2020 (restated)	280,765	6,744	201,697	49,774	-	-	-	33,530	572,510
Additions	18,239	1,846	8,397	2,383	-	-	-	38,011	68,876
Disposals	(6)	-	(700)	(1,493)	-	-	-	-	(2,199)
Transfer	22,706	8,270	936	591	-	-	-	(32,503)	-
Written off	(65)	-	(95)	(1,518)	-	-	-	-	(1,678)
Exchange differences	-	-	(58)	-	-	-	-	-	(58)
At 31 December 2020	321,639	16,860	210,177	49,737	-	-	-	39,038	637,451
<b>Accumulated depreciation:</b>									
At 1 January 2020 (as previously stated)	160,599	1,397	173,254	44,828	-	303,473	3,306	-	686,857
Restatement of comparatives (Note 48)	-	-	-	-	-	(303,473)	(3,306)	-	(306,779)
At 1 January 2020 (restated)	160,599	1,397	173,254	44,828	-	-	-	-	380,078
Charge for the year (Note 9)	27,739	548	7,689	1,822	-	-	-	-	37,798
Disposals	-	-	(690)	(1,015)	-	-	-	-	(1,705)
Written off	(58)	-	(79)	(989)	-	-	-	-	(1,126)
Exchange differences	-	-	(28)	-	-	-	-	-	(28)
At 31 December 2020	188,280	1,945	180,146	44,646	-	-	-	-	415,017
<b>Net carrying amount:</b>									
At 31 December 2020	133,359	14,915	30,031	5,091	-	-	-	39,038	222,434



### 13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Plant and machinery RM'000	Building structure RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Long term leasehold land RM'000	Power station RM'000	Replacement parts RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Group (contd.)</b>									
<b>Cost:</b>									
At 1 January 2019 (as previously stated)	245,804	6,633	199,398	54,556	6,999	675,358	47,880	19,552	1,256,180
Adjustments upon adoption of MFRS 16	-	-	-	(5,482)	(6,999)	-	-	-	(12,481)
At 1 January 2019 (adjusted)	245,804	6,633	199,398	49,074	-	675,358	47,880	19,552	1,243,699
Restatement of comparatives (Note 48)	-	-	-	-	-	(675,358)	(47,880)	-	(723,238)
At 1 January 2019 (restated)	245,804	6,633	199,398	49,074	-	-	-	19,552	520,461
Additions	10,609	39	9,896	700	-	-	-	43,129	64,373
Disposals	-	-	(99)	-	-	-	-	-	(99)
Transfer	24,485	72	4,594	-	-	-	-	(29,151)	-
Written off	(133)	-	(12,251)	-	-	-	-	-	(12,384)
Exchange differences	-	-	159	-	-	-	-	-	159
At 31 December 2019	280,765	6,744	201,697	49,774	-	-	-	33,530	572,510
<b>Accumulated depreciation:</b>									
At 1 January 2019 (as previously stated)	134,016	1,234	178,426	45,675	2,940	287,346	32,695	-	682,332
Adjustments upon adoption of MFRS 16	-	-	-	(3,119)	(2,940)	-	-	-	(6,059)
At 1 January 2019 (adjusted)	134,016	1,234	178,426	42,556	-	287,346	32,695	-	676,273
Restatement of comparatives (Note 48)	-	-	-	-	-	(287,346)	(32,695)	-	(320,041)
At 1 January 2019 (restated)	134,016	1,234	178,426	42,556	-	-	-	-	356,232
Charge for the year (Note 9)	26,677	163	6,895	2,272	-	-	-	-	36,007
Disposals	-	-	(81)	-	-	-	-	-	(81)
Written off	(94)	-	(12,083)	-	-	-	-	-	(12,177)
Exchange differences	-	-	97	-	-	-	-	-	97
At 31 December 2019 (restated)	160,599	1,397	173,254	44,828	-	-	-	-	380,078
<b>Net carrying amount:</b>									
At 31 December 2019 (restated)	120,166	5,347	28,443	4,946	-	-	-	33,530	192,432
At 1 January 2019 (restated)	111,788	5,399	20,972	6,518	-	-	-	19,552	164,229

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

	Office equipment RM'000	Motor vehicle RM'000	Total RM'000
<b>Company</b>			
<b>Cost:</b>			
At 31 December 2019/31 December 2020	19	–	19
<b>Accumulated depreciation:</b>			
At 1 January 2020	11	–	11
Charge for the year (Note 9)	4	–	4
At 31 December 2020	15	–	15
At 1 January 2019	7	313	320
Adjustment upon adoption of MFRS 16	–	(313)	(313)
At 1 January 2019 (restated)	7	–	7
Charge for the year (Note 9)	4	–	4
At 31 December 2019	11	–	11
<b>Net carrying amount:</b>			
At 31 December 2020	4	–	4
At 31 December 2019	8	–	8

Assets pledged as security

In addition to assets held under hire purchase, certain Group's property, plant and equipment amounting to RM526,000 (2019: RM546,000) are pledged as security to financial institutions as security for loans and borrowings, as disclosed in Note 30.

## 14. SERVICE CONCESSION ASSETS

	Group	
	31.12.2020 RM'000	31.12.2019 RM'000
<b>Cost</b>		
At beginning of the year	<b>981,930</b>	991,625
Additions	<b>7,873</b>	7,654
Derecognition on expiry of operating service arrangement	<b>(989,803)</b>	–
Reversal due to waiver of future lease payment	–	(17,349)
At end of the year	–	981,930
<b>Accumulated amortisation</b>		
At beginning of the year	<b>654,631</b>	330,564
Amortisation charge for the financial year (Note 9)	<b>335,172</b>	324,067
Derecognition on expiry of operating service arrangement	<b>(989,803)</b>	–
At end of the year	–	654,631
Net carrying amount	–	327,299

Service concession assets comprise assets resulting from the application of accounting policy as disclosed in Note 2.15 on accounting for concession contracts.

In line with the move to improve the quality, coverage and reliability of the nation's water supply and safeguard the interests of consumers, the Water Services Industry Act ("WSIA") and Suruhanjaya Perkhidmatan Air Negara Act 2006 were introduced. Pursuant to the enactment of the WSIA, Pengurusan Aset Air Berhad ("PAAB") was established for the purposes of, inter alia, acquiring the existing water infrastructure and/or build new water assets which will be leased to water operators.

Under the WSIA, the existing water operators are given an option either to continue to be authorised to carry out the water supply services in accordance with their respective current concession agreements, but subject to certain amendments as may be agreed by Suruhanjaya Perkhidmatan Air Negara ("SPAN") or to migrate to a licensing regime whereby relevant licenses will be granted by the Ministry of Energy, Green Technology and Water with the recommendation from SPAN.

On 11 March 2009, a subsidiary of the Group, Ranhill SAJ Sdn. Bhd. ("RanhillSAJ") migrated to the licensing regime for water supply services in the State of Johor via a Master Agreement executed with relevant parties. RanhillSAJ had also executed on the same date, the facility agreement with PAAB mainly for the purpose of PAAB to receive the lease rental for the grant of a right to use, occupy and operate the water related assets to RanhillSAJ.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**14. SERVICE CONCESSION ASSETS (CONTD.)**

Under the new licensing regime, RanhillSAJ shall be required to apply and comply with the conditions of a service license to be granted by Ministry of Energy, Green Technology and Water. Amongst the conditions are the submission of a Three-Year Business Plan, adherence to a set of Key Performance Indicators and determination of the water tariff by SPAN.

RanhillSAJ's application on individual service license under Section 4(1)(b) of WSIA (Act 655) was approved by the Ministry of Energy, Green Technology and Water for a period of three years, commencing from 1 July 2009 to 30 June 2012. Subsequently, the license was renewed for a period of two and a half years from 1 July 2012 until 31 December 2014 (to be consistent with the change in financial year end from June to December) and then three years from 1 January 2015 until 31 December 2017. RanhillSAJ is currently in its fourth operating period with an approved license for a period of three years from 1 January 2018 to 31 December 2020. On 8 December 2020, SPAN approved the RanhillSAJ's license renewal for the fifth operating period which covers from 1 January 2021 to 31 December 2023.

Apart from the standard conditions set out by SPAN on the individual service license to be complied, RanhillSAJ is subjected to the following conditions:

- (i) The individual license granted to RanhillSAJ to treat raw water, distribute and supply the treated water to the consumers within the State of Johor only;
- (ii) RanhillSAJ is supervised by SPAN based on a set of key performance indicators;
- (iii) RanhillSAJ is required at all time to maintain at least 30% of its Bumiputera equity shareholdings;
- (iv) Any compensation and grant received by RanhillSAJ from the Federal Government must be taken into consideration in computing the profit margin;
- (v) RanhillSAJ is required to inform and to provide information to SPAN any matter in relation to current, unsettled or threatened litigation, legal proceeding, arbitral and disputes;
- (vi) RanhillSAJ shall comply with the provisions on procurement and supply works. Any contract of restoration work, maintenance and the supply excluding emergency works should be awarded based on competitive biddings and the duration of the contract shall not exceed two years; and
- (vii) RanhillSAJ is responsible for the operation and maintenance of assets in rendering water supply service in rural or developed province areas in the State of Johor.

## 15. INTANGIBLES

	Goodwill RM'000	Service license RM'000	Software RM'000	Capital work-in- progress RM'000	Operating rights RM'000	Total RM'000
<b>Group</b>						
<b>Cost:</b>						
At 1 January 2020	11,165	282,356	20,149	–	3,722	317,392
Additions	–	–	8,725	3,003	–	11,728
Written off	(14)	–	–	–	–	(14)
Exchange differences	–	–	(1)	–	(72)	(73)
At 31 December 2020	11,151	282,356	28,873	3,003	3,650	329,033
At 1 January 2019	11,165	282,356	14,888	–	3,465	311,874
Additions	–	–	5,257	–	–	5,257
Exchange differences	–	–	4	–	257	261
At 31 December 2019	11,165	282,356	20,149	–	3,722	317,392
<b>Accumulated amortisation:</b>						
At 1 January 2020	–	–	14,377	–	3,722	18,099
Amortisation charge for the year (Note 9)	–	–	2,428	–	–	2,428
Exchange differences	–	–	(1)	–	(72)	(73)
At 31 December 2020	–	–	16,804	–	3,650	20,454
At 1 January 2019	–	–	13,384	–	3,465	16,849
Amortisation charge for the year (Note 9)	–	–	989	–	–	989
Exchange differences	–	–	4	–	257	261
At 31 December 2019	–	–	14,377	–	3,722	18,099
<b>Net carrying amount:</b>						
31 December 2020	11,151	282,356	12,069	3,003	–	308,579
31 December 2019	11,165	282,356	5,772	–	–	299,293

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**15. INTANGIBLES (CONTD.)**Goodwill

The goodwill's cash generating unit ("CGU") is in respect of water services.

Service license

Service license represents cost of service license issued to a subsidiary, Ranhill SAJ Sdn. Bhd. ("RanhillSAJ") to treat raw water, supply and distribute treated water to the consumers of the State of Johor. The service license is not amortised but assessed for impairment at each reporting date or more frequently, when indicators of impairment are identified.

Impairment test of service license and goodwill

The recoverable amounts of water services CGUs are determined based on value-in-use calculations, using pre-tax cash flow projections based on financial budgets approved by the directors for a period consistent with the operating period under the license.

The key assumptions used in the value-in-use calculations are as follows:

	Water services		
	31.12.2020	31.12.2019	1.1.2019
	%	%	%
Growth rate <sup>(i)</sup>	1.5	1.5	1.5
Pre-tax discount rate <sup>(ii)</sup>	17.6	17.2	14.6

<sup>(i)</sup> Industry growth rate used to extrapolate cash flows beyond the projection period

<sup>(ii)</sup> Pre-tax discount rate applied to cash flows projections

The directors have determined the growth rate to be consistent with the forecast included in industry reports and does not exceed the long term average growth rate for the CGU. The discount rate used is pre-tax and reflects its specific risk relating to the segment.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

Operating rights

Operating rights represents rights issued to a subsidiary of the Group, Ranhill Water Technologies Thai Ltd. ("RWTT") to operate two water treatment plants in Amata City Industrial Estate and Amata Nakorn Industrial Estate, both located in Thailand.

## 16. RIGHT-OF-USE ASSETS

### Group as a lessee

	Land and buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
<b>Carrying amount</b>				
At 1 January 2020	6,446	3,559	118	10,123
Additions	1,442	–	36	1,478
Disposals	–	(137)	–	(137)
Depreciation expenses for the year (Note 9)	(1,444)	(888)	(42)	(2,374)
Exchange differences	(11)	–	–	(11)
At 31 December 2020	6,433	2,534	112	9,079
At 1 January 2019	–	–	–	–
Adjustments upon adoption of MFRS 16	6,837	2,362	82	9,281
At 1 January 2019 (adjusted)	6,837	2,362	82	9,281
Additions	897	2,655	60	3,612
Disposals	–	(633)	–	(633)
Depreciation expenses for the year (Note 9)	(1,331)	(825)	(24)	(2,180)
Exchange differences	43	–	–	43
At 31 December 2019	6,446	3,559	118	10,123

### Company as a lessee

<b>Carrying amount</b>				
At 1 January 2020	–	189	–	189
Disposals	–	(137)	–	(137)
Depreciation expenses for the year (Note 9)	–	(52)	–	(52)
At 31 December 2020	–	–	–	–
At 1 January 2019	–	–	–	–
Adjustments upon change in MFRS 16	–	314	–	314
At 1 January 2019 (adjusted)	–	314	–	314
Depreciation expenses for the year (Note 9)	–	(125)	–	(125)
At 31 December 2019	–	189	–	189

The Group and the Company have lease contracts for various items of land and buildings, motor vehicles and other office equipment used in their operations. Leases of land and buildings generally have lease terms between 2 to 50 years while motor vehicles and other equipment generally have lease terms between 2 and 6 years. The lease arrangements generally do not allow for subleasing of the leased asset, unless there is a contractual right for the Group and the Company to sublet the lease asset to another party.

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group apply the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.



## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 16. RIGHT-OF-USE ASSETS (CONTD.)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) and the movements during the financial year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At beginning of the year	6,515	–	179	292
Impact arising from adoption of MFRS 16	–	5,808	–	–
At beginning of the year	6,515	5,808	179	292
Additions	1,416	3,500	–	–
Accretion of interest (Note 8)	278	176	4	12
Settlement	(2,663)	(3,012)	(183)	(125)
Exchange differences	(18)	43	–	–
At end of the year	5,528	6,515	–	179
<b>Analysed as:</b>				
Current	2,046	2,199	–	118
Non-current	3,482	4,316	–	61
	5,528	6,515	–	179

The maturity analysis of lease liabilities are disclosed in Note 42.

The following amounts are the amounts recognised in profit or loss:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Depreciation expense of right of use assets	2,374	2,180	52	125
Interest expense on lease liabilities	278	176	4	12
Expenses relating to:				
- short-term leases	2,132	1,997	–	–
- leases of low value assets	47	49	–	–
	4,831	4,402	56	137

The Group and the Company have total cash outflow for leases amounting to RM4,842,000 (2019: RM5,058,000) and RM183,000 (2019: RM125,000) respectively.

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## 16. RIGHT-OF-USE ASSETS (CONTD.)

### Assets held under hire purchase

During the financial year, the Group acquired motor vehicles with an aggregate cost of RM2,383,000 (2019: RM1,393,000) of which none of the amount (2019: RM694,000) were acquired by means of hire purchase respectively. These assets were paid for in cash.

The net book value of motor vehicles of the Group and the Company under hire purchase as at 31 December 2020 was RM1,130,000 (2019: RM1,763,000) and nil (2019: RM188,000) respectively.

Hire purchase assets are pledged as security for the related hire purchase liabilities.

### Group as a lessor

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. As such, future minimum rentals receivable under non-cancellable operating leases as at 31 December 2020 are as follows:

	Office building RM'000
<u>Operating lease</u>	
Within one year	1,868
After one year but not more than five years	7,867
More than five years	1,478
	<b>11,213</b>

Office building represents the sublease of building for 3 years with an option to renew for an additional 3 years. The rental income arising from this arrangement is RM1,868,000 (2019: RM1,918,000) as disclosed in Note 7.

## 17. FINANCE LEASE RECEIVABLE

	Group	
	31.12.2019 RM'000	1.1.2019 RM'000
At beginning of the year (as previously stated)	508,356	552,580
Restatement of comparatives (Note 48)	(508,356)	(552,580)
At end of the year (restated)	–	–

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 18. DEFERRED TAXATION

The components and movements of deferred tax assets during the financial year prior to offsetting are as follows:

	Deferred tax assets						
	Unutilised reinvestment allowance	Unutilised investment allowance	Unabsorbed capital allowance	Unutilised tax losses	Provisions	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group</b>							
At 1 January 2019	1,121	125,784	87,267	7,857	35,428	10,343	267,800
Recognised in profit and loss	(1,121)	(64,341)	(12,467)	946	611	(620)	(76,992)
Exchange differences	—	—	—	324	—	—	324
At 31 December 2019/1 January 2020	—	<b>61,443</b>	<b>74,800</b>	<b>9,127</b>	<b>36,039</b>	<b>9,723</b>	<b>191,132</b>
Recognised in profit and loss	—	<b>(14,469)</b>	<b>(14,227)</b>	<b>867</b>	<b>(2,001)</b>	<b>(2,938)</b>	<b>(32,768)</b>
Exchange differences	—	—	—	<b>260</b>	—	—	<b>260</b>
At 31 December 2020	—	<b>46,974</b>	<b>60,573</b>	<b>10,254</b>	<b>34,038</b>	<b>6,785</b>	<b>158,624</b>

The components and movements of deferred tax liabilities during the financial year prior to offsetting are as follows:

	Deferred tax liabilities					
	Property, plant and equipment	Convertible unsecured loan stocks	Finance lease receivables	Operating financial asset	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group (contd.)</b>						
At 1 January 2019 (as previously stated)	(97,871)	(69)	(122,006)	—	(787)	(220,733)
Restatement of comparatives (Note 48)	84,176	—	122,006	(166,671)	—	39,511
At 1 January 2019 (restated)	(13,695)	(69)	—	(166,671)	(787)	(181,222)
Recognised in profit and loss	(1,755)	(247)	—	22,568	114	20,680
Exchange differences	(256)	—	—	—	—	(256)
At 31 December 2019	(15,706)	(316)	—	(144,103)	(673)	(160,798)
At 1 January 2020 (as previously stated)	<b>(96,093)</b>	<b>(316)</b>	<b>(110,570)</b>	—	<b>(673)</b>	<b>(207,652)</b>
Restatement of comparatives (Note 48)	<b>80,387</b>	—	<b>110,570</b>	<b>(144,103)</b>	—	<b>46,854</b>
At 1 January 2020 (restated)	<b>(15,706)</b>	<b>(316)</b>	—	<b>(144,103)</b>	<b>(673)</b>	<b>(160,798)</b>
Recognised in profit and loss	<b>(3,706)</b>	<b>116</b>	—	<b>19,068</b>	<b>287</b>	<b>15,765</b>
Exchange differences	<b>(271)</b>	—	—	—	—	<b>(271)</b>
At 31 December 2020	<b>(19,683)</b>	<b>(200)</b>	—	<b>(125,035)</b>	<b>(386)</b>	<b>(145,304)</b>

## 18. DEFERRED TAXATION (CONTD.)

Presented after appropriate offsetting as follows:

	31.12.2020 RM'000	Group 31.12.2019 RM'000 (Restated)	1.1.2019 RM'000 (Restated)
Deferred tax assets	<b>40,874</b>	64,780	130,366
Deferred tax liabilities	<b>(27,554)</b>	(34,444)	(43,788)
	<b>13,320</b>	30,336	86,578

In determining the amount of deferred tax to be recognised in relation to the unutilised investment allowance of the Group, the related subsidiary, Ranhill Powertron II Sdn. Bhd. ("RanhillPower II") had considered its projected taxable profits up to the end of the concession period in year 2032 under the Power Purchase Agreement ("PPA") and its terms and conditions therein.

