Ranhill

EXPANDING POSSIBILITIES, OPTIMISING VALUES

ANNUAL REPORT 2021

ENTER REPORT

PROVIDES WATER TO

3.8 MILLION

people in Johor, Malaysia

2,133 MLD

Potable Water in Johor

23,628.5 km

of Pipelines

46

Water Treatment Plants

ENVIRONMENT DIVISION

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 74.6% of Group revenue. It operates 46 Water Treatment Plants ("WTPs") state-wide with a total treatment capacity of 2,133 Million Litres Per Day ("MLD"). Ranhill Water Technologies (Thai) Ltd. ("RWTT") and AnuRAK Water Treatment Facilities Co. Ltd. ("AnuRAK") operate 9 water, wastewater and reclaimed water treatment facilities with a total capacity of 112 MLD.

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, Malaysia.

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, Sabah.

Ranhill's Services sector comprises the combined expertise and capabilities of **Ranhill Bersekutu Sdn Bhd ("RBSB"), Ranhill Worley Sdn Bhd ("RW"), Ranhill Water Technologies Sdn Bhd ("RWT"), Ranhill Water Services Sdn Bhd ("RWS"), Ranhill Power O&M Sdn Bhd ('RPOM") and Ranhill Power II O&M Sdn Bhd ("RPOM II")** strengthens the Group's competitive ability and overall value proposition.

SERVICES DIVISION

With the acquisition of RBSB and RW completed on 16 July 2021, Ranhill has strengthen its Services sector towards providing engineering, procurement and construction management ("EPCM"), engineering, procurement, construction and commissioning ("EPCC"), project management consultancy ("PMC"), as well as operation and maintenance services for the development of a wide range of infrastructure across multiple industries.

Senai-Desaru Expressway E22, Sg. Johor Bridge

8th Annual General Meeting

Date
2 June 2022, Thursday

Time
2.30 p.m.

Venue
Grand Ballroom, Level G,
Grand Hyatt Kuala Lumpur,
12 Jalan Pinang,
50490 Kuala Lumpur.

For more information:
Scan the QR code to view our AR2021 online

https://www.ranhill.com.my/reports-presentations.php

OUR REPORTS

REPORTING SUITE

ANNUAL REPORT 2021

The AR2021 provides a comprehensive account of Ranhill's financial performance including audited financial accounts of the Group.

It also provides information pertaining to the Group's business and operational strategies, risks and opportunities, outlook and prospects as well as information pertaining to the business model and industry value chain.

SUSTAINABILITY REPORT 2021

The SR2021 provides a detailed account of the Group's sustainability performance as per its identified material economic, environment and social ("EES") topics.

SR2021 is developed in accordance with the Global Reporting Initiative 2020 – Core Option ("GRI"), Bursa Malaysia FTSE4Good Index, Sustainability Accounting Standards Board ("SASB") sustainability disclosures and (where relevant), the Task force on Climate Change Financial Disclosures ("TCFD").

CORPORATE GOVERNANCE REPORT ("CG2021")

The CG2021 demonstrates how Ranhill has applied corporate governance practices of the Malaysian Code of Corporate Governance 2021 ("MCCG 2021") including updates prescribed by the code.

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CORPORATE PHILOSOPHY

OUR MISSION

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 energy 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

Focused on delivering growth and value to our stakeholders.

GROUP CORPORATE PROFILE

Engineering and Environment as one - E22 Senai-Desaru Expressway Bridge connecting urban to nature equipped with Pollutant Removal System to guarantee quality water supply

Ranhill Utilities Berhad ("**Ranhill**" or "**the Group**") consists of three business divisions or sectors. These are the Environment, Energy and Services sectors. Ranhill's Environment sector accounts for 76% of revenue, with 14% coming from the Group's Energy sector and the rest from the Services sector. Information detailing the operations and capabilities of each business sector is provided below.

OUR BUSINESSES

- Treated Water Supply Services
- Water and Wastewater Treatment & Reclaimed Water Treatment
- Non-Revenue Water Management
- Energy and Renewable Energy
- Multi Disciplinary EPCM, PMC and O&M Services Consultancy Services

With the acquisition of RBSB and RW completed on 16 July 2021, Ranhill has strengthen its Services sector towards providing engineering, procurement and construction management ("EPCM"), engineering, procurement, construction and commissioning ("EPCC"), project management consultancy ("PMC"), as well as operation and maintenance services for the development of a wide range of infrastructure across multiple industries.

GROUP CORPORATE PROFILE

Vitalizing Humanity - Sungai Layang deemed as the largest source of water supplying to major parts of Johor Bahru and Pasir Gudang

ENVIRONMENT SECTOR

Ranhill's Environment sector provides a complete source to tap solution for the abstraction and treatment and supply of raw potable water. This includes provision of technical services in the management and optimisation of water utility assets. Ranhill's Environment sector accounts contributing 76% of the Group revenue. Information detailing the operations and capabilities of each business sector is provided below.

Ranhill's Environment sector operations comprises the following operating companies: Ranhill SAJ Sdn Bhd ("RanhillSaj"), Ranhill Water Technologies (HongKong) Ltd. ("RWHK"), Ranhill Water Technologies (Thai) Ltd. ("RWTT") and AnuRAK Water Treatment Facilities Co. Ltd. ("AnuRAK"). Together, they provide a complete source to tap solution for the abstraction and treatment and supply of potable water, the treatment of wastewater, production of reclaimed water (greywater) and Non-Revenue Water ("NRW") loss management.

Customers include general public, state governments, municipal authorities, industrial parks and commercial customers.

RANHILL SAJ SDN BHD

As Johor state's sole water operators, Ranhill SAJ Sdn Bhd ("RanhillSaj") undertakes raw water abstraction, treatment, distribution and sale and operates the entire water network in Johor. It operates 46 water treatment plants ("WTPs") state-wide with a total treatment capacity of 2,133 million litres daily ("MLD").

As at 31 December 2021, RanhillSaj's network comprises 716 reservoirs and 23,628.5 km of pipelines that supplies treated water to 3.8 million people in Johor as well as industries across the state.

With a low NRW rating of 15.5 m^3 / km / day, RanhillSaj is one of Malaysia's most efficient water operators, a fact further evidenced by Johor state's low NRW levels of 25.1% in FY2021.

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 TECHNOLOGIES (HONGKONG) LTD.

At the international front, the Group owns 40% share in Ranhill Water Hong Kong which owns 12 industrial wastewater treatment plants with a total design capacity of 227 mld. Our 60% joint venture partner, SIIC Environment Holdings Ltd., a China State owned entity has vast experience and good rapport with local authorities which provides a good platform for negotiation and potential expansion.

RANHILL WATER TECHNOLOGIES (THAI) LTD. AND ANURAK WATER TREATMENT FACILITIES CO. LTD.

Ranhill Water Technologies (Thai) Ltd. ("RWTT") and AnuRAK Water Treatment Facilities Co. Ltd. ("AnuRAK") undertake water, wastewater and reclaimed water treatment assets, as well as operations and project maintenance of related assets. Most assets are operated based on a Build-Operate-Transfer ("BOT") and Rehabilitate-Own-Transfer ("ROT") contracts.

To date, the Group, has achieved 339 MLD or 84.8% of its targeted 400 MLD for international water and wastewater operations.

SERVICES SECTOR

RANHILL WATER SERVICES SDN BHD

Ranhill Water Services Sdn Bhd ("RWS") is a leader in NRW management. The company prides itself as one of the largest NRW Management specialist in the region with a workforce of more than 450 highly skilled and trained staffs dedicated in providing the best solution to prospective clients.

RWS strives to incorporate innovative and state of the art technologies within its workflow and it is with this mindset that they have developed in-house a cloud based NRW Management software platform called AquaSMART which has obtained patent and copyright approval within Malaysia. AquaSMART is an essential operational tool that assists water operators in the quest for optimum NRW reduction program.

RWS has further enhanced its scope of services to include NRW Management and as well as civil NRW works including pipe replacement programs as one of key initiative towards NRW reduction. RWS is positioning itself as a one stop solution center providing potential clients with in-depth technical consultation, tailored NRW management activities and as well civil works covering from production meters up to customer meters. Ageing pipes have contributed to significant water loss within a water supply system and with a streamlined job management system within AquaSmart, RWS is able to undertake pipe replacement works in the most efficient and effective way.

In the past years RWS has successfully completed two pipe replacement of ageing pipe contract under PAAB in Kelantan for Tumpat district with a pipe length of 7 km including 600 numbers of connections and Kota Bharu Utara with a total pipe length of 47 km including 5,700 connections.

In 2021, RWS has secured three Subcontracts under Approach 1 National NRW programme in Perlis and Pahang planned completion in 2022. Adding to the list, RWS is also currently on track to complete its third pipe replacement contract this year for the district of Johor Bahru with a total pipe length of 40 km including 48,000 connections. RWS has also recently secured another pipe replacement contract in Kelantan for the district of Kota Bharu, Machang, Kuala Krai and Tanah Merah with a total pipe length of 103 km, scheduled for completion in 2024.

All the above has allowed RWS to successfully translates on NRW reduction initiatives within the region having saved more than 726 MLD of treated water across various states in Malaysia and in Riyadh, Saudi Arabia. The following is RWS' growing track record in reducing NRW:

State/Region	MLD
Johor	450
Melaka	59
Kedah	54
Saudi Arabia	54
Terengganu	50
Kelantan	43
Pahang	16

RANHILL WATER TECHNOLOGIES SDN BHD

Ranhill Water Technologies Sdn Bhd ("RWT") undertakes varied water, wastewater and reclaimed water utility projects in Malaysia and China (through associate companies).

GROUP CORPORATE PROFILE

RWT successfully designed and built the 50,000 Population Equivalent ("PE") Sewerage Treatment Plant ("STP") known as STP4 at Forest City, Gelang Patah, Johor on 25 March 2019. Also at Forest City, RWT built a reclaimed WTP with a 11 MLD capacity. Aggregate reclaimed water capacity as at end FY2021 stands at 28 MLD (including reclaimed WTP capacity of RWTT and AnuRAK's operations), with plans to increase this number going forward.

RANHILL BERSEKUTU SDN BHD

Ranhill Bersekutu Sdn Bhd ("RBSB") is a multi-disciplinary engineering company services provider providing comprehensive engineering. These include design services for geotechnical, civil infrastructure, structural, mechanical and electrical, water resources, linear transportation, project management and EPCC solutions.

Since its inception almost five decades ago, RBSB has established a stellar track record of more than 2,000 successful projects of industries for clients within Malaysia as well as overseas.

This includes landmark projects in Asia, the Middle-East and Africa comprising civil structure and township design; transportation-related projects such as highways, roads, bridges, airports, ports, rail and transit systems; water distribution, catchment and wastewater treatment infrastructure; flood mitigation; power and industrial plants as well as residential, commercial and public facilities.

RANHILL WORLEY SDN BHD

Ranhill Worley Sdn Bhd ("RW") is a well-regarded global brand name for professional project and asset services.

For over 25 years, RW, via partnership with Worley Ltd. global leader in Energy, Chemical and Resources ("ECR") has provided engineering, design, management and consultancy services to the energy, chemicals and resource sectors. RW has developed a credible track record for excellence for delivering high-quality, value-driven solutions for complex requirements.

RW has over the years, lent its expertise to the development of various successful projects in Malaysia and projects globally includes Middle East, North Sea UK, Myanmar, Vietnam, Africa, China and India. It continues to set the benchmark for project management and asset services and solutions within the region.

ENERGY SECTOR

RANHILL POWERTRON SDN BHD ("RPI") AND RANHILL POWERTRON II SDN BHD ("RPII")

Heat Recovery Steam Generators at Ranhill Powertron (RPI) power plant, Teluk Salut, Kota Kinabalu, Sabah

Via subsidiaries Ranhill Powertron Sdn Bhd ("RPI") and Ranhill Powertron II Sdn Bhd ("RPII"), the Group owns, operates and maintains two CCGT power plants located at the Kota Kinabalu Industrial Park, Sabah.

RPI own and operates the 190 MW Teluk Salut Power Station while RPII own and operates the 190 MW Rugading Power Station. The former comprises four 30 MW gas turbines, four vertical heat recovery steam generators and two 35 MW steam turbines. The latter consists of two 65 MW gas turbines, two 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 among Independent Power Producers ("IPP") in Sabah. This makes Ranhill the largest IPP player in Sabah.

RANHILL FACT SHEET

Provides Clean Water to
3.8 Million
Consumers in Johor, Malaysia

99.8% Clean Water Supply Coverage (Rural)

100.0% Clean Water Supply Coverage (Urban)

46 Water Treatment Plants

716 Active Treated Water Reservoirs

Over the past years, RBSB had engineered...

WTP
Over **800 MLD** Water Treatment Plant

Highways
Over **601 km** of Highways

Rail
Over **200 km** of railways

Landbank
Over **70,000 Acre** of Landbank

Buildings
Over **4 million sq.m** of building space

23,628.5 kilometres
of Pipelines:

Mains Distribution:
3,528.6
Kilometres

Reticulation:
20,099.9
Kilometres

Total Capacity

- Clean Water Treatment (Johor):
  2,133 MLD
- Water, Wastewater & Reclaimed Water Treatment:
  9 Water, Wastewater & Reclaimed Water treatment plants (Thailand):
  112 MLD
  12 Wastewater treatment plants (China):
  227 MLD

Provides Electricity to
1.2 Million
people in Sabah, Malaysia

Own and Operates Combined Cycle Gas Turbine ("CCGT"):
190 Megawatt at Teluk Salut Power Station
190 Megawatt at Rugading Power Station

Total Potable Water, Wastewater and Reclaimed Water Capacity
86.2%
Local
13.8%
International

FTSE4Good

Ranhill is a constituent of the **FTSE4Good Bursa Malaysia Index since 2019**

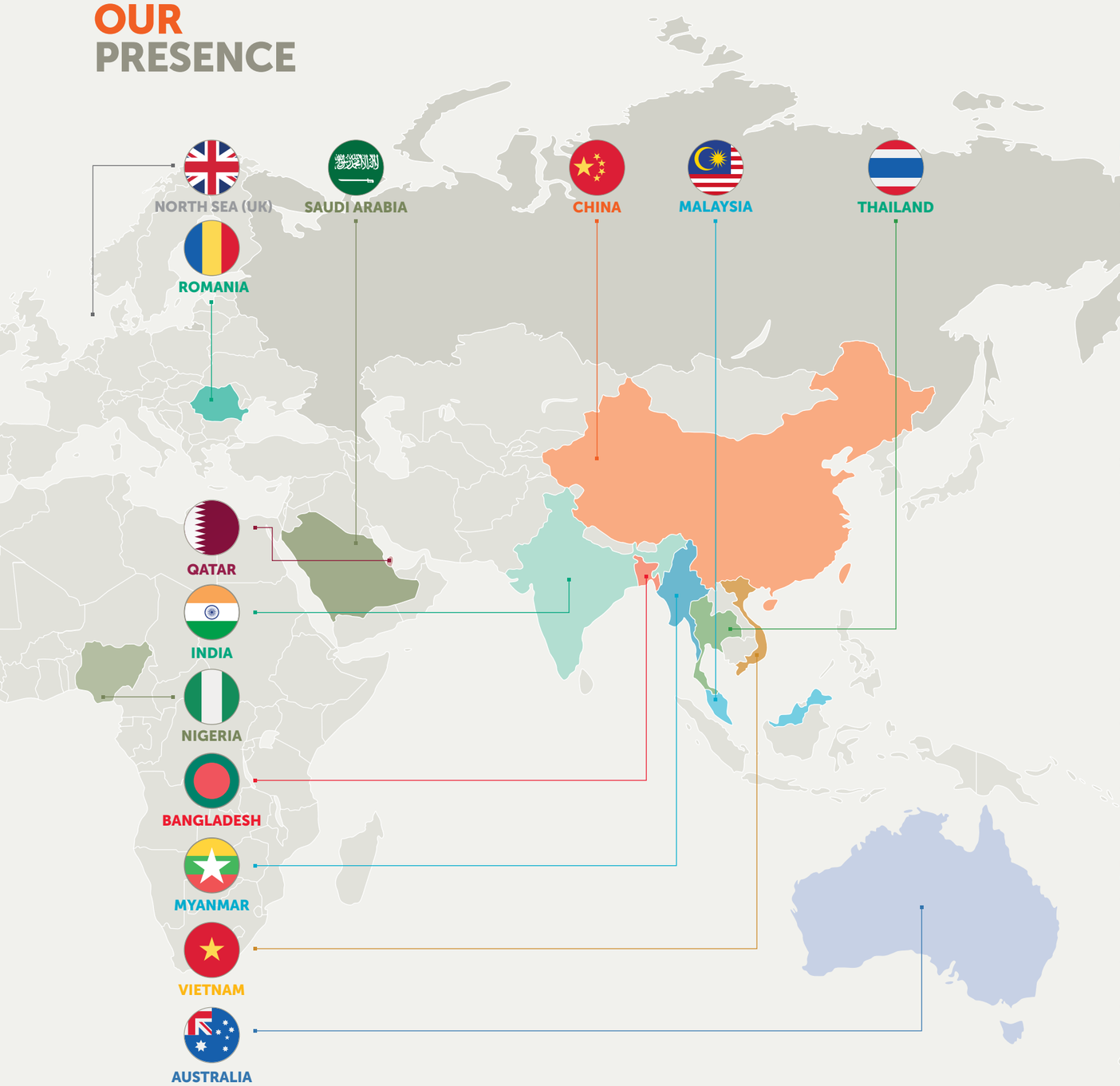
MSWG

Winner of the **MSWG-ASEAN Corporate Governance Award 2020** (Utilities Category)

NRW Level
25.1%

Employees
3,909

OUR PRESENCE



OUR PRESENCE

MALAYSIA

Water Supply Services in Johor, Malaysia

- Exclusive license to provide source to tap water supply services throughout the State of Johor
- 46 Water treatment plants
- The second largest water operations in the country with total design capacity of 2,133 MLD

Engineering and Infrastructure Solution Specialist

- EMEPMI - Provision of Engineering, Procurement and Construction Management (EPCM) Services
- Develop the Kasawari Gas Development Project as part of the overall block SK316 development strategy off the coast of Sarawak
- SK318 Rosmari & Marjoram Offshore Project
- Shell Rosmari & Marjoram Project Onshore Gas Plant (FEED) Design Competition
- Reference design of the KL-Singapore High Speed Rail
- Senai-Pasir Gudang-Desaru Expressway (with 500m main span cable stayed bridge)
- Kuala Lumpur International Airport and KLCC

Power Business in Sabah, Malaysia

- The largest IPP in Sabah, Malaysia
- Own and Operates two (2) 190MW 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

NRW Specialist:

- 726 MLD of water saved through various regional contracts
- 17,707 km of pipeline surveyed and geo-coded in a geographic
- Develop 251 strategic and all mains models with over 1 million total number of connections
- Design and establish over 1,600 District Metered Areas ("DMAs")

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

THAILAND

- 9 Water, wastewater treatment plant and reclaimed water treatment plant
- Total treatment design capacity of 112 MLD

SAUDI ARABIA

Multi Disciplinary Consultancy Services

- Provide the project management services to Saudi Aramco, King Abdullah University of Science and Technology (KAUST)
- Provide the management and construction of King Saud University for Girls (KSUG) in Riyadh

OTHER COUNTRIES

- Engineering works for Santos WHP EPCI with Sapura Engineering, Western Australia
- Pre-FEED for HI Development Project, Nigeria
- Engineering Support to Sembcorp Marine under an EPCI contract awarded by North Oil Company (NOC) for Gallaf Batch 2 project, located in Al Shaheen field, off Qatar
- Block 15-1/05 Lac Da Vang Oil Development, Vietnam
- Neptune Deep Project, a FEED for gas de-hydration fixed platform (NNM CPP) in 120m of water in the Black Sea off the coast of Romania
- Zawtika M-9 Development Project, Offshore, Myanmar
- Marina Doha Residential Tower and Marina Doha Office Tower, Qatar
- Built a 113.5 MLD potable water treatment plant for Haldia Development Authority in West Bengal
- Bangladesh-Engineering for Public Sanitation Facility for 26 districts funded by Islamic Development Bank
- First designed for float over project and detailed design, procurement support in Offshore Bombay, India for the B193 Development Project
- Detailed engineering and project management services of 10,800 residential unit in Tajura, Libya

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI HAMDAN MOHAMAD
Chairman and Chief Executive
Non-Independent Executive Director [1]

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 LEOW PEEN FONG
Independent Non-Executive Director

ENCIK ABU TALIB ABDUL RAHMAN
Independent Non-Executive Director

DR ARZU TOPAL
Independent Non-Executive Director
(Appointed w.e.f. 15 April 2022)

ENCIK AMRAN AWALUDDIN
Executive Director and
Chief Operating Officer
(Appointed w.e.f. 15 April 2022)

CIK ZURINA ABDUL RAHIM
Executive Director and Chief
Commercial Officer
(Appointed w.e.f. 15 April 2022)

Note:
[1] Tan Sri Hamdan Mohamad
Tan Sri Hamdan Mohamad was redesignated as Chairman and Chief Executive of the Company effective from 14 April 2022 replacing his previous designation as Executive Chairman,President and Chief Executive ("EC&PCE"). Tan Sri Hamdan was appointed as Chairman and redesignated as EC&PCE on 26 February 2022

Tan Sri Azman Yahya,
Chairman, Independent Non-Executive Director (Resigned w.e.f. 26 February 2022)

Ms. Loong Mei Yin,
Non-Independent Non-Executive Director (Resigned w.e.f. 17 November 2021)

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

GOVERNANCE AND RISK MANAGEMENT COMMITTEE ("GRMC") MEMBERS

MS LEOW PEEN FONG
Chairman
Independent Non-Executive Director

TAN SRI HAMDAN MOHAMAD
Member
Chairman and Chief Executive
Non-Independent Executive Director

DATO SRI LIM HAW KUANG
Member
Executive Director

ENCIK ABU TALIB ABDUL RAHMAN
Member
Independent Non-Executive Director

DR ARZU TOPAL
Member
Independent Non-Executive Director
(Appointed w.e.f. 15 April 2022)

MS. ZURINA ABDUL RAHIM
Member
Executive Director and Chief
Commercial Officer
(Appointed w.e.f. 15 April 2022)

NOMINATING AND REMUNERATION COMMITTEE ("NRC") MEMBERS

DATUK ABDULLAH KARIM
Chairman
Senior Independent Non-Executive Director

ENCIK ABU TALIB ABDUL RAHMAN
Member
Independent Non-Executive Director

MS LEOW PEEN FONG*
Member
Independent Non-Executive Director
(Appointed w.e.f. 1 December 2021)

DR ARZU TOPAL
Member
Independent Non-Executive Director
(Appointed w.e.f. 15 April 2022)

LONG TERM INCENTIVE PLAN COMMITTEE ("LTIP") MEMBERS

DATUK ABDULLAH KARIM
Chairman
Senior Independent Non-Executive Director

ENCIK ABU TALIB ABDUL RAHMAN
Member
Independent Non-Executive Director

MS LEOW PEEN FONG*
Member
Independent Non-Executive Director
(Appointed w.e.f. 1 December 2021)

CORPORATE INFORMATION

DR ARZU TOPAL
Member
Independent Non-Executive Director
(Appointed w.e.f. 15 April 2022)

Note:
* Ms. Leow Peen Fong was appointed as a committee member of NRC and LTIP with effect from 1 December 2021 in place of Tan Sri Azman Yahya, the former Chairman of the Company who had vacated the office as a committee member of NRC and LTIP, in compliance with Practice 1.4 of Malaysian Code on Corporate Governance (MCCG) 2021.

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 DELOITTE PLT
(LLP0010145-LCA)
Chartered Accountants (AF0080)
Level 16, Menara LGB
1, Jalan Wan Kadir
Taman Tun Dr. Ismail
60000 Kuala Lumpur, Malaysia

Telephone No.: +(603) 7610 8888
Facsimile No. : +(603) 7726 8986
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INVESTOR RELATIONS

Telephone No.: +(603) 2716 5629
Facsimile No. : +(603) 2716 5662
Website : ir.info@ranhill.com.my

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 name, Ranhill Holdings Berhad ("**Ranhill**"). Commenced its business on 16 December 2015 following the completion of the pre-offering reorganization. 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 of Symphony House Berhad.

Ranhill assumed its present name of **Ranhill Utilities Berhad** effective from 13 May 2020. The present name is consistent with Ranhill's Vision, Mission and circular economic model. The chosen brand name provides a unified identity for Ranhill's Environment, Energy and Services sectors and highlights the Group's proven expertise and experience as a leading player for environment, energy and engineering services.

OUR APPROACH TO VALUE CREATION

Value creation is defined by the Group's Vision and Mission, and is realised through the implementation of the business model, which is driven by circular economy concepts. Ranhill's business strategies and operations draw from its four pillars of sustainability: Environmental Awareness & Preservation, Contribution Towards Social Wellbeing, Inspirational Workplace & Culture and Enhancing Governance Across the Group.

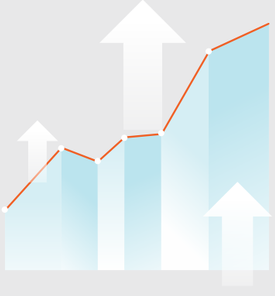
PRESENT GLOBAL / MACRO EXTERNAL CHALLENGES IMPACTING VALUE CREATION AND THE BUSINESS MODEL:

NON-FINANCIAL

Growing non-financial / ESG matters that affect oganisations, goals, targets and strategies.

FINANCIAL

Shareholder or investors' demands, capital expenditure considerations, short and long-term business considerations.

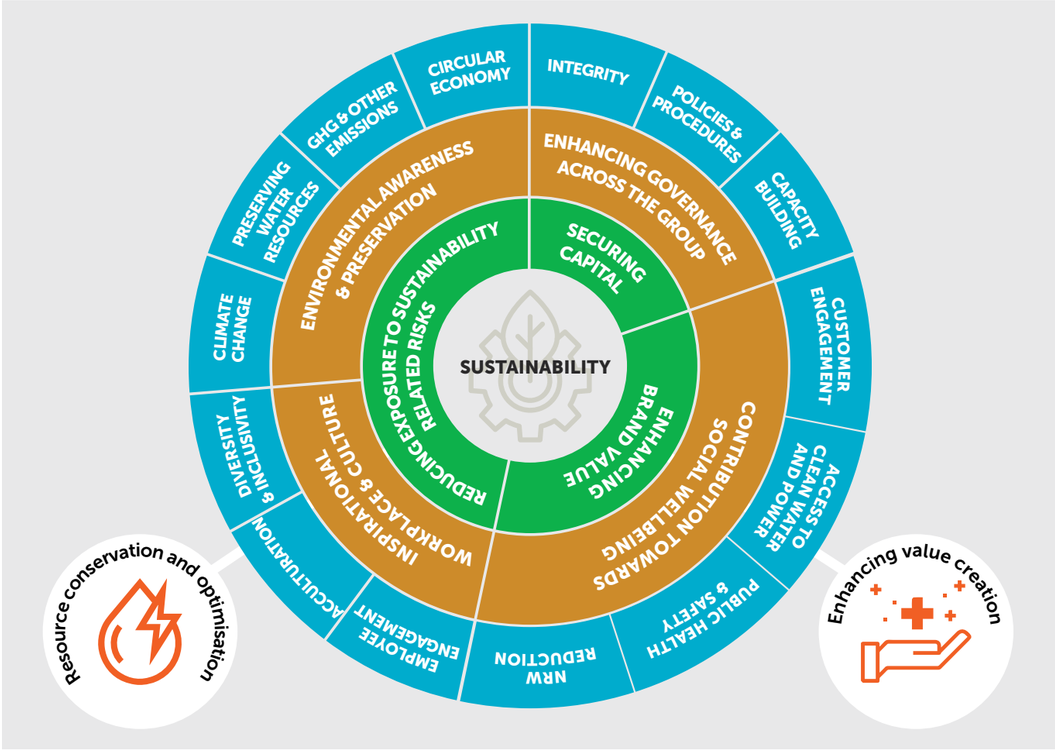


STAKEHOLDERS

Aspirations, concerns, perspectives.

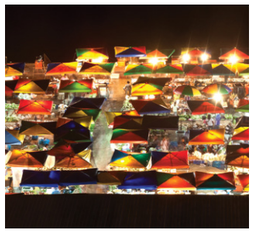
OUR APPROACH TO VALUE CREATION

RANHILL'S RESPONSE IS THROUGH ITS FOUR PILLARS OF SUSTAINABILITY



Creates the following values:

Clean and reliable water supply; contribute to health of communities and economy development



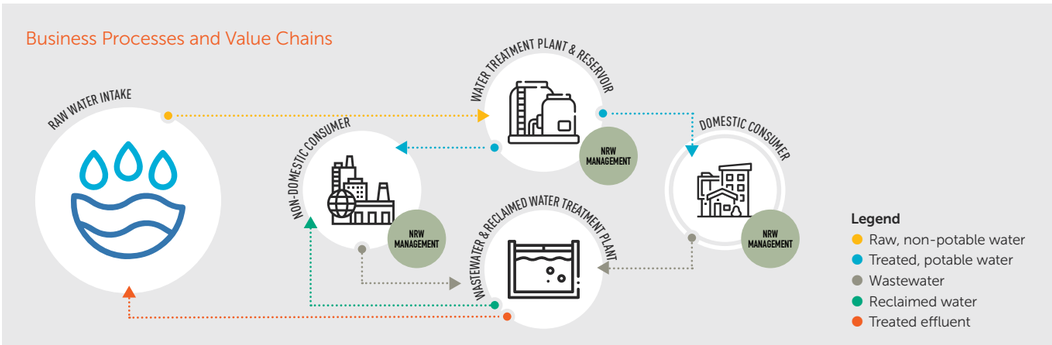
Generation of electricity required for socio-economic development

Develops local supply chains and local employment

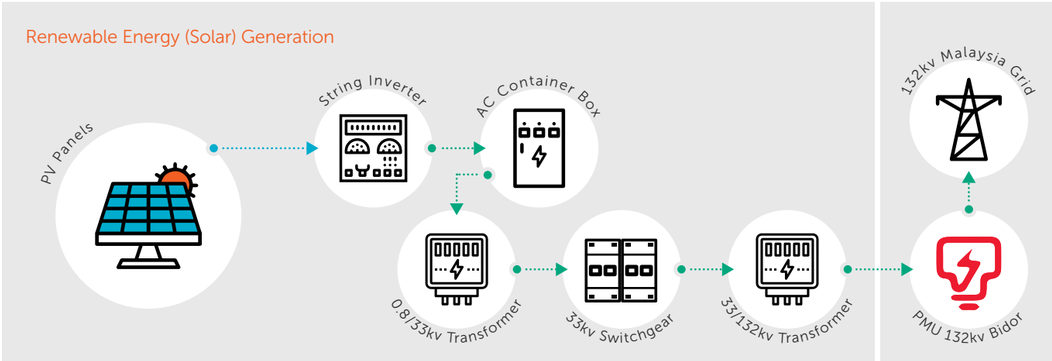
Indirectly spurs infrastructure development, commercial activities and attracts investments

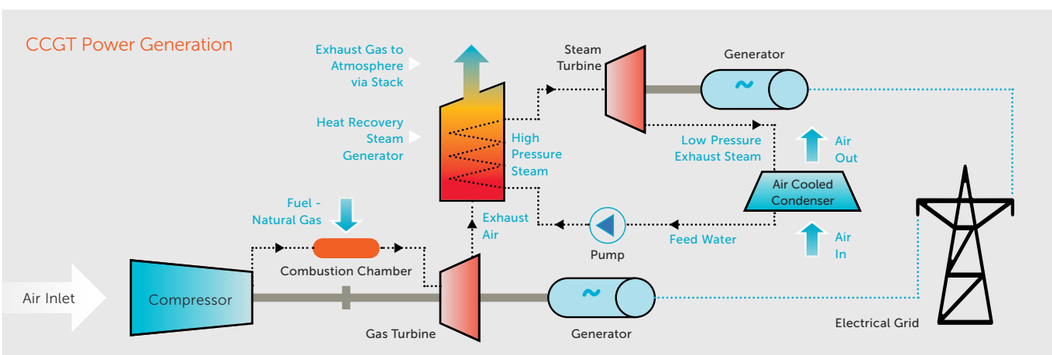
OUR APPROACH TO VALUE CREATION

Which addresses material matters towards preserving resources and creating financial and non-financial values for stakeholders.



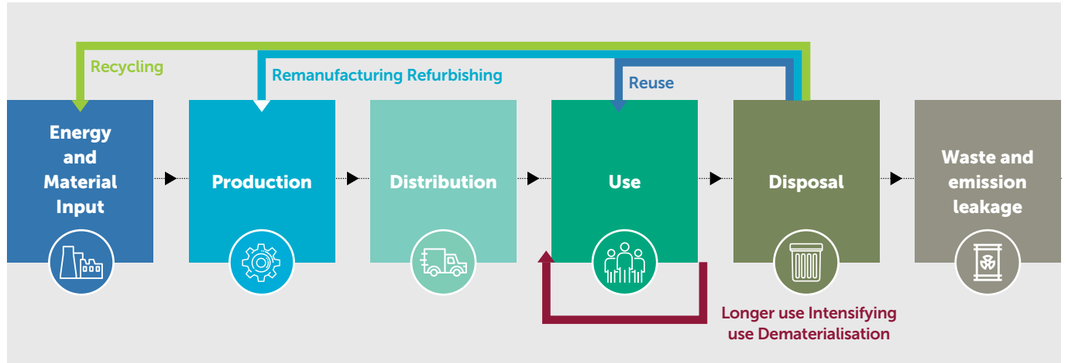
Values created: Revenues, reliable water supply, preservation of water resources, reduction in NRW and contributing to water security.





OUR APPROACH TO VALUE CREATION

The circular economy approach is premised on resources being optimised – recycled and preserved and reused for as long as possible towards extracting maximum value while simultaneously allowing these resources to regenerate for future use.



Ranhill's approach to value creation is increasingly relevant given the many pressing issues in the world today. These include increasing scarcity of natural resources, climate change, pollution and population and socio-economic growth. The latter two place mounting pressures on finite and already dwindling resources.

The way forward in meeting socio-economic development aspirations is for businesses to adopt more sustainable business models.

Beyond financial values, Ranhill continues to measure its performance and results against selected United Nations Sustainable Development Goals ("UN SDGs").

CONTRIBUTION TO THE REALISATION OF SELECTED UN SDGS

OUR VALUE CREATION MODEL

The Ranhill value creation model below provides a summarised view of how the Group's business model consumes a wide range of capitals or resources and ultimately generates values as provided for in the below mentioned outputs and outcomes. Beyond financial values, the created outputs and outcomes also include non-financial values created, both for the Group and its stakeholders.

OUR VALUE CREATION MODEL

The Group's business model, which is driven by the circular economy approach is designed to progressively transition Ranhill to generate increasing positive outcomes and outputs while reducing dependence on finite capitals, such as natural capitals. This is to be achieved by a continued focus on operational efficiencies that reduce resource use, the transition to renewable energy ("RE") and the repurposing of waste products to serve as inputs for the business model.

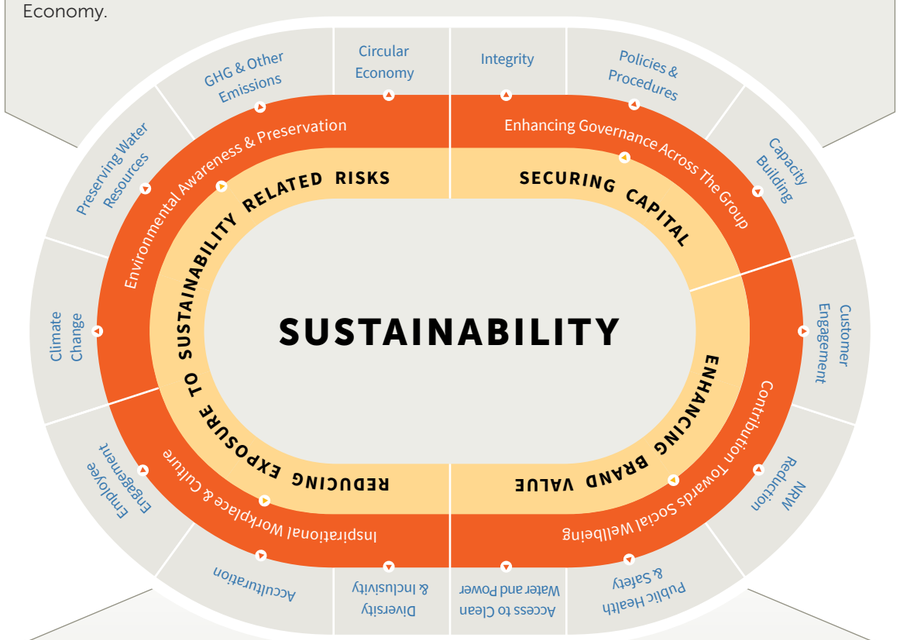
> CAPITAL RESOURCES	> INPUTS	> OUTPUTS & OUTCOMES
FINANCIAL Shareholders' equity, debt and reinvested capital, internally generated funds and borrowings are used to fund capex and opex towards creating financial values and to deploy other forms of capital.	• RM1,140.6 million CAPEX • RM118.9 million cash and equivalent as at beginning of the year • Equity: RM680.8 million • Total assets: RM3,281.2 million • RM1,044.3 million borrowings • RM964.3 million market capitalisation as at beginning of FY2021.	• RM1,530.9 million revenue • RM93.3 million in profit before taxes • RM95.1 million in profit from operations • RM12.7 million in dividend payout • RM699.4 million market capitalisation as at end FY2021
MANUFACTURED Physical assets required for business operations such as WTPs and power plants as well as machinery, vehicles fleet and more utilised for the execution of the business model.	• 716 reservoirs • 46 WTPs • 2 reclaimed water treatment plant in Thailand • 23,628.5 km pipeline network • Two CCGT fired power plants with total capacity of 380 MW	• 2,474 total of potable water and wastewater treatment capacity • 17 MLD in reclaimed water • 40% of total among IPPs of the state's energy capacity in Sabah state • High customer satisfaction levels for water supply services in Johor • Reduced NRW level of 25.1%
HUMAN & INTELLECTUAL The cumulative skills, expertise and competencies of Senior Management and staff as well as proprietary business processes, systems and relevant industry knowledge and experience.	• Long-standing industry knowledge, experience and expertise • High employee satisfaction and morale • Empowered organisational culture • Talent development and retention programmes • Succession planning • New technology and innovation	• 237 new hires • 3,909 workforce strength • Low 6.11% attrition rate • Development of leadership bench • Incorporation of new technologies into business processes
SOCIAL Harnessing existing relationships with various stakeholder groups to further the interest of RUB and its industries as well as stakeholders for mutual benefit.	• Proactive engagements with regulatory and other stakeholder groups. These include investors, the media, customers, and the community • Key focus areas include water conservation and NRW • Exploration of JVs, strategic partnerships to penetrate new markets and tap new business opportunities	• Penetration into new markets including Indonesia • Expansion into new sectors and geographic locations • Contribution to industry conducive policymaking • Improving relationships with the Government and industry regulators • RM0.86 million in water rebates to 83 hardcore and 3,154 poor families
NATURE Consumption of natural and other resources such as land, fossil fuels, water, gas, electricity to deploy and operate the business model.	• Electricity consumption (RanhillSaj): 321,100,678.8 kWh • Water consumption: 692,901,991 m^3 • Gas consumption: 20,353,976 mmbtu	• 2,133 MLD of potable water produced • 2,319 GWh of electricity generated • 48,397 kWh of solar energy generated • 64,822 kWh of mini-hydro energy generated • 207,277.8 CO2e GHG emissions (Scope 1,2 and 3)

> BUSINESS MODEL

VISION
Enriching Lives Through Sustainable Solutions

MISSION
To Be A Regional Leader In Water, Wastewater and Energy with Emphasis on Circular Economy.

CORE VALUES
- RESPECT
- RESOURCEFUL
- RESULT



REALISING GROUP ASPIRATIONS AND CREATING VALUES THROUGH
3 Sectors >> Environment | Services | Energy

Financial Growth | Risk Mitigation | Sustainable ESG Performance | Future Ready

OUR STRATEGIC SNAPSHOT

ENVIRONMENT SECTOR

BUSINESS STRATEGIES / FOCUS AREAS	• Continued implementation of COVID-19 SOPs across water operations. Strict adherence to SOP discipline to prevent operational disruptions and to protect staff and stakeholders from risks of infections. • Maintaining high level of operations to ensure continued achievement of industry regulator's KPIs. • Intensified focus on addressing NRW levels, which include pipe rehabilitation and replacement works, meter replacement and other measures. • Initiated chemical substitution programme at several WTPs to reduce operational expenditure ("OPEX"). • Implementation of new technologies i.e. AquaSMART to increase water yield, reduce costs and achieve increased efficiencies. • Expanding existing and constructing new WTPs. • Harnessing Renewable Energy ("RE") to power water operations. • Continued business development activities, targeted at the industrial water sector and potential non-revenue water ("NRW") customers. • Talent development and retention.
OUTPUTS, PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS, VALUES CREATED	• Achieved first solar and mini-hydro powered WTPs in Johor. • Met or exceeded Suruhanjaya Perkhidmatan Air Negara's ("SPAN") Key Performance Indexes ("KPIs"). • Reduction of NRW levels in Johor by 1.65% to 25.1%. • Initiated solar farm proposal to fully power water operations in Johor. • Implementation of first pollutant removal system ("PRS"). • 1,324 water theft cases successfully reported / imposed water charges. • Achieved successful migration to a Rehabilitation-Own-Transfer ("ROT") contract, and secured a separate contract upgrade for WWTPs in Amata Industrial Estate, Thailand. • Change in government regulations, especially change in policies with regard to wastewater management and reclaimed water in Thailand.
POTENTIAL RISKS, ISSUES & CHALLENGES	• Continued delays in upward tariff revision. • Increasing incidents of water pollution. • Extreme weather events caused by climate change and global warming. • Dwindling river water supply. • Delays in funding for pipe rehabilitation and replacement works. • Acts of terrorism, security breach, vandalism, theft, etc. that cause disruption to WTP / WWTP operations. • Increasingly poor river water quality leads to increased treatment costs. • Change in Government regulations. • Challenging incoming water and wastewater quality. • Lack of skilled and specialised water industry talents.
OPPORTUNITIES	• Exploration of water concessions in other states in Malaysia and abroad. • Growing demand for water supports stability of revenues and necessitates expansion of / construction of new water assets. • Growing interest in wastewater treatment and reclaimed water. • Government support to addressing NRW and using greywater.
STRATEGIC PRIORITIES	• Continued push for upward tariff revision. • Continued engagement to realise plans for 100% solar powered water operations in Johor. • Develop strategic partnerships with original equipment manufacturer ("OEM") product manufacturers. • Continued talent development especially for specialises / niched skillsets. • Growing interest in reclaimed wastewater for non-potable, commercial / industrial application.

OUR STRATEGIC SNAPSHOT

ENERGY SECTOR

BUSINESS STRATEGIES / FOCUS AREAS	• Continued implementation of COVID-19 SOPs across energy operations. Strict adherence to SOP discipline to prevent operational disruptions and to protect staff and stakeholders from risks of infections. • Maintaining high level of operations to ensure continued achievement of industry regulator's KPIs i.e. Equivalent Availability Factor ("EAF"), Available Time ("AT") and Unplanned Outage Rate ("UOR"). • Reduction in gas consumption to reduce OPEX by efficient heat rate management. • Continued pursuit of conventional power plant projects in Sabah. • Increased efforts to explore RE potentials, both locally and abroad.
OUTPUTS, PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS, VALUES CREATED	• Secured first Large Scale Solar ("LSS") project. • Achieved total gas consumption reduction year-on-year. • Outperformed Power Purchase Agreement ("PPA") for EAF, AT and UOR. • Successful repowering of GT11 turbine at RPI.
POTENTIAL RISKS, ISSUES & CHALLENGES	• Lack of conventional plant-ups or RE projects in Sabah. • Lack of heavy industries to drive up consumption demand. • Low power dispatch. • Changes in state government policies with regard to the Energy sector in Sabah. • Non-renewal of PPAs. • Lack of success with the Rugading Tax appeal. • Requirement for both Teluk Salut and Rugading to stay connected to the grid for prolonged periods, which can disrupt maintenance schedules.
OPPORTUNITIES	• Growing number of projects under LSS5. • Ability to leverage on the Group's international presence to pursue potential in Southeast Asia. • Increasing appetite among private sector companies to adopt RE, notably solar i.e. rooftop solar. • With the liberalisation of the gas supply with the implementation of the third-party agreement, there is potential to explore a wider range of suppliers.
STRATEGIC PRIORITIES	• Pursuit of potentials in Indonesia. • Continue to outperform the PPA for EAF, AT and UOR.

OUR STRATEGIC SNAPSHOT

SERVICES SECTOR

BUSINESS STRATEGIES / FOCUS AREAS	OUTPUTS, PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS, VALUES CREATED	POTENTIAL RISKS, ISSUES & CHALLENGES	OPPORTUNITIES AND STRATEGIC PRIORITIES
Ranhill Water Services Sdn Bhd ("RWS")	• Supplied 5,000 meters for ongoing meter replacement exercise in Johor. • Secured two NRW sub-contracts with a cumulative value of RM161.3 million.	• Inability to deliver on contracts due to further lockdowns or delays in regulatory approvals. • Lack of skilled and specialised industry talents.	• Opportunities to propose and undertake NRW loss management programmes under Approach 2 of the Matching Grant for Johor, Melaka, Selangor, Perak, Penang and Terengganu. • Target private sector players and as government agencies for NRW related projects. • Develop strategic partnerships with OEM product manufacturers.to strengthen supply chain and drive cost efficiencies.
Ranhill Water Technologies Sdn Bhd ("RWT")	• Secured and completed various wastewater related contracts in Malaysia.	• Slower than expected economic recovery dampens interest in tapping reclaimed water for non-potable application. • Inability to complete construction works due to pandemic or other disruptive factors. • Intensified competition due to many players and new market entrants. • Challenging incoming wastewater quality.	• Leverage in internal technologies to offer customised solutions and specialised facilities that offer competitive value propositions. • Leverage on established presence to pursue potentials in industrial parks in Malaysia and Thailand. • Develop strategic partnerships with OEM product manufacturers.to strengthen supply chain and drive cost efficiencies.