On 26 December 2018, the new Finance Act 2018 introduced a 7-Year Limitation on carry forward of unabsorbed business losses, unutilised reinvestment and investment allowances. Such ruling implies that RanhillPower II can only utilise its unutilised investment allowance against any taxable profit up to year 2025, requiring a potential reversal of deferred tax asset to the income statement of RM42,781,000 (2019: RM42,781,000). RanhillPower II, through its tax consultant, has since appealed to the Ministry of Finance ("MoF") to allow RanhillPower II to utilise the investment allowance up to the end of the concession period in year 2032. The appeal is currently under assessment and consideration by the MoF.

Management has consulted its solicitors who have advised that, based on the facts and circumstances of the approval of the investment allowance to RanhillPower II in prior years, it is reasonable for RanhillPower II to place reliance on such approval and continue with the utilisation of the investment allowance in full in accordance with its terms therein. Management, after consultation with the solicitors, is of the opinion that it is likely that the appeal will be successful.

Management evaluates its uncertain tax position in respect of the above item and determines that they meet the more likely than not threshold to continue recognising the deferred tax asset relating to unutilised investment allowance on the basis that any unutilised investment allowance will be available up to year 2032.

Deferred tax assets for the Group has not been recognised in respect of the following items:

	Group 31.12.2020 RM'000	31.12.2019 RM'000
Unutilised investment allowances	<b>254,825</b>	254,825
Unutilised business losses	<b>10,470</b>	15,434
Others	<b>5,986</b>	4,642
	<b>271,281</b>	274,901

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 19. INVESTMENT IN A SUBSIDIARY

	Company	
	31.12.2020 RM'000	31.12.2019 RM'000
Unquoted shares, at cost	395,000	395,000
Amount due from a subsidiary	800,000	800,000
	<b>1,195,000</b>	1,195,000

The amount due from the subsidiary is unsecured, interest-free and repayable at the discretion of the subsidiary.

## (a) Details of the Group's subsidiaries are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			31.12.2020	31.12.2019	31.12.2020	31.12.2019
Held by the Company:						
Ranhill Capital Sdn. Bhd. <sup>1</sup>	Malaysia	Investment holding and provision of management services to its subsidiaries.	100	100	–	–
Held by Ranhill Capital Sdn. Bhd.:						
Ranhill Powertron Sdn. Bhd. <sup>1</sup>	Malaysia	Independent power producer.	60	60	40	40
Ranhill Powertron II Sdn. Bhd. <sup>1</sup>	Malaysia	Independent power producer.	80	80	20	20
Ranhill Power O&M Sdn. Bhd. <sup>1</sup>	Malaysia	Operation and maintenance services for power plants station.	60	60	40	40
Ranhill Power II O&M Sdn. Bhd. <sup>1</sup>	Malaysia	Provision of operation and maintenance services for power plants station.	80	80	20	20
Ranhill Power Services Sdn. Bhd. <sup>1</sup>	Malaysia	Provision of support service to its fellow subsidiaries in the power division.	100	100	–	–
Ranhill Power Myanmar Sdn. Bhd. <sup>1,4</sup>	Malaysia	Investment holding (dormant).	100	100	–	–

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## 19. INVESTMENT IN A SUBSIDIARY (CONTD.)

### (a) Details of the Group's subsidiaries are as follows: (contd.)

Details of the Group's Subsidiaries are as follows (contd.)						
Name	Country of incorporation	Principal activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			31.12.2020	31.12.2019	31.12.2020	31.12.2019
Held by Ranhill Capital Sdn. Bhd.: (contd.)						
Ranhill Renewables Sdn. Bhd. <sup>1,6</sup>	Malaysia	Provision of operation and maintenance services for power plant.	100	100	–	–
PT. Ranhill Bumi Persada <sup>7</sup>	Indonesia	1. Construction of processing buildings, drainage and water storage drinking, wastewater and drainage. 2. Installation of waterways (plumbing).	70	70	30	30
Ranhill SAJ Sdn. Bhd. <sup>1</sup>	Malaysia	Abstraction of raw water, treatment of water, distribution and sale of treated water to consumers in the State of Johor pursuant to its migration from services concession arrangement to operating services arrangement.	80	80	20	20
Ranhill Water Services Sdn. Bhd. <sup>1</sup>	Malaysia	Providing and carrying on project management consultancy services relating to both domestic and overseas water-related projects.	100	100	–	–
SAJ Capital Sdn. Bhd. <sup>1</sup>	Malaysia	A Special Purpose Vehicle ("SPV") incorporated to issue Islamic Medium Term Notes of RM650,000,000 in nominal value based on the Shariah Principle of Murabahah (via Tawarruq Agreement).	100	100	–	–
Ranhill Water Resources Sdn. Bhd. <sup>1,3</sup>	Malaysia	Investment holding (dormant).	–	100	–	–
Ranhill Polo Sdn. Bhd. <sup>1,3</sup>	Malaysia	Investment holding (dormant).	–	100	–	–
Ranhill Watertech Solutions Sdn. Bhd. <sup>1,5</sup>	Malaysia	Investment holding (dormant).	–	100	–	–

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 19. INVESTMENT IN A SUBSIDIARY (CONTD.)

## (a) Details of the Group's subsidiaries are as follows: (contd.)

Details of the Group's Subsidiaries are as follows (contd.)						
Name	Country of incorporation	Principal activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>Held by Ranhill Capital Sdn. Bhd.: (contd.)</b>						
Ranhill International Pte. Ltd. <sup>1</sup>	Singapore	Investment holding (dormant).	100	100	—	—
<b>Held by Ranhill International Pte. Ltd.:</b>						
Ranhill Water Technologies (Cayman) Ltd. <sup>1</sup>	Cayman Islands	Investment holding activities and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, operation and maintenance services to both municipal and industrial water, sewerage and wastewater treatment plants.	100	100	—	—
<b>Held by Ranhill Water Technologies (Cayman) Ltd.:</b>						
Ranhill Water Technologies Sdn. Bhd. <sup>1</sup>	Malaysia	To undertake investment holding activities and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, operation and maintenance services to both municipal and industrial water, sewerage and wastewater treatment plants.	100	100	—	—



## 19. INVESTMENT IN A SUBSIDIARY (CONTD.)

### (a) Details of the Group's subsidiaries are as follows: (contd.)

Details of the Group's Subsidiaries are as follows (continues)						
Name	Country of incorporation	Principal activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			31.12.2020	31.12.2019	31.12.2020	31.12.2019
<b>Held by Ranhill Water Technologies Sdn. Bhd.:</b>						
AnuRak Water Treatment Facilities Co. Ltd. <sup>2</sup>	Thailand	To undertake potable water, wastewater and reclaimed water treatment services for domestic and industrial use.	100	100	–	–
Ranhill Water Technologies (Thai) Ltd. 2,9	Thailand	To undertake consultancy services, project management, engineering, supply construction and operation for potable and wastewater treatment plant.	100	100	–	–
KWI (Guangzhou) Environmental Engineering Technology Co. Ltd. <sup>2,8</sup>	China	Ceased operations.	51	51	49	49
Top Zone Solutions Sdn. Bhd. <sup>1</sup>	Malaysia	To undertake construction, structural, civil, engineering, electrical and mechanical work for potable water and wastewater treatment plant.	100	100	–	–

^ Equals to the proportion of voting rights held

<sup>1</sup> Audited by Ernst & Young PLT, Malaysia

<sup>2</sup> Audited by firm other than Ernst & Young

<sup>3</sup> Application to strike off Company had been lodged to the Registrar of Companies at Companies Commission of Malaysia ("CCM") on 9 January 2020. The company was struck off on 22 May 2020 via gazette number 8105

<sup>4</sup> Application to strike off Company had been lodged to the Registrar of Companies at Companies Commission of Malaysia ("CCM") on 24 December 2020

<sup>5</sup> Application to strike off Company had been lodged to the Registrar of Companies at Companies Commission of Malaysia ("CCM") on 26 August 2020. The company was struck off on 04 December 2020 via gazette number 21039

<sup>6</sup> Incorporated on 16.06.2020

<sup>7</sup> Incorporated on 14.11.2019

<sup>8</sup> According to China's National Enterprise Credit Information Publicity System, KWI (Guangzhou) had been revoked on 2nd August 2005

<sup>9</sup> Inclusive of 51% shareholdings held in trust by individual shareholders

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 19. INVESTMENT IN A SUBSIDIARY (CONTD.)

- (b) Summarised financial information of Ranhill Powertron Sdn. Bhd. ("RanhillPower I"), Ranhill Powertron II Sdn. Bhd. ("RanhillPower II"), and Ranhill SAJ Sdn. Bhd. ("RanhillSAJ") which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of Ranhill Power O&M Sdn. Bhd. ("RPOMI") and Ranhill Power II O&M Sdn. Bhd. ("RPOMII") are not material to the Group.

- (i) Summarised statements of financial position:

	RanhillPower I RM'000	RanhillPower II RM'000	RanhillSAJ RM'000	Total RM'000
<b>As at 31 December 2020</b>				
Non-current assets	114,662	364,001	414,916	893,579
Current assets	142,323	231,369	290,263	663,955
<b>Total assets</b>	<b>256,985</b>	<b>595,370</b>	<b>705,179</b>	<b>1,557,534</b>
Current liabilities	25,672	81,871	226,710	334,253
Non-current liabilities	55,038	394,284	339,064	788,386
<b>Total liabilities</b>	<b>80,710</b>	<b>476,155</b>	<b>565,774</b>	<b>1,122,639</b>
Equity attributable to owners of the Company	109,418	95,239	105,367	310,024
Non-controlling interest	66,857	23,976	34,038	124,871
<b>Net assets</b>	<b>176,275</b>	<b>119,215</b>	<b>139,405</b>	<b>434,895</b>

	RanhillPower I RM'000 (Restated)	RanhillPower II RM'000 (Restated)	RanhillSAJ RM'000 (Restated)	Total RM'000 (Restated)
<b>As at 31 December 2019</b>				
Non-current assets	128,030	421,345	757,847	1,307,222
Current assets	153,224	219,806	358,995	732,025
<b>Total assets</b>	<b>281,254</b>	<b>641,151</b>	<b>1,116,842</b>	<b>2,039,247</b>
Current liabilities	28,686	75,742	624,173	728,601
Non-current liabilities	60,805	444,878	326,439	832,122
<b>Total liabilities</b>	<b>89,491</b>	<b>520,620</b>	<b>950,612</b>	<b>1,560,723</b>
Equity attributable to owners of the Company	115,058	96,292	127,168	338,518
Non-controlling interest	76,705	24,239	39,062	140,006
<b>Net assets</b>	<b>191,763</b>	<b>120,531</b>	<b>166,230</b>	<b>478,524</b>

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## 19. INVESTMENT IN A SUBSIDIARY (CONTD.)

### (b) (ii) Summarised statements of comprehensive income:

	RanhillPower I RM'000	RanhillPower II RM'000	RanhillSAJ RM'000	Total RM'000
<b>For the year ended 31 December 2020</b>				
Revenue	121,120	122,643	1,161,477	1,405,240
Profit/(loss) for the year	1,512	(1,316)	107,583	107,779
Profit/(loss) attributable to owners of the Company	907	(1,053)	86,607	86,461
Profit/(loss) attributable to the non-controlling interests	605	(263)	20,976	21,318
Profit/(loss) for the year, representing total comprehensive income	1,512	(1,316)	107,583	107,779
Total comprehensive income/(loss) attributable to owners of the Company	907	(1,053)	82,540	82,394
Total comprehensive income/(loss) attributable to non-controlling interests	605	(263)	20,635	20,977
	1,512	(1,316)	103,175	103,371

	RanhillPower I RM'000 (Restated)	RanhillPower II RM'000	RanhillSAJ RM'000	Total RM'000 (Restated)
<b>For the year ended 31 December 2019</b>				
Revenue	136,355	116,565	1,225,794	1,478,714
Profit/(loss) for the year	8,364	(20,377)	186,994	174,981
Profit/(loss) attributable to owners of the Company	5,018	(16,302)	149,595	138,311
Profit/(loss) attributable to the non-controlling interests	3,346	(4,075)	37,399	36,670
Profit/(loss) for the year, representing total comprehensive income	8,364	(20,377)	186,994	174,981
Total comprehensive income/(loss) attributable to owners of the Company	5,018	(16,302)	149,595	138,311
Total comprehensive income/(loss) attributable to non-controlling interests	3,346	(4,075)	37,399	36,670
	8,364	(20,377)	186,994	174,981

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 19. INVESTMENT IN A SUBSIDIARY (CONTD.)

## (b) (iii) Summarised statements of cash flows:

	RanhillPower I RM'000	RanhillPower II RM'000	RanhillSAJ RM'000	Total RM'000
<b>For the year ended 31 December 2020</b>				
Net cash generated from operating activities	(4,075)	71,398	480,368	547,691
Net cash generated used in investing activities	16,519	7,886	14,558	38,963
Net cash used in financing activities	(20,661)	(79,284)	(523,971)	(623,916)
Net increase/(decrease) in cash and cash equivalents	(8,217)	–	(29,045)	(37,262)
Cash and cash equivalents at beginning of the year	24,431	–	110,460	134,891
Cash and cash equivalents at end of the year	16,214	–	81,415	97,629
<b>For the year ended 31 December 2019</b>				
Net cash generated from operating activities	89,596	98,307	509,173	697,076
Net cash generated used in investing activities	(15,813)	(16,377)	(45,036)	(77,226)
Net cash used in financing activities	(63,760)	(81,930)	(512,163)	(657,853)
Net increase/(decrease) in cash and cash equivalents	10,023	–	(48,026)	(38,003)
Cash and cash equivalents at beginning of the year	14,408	–	158,486	172,894
Cash and cash equivalents at end of the year	24,431	–	110,460	134,891

## 20. INVESTMENT IN A JOINT VENTURE

The Group had joint control on its joint arrangement as unanimous consent is required for relevant activities from the parties sharing control under the contractual arrangement.

The joint arrangements were structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore these entities were classified as a joint venture of the Group.

(a) Details of the Group's joint venture were as follows:

Name	Principal place of business/Country of incorporation	% of ownership interest held by the Group		Nature of relationship	Accounting model applied
		2020	2019		
Avantang Power Sdn. Bhd.	Malaysia	–	–	Note (i)	Equity method

- (i) On 18 April 2016, the Company completed the acquisition of 50% equity interest in Avantang Power Sdn. Bhd. ("APSB"). The intended principal activities of the joint venture are to develop a gas power plant, transmission, distribution and/or sales of electricity. The joint venture has not commenced operations since its incorporation. The summarised financial information of APSB is not presented in prior year as it was not material to the Group.

APSB had been dissolved on 22 July 2019 and the Companies Commission of Malaysia ("CCM") had struck off the name of APSB from its Registrar of Companies via Gazette No. 12595. As a result, the cost of investment amounted to RM5,000 had been written off as disclosed in Note 9.

## 21. INVESTMENT IN ASSOCIATES

	Group	
	31.12.2020 RM'000	31.12.2019 RM'000
Unquoted shares, at cost	96,720	96,720
Add: Share of post acquisition reserves	26,745	15,681
	123,465	112,401
Less: Impairment (Note 9)	(18,451)	(18,451)
Exchange differences	(2,939)	(7,546)
Amount due from an associate	78,372	74,520
	180,447	160,924

The Group had fully impaired its investment in Tawau Green Energy Sdn. Bhd. ("TGE") in prior year as a result of the cancellation of the Renewable Energy Purchase Power Agreement initially awarded to TGE as announced by the Ministry of Energy, Science, Technology, Environment and Climate Change in August 2018.

The amount due from an associate represents advances to the associate which is unsecured, interest-free and is not expected to be repayable within the next 12 months.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 21. INVESTMENT IN ASSOCIATES (CONTD.)

(a) Details of the Group's associates are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group		Accounting model applied
			31.12.2020	31.12.2019	
Held by Ranhill Capital Sdn. Bhd.:					
Tawau Green Energy Sdn. Bhd. <sup>1</sup>	Malaysia	To develop, construct and maintain a geothermal power plant.	26.7	26.7	Equity method
Held by Ranhill Water Technologies (Cayman) Ltd.:					
Ranhill Water (Hong Kong) Ltd. <sup>1</sup>	Hong Kong	To undertake investment holding activities and provision of consultancy, project management, operation and maintenance services relating to wastewater treatment plants.	40	40	Equity method
Held by Ranhill Water (Hong Kong) Ltd.:					
Ranhill (Yongxin) Water Co. Ltd. <sup>1</sup>	China	To undertake wastewater treatment services for Yongxin Country Industrial Park.	40	40	Equity method
Ranhill (Nanchang) Wastewater Treatment Co. Ltd. <sup>1</sup>	China	To undertake wastewater treatment services for Xiao Lan Economic Development Zone.	40	40	Equity method
Ranhill (Hefei) Wastewater Treatment Co. Ltd. <sup>1</sup>	China	To undertake wastewater treatment services for Hefei Chemical Industrial Park.	40	40	Equity method

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## 21. INVESTMENT IN ASSOCIATES (CONTD.)

(a) Details of the Group's associates are as follows: (contd.)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group		Accounting model applied
			31.12.2020	31.12.2019	
<b>Held by Ranhill Water (Hong Kong) Ltd.: (contd.)</b>					
Ranhill (Xinxiang) Wastewater Treatment Co. Ltd. <sup>1</sup>	China	To undertake wastewater treatment services for Xinxiang Industrial Park.	<b>40</b>	40	Equity method
Ranhill (Yingkou) Wastewater Treatment Co. Ltd. <sup>1</sup>	China	To undertake wastewater treatment services for Yingkou Economic & Technology Development Zone.	<b>40</b>	40	Equity method
Ranhill (Changfeng) Environmental Protection Technologies Co. Ltd. <sup>1</sup>	China	To undertake design, construction and operation for wastewater treatment and environmental protection facilities in Xiatang Heavy Industrial Park.	<b>40</b>	40	Equity method
Ranhill (Fuzhou) Water Co. Ltd. <sup>1</sup>	China	To undertake water, reclaimed water and wastewater projects in Yihuang Industrial Park.	<b>40</b>	40	Equity method
Ranhill (Wanzai) Water Co. Ltd. <sup>1</sup>	China	To undertake water, reclaimed water and wastewater projects in Wanzai Industrial Park, Yichun City.	<b>40</b>	40	Equity method
Ranhill (Chongren) Water Co. Ltd. <sup>1</sup>	China	To undertake wasterwater treatments services for Chongren Industrial Park.	<b>40</b>	40	Equity method



## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 21. INVESTMENT IN ASSOCIATES (CONTD.)

(a) Details of the Group's associates are as follows: (contd.)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group		Accounting model applied
			31.12.2020	31.12.2019	
<b>Held by Ranhill Water (Hong Kong) Ltd.: (contd.)</b>					
Ranhill Water (Yongfeng) Co. Ltd. <sup>1</sup>	China	To undertake construction and operation for treatments plant in Ji'an City.	<b>40</b>	40	Equity method
Ranhill Water (Wuhan) Co. Ltd. <sup>1</sup>	China	To promote management services, marketing, development and technical services.	<b>40</b>	40	Equity method

<sup>1</sup> Audited by firm other than Ernst & Young

(b) Summarised financial information of an associate material to the Group, is set out below:

(i) Summarised statements of financial position

	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000
<b>Non-current assets</b>	<b>682,835</b>	563,921	522,991
Cash and bank balances	39,655	55,152	17,228
Other current assets	88,597	81,205	87,712
<b>Total current assets</b>	<b>128,252</b>	136,357	104,940
<b>Total assets</b>	<b>811,087</b>	700,278	627,931
Non-current liabilities	(251,441)	(211,956)	(157,983)
Current liabilities	(304,459)	(272,312)	(273,243)
<b>Total liabilities</b>	<b>(555,900)</b>	(484,268)	(431,226)
<b>Net assets</b>	<b>255,187</b>	216,010	196,705

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## 21. INVESTMENT IN ASSOCIATES (CONTD.)

(b) Summarised financial information of an associate material to the Group, is set out below: (contd.)

(i) Summarised statements of financial position (contd.)

	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000
Summarised statements of comprehensive income			
Revenue	<b>154,049</b>	137,406	121,071
Profit before tax	<b>36,183</b>	29,734	24,542
Tax expense	<b>(8,522)</b>	(4,970)	(6,184)
Profit after tax, representing total comprehensive profit for the year	<b>27,661</b>	24,764	18,358

(ii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate

	31.12.2020 RM'000	31.12.2019 RM'000
Net assets	<b>216,007</b>	197,023
Profit for the financial year	<b>27,661</b>	24,764
Exchange differences	<b>11,519</b>	(5,777)
Net assets as at 31 December	<b>255,187</b>	216,010
Interest in an associate	<b>40%</b>	40%
Add: Amount due from an associate	<b>102,075</b> <b>78,372</b>	86,404 74,520
Carrying value of Group's interest in an associate	<b>180,447</b>	160,924

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**22. OPERATING FINANCIAL ASSETS**

Operating financial assets comprise financial assets in accordance with accounting policies for concession contracts as described in Note 2.15.

	31.12.2020 RM'000	Group 31.12.2019 RM'000 (Restated)	1.1.2019 RM'000 (Restated)
Current	<b>77,490</b>	89,666	104,110
Non-current	<b>549,092</b>	620,586	655,158
	<b>626,582</b>	710,252	759,268

The movements in the net carrying amounts of non-current and current operating financial assets are as follows:

	Group 31.12.2020 RM'000	31.12.2019 RM'000
At beginning of year (as previously stated)	<b>98,850</b>	50,341
Restatement of comparatives (Note 48)	<b>611,402</b>	708,927
At beginning of year (restated)	<b>710,252</b>	759,268
Additions	<b>3,454</b>	–
Finance income from operating financial asset (Note 6)	<b>58,492</b>	69,296
Repayments	<b>(143,891)</b>	(171,064)
Disposal	–	(617)
Transfer from contract assets	<b>135</b>	46,751
Exchange differences	<b>(1,860)</b>	6,618
At end of year	<b>626,582</b>	710,252

Operating financial assets amounting to RM501,314,000 (2019: RM556,063,000, 2018: RM589,759,000) is charged for loans and borrowings as disclosed in Note 30.

Through its subsidiaries, the Group entered into various service concession arrangements to design, build, operate and maintain power generation plants and water treatment plants both in Malaysia and Thailand. These services are primarily rendered under Build Operate Transfer (“BOT”) and Build Operate Own (“BOO”) contracts with terms ranging from 4 to 30 years. These services use specific assets, such as power plants and potable water and wastewater treatment plants, which are generally build by the Group and are to be returned to the concession grantor at the end of the contract or comprise option for the concession grantor to purchase the specific assets.

In the service concession arrangements, the Group recognises a financial asset arising from its construction services when it has an unconditional contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised cost using the effective interest method. The receivables will be collected over the period of the concession contracts.

Further information on the accounting policy relating to service concession arrangements are disclosed in Note 2.15.

## 23. TRADE AND OTHER RECEIVABLES

	31.12.2020 RM'000	Group 31.12.2019 RM'000	1.1.2019 RM'000	Company 31.12.2020 RM'000	31.12.2019 RM'000
<b>Current</b>					
<b>Trade</b>					
Third parties (Note a)	243,994	178,561	217,406	–	–
Retention sum on contracts	1,542	–	1,229	–	–
	245,536	178,561	218,635	–	–
Less: Allowance for expected credit losses (Note a)	(36,940)	(37,833)	(34,933)	–	–
Trade receivables, net	208,596	140,728	183,702	–	–
<b>Non-trade</b>					
Other receivables and deposits	30,881	17,665	32,687	–	–
Receivables from PAAB (Note b)	74,457	34,343	25,659	–	–
Receivable from the State Government of Johor (Note c)	3,682	27,284	9,542	–	–
Amount due from subsidiaries (Note d)	–	–	–	138,371	159,747
Amounts due from associates (Note d)	588	343	1,262	–	–
Amounts due from related parties (Note d)	84	303	–	–	–
	109,692	79,938	69,150	138,371	159,747
Less: Allowance for expected credit losses (Note e)	(9,276)	(9,276)	(3,500)	–	–
Non-trade receivables, net	100,416	70,662	65,650	138,371	159,747
Total current receivables	309,012	211,390	249,352	138,371	159,747
<b>Non-current</b>					
<b>Non-trade</b>					
Refundable deposits (Note 34)	70,408	70,408	70,408	–	–
Receivables from PAAB (Note f)	70,562	90,185	–	–	–
Third parties (Note a)	484	–	–	–	–
Retention sums	4,702	–	–	–	–
	146,156	160,593	–	–	–
Total trade and other receivables	455,168	371,983	319,760	138,371	159,747
Add: Cash and bank balances (Note 28)	258,245	453,892	355,876	176	973
Operating financial assets (Note 22)	626,582	710,252	759,268	–	–
Total debt instruments at amortised cost	1,339,995	1,536,127	1,434,904	138,547	160,720

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**23. TRADE AND OTHER RECEIVABLES (CONTD.)****(a) Trade receivables**

Trade receivables are non-interest bearing and are generally on 15 to 90 days (2019: 15 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	31.12.2020 RM'000	Group 31.12.2019 RM'000	1.1.2019 RM'000
Neither past due nor impaired	<b>137,935</b>	125,138	148,723
1 to 30 days past due not impaired	<b>31,576</b>	4,239	23,075
31 to 60 days past due not impaired	<b>7,281</b>	2,554	2,838
61 to 90 days past due not impaired	<b>5,512</b>	1,865	2,004
91 to 120 days past due not impaired	<b>3,599</b>	2,060	1,455
More than 121 days past due not impaired	<b>22,693</b>	4,872	5,607
	<b>70,661</b>	15,590	34,979
Impaired	<b>36,940</b>	37,833	34,933
	<b>245,536</b>	178,561	218,635

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired in prior year

The Group has trade receivables amounting to RM70,661,000 as at 31 December 2020 (2019: RM15,590,000, 2018: RM34,979,000) that are past due at the reporting date but not impaired. These are good customers but with slower repayment records.

## 23. TRADE AND OTHER RECEIVABLES (CONTD.)

### (a) Trade receivables (contd.)

#### Allowance for expected credit losses

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for expected credit losses of trade receivables are as follows:

	31.12.2020 RM'000	Group 31.12.2019 RM'000	1.1.2019 RM'000
Trade receivables			
- nominal amounts	245,536	178,561	218,635
Less: Allowance for expected credit losses	(36,940)	(37,833)	(34,933)
	208,596	140,728	183,702

#### Movement in allowance accounts:

	31.12.2020 RM'000	31.12.2019 RM'000
At beginning of the year	37,833	34,933
Charge for the year (Note 9)	160	2,900
Written off	(1,053)	–
At end of the year	36,940	37,833

### (b) Receivable from PAAB (current)

This amount represents capital expenditure on water related assets (completed and in-progress).

Included in receivable from PAAB is an amount of RM21,101,000 (2019: RM20,352,000) being the amount arose from waiver of lease rental paid by the Company in previous years and will be recovered via a reduction of future lease payment within the next 12 months.

The remaining balances with PAAB are expected to be settled within the next 12 months.

### (c) Receivable from Johor State Government

This amount represents expenses paid on behalf which are unsecured, interest-free and repayable on demand.

### (d) Amounts due from subsidiaries, associates and related parties

Amounts due from subsidiaries, associates and related parties are unsecured, interest-free and repayable on demand.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**23. TRADE AND OTHER RECEIVABLES (CONTD.)****(e) Other receivables that are impaired**

Movement in allowance accounts:

	Group	
	31.12.2020 RM'000	31.12.2019 RM'000
At beginning of the year	<b>9,276</b>	3,500
Charge for the year (Note 9)	–	5,776
At end of the year	<b>9,276</b>	9,276

**(f) Receivable from PAAB (non-current)**

This amount arose from waiver of lease rental paid by the Company in previous years and will be recovered via a reduction of future lease payment over 5 years.

The currency exposure profile of trade receivable and other receivable are as follows:

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Ringgit Malaysia	<b>447,440</b>	371,875	315,318	<b>138,371</b>	159,747
Chinese Renminbi	–	–	7	–	–
Thai Baht	<b>2,361</b>	–	3,955	–	–
Indonesian Rupiah	<b>223</b>	–	450	–	–
Singapore Dollar	<b>5,144</b>	108	30	–	–
	<b>455,168</b>	371,983	319,760	<b>138,371</b>	159,747



## 24. CONTRACT RELATED ASSETS AND LIABILITIES

	31.12.2020 RM'000	Group 31.12.2019 RM'000	1.1.2019 RM'000
<b>(a) Contract assets and liabilities</b>			
<b>Non-current asset</b>			
Contract assets	–	135	35,377
<b>Current asset</b>			
Contract assets	29,154	24,302	32,823
<b>Current liability</b>			
Contract liabilities	779	57	23
<b>(b) Contract cost asset</b>			
<b>Current asset</b>			
Costs to fulfill a contract	3,000	–	–

Contract asset is initially recognised for revenue earned from construction contracts as receipt of consideration is conditional on successful completion of construction. Upon completion of construction, the amounts recognised as contract asset are reclassified to trade receivables.

Contract liability is initially recognised when the Group receives consideration for an amount of consideration is due before the completion of construction. Contract liability is recognised as revenue when the Group performed under the contract.

## 25. INVENTORIES

	31.12.2020 RM'000	Group 31.12.2019 RM'000	1.1.2019 RM'000
<b>At cost:</b>			
Consumables	75,761	67,739	66,591
Distillates	6,814	15,350	16,373
Tools and equipment	–	13	1
	82,575	83,102	82,965
<b>At net realisable value:</b>			
Water pipes	3,437	3,689	3,771
Water meters	2,841	2,279	2,645
	6,278	5,968	6,416
	88,853	89,070	89,381

During the year, the amount of inventories being written off is nil (2019: RM173,000, 2018: RM30,000).

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**26. OTHER NON-CURRENT AND CURRENT ASSETS**

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Non-current</b>					
Prepayments	10,077	12,026	13,975	–	–
<b>Current</b>					
Prepayments	13,770	11,064	33,990	314	10

**27. OTHER FINANCIAL ASSETS**

	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000
<b>Group</b>			
<b>Financial assets at fair value through profit or loss</b>			
Short term investments:			
- Islamic managed funds*	55,201	74,323	67,082
- Deposits with other financial institution	68	559	5,059
- Listed equity investment	404	753	753
	55,673	75,635	72,894

\* The investments in Islamic managed funds aim to provide the Group with a regular income stream that comply with Shariah requirements while maintaining capital stability and are restricted pursuant to a financial covenant to maintain certain reserve requirement as part of the repayment schedule of certain loans and borrowings as further disclosed in Note 30.

## 28. DEPOSITS, CASH AND BANK BALANCES

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Cash at banks and on hand	<b>137,746</b>	99,309	149,917	<b>176</b>	973
Short term deposits with licensed banks	<b>120,499</b>	354,583	205,959	–	–
Total deposits, cash and bank balances	<b>258,245</b>	453,892	355,876	<b>176</b>	973
Bank overdrafts (Note 31)	–	–	(525)	–	–
Restricted deposits, cash and bank balances	<b>(131,237)</b>	(190,263)	(77,080)	–	–
Deposits with licensed banks with maturity more than three months	<b>(6,976)</b>	(95,259)	(77,454)	–	–
Deposits pledged as securities to licensed banks	<b>(1,179)</b>	(1,068)	–	–	–
Cash and cash equivalents	<b>118,853</b>	167,302	200,817	<b>176</b>	973

The weighted average effective interest rate per annum of deposits that was effective as at reporting date were as follows:

	Group			Company	
	31.12.2020 %	31.12.2019 %	1.1.2019 %	31.12.2020 %	31.12.2019 %
Short term deposits with licensed banks	<b>1.65</b>	3.61	3.39	–	–

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 365 days depending on the immediate cash requirements of the Group.

Included in deposits, cash and bank balances of the Group are amount of RM131,237,000 (2019: RM190,263,000), which are restricted pursuant to a financial covenant to maintain certain reserve requirement as part of the repayment schedule of certain loans and borrowings as further disclosed in Note 30.

The currency exposure profile of deposits, cash and bank balances are as follows:

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Ringgit Malaysia	<b>255,607</b>	448,968	352,884	<b>176</b>	973
Chinese Renminbi	<b>130</b>	132	161	–	–
Thai Baht	<b>2,444</b>	4,463	2,229	–	–
Singapore Dollar	<b>57</b>	239	598	–	–
US Dollar	<b>7</b>	90	4	–	–
	<b>258,245</b>	453,892	355,876	<b>176</b>	973

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 29. RETIREMENT BENEFIT OBLIGATIONS

	31.12.2020 RM'000	Group 31.12.2019 RM'000	1.1.2019 RM'000
Representing:			
Current	<b>10,634</b>	11,162	15,829
Non-current	<b>76,461</b>	72,370	72,561
	<b>87,095</b>	83,532	88,390

A subsidiary of the Group, Ranhill SAJ Sdn. Bhd., operates a defined benefit retirement scheme for its eligible employees, which is unfunded. The estimated obligations under the retirement benefit scheme are based on an actuarial valuation report prepared by a qualified independent actuary on 12 May 2020 covering the period from 31 December 2019 to 31 December 2022.