OUR STRATEGIC SNAPSHOT

BUSINESS STRATEGIES / FOCUS AREAS	OUTPUTS, PERFORMANCE HIGHLIGHTS & ACHIEVEMENTS, VALUES CREATED	POTENTIAL RISKS, ISSUES & CHALLENGES	OPPORTUNITIES AND STRATEGIC PRIORITIES
Ranhill Bersekutu Sdn Bhd ("RBSB")	• Undertaking EPCC works for the 50 MWac Ladang Bikam Solar PV Plant – Ranhill's first LSS project. • Built order book to RM300.0 million on the back of contracts secured in FY2021.	• Inability to replenish orderbook. • Inability to complete projects within time and budget. • Delay in payments from customers, which erodes cash position. • Possibility of external factors such as political instability, disruptions to the global crude oil industry, disruptions due to new COVID-19 strains, etc. may affect overall economic activity and investor sentiments.	• Continued order book replenishment through active tendering across a wide range of economic sectors. • Increased focus on renewable energy infrastructure projects, • Continued development and retention of talent and development of technology capabilities i.e. Solar photovoltaic system ("PV") engineering, Building Information Modeling ("BIM") and 3D modelling.
Ranhill Worley Sdn Bhd ("RW")	Secured local major projects and international projects leading to order book increase to RM132.0 million.		• Future Energy demand will drive increase of natural gas and liquids production. RW anticipate this demand will result in growth of such projects as part of our core business in Malaysia and overseas. • Apply the experience and capabilities to develop winning proposals for Upstream facilities work focusing on greenfield and sustaining capital. • Lead with Worley UK North Sea for O&M and target Late Life Assets ("LLA") opportunity in Malaysia. • Collaborate with Worley Singapore (Downstream Center of Excellence) to lead study & pre FEED phases for Petrochemicals, Chemicals, bio-fuels related opportunities. • Target select opportunities with customers for alternative commercial offering accepting risk/ reward. • Offering to include Data Centric Delivery and offer alternative digital solutions such as AWP and 4D/5D. • Build strong relationships with EPC and owner operators. • Low Carbon Hydrogen production is closely linked to countries decarbonization plans and objectives with significant interest as fuel source.

Note: Please refer to the Management Discussion and Analysis section of this report for further details.

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

Tan Sri Hamdan Mohamad
Chairman and Chief Executive

Dear Esteemed Shareholders,

It gives me great pleasure to present the Annual Report and Audited Financial Statement of Ranhill Utilities Berhad ("Ranhill or "the Group") for financial year ended 31 December 2021 ("FY2021").

HIGHLIGHTS

Targets:

- **3,000 MLD** Water, Wastewater and Reclaimed Water Treatment Capacity by Year 2024
- **1,000 MW** Continue to Pursue Energy Target Capacity
- Realizing a Long Term NRW Target Level **of 7.5%**

Revenue:

- Environment sector **RM1,159.0 million**
- Energy sector **RM220.9 million**
- Services sector **RM151.0 million**

The first half of FY2021 was certainly affected by the COVID-19 pandemic. The imposition of full lockdowns, restrictions on business activity and strict standard operating procedures ("SOPs") continued to impact business and operational activities of all industries and economic sectors.

Essential services industries such as environment, energy and engineering were allowed to operate during the various lockdowns. The strict SOPs put in place had on the whole, impacted operational efficiency and productivity.

Against this immensely challenging backdrop, Ranhill's business divisions comprising the Environment, Energy and the newly established Services sectors, continued to deliver operational excellence.

Key Insights gained in the past, proved to be invaluable in steering Ranhill's direction during this turbulent period and with that, Ranhill has continued to deliver business growth and notably highlights from all business divisions.

These highlights include reducing non-revenue water ("NRW") loss in Johor state to 25.1%, the securing of the Group's maiden large scale solar ("LSS") project and the establishment of a new business division, the Services sector. The new division was strengthen with the acquisition of Ranhill Bersekutu Sdn Bhd ("RBSB"), Ranhill Worley Sdn Bhd ("RW") and includes associate companies of RBSB. The Group is now better positioned to undertake project management contracts and engineering, procurement and construction management ("EPCM") projects within

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

the infrastructure, transportation, energy, chemical and resource sectors.

FINANCIAL PERFORMANCE

Despite the prolonged pandemic, the Group's environment and energy operations provided stable recurring revenue and earnings as well as steady cash flows. Revenue improved 4.25% year-on-year to reach RM1,530.9 million (FY2020:RM1,468.5 million). Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") improved by 4.5% to reach RM490.6 million (FY2020: RM469.3 million).

Profit before tax and Zakat declined marginally by 2.3% year-on-year to RM93.3 million (FY2020:RM95.5 million) while after tax profits improved 3.12% year-on-year to reach RM66.1 million (FY2020: RM64.1 million).

Despite higher after tax profits, profit after tax attributable to owners of the parent for FY2021 is lower due to share of profits attributed to Minority Interest (to Worley Limited) upon Ranhill's full acquisition of RW.

Further information on our financial performance for FY2021, including cashflow performance, assets and liabilities as well as borrowings is provided in the Management Discussion and Analysis section of this report.

ENVIRONMENT SECTOR

In 2021, non-domestic industrial water consumption reduced by 3.65% due to the impact of COVID-19 lockdowns and restricted business operations for many economic sectors.

The difference between domestic and non-domestic tariffs (under the present mechanism) means that any decline in non-domestic consumption would affect revenues.

The continued deferment in tariffs, which is overdue for an upward revision since 2015 is also a contributory factor. In a highly regulated business such as water concession, prices are fixed according to a multi-tiered system. Given the present mechanism, water consumption from industrial and business premises are important to support growth in revenues.

Without a tariff revision, Ranhill SAJ Sdn Bhd ("RanhillSaj"), the water operator for Johor state, is dependent on increased water consumption to drive revenues, especially from non-domestic customers.

However, despite the difficulties, encountered, the relaxation in SOPs, notably in the second half of the year and various other factors had enabled Environment sector to register a robust revenue performance of RM1,159 million, 1.7% decrease year-on-year.

Water consumption aside, COVID-19 also impacted operational activities such as active leakage control ("ALC"), pipe rehabilitation and replacement works as well as WTP, construction and upgrading works. There have been delays in approvals for such works, which are beyond the control of RanhillSaj.

However, all efforts have been taken to expedite works, where possible towards addressing NRW loss and sufficient reserve margin. The latter is especially important for many water stressed locations across the state.

Despite the many difficulties and challenges faced, RanhillSaj has continued to persist against the complex landscape met all key performance indicators ("KPIs") set by the industry water regulator, Suruhanjaya Perkhidmatan Air Negara ("SPAN"). RanhillSaj has done so while keeping our workforce and stakeholders safe.

The aeration at Semangar Water Treatment Plant that is often used to eliminate carbon dioxide liberated by the treatment process

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

REDUCTION IN NRW LEVELS

In FY2021, NRW levels decreased by 1.6% to reach 25.1% (FY2020: 26.7%) and complies with SPAN's 2021 target of 26.5% or below.

While FY2020 had seen NRW levels rise due to disruptions to ALC activities, the pace and intensity of efforts were significantly increased in FY2021. As a result, NRW levels reverted to a downward trend in FY2021.

This achievement will assist RanhillSaj to qualify for SPAN's matching grant initiatives. Should the downtrend be maintained, RanhillSaj may be entitled to a matching grant rate of 75% of its investment amount for FY2021.

Cumulatively, investment for the NRW management program in Johor presently stands at RM605.0 million. Total savings achieved stands at 450 MLD. This is significant as approximately RM675.0 million is required for new WTP construction to provide the same capacity of 450 MLD.

WTP construction will also entail an additional production cost of RM493.0 million.

Beyond cost savings, other benefits include reduced commercial losses, reduced water demand from depleting river sources and less electricity consumption and carbon emissions.

PRESERVING WATER RESOURCES

As in previous years, Management continued to address longer-term issues faced by the water supply system in Johor. These chronic issues faced from source to tap are varied and abundant.

Resources to address these challenges are finite, yet RanhillSaj perseveres and even goes beyond its mandate to preserve Johor's rivers and ultimately incoming water quality.

As a private water operator, our responsibility technically only begins from the intake with the onus on other stakeholders to ensure the quantity and quality of raw water supply.

Gunong Pulai Reservoir is one of the main sources of the water supply system for part of residents in Johor Bahru and Pontian district, Johor state

Nevertheless, RanhillSaj has taken it upon itself to deploy a pollutant removal system ("PRS") at pollution prone sites. At a cost of RM6.99 million, the PRS, is designed to treat ammonia levels as high at 500 parts per million ("ppm") to less than 10 ppm.

While 2021 has seen less pollution incidents (attributed to reduced business activity and restricted movements due to COVID-19 lockdowns), there were still cases which had caused unplanned shutdowns of WTPs. Such disruptions affect the ability to supply and sell water and consequently, revenues.

The PRS is part of the solution together with stringent enforcement towards addressing the long-standing issue of river pollution. The system only requires a small footprint area compared to the present biological process of nitrification and de-nitrification.

CONTRIBUTING TO SUSTAINABLE WATER SUPPLY

The issue of depleting river water levels continues to pose a risk for medium to long-term water security. The ongoing construction of the 160 MLD Layang 2 WTP Phase 1, scheduled for completion in June 2022, will increase the reserve margin from 8% to 13% at the surrounding vicinity, stretching from Pasir Gudang to Forest City in Johor.

Climate change remains a risk factor that compounds long-term water supply issues. Climate change has affected rainfall with either prolonged droughts or at times, excessive rainfall affecting the river basin.

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

In recent times, Johor's rivers are seeing salt water flow 30 km - 40 km upstream. This affects raw water quality and will cause shutdown of WTPs, which affects water supply.

RanhillSaj continue to weather challenges faced. Specific details and measures implemented to ensure sustainable water supply are provided in the Management Discussion and Analysis section of this report.

LEVERAGING INNOVATION AND TECHNOLOGY

In recent years, RanhillSaj has looked to technology to drive operational efficiency and sustainability. The establishment of the Technology & Innovation ("T & I") business unit reflects this commitment.

T & I is tasked with ramping up research and development ("R & D") activities and to acquire new water industry related technologies. This includes Green Technologies that supports lower environmental footprint and reduces unplanned WTP shutdowns (mainly due to pollution).

The successful ozone trial project at the Sultan Ismail WTP in Skudai, has provided a potentially viable solution in removing high ammonia content in Sungai Skudai. The findings from the trial are promising in terms of providing a cost effective, environmentally friendly method to prevent plant disruption, when there is higher ammonia content in raw water intake.

However, substantial financial expenditure is required to drive R & D and securing research grants has been challenging.

Ranhill field experts performing Pressure Management by adjusting pressure reducing valve (PRV)

RanhillSaj continue to source for grants from government agencies and private institutions. It also continues to collaborate with multiple parties towards promoting knowledge sharing and technical expertise while increasing access to high-caliber industry talents/ access to talents.

INTERNATIONAL WATER OPERATIONS

In Indonesia, Ranhill with a 75% equity interest, together with its consortium partners comprising Ranhill, Perusahaan Perseroan PT Pembangunan Perumahan TBK and PT Varsha Zamindo ("Consortium") had initiated a source-to-tap Project to provide drinking water to clearly identified service areas in DKI Jakarta, Kota and Kabupaten Bekasi as well as Kabupaten Bogor.

In 2021, the Government of Indonesia upgraded the status of the proposal to National Strategic Project thus giving it priority and importance. The acceptance of the Feasibility Study ("FS") by the relevant off-takers followed by the Ministry in charge, Kementerian Pekerjaan Umum dan Perumahan Rakyat ("PUPR"), Indonesia, is expected to take place in July 2022. Upon acceptance of the FS by PUPR, the Consortium will be awarded initiator status thereafter PUPR will commence the project tender process.

It aims to extract 7,000 litre per second (605 MLD) of raw water sourced from the Jatiluhur Dam. The Project entails the development of drinking water system that will include the construction of Water Treatment Plant in Jatiluhur Dam, 99 km of treated water transmission pipeline and distribution pipeline to the consumers.

China's Rise of Central China policy had paved the way for large scale migration of businesses and industries from the country's eastern seaboard into central provinces. This resulted in a surge in demand for water and WWTPs in support of these industries.

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

However, over the years, the number of businesses moving into the central region has decreased. In addition, the continued entrants of new players have intensified competition leading to newer concession contracts generally being not as commercially attractive.

We remain committed to our China operations. The Group shall continue to operate its existing water concessionaire operations comprising of 12 WWTPs to exemplary standards. Opportunities for expansion will continue to be carefully assessed towards ascertaining the short, medium and long-term, potentials of such prospects. We shall continue to adopt a prudent approach, to reduce risks.

In Thailand, while interest in wastewater treatment and reclaimed water for non-potable consumption was strong, this did not automatically translate into tenders or projects given the impacts of COVID-19 on the Thai economy.

Overall, incoming wastewater in 2021 increased 6.12% from FY2020 at the Amata Industrial Estate, where subsidiary, RWTT and AnuRAK operates 9 water, wastewater and reclaimed water treatment facilities with a total capacity of 112 MLD.

A key highlight was the conversion of the existing operations and maintenance ("O & M") contract into a 20-year ROT concession. This is for the 10.5 MLD Phase 6 Stage 1 WTP, Amata City Chonburi Industrial Estate. The conversion supports Ranhill's goal of expanding into the long term regulated asset business in Thailand.

Also, on 24 December 2021, AnuRAK was awarded the upgrading contract for a WWTP from 15 MLD to 20 MLD by Amata Water Co. Ltd.

Upon completion of the upgrading project, Ranhill will move closer to its target of having 400 MLD of water, wastewater and reclaimed water treatment operations to be derived from international operations. Upon completion, the total capacity will be 346 MLD or 86.5% of its target.

ENERGY SECTOR

In Peninsular Malaysia, Ranhill's bid for a 50 MW solar farm project in Bidor, Perak under LSS4 has been successful. Engineering, Procurement, Construction and Commissioning ("EPCC") is presently being undertaken by RBSB.

The plant is expected to be completed and ready for commercial operation by 2023.

Sabah's energy situation continues to face unique challenges. The state has a lack of energy generating capacity during peak periods, but at the same time, comparatively low power demand during non-peak periods. This is unlike Peninsular Malaysia, where even off-peak demand remains relatively high and stable.

The situation had been compounded by COVID-19 lockdowns, which has led to an acute decline in energy demand from the industrial and commercial sectors of the state.

Sabah also has a limited number of power plants, which often results in Ranhill's two power plants, Teluk Salut Power Plant, Ranhill Powertron Sdn Bhd ("RPI") and Rugading Power Plant, Ranhill Powertron II Sdn Bhd ("RPII"), having to operate at extended periods which affects scheduled maintenance.

Scheduled maintenance is necessary to ensure optimal plant performance. Separately, Sabah's east coast continues to experience a lack of energy supply, which inevitably discourages heavy industries and large-scale investors from operating in the area.

Irrespective of the issues, Ranhill through subsidiaries, RPI and RPII have continued to play a significant role in ensuring that sufficient power is delivered to Sabah. As the state's largest independent power producer ("IPP"), Ranhill is constantly seeking solutions to support the growth of the sector and to meet the state's energy needs. Our energy operations have met all KPIs set by the regulator, Energy Commission ("EC").

RPI delivered a total of 1,145 GWh of electricity to the Sabah grid in 2021. In terms of operational performance, it recorded an average Equivalent Availability Factor ("EAF") of 92.54% for 2021, outperforming the Power Purchase Agreement ("PPA") limit of 87%. RPII delivered a total of 1,174 GWh of electricity and achieved 97.59% Availability Target ("AT"), also outperforming the PPA limit of 94%.

STRENGTHENING CAPABILITIES THROUGH ACQUISITION

A significant highlight in FY2021 was Ranhill's acquisition of RBSB and RW.

Post-acquisition, Ranhill has strengthen its business division, the Services sector. The Services sector comprises RBSB, RW, RWS, RWT and Ranhill Power O&M Sdn Bhd ('RPOM") & Ranhill Power II O&M Sdn Bhd ("RPOM II").

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

This streamlining of our organisational structure harnesses greater business and operational synergy and supports the Group's objective to venture into high-potential, "non-regulated" business sectors. These include business sectors such as EPCM, EPCC, PMC and O&M as well as related services.

It strengthens Ranhill's ability to venture into infrastructure and facilities management, especially of environment and energy industry assets. The Group is better positioned to bid for such contracts both locally and abroad and this paves the way for further expansion into new business areas in new geographical markets.

In addition, the Group's environment and energy assets will be better supported by the expertise and capabilities of the newly formed Services sector.

RBSB's competencies for instance, enhances the Group's design, EPCM, EPCC, PMC and O&M capabilities for RE projects.

The Group's move is strategic as it continue to see a demand growth for niched technical services and expertise. Ranhill can better leverage on the support of its partners such as the Worley Limited and its subsidiaries, collectively (Worley Group), one of the world's largest Energy, Chemical and Resources ("ECR") entity, who has a 50,000-strong global workforce of industry professionals. This 26-years old relationship exemplifies Ranhill's commitment to further introduce world-class expertise and technical capabilities to projects in Malaysia and supporting other Worley's office globally.

Both RBSB and RW are not new entities, having established a presence in Malaysia over decades. RBSB, has been providing its niched skills and expertise to Malaysia since it was first incorporated in the 1973. Both have contributed to the realisation of many landmark projects in the nation.

DRIVING EFFICIENCY THROUGH SUSTAINABILITY

Ranhill has continued to progress on its sustainability journey in FY2021.

The Group's progress on environmental, social and governance ("ESG") performance reflects our conscience as a responsible organisation. Importantly, Ranhill's ESG efforts and results have delivered significant cost savings, various operational efficiencies and other tangible business benefits. Ranhill is a constituent of the FTSE4Good Bursa Malaysia Index since 2019. We are glad to report that the certification in FY2021 achieved an overall score of 3.3. This is an improvement over the FY2020 overall score of 3.2. Compared to previous year, the score of Environment and Social have shown an improvement especially in Water Security and Labour Standards. For the FTSE Industry Classification Benchmark (ICB) Supersector, the percentile has improved from 52% (2020) to 62% (2021). Meanwhile nationally, we are rated 4 stars by Bursa as the top 25% by ESG Ratings amongst PLCs in FBM EMAS that have been assessed by FTSE Russell.

Progressively, Ranhill continues to focus on improvement opportunities, thus fortifying the pivotal role of ESG performance to Ranhill.

Damansara-Shah Alam Elevated Expressway (DASH) Penchala Interchange, one of Ranhill Bersekutu's remarkable highway projects

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

In FY2021, Ranhill's efforts to reduce the heat rate produced by its power plants have led to RPI and RPII recording reduction of 8.3% and 8.0% respectively. This contributes to saving in gas consumption and OPEX.

The Group's chemical reduction and substitution programme at 27 WTPs have produced savings of RM1.58 million while ensuring compliance with the industry regulator's KPIs. One of the key highlights was Ranhill's proposal for the development of a solar plant for self-consumption by RanhillSaj. The proposal entails development of a solar farm in Kluang, Johor with the energy produced fed into the state electricity grid and then consumed accordingly by the RanhilSaj's operation.

If approved, this would pave the way for our water operations in Johor to be substantially RE powered. It would further "green" water operations in Malaysia by significantly reducing carbon emissions and enables a "cleaner" water industry for the future.

The Group has published for the first time, the performance of its power plants for effluent and discharge management. I am happy to say that performance is well within the parameters set by the department of Environment ("DOE") and is best in class.

As in previous years, Ranhill has continued to support the basic right to access to clean water. Free water worth RM0.86 million has been provided via rebates to 83 hardcore and 3,154 poor families across Johor.

Further details on Ranhill's ESG performance are provided in the standalone Sustainability Report for FY2021 ("SR2021") or in the condensed Sustainability Statement of this Annual Report ("AR").

Tan Sri Hamdan Mohamad (fourth on the right) and Tan Sri Azman Yahya (second on the right) officiating Ranhill LSS Solar Farm with Perak Chief Minister in Bidor, Perak

OUTLOOK AND PROSPECTS

The COVID-19 pandemic is entering the transition to an endemic phase, especially after the ramping up of vaccinations across the world. With that, the economies of most countries have reopened and have returned to a degree of normalcy.

Caution is still necessary, given the risks arising from new virus strains. However, the many lessons learnt over the past two years have been well implemented by governments and other stakeholders.

The continued vigilance by all parties to avoid another global or national shutdown should ensure that any effects from a resurgence will not be as widespread and disruptive as before.

Post The UN Climate Change Conference ("COP26"), there has been a renewed commitment by almost all nations, including major economic players that the way forward for driving socio-economic growth must be aligned to the Paris Accord of ensuring global warming does not exceed the average of 2°C limit. The stretch goal to limit the global average temperature to 1.5°C was a welcomed target discussed during the recent Glasgow Climate Pact with a pledge to further cuts the greenhouse gas emissions which causes climate change.

The accelerated shift in the mindset of governments and businesses serve as a continued catalyst for sustainable water supply as well as clean energy.

Ranhill will continue to play a role in spurring the ongoing transition from conventional type development to circular economy models. This includes NRW loss reduction, reclaimed water, source-to-tap projects, RE, circular construction and more.

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

The Group aims to expand its presence across Asia by casting a wider reach together with providing the most efficient and transformative solutions. Solutions centred on generating economic values as well as sustainable ESG performance. Ranhill remains focused on becoming an industry leader for clean water and clean energy.

Rather than wait for tenders to be called, the Group may proactively propose solutions to governments. Going forward, Ranhill's proposals, be it in Malaysia or in Southeast Asia, may also include financing solutions towards addressing the project owner's challenges of securing funding.

Ranhill shall continue to make strides towards realising its target of attaining 3,000 MLD of water, wastewater and reclaimed water treatment capacity by 2024, with 400 MLD coming from international operations. We shall also continue to pursue our energy target of having 1,000 MW of generation capacity.

ENVIRONMENT SECTOR

Based on the revised business plan and internal targets, the NRW target for Johor has been revised to 15% by 2030. Given the progress achieved in FY2021 and in subsequent years, Ranhill is confident of attaining the targeted NRW level by the said timeframe, barring a resurgence of the COVID-19 pandemic or other external circumstances beyond Ranhill's control.

The current pipe replacement and rehabilitation works as well as meter replacement programme will enable the realisation of the NRW target. Firstly, achieving 25.1% by 2025 as mentioned in the 12th Malaysia Plan ("RMK12") and progressively 15% by 2030.

FY2021 has seen works under Rehab 2018 / 2019 to be completed in the 2nd quarter FY2022. Works for Rehab 2020 is expected to commence within the first half of FY2022. RanhillSaj and RWS is targeting to complete all works by 4th quarter FY2023. Completion of works will yield approximately an additional 66 MLD in NRW savings.

Going forward, RanhillSaj is committed to realising the second term of the Matching Grant (2021 to 2025) provided by the Federal Government via the Ministry of Water and Natural Resources under RMK12.

Under the grant, RM535.0 million is allocated for Approach 1 of the National NRW Programme and another RM1,370 million for Approach 2 (Matching Grant Programme).

Instead these grants will encourage state governments to undertake necessary pipe rehabilitation and replacement works to address high NRW levels. Ranhill, through RWS plans to engage these state governments to leverage on the matching grants to undertake necessary works.

Given the emerging opportunities and potentials, Ranhill will look to diversify beyond typical NRW Management activities towards becoming a one-stop centre for customers. The aim is to provide end-to-end solutions and supplemental capabilities that comprehensively addresses issues within the network from source to tap. This would entail providing pipe network monitoring and assessment, pipe replacement, meter verification and related services.

The interest and demand for wastewater treatment facilities either to meet regulatory requirements or to produce "greywater" for non-potable consumption remains strong. Ranhill, given its proven track record from operations in Amata Industrial Park, Thailand and in Malaysia, is well placed to bid and compete for contracts.

Ranhill also continues to engage all stakeholders to realise its proposal to develop a 75 MW floating photovoltaics ("FPV") plant for self-consumption by RanhillSaj. It would be an industry first and sets a new benchmark for Malaysia and the region. It also showcases the Group's commitment towards achieving more sustainable operations.

While there are opportunities, challenges persist. These include the effects of climate change on water sources and weather patterns, pollution of upstream water sources, delayed pipe rehabilitation and replacement works and overall reduced demand for treating wastewater and reclaimed water due.