The movements during the financial year in the amount recognised in the statements of financial position in respect of the Group's retirement benefit plan are as follows:

	Group 31.12.2020 RM'000	31.12.2019 RM'000
At beginning of the year	<b>83,532</b>	88,390
Charge to profit or loss (Note 10)	<b>7,100</b>	8,228
Benefits paid	<b>(7,924)</b>	(13,150)
Remeasurement loss on defined benefit plan	<b>4,407</b>	–
Exchange differences	<b>(20)</b>	64
At end of the year	<b>87,095</b>	83,532

The expense recognised in the Group's statements of comprehensive income is analysed as follows:

	Group 31.12.2020 RM'000	31.12.2019 RM'000
Charge to profit or loss		
Current service costs	<b>3,794</b>	4,114
Interest costs	<b>3,306</b>	4,114
Total included in staff costs	<b>7,100</b>	8,228

The retirement benefits obligations are made for the non-funded benefits plan. The liability is accrued at the present value of the defined benefit obligations using the projected unit method. The principal assumptions used are as follows:

	Group 31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000
Discount rate	<b>4.2</b>	5.0	5.0
Expected rate of salary increases	<b>6.0</b>	6.0	6.0

### 30. LOANS AND BORROWINGS

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Current</b>					
<u>Secured:</u>					
Sukuk Murabahah	35,799	35,706	35,205	–	–
Musharakah Medium Term Notes ("mMTN")	50,570	50,106	49,764	–	–
Term loan 3	–	–	616	–	–
Term loan 4	964	1,513	1,310	–	–
Term loan 5	1,664	1,574	1,508	–	–
Term loan 6	890	245	854	–	–
Term loan 7	178	1,733	126	–	–
Bank overdrafts	–	–	53	–	–
Revolving credits	5,000	–	–	–	–
	95,065	90,877	89,436	–	–
<u>Unsecured:</u>					
Bank overdrafts	–	–	472	–	–
Lease liabilities (Note 16)	2,046	2,199	2,120	–	118
	2,046	2,199	2,592	–	118
Total current interest-bearing loans and borrowings	97,111	93,076	92,028	–	118
<b>Non-current</b>					
<u>Secured:</u>					
Sukuk Murabahah	559,959	595,757	590,781	–	–
Musharakah Medium Term Notes ("mMTN")	394,247	444,817	494,923	–	–
Term loan 4	–	1,063	2,448	–	–
Term loan 5	8,998	11,258	1,790	–	–
Term loan 6	4,376	5,429	10,840	–	–
Term loan 7	–	189	2,570	–	–
	967,580	1,058,513	1,103,352	–	–
<u>Unsecured:</u>					
Convertible unsecured loan stocks ("CULS")	10,406	10,213	10,049	–	–
Lease liabilities (Note 16)	3,482	4,316	3,688	–	61
	13,888	14,529	13,737	–	61
Total non-current interest-bearing loans and borrowings	981,468	1,073,042	1,117,089	–	61
Total interest-bearing loans and borrowings	1,078,579	1,166,118	1,209,117	–	179

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 30. LOANS AND BORROWINGS (CONTD.)

The annual interest rates at the reporting date are as follows:

	Repayment Maturity	31.12.2020 %	Group 31.12.2019 %	1.1.2019 %
<u>Secured</u>				
Sukuk Murabahah	2030	<b>6.76</b>	6.76	6.76
Musharakah Medium Term Notes ("mMTN")	2029	<b>6.30</b>	6.30	6.30
Term loan 3	2020	–	MRR + 1.0	MRR + 1.0
Term loan 4	2024	<b>MLR</b>	MLR	MLR
Term loan 5	2022	<b>MLR + 0.5</b>	MLR + 0.5	MLR + 0.5
Term loan 6	2028	<b>MLR - 1</b>	MLR - 1	MLR - 1
Term loan 7	2024	<b>MLR - 1</b>	MLR - 1	MLR - 1
Revolving credit	2021	<b>4.76</b>	–	–
<u>Unsecured</u>				
Bank overdrafts	On demand	–	–	8.45
Convertible unsecured loan stock ("CULS")	2022	<b>15.28</b>	15.28	15.28

The currency exposure profile of loans and borrowings are as follows:

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Ringgit Malaysia	<b>1,061,509</b>	1,143,114	1,187,002	–	179
Thai Baht	<b>17,070</b>	23,004	22,115	–	–
	<b>1,078,579</b>	1,166,118	1,209,117	–	179

The maturity profile of loans and borrowings are as follows:

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Within one year	<b>97,111</b>	93,076	92,028	–	118
Between one to two years	<b>92,922</b>	91,466	133,111	–	61
Between two to five years	<b>325,011</b>	302,181	389,139	–	–
More than five years	<b>563,535</b>	679,395	594,839	–	–
Total loans and borrowings	<b>1,078,579</b>	1,166,118	1,209,117	–	179

### 30. LOANS AND BORROWINGS (CONTD.)

Reconciliation of liabilities/(assets) arising from financing activities:

	Group		Company	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
At 1 January	<b>1,166,118</b>	1,209,117	<b>179</b>	–
Cash flows:				
Drawdown of loans and borrowings	<b>5,000</b>	3,086	–	–
Repayment of principal portion of loans and borrowings	<b>(94,297)</b>	(53,793)	–	–
Repayment of interest portion of loans and borrowings	<b>(66,248)</b>	(70,299)	–	–
Repayment of lease liabilities	<b>(2,663)</b>	(3,012)	<b>(183)</b>	(125)
Non-cash changes:				
Exchange differences	<b>(484)</b>	2,649	–	–
Other changes	<b>71,153</b>	78,370	<b>4</b>	304
At 31 December	<b>1,078,579</b>	1,166,118	<b>–</b>	179

Included in the other changes are the effects of upon implementation of MFRS 16, transaction costs deducted against carrying amount of loans and borrowings amortised under effective interest rate method and accrued but not yet paid/(received) interest on interest-bearing loans and borrowings. The Group classified interest paid as cash flows used in financing activities.

#### **Sukuk Murabahah**

On 26 January 2018, a wholly-owned subsidiary of the Group, SAJ Capital Sdn. Bhd. ("SAJC"), issued RM650,000,000 nominal value Islamic Medium Term Notes under the Shariah principal of Murabahah ("Sukuk Murabahah"). The Sukuk Murabahah is issued for the following purposes:

- (i) RM410,000,000 to partly refinance the Group's existing outstanding Sukuk Musharakah;
- (ii) RM17,603,000 to fund the Finance Service Reserve Account ("FSRA") as required by the Sukuk Murabahah;
- (iii) RM13,159,000 was used to finance all costs and expenses incurred in relation to the Sukuk Murabahah exercise; and
- (iv) The remaining balance was used for working capital requirements and general funding requirements of the Group.



## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**30. LOANS AND BORROWINGS (CONTD.)****Sukuk Murabahah (contd.)**

The Sukuk Murabahah has a tenure of up to 12 years from the date of first issuance.

The Sukuk Murabahah is secured over the followings:

- (i) first ranking fixed assignment and charge over RCSB's entire shareholding in Ranhill SAJ Sdn. Bhd. ("RanhillSAJ") (formerly known as SAJ Ranhill Sdn. Bhd.);
- (ii) first ranking assignment of all income and revenue including any dividends and distributions received or receivable by RCSB in respect of RCSB's shareholdings in RanhillSAJ, whether income or capital in nature, and the payment and repayment of shareholder's loans and advances received or receivable by RCSB from RanhillSAJ and an irrevocable instruction from RCSB to RanhillSAJ, to deposit all the proceeds of the income and revenue including any dividends and distributions receivable by RCSB from RanhillSAJ to the Revenue Account;
- (iii) a first ranking debenture comprising a fixed and floating charge over all present and future assets, rights, and interests of SAJC excluding the Sukuk Trustee's Reimbursement Account;
- (iv) a first ranking fixed charge and assignment over the Designated Accounts and the credit balances therein; and
- (v) any other security as may be advised by the Solicitors.

The major covenants that are required to be complied by SAJC are as follows:

- (i) to maintain a Financial Service Cover Ratio ("FSCR") of at least 1.5 times; and
- (ii) to maintain a debt/equity ratio of not higher than 1.50 times on a consolidated basis.

**Musharakah Medium Term Notes ("mMTN")**

On 17 June 2011, Ranhill Powertron II Sdn. Bhd. ("RanhillPower II"), issued RM710,000,000 nominal value Medium Term Notes ("mMTN") under the Syariah principal of Musharakah. The mMTN was issued for the following purposes:

- (a) RM610,000,000 to refinance the existing outstanding loans under the Commodity Murabahah Term Financing-i and Conventional Syndicated Term Loan. The remaining balance after full settlement of the outstanding loans, was used to finance the construction of the power plant in RanhillPower II and to fund the Finance Service Reserve Account ("FSRA") as required by the mMTN;
- (b) RM90,000,000 as advances to the shareholders of RanhillPower II; and
- (c) the remaining balance was used to finance all costs and expenses incurred in relation to the mMTN Programme exercise (including the initial guarantee fees) and for working capital requirements.

## 30. LOANS AND BORROWINGS (CONTD.)

### **Musharakah Medium Term Notes ("mMTN") (contd.)**

The mMTN has a tenure of up to 18 years from the date of first issuance and is issued in 2 tranches as follows:

#### Tranche 1

RM360,000,000 nominal value comprising of 10 series of annual redemption maturing annually from 2 to 11 years. The Yield-to-Maturity ranges from 4.1% to 5.7% per annum, and is repayable semi-annually.

#### Tranche 2

RM350,000,000 nominal value comprising of 7 series of annual redemption maturing from annually 12 to 18 years. The Yield-to-Maturity ranges from 5.15% to 5.70% per annum, and is repayable semi-annually.

The mMTN is secured over the followings:

#### Tranche 1

- (i) a debenture to create a first ranking fixed and floating charges over all present and future assets of RanhillPower II;
- (ii) first assignment and charge of all the Lease Agreement and the lease on the Project land and building excluding switchyard areas and parts which are to be transferred to Sabah Energy Sdn. Bhd. pursuant to the Lease Agreement;
- (iii) a charge and assignment of all the rights, benefit and interest of RanhillPower II in and to the Designated Accounts; and
- (iv) assignment (by way of security of) on all rights, interest and benefit of RanhillPower II for the following:
  - the Project Agreements (including the right to all liquidated damages payable thereunder and the right to revenues under the Power Purchase Agreement and such step-in-rights under the terms).
  - applicable licenses and permits (to the extent that the licenses and permits are assignable and no further consents are required to be obtained for such assignment).
  - applicable insurance/takaful policies.
  - performance bonds and guarantees issued in favour of RanhillPower II.
  - Any other security as may be advised by the solicitors to the JLAs ("Legal Counsel") and agreed with the Issuer.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**30. LOANS AND BORROWINGS (CONTD.)****Musharakah Medium Term Notes ("mMTN") (contd.)**Tranche 2

The securities will be shared on pari passu basis with the Guarantor in Tranche 1 via the security sharing arrangement in respect of the payment obligation by RanhillPower II of the nominal value of each series of the Tranche 2.

The major covenants that are required to be complied by RanhillPower II are as follows:

- (i) to maintain a Financial Service Coverage Ratio ("FSCR") of 1.25 times and debt/equity ratio not higher than 80:20;
- (ii) a minimum FSCR of 1.75 times is required for the declaration of dividend and thereafter a minimum of 1.5 times is required to be maintained;
- (iii) to maintain a minimum requirement reserve in FSRA and Finance Payment Account ("FPA") to meet the profit payment due and payable semi-annually and the principal payment annually; and
- (iv) cash generated from power generation are restricted for operational and administrative expenses incurred in the normal course of business.

**Convertible unsecured loan stocks ("CULS")**

The salient features of the CULS issued are as follows:

- (a) Maturity date is 10 years from issuance of the CULS in June 1998 based on Subscription Agreement dated 30 April 1997 and based on the revised Agreement dated May 2009, the CULS had extended for another 10 years up to 30 June 2019. During the year, the CULS has been extended for another 3 years up to 30 June 2022 with other terms and conditions remain unchanged;
- (b) Interest is accrued at the rate of 12.5% per annum and is payable in cash on each anniversary date of the CULS but is subject to lenders' requirement and at the discretion of RanhillPower I. CULS converted before anniversary date will not be entitled to the annual interest;
- (c) Conversion in part or in whole is allowed before maturity date, subject to adherence to RanhillPower I's existing shareholding proportions and the shareholding restrictions. All converted shares will rank pari passu but will not be entitled to dividends declared for the financial year preceding the year of conversion; and
- (d) On maturity date, the CULS, if not earlier converted, will be redeemed for its full principal amount together with all unpaid accrued interest.

The equity component of the CULS attributable to owners of the parent as at 31 December 2020 is RM1,063,000 (2019: RM1,063,000).

**Term loan 3**

The term loan is secured by machinery owned by AnuRAK Water Treatment Facilities Co. Ltd., rights over the receivables from its customer and a corporate guarantee by the parent company, Ranhill Water Technologies Sdn. Bhd., and a related company, Ranhill Water Technologies (Thai) Ltd.. It is repayable in 84 instalments and bear interest at minimum retail rate ("MRR") plus 1.0% per annum. The repayment period is from 2013 to 2020.

## 30. LOANS AND BORROWINGS (CONTD.)

### **Term loan 4**

The term loan is secured by machinery owned by AnuRAK Water Treatment Facilities Co. Ltd., rights over the receivables from its customer and a corporate guarantee by the parent company, Ranhill Water Technologies Sdn. Bhd., and a related company, Ranhill Water Technologies (Thai) Ltd.. It is repayable in 108 instalments including grace period of 12 months as from the first drawdown date of the loan facility and bear interest at mortgage lending rate ("MLR"). The repayment period is from 2014 to 2024.

### **Term loan 5**

The term loan is secured by machinery owned by AnuRAK Water Treatment Facilities Co. Ltd., right over the receivables from its customer and a corporate guarantee by the parent company, Ranhill Water Technologies Sdn. Bhd. and a related company, Ranhill Water Technologies (Thai) Ltd.. It is repayable in 88 instalments including grace period of 4 months as from the first drawdown date of the loan facility and bear interest at mortgage lending rate ("MLR") plus 0.5% per annum. The repayment period is from 2014 to 2022.

### **Term loan 6**

The term loan is secured by machinery owned by AnuRAK Water Treatment Facilities Co. Ltd., rights over the receivables from its customer and a corporate guarantee by the parent company, Ranhill Water Technologies Sdn. Bhd. and a related company, Ranhill Water Technologies (Thai) Ltd.. It is repayable in 108 instalments including grace period of 12 months as from the first drawdown date of the loan facility and bear interest at mortgage lending rate ("MLR") minus 1.0% per annum. The repayment period is from 2018 to 2028.

### **Term loan 7**

The term loan is secured by machinery owned by AnuRAK Water Treatment Facilities Co. Ltd., rights over the receivables from its customer and a corporate guarantee by the parent company, Ranhill Water Technologies Sdn. Bhd. and a related company, Ranhill Water Technologies (Thai) Ltd.. It is repayable in 66 instalments including grace period of 12 months as from the first drawdown date of the loan facility and bear interest at mortgage lending rate ("MLR") minus 1.0% per annum. The repayment period is from 2018 to 2024.

### **Bank overdrafts**

The bank overdrafts in prior year bear interest at 8.40% per annum and were held on call by the licensed banks. The bank overdrafts secured by right over bank saving account held by Ranhill Water Technologies (Thai) Ltd., Ranhill Water Technologies Sdn. Bhd.'s fixed deposit, guarantee provided by Ranhill Water Technologies (Thai) Ltd.'s director and corporate guarantee provided by a related party, Ranhill Utilities Sdn. Bhd..

### **Revolving credits**

The facility is under the Shariah principle of Tawarruq. The purpose is restricted for working capital, capital expenditure and any other expenses related to non-water revenue, water management and services contracts or projects. The facility limit is up to RM15 million and to be utilised within 6 months from the date of acceptance of Letter of Offer with a tenure of 1 year subject to annual review. It is repayable on 26 March 2021 and bears interest at 4.76%.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 31. ZAKAT LIABILITY

	31.12.2020 RM'000	Group 31.12.2019 RM'000	1.1.2019 RM'000
At beginning of the year	11,492	8,093	9,526
Provision for the year	1,236	6,787	5,516
Zakat paid	(2,485)	(3,388)	(6,949)
Reversal of zakat provision	(10,243)	–	–
At end of the year	–	11,492	8,093

## 32. TRADE AND OTHER PAYABLES

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Current</b>					
<b>Trade payables</b>					
Third parties (Note a)	143,201	125,481	117,269	–	–
Amount due to Badan Kawalsedia Air Johor (Note b)	6,274	8,935	5,700	–	–
Amount due to PAAB (Note c)	21,243	7,772	24,596	–	–
Amounts due to related parties (Note d)	3,519	2,987	2,303	–	–
Retention sum on contracts (Note e)	1,606	4,295	–	–	–
	175,843	149,470	149,868	–	–
<b>Non-trade payables</b>					
Other payables	62,716	103,589	83,061	1,875	8,841
Dividend payable	4,000	33,320	14,250	–	21,320
Retention sum on contracts (Note e)	9,613	10,343	9,886	–	–
Amounts due to related parties (Note d)	126	370	431	–	–
Amounts due to subsidiaries (Note d)	–	–	–	19,618	16,345
Amounts due to associates (Note d)	4,725	–	–	–	–
Deposits received (Note f)	3,761	3,298	2,779	–	–
	84,941	150,920	110,407	21,493	46,506
Total current payables	260,784	300,390	260,275	21,493	46,506

## 32. TRADE AND OTHER PAYABLES (CONTD.)

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Non-Current</b>					
<b>Trade payables</b>					
Retention sum on contracts (Note e)	2,077	1,076	1,216	–	–
Amounts due to related parties (Note d)	1,774	–	–	–	–
Total non-current payables	3,851	1,076	1,216	–	–
Total trade and other payables	264,635	301,466	261,491	21,493	46,506
Add: Finance lease liabilities (Note 30)	–	–	2,949	–	–
Add: Loans and borrowings (Note 30)	1,078,579	1,166,118	1,209,117	–	179
Add: Service concession obligations (Note 33)	–	328,970	686,403	–	–
Add: Zakat (Note 31)	–	11,492	8,093	–	–
Add: Consumer deposits (Note 34)	253,327	251,458	244,364	–	–
Total financial liabilities carried at amortised cost	1,596,541	2,059,504	2,412,417	21,493	46,685

### (a) Trade payables - current

Credit terms of trade payables granted to the Group vary from 30 to 365 days (2019: 30 to 365 days).

### (b) Amount due to BAKAJ

Amount due to BAKAJ represents purchase of raw water which is trade in nature, unsecured, interest-free and expected to be paid within one year.

### (c) Amount due to PAAB

Amount due to PAAB represents lease rental relating to previous operating periods payable to PAAB. It is trade in nature, unsecured and interest-free.

### (d) Amounts due to related parties, associates and subsidiaries

Amounts due to related parties and subsidiaries are unsecured, interest free and repayable on demand.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**32. TRADE AND OTHER PAYABLES (CONTD.)****(e) Retention sums payables**

Retention sums on contracts are payable upon the expiry of the defects liability period of the construction contracts. Retention sums are unsecured, interest-free and are expected to be paid within 2 to 5 years.

**(f) Deposits received**

The amounts include refundable deposits received from developers on reticulation works, deposits received from contractors for their performance bonds which are refundable upon completion of work, and deposits received from consumers on water meter testing refundable in the event the water meter is faulty. These deposits are unsecured, non-interest bearing and refundable within one year.