Ranhill shall address these and many other challenges by exploring and developing solutions to meet Johor's present and future water requirements.

ENERGY SECTOR

The immediate focus for Ranhill is centred on two key projects. These are the 50 MW solar farm under LSS4 solar, the 75 MW FPV solar farm for self-consumption by RanhillSaj as well as to the energy projects within Malaysia and abroad.

Ranhill's Energy sector will continue to focus on Malaysia and the region to drive business expansion, especially

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

Tan Sri Hamdan Mohamad spectating the signing of Ranhill LSS Solar Farm launching by Perak Chief Minister, Datuk Seri Saarani Mohamad

in the RE space. The experience gained from its successful LSS4 bid together with the collective skills and capabilities of the Group, enables Ranhill to participate in tenders called under LSS5.

The situation in Sabah requires a multi-prong strategy comprising new plant-ups, especially in the east coast, and simultaneously, to increase efforts to attract large scale economic investments and industrial activities into the state.

The injection of more industrial activity and the development of economic sectors will certainly drive not just greater demand for energy, but also address low non-peak demand. It will also spur growth and create jobs and socio-economic opportunities.

Beyond organic growth driven by RE and plant-ups, growth for the Group's Energy sector may also be driven through strategic acquisition of reliable companies / assets within Malaysia and beyond.

SERVICES SECTOR

The resumption of large-scale, infrastructure development and engineering projects would certainly provide a positive, multiplier effect in stimulating economic growth. These major projects would spur the creation of jobs, support local supply chains and deliver much needed multiplier effects that will positively impact large and small-scale stakeholders.

The ongoing recovery in economic and business activity will support increased infrastructure development projects. These would be large scale projects such as the High-Speed Rail and MRT3, or niched projects in specific sectors such as treating wastewater, solar / RE projects and others.

One identified focus area for Ranhill's Services sector is the provision EPC and Engineering, Procurement and Constructions management ("EPCM") related expertise for the oil and gas sector, operations and maintenance of late-life industry assets. The EPCM services also include the contract for ExxonMobil work pack preparation, material management, construction planning/reporting, and offshore field engineering services for ExxonMobil's offshore assets.

The Services sector will also explore enhanced oil recovery ("EOR") projects, essentially the revitalisation of marginal oilfields. Many offshore assets in Malaysia are reaching their end-of-life and with that, there are for Ranhill to offer its operations and maintenance solutions.

Competition is expected to be stiff with many players vying for contracts. Still, Ranhill is well positioned to bid for such projects in Malaysia.

Ranhill, through RW can leverage the world-class expertise and technical skills of the Worley Group, a proven industry leader for engineering and design works in the oil and gas sector. Specifically, Worley has proven capabilities in successfully revitalising marginal oilfields in the UK.

On a separate note, RBSB's reputation as a leading engineering and infrastructure solution specialist, has been built on a track-record of having

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

A Malaysian pride, Kuala Lumpur Convention Centre Twin Towers, as geotechnically and structurally engineered by Ranhill Bersekutu

contributed to various nation-building projects across Malaysia. These include the Kuala Lumpur International Airport, KLCC and reference design of the KL-Singapore High Speed Rail and more.

The aforementioned global expertise coupled with innovative technologies and inherent experience gained from a credible project track record will enable Ranhill to offer cost competitive, value driven solutions. The Group intends to bid for projects where its technical capabilities and industry experience can contribute distinctive value and strategic advantage to project owners.

A NOTE OF THANKS

Firstly, I wish to mention that with Tan Sri Azman Yahya stepping down as as Chairman and Independent Non-Executive Director of the Company effective 26 February 2022, I shall assume the role of Chairman and Chief Executive of Ranhill with the continued support of the Board.

On behalf of the Board, I thank Tan Sri Azman for his many years of stewardship of the Board, for his wise counsel for playing a pivotal role in the continued growth and development of Ranhill. During his tenure, the Group has achieved many significant business highlights and achievements. This includes the achievement of both financial value creation and the creation of stakeholder value.

The Board wishes him well in his future undertakings.

The Board of Ranhill shall continue to strive towards the realisation of our long-term business goals and targets, while laying a clear path towards sustained value creation over the short, medium and long term.

Amidst a year of disruption, uncertainty and rapid changes, one constant for Ranhill was the many staff of the Group who have remained resolute and dedicated to their duties amidst difficult circumstances.

On behalf of the Board, I wish to say thank you to all employees for their professionalism and for working to a high level of personal accountability.

The Board also expresses its appreciation to its many shareholders, the government ministries and regulatory agencies, its business partners, financiers, clients and customers and other stakeholders who have played a part in our FY2021 journey as a company.

I take this opportunity to thank my fellow Board for their wise counsel and contributions, and the Senior Management team, who have steered the Group forward during another particularly challenging financial year.

We look forward to FY2022 bringing greater opportunities and fresh impetus for Ranhill. The future remains bright, and the world stands on the verge of many promising prospects. Ranhill stands ready to play its part towards building a better, more sustainable world.

Tan Sri Hamdan Mohamad
Chairman and Chief Executive

MANAGEMENT DISCUSSION & ANALYSIS

REVENUE CONTRIBUTORS

Environment sector:
RM1,159.0 million
(FY2020 (Restated):
RM1,179.3 million) 1.7% decrease

Energy sector:
RM220.9 million
(FY2020 (Restated):
RM233.4 million) 5.4% decrease

Services sector:
RM151.0 million
(FY2020:
RM55.8 million) 170.5% increased

GROUP EARNINGS PERFORMANCE

Profit from Group operations:
RM95.1 million
(FY2020 (Restated): RM81.1 million)

DIVIDENDS DECLARED

0.99 sen per share with total dividend payout of RM12.7 million (FY2020: 2.79 sen per share with total dividend payout of RM29.8 million)

Sungai Lebam Water Treatment Plant, one of the water treatment plants that has acquired OHSAS 18001 accreditation

OVERVIEW

Due to the COVID-19 pandemic and various other external developments, Financial Year ended 31 December 2021 ("FY2021") proved to be another challenging year for the global and domestic economy.

While the global economy reversed its negative performance, the much-anticipated rebound in business activity was still far below than initially predicted for 2021.

For 2021, global gross domestic product ("GDP") grew by 6.4%[1] - far lower than the 11.5% initially projected for the year.

Consistent with global trends, Malaysia also returned to positive GDP growth of 3.3%[2]. However, this was significantly lower than the initially forecasted 4.5%.

GDP growth was impacted by continued precautionary behaviour from investors and consumers, subdued labour market conditions and continued decline in private sector consumption. In particular, several economic sectors such as tourism, hospitality, aviation and retail and others continued to be severely impacted by the protracted lockdown.

However, several economic sectors especially those deemed as essential services, (including the Environment and Energy sectors in which Ranhill operates in) remained comparatively stable, year-on-year.

[1] Source: International Monetary Fund ("IMF")
[2] Source: World Bank

ENVIRONMENT SECTOR

Ranhill's Environment sector operations comprises the following operating companies: Ranhill SAJ Sdn Bhd ("RanhillSaj"), Ranhill Water Technologies (HongKong) Ltd. ("RWHK"), Ranhill Water Technologies (Thai) Ltd. ("RWTT"), and AnuRAK Water Treatment Facilities Co. Ltd. ("AnuRAK").

RANHILL SAJ SDN BHD ("RanhillSaj")

23,628.5 km Pipelines
Distribution: 3,528.6 km
Reticulation: 20,099.9 km

716 reservoirs

46 WTPs

25.1% NRW Level

2,133 MLD treatment capacity

	FY2019	FY2020	FY2021
Revenue (RM' million)	1,225.8	1,161.5	1,141.4
Pre-Tax Earnings (RM' million)	264.4*	123.0	129.0
Post Tax Earnings (RM' million)	187.0*	104.6	96.1

** Included RM110,289,000 being the gain arising from the waiver of lease rental previously paid to Pengurusan Aset Air Berhad ("PAAB") to be recovered via a reduction of future lease payment over 5 years.*

ENVIRONMENT-INTERNATIONAL

In Thailand:
7 water and wastewater treatment facilities with total capacity of **95 MLD**.

2 reclaimed water treatment plants in Amata Industrial Park. **Total 17 MLD** treatment capacity.

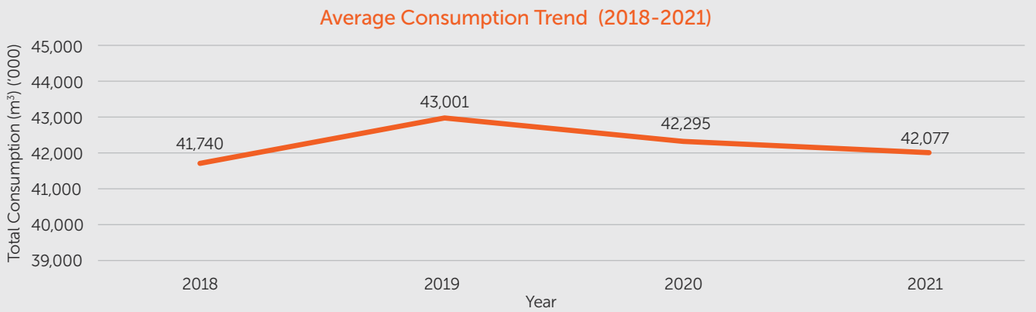
In China:
Together with local partner, SIIC, RWT operates **12 wastewater** treatment plants on BOT and TOT basis. **Total capacity: 227 MLD**.

Achieved 339 MLD, or 84.8% of Ranhill's targeted **400 MLD** for international water, wastewater and reclaimed water operations.

	FY2019	FY2020	FY2021
Revenue – Thailand (RM' million)	24.2	23.9	24.9
Pre-Tax Earnings – Thailand (RM' million)	0.1	(0.8)	2.2
Post Tax Earnings – Thailand (RM' million)	0.1	(0.9)	2.0

MANAGEMENT DISCUSSION & ANALYSIS

In the state of Johor where RanhillSaj operates, water consumption declined marginally by 0.5%.



Consumption Trend (2018-2021)

	Jan ('000)	Feb ('000)	Mar ('000)	Apr ('000)	May ('000)	Jun ('000)	Jul ('000)	Aug ('000)	Sep ('000)	Oct ('000)	Nov ('000)	Dec ('000)	Average Consumption ('000)
2018	40,420	41,169	40,987	40,986	42,467	42,751	41,078	42,668	43,247	41,507	42,571	41,025	41,740
2019	42,053	43,580	42,317	42,495	43,303	43,551	41,492	44,078	43,879	42,019	43,569	43,681	43,001
2020	41,087	43,251	43,433	42,172	41,524	41,919	41,774	42,771	42,181	42,576	43,037	41,817	42,295
2021	42,366	40,895	42,700	42,683	43,004	41,796	41,738	42,183	41,150	41,496	42,548	42,370	42,077

However, the marginal decline of 0.5% water consumption belies the true scenario, where non-domestic (commercial and industrial) water consumption had declined by 3.65% year-on-year.

COVID-19 continued to affect the overall dynamics of non-domestic water demand and supply. The cumulative effect of the various lockdowns, mandatory reduced operating capacity and operating hours and other requirements had disrupted business activities of many commercial and industrial customers. Consequently, water demand from these customers also declined, which impacted revenues.

Given that a significant portion of RanhillSaj's revenues are derived from non-domestic water sold (under the existing tariff system set by industry regulator, SPAN), declined by 3.65% in consumption from commercial and industrial customers had impacted RanhillSaj's revenues and consequently the Group.

In response, RanhillSaj implemented various measures to increase operational efficiencies and cost savings. Among these included focusing on NRW loss reduction, initiating a chemical substitution programme to treat water at several WTPs and continued efforts to improve billed consumption.

Cumulatively, these (and other) measures enabled RanhillSaj to register savings of RM14.6 million. Against declining revenues, the cost savings have bolstered earnings.

Notably, in FY2021, bill collection reached a record high as efforts were focused on transitioning more customers to online bill payment. The strategy of employing social media and other channels to encourage customers to pay bills online has contributed to a record high collection efficiency of 100%.

As lockdown restrictions eased in the latter part of FY2021, RanhillSaj redoubled its customer engagement programmes. This was implemented using social media platforms as well as by resuming the "Jom Sembang" program.

Figure 1: Via social media and other channels, despite COVID-19, RanhillSaj continued to engage with customers which enabled a record high bill collection rate

MANAGEMENT DISCUSSION & ANALYSIS

COMPLIANCE TO REGULATORY REQUIREMENTS

Despite the restriction on approvals, workhours and reduced manpower on work sites, RanhillSaj for FY2021, has achieved full compliance for water quality and service levels as per SPAN's key performance indicators ("KPIs").

No	Performance Measure	Key Performance Indicator ("KPI")	SPAN KPI Target	RanhillSaj's Achievement
1	**Water Services Performance**			
1.1	**Water Supply Coverage**	a) Urban Areas (%) b) Rural Areas (%)	100.0% 99.5%	100.0% 99.8%
1.2	**Treated Water Quality Compliance Rate**	Water Quality Tests That Meet the National Drinking Water Quality ("NDWQ") Standards (%) a) Residual Chlorine b) E-Coli c) Res. Chlorine & E. Coli d) Turbidity e) Aluminum	: 99.0% 99.9% 99.95% 99.7% 95.0%	 100% 100% 100% 99.99% 97.29%
1.3	**Continuity of Water Supply**	a) Communication pipe failures to be repaired within 24 hours (for cases where services are affected) (%) b) Pipe repair and restoration of supply for pipe below 200 mm diameter to be within 24 hours (%) c) Pipe repair and restoration of supply for pipes size 200 mm up to 600 mm diameter to be within 36 hours (%) d) Pipe repair and restoration of supply for mains exceeding 600 mm diameter to be within 48 hours (%)	95% 95% 95% 95%	100% 100% 99.8% 100%
1.4	**Water Pressure Compliance**	Minimum pressure of 10 meter at meter point to be maintained for all premise types (%)	99%	99.9%
2	**Operational and Economic Performance**			
2.1	**Non-Revenue Water ("NRW")**	Total of NRW Level for Johor State (%)	26.5%	25.1%
		a) Physical losses volume: Liter/Connection/Day (l/con/day)	310.0	273.0
		b) Commercial loss: Number of meters not functioning or stop	0.2%	0.11%
		c) Infrastructure Leakage Index ("ILI")	8.8	7.64
3	**Operating Cost**			
3.1	**Operating Cost**	a) Operating Cost per (RM/1000 accounts)	604,103	519,107
		b) Operating Cost per cubic meter produced: (RM / m^3)	1.054	0.9515

In ensuring a continued high level of compliance, RanhillSaj is recruiting and developing more industry talents, equipped with the knowledge and skills to operate WTPs and the water distribution system. This includes providing a wide range of training programmes for staff.

MANAGEMENT DISCUSSION & ANALYSIS

UPGRADING AND DEVELOPMENT OF NEW WATER TREATMENT PLANTS

FY2021 saw continued works on water infrastructure assets in Johor. These comprise building new WTPs, expanding and upgrading existing WTPs and undertaking pipe rehabilitation and repair works.

In many instances, WTP works were hampered by delays in approvals from regulatory and municipal authorities. However, as much as possible, construction works were expedited to compensate for such delays. As a result, almost all WTP projects were completed within the financial year. Several projects were granted extension of time ("EOT"), and these will be completed by end FY2022.

WTP PROJECTS (COMPLETED)

WTP	MILLION LITRES DAILY ("MLD")	LOCATION	PROGRESS OF WORKS
Pagoh (New WTP)	40	Muar, Johor	Completed and commenced in January 2021.
Buloh Kasap (New WTP)	16	Segamat, Johor	Completed and commenced in October 2021.
Sg Lebam (Upgrading of existing WTP)	81.8	Kota Tinggi, Johor	Completed and commenced in January 2021.
Bukit Serampang (Upgrading of existing WTP)	8.0	Muar, Johor	Completed and commenced in January 2021.
Sultan Iskandar Package Plant	20	Johor Bahru, Johor	Completed and commenced in February 2021.

With the completion of the aforementioned WTP projects, total treatment capacity in Johor increased by 5.28% to 2,133 million litres daily ("MLD"). Going forward, the following WTPs will be completed and commissioned for operations in FY2022:

WTP PROJECTS (UNDER CONSTRUCTION)

WTP	MLD	LOCATION	PROGRESS OF WORKS
Sultan Iskandar 2, (Phase 1)	160	Johor Bahru, Johor	48.74% actual progress (to date) and target completion by June 2022
Air Panas C, (Upgrading of existing WTP from 11.46 MLD to 26.46 MLD)	26.46	Segamat, Johor	30.43% actual progress (to date) and target completion by January 2023
Sg. Gembut (Upgrading of existing WTP from 9.09 MLD to 20 MLD	20	Kota Tinggi, Johor	Pending due to implementation of raw water transfer project from Mawai to Gembut WTP by KASA

Several other WTP projects have been proposed to Pengurusan Aset Air Berhad. ("PAAB"). These are the construction of a new plant at the Semangar WTP (400 MLD), -Semangar Package Plant (50 MLD) and Kayu Ara Pasong WTP (30 MLD). RanhillSaj awaits approval from SPAN for these projects, after which an open tender will be called for the design and construction of said WTPs.

MANAGEMENT DISCUSSION & ANALYSIS

PIPE REHABILITATION AND REPLACEMENT WORKS

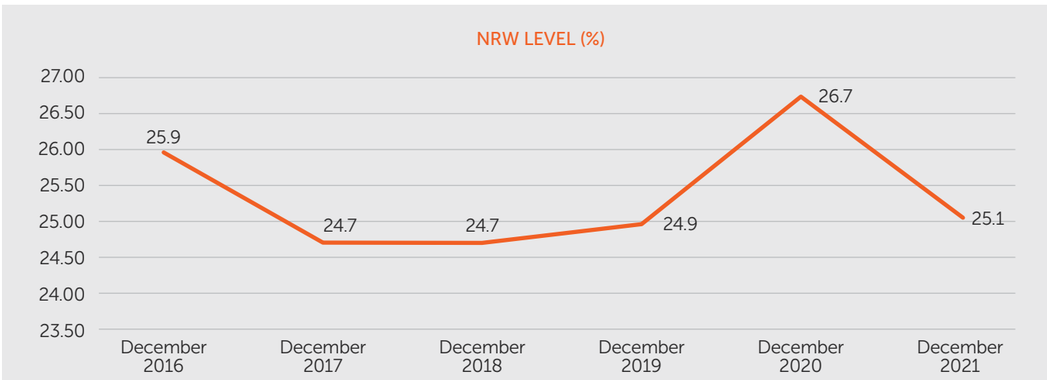
Pipe rehabilitation and replacement works continued to be affected by COVID-19 related lockdowns and strict SOP requirements (limited manpower, restricted work hours, delays in approvals and etc.). Despite these delays, pipe rehabilitation and replacement in FY2021 had improved compared to the previous year. Delayed rehab work under 2018 / 2019 – Package One and Package Two were 66.13% and 84.85% completed respectively. Both packages entail rehabilitating 51.0 km and 139.1 km of distribution and reticulated pipelines. These include both pipelines. Given the present pace of progress, both Packages One and Two remain on track for completion by the first half of 2022.

Continued successful completion of pipe rehabilitation and replacement works will increase opportunities to secure additional budget. Under OP5, the SPAN approved budget for pipe rehabilitation and replacement works amounts to RM620.3 million. Going forward, RanhillSaj has proposed the following pipe rehab works:

YEAR	DETAILS AND STATUS	PROJECT VALUE (RM 'million)
Rehab 2021	Proposal submitted to PAAB and awaiting call for tender in the 1st quarter of 2022, with project awarding slated for the 3rd or 4th quarter of FY2022.	275.0
Rehab 2022	Final List approved by TC on December 2021. Commencement of survey and UDM works to start by the 2nd quarter of FY2022 followed by two packages to be tendered by end FY2022. Project to be awarded by the 1st half of FY2023.	165.3
Rehab 2023	Final list approved by TC on December 2021. In the process of reviewing list of pipe rehab locations with submission to PAAB for budget approval expected by the 1st half 2022. Survey and UDM works to commence by the 4th quarter of FY2022 followed by a project tendering exercise in the 2nd quarter of FY2023. Project to be awarded by the 4th quarter of FY2023.	180.0

NON-REVENUE WATER MANAGEMENT ("NRW")

In FY2021, the NRW level in Johor decreased 1.65% to stand at 25.1%. This complies with SPAN's set target of 26.5% or below. It is also a significant reduction from FY2020 is 26.7%.



MANAGEMENT DISCUSSION & ANALYSIS

The 1.65% reduction represents a savings of 52 MLD and was achieved based on FY2021 efforts comprising pipe replacement work, production volume monitoring, active leakage control ("ALC"), meter replacements, as well as pressure management activities and expansion of DMAs across Johor.

As at end 31 December 2021 total NRW savings for Johor (since year 2005), including the 52 MLD achieved in FY2021 stands at 450 MLD. This has enabled an improvement in water reserve margins, particular in water stressed areas such as the Johor Bahru district from 5% to 8%.

On a related note, Infrastructure Leakage Index ("ÏLI") decreased by 0.9 to stand at 7.6 (FY2020:8.5) for FY2021. The improvement has enabled Johor to be upgraded under the IWA matrix from Category C to Category B for developing countries[3].

FY2021 saw the establishment of 14 additional District Metered Areas ("DMAs") in Johor, bringing the total to 1,153. A single DMA covers 500 – 1,000 connections and the new total number of DMAs enables 95% coverage of the state.

Specific efforts have been made to enhance the accuracy of DMA monitoring. This included integrating the AquaSMART system with existing systems i.e. the NRW Manager. This integration was successfully completed in December 2021 with the entire integrated system now being controlled from the RanhillSaj Command Centre.

The integration, coupled with the use of Big Data and Artificial Intelligence (A.I) has improved the accuracy of daily DMA analysis. This is beneficial in enabling greater precision in identifying NRW related issues such as leakage levels within problematic DMAs.

The establishment of the aforementioned RanhillSaj Command Centre has proven instrumental in delivering major operational improvements. The Command Centre facilitates immediate detection and rectification of leaks and other issues. Service levels as measured over various KPIs have also improved post establishment of the Command Centre.

Established at a cost of RM1.89 million, the Command Centre features state-of-the-art technology and enables real time data gathering from the entire water network in Johor. Technologies and new methodologies such as net night flow enable more effective detection of problems across the network.

CHEMICAL SUBSTITUTION PROGRAMME

A substitute chemical, Polyaluminium Chloride ("PAC") was used at 27 WTPs to replace present chemicals for treating water. The substitution exercise provided a 22% reduction in chemical costs for RanhillSaj. This is equivalent to RM1.58 million in savings.

Given the success achieved plans are in the pipeline to expand the chemical substitution programme to remaining WTPs in stages throughout FY2022.

ADDRESSING RIVER POLLUTION

Pollution cases have been on the downtrend over the past three years. COVID-19 has been a factor as reduced business and operational activities have led to less effluents and pollutants being discharged into rivers.

The swift and stringent response from enforcement authorities has also helped to curb pollution incidences.

RanhillSaj continues to be vigilant in monitoring rivers and also areas identified as having higher risks for pollution. These could be rivers that are close to illegal business premises, or activities that lead to untreated effluents being discharged into rivers. Construction sites close to rivers, sand mining and rock blasting activities within close proximity to rivers are also being monitored.

Increasingly, technology is being deployed, which includes the use of online monitoring probes at raw water sources and unmanned aerial vehicles ("UAVs"). These enable quick and early detection of pollution cases while also gathering evidence that supports legal action.

OTHER NOTABLE INCIDENCES

FY2021 saw a major shut down at the Semangar WTP, Kota Tinggi due to fire. This impacted water supply to more than 200 areas at both Johor Bahru and Kulai.

All efforts were taken to restore operations and regular water supply. Interim measures taken included supplying water containers in trucks to affected locations. Regular water supply was restored within 24 hours.

[3] *IWA index matrix for developing countries; Category B: Potential for marked improvements; consider pressure management; better active leakage control practices, and better network maintenance. Category C: Poor leakage record; tolerable only if water is plentiful and cheap; even then, analyse level and nature of leakage and intensify leakage reduction efforts*

MANAGEMENT DISCUSSION & ANALYSIS

WATER THEFT

In FY2021, there was a decrease in water theft reports and complaints received year-on-year. The number of complaints received for FY2021 stood at 3,642, while for FY2020, the number was 6,955 under Section 89 and Section 123 of the Water Services Industry Act 2006 (Act 655).

1,447 cases saw water loss charges being imposed on individuals and companies. Total amount of water loss charges imposed were RM1.45 million for 613,000 m^3 of unpaid water.

After more than two years, RanhillSaj's Enforcement Team is well experienced and sufficiently trained to carry out enforcement activities led by SPAN.

TAPPING RENEWABLE ENERGY FOR WATER TREATMENT PLANTS

In March 2021, RanhillSaj completed the installation of rooftop solar photovoltaic ("PV") panels at the Sultan Iskandar WTP. The panels produce 63 kwP of clean energy, sufficient to partially power the WTP.

This was followed by the development of a 73 kW mini-hydro project in July 2021 to provide power to the Gunung Ledang WTP. The Solar and mini-hydro projects enable cost savings as well as reduction in carbon emissions.

TAPPING GROUNDWATER AND ALTERNATIVE WATER SOURCES

RanhillSaj continues to work closely with JMG Malaysia and various other parties to identify groundwater sources particularly at areas where water demand is high and water reserve margin is low. In the past two years, efforts to extract groundwater have been successful at selected sites such as the Lok Heng WTP and Skudai WTP.

In FY2021, groundwater exploration activities were conducted at the Sultan Ismail WTP. The WTP has a groundwater potential of 1.5 MLD. Production wells and abstraction systems will be installed at the site by the first half of FY2023.

OTHER PROJECTS

RanhillSaj continues to propose off river storage ("ORS") as part of a larger, macro strategy to ensure sufficient water supply in Johor. The proposal for the 450 MLD ORS has reached the design stage and said proposal has been finalised by KASA. We expect the federal government will initiate the project likely after 2026.

Another proposal is for raw water transfer from Sg Sembrong into Sg Johor, which is aimed at ensuring sufficient water supply for south Johor till 2060.

Talks are also underway with the Energy Commission ("EC") for the establishment of a 75 MW FPV Solar farm, in Kluang Johor. The solar farm will provide clean energy to power RanhillSaj's water operations. If approved, said project will enable RanhillSaj's operations to be partially RE powered. Ranhill continues to actively engage the EC on the merits of the solar farm project.

INTERNATIONAL DEVELOPMENTS

In Indonesia, Ranhill with a 75% equity interest, together with its consortium partners comprising Ranhill, Perusahaan Perseroan PT Pembangunan Perumahan TBK and PT Varsha Zamindo ("Consortium") had initiated a source-to-tap Project to provide drinking water to clearly identified service areas in DKI Jakarta, Kota and Kabupaten Bekasi as well as Kabupaten Bogor.

Ranhill Water Services technician at his best service; performing pressure monitoring

In 2021, the Government of Indonesia upgraded the status of the proposal to National Strategic Project thus giving it priority and importance. The acceptance of the Feasibility Study ("FS") by the relevant off-takers followed by the Ministry in charge, Kementerian Pekerjaan Umum dan Perumahan Rakyat ("PUPR"), Indonesia, is expected to take place in July 2022. Upon acceptance of the FS by PUPR, the Consortium will be awarded initiator status thereafter PUPR will commence the project tender process.

It aims to extract 7,000 litre per second (605 MLD) of raw water sourced from the Jatiluhur Dam. The Project entails the development of drinking water system that will include the construction of Water Treatment Plant in Jatiluhur Dam, 99 km of treated water transmission pipeline and distribution pipeline to the consumers.

MANAGEMENT DISCUSSION & ANALYSIS

With the general slowdown in business activity due to COVID-19, incoming wastewater quantity was impacted, though, there was still an increase of 6.12% at the Amata Industrial Estate (where RWTT and AnuRAK operate 9 water, wastewater and reclaimed water treatment plant facilities with a total capacity of 112 MLD).

A significant highlight was the contract upgrade for the 10.5 MLD Phase 6 Stage 1 WTP at Amata City Chonburi Industrial Estate. RWT's operations and maintenance ("O & M") concession was converted into a 20-year Rehabilitation-Own-Transfer ("ROT") concession with higher tariffs. The conversion was effected on 26 December 2021.

Scope of works for the ROT concession entail upgrading the SCADA system, upgrading the sludge thickener tank, adding more chemical pumps and a raw water flow meter and replacing mechanical parts and instruments.

Total contract value is approximately RM2.96 million[4]. The 20-year ROT concession augurs well with RWT's aspirations of expanding into the long term regulated asset business in Thailand. Also in Thailand, on 24 December 2021, RWT via AnuRAK was awarded the upgrading contract for the existing WWTP by Amata Water Co. Ltd.

The contract, valued at approximately RM4.0 million[5] entails the expansion of the WWTP from its 15 MLD capacity to 20 MLD. Upon completion of said projects by June 2022, Ranhill would attain 346 MLD or 86.5% of its targeted 400 MLD of water, wastewater and reclaimed water operations to be derived from international operations.

Total Incoming Wastewater

	Year		
	2019	2020	2021
Plant	**Volume (m^3 '000)**	**Volume (m^3 '000)**	**Volume (m^3 '000)**
Wastewater Treatment Plant, Amata City Chonburi Industrial Estate 24 MLD	4,473	3,605	3,724
Wastewater Treatment Plant, Amata City Rayong Industrial Estate 9.6MLD	2,996	2,588	2,881
Wastewater Treatment Plant, Amata City Rayong Industrial Estate 15MLD	3,458	3,549	3,733
Asian Institute of Technology 1.5MLD	0.5	0.4	0.5
Total Wastewater (Incoming)	10,927	9,743	10,339

While interest in wastewater solutions remained strong, project owners for the most part, chose to defer plans for WWTPs largely due to the pandemic situation. RWT also experienced other challenges such as project delivery issues, labour constraints and supply chain disruptions.

[4]Thai Baht 21.89 million.
[5]Based on exchange rate as at 16 December 2021; MYR1=THB7.9763. Contract value is THB31.95 million.

MANAGEMENT DISCUSSION & ANALYSIS

SERVICES SECTOR

Ranhill's Services sector comprises the following companies: RBSB, RW, RWS, RWT and Ranhill Power O&M Sdn Bhd, ('RPOM") & Ranhill Power II O&M Sdn Bhd ("RPOM II")

RANHILL WATER SERVICES SDN BHD ("RWS")

97 MLD savings under Johor's P7 contract

726 MLD total savings

	FY2019	FY2020	FY2021
Revenue (RM' million)	82.4	106.6	124.8
Pre-Tax Earnings (RM' million)	11.1	10.1	7.2
Post Tax Earnings (RM' million)	8.4	7.3	5.3

In FY2021, RWS supplied 5,000 meters to RanhillSaj as part of the ongoing meter replacement contract. The new modern, digital meters provide accurate measurement of water consumption.

Separately, a new contract was awarded by RanhillSaj for the installation of Electromagnetic Flow Meters ("EFM") sized 600 mm-1200 mm and Cold-Water Volumetric Meter ("CWM"). EFM installation is generally located at DMA meters for new installations or as replacements for faulty meters.

RWS is also supporting RanhillSaj in the ongoing pipe rehabilitation and replacement works in Johor. The use of internally developed NRW Management systems such as AquaSMART provides RWS with increased efficiency and enhanced capabilities.

Cumulatively, RWS has achieved NRW reduction or savings of 97 MLD based on the August 2019 baseline. This matches the target of 96 MLD to be achieved by 31 December 2021.

Separately, RWS continues to execute its two subcontracts under the NRW Approach 1 Program in Perlis. Both contracts, valued at RM5.95 million in total, entail replacing System Input Volume ("SIV") meters as well as undertaking Geographic Information Systems ("GIS") work and also replacing customer meters. The first project was completed in February 2022, with the second also completed by the first quarter of FY2022.

RANHILL WATER TECHNOLOGIES SDN BHD ("RWT")

	FY2019	FY2020	FY2021
Revenue – Malaysia (RM' million)	30.7	37.0	16.2
Pre-Tax Earnings – Malaysia (RM' million)	0.2	(0.85)	(6.1)
Post Tax Earnings – Malaysia (RM' million)	0.7	(0.5)	(5.6)

MANAGEMENT DISCUSSION & ANALYSIS

On 14 August 2021, RWT received the Letter of Award ("LOA") from ABNT Global Sdn Bhd for the design and build contract for the conversion of the existing STP to a Small Sewerage Treatment System ("SSTS"), at the Penawar Toll Plaza, located at the Senai-Desaru Expressway. The 0.4 million project is on going with proposed EOT up to April 2022.

In December 2020, RWT secured the 2 MLD Forest City Desalination Plant Package Plant valued at RM8.7 million. Project works are ongoing, with the timeline for completion and handover slated for January 2023.

The design capacity of this desalination plant is to continuously generate 2 MLD of clean water. The plant employs the Ultrafiltration ("UF") System for pre-filter and a Reverse Osmosis ("RO") system to separate and remove ions, dissolved solids, pathogen and submicron colloidal matter from seawater.

Forest City Sewage Treatment Plant, Johor Bahru, Johor that built underground is covered with landscape

Another highlight was the completion of the 20 MLD package plant at the Sultan Iskandar WTP. The project received the Certificate of Practical Completion ("CPC") on 24 February 2021. Awarded by RanhillSaj, the project entails capacity expansion works to meet growing water demand from the Johor Bahru area.

Other completed projects were EPCC works for the 28,000 PE sewage treatment plant for Phase 2 of R & F Tanjung Puteri, Johor Bahru. RWT's EPCC works involved deploying a Sequencing Batch Reactor ("SBR") system for the main biological treatment process to treat influent to required standards. Approval from national sewage operator, Indah Water Konsortium ("IWK") is required prior to commencement of operations, expected in early FY2022.

Also completed in FY2021 was the design and build of the 0.5 MLD portable WTP at Lenggor Plantation, Johor. The project was completed on 28 February 2021. Following are RWT's active projects, scope of works and expected completion dates.

Amata City Chonburi Plant, Thailand

MANAGEMENT DISCUSSION & ANALYSIS

STATUS OF ONGOING PROJECTS

PROJECT	DESCRIPTION	CONTRACT VALUE (RM' million)	Remark
Capital development works for Syarikat Air Melaka Berhad ("SAMB") via PAAB for the Merlimau WTP	Project awarded by PAAB to upgrade the existing WTP in support the rapid growth and development in Merlimau, Melaka.	14.7	• Construction is on-going with 15% of works completed. • Extension of Time ("EOT") approved until 19 January 2023.
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.	8.7	• Construction is on-going with 2% of works completed. • EOT granted till 14 February 2022.
Specialist works for STP upgrading at Penawar Toll Plaza, Senai-Desaru Expressway (E22)	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.	0.4	• Construction is on-going with 95% of works completed as to date. • Target completion revised to 21 April 2022.
Design And Build Contractor To Convert Sewerage Treatment Plant (STP) To Small Sewerage Treatment System (SSTS) at Penawar Toll Plaza	Contracted by ABNT Global for STP conversion as well as obtaining Letter Of Completion from Jabatan Perkhidmatan Pembentungan ("JPP").	0.4	• Construction is on-going and variation order : RM24,000.00. Proposed EOT up to April 2022.

OTHER NOTABLE DEVELOPMENTS

At the Simpang Renggam WTP, RWT's pollutant removal system ("PRS") continues to be instrumental in ensuring ammonia levels remain below 10 ppm. The employed system requires a smaller footprint area.

Collaboration between industry and academia is the key to catalyse innovation and growth. With this in mind, RWT engaged with local higher institutions of learning to seek out R & D collaborations for green technology and zero discharge solutions. Several proposals were received from University Putra Malaysia ("UPM") on green technology and zero discharge (heavy metal ions removal). These preliminary proposals are presently being studied for commercial feasibility.

MANAGEMENT DISCUSSION & ANALYSIS

RANHILL BERSEKUTU SDN BHD ("RBSB")

Multi-disciplinary engineering firm with a proven **49-year** track record.

Projects in more than **20 countries** throughout Asia, the Middle East and Africa.

ISO 9001:2015
(Quality Management System)

ISO 14001:2015
(Environment Management System)

ISO 45001:2018
(Occupational Health and Safety Management System)

	FY2019	FY2020-2021[6]	FY2021 (6 Months)
Revenue (RM 'million)	66.4	66.5	20.3
Pre-Tax Earnings (RM 'million)	7.5	11.5	4.2
Post Tax Earnings (RM 'million)	5.6	12.5	3.3

Despite the many challenges faced amidst a year of dampened economic activity, RBSB achieved its revenue target for FY2021 while bolstering its orderbook to RM300.0 million. This provides revenues and earnings visibility for the next 2 to 3 years.

RBSB was awarded by Ranhill Solar I Sdn Bhd, the Engineering Procurement, Construction and Commissioning ("EPCC") portion of works for the RM162.0 million 50 MWac Ladang Bikam Solar PV Plant. This is Ranhill's first Large Scale Solar ("LSS") plant and will enable RBSB to build its capability to fully undertake construction as well as operations and maintenance ("O & M") of future solar projects.

Project ground-breaking took place on 4 December 2021 and construction works remain on track for completion and handover by 30 June 2023.

RBSB through Ranhill Consulting Sdn Bhd has also secured the construction supervision package (approved at RM21.0 million) for the 66 km Central Spine Road Package 2 upgrade project. RBSB through Ranhill Consulting Sdn Bhd has completed the engineering design portion of works in FY2021.

In East Malaysia, RBSB through Ranhill Consulting Sdn Bhd secured several infrastructure projects during the financial year. These were the Feasibility Study for the integrated water resource flood mitigation project at Kota Belud, Sabah (RM3.5 million) as well as engineering and design for the Sarawak Metro Line 1 for RM3.0 million.

[6] *Financial results for FY2020-2021 is presented on an 18 months to June 2021.*

MANAGEMENT DISCUSSION & ANALYSIS

Following are more notable contracts secured by RBSB through Ranhill Consulting Sdn Bhd during the financial year:

Project Name	Client / Project Owner	RBSB's Work Scope	Contract Value
Strategic Planning For Sewerage Catchment and Sludge Management for Kota Bahru	Jabatan Perkhidmatan Pembentungan ("JPP")	To update the 10 years old sewerage masterplan to include current development, technology and improved Sludge management practices	RM0.7 million
National Sewerage Master Plan based on the Integrated River Basin Management Catchment	SPAN	To develop a masterplan and management strategy including information technology for SPAN to implement	RM1.4 million
Elmina West Phase 3	Sime Darby Property Sdn. Bhd	Detail design for main civil, structural, mechanical, electrical and telecommunication infrastructure for 641 acres	RM4.4 million
Flood Hazard Map Sg Duyong	Jabatan Pengairan dan Saliran ("JPS")	To generate flood hazard map, flood damage map, flood evacuation map and flood risk map for the Sungai Duyong River Basin in Melaka	RM0.8 million
Principal Consultant to Carry Out Detailed design and Supervision for Tok Bali Industrial Park	East Coast Economic Region Development Council (ECERDC)	Master Plan and Detail Design and Construction supervision for the development of Infrastructure for the Industrial Park	RM5.3 million
Engineering Consultancy for a New Check Dams at Sg Bertam	TNB Research	To design and provide construction supervision for check dams to trap and remove sediments from the river along with the design of the dumping ground	RM0.7 million

RANHILL WORLEY SDN BHD ("RW")

Over **25-year** track record for engineering, design, management and consultancy services to the energy, chemicals, and resource sectors

International project portfolio including projects in **Malaysia** and projects globally includes **Middle East, North Sea UK, Myanmar, Vietnam, Africa, China** and **India**

World class organisational culture and global operating standards

MANAGEMENT DISCUSSION & ANALYSIS

	FY2019	FY2020-2021[7]	FY2021 (6 Months)
Revenue (RM 'million)	137.6	304.4	86.9
Pre-Tax Earnings (RM 'million)	13.4	33.6	6.8
Post Tax Earnings (RM 'million)	14.0	34.3	34.6*

The first half of FY2021 saw continued delays and deferment by oil and gas majors as COVID-19 continued to impact global demand for crude oil and gas. However, by the second half of FY2021, the momentum in exploration and production ("E & P") activity began to recover as prices began to improve on the back of an uptick in global demand. Consequently, there was a resumption in in bidding activity for upstream projects. With the increased activity, RW pursued suitable tenders and successfully secured several new contracts as well as extensions to existing contracts. RW also continued to exemplify operational excellence – executing projects on hand on time and within costs.

Significant contract awards secured in FY2021 were engineering works for TIMI Offshore's Well Head Platform ("WHP") with Brooke Dockyards, engineering works for Santos Dorado Australia with Sapura, and onshore facilities work with Saipem for design completion of Petronas's third floating liquefied natural gas vessel. The project is also known as PFLNG Tiga (Three) or the ZLNG project.

As at end FY2021, RW's order book stood at RM132.0 million on the back of new contracts and contract extensions from customers. Other contract awards and contracts extensions are provided as below:

Project Name	Client / Project Owner	RW's Work Scope
ATB PMC Services: Tanjong Bin	ATB Sdn Bhd	PMC Services
CPOC WO 01 FEED Phase 6	Petronas Carigali Sdn Bhd	Front End Engineering Design
Samarang Redevelopment Phase 4	Petronas Carigali Sdn Bhd	Engineering Services
TREX Project	Kejuruteraan QKS Sdn Bhd	EPCC
MLNG - MR2 Project	Petronas Carigali Sdn Bhd	Conceptual Engineering
Kancil	Aspac Lubricants (Malaysia) Sdn Bhd	EPCM

[7] *Financial results for FY2020-2021 is presented on an 18 months to June 2021.*

** There is a utilisation of business losses not previously recognised as deferred tax asset amounted to RM27.8 million.*

MANAGEMENT DISCUSSION & ANALYSIS

ENERGY SECTOR

Ranhill's Energy sector comprises the following companies:

RANHILL POWERTRON SDN BHD ("RPI") & RANHILL POWERTRON II SDN BHD ("RPII")

380 MW power generating capacity from two CCGT fired power plants

Largest IPP in Sabah, producing **40%** among IPPs of the state's energy capacity

Provides Electricity to **1.2 million population** in Sabah

	FY2019	FY2020	FY2021
Revenue (RPI) (RM' million)	136.4	121.1	111.0
Revenue (RPII) (RM' million)	116.6	112.3	106.9
Post-Tax Earnings (RPI) (RM' million)	8.4	1.6	1.4
Post-Tax Earnings (RPII) (RM' million)	(20.4)*	1.6	8.4

** Includes Deferred Tax Asset (DTA) reversal of about RM14 million.*

Despite lockdowns and other economic and social restrictions attributed to the COVID-19 pandemic, Ranhill's Energy sector comprising Ranhill Powertron Sdn Bhd ("RPI") and Ranhill Powertron II Sdn Bhd ("RPII"), continued to see stable demand for power in FY2021. RPI own and operates the 190 Megawatts (MW) Teluk Salut Power Station while RPII own and operates the 190 MW Rugading Power Station.

Ranhill Powertron Sdn Bhd ("RPI") own and operates the Teluk Salut Power Station

Ranhill Powertron II Sdn Bhd ("RPII") own and operates the Rugading Power Station

MANAGEMENT DISCUSSION & ANALYSIS

Both power stations supplied the state grid with total electricity of 2,319 GWh. As Sabah's largest independent Power Producer ("IPP"), Ranhill has continued to play a significant part in meeting the state's energy needs.

As in previous years, RPI and RPII surpassed the annual average availability target of 87% and 94% respectively. Both power stations have again continued to meet all performance KPIs set by SESB. This includes Equivalent Availability Factor ("EAF"), Available Time ("AT") and Unplanned Outage Rate ("UOR").

RPI	FY2019	FY2020	FY2021	SESB's KPI
Equivalent Availability Factor	95.07%	92.89%	92.54%	87%
Unplanned Outage Rate	0.99%	2.56%	1.65%	4%
Total electricity delivered to the grid	1,276 GWh	1,155 GWh	1,145 GWh	1,129 GWh

RPII	FY2019	FY2020	FY2021	SESB's KPI
Available Time	93.57%	95.86%	97.59%	94%
Unplanned Outage Rate	2.85%	2.96%	1.77%	4%
Total electricity delivered to the grid	1,058 GWh	1,145 GWh	1,174 GWh	1,168 GWh

On 7 May 2021, RPI completed the major inspection on the GT11 turbine, which has been certified fit for repowering until 2037. Efforts are ongoing to obtain approval from Jawatankuasa Perancangan dan Pelaksanaan Pembekalan Elektrik dan Tariff ("JPPPET") for the Repowering, which will extend the current PPA from 2028 to 2037.

Plans are in the pipeline to increase the efficiency of the existing turbine system to realise increased fuel savings that will in turn support reduced costs and reduced carbon emissions. However, this will require additional CAPEX. The trade-off between short-term CAPEX and medium to long-term savings is being carefully considered.

However, considerable savings in gas consumption have been achieved through efforts to reduce the heat rate produced by both power plants. In FY2021, the average Heat Rate reductions achieved for RPI and RPII is 8.3% and 8.0% respectively.

EXPANSION INTO RENEWABLE ENERGY

In FY2021, Ranhill secured the 50 MW LSS 4 solar farm, located at Ladang Bikam, Perak. The PPA was signed in September 2021 and EPCC works has been awarded to RBSB. This is the first LSS project for the Group and paves the way for future projects. Construction of the solar farm has commence in January 2022 with the expected Commercial Operation Date ("COD") slated for June 2023, six months earlier than the PPA completion date of 31 December 2023.

The Energy sector is preparing for the bid for 100 MW Combined Cycle Gas Turbine ("CCGT") tender in West Coast Sabah. The tender was released on 28 February 2022. Ranhill is preparing a submission for the bid with a closing date on 29 April 2022.

MANAGEMENT DISCUSSION & ANALYSIS

OTHER DEVELOPMENTS

The Energy sector has continued to pursue regional opportunities, both for conventional and RE based energy projects. Interest remains strong across Southeast Asia, despite the pandemic. Among markets explored were Indonesia, Thailand, Brunei, India and Bangladesh.

On 28 May 2021, Ranhill's appeal to the Ministry of Finance (MOF) on the 7-Year Time Limitation of Investment Allowances for Special Sector (IASS) was rejected. However, a further appeal has been submitted to MOF of which MOF via letter dated 2 February 2022 promise to re-look our appeal. RP continues to actively engage the ministry to justify the merits of the appeal. Discussions are ongoing and the Group remains positive of a favourable response by FY2022.