The currency exposure profile of trade and other payables are as follows:

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000	1.1.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Ringgit Malaysia	<b>247,193</b>	290,552	256,984	<b>21,493</b>	46,506
Chinese Renminbi	<b>5,869</b>	7,275	493	—	—
US Dollar	<b>1,220</b>	112	114	—	—
Thai Baht	<b>3,621</b>	3,510	3,884	—	—
Singapore Dollar	<b>6,732</b>	—	—	—	—
Others	—	17	16	—	—
	<b>264,635</b>	301,466	261,491	<b>21,493</b>	46,506



### 33. SERVICE CONCESSION OBLIGATIONS

	31.12.2020 RM'000	Group 31.12.2019 RM'000	1.1.2019 RM'000
<b>Minimum lease payments:</b>			
- Within one year	–	333,315	357,626
- Between two to five years	–	–	361,192
Total minimum lease payments	–	333,315	718,818
Less: Future finance charges	–	(4,345)	(32,415)
Present value of minimum lease payments	–	328,970	686,403
<b>Present value of payments:</b>			
- Within one year	–	328,970	333,822
- Between two to five years	–	–	352,581
Present value of minimum lease payments	–	328,970	686,403
Less: Amount due within 12 months	–	(328,970)	(333,822)
Amount due after 12 months	–	–	352,581

Service concession obligations are in respect of the lease rental payable in accordance with the Facility Agreement entered into with PAAB for the right to use, occupy and operate the water related assets belonging to PAAB.

The weighted average effective interest rates per annum for the lease rental payable as at reporting date is 4.46% (2019: 4.46%, 2018: 4.46%).

The movement in the service concession obligations is as follows:

	31.12.2020 RM'000	Group 31.12.2019 RM'000
At beginning of the year	<b>328,970</b>	686,403
Additions	<b>7,873</b>	7,654
Repayment	<b>(353,000)</b>	(350,190)
Interest (Note 8)	<b>5,585</b>	22,804
Transfer to amount due to PAAB	<b>10,572</b>	–
Waiver of lease rental from PAAB	–	(37,701)
At end of the year	–	328,970

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**34. CONSUMER DEPOSITS**

Consumer deposits include deposits assumed from Syarikat Air Johor Sdn. Bhd. ("SAJSB"), the former water operator pursuant to the Concession Agreement amounting to RM70,407,920 (2019: RM70,407,920) as disclosed in Note 23.

These amounts would be repaid by SAJSB, the previous water operator, in the event that the consumer deposits fall below the value of the long term refundable deposits.

**35. SHARE CAPITAL AND TREASURY SHARES**

	Number of ordinary shares		Amount			
	Share capital		Share capital		Treasury shares	
	31.12.2020 '000	31.12.2019 '000	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
<b>Group and Company</b>						
<b>At 1 January</b>	<b>1,065,975</b>	888,316	<b>1,275,319</b>	1,275,319	–	–
Issuance of ordinary shares pursuant to:						
- bonus issue	–	177,659	–	–	–	–
- dividend reinvestment plan ("DRP")	<b>6,961</b>	–	<b>7,588</b>	–	–	–
Purchase of treasury shares	<b>(18,075)</b>	–	–	–	<b>(16,408)</b>	–
Distribution of treasury shares	<b>10,618</b>	–	–	–	<b>10,131</b>	–
<b>At 31 December</b>	<b>1,065,479</b>	1,065,975	<b>1,282,907</b>	1,275,319	<b>(6,277)</b>	–

**(a) Share capital**

During the financial year, the Company increased its issued share capital by way of the issuance of 6,961,407 new shares pursuant to shareholders opting for shares under the Dividend Reinvestment Plan ("DRP") held on 30 January 2020.

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

**(b) Treasury shares**

During the financial year, the Company:

- (i) repurchased 18,074,900 of its issued ordinary shares from the open market at an average price of RM0.91 per share. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016; and
- (ii) declared a first interim single-tier share dividend in respect of the financial year ended 31 December 2020 paid by way of distribution of 10,617,974 treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company. The treasury shares were repurchased at an average price of RM0.95 per share.

As at 31 December 2020, the number of treasury shares held are 7,456,926 ordinary shares. Such treasury shares are held at carrying amount of RM6,277,000 (2019: nil).

## 36. OTHER RESERVES

	Group			Company	
	31.12.2020 RM'000	31.12.2019 RM'000 (Restated)	1.1.2019 RM'000 (Restated)	31.12.2020 RM'000	31.12.2019 RM'000
Merger deficit (Note a)	<b>(906,015)</b>	(906,015)	(906,015)	–	–
Currency translation reserves (Note b)	<b>15,524</b>	13,007	11,547	–	–
Equity component of convertible unsecured loan stocks ("CULS") (Note c)	<b>1,063</b>	1,063	1,063	–	–
Employee share reserves (Note d)	<b>459</b>	–	–	<b>459</b>	–
Retained earnings (Note e)	<b>76,312</b>	85,529	69,586	<b>35,296</b>	33,941
	<b>(812,657)</b>	(806,416)	(823,819)	<b>35,755</b>	33,941

### (a) Merger deficit

This represents the difference between the consideration transferred and the equity acquired arising from the completion of the reverse takeover acquisition of Symphony House Berhad on 15 December 2015.

### (b) Currency translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### (c) Equity component of convertible unsecured loan stocks ("CULS")

This represents the residual amount of convertible unsecured loan stocks ("CULS") after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from CULS.

### (d) Employee share reserves

This represents the fair value of the LTIP shares at grant date with corresponding movement in profit or loss, over the vesting period.

### (e) Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2020 under the single tier system.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**37. EMPLOYEE SHARE SCHEME**

On 11 April 2019, the Company implemented the Long Term Incentive Plan ("LTIP"), which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of the Group and the Company, provided that the total number of shares so allotted shall not at any time exceed ten percent of the total number of issued shares in the Company ("LTIP Grants").

On 11 September 2020, the Company awarded up to 9,989,600 LTIP Grants, comprising of the following:

- (i) 8,992,400 performance shares ("PS") under the PS Grant to be vested on 29 September 2023; and
- (ii) 997,200 restricted shares ("RS") under the RS Grant to be vested on 29 September 2023.

The LTIP Grants were awarded, without any cash consideration to those who have attained the identified performance objectives of the Group and the Company. It serves to attract, retain, motivate and reward valuable employees of the Group and the Company.

LTIP movement

	Number of LTIP Grants		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
<b>Group and company</b>				
At 1 January	—	—	—	—
Granted during the year	9,990	—	459	—
At 31 December	9,990	—	459	—

Fair value of shares granted

The fair values of the shares granted are estimated at the grant date using a Monte Carlo Simulation pricing model, taking into account the terms and conditions which the instruments were granted.

The following table lists out the relevant input to the share scheme pricing model:

	2020 LTIP
Fair value per share (RM)	
- Restricted shares	RM0.088
- Performance shares	RM0.752
Dividend yield (%)	4.71%
Expected volatility (%)	35.02%
Risk-free interest rate (% p.a.)	1.96%
Expected life of the scheme (years)	
- Restricted shares	3 years
- Performance shares	3 years
Underlying share price (RM)	RM0.862

The expected life of the share scheme is based on the contractual life of the scheme. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the scheme, is indicative of future trends, which may not necessarily be the actual outcome.

## 38. DIVIDENDS

Recognised during the financial year:

			Amount of dividend, net of tax	
	2020 sen	2019 sen	2020 RM'000	2019 RM'000
<b>Group</b>				
Interim dividend on 888,315,767 ordinary shares	–	1.00	–	8,883
Final dividend on 888,315,767 ordinary shares	–	1.00	–	8,883
Interim dividend on 1,065,975,159 ordinary shares	–	1.00	–	10,660
Interim dividend on 1,065,975,159 ordinary shares	–	2.00	–	21,320
Interim dividend on 1,071,336,566 ordinary shares	<b>1.00</b>	–	<b>10,713</b>	–
Final dividend on 1,067,090,866 ordinary shares	<b>1.00</b>	–	<b>10,671</b>	–
Interim dividend paid by way of distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company	<b>0.95</b>	–	<b>10,131</b>	–
Interim dividend on 1,066,803,640 ordinary shares	<b>1.00</b>	–	<b>10,668</b>	–
Interim dividend on 100,000,000 ordinary shares	<b>30.00</b>	60.00	<b>6,000</b>	12,000
Interim dividend on 100,000,000 ordinary shares	<b>25.00</b>	30.00	<b>5,000</b>	6,000
Interim dividend on 100,000,000 ordinary shares	<b>45.00</b>	60.00	<b>9,000</b>	12,000
Interim dividend on 100,000,000 ordinary shares	<b>30.00</b>	–	<b>6,000</b>	–
Interim dividend on 10,000,000 ordinary shares	<b>70.00</b>	70.00	<b>2,800</b>	2,800
Interim dividend on 10,000,000 ordinary shares	<b>70.00</b>	90.00	<b>2,800</b>	3,600
Interim dividend on 10,000,000 ordinary shares	<b>30.00</b>	90.00	<b>1,200</b>	–
Interim dividend on 500,000 ordinary shares	<b>1,800.00</b>	400.00	<b>3,600</b>	800
Interim dividend on 500,000 ordinary shares	<b>900.00</b>	400.00	<b>900</b>	400
			<b>79,483</b>	87,346

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**38. DIVIDENDS (CONTD.)**

Dividends paid by the Company during financial year are as follows:

	2020 sen	2019 sen	Amount of dividend, net of tax	
			2020 RM'000	2019 RM'000
<b>Company</b>				
Interim dividend on 888,315,767 ordinary shares	–	1.00	–	8,883
Final dividend on 888,315,767 ordinary shares	–	1.00	–	8,883
Interim dividend on 1,065,975,159 ordinary shares	–	1.00	–	10,660
Interim dividend on 1,065,975,159 ordinary shares	–	2.00	–	21,320
Interim dividend on 1,071,336,566 ordinary shares	<b>1.00</b>	–	<b>10,713</b>	–
Final dividend on 1,067,090,866 ordinary shares	<b>1.00</b>	–	<b>10,671</b>	–
Interim dividend paid by way of distribution of treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company	<b>0.95</b>	–	<b>10,131</b>	–
Interim dividend on 1,066,803,640 ordinary shares	<b>1.00</b>	–	<b>10,668</b>	–
			<b>42,183</b>	49,746

## 39. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Segments	For the financial year ended 31 December 2020		
	Water RM'000	Power RM'000	Total RM'000
<b>Group</b>			
<b>Type of goods or services</b>			
Water revenue	1,106,124	–	1,106,124
Power revenue	–	243,764	243,764
Contribution by housing developers	47,524	–	47,524
Non-revenue water reduction fees	36,277	–	36,277
Construction contract revenue	21,587	–	21,587
Operation and maintenance revenue	14,810	–	14,810
Special works	7,829	–	7,829
Sale of equipment	87	–	87
Technical and management services	407	–	407
Total revenue from contracts with customers	1,234,645	243,764	1,478,409
<b>Geographical market</b>			
Malaysia	1,220,572	243,764	1,464,336
Thailand	14,073	–	14,073
Total revenue from contracts with customers	1,234,645	243,764	1,478,409
<b>Timing of revenue recognition</b>			
Goods and services transferred at a point in time	1,161,971	210,173	1,372,144
Services transferred over time	72,674	33,591	106,265
Total revenue from contracts with customers	1,234,645	243,764	1,478,409



## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**39. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTD.)**

Disaggregated revenue information (contd.)

Set out below is the disaggregation of the Group's revenue from contracts with customers: (contd.)

Segments	For the financial year ended 31 December 2019		
	Water RM'000	Power RM'000 (Restated)	Total RM'000 (Restated)
<b>Group</b>			
<b>Type of goods or services</b>			
Water revenue	1,159,411	–	1,159,411
Power revenue	–	252,921	252,921
Contribution by housing developers	54,434	–	54,434
Non-revenue water reduction fees	20,726	–	20,726
Construction contract revenue	36,331	–	36,331
Operation and maintenance revenue	15,434	–	15,434
Special works	11,949	–	11,949
Sale of equipment	220	–	220
Technical and management services	418	–	418
Total revenue from contracts with customers	1,298,923	252,921	1,551,844
<b>Geographical market</b>			
Malaysia	1,274,609	252,921	1,527,530
Thailand	24,314	–	24,314
Total revenue from contracts with customers	1,298,923	252,921	1,551,844
<b>Timing of revenue recognition</b>			
Goods and services transferred at a point in time	1,226,432	220,860	1,447,292
Services transferred over time	72,491	32,061	104,552
Total revenue from contracts with customers	1,298,923	252,921	1,551,844

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied), in respect of construction contract as at 31 December 2020 is RM108,736,000 (2019: RM24,286,000) and expected to be completed within 12 months.

## 40. SIGNIFICANT RELATED PARTIES DISCLOSURES

In addition to related parties disclosures mentioned elsewhere in the financial statements, set out below are other significant related parties transactions.

### (a) Transactions with related parties

The related parties and their relationship with the Group are as follows:

Related parties	Relationship
Ranhill Group Sdn. Bhd.	A wholly owned subsidiary of Ranhill Energy and Resources Sdn. Bhd.
Sabah Energy Corporation Sdn. Bhd.	Corporate shareholder of partially owned subsidiaries
Ranhill (Chongren) Water Co. Ltd.	An associate of Ranhill Water Technologies (Cayman) Ltd.
Ranhill (Changfeng) Environmental Protection Technologies Co. Ltd.	An associate of Ranhill Water Technologies (Cayman) Ltd.
Symphony Share Registrar Sdn. Bhd.	Director's related corporation
Symphony Corporatehouse Sdn. Bhd.	Director's related corporation
Ranhill Process System Sdn. Bhd.	Director's related corporation
Ranhill Berhad	Director's related corporation
Ranhill Consulting Sdn. Bhd.	Director's related corporation
Capsicum Motorsport Limited	Director's related corporation
Chris Dittman Racing Limited	Director's related corporation
Peak Performance Management	Director's related corporation

Tan Sri Hamdan Mohamad, who is a director and a substantial shareholder of Ranhill Holdings Berhad, is also a substantial shareholder and a director of Ranhill Energy and Resources Sdn. Bhd.

	Group	
	2020 RM'000	2019 RM'000
<b>(i) Work performed on infrastructure assets and consultancy fees charged by:</b>		
- Ranhill Consulting Sdn. Bhd.	(32,461)	(12,497)
- Ranhill Process System Sdn. Bhd.	-	(147)
<b>(ii) IT and management services rendered from:</b>		
- Ranhill Global Systems Sdn. Bhd.	(787)	(270)
<b>(iii) Borrowings and interest payable to:</b>		
- Sabah Energy Corporation Sdn. Bhd.	(1,450)	(1,450)
<b>(iv) Guarantee fees relinquished from:</b>		
- Tan Sri Hamdan Mohamad	-	6,680

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 40. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTD.)

## (a) Transactions with related parties (contd.)

	Group	
	2020 RM'000	2019 RM'000
<b>(v) Sponsorship paid to:</b>		
- Chris Dittman Racing Limited	–	(1,391)
- Peak Performance Management	–	(222)
- Capsicum Motorsport Ltd	(1,770)	–
<b>(vi) Secondment of staff to:</b>		
- Ranhill Berhad	(981)	(950)
<b>(vii) Project expenses paid to:</b>		
- Ranhill Berhad	(6,000)	–

## (b) Key management compensation

The remunerations of the key management personnel who are the directors, Chief Operating Officer, Chief Financial Officer and selected Senior Vice President, Vice President of the Group during the year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	20,107	18,154	9,835	8,071
Contributions to defined contribution plan	1,159	1,250	139	217
Share-based payment (Note 37)	232	–	232	–
Fees and other emoluments	856	1,616	1,100	864
	22,354	21,020	11,306	9,152

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## 41. COMMITMENTS

### (a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group	
	2020 RM'000	2019 RM'000
Approved and contracted for	351	775
Approved but not contracted for	4,575	3,290
	<b>4,926</b>	4,065
<b>Analysed as follows:</b>		
Plant and machineries	1,600	2,040
Office equipment	420	330
Furniture and fittings	160	420
Computer equipment	2,436	1,115
Replacement parts	50	160
Motor vehicle	260	–
	<b>4,926</b>	4,065

### (b) Hire purchase commitments

The Group and the Company have hire purchases for certain items of right-of-use assets as disclosed in Note 16 to the financial statements.

Future minimum payments under hire purchase together with the present value of the net minimum payments are disclosed in Note 42.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**42. FAIR VALUE OF FINANCIAL INSTRUMENTS****(a) Financial instruments that are measured at fair value**

The Group uses the following hierarchy for determining the fair values of all financial instruments carried at fair value:

Level 1

Quoted market prices in an active market.

Level 2

Valuation inputs (other than Level 1 input) that are based on observable market data for the asset or liability, whether directly or indirectly.

Level 3

Valuation inputs that are not based on observable market data.

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>31 December 2020</b>				
Financial assets through profit or loss				
- Islamic Managed Funds	–	55,201	–	55,201
- Deposits with other financial institution	–	68	–	68
- Listed equity investment	404	–	–	404
	<b>404</b>	<b>55,269</b>	<b>–</b>	<b>55,673</b>
<b>31 December 2019</b>				
Financial assets through profit or loss				
- Islamic Managed Funds	–	74,323	–	74,323
- Deposits with other financial institution	–	559	–	559
- Listed equity investment	753	–	–	753
	<b>753</b>	<b>74,882</b>	<b>–</b>	<b>75,635</b>

## 42. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

- (b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Carrying amount RM'000	Fair value RM'000
<b>Group</b>			
<b>31 December 2020</b>			
<b>Non-current</b>			
<b>Financial asset</b>			
Operating financial assets	22	549,092	590,398
<b>Financial liabilities</b>			
Sukuk Murabahah	30	559,959	666,132
Musharakah Medium Term Notes ("mMTN")	30	394,247	318,445
<b>31 December 2019 (Restated)</b>			
<b>Non-current</b>			
<b>Financial asset</b>			
Operating financial assets	22	620,586	642,861
<b>Financial liabilities</b>			
Sukuk Murabahah	30	595,757	532,125
Musharakah Medium Term Notes ("mMTN")	30	444,817	325,481

- (c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of trade and other receivables, trade and other payables, and cash and bank balances are reasonable approximation of fair values, either due to their short-term nature or repayable on demand term.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of other non-current term loans are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

## Financial Statements

**Notes to the Financial Statements**

For the financial year ended 31 December 2020

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group reviews and agrees policies and procedures for the management of these risks to minimise the potential adverse effects of these risks on the financial performance of the Group.