BUSINESS AND OPERATIONAL RISKS

ENVIRONMENT SECTOR

RISK	MITIGATION MEASURES
Reducing rainfall and river water levels	Continued focus on addressing NRW loss via pipe rehabilitation and repair works, ALC and DMA related activities. Alternative water sources such as groundwater and ORS continued to be proposed to mitigate against dwindling river water supply. Raw water transfer from the Sembrong River into the Johor River will support sufficient water levels at the latter.
Raw water contamination and pollution	RanhillSaj continues to undertake close monitoring, working concertedly with relevant authorities. Technological innovations such as UAVs and online monitoring probes are also deployed to detect pollution incidents. The dedicated enforcement team continues to spearhead pollution detection activities. Where possible, legal action is taken on polluters.
Delays in pipe rehabilitation and pipe replacement works	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 significant reductions in NRW can be achieved through pipe rehabilitation and pipe replacement works. RanhillSaj has also introduced best practices for HDPE pipe installations to facilitate a highly effective pipe replacement programme. In addition, RanhillSaj through RWS has incorporated new technologies such as the cloud based AquaSMART online monitoring system.
Continued delays in tariff revision	Continued engagement with SPAN and other stakeholders including the State and Federal governments to provide approval for the tariff revision.

RISK	MITIGATION MEASURES
Change in policies with regard to wastewater management, especially reclaimed water (Thailand) Despite increasing industry interest, any changes in policies by the government of the day, may dampen demand for wastewater and reclaimed water facilities.	Awareness and interest in more eco-friendly methods in industrial parks including tapping reclaimed water remains on an uptrend. Barring any unforeseen circumstances or a resurgence of COVID-19, the prospects remain positive. RWT will continue to leverage its local partnerships and networks, including engagement with governments towards managing risks related to changes to policies and / or the political environment. Risks are mitigated to large extent, by the long tenure for concessions, minimum offtake period and clause of changes in legislation as stipulated in contract agreement from related parties.

SERVICES SECTOR

RISK	MITIGATION MEASURES
Inability to complete projects within time and budget	Continue to expedite work progress using technology and innovation. Planning for possible COVID-19 lockdown scenarios due to new virus strains, including EOT agreements with project owners.
Failure to implement digitalisation	Establishment of Digital Leadership Team to oversee planning and implementation. Continued training and development of personnel.
Inability to secure share of work resulting in reduced sales and profit targets	Robust sales and business planning to support broad funnel / backlog of work. Focus on differentiated offerings to achieve optimum commercial propositions.
Delay in payments from customers, which erodes cash position	Management's diligent focus on prompt cash collections and driving expedited progress of works. Strengthen relationships with executive at EPC and with Operators. Negotiate preferred contract & payment terms

ENERGY SECTOR

RISK	MITIGATION MEASURES
Operational Risks	Given the lack of plant-ups in Sabah, Ranhill's power plants are required to stay connected to the grid for extended periods of time. This reduced opportunities to undertake maintenance works and may lead to operational issues including outages. 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. Furthermore, sufficient spare parts are stored for any eventuality while our power operations can also leverage on the support services of original equipment manufacturer companies. 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.

OUTLOOK AND PROSPECTS – ENVIRONMENT SECTOR

The demand for potable water is expected to be on the uptrend as industrial sectors and businesses return to full operations with the resumption of business activities as the COVID-19 pandemic becomes endemic. Barring a resurgence due to new virus strains, growth in consumption demand is expected to progressively return to a pre-pandemic trajectory.

This augurs well for RanhillSaj as increased demand, especially from non-domestic customers would support stronger revenues. Increased demand would necessitate increased production however, which could impact reserve margins and in the medium to longer term, place increasing pressure on finite water sources.

This is especially evident given that Johor's rivers continue to be affected by changing rainfall patterns, pollution and various other issues. Increased demand may also impact present NRW levels as more water is abstracted and supplied to customers.

However, in the short-term, the ongoing recovery in consumption demand is certainly beneficial given that tariffs have remained unchanged. It is hoped that the pressing and long-delayed matter of the upward tariff revision is addressed in FY2022.

Separately, RanhillSaj is committed to reducing NRW levels to 15% by 2030 as mentioned in the 12th Malaysia Plan ("RMK12"). Working together with RWS, the aim is to expedite current pipe replacement and rehabilitation works and to complete the meter replacement exercise for Johor.

Under OP5, RanhillSaj will continue to focus on building new WTPs and upgrading or expanding existing WTPs. Efforts will also be redoubled on pipe rehabilitation and rehab works across Johor.

It is hoped that swift budget approvals for proposed WTP works will be provided in the coming financial year. Budgetary approvals will enable works to be carried out on the Semangar WTP (400 MLD), Semangar Package Plant (50 MLD) and the Kayu Ara Pasong WTP (30 MLD).

SERVICES SECTOR

RANHILL WATER SERVICES SDN BHD ("RWS")

FY2022 begins on a positive note for RWS with the award of two NRW sub-contracts.

The first is the RM156.8 million Johor NRW sub-contract (Phase 7). The NRW sub-contract will run until December 2023 and contributes significantly to RWS' revenues for FY2022. It will also support RanhillSaj's ongoing efforts to reduce NRW levels in Johor.

The second sub-contract, valued at RM4.5 million is for NRW works in Pahang and was awarded by Jejak Teknologi Sdn Bhd. The main client for this NRW sub-contract project is the Ministry of Environment and Water and is scheduled for completion by September 2022.

Under RMK12, the federal government provides funding for NRW works through matching grants for state water operators with lower than 40% NRW level (Approach 2). The matching grants should encourage these water operators to undertake the much needed works to reduce NRW. This includes pipe rehabilitation projects, meter replacement exercises active leakage control and more.

The aforementioned scenario presents RWS an opportunity to propose comprehensive NRW programmes to all state water operators categorised under Approach 2 of the Matching Grant programme. These states are Johor, Melaka, Selangor, Perak, Penang and Terengganu.

RWS has also secured three sub contracts under Approach 1 of the National NRW programme. These sub contracts are for the state of Perlis and Pahang covering meter replacements, GIS and NRW Management Software scope of works. These sub contracts are scheduled for completion in 2022.

Aside from state governments, RWS will also engage government ministries and agencies as well as private sector players to undertake NRW related projects. The former encompasses PAAB pipe replacement and pipe rehabilitation contracts, as well as non-PAAB related projects such as those from the Public Works Department ("PWD") and the Department of Drainage and Irrigation.

Potential private sector clients include industrial parks, universities, airports and maritime ports with the goal to offer auditing services to determine NRW loss levels at said locations or facilities. RWS has been actively participating in PAAB issued tenders for Pipe Replacement works and has so far secured four contracts under the scope of works.

The use of internally developed NRW Management Systems such as AquaSMART, provides RWS with increased efficiency and enhanced capabilities, both of which will be advantageous when bidding for contracts.

Other opportunities include marketing the company's patented in-house NRW Management Software platform to water operators nationwide. Several water operators have already expressed interest. The success of the software in Johor has provided a tangible case study which supports RWS' efforts to market the software to other water operators.

MANAGEMENT DISCUSSION & ANALYSIS

MANAGEMENT DISCUSSION & ANALYSIS

RANHILL WATER TECHNOLOGIES SDN BHD ("RWT")

As the effects of the pandemic recede, interest and demand for wastewater treatment solutions is expected to be on the rise going into FY2022.

The interest is fuelled by the need to comply with environmental regulations, and the growing realisation of the economic benefits of using reclaimed water for business operations, especially for non-potable applications in the medium and long-term. This includes reduced resource consumption and cost savings.

RWT will continue to pursue opportunities – leveraging on its proven track record and the geographically diversified presence of the Group to source for contracts. It continues to expand its footprint in Malaysia through the recently secured contracts, which beyond strengthening its order book, also strengthens the profile and credentials of the company. This augurs well for RWT as it continues to bid for additional contracts.

RWT's PRS system also holds potential as the company looks to offer the system to other state water providers in addressing growing water pollution faced nationwide. Given Polluted rivers in recent years has been a perennial problem that has led to shutdown of WTPs and subsequently disrupted water supply to millions of consumers in various parts of the country. Thus, RWT's proven model employed in Johor serves as a successful test case in addressing the problem of river pollution going forward.

RWTT and Anurak, will continue to pursue opportunities within industrial parks where both companies have a presence, as well as other earmarked industrial parks. Identified locations include the Thai-Chinese Rayong Industrial Zone, IECO and Sahaphat industrial parks.

Competition is expected to be stiff, with the emergence of new market entrants. However, RWT remains undeterred and will look to innovate and develop new solutions to strengthen its competitive ability.

The company's ability in providing customised solutions and specialised facilities to treat complicated wastewater with complex and demanding waste characteristics will serve as a competitive edge when bidding for contracts.

RANHILL BERSEKUTU SDN BHD ("RBSB")

The stimulus effect of large-scale projects such as the High-Speed Rail ("HSR"), and the Mass Rapid Transit 3 ("MRT3") will galvanise economic recovery going into FY2022. Other significant projects are tolled highways nationwide and road projects in Sarawak as well as water and solar related projects.

Through RBSB, Ranhill aims to participate in these and other projects. RBSB shall bring proven engineering capabilities and expertise to play a role in nation-building and value creation. Beyond technical capabilities, RBSB's may also explore providing private financing towards strengthening the Group's overall value proposition in bidding for and securing projects.

Another encouraging prospect is the continued proliferation of RE projects, be it under the government's LSS programme or other initiatives, in Malaysia and regionally. These mainly comprise Solar PV, mini-hydro and energy storage projects.

With RBSB undertaking the EPCC works for Ranhill's LSS4 solar farm, the company now has a stronger footing to target RE related construction works. Beyond projects awarded from within the Group, RBSB can also target other government and the private sector for EPCC work scope related to RE.

In scaling up its competencies, the company will continue to develop its talent pool (Project Management Professional certification) and technological capabilities. These include Solar PV engineering, Building Information Modeling (BIM) and 3D modelling.

RANHILL WORLEY SDN BHD ("RW")

Consistent with global trends, the domestic sector oil and gas sector, has staged a rebound on the back of resumption of exploration and production ("E & P") activities. Oil and gas majors have regained their appetite for drilling and other upstream activities as crude oil prices recovered in the 4th quarter of FY2021.

The need to replenish existing reserves and to meet increasing consumption demand will provide sufficient support to ensure crude oil and natural gas prices remain stable going into FY2022.

According to the PETRONAS Activity PETRONAS Outlook, 2022-2024 is expected to see a sustained uptake in drilling rig activity and a similar outlook for fabrication of fixed structures and subsea facilities, supply of linepipes, underwater services, as well as decommissioning activities.

Specifically in Malaysia, the increase in upstream activity will be driven by multiple factors. One of which is the increased interest in brownfield or marginal fields that require revitalisation as well as some greenfield projects. The latter includes Kasawari, PTTEP Lang Le Bah, Shell R&M, and Sapura OMV B14.

RW's strategic priority is to target the design and engineering of offshore facilities work for both international and local customers. This includes front end engineering design ("FEED") and detail engineering for offshore wellheads, compression and processing facilities as well as greenfield facilities & brownfield modifications and enhancements.

Outside of Malaysia, RW also sees potentials in offshore work in Qatar, notably for projects related to Qatar Energy and North Oil Company. Specifically, RW aims to participate in Front End Engineering and Design ("FEED") development, design of offshore facilities and expansion contracts, all of which are underpinned driven by plans for increased production in the region.

Other areas of opportunity include the intensified focus by PETRONAS and other oil and gas majors on decarbonisation and Energy transition fuels. Specific potentials include carbon capture utilisation and storage, liquified natural gas and gas processing, biofuels & specialty chemicals as well as hydrogen and green economy related works in the downstream market.

In its competitive edge, RW will continue to leverage automation and digitalisation. This will be achieved through implementing more data-centric and digital based design and delivery tools and platforms across the project portfolio to strengthen project management and decision making, enhance productivity and ultimately, provide clients with optimised solutions. Collectively, these will enhance market competitiveness and enable longer-term margin improvements.

RW will also leverage on the unique advantage of being able to tap the collective knowledge, talents and expertise of the Worley Group offices to develop more competitive design and engineering solutions. The global repository of competence, experience and skills, coupled with local market knowledge and a sound understanding of domestic requirements will deliver a unique competitive edge when bidding for contracts.

ENERGY SECTOR

Southeast Asia and South Asia is expected to see robust growth even after the dampening economic effects of the COVID-19 pandemic. Consistent with economic growth, demand for energy, notably clean energy will be on the uptrend.

Indonesia for example, has projected its energy demand will grow by 5% annually. Some 552.5 gigawatt ("GW") of capacity is required by 2050, with 260 GW and 141 GW to be generated from RE sources and gas power plants, respectively. The Energy division has both expertise and experience in both RE and CCGT.

Ranhill has proven experience and capabilities through its CCGT operations. CCGT fired power plants are significantly more environmentally friendly compared to coal-fired power plants.

However, the focus going forward, is on RE projects – consistent with the aspirations of COP26 and the increasing focus by governments to drive economic growth through cleaner sources of energy.

Through its Energy sector, Ranhill has identified specific markets including countries in which the Group presently has a presence in. The goal is to support the energy aspirations of these countries, while also driving the ongoing transition to RE.

In Malaysia, the prospects for RE in Malaysia remain bright. The nation's goal according to the Ministry of Energy and Natural Resources states is to increase the share of RE in its installed capacity to 31% in 2025 and 40% in 2035 under its power generation plan.

The aspiration of the Sustainable Energy Development Authority" ("SEDA") is to have 20% of the nation's energy generation capacity to be derived from RE by 2030. Out of the 31% RE target in 2025, 26% will come from peninsular Malaysia in 2025 and out of the 40% target in 2035, the peninsular will account for 32%.

RE capacity in the peninsular is expected to increase from the current 4,430 MW to 10,944 MW in the next 15 years. More than 7,000 MW of coal power plant's power purchase agreements will expire by 2033 and be replaced mostly by gas and RE which would lower Malaysia's carbon emissions.

Based on this plan, carbon emission intensity from the power sector is set to decline by 45% in 2030 and a further 60% in 2035, compared to the 2005 level, in line with Malaysia's Nationally Determined Contributions targets under the Paris Climate Agreement.

Ranhill's successful LSS4 bid provides further impetus to participate in LSS5. As at end FY2021, Ranhill has submitted several RE proposals to the government.

The division shall continue to explore the many potentials that are emerging in a post COVID-19 scenario as nations look to get back on track with their socio-economic growth aspirations post the pandemic.

MANAGEMENT DISCUSSION & ANALYSIS

GROUP FINANCIAL PERFORMANCE

	FY2020 (Restated) (RM'million)	FY2021 (RM'million)
Revenue	1,468.5	1,530.9
Profit Before Tax and Zakat ("PBTZ")	95.5	93.3
Profit Net of Tax	64.1	66.1
Profit Net of Tax Attributable to Owners of The Parent	37.6	30.6
EBITDA (include amortisation of concession asset)	469.3	490.6
EBIT	92.2	111.6

	FY2020 (Sen)	FY2021 (Sen)
Net Dividend Pay-out/ Proposed in Financial Year 2020 (sen)	2.79	0.99
Earnings Per Share Attributable to Owners of The Parent (sen)	3.5	2.6

	FY2020 (RM'million)	FY2021 (RM'million)
Total Dividend Pay-out	29.8	12.7

SUBSIDIARY PERFORMANCE	FY2020			FY2021		
	Revenue (RM'million)	PBTZ (RM'million)	PAT (RM'million)	Revenue (RM'million)	PBTZ (RM'million)	PAT (RM'million)
RanhillSaj	1,161.5	123.0	104.6	1,141.4	129.0	96.1
RWS	106.6	10.1	7.3	124.8	7.2	5.3
RWT	54.8	0.7	1.0	31.6	(3.8)	(3.8)
RPI	121.1	6.0	1.6	111.0	3.8	1.4
RPII	112.3	4.4	1.6	106.9	6.4	8.4

CASHFLOW

	FY2020 (RM'000)	FY2021 (RM'000)
Cash at banks and on hand	137,746	197,896
Short term deposit with licensed banks	120,499	141,929
Total deposits, cash and bank balances	258,245	339,825

	FY2020 (Restated) (RM'000)	FY2021 (RM'000)
Net cash from operating activities	121,260	230,848
Net cash (outflow)/inflow for investing activities	(51,896)	2,578
Net cash outflow for financing activities	(118,081)	(155,888)
Net increase/(decrease) in cash balance	(48,717)	77,538

ASSETS & LIABILITY

	FY2020 (Restated) (RM'000)	FY2021 (RM'000)
Non-current	1,525,637	2,251,454
Current	837,629	1,029,729
Total Asset	2,363,266	3,281,183

Equity & Liabilities Capital And Reserve Attributable To Owners Of The Company	FY2020 (Restated) (RM'000)	FY2021 (RM'000)
Share Capital	1,282,907	1,438,993
Total Equity Attributable to Owners of the Company	506,886	680,794
Non-Current Liabilities	1,346,389	1,567,207
Current Liabilities	373,927	854,096
Total Liabilities	1,720,316	2,421,303
Total Equity and Liabilities	2,363,266	3,281,183

GROUP FINANCIAL HIGHLIGHTS

Revenue (RM'000)

1,530,871
(FY2020 (Restated): 1,468,485)
(FY2019 (Restated): 1,542,359)

Profit from Operation (RM'000)

95,111
(FY2020 (Restated): 81,109)
(FY2019 (Restated): 200,493)

Net Profit for the Year (RM'000)

30,596
(FY2020 (Restated): 37,568)
(FY2019 (Restated): 54,513)

Shareholders' Equity (RM'000)

680,794
(FY2020 (Restated): 506,886)
(FY2019 (Restated): 510,353)

Segment Revenue FY2021

Environment	Energy	Services
76%	14%	10%

Segment Profit/(Loss) FY2021

Environment	Energy	Services
78%	5%	17%

	FY2019 (Restated) (RM'000)	FY2020 (Restated) (RM'000)	FY2021 (RM'000)
Revenue	1,542,359	1,468,485	1,530,871
Profit from operation	200,493	81,109	95,111
Net Profit for the year	54,513*	37,568**	30,596
Weighted average number of ordinary share	1,065,975	1,067,057	1,168,044
Basic earnings per ordinary share (sen)	5.11	3.52	2.62
Total Asset	2,856,498	2,363,266	3,281,183
Shareholders' Equity	510,353	506,886	680,794
Net Asset per share	0.48	0.48	0.58

Note:
* Adjusted for IC. 12
** The drop in profit (from RM54.5 million to RM37.6 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 STATEMENT

INTRODUCTION

The **FY2021 Sustainability Statement** of Ranhill Utilities Berhad ("Ranhill" or "the Group") is a condensed narrative of the Group's 6th standalone Sustainability Report ("SR2021"). SR2021 is available for download at: "**http://www.ranhill.com.my**"

The purpose of this statement is to provide a summarised but comprehensive account of Ranhill's ongoing efforts in managing its economic, environmental and social ("EES") performance. Performance is measured against key performance indicators ("KPIs') and targets, as well as outcomes created in reference to selected United Nations Sustainability Development Goals ("UNSDG"). Information provided refers to Ranhill's business operations and activities of the holding Company, Ranhill Utilities Berhad, and all business divisions and major subsidiaries and operating companies.

This statement covers the reporting period of 1 January 2021 to 31 December 2021 ("FY2021"). The following frameworks have been referenced either partially or fully in the development of SR2021:

- Bursa Malaysia Sustainability Reporting Guide Second Edition
- FTSE4Good Bursa Malaysia Index
- Global Reporting Initiative ("GRI") Core Option
- Sustainability Accounting Standards Board ("SASB") Sector Specific Disclosures
- Task Force on Climate Change Financial Disclosures ("TCFD")

Ranhill has used the GRI principle of materiality to determine content SR2021. Materiality is determined based on the following criteria:

- Topics that impact the Group's value creation capabilities, including financial values
- Topics that impact stakeholders
- Topics that have high environmental and social impacts

Any forward-looking statements such as targets, future plans, operations and forecast figures is based on reasonable current assumptions. Readers are advised not to place undue reliance on such statements as our business is subject to risks and uncertainties beyond Ranhill's control. Actual results may differ.

SUSTAINABILITY STATEMENT

MEASURING PROGRESS

Ranhill measures its sustainability progress against its four pillars of its sustainability and selected United Nations Sustainable Development Goals ("UNSDGs").

RANHILL SUSTAINABILITY PILLARS	ACHIEVEMENTS AND HIGHLIGHTS	FUTURE PLANS	UNSDGs
Environmental Awareness & Preservation	**RanhillSaj, RWTT and AnuRak:** • 5 MLD increase in reclaimed water capacity, 85.3% achievement of 400 MLD target capacity for international water and wastewater operations. • 25.1% (FY2020: 26.7%) NRW level reduction in Johor. As at end 31 December 2021, the total of NRW savings for Johor is 450 MLD. • 5.3% increase or 2.1 MLD increase in total treatment capacity for Johor. • Increase in reserve water margin in several water stressed areas. • 14 additional District Metered Areas ("DMAs") established in Johor. • Implementation of Pollutant Removal System ("PRS") at the Simpang Renggam WTP to reduce ammonia levels to below 10 part per million ("ppm"). • Use of solar and mini-hydro to power WTPs. • Imposition of RM1.45 million for 1,447 water theft cases of water, thereby recouping 613,000 m^3 of unpaid water. • 8.2% reduction in total carbon emissions (Scope 1, 2 and 3). • 19.4% and 8.6% reduction in direct and indirect energy consumption respectively. **RPI & RPII:** • Secured first large scale solar ("LSS") project. • Reduced heat rate at both Rugading and Teluk Salut power plants. • Continued compliance with all KPIs set by Sabah Electricity Sdn Bhd ("SESB"). • 17.7% improvement in direct energy consumption efficiency. • 5.8% savings in direct energy (gas) consumption.	• Long Term NRW Target Level of 7.5%. • Carbon Neutrality by 2050. • Increase reclaimed plant capacity. • Realisation of 75 MW FPV solar farm for self-consumption. • Increased use of solar and mini-hydro at more WTPs. • Increase efficiency of GHG Scope 1, 2 and 3 Emissions. • Continuous enforcement against polluters and water thieves in concerted efforts with regulatory authorities.	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION

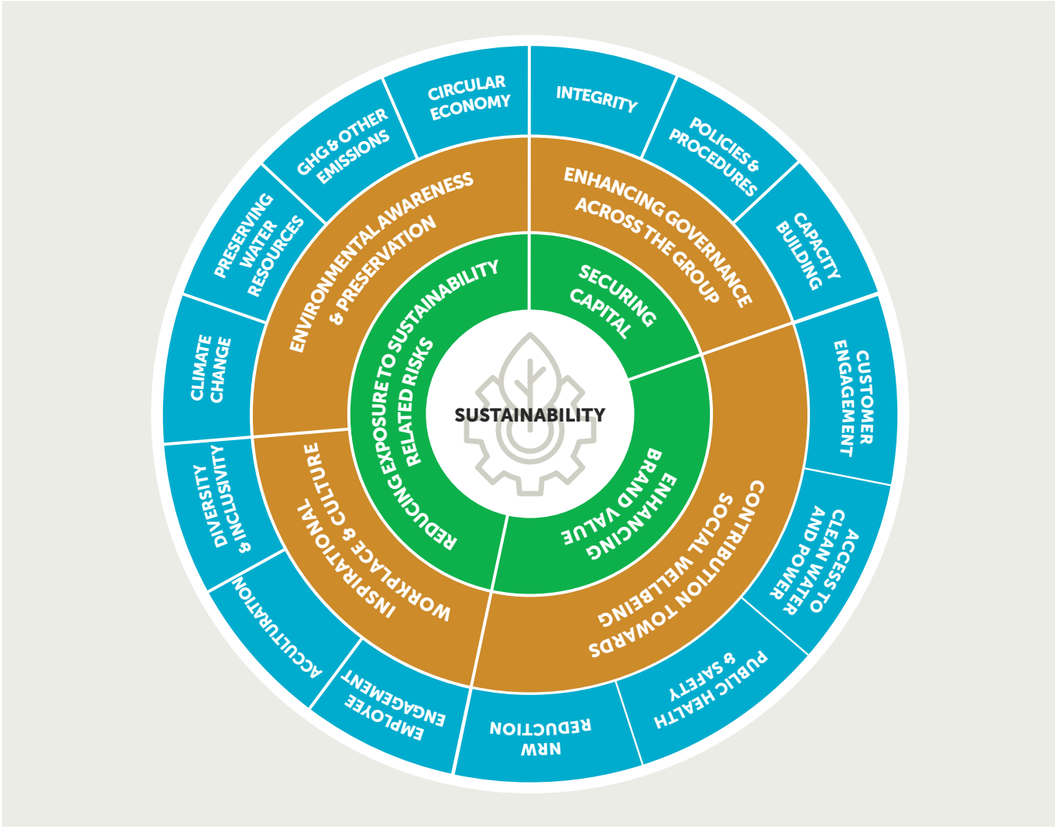
SUSTAINABILITY STATEMENT

RANHILL SUSTAINABILITY PILLARS	ACHIEVEMENTS AND HIGHLIGHTS	FUTURE PLANS	UNSDGs
Contribution Towards Social Wellbeing	**RanhillSaj and RWT:** • RM0.86 million in water rebates provided to 3,237 poor and hardcore poor Johor households. • RM25,000 donation in support of MIC Fund Raising Event for COVID-19. • Contributions to poor and hardcore poor households during Ramadan. • Contributions to flood victims at Yan, Kedah. • 100% customer complaints resolution rate. **RPI & RPII:** • Financial and non-financial contributions to several villages located in the vicinity of the Teluk Salut and Rugading power plants. Total monetary value of contributions was RM75,000. • Development of a 10 kW Hybrid Micro Hydro and Solar Project at Kampung Walou, Ranau.	• Provide access to underserved areas (water & power). • Capacity building - Collaboration with the Ministry of Higher Education and universities to develop talents for both the water and power industry. • Continuation of 100% customer complaints resolution rate.	6 CLEAN WATER AND SANITATION 7 AFFORDABLE AND CLEAN ENERGY 8 DECENT WORK AND ECONOMIC GROWTH
Inspirational Workplace & Culture	**Group wide:** • 237 new hires, 56 women, 122 below 30 years old. • First time disclosure of male-female salary ratios. • 100% return to work post parental leave. • High employee satisfaction scores. • RM273.2 million paid in salaries and benefits. • RM30.3 million paid to employee retirement funds. • RM3.1 million paid for employee medical care and healthcare.	• Encourage greater employee diversity and inclusivity across the Group. • Provide opportunities for person with disability ("PWD"). • Drive succession planning. • Identify and equip employees with Industry 4.0 knowledge.	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Enhancing Governance Across the Group	• Continued high worker representation across all companies on Health and Safety Committees. • RM244,161.9 in total, spent Group wide for health and safety training. • Adoption of SASB reporting standards for sustainability reporting. • 7.4 million manhours without a loss time incident ("LTI"). • Zero fatalities and LTIs. • For the Health and Safety Performance, the reduction in Incidence and Frequency rates of 6.3 and 3.3 respectively (FY2020: 13.6 and 5.5). • Zero public health and safety incidents. • Low number of COVID-19 cases.	• Implementation of ISO Certification group wide (ISO 45001 Occupational health and safety). • External assurance on our Sustainability practices for SR reporting.	8 DECENT WORK AND ECONOMIC GROWTH 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 13 CLIMATE ACTION

SUSTAINABILITY STATEMENT

MANAGEMENT'S APPROACH TO SUSTAINABILITY

Ranhill's approach to sustainability is driven by its **four strategic pillars**. These pillars are: **Environmental Awareness & Preservation, Contribution Towards Social Wellbeing, Inspirational Workplace & Culture and Enhancing Governance Across the Group**.



Collectively, the four pillars provide Ranhill with a Group wide EES framework that enables the identification of material topics, risks and opportunities.

In essence, the pillars integrate business goals and objectives with a sustainabillity perspective and progressively brings matters of EES into the business model and business strategies for enhanced value creation.

Progressively, Ranhill has looked to cascade its sustainability framework to its supply chain, with the aim of creating larger, positive environmental and social impacts.

SUSTAINABILITY STATEMENT

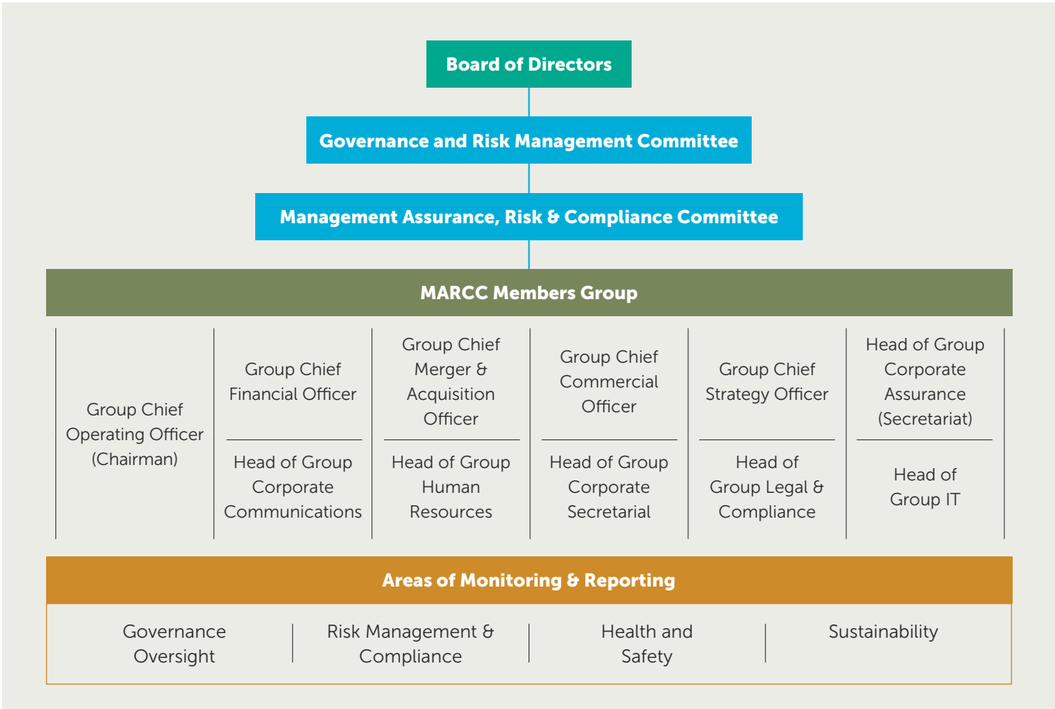
SUSTAINABILITY GOVERNANCE STRUCTURE

Ranhill's sustainability governance structure enables all sustainability matters to be brought to the Board and Senior Management for deliberation and decision-making.

The inclusion of the Governance and Risk Management Committee ("GRMC") enables more comprehensive coverage of risks arising from material EES topics. The involvement of the GRMC reflects Ranhill's high commitment to prioritise EES matters and to integrate these into Group business and operational strategies and decision making.

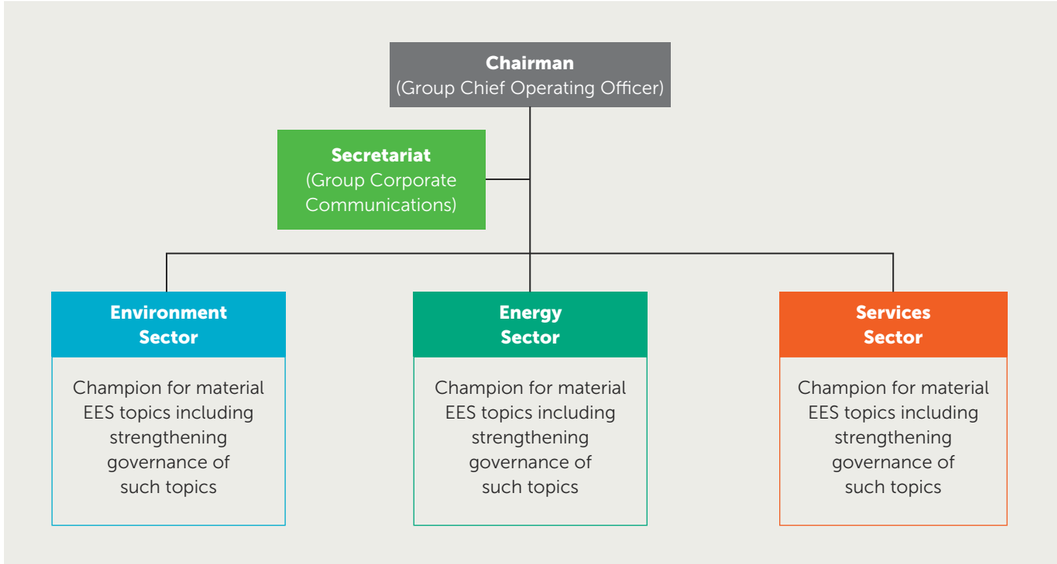
The GRMC is supported by the Management Assurance Risk & Compliance Committee ("MARCC"). The MARCC is in turn, supported by Senior Management and Department Heads across the Group's organisational structure.

The Group's working committee, the Sustainability Working Group ("SWG") is tasked to develop sustainability programmes and action plans. The SWG is a cross functional working team whose members come from all business divisions and operating companies. SWG members comprise personnel from RanhillSaj, RWS, RWT, RPI and RPII, RBSB and RW.



SUSTAINABILITY STATEMENT

Ranhill Sustainability Working Group Structure



KEY ASPECTS OF THE RANHILL SUSTAINABILITY GOVERNANCE STRUCTURE

1. Comprehensive Board oversight on material EES topics and well positioned to drive strategic focus on the sustainability agenda.
2. Board and Senior Management receieve timely reports on EES matters, thereby enabling them to feel the pulse of sustainability initiatives and programmes.
3. Governance structure facilitates Group wide participation and the development of a cross functional approach to managing sustainability.
4. Progressive inclusion of EES matters within the overall risk management framework to sustain value creation.

SUSTAINABILITY STATEMENT

PROMOTING GOOD GOVERNANCE THROUGH INTERNAL POLICIES

In addition to its sustainability governance structure, Ranhill also cultivates good governance via the implementation of the following guidelines and policies:

In FY2021, the following policy was reviewed:

- Procurement Policy and Procedures

When policies are updated with new clauses and provisions, such updates are also communicated to all relevant stakeholders including staff and Management. Ranhill also aligns itself to the recommended corporate governance practices of the regulator, Bursa Malaysia and the Malaysian Code on Corporate Governance ("MCCG"). The CG report also showcases how Ranhill has applied the stipulated practices of the MCCG 2021.

GOVERNANCE THROUGH STRINGENT REGULATORY COMPLIANCE

The environment and energy operations are highly regulated sectors and Ranhill continues to ensure stringent adherence to the laws and requirements of all regulatory bodies. Hence, Ranhill continues to ensure compliance for its business operations. For FY2021, Ranhill has had zero major incidents of non-regulatory compliance. The Group has not incurred any monetary fines, shutdown of operational sites or any non-monetary censures or warnings.

CODE OF CONDUCT AND BUSINESS ETHICS

Good governance within Ranhill is further reinforced through the Group's Code Of Conduct And Business Ethics ("CCBE"). The CCBE can be viewed here: https://www.ranhill.com.my/corporate-governance.php

The CCBE was developed in accordance to local legislation including Section 17A of the Malaysian Anti Corruption Commission ("MACC") Act 2018.

The CCBE stipulates what is deemed as acceptable behaviour and professional conduct for the Board, Senior Management and employees. The CCBE determines (in accordance with local laws), what constitutes as conflict of interest, sexual harassment, discrimination, acts of corruption and other forms of unethical conduct. The CCBE also covers anti-corruption and money laundering.

All new employees are briefed on the Code by Group Human Resources ("GHR") during their induction session. Likewise, all incoming directors are briefed on the Code. The CCBE is published in the employee handbook distributed to all staff during their induction session.

The CCBE is to be complied with by all levels of the organisation; from the Board of Directors to all employee levels. The Code is also extended to the Group's supply chain comprising contractors, suppliers of goods and services, business partners and anyone who has a business dealing with Ranhill.

In FY2021, there were zero cases of non-compliance with the CCBE. The CCBE is periodically reviewed to ensure congruence with changes in the law and present marketplace practices.

SUSTAINABILITY STATEMENT

STRONG ANTI-CORRUPTION STANCE

Ranhill has always maintained a zero-tolerance approach towards any form of bribery, favouritism or misconduct in any business dealing involving the Group, its subsidiaries or suppliers and business partners.

Ranhill's CCBE defines what constitutes as corrupt acts. The CCBE states that both the beneficiary and the giver of the corrupt act will be censured by the company and if necessary, reported to the authorities for further enforcement action.

In FY2021, the Board of Directors received two hours of training on anti-corruption policies and procedures. 100% of Board Directors have received some form of anti-corruption training with their knowledge and awareness refreshed through various programmes and courses attended in FY2021. New employees receive an anti-corruption briefing during their company induction.

At RanhillSaj, employees are required to sign an anti-corruption declaration as a pre-requisite for recruitment. Several of the Group's companies have also strengthened their internal processes and controls. RBSB shall be adopting the ISO 37001 Anti Bribery Management System in FY2022.

BOARD OVERSIGHT ON ANTI-CORRUPTION

Through the aforementioned sustainability governance structure, Ranhill's Board maintains oversight on anti-corruption activities. Regular reports are submitted to the Board on the progress achieved with regards to anti-corruption training. Whistleblowing reports are also submitted to the Board.

The Integrity Working Committee ("IWC") has been established to assist the MARCC and GRMC in matters pertaining to ethics and integrity within Ranhill.

The IWC continues to be the champion for ethical conduct and corporate integrity, which includes anti-corruption. It is supported by the Group Legal and Compliance department as well as the various operating functions within the Group including Group Human Resources.

The Group has had zero incidents of corruption reported for FY2021.

All tender documents, and request for proposals ("RFPs") come attached with the Group's anti-corruption requirements. Suppliers must acknowledge their understanding of the anti-corruption documents and provide written affirmation to not practice or condone corruption, and will remain as such throughout their business dealings with Ranhill.

Where relevant, audits or background checks may be conducted on suppliers, prior to the awarding of contracts.

Any supplier who is found to have engaged in corrupt practices will be reprimanded accordingly. Action taken can range from immediate contract termination to reporting the offender to the authorities for legal action.

Reminder letters and memo are sent to all suppliers on a periodic basis reminding them to continue adopting a zero-tolerance stance on corruption, including bribery.

ANTI-CORRUPTION TRAINING

With regards to anti-corruption training, all Ranhill operating companies in FY2021, held the Briefing on Corruption and Bribery, and Section 17A MACC Act for staff. Other forms of training and briefings were the CCBE briefing for all staff.

On average, staff have received at least two hours of anti-corruption training achieved through the aforementioned activities.

WHISTLEBLOWING CHANNEL

In accordance with the Whistleblower Protection Act 2010 ("Act 711"), Companies Act 2016 and Capital and Market Services Act 2007, Ranhill has established a confidential Whistleblowing ("WB") Channel.

Anyone wishing to make a whistleblowing report can do so via the following channels:

- Website: www.we-care.my
- Telephone/Hotline: 1700-81-5333
- Email: whistle@we-care.my
- Letter:
  a) PO Box 11258, 50740 Kuala Lumpur
  b) Head, Group Legal & Compliance, Ranhill Utilities Berhad, Bangunan Ranhill SAJ, Jalan Garuda, Larkin, 80350 Johor Bahru, Johor Darul Takzim

In addition, specific whistleblowing channels have been developed at the operating company levels with their respective investigation and reporting processes.

STAKEHOLDER ENGAGEMENT

Despite the COVID-19 pandemic in FY2021, Ranhill has continued to actively engage its many stakeholders using a wide range of communication channels. Collectively, the engagements have provided the Group with useful insights and perspectives to ensure a more effective approach to driving sustainability and creating value for stakeholders.

Ranhill's 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. Following is a snapshot of the Group's stakeholder engagement activities for the financial year:

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
Employees	Virtual Town Hall Session: *"Tanyalah Pengurusan"* (TaP) forum	Employee engagement forum to provide staff with a channel to voice their concerns and aspirations to Management.	Improved staff morale. Higher awareness and understanding or the Group's business plans. Reduced attrition rates. Improved organisational culture. Greater sense of belonging to the Ranhill brand among staff.
	Virtual R-CARE H+ Program: Wellness activities, dietary plan, health screening and coaching	With the COVID-19 pandemic, R-Care in collaboration with Naluri emphasizes on the employees' 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 employee's technical & learning competencies, social and human development.	542 employees were certified since 2019.
	Virtual Workshop, Project Session: 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 cleared understanding of company's goals and expectations.
Frontliners, operators, receptionist and customer service staff	Customer Service Efficiency Blueprint	Improving the skills and service levels of frontliners such as operators, receptionists & customer facing staff.	Improved customer service levels which lead to customer satisfaction.
	Exhibition	Malaysia International Water Convention (Virtual). Water Conservation Demonstration.	Consumer behavioural change requires long term effort. Through this programme, the practices on water conservation were successfully shared with the public.
	Website and Social Media / SAJ Info Centre	Information on Planned / Unplanned water disruption and issues on water supply.	Faster and efficient notification to customers, which reduces concern and frustration. Contributes to reduce complaints during water disruptions and water supply issues.

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
Financial Community	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.
Government And Regulators	Briefing & Presentation	Briefing on RanhillSaj matters to EXCO Johor State, Parliament and ADUN. Presentation at Iskandar Malaysia Ecolife Challenge organised by Iskandar Regional Development Authority and Johor Education Department on water consumption and conservation awareness.	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.
	Exhibition	Display information on operational and services.	
Local Communities	Post Flood Humantarian Aid at Kota Tinggi – *"Kembara Ramadhan RanhillSaj 2021"* CSR – *"Program Bantuan Asnaf Flat Larkin"* CSR – *"Program Bantuan Persatuan Orang Cacat"* CSR – 200 sets of *"Bantuan Bakul Makanan Negeri Johor"* CSR – Contribution of mineral water to vaccination centre	Contribution of groceries and financial to underprivileged families and individual through various CSR programmes.	Creating brand awareness and gives back to the community.

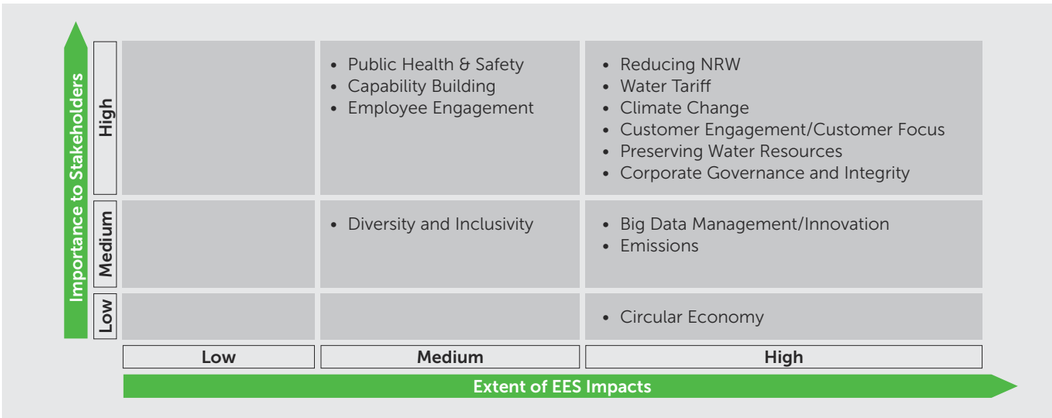
SUSTAINABILITY STATEMENT

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
Media	Press Conferences	Launch of World Water Monitoring Day at Sungai Skudai.	Dissemination of information through mainstream media.
	Familiarisation Trip	Awareness on RPI & RPII as Independent Power Producer in Sabah. Awareness on projects and technology carry out by RWT at several water treatment plants ("WTPs") in Johor.	
NGOs	Briefing & Presentation	Virtual presentation with Kind Malaysia.	Support from NGOs is important to influence public opinion towards the Company.
Suppliers / Vendors	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.

ASSESSING AND PRIORITISING MATERIAL TOPICS

The materiality matrix for FY2021 is a restatement of the previous year after findings from an internal assessment concluded that the previous year's matrix remained accurate in depicting Ranhill's material matters. This was due to the fact the COVID-19 impacted business environment for FY2021 remained relatively the same as per the previous year.

The Group is cognisant that with having attained full management control of RW and RBSB, a reassessment of materiality is warranted going forward. This will be undertaken by the SWG, likely in FY2022.



SUSTAINABILITY STATEMENT

RELEVANCE OF MATERIALITY MATTERS TO OUR STAKEHOLDERS

MATERIAL TOPICS / IMPACTED STAKEHOLDERS	Employees	Financial Community	Government & Regulators	Local Communities	Media	NGOs	Suppliers / Vendors
Reducing NRW			√	√	√		
Water Tariff		√	√	√	√	√	√
Climate Change		√	√	√	√	√	√
Customer Engagement / Customer Focus				√	√	√	
Preserving Water Resources			√	√	√	√	
Corporate Governance and Integrity	√						√
Big Data Management / Innovation	√	√	√				
Emissions			√	√		√	
Circular Economy		√	√	√		√	√
Public Health & Safety		√	√	√		√	√
Capacity Building	√			√			√
Employee Engagement	√						
Diversity & Inclusivity	√			√		√	√

ECONOMIC PERFORMANCE

DIRECT ECONOMIC VALUES CREATED

Robust financial performance, typically reflected in growing or stable revenues and earnings, is essential for any business. Beyond sustaining operations and providing returns to shareholders, sustainable financial performance is essential for business growth and expansion.

In addition, robust financial performance is necessary to fund sustainability related programmes and action plans. Specific analysis of financial and business performance, including segmental performance is provided in the Management Discussion and Analysis section of the FY2021 Annual Report.

ECONOMIC IMPACT VS ENVIRONMENTAL FOOTPRINT

Ranhill has developed performance ratios, towards establishing efficiency or intensity benchmarks. The efficiency measurements demonstrate that business growth and improved financial performance can be achieved while managing environmental footprint.

Financial Year	2019	2020	2021
Revenue (RM'million)	1,542.4	1,468.5	1,530.9
Direct Energy Consumption (MJ)	1,388,003.7	1,388,003.7	1,388,003.7
Direct Energy Efficiency / Intensity (MJ/revenue RM)	0.90	0.95	0.91
Indirect Energy Consumption (Electricity) (kWh)	385,556,581.2	351,326,731.2	321,100,678.8
Indirect Energy Efficiency / Intensity (kWh / revenue RM)	0.25	0.24	0.21
Total Carbon Emissions (metric tonnes CO2e)	253,964.5	226,796.4	207,277.8
Carbon Emissions Efficiency / Intensity (tCO2e / revenue RM)	0.000165	0.000154	0.000135
Total Water Consumption (m^3)	703,710,541	706,511,648	692,901,991
Water Efficiency / Intensity (m^3 / revenue RM)	0.46	0.48	0.45

INDIRECT ECONOMIC VALUES CREATED

Direct financial values aside, Ranhill's business operations also generate a wide range of indirect economic values. These include distribution of dividends to shareholders, payment of taxes to the government (which enables social and infrastructure development), and repayments to financiers.