It is, and has been throughout the current financial year and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 23.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of its trade and other receivables on an ongoing basis. The credit risk concentration profile of the Group's trade and other receivables at the reporting date are as follows:

	Group RM'000	% of total
<b>31 December 2020</b>		
Malaysia	<b>447,440</b>	<b>98</b>
Thai Baht	<b>2,361</b>	<b>1</b>
Indonesian Rupiah	<b>223</b>	<b>0.05</b>
Singapore Dollar	<b>5,144</b>	<b>1</b>
	<b>455,168</b>	<b>100</b>



## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

### (a) Credit risk (contd.)

#### Credit risk concentration profile (contd.)

	RM'000	Group % of total
<b>31 December 2019</b>		
Malaysia	371,875	99
Singapore Dollar	108	1
	371,983	100

At the reporting date, approximately:

- 61.4% (2019: 84.5%) of the Group's trade receivables were due from water revenue customers.
- 40.9% (2019: 15.5%) of the Group's trade receivables were due from electricity revenue customers.
- 0.1% (2019: 0.1%) of the Group's trade and other receivables were due from related parties and an associate.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 23. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 23.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(b) Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on the contractual undiscounted repayment obligations.

	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
<b>At 31 December 2020</b>				
<b>Group</b>				
Trade and other payables	260,784	3,037	962	–
Consumer deposits	–	–	253,327	–
Loans and borrowings	159,538	183,910	447,369	642,234
Total undiscounted financial liabilities	420,322	186,947	701,658	642,234
<b>Company</b>				
Trade and other payables, representing total undiscounted financial liabilities	21,493	–	–	–
<b>At 31 December 2019</b>				
<b>Group</b>				
Trade and other payables	300,390	1,076	–	–
Zakat	11,492	–	–	–
Service concession obligations	333,315	–	–	–
Consumer deposits	–	–	251,458	–
Loans and borrowings	161,133	154,482	471,975	795,659
Total undiscounted financial liabilities	806,330	155,558	723,433	795,659
<b>Company</b>				
Trade and other payables, representing total undiscounted financial liabilities	46,506	–	–	–

Business Overview	●	<b>Financial Statements</b>	●
Performance Review	●	Other Information	●
Sustainability	●		
Governance	●		

## 43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate instruments with regards to these loans and borrowings.

The Group has no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM231,000 (2019: RM267,000) lower/higher, arising mainly as a result of lower/higher interest income from floating rate deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

### (d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM and US Dollars ("USD").

Approximately 1% (2019: 1%) of the Group's sales are denominated in foreign currencies whilst almost 1% (2019: 1%) of costs are denominated in the respective functional currencies of the Group entities. The Group's trade receivables and trade payable balances at the reporting date have similar exposure.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The currency exposure profile of cash and cash equivalents are disclosed in Note 28.

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)****(d) Foreign currency risk (contd.)**Sensitivity analysis for foreign currency risk

The following table demonstrate the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, RMB, THB, SGD and IDR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2020	2019
		RM'000	RM'000
		Profit net of tax	Profit net of tax
USD/RM	- strengthened 3%	26	(449)
	- weakened 3%	(26)	449
RMB/RM	- strengthened 3%	(501)	(321)
	- weakened 3%	501	321
THB/RM	- strengthened 3%	(102)	(42)
	- weakened 3%	102	42
SGD/RM	- strengthened 3%	(154)	(18)
	- weakened 3%	154	18
IDR/RM	- strengthened 3%	(45)	—
	- weakened 3%	45	—

**44. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value. At the same time, the Group continues to ensure the various requirements and covenants arising from the borrowings as disclosed in Note 30 are complied with.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives and policies during the year ended 31 December 2020 and 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's policy is to keep the gearing ratio not exceeding 1.50 times. The Group includes within net debt, total outstanding principal obligations under all financing facilities and all other indebtedness for borrowed monies, hire purchase obligations, finance lease obligations, fair value of financial instruments in connection with borrowed monies and any other financial guarantees, but excluding any non-recourse financing.

#### 44. CAPITAL MANAGEMENT (CONTD.)

	31.12.2020 RM'000	Group 31.12.2019 RM'000 (Restated)	1.1.2019 RM'000 (Restated)
Total outstanding principal obligations:			
Sukuk Murabahah (Note 30)	595,758	631,463	625,986
mMTN (Note 30)	444,817	494,923	544,687
Term Loan 3 (Note 30)	–	–	616
Term Loan 4 (Note 30)	964	2,576	3,758
Term Loan 5 (Note 30)	10,662	12,832	3,298
Term Loan 6 (Note 30)	5,266	5,674	11,694
Term Loan 7 (Note 30)	178	1,922	2,696
Revolving credit (Note 30)	5,000	–	–
CULS (Note 30)	10,406	10,213	10,049
	1,073,051	1,159,603	1,202,784
Less: non-recourse financing:			
mMTN (Note 30)	444,817	494,923	544,687
Total outstanding principal obligations excluding non-recourse financing	628,234	664,680	658,097
Add: all other indebtedness			
Lease liabilities (Note 16):	5,528	6,515	5,808
<b>Net debt</b>	<b>633,762</b>	671,195	663,905
Share capital (Note 35)	1,282,907	1,275,319	1,275,319
Treasury shares (Note 35)	(6,277)	–	–
Other reserves (Note 36)	(812,657)	(806,416)	(823,819)
Non-controlling interests	128,655	142,303	142,136
Net equity	592,628	611,206	593,636
<b>Gearing ratio</b>	<b>1.07</b>	1.10	1.12

#### 45. EARNINGS PER SHARE

##### (a) Basic earnings per share

The basic earnings per share for the financial year has been calculated based on the net profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue.

	Group 2020 2019 (Restated)	
Net profit attributable to ordinary shares (RM'000)	36,492	65,689
Weighted average number of ordinary shares in issue ('000)	1,067,057	1,065,975
Basic earnings per share (sen)	3.42	6.16

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**45. EARNINGS PER SHARE (CONTD.)**

## (b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit attributable to owners of the Company for the year and the weighted average number of ordinary shares issued during the financial year has been adjusted for the dilutive effects of all potential ordinary shares such as the LTIP granted to employees.

	2020	Group 2019 (Restated)
Net profit attributable to ordinary shares (RM'000)	<b>36,492</b>	65,689
Weighted average number of ordinary shares in issue ('000)	<b>1,067,057</b>	1,065,975
Adjustment for LTIP ('000)	<b>596</b>	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	<b>1,067,653</b>	1,065,975
Diluted earnings per share (sen)	<b>3.42</b>	6.16

**46. SIGNIFICANT EVENT**

The outbreak of the Covid-19 pandemic has impacted economic activities worldwide. The Government of Malaysia has imposed restrictions on non-essential services and business operations, and have also implemented travel restrictions, border closures and other quarantine measures that have significantly curbed the normal movement of goods, services and people. For the financial year ended 31 December 2020, the impact of Covid-19 to the Group and Company have been reflected in this set of financial statements.

As the situation is still evolving and will be affected by the degree to which Malaysia is able to contain the spread of the virus, the full impact of Covid-19 pandemic on the Group's and the Company's performance for the next financial year could not be reasonably ascertained at the date of this report.

The Group and the Company are taking great effort to mitigate the effects of the ongoing Covid-19 pandemic and proactively address developments in order to best manage the effects on its businesses. Despite the challenging outlook, the Group and the Company continue to closely monitor the related risks and impact on all business segment to ensure long term business prospects of the Group and Company remain stable.

## 47. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has reportable segment as follows:

- (i) The environment sector provides water supply services, operate water and wastewater treatment plants and provide specialised services in the management and optimisation of water utility assets. In this sector, the Group has been granted exclusive license (on a 3-year term, renewable for successive 3-year terms on a rollover basis) by the Minister of Energy, Green Technology and Water, Malaysia to provide source-to-tap water supply services to end customers in the entire state of Johor, Malaysia. In addition, the Group also has various water and wastewater concessions in relation to water treatment and wastewater treatment plants outside Malaysia.
- (ii) In the power sector, the Group owns and operate two 190MV combined cycle gas turbine power plants in Sabah, Malaysia on a build-operate-own ("BOO") and build-operate-transfer ("BOT") basis respectively. The Group has entered into Power Purchase Agreements with Sabah Electricity Sdn. Bhd., a subsidiary of Tenaga Nasional Berhad, to sell up to 380 MW of electricity generating capacity and electricity production for a 21-year period.
- (iii) The other segment consist of investment holding and provision of management services to subsidiaries within the Group.

### Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Environment RM'000	Power RM'000	Others RM'000	Note	Total RM'000
<b>31 December 2020</b>					
<b>Revenue:</b>					
Sales to external customers	1,234,645	243,764	206,955		1,685,364
Inter-segment elimination	–	–	(206,955)		(206,955)
	<b>1,234,645</b>	<b>243,764</b>	<b>–</b>		<b>1,478,409</b>
<b>Results:</b>					
Gross profit	307,294	19,647	–		326,941
Interest income	6,676	56,780	1,739		65,195
Depreciation	35,926	1,358	2,889		40,173
Amortisation	335,909	–	1,691		337,600
Share of results of an associate	11,064	–	–		11,064
Other non-cash items	(2,351)	(53,919)	(23)	A	(56,293)
Segment profit/(loss)	<b>149,970</b>	<b>14,363</b>	<b>(101,886)</b>		<b>62,447</b>
<b>Assets:</b>					
Additions to non-current assets	77,578	204	12,111	B	89,893
Segment assets	<b>1,325,583</b>	<b>848,037</b>	<b>135,596</b>		<b>2,309,216</b>
Segment liabilities	<b>591,293</b>	<b>523,759</b>	<b>601,536</b>		<b>1,716,588</b>



## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

## 47. SEGMENTAL INFORMATION (CONTD.)

	Environment RM'000	Power RM'000	Others RM'000	Note	Total RM'000
<b>31 December 2019 (restated)</b>					
<b>Revenue:</b>					
Sales to external customers	1,298,923	252,921	242,188		1,794,032
Inter-segment elimination	–	–	(242,188)		(242,188)
	1,298,923	252,921	–		1,551,844
<b>Results:</b>					
Gross profit	489,242	11,369	–		500,611
Interest income	11,209	67,941	3,440		82,590
Depreciation	35,064	1,323	1,800		38,187
Amortisation	324,756	–	300		325,056
Share of results of an associate	9,906	–	–		9,906
Other non-cash items	22,509	(64,609)	5,783	A	(36,317)
Segment profit/(loss)	189,976	(6,497)	(78,410)		105,069
<b>Assets:</b>					
Additions to non-current assets	68,424	835	11,525	B	80,784
Segment assets	1,418,090	928,434	458,044		2,804,568
Segment liabilities	943,934	598,158	651,270		2,193,362

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## 47. SEGMENTAL INFORMATION (CONTD.)

- A Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Note	31.12.2020 RM'000	31.12.2019 RM'000 (Restated)
Finance income from operating financial assets	6	(58,492)	(69,296)
Unwinding of interest of service concession obligations	8	5,585	22,804
Unrealised foreign exchange (gain)/loss	7	(3,824)	1,674
Accretion of interest on lease liabilities	16	278	176
Allowance for expected credit loss on:			
- Trade receivables	9	160	2,900
- Other receivables	9	-	5,776
Reversal for liquidated ascertained damages	9	-	(351)
		(56,293)	(36,317)

- B Additions to material non-current asset consist of:

	Note	31.12.2020 RM'000	31.12.2019 RM'000 (Restated)
Property, plant and equipment	13	68,876	64,373
Right-of-use assets	16	1,416	3,612
Service concession assets	14	7,873	7,654
Intangibles	15	11,728	5,257
		89,893	80,896

## Financial Statements

## Notes to the Financial Statements

For the financial year ended 31 December 2020

**48. RESTATEMENT OF COMPARATIVES**

During the financial year, the Group reassessed and changed its accounting treatment applied to its Power Purchase Agreements ("PPAs") from MFRS 16: Leases to IC Interpretation 12: Service Concession Arrangements ("IC Interpretation 12").

The resulting financial effects of the change which were applied retrospectively in accordance with the requirements of MFRS 108: Accounting Policies, Change in Accounting Estimates and Errors, are as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>1 January 2019</b>			
<b>Effect on statements of financial position:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	567,426	(403,197)	164,229
Finance lease receivable	460,699	(460,699)	–
Operating financial assets	43,756	611,402	655,158
<b>Current assets</b>			
Finance lease receivable	47,657	(47,657)	–
Operating financial assets	6,585	97,525	104,110
<b>Non-current liabilities</b>			
Deferred tax liabilities	83,299	(39,511)	43,788
<b>Effect on statements of changes of equity:</b>			
Other reserves	(725,950)	(97,869)	(823,819)
Non-controlling interests	207,382	(65,246)	142,136
<b>31 December 2019</b>			
<b>Effect on statements of comprehensive income:</b>			
Revenue	1,629,831	(77,987)	1,551,844
Cost of sales	(1,067,971)	16,738	(1,051,233)
Interest income	54,471	28,119	82,590
Income tax expense and Zakat	(112,201)	7,343	(104,858)

Business Overview	●
Performance Review	●
Sustainability	●
Governance	●

<b>Financial Statements</b>	●
Other Information	●

## 48. RESTATEMENT OF COMPARATIVES (CONTD.)

The resulting financial effects of the change which were applied retrospectively in accordance with the requirements of MFRS 108: Accounting Policies, Change in Accounting Estimates and Errors, are as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
<b>31 December 2019 (contd.)</b>			
<b>Effect on statements of financial position:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	578,891	(386,459)	192,432
Finance lease receivable	409,342	(409,342)	–
Operating financial assets	89,354	531,232	620,586
<b>Current assets</b>			
Finance lease receivable	51,357	(51,357)	–
Operating financial assets	9,496	80,170	89,666
<b>Non-current liabilities</b>			
Deferred tax liabilities	81,298	(46,854)	34,444
<b>Effect on statements of changes of equity:</b>			
Other reserves	(693,075)	(113,341)	(806,416)
Non-controlling interests	217,864	(75,561)	142,303
<b>Effect on statements of cash flows:</b>			
<b>Cash flow from operating activities:</b>			
Profit before taxation and zakat	243,057	(33,130)	209,927
Adjustments for:			
Depreciation of property, plant and equipment	52,745	(16,738)	36,007
Interest income	(54,471)	(28,119)	(82,590)
Operating cash flow before working capital changes	565,865	(77,987)	487,878
Finance lease receivables	84,168	(84,168)	–
Operating financial assets	(83,976)	162,155	78,179
Cash generated from operations	734,240	–	734,240

Other Information

## Property Owned by Our Group

As at 31 December 2020

The details of lands and buildings owned by us as the LPD are set out below:

No	Name of Registered owner/ Beneficial owner/ Location/Tenure	Description of property/ Existing use	Date of approval of CCC	Built-up area/ Land area	Restriction in interest	Encumbrances	Audited NBV as at 31 December 2020 (RM'000)
1	RPI (Country Lease: 015605213)  No. 3, Lorong AD KKIP Selatan, Industrial Zone 3 (IZ3), Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah, Malaysia  Leasehold from 1 January 2003 to 31 December 2101	<u>Description of property</u> Industrial land comprising a power plant (including gas turbines, steam turbines, air cooled condensers, an administration/ warehouse/ workshop building, a water treatment plant, a water tank, a fuel/oil tank, a PETRONAS gas metering station and a gas conditioning skid), SESB II/132kV Substation  <u>Existing use</u> The land is currently being used by RPI for its power plant.	08 Jul-10	64,750 square metres/ 73,369 square metres	(i) The land is only for the purpose of erecting thereon for use as such plant for generating electricity.  (ii) Subdivision of the title is prohibited without a written permission from the Director of Land and Survey Department.  (iii) Transfer, sublease and charge of the title is prohibited without a written permission from the Director of Land and Survey Department.	Not Applicable	9,908

Other Information

## Disclosure of Recurrent Related Party Transactions

The Company had obtained the Shareholders' Mandate on renewal of recurrent related party transactions of revenue or trading nature and new Shareholders' Mandate for additional RRPT of revenue or trading in nature at the Annual General Meeting held on 21 April 2020.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), such Shareholders' Mandate is subject to annual renewal and the disclosure in the Annual report of RRPTs conducted pursuant to the mandate during the financial year ended 31 December 2020 where the aggregate value of such RRPTs is equal to or more than RM1 million or 1% of the relevant percentage ratio for such transactions, whichever is the higher.

Set out below are the relevant RRPTs for which Shareholders' Mandate have been obtained together with a breakdown of the aggregate value of the RRPTs which had been conducted pursuant to the Shareholders' Mandate and had met the prescribe threshold.

Transactions entered/ to be entered between RCSB and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
Ranhill Power I	CULS interest by Ranhill Power I to RCSB.	TSHM	2,175
Ranhill Power I	Secretarial and management services by RCSB to Ranhill Power I.	CHEVAL	600
Ranhill Power II	Secretarial and management services by RCSB to Ranhill Power II.	LOSB	600
RPOMI	Secretarial and management services by RCSB to RPOMI.	HF	150
RPOMII	Secretarial and management services by RCSB to RPOMII.	HI	180
Ranhill SAJ	Secretarial and management services by RCSB to Ranhill SAJ.		13,750

Transactions entered/to be entered between Ranhill Power I and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
SECSB	CULS interest by Ranhill Power I to SECSB.	SECSB	1,450

Other Information

## Disclosure of Recurrent Related Party Transactions

Transactions entered/to be entered between RPOMI and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
Ranhill Power I	Provision of operating & maintenance services by RPOMI to Ranhill Power I in respect of the Ranhill Power I power plant.	TSHM CHEVAL LOSB HF HI SECSB	15,811

Transactions entered/to be entered between RPOMII and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
Ranhill Power II	Provision of operating & maintenance services by RPOMII to Ranhill Power II in respect of the Ranhill Power II power plant.	TSHM CHEVAL LOSB HF HI SECSB	13,231

Transactions entered/to be entered between RWSSB and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
Ranhill SAJ	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by Ranhill SAJ to RWSSB.	TSHM CHEVAL LOSB HF HI PSKJ PDT SGJ	78,499

Transactions entered/to be entered between Ranhill SAJ and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
RWTSB	Group Provision of work relating to design, construction, supply, delivery, and installation & commissioning for current projects & projects to be awarded by Ranhill SAJ to RWTSB Group.	TSHM CHEVAL LOSB	17,351
RGS Group	Provision of information and technology and communication related services including IT infrastructure by RGS Group to Ranhill SAJ.	HF HI PSKJ PDT SGJ	787
RC	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by Ranhill SAJ to RC.	DMS TSHM	20,712

Transactions entered/to be entered between RWTSB Group and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
RC	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by RWTSB Group to RC.	TSHM DMS	10,869



Other Information

# Disclosure of Recurrent Related Party Transactions

## DEFINITIONS

The definition shall have the following meanings:

“CHEVAL”	: Cheval Infrastructure Fund L.P. acting via its general partner, TAEI Management Co. (Cayman) Ltd). Cheval is a Major Shareholder of the Company, as well as major shareholder of Ranhill Energy and Resources Sdn Bhd (“RERSB”). Cheval is also deemed to have an interest in Ranhill Group Sdn Bhd (“RGSB”) through its interest in RERSB
“DMS”	: Datuk Mustaza Salim
“HF”	: Hamdan (L) Foundation, a foundation established in the Federal Territory of Labuan, Malaysia by TSHM under the Labuan Foundations Act 2010 (FSA00157)
“HI”	: Hamdan Inc. (Labuan) Pte. Ltd, an investment holding company incorporated under the Labuan Companies Act, 1990 (LL11917)
“LOSB”	: Lambang Optima Sdn Bhd (351679-A), a company related to TSHM and a Major Shareholder of Ranhill. LOSB is a Major Shareholder of the Company, as well as major shareholder of RERSB and is deemed to have interests in Ranhill Global Systems Sdn Bhd through its interest in Ranhill Berhad. LOSB is also deemed to have an interest in RGSB through its interest in RERSB
“PDT”	: Permodalan Darul Ta’zim Sdn Bhd (Registration No. 199401041837) (327525-V), a company incorporated in Malaysia
“PSKJ”	: Perbadanan Setiausaha Kerajaan Negeri Johor [The State Secretary Johore Incorporated] (Enactment No 2 of 1953)
“Ranhill” or “The Company”	: Ranhill Utilities Berhad (Registration No. 201401014973) a company incorporated in Malaysia
“RC”	: Ranhill Consulting Sdn Bhd (Registration No. 199601022517), a company incorporated in Malaysia
“RCSB”	: Ranhill Capital Sdn Bhd (Registration No. 201401034298), a company incorporated in Malaysia
“Ranhill Group” or	: Collectively, Ranhill and its subsidiaries, jointly controlled entities associates and companies

Business Overview	●	Financial Statements	●
Performance Review	●	<b>Other Information</b>	<b>●</b>
Sustainability	●		
Governance	●		

"Related Party Transactions"	:	A transaction entered into by Ranhill Group which involves the interest, direct or indirect, of a Related Party
"RM" and "Sen"	:	Ringgit Malaysia and sen respectively
"Ranhill Power I"	:	Ranhill Powertron Sdn Bhd (Registration No. 199501001148), a company incorporated in Malaysia
"Ranhill Power II"	:	Ranhill Powertron II Sdn Bhd (Registration No. 199501025099), a company incorporated in Malaysia
"RPOMI"	:	Ranhill Power O&M Sdn Bhd (Registration No. 199701002432), a company incorporated in Malaysia
"RPOMII"	:	Ranhill Power II O&M Sdn Bhd (Registration No. 199501025101), a company incorporated in Malaysia
"RRPT"	:	Recurrent Related Party Transactions of a revenue or trading nature which are necessary for the day to day operations of the Company and/or its subsidiaries in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public and which are expected to occur at least once on three (3) years
"RWSSB"	:	Ranhill Water Services Sdn Bhd (Registration No. 200501004811), a company incorporated in Malaysia
"RWTSB"	:	Ranhill Water Technologies Sdn Bhd (Registration No. 199401017329), a company incorporated in Malaysia
"RWTSB Group"	:	RWTSB and its subsidiaries collectively
"Ranhill SAJ"	:	Ranhill SAJ Sdn Bhd (Registration No. 199901001818), a company incorporated in Malaysia
"SECSB"	:	Sabah Energy Corporation Sdn Bhd (Registration No. 199601009602), a company incorporated in Malaysia
"SGJ"	:	State Government of Johor
"Shareholders"	:	Shareholders of Ranhill
"TSHM"	:	Tan Sri Hamdan Mohamad. TSHM is our Director and Major Shareholder as well as a director and major shareholder of LOSB through his interest in HI. He is the sole beneficiary of the HF which owns the entire equity interest in HI

## Other Information

**Analysis of Shareholdings**

As at 3 May 2021

Total no. of issued shares : 1,072,936,566 ordinary shares

Voting rights : One (1) vote per ordinary share

**DISTRIBUTION OF SHAREHOLDINGS AS AT 3 MAY 2021**

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	5,956	35.38	161,977	0.02
100 to 1,000	3,756	22.31	1,392,037	0.13
1,001 to 10,000	4,962	29.47	20,162,891	1.90
10,001 to 100,000	1,921	11.41	55,551,562	5.23
100,001 to less than 5% of issued shares	234	1.39	370,076,388	34.84
5% and above of issued shares	6	0.04	614,921,785	57.88
<b>Total</b>	<b>16,835</b>	<b>100.00</b>	<b>1,062,266,640<sup>^</sup></b>	<b>100.00</b>

<sup>^</sup> Excluding treasury shares of 10,669,926 units i.e. total number of issued shares of 1,072,936,566 less 10,669,926 of treasury shares**DIRECTORS' SHAREHOLDINGS AS AT 3 MAY 2021**

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares held	% <sup>#</sup>	No. of Shares Held	% <sup>#</sup>
1.	Tan Sri Azman Yahya	2,020,000	0.19	3,030,000 <sup>(1)</sup>	0.29
2.	Tan Sri Hamdan Mohamad	148,650,343	13.99	231,442,888 <sup>(2)</sup>	21.79
3.	Dato Sri Lim Haw Kuang	—	—	—	—
4.	Datuk Abdullah Bin Karim	—	—	—	—
5.	Lim Hun Soon @ David Lim	—	—	—	—
6.	Loong Mei Yin	—	—	—	—
7.	Leow Peen Fong	—	—	—	—
8.	Abu Talib Bin Abdul Rahman	32,724	0.00	—	—

<sup>#</sup> Based on 1,062,266,640 shares i.e. total number of issued shares of 1,072,936,566 less 10,669,926 of treasury shares.<sup>(1)</sup> Deemed interested by virtue of his interest in Azman & Sons Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.<sup>(2)</sup> Deemed interested by virtue of (i) his interests in Hamdan Inc. (Labuan) Pte. Ltd. and Lambang Optima Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and (ii) him being the sole beneficiary of the Hamdan (L) Foundation which owns the entire stake in Hamdan Inc. (Labuan) Pte. Ltd. and Lambang Optima Sdn Bhd.

Business Overview	●	Financial Statements	●
Performance Review	●	<b>Other Information</b>	●
Sustainability	●		
Governance	●		

**SUBSTANTIAL SHAREHOLDERS AS AT 3 MAY 2021**

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	% <sup>#</sup>	No. of Shares Helds	% <sup>#</sup>
Cheval Infrastructure Fund LP (acting via its general partner, TAEL Management Co. (Cayman) Ltd)	192,783,278	18.15	–	–
Lambang Optima Sdn Bhd	125,909,345	11.85	–	–
Hamdan (L) Foundation	90,989,543	8.57	140,453,345 <sup>(1)</sup>	13.22 <sup>(1)</sup>
Tan Sri Hamdan Mohamad	148,650,343	13.99	231,442,888 <sup>(2)</sup>	21.79 <sup>(2)</sup>
Permodalan Darul Ta'zim Sdn Bhd	114,049,200	10.74	–	–
Perbadanan Setiausaha Kerajaan Johor (The State Secretary, Johore (Incorporated))	–	–	114,049,200 <sup>(3)</sup>	10.74 <sup>(3)</sup>
State Government of Johor	–	–	114,049,200 <sup>(4)</sup>	10.74 <sup>(4)</sup>
Lembaga Tabung Haji	58,659,487	5.52	–	–

<sup>#</sup> Based on 1,062,266,640 shares i.e. total number of issued shares of 1,072,936,566 less 10,669,926 of treasury shares.

**Notes:**

- <sup>(1)</sup> Deemed interested by virtue of its interests in Hamdan Inc. (Labuan) Pte. Ltd. ("**Hamdan Inc.**") and Lambang Optima Sdn Bhd ("**LOSB**") pursuant to Section 8 of the Companies Act, 2016. (Hamdan Inc. holds 14,544,000 shares (1.37%) and LOSB holds 125,909,345 shares (11.85%)).
- <sup>(2)</sup> Deemed interested by virtue of (i) his interests in Hamdan Inc. and LOSB pursuant to Section 8 of the Companies Act, 2016 and (i) him being the sole beneficiary of Hamdan (L) Foundation which owns the entire stake in Hamdan Inc. and LOSB.
- <sup>(3)</sup> Deemed interested by virtue of its direct interests in Permodalan Darul Ta'zim Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.
- <sup>(4)</sup> Deemed interested by virtue of its interests in Permodalan Darul Ta'zim Sdn Bhd and The State Secretary, Johore (Incorporated) pursuant to Section 8 of the Companies Act, 2016.

Other Information

# Analysis of Shareholdings

As at 3 May 2021

**30 LARGEST SHAREHOLDERS AS AT 3 MAY 2021**

No.	Particulars	No of Shares	Percentage % <sup>#</sup>
1.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	192,914,924	18.16%
2.	UOBM NOMINEES (TEMPATAN) SDN BHD LAMBANG OPTIMA SDN BHD	125,909,345	11.85%
3.	PERMODALAN DARUL TA'ZIM SDN BHD	114,049,200	10.74%
4.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMDAN MOHAMAD (MGN-HAM0007M)	73,535,070	6.92%
5.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR HAMDAN MOHAMAD	54,915,273	5.17%
6.	LEMBAGA TABUNG HAJI	53,597,973	5.05%
7.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMDAN (L) FOUNDATION (MGN-HAM0007M)	50,904,000	4.79%
8.	HAMDAN (L) FOUNDATION	40,085,543	3.77%
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMB-DALI) (419455)	37,103,764	3.49%
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	26,401,198	2.49%
11.	YPJ CORPORATION SDN BHD	24,290,458	2.29%
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED (CLIENT A/C-R ES)	20,160,413	1.90%

## 30 LARGEST SHAREHOLDERS AS AT 3 MAY 2021

No.	Particulars	No of Shares	Percentage % <sup>#</sup>
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	18,487,675	1.74%
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	16,826,822	1.58%
15.	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN BHD PLEGDED SECURITIES ACCOUNT FOR HAMDAN INC (LABUAN) PTE LTD (MGN-HAM0007M)	14,544,000	1.37%
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (MAYBANK 2)	8,465,000	0.80%
17.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	7,863,132	0.74%
18.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CPIAM EQ)	5,061,615	0.48%
19.	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	5,061,514	0.48%
20.	CHE KHALIB BIN MOHAMAD NOH	4,638,320	0.44%
21.	AMANAHRAYA TRUSTEES BERHAD AC PRINCIPAL DALI ASIA PACIFIC EQUITY GROWTH FUND	3,785,400	0.36%
22.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	3,211,633	0.30%

Other Information

# Analysis of Shareholdings

As at 3 May 2021

**30 LARGEST SHAREHOLDERS AS AT 3 MAY 2021**

No.	Particulars	No of Shares	Percentage % <sup>#</sup>
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB TRUSTEE BERHAD (TR1032))	3,030,000	0.29%
24.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL ISLMC)	2,512,334	0.24%
25.	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (RESIDENT) (475391)	2,423,000	0.23%
26.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL DALI EQUITY FUND	2,362,326	0.22%
27.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN TAKAFUL BERHAD (MEKAR)	2,330,404	0.22%
28.	MIDF AMANAH INVESTMENT NOMINEES(TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AHMAD ZAHDI BIN JAMIL (CTS-AZJ0002C)	2,070,500	0.19%
29.	MOHAMED AZMAN BIN YAHYA	2,020,000	0.19%
30.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR MAYBANK MALAYSIA SMALLCAP FUND	1,967,722	0.19%

<sup>#</sup> Based on 1,062,266,640 shares i.e. total number of issued shares of 1,072,936,566 less 10,669,926 of treasury shares.

## Other Information

# Notice of Annual General Meeting


**Ranhill**

RANHILL UTILITIES BERHAD  
Registration No. 201401014973 (1091059-K)  
(Incorporated in Malaysia)

**NOTICE IS HEREBY GIVEN** that the **Seventh (7<sup>th</sup>) Annual General Meeting (“AGM”)** of Ranhill Utilities Berhad (“**Ranhill**” or “**the Company**”) will be held as a fully virtual meeting via live streaming and online remote voting at the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Monday, 28 June 2021 at 2.00 p.m.** or any adjournment thereof, for the purpose of considering, and if thought fit, passing the following resolutions:-

## AGENDA

### As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors’ and Auditors’ Reports thereon. (Note A)
2. To re-elect the following Directors who retire in accordance with Article 111 of the Company’s Constitution, and being eligible, have offered themselves for re-election:
  - (a) Dato Sri Lim Haw Kuang (Ordinary Resolution 1)
  - (b) Ms Leow Peen Fong (Ordinary Resolution 2)
  - (c) Abu Talib Abdul Rahman (Ordinary Resolution 3)
3. To approve the payment of Directors’ fees and benefits for the period from 29 June 2021 until the conclusion of the next Annual General Meeting of the Company. (Ordinary Resolution 4)
4. To appoint Messrs Deloitte PLT as Auditor of the Company in place of the retiring Auditor, Messrs Ernst & Young PLT, and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors. (Ordinary Resolution 5)

### As Special Business

To consider and if thought fit, to pass the following as Ordinary Resolutions:-

5. **Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016** (Ordinary Resolution 6)
 

“**THAT**, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016 (“**Act**”), to issue and allot shares in the Company, at any time, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force and that the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of shares in the Company including those which would or might require shares in the Company to be issued after the expiration of the approval hereof provided that the aggregate number of shares to be issued pursuant to this approval does not exceed ten (10) percent of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Companies Act 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of all relevant regulatory bodies being obtained (if required).”



## Other Information

# Notice of Annual General Meeting

6. **Proposed Renewal of the Authority to Allot New Ordinary Shares in the Company (New Ranhill Shares), for the Purpose of Dividend Reinvestment Plan ("DRP") that Provides the Shareholders of the Company the Option to Elect to Reinvest Their Cash Dividend ("Proposed Renewal of DRP")** (Ordinary Resolution 7)

"**THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 11 April 2019 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of New Ranhill Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting of the Company upon terms and conditions and to such persons as the Directors of the Company may, in their absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said New Ranhill Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price ("**VWAMP**") of New Ranhill Shares immediately prior to the price-fixing date, of which the VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of New Ranhill Shares;

**AND THAT** the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company."

7. **Proposed Renewal of Share Buy-Back Authority** (Ordinary Resolution 8)

"**THAT** subject to the rules, regulations, orders and guidelines made pursuant to the Companies Act 2016 ("**Act**"), provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the approvals of any relevant regulatory authorities and parties, the Company be and is hereby authorised to purchase on the market and/or hold such number of the Company's issued ordinary shares ("**Ranhill Shares**") through Bursa Securities ("**Proposed Share Buy-Back**") as may be determined by the Directors of the Company ("**Directors**") from time to time upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company subject to the following:-

- (a) The aggregate number of Ranhill Shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;
- (b) The maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained earnings of the Company at the time of such purchase; and

Business Overview	●	Financial Statements	●
Performance Review	●	<b>Other Information</b>	<b>●</b>
Sustainability	●		
Governance	●		

- (c) The authority conferred by this resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless renewed or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next Annual General Meeting after the date is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities;

**THAT** the Directors be and are hereby authorised to deal with the shares purchased by the Company pursuant to the Proposed Share Buy-Back in their absolute discretion and that the shares so purchased may be retained as treasury shares, distributed as share dividends to the shareholders, resold on the market of Bursa Securities, transferred and/or cancelled in accordance with the Act and/or be dealt with in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force, as may be selected and determined by the Directors from time to time;

**AND THAT** the Directors be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and to do all such acts and things as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

8. **Proposed Renewal of Shareholders’ Mandate For Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature (“Proposed Renewal of Shareholders’ Mandate”)** (Ordinary Resolution 9)

“**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies (“**the Group**”) be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5(l) Part B of the Circular to Shareholders dated 28 May 2021 (“**the Related Parties**”) provided that such transactions are:-

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm’s length basis and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (c) are not prejudicial to the minority shareholders of the Company.

(“**the Shareholders’ Mandate**”)

Other Information

## Notice of Annual General Meeting

**THAT** such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which the Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(1) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) is revoked or varied by resolution passed by shareholders in a general meeting,

whichever is the earliest;

**AND THAT** the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate;

**AND THAT** the estimated value given on the recurrent related party transactions specified in Section 2.5(I) Part B of the Circular being provisional in nature, the Directors of the Company be hereby authorised to agree to the actual amount(s) thereof provided always that such amount(s) comply with the review procedures set out in Section 3.0 Part B of the Circular."

9. **Proposed New Shareholders' Mandate For Additional Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")** (Ordinary Resolution 10)

**"THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Company and/or its subsidiary companies ("**the Group**") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5(II) Part B of the Circular to Shareholders dated 28 May 2021 ("**the Related Parties**") provided that such transactions and/or arrangements are:

- (a) necessary for the day-to-day operations of the Group;
- (b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the Related Party than those generally available to the public; and
- (c) are not prejudicial to the minority shareholders of the Company.

**("the Shareholders' Mandate")**

**THAT** such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which the Shareholders' Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- (b) the expiration of the period within the next AGM of the Company after that date is required to be held pursuant to Section 340(1) of the Companies Act 2016 ("**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earliest;

**AND THAT** the Directors of the Company be hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate;

**AND THAT** the estimated value given on the recurrent related party transactions specified in Section 2.5(II) Part B of the Circular being provisional in nature, the Directors of the Company be hereby authorised to agree to the actual amount(s) thereof provided always that such amount(s) comply with the review procedures set out in Section 3.0 Part B of the Circular."

- 10. To transact any other business of which due notice shall have been given in accordance to the Companies Act, 2016 and Constitution of the Company.

BY ORDER OF THE BOARD

LAU BEY LING (MAICSA 7001523) (PC No. 201908004064)

LEONG SHIAK WAN (MAICSA 7012855) (PC No. 202008002757)

Company Secretaries

Johor Bahru

28 May 2021

## Other Information

# Notice of Annual General Meeting

## VIRTUAL AGM

1. In light of the constant evolving Covid-19 pandemic and as part of safety measures, Ranhill's 7<sup>th</sup> AGM will be held as fully virtual meeting via live streaming and online Remote Participation and Voting ("**RPV**") facilities provided by the Company's Special Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("**TIIH**") via its **TIIH Online website** at <https://tiih.online>.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act, 2016 ("**CA 2016**") which requires the Chairman of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 7<sup>th</sup> AGM. Members will attend and participate in the 7<sup>th</sup> AGM remotely via the RPV facilities including posing questions to the Board of Directors and voting.
4. Shareholders who wish to participate in the 7<sup>th</sup> AGM will therefore have to register via TIIH Online website at <https://tiih.online>. Please follow procedures as set out in the **Administrative Guide** of the 7<sup>th</sup> AGM which can be downloaded from the Company's Investor Relation website at <https://www.ranhill.com.my/investor-relations/>.

## MEMBERS ENTITLED TO ATTEND AND PARTICIPATE

**In respect of deposited securities, only a member whose name appears in the General Meeting Record of Depositors as at 21 June 2021, Monday shall be entitled to attend, participate, speak and vote at the 7<sup>th</sup> AGM.**

## NOTES ON THE APPOINTMENT OF PROXY

1. A member of the Company entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf except in the circumstances set out in notes 3 and 4 below. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints more than one (1) proxy, each proxy appointed, shall represent a minimum of 100 shares and such appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member who is an authorised nominee as defined under the Securities Industry (Central Depositors) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee 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 to vote instead of it, and that a proxy need not also be a member and that where a member appoints more than one proxy, the appointments shall be invalid unless it specifies the proportion of its holdings to be represented by each proxy.
5. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

Business Overview	●	Financial Statements	●
Performance Review	●	<b>Other Information</b>	<b>●</b>
Sustainability	●		
Governance	●		

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if such appointer is a corporation, it must be under its seal or under the hand of an officer or attorney duly authorised by the corporation.
7. **The instrument appointing a proxy must be deposited at the office of our Company's Special Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than 27 June 2021, Sunday at 2.00 p.m.** The proxy appointment may also be submitted electronically via Tricor's TIIH Online website at **<https://tiih.online>** not later than **27 June 2021, Sunday at 2.00 p.m.** before the time appointed for holding the 7<sup>th</sup> AGM. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide of the 7<sup>th</sup> AGM.

## OTHERS

Pursuant to Paragraph 8.29A (1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 7<sup>th</sup> AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the online voting via RPV facilities and verify the results of the poll respectively.

### **Personal data privacy:-**

*By submitting an instrument appointing a proxy(ies) and/or corporate representative(s) and/or attorney(s) to attend, speak and vote at the 7<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 7<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 7<sup>th</sup> AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

Other Information

# Notice of Annual General Meeting

## EXPLANATORY NOTES

### **Note A - The Audited Financial Statements for the financial year ended 31 December 2020 together with the Directors' and Auditors' Reports thereon**

The Audited Financial Statements under Agenda 1 are meant for discussion only in accordance with the provisions of Section 340(1) of the Companies Act 2016 ("**Act**"), and it does not require a formal approval of the shareholders. Hence, this agenda will not be put forward for voting.

### **Explanatory Notes on Ordinary Resolutions 4, 5, 6, 7, 8, 9 and 10**

#### **Ordinary Resolution 4 – Proposed Payment of Directors' Fees and Benefits**

Pursuant to Section 230(1) of the Act, fees and benefits ("**Remuneration**") payable to the Directors of the Company will have to be approved by the shareholders at a general meeting. The Company is requesting shareholders' approval for the payment of Remuneration to Non-Executive Directors for the period commencing 29 June 2021 up till the next Annual General Meeting of the Company in 2022 in accordance with the Remuneration structure set out below. The Remuneration comprises fees and other benefits-in-kind ("**BIK**") payable to the Chairman and members of the Board, and the Chairman and members of Board Committees.

<b>Remuneration Structure for Non-Executive Directors</b>	<b>Monthly Fees (RM) Per Director</b>
Chairman's Fees	25,000
Chairman's BIK	50,000 (per annum)
Director's Fees	12,500
Chairman of Audit Committee	3,333
Member of Audit Committee	1,667
Chairman of Other Committee	2,500
Member of Othe Committee	1,667

#### **Ordinary Resolution 5 – Appointment of Auditor in place of Retiring Auditor**

The Company had received a Notice of Nomination from a substantial shareholder of the Company for the appointment of Messrs Deloitte PLT ("**Deloitte**") as Auditor of the Company in place of Messrs Ernst & Young PLT who will be retiring as Auditor at the forthcoming 7<sup>th</sup> AGM of the Company.

The Board of Directors has reviewed the recommendation of the Audit Committee and has recommended the above proposal to be tabled to the shareholders for approval at the forthcoming 7<sup>th</sup> AGM of the Company.

A copy of the Notice of Nomination and the Consent to Act as Auditor from Deloitte is annexed as "Appendix A" and "Appendix B" respectively in the Company's Annual Report 2020.

Business Overview	●	Financial Statements	●
Performance Review	●	<b>Other Information</b>	<b>●</b>
Sustainability	●		
Governance	●		

### **Ordinary Resolution 6 - Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The Ordinary Resolution proposed under Resolution 6 of the Agenda is a general mandate for the Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016. The proposed Resolution 6, if passed, will give authority to the Directors of the Company, from the date of this Annual General Meeting, to issue and allot shares or to make or grant offers, agreements or options in respect of shares to such persons, in their absolute discretion including to make or grant offers, agreements or options which would or might require shares in the Company to be issued after the expiration of the approval, without having to convene a general meeting, provided that the aggregate number of shares issued does not exceed 10% of the total number of issued shares of the Company for the time being. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company. The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to making placement of shares for purposes of funding investment(s), working capital and general corporate purposes as deemed necessary. The general mandate gives authority to the Directors to raise funds in an effective and expeditious manner.

### **Ordinary Resolution 7 – Proposed Renewal of the Authority to Allot New Ordinary Shares in the Company (New Ranhill Shares), for the purpose of Dividend Reinvestment Plan (“DRP”) that provides the Shareholders of the Company the option to elect to reinvest their cash dividend (“Proposed Renewal of DRP”)**

The Ordinary Resolution proposed under Resolution 7 of the Agenda will give authority to the Directors to allot and issue such number of New Ranhill Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting of the Company. A renewal of this authority will be sought at the next Annual General Meeting.

### **Ordinary Resolution 8 – Proposed Renewal of Authority for Share Buy-back**

The Ordinary Resolution proposed under Resolution 8 of the Agenda is to renew the shareholders’ mandate for the share buy-back by the Company. The said proposed renewal of shareholders’ mandate will empower the Directors to buy-back and/or hold up to a maximum of 10% of the Company’s total number of issued shares at any point of time, by utilising the amount allocated which shall not exceed the total retained earnings of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next Annual General Meeting, or the expiration of period within which the next Annual General Meeting is required by law to be held, whichever is earlier. Please refer to the Share Buy-Back Statement to Shareholders dated 28 May 2021 for further details.

### **Ordinary Resolution 9 – Proposed Renewal of Shareholders’ Mandate For Recurrent Related Party Transactions (RRPT) of A Revenue or Trading Nature**

The proposed Resolution 9, if passed, will enable Ranhill Group to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Ranhill Group’s day to day operations, subject to the transactions being in the ordinary course of business 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.

Further information on this proposal is set out in the Circular to Shareholders dated 28 May 2021 which is despatched together with the Company’s 2020 Annual Report.

### **Ordinary Resolution 10 – Proposed New Shareholders’ Mandate For Additional Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature (“Proposed New Shareholders’ Mandate”)**

The proposed Resolution 10, if passed, will enable Ranhill Group to enter into additional recurrent related party transactions of a revenue or trading nature which are necessary for the Ranhill Group’s day to day operations, subject to the transactions being in the ordinary course of business 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.

Further information on this proposal is set out in the Circular to Shareholders dated 28 May 2021 which is despatched together with the Company’s 2020 Annual Report.



Other Information

## Statement Accompanying the Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

### 1) DETAILS OF INDIVIDUALS WHO ARE SEEKING ELECTION

No individual is seeking for election as a Director at the forthcoming Seventh Annual General Meeting of the Company ("**7<sup>th</sup> AGM**").

### 2) STATEMENT RELATING TO GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Ordinary Resolution 6 set out in the Notice of 7<sup>th</sup> AGM of the Company will give a renewed mandate to the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016 ("**Renewed Mandate**") for such purposes as the Directors may deem fit and in the interest of the Company. The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of the Notice of 7<sup>th</sup> AGM, the Directors have not utilised the mandate granted to the Directors at the last Sixth Annual General Meeting of the Company held on 21 April 2020 and the said mandate will lapse at the conclusion of the forthcoming 7<sup>th</sup> AGM of the Company.

The Company is seeking the approval from shareholders on the Renewed Mandate for the purpose of possible fund raising exercise including but not limited to placement of shares for purpose of funding future investment project(s), working capital and/or acquisitions and to avoid delay and cost in convening general meeting to approve such issue of shares.

Other Information

**Notice of 7<sup>th</sup> Annual General Meeting - Appendix A**

Tan Sri Hamdan Mohamad  
(Address)

50490 Kuala Lumpur

Date : 5 May 2021

The Board of Directors  
**Ranhill Utilities Berhad**  
Registration No. 201401014973  
(1091059-K) (*fka Ranhill Holdings Berhad*)  
Bangunan Ranhill SAJ  
Jalan Garuda, Larkin  
80350 Johor Bahru  
Johor

Dear Sirs,

**NOTICE OF NOMINATION ON CHANGE OF AUDITORS**

I, being a member of the Company hereby give notice of my nomination of Messrs. Deloitte PLT as Auditors of the Company in place of the retiring auditors, Messrs Ernst & Young PLT and of my intention to propose the following resolution as an Ordinary Resolution to be tabled at the coming annual general meeting of the Company :-

Ordinary Resolution

"**THAT** subject to the receipt of the consent to act as auditors, Messrs Deloitte PLT be and is hereby appointed as auditors of the Company for the financial year ending 31 December 2021 in place of the retiring auditors Messrs Ernst & Young PLT and to hold office until the conclusion of the next annual general meeting at a remuneration to be determined by the directors".

Yours faithfully

(signed)

**Tan Sri Hamdan Mohamad**

Other Information

## Notice of 7<sup>th</sup> Annual General Meeting - Appendix B

# Deloitte.

Deloitte PLT (LLP0010145-LCA)  
Chartered Accountants (AF0080)  
Level 16, Menara LGB  
1 Jalan Wan Kadir  
Taman Tun Dr. Ismail  
60000 Kuala Lumpur

P.O. Box 10093  
50704 Kuala Lumpur  
Malaysia

Tel: +60 3 7610 8888  
Fax: +60 3 7726 8986  
myaaa@deloitte.com  
www.deloitte.com/my

11 May 2021

The Board of Directors  
RANHILL UTILITIES BERHAD  
(formerly known as Ranhill Holdings Berhad)  
Bangunan Ranhill SAJ  
Jalan Garuda, Larkin  
80350 Johor Bharu  
Johor Darul Takzim

Dear Sirs,

### A U D I T

In accordance with the requirements of Section 264(5) of the Companies Act, 2016, we are pleased to advise that we consent to act as auditors of your Company.

This consent is effective until withdrawn in writing.

Yours very truly,

*Deloitte PLT*

DELOITTE PLT (LLP0010145-LCA)  
Chartered Accountants (AF0080)



TAN YU MIN  
Partner - 03503/07/2022 J  
Chartered Accountant

# PROXY FORM

CDS Account No.	
No. of Shares held	



**Ranhill**

RANHILL UTILITIES BERHAD  
Registration No. 201401014973 (1091059-K)  
(Incorporated in Malaysia)

\*I/We, \_\_\_\_\_ \*(NRIC/Registration No./Company No.) \_\_\_\_\_  
(Full Name as per NRIC/Certificate of incorporation in **Capital** Letters)

of \_\_\_\_\_  
(Full Address)

being a Member/Members of RANHILL UTILITIES BERHAD hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

\*and/or (\*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing whom, the Chairman of the meeting as \*my/our proxy to attend and vote for \*me/us and on \*my/our behalf as indicated below, at the **7<sup>th</sup> Annual General Meeting** of the Company to be held as a fully virtual meeting via live streaming and online remote voting at the Broadcast Venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur on **Monday, 28 June 2021 at 2.00 p.m.** and at any adjournment thereof, on the following resolutions referred to in the Notice of 7<sup>th</sup> AGM. My/our proxy is to vote as indicated below:

Please indicate with either an 'X' or "✓" in the appropriate spaces provided below on how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion or as he/she thinks fit.

NO.	RESOLUTIONS	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1	To re-elect Dato Sri Lim Haw Kuang pursuant to Article 111.			
Ordinary Resolution 2	To re-elect Ms Leow Peen Fong pursuant to Article 111.			
Ordinary Resolution 3	To re-elect Abu Talib Abdul Rahman pursuant to Article 111.			
Ordinary Resolution 4	To approve the payment of Directors' fees and benefits for the period from 29 June 2021 until the conclusion of the next Annual General Meeting of the Company.			
Ordinary Resolution 5	To appoint Messrs Deloitte PLT as Auditor of the Company in place of the retiring Auditor, Messrs Ernst & Young PLT and to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors.			
Ordinary Resolution 6	To authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.			
Ordinary Resolution 7	To approve the Proposed Renewal of Authority to Allot New Ordinary Shares in the Company pursuant to the Dividend Reinvestment Plan.			
Ordinary Resolution 8	To approve the Proposed Renewal of Share Buy-Back Authority.			
Ordinary Resolution 9	To approve the Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions (RRPT) Of A Revenue Or Trading Nature.			
Ordinary Resolution 10	To approve the Proposed New Shareholders' Mandate For Additional Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature.			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

**\*\* Manner of execution:**

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the Constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
- (i) at least two (2) authorised officers, of whom one shall be a director; or
- (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

\_\_\_\_\_  
\*\*Signature(s)/Common Seal of Member(s)

(Contact No.: \_\_\_\_\_)

(E-mail Address: \_\_\_\_\_)

## NOTES:

### VIRTUAL AGM

1. In light of the constant evolving Covid-19 pandemic and as part of safety measures, Ranhill's 7<sup>th</sup> AGM will be held as fully virtual meeting via live streaming and online Remote Participation and Voting ("RPV") facilities provided by the Company's Special Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") via its **TIIH Online website** at <https://tiih.online>.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327 (2) of the Companies Act, 2016 ("CA 2016") which requires the Chairman of the meeting to be present at the main venue of the meeting.
3. Members and/or proxy(ies) and/or corporate representative(s) **WILL NOT BE ALLOWED** to be physically present at the Broadcast Venue on the day of the 7<sup>th</sup> AGM. Members will attend and participate in the 7<sup>th</sup> AGM remotely via the RPV facilities including posing questions to the Board of Directors and voting.
4. Shareholders who wish to participate in the 7<sup>th</sup> AGM will therefore have to register via TIIH Online website at <https://tiih.online>. Please follow procedures as set out in the **Administrative Guide** of the 7<sup>th</sup> AGM which can be downloaded from the Company's Investor Relation website at <https://www.ranhill.com.my/investor-relations/>

2<sup>nd</sup> Fold here

## MEMBERS ENTITLED TO ATTEND AND PARTICIPATE

**In respect of deposited securities, only a member whose name appears in the General Meeting Record of Depositors as at 21 June 2021, Monday shall be entitled to attend, participate, speak and vote at the 7<sup>th</sup> AGM.**

### NOTES ON THE APPOINTMENT OF PROXY

1. A member of the Company entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf except in the circumstances set out in notes 3 and 4 below. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints more than one (1) proxy, each proxy appointed, shall represent a minimum of 100 shares and such appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member who is an authorised nominee as defined under the Securities Industry (Central Depositors) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee 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 to vote instead of it, and that a proxy need not also be a member and that where a member appoints more than one proxy, the appointments shall be invalid unless it specifies the proportion of its holdings to be represented by each proxy.

AFFIX  
STAMP

The Special Share Registrar  
**Tricor Investor & Issuing House Services Sdn. Bhd.**  
**Unit 32-01, Level 32, Tower A, Vertical Business Suite**  
**Avenue 3, Bangsar South**  
**No. 8, Jalan Kerinchi**  
**59200 Kuala Lumpur**

1<sup>st</sup> Fold here

5. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if such appointer is a corporation, it must be under its seal or under the hand of an officer or attorney duly authorised by the corporation.
7. **The instrument appointing a proxy must be deposited at the office of our Company's Special Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not later than 27 June 2021, Sunday at 2.00 p.m.** The proxy appointment may also be submitted electronically via Tricor's TIIH Online website at <https://tiih.online> not later than **27 June 2021, Sunday at 2.00 p.m.** before the time appointed for holding the 7<sup>th</sup> AGM. For further information on the electronic submission of proxy form, kindly refer to the Administrative Guide of the 7<sup>th</sup> AGM.

## OTHERS

Pursuant to Paragraph 8.29A (1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 7<sup>th</sup> AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the online voting via RPV facilities and verify the results of the poll respectively.

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

**RANHILL UTILITIES BERHAD**

Registration No. 201401014973 (1091059-K)

Bangunan Ranhill SAJ  
Jalan Garuda, Larkin  
80350 Johor Bahru  
Johor Darul Takzim  
Malaysia

**Tel:** 07 225 5300 | **Fax:** 07 225 5310 | **Email:** [ir.info@ranhill.com.my](mailto:ir.info@ranhill.com.my)