INDICATOR	FY2019 (RM'million)	FY2020 (RM'million)	FY2021 (RM'million)
Payments to Employees (Salary and emoluments)	249.4	241.9	289.8
Payments to Suppliers and Partners (Operating expenses)	1,355.8	1,397.1	1,471.2
Government (Income tax)	102.7	40.4	26.6
Returns to Shareholders (Dividends)	53.4	29.8	12.7
Repayment to Financiers	124.1	160.5	161.7

PERCENTAGE OF LOCAL PROCUREMENT

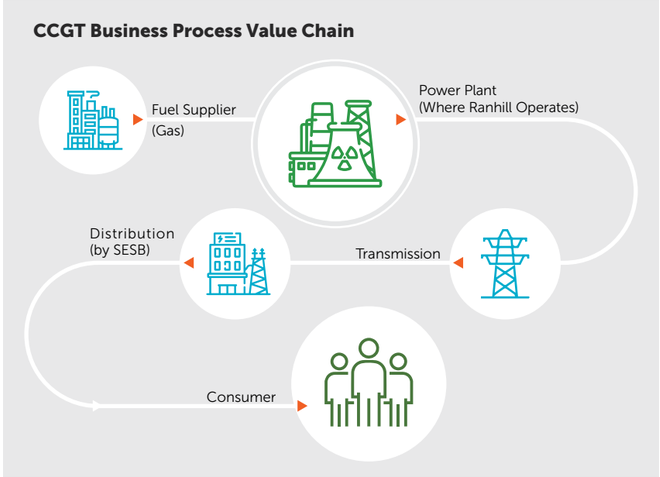
Ranhill continues to predominantly use local supply chains with local being defined as local in where the Group or its subsidiaries operate. The use of local supply chains supports local businesses and local employment, promotes knowledge transfer and industry development and also supports reduced environmental impacts.

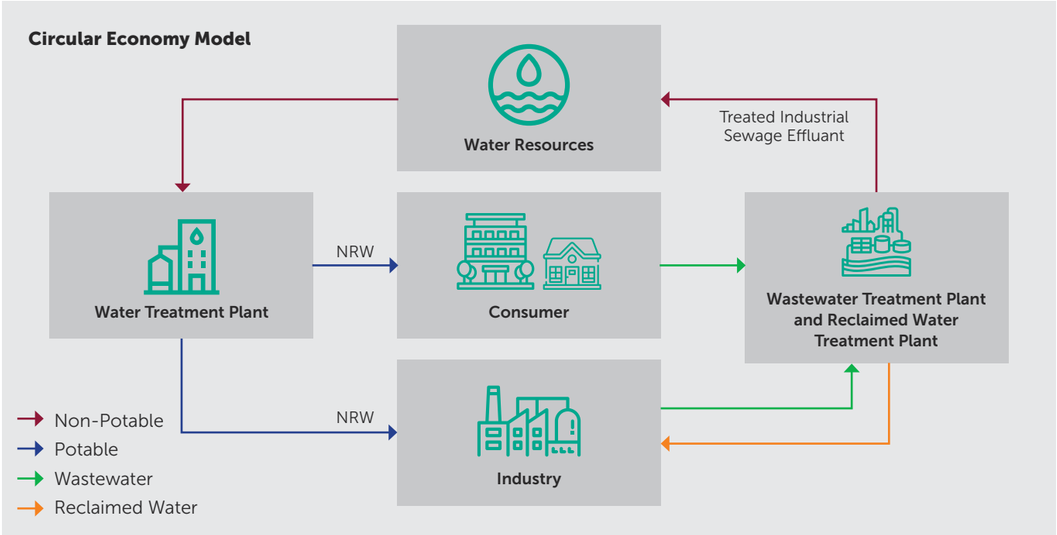
Operating Companies	FY2019 (%)	FY2020 (%)	FY2021 (%)
RanhillSaj	100	99	100
RWS	57.7	100	100
RWT	97	98.2	96.4
RPI & RPII	97	94	98
RBSB	80	87	93
RW	72	81	71

ENVIRONMENTAL CONSERVATION AND PRESERVATION

Ranhill's approach in managing environmental impact is based on good operating practices and adherence to international and local regulatory. These include ISO standards as well as standards set for energy, water, waste and resource management by regulatory authorities such as the Department of Environment ("DOE"), SPAN and other bodies.

Guided by the International Water Association's ("IWA") guideline, "Water Utility Pathways in a 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 ("CCGT") fired power plants.





At the direction of the Board and Senior Management of Ranhill, all subsidiary companies are encouraged to undertake a thorough assessment of their operations to identify opportunities to yield operational efficiencies while improving environmental footprint. Such assessments support the continued drive to enhance productivity, cost savings and also reduce energy, water and resource consumption, reduce carbon emissions as well as waste production.

SUSTAINABILITY STATEMENT

DRIVING RECLAIMED WATER USE FOR ZERO DISCHARGE

At the Amata Industrial Park in Rayong, Thailand and at Forest City, Johor, Malaysia, RWT's Wastewater Treatment Plants ("WWTPs") provide a zero-discharge solution. At the end of the production cycle, instead of just treating and discharging effluents, effluents are channelled to a separate reclaimed water plant for further treatment. This process produces reclaimed water, also known as "greywater". Reclaimed water can be used for a wide range of non-potable industrial and commercial applications.

Ultimately, greywater offers a long-term, solution for commercial customers, who are the biggest consumers of treated, potable water. Cumulatively, from its reclaimed water operations in Thailand and Malaysia, RWT produces produces 28 million litres daily ("MLD") of greywater; 17 MLD from Thailand and 11 MLD from operations at Forest City in Johor, Malaysia.

Forest City Sewerage Treatment Plant ("STP4")

Amata Reclaimed Water Treatment Plant, Thailand

PROMOTING CLEANER ENERGY PRODUCTION

Ranhill own and operates two ("CCGT") plants. CCGT power plants are regarded as the cleanest of all fossil fuels due to the use of natural gas. According to the American Gas Association, natural gas emits 90,000 fewer pounds of CO_2 per billion British Thermal Unit ("BTU") than coal.

In addition, CCGT plants can operate in a combined cycle mode, that is producing electricity from gas fuel as well as from the steam generated from the production process. Presently, carbon emissions as well as emissions of other gases from both plants remain below the DOE's threshold for emission levels.

INCREASED ADOPTION OF THE CIRCULAR ECONOMY WITHIN RANHILL'S OWN OPERATIONS

In FY2021, Ranhill has proposed to the Energy Commission ("EC"), plans for the development of a 75 MW FPV solar farm, that will supply sufficient energy to power RanhillSaj's entire WTP operations. This would effectively mean that the entire water supply operations of the state of Johor would be 100% solar powered.

At the same time, RanhillSaj's Sultan Iskandar WTP has completed a 63 kWp pilot rooftop solar installation. Separately, a 73 kW mini-hydro project was also completed at the Gunung Ledang WTP. Both installations yield savings in OPEX while reducing environmental footprint, notably greenhouse gas emissions.

63 kWp solar panel installation at Sultan Iskandar Water Treatment Plant extension project

SUSTAINABILITY STATEMENT

CONTRIBUTING TO RENEWABLE ENERGY GROWTH IN MALAYSIA

Ranhill shall be constructing a 50 MW Solar Plant in Bidor, Perak. The project was secured via open tender and marks Ranhill's first large scale solar ("LSS4") contract award. Construction has commenced since January 2022 with the expected Commercial Operation Date ("COD") slated for June 2023, six months earlier than the Power Purchase Agreement ("PPA") completion date of 31 December 2023.

Gunung Ledang Mini-hydro Project top view

Groundbreaking ceremony at Ranhill LSS Solar Farm officiated by Perak Chief Minister, Datuk Seri Saarani Mohamad

ADDRESSING NON-REVENUE WATER CHALLENGES IN MALAYSIA

Despite pipe rehabilitation and replacement activities being affected by the COVID-19 pandemic, RWS has attained significant savings resulting in NRW levels decreasing in Johor to 25.1%, Johor has the lowest NRW levels in the whole of Malaysia.

RWS has also undertaken various NRW projects in other parts of the country delivering further water savings. Full details of these are provided in the Chairman and Chief Executive and the Management Discussion and Analysis sections of the Ranhill Annual Report FY2021.

Ranhill is positive that given its present NRW management track record, the 15% NRW loss target for Johor can be achieved by 2030.

CLIMATE CHANGE

Climate change directly contributes to global warming and changes in weather patterns. Both of which have and continue to cause significant impacts on Ranhill's water operations in Johor. Following are some of the impacts to the water supply directly or indirectly due to climate change:

CLIMATE CHANGE EFFECTS ON WATER SUPPLY

Disrupted Rainfall

Erratic or declining rainfall impacts water river levels available. This causes dwindling supply in certain locations. Reduced water levels increases concentration of contaminants in rivers thus leading to increased number of water pollution incidents.

Rising Sea Levels

Rising sea levels pushes saltwater into freshwater river (saline intrution), rendering water unusable for drinking or irrigation for extended periods of time. Additional costs is incurred to treat and restore water to usable conditions. Rising sea levels, especially in coastal areas may cause flooding and damages to infrastructure.

Adverse Weather Impacts

Climate change can exercebate the effect of moonsoon storms causing severe flooding, which will cause damage to infrastructure and disrupt operations.

Worsened Drought Conditions

Longer and more frequent droughts may necessitate water rationing activities. Water will need to be transported via tankers to affected locations.

Exacerbates Water Scarcity

As water becomes a scarcer resource, costs of production and selling price of water may increase.

BOARD AND MANAGEMENT OVERSIGHT ON CLIMATE CHANGE

Climate change comes under direct oversight of the Board and Management. This includes physical, transitional and legal as well as reputational risks. The Board and Management have also pledged their support and are progressively aligning to the TCFD recommendations.

RESPONDING TO CLIMATE CHANGE

ESTABLISHING CARBON REDUCTION TARGETS

Ranhill has established its long-term target of net zero carbon by 2050. In realising, the 2050 aspiration, Ranhill is establishing interim milestones goals and supporting strategies.

The journey of achieving net zero carbon will be driven by the development of a Net Zero Carbon Policy that will centre on the following:

- Increased use of RE to power water and energy operations
- Greater use of low-carbon technologies to produce lower carbon water and power
- Performing Lifecycle Analysis on existing business processes
- Development of a clear climate change roadmap
- Development of an internal carbon price for the Group

In early FY2022, Ranhill collaborated with the Malaysian Green Technology and Climate Change Corporation ("MGTC") towards undertaking preliminary assessments of RanhillSaj's WTP operations.

Research and development ("R & D") efforts in relation to climate change will also be undertaken going forward. R & D will be centred on the development of innovation that enables reduced energy consumption and increased energy efficiency.

A technical visit by MGTC to the Gunung Ledang Dam

PRESERVING WATER RESOURCES

WATER CONTAMINATION AND POLLUTION

In FY2020 and FY2021, the number of pollution incidents decreased significantly. The decline is attributed to the Movement Control Orders ("MCOs") imposed to prevent the spread of COVID-19. Certainly, the increased enforcement activities and more stringent approach taken by authorities have played a role in the decline of pollution cases.

However, with the relaxation of pandemic related restrictions, it is expected that incidents of pollution will increase in tandem with increased business activities.

Financial costs associated with upstream river pollution is caused by the shutdown of WTPs that leads to disruptions in water supply. Hence, interruptions can potentially run into hundreds of thousands or millions if prolonged over an extended period of time.

TOTAL NO. 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*	319.47*	0.9
2018	30*	962.72*	1.8
2019	24*	1109.25*	1.1
2020	5	115.20*	0.1
2021	2	16.2*	0.04

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

ADDRESSING AND PREVENTING WATER POLLUTION

Given the severity of pollution related impacts on water operations, RanhillSaj has taken the initiative to deploy a pollutant removal system ("PRS") at pollution prone sites.

At a cost of RM7.0 million, the PRS, deployed by Ranhill subsidiary, RWT is designed to treat pollutants from river water. The PRS has been effective in ensuring ammonia levels in river water remain less than 10 ppm.

Pollution Removal System (PRS) at Simpang Renggam, Johor

In addition, RanhillSaj's Environmental Crime Prevention Unit or UCJAS continues to work closely with enforcement authorities. They include Badan Kawalselia Air Johor ("BAKAJ"), the Department of Environment ("DOE"), Ministry of Health ("MOH"), SPAN and the Royal Malaysian Police ("PDRM").

Through UCJAS, RanhillSaj has been effective in quickly identifying pollution incidents and reporting these to the authorities. The use of technology has also enabled more effective evidence gathering, which has enabled legal action to be taken against perpetrators.

WATER QUALITY

REGULATORY COMPLIANCE (MALAYSIA WATER OPERATIONS)

RanhillSaj continued to meet or exceed almost all KPIs set by the industry regulator, SPAN. Kindly refer to the SR2021 for more details on the KPIs and compliance levels achieved.

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

ADDRESSING CONSUMER WATER CONSUMPTION

WATER TARIFF REVISION

It is evident that the higher rates equate to more conservative consumption of water, motivating consumers to be more efficient. It also incentivises businesses to adopt water efficiency measures and even to use recycled water for their operations, where applicable.

Hence, the importance of approving the long-awaited tariff revision for both domestic non-domestic water consumption in Johor.

In addition, the tariff revision will also support revenues, which presently are solely dependent on increased water consumption. Sustainable revenues support sustainable water operations.

Growing revenues are also essential under the present regime to facilitate CAPEX required for the development expansion of WTPs and to undertake pipe rehabilitation and replacement works.

An upward increase in tariffs supports a more sustainable water industry. Water tariff revision have been overdue since 2016. However, revision of water tariffs remains a sensitive issue due to the social, political and economic ramifications.

Pros and Cons of Water Tariff Revision

- Increased revenues for the water operator.
- Increased revenues enable much needed pipe rehabilitation and replacement works, as well as expansion of and construction of new WTPs.
- Projects such as ORS, raw water transfer and others can be undertaken.
- Likely reduction in water consumption per capita with more conservative water consumption by consumers.
- Rising potable water prices encourages usage of reclaimed water.

- Burdens consumers.
- Increased rebates required to ensure water for poor and hardcore poor households.
- Socio-political impacts due to rising water rates.

GROUP WATER CONSUMPTION

RanhillSaj

Despite non-domestic consumption receding by 3.7% year-on-year, domestic consumption had expanded significantly.

The change in water consumption trends in FY2021 is attributed to the COVID-19 related lockdowns. The lockdowns had led to many businesses cutting back or altogether halting their business operations in compliance with SOPs. At the same time, the higher number of people restricted to their homes had led to a rise in domestic consumption.

Water consumption data is scoped primarily to RanhillSaj, RWT, RPI and RPII.

RanhillSaj: WATER CONSUMPTION (ABSTRACTION)

Year	Total (m^3)	Raw Water Abstractions River (m^3)	Raw Water Abstractions Dam (m^3)	Average (m^3/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
2021	682,992,899	417,036,351	265,956,548	56,916,075

RanhillSaj: WATER CONSUMPTION (TREATED WATER, IN PLANT USAGE AND SLUDGE)

Year	Raw Water (m^3)	Treated Water (m^3)	In Plant Usage (m^3)	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
2021	682,992,899	653,207,737	29,785,162	91,935,416

RWTT AND ANURAK: WATER CONSUMPTION

	2019	2020	2021
Total Water Consumption (m^3)	10,249,559	8,003,125	9,775,278
Surface Water withdrawal (m^3)	10,270,058	8,019,131	9,794,829
Recycled Water (m^3)	4,338,856	4,282,064	4,749,304
Total Water / Effluents Discharged	5,828,868	5,227,066	5,631,211

RPI – TELUK SALUT AND RPII – RUGADING: WATER CONSUMPTION (m^3)

Year	Teluk Salut (m^3)	Rugading (m^3)	Total (m^3)
2016	86,165	48,117	134,282
2017	81,427	46,638	128,065
2018	89,581	53,187	142,768
2019	91,266	68,241	159,507
2020	81,937	55,459	137,396
2021	91,704	43,110	134,814

CARBON EMISSIONS

The Group's largest contributors to Scope 1 and Scope 2 emissions are its water supply and power plant operations.

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 in Malaysia and Thailand. This includes exhaust gas emissions released from the gas turbine combustion which complies with MS 1596:2003.

RanhillSaj: TOTAL CO_2 EMISSIONS

Performance Measure	mt CO_2eq			
	2018	2019	2020	2021
Total CO_2e emissions (mt)	263,391	253,964.5	226,796.4	207,277.8
Scope 1 CO_2e emissions (mt)	2,957.7	3,735.3	4,351.5	3,492.0
Scope 2 CO_2e emissions (mt)	235,611.5	225,550.6	205,526.1	187,843.9
Scope 3 CO_2e emissions (mt)	24,821.8	24,678.6	16,918.88	15,841.9

RanhillSaj: TOTAL CARBON INTENSITY

Performance Measure	kg CO_2 eq/m³ of raw water			
	2018	2019	2020	2021
Carbon Intensity	0.34	0.34	0.31	0.30

RPI AND RPII: TOTAL CO_2 AND OTHER EMISSIONS

Scope 1 Breakdown (By GHG Type)	2019	2020	2021
CO_2 (%)	HRSG 11 : 3.6 HRSG 12 : 3.3 HRSG 21 : 3.5 HRSG 22 : 3.6	HRSG 11 : 3.5 HRSG 12 : 3.3 HRSG 21 : 3.2 HRSG 22 : 3.2	HRSG 11 : 3.9 HRSG 12 : 3.4 HRSG 21 : 3.6 HRSG 22 : 3.3
Total Particulate Matter (TPM) / TSP (µg / m³)	18.3	11.4	15.4

	2019	2020	2021
NOx emissions (in mg / m³)	HRSG 11 : 63.2 HRSG 12 : 51.6 HRSG 21 : 61.5 HRSG 22 : 49.4	HRSG 11 : 48.2 HRSG 12 : 52.0 HRSG 21 : 77.8 HRSG 22 : 85.5	HRSG 11 : 49.8 HRSG 12 : 40.3 HRSG 21 : 46.0 HRSG 22 : 40.1
CO emissions (in mg / m³) *SO_x Changed with CO	HRSG 11 : 68.0 HRSG 12 : 73.0 HRSG 21 : 70.1 HRSG 22 : 58.9	HRSG 11 : 62.6 HRSG 12 : 56.0 HRSG 21 : 59.9 HRSG 22 : 73.2	HRSG 11 : 55.6 HRSG 12 : 47.4 HRSG 21 : 41.7 HRSG 22 : 40.1

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 O_2 references corrected at 15%.

ENERGY CONSUMPTION & MANAGEMENT

The biggest consumer of energy within the Group is RanhillSaj followed by RPI and RPII. RanhillSaj's approach to energy consumption is guided by its MS ISO 50001:2011 Energy Policy. RPI and RPII is guided by Grid Code For Sabah and Labuan (Amendments) 2017. RBSB has been certified with ISO 14001.

Beyond WTP operations, RanhillSaj's consumes energy for plant upgrading and maintenance works.

RPI and RPII consumes energy for the operations of its turbines at the Teluk Salut and Rugading power plants. RWT consumes energy sourced from the national electricity grid for the operations of its WWTP and reclaimed WTPs in Malaysia and Thailand.

RanhillSaj: Direct And Indirect Energy Consumption

	2019	2020	2021
Total Direct Energy Consumption (fuel in terms of diesel, petrol, etc. in Litres or Gigajoule's ("GJ")	1,388,003.7	1,650,327.2	1,326,272
Total Indirect Energy Consumption (Electricity in kWh	385,556,581.2	351,326,731.2	321,100,678.8
Total RE usage (in kWh)	N / A	N / A	113,219
Total Indirect Energy Efficiency / Intensity (as measured against revenue, profits or productivity i.e. number of units built, kWh, GJ	N / A	0.0249	0.0205
Total Indirect Energy Efficiency / Intensity (as measured against revenue, profits or productivity i.e. number of units built, kWh, Joules)	0.5170	0.4726	0.4701
Average Energy Efficiency / Intensity (kWh, Joules)	N / A	0.4975	0.4906
Total energy consumption within the organization, in GJ	N / A	1,331,516.1	1,206,273.1

Note: Usage of RE (solar) only commenced in FY2021.

RPI and RPII: Direct Energy Consumption

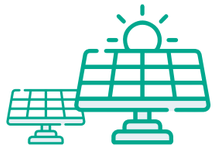
	2019	2020	2021
Total Scope 1 Energy Consumption (fuel in terms of diesel, petrol, etc. in Litres)	11,524,348.5	8,358,230.2	289,039.3
Total Scope 1 Energy Consumption (fuel in terms of natural gas in MMBtu)	11,325,448.1	10,747,173.1	10,131,129.2
Average Energy Efficiency / Intensity (kJ/kWh)	9,392	9,828.7	9,737.5
Total energy consumption within the organisation (GJ)	13,419,989.8	11,640,545.3	10,699,339.6

The significant variance in Scope 1 energy consumption is due to a reduced number of gas supply interruptions by Petronas in FY2021. Hence, there was reduced requirement to use diesel as a fuel source to power the turbine, unlike in previous years where frequent interruption necessitated the use of fuel as an alternative source.

SUSTAINABILITY STATEMENT

RENEWABLE ENERGY GENERATION

The recent installation of solar panels at the Sultan Iskandar WTP and mini-hydro power generation at the Gunung Ledang WTP has enabled RanhillSaj to generate 48,397 kWh and 64,822 kWh of solar and hydro derived electricity for FY2021. The numbers are expected to grow with increased adoption of RE across business operations going forward.



GAS CONSUMPTION

The usage of gas in Ranhill's operations is confined to RPI and RPII where liquefied natural gas ("LNG") is used as fuel for the Teluk Salut and Rugading power stations. LNG is a cleaner fossil fuel compared to diesel and other hydrocarbon fuels typically used for combustion at power plants.

The LNG consumed by the RPI Power Plant is higher due to the older gas turbines installed. This is an early model of a Frame 6B Gas Turbine. At RPII, the Frame 6FA is used, which is one of the world's most fuel-efficient gas turbines in the market today.

Gas Consumption At Power Plants (MMBtu)

	2017	2018	2019	2020	2021
RPI	10,458,924.9	10,417,143.2	11,325,448.1	10,747,173.1	10,841,917
RPII	8,364,335	8,981,377.3	8,404,764.4	9,152,081.5	9,512,059.4

WASTE MANAGEMENT

All hazardous and non-hazardous waste is managed and disposed of, in accordance with regulatory requirements set by DOE. Waste is managed and disposed off by DOE licensed third party contractors at government approved landfill sites.

Among the key waste products produced by Ranhill's operation is sludge. Sludge is produced from water and wastewater treatment operations, in Malaysia and Thailand. Sludge is sent to designated areas within the confines of the respective WTP area. 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).

RanhillSaj: Sludge Production

Year	Total (kg)	Average (kg /month)
2017	86,502,141	7,208,512
2018	87,204,581	7,267,048
2019	90,724,787	7,560,399
2020	93,857,414	7,821,451
2021	91,935,416	7,661,284

SUSTAINABILITY STATEMENT

HAZARDOUS WASTE

	FY2019	FY2020	FY2021
RanhillSaj	NIL	NIL	NIL
RPI & RPII	34.6 ton	26.1 ton	88.4 ton
RWT	NIL	NIL	NIL
RBSB	0.04 ton	NIL	0.48 ton

ENVIRONMENTAL REGULATORY COMPLIANCE

Ranhill's operating companies comply with the respective regulatory standards for noise, effluent discharge, air and other requirements. Ranhill or its operating companies have had zero incidents of fines, censures or any other form of punitive action for non-compliance to environmental regulatory standards.

SOCIAL PERFORMANCE

CONTRIBUTIONS TOWARDS SOCIAL WELLBEING & CAPACITY BUILDING

Through its business model and business operations, Ranhill aspires to support local talent, local supply chains and other stakeholders. It also aims to promote greater awareness and behavioural change in stakeholders in relation to water consumption, water theft and pollution, NRW loss and reclaimed water.

Ranhill has contributed to the fight against the COVID-19 pandemic, while also offering various forms of assistance to the government, society and the healthcare sector. This is above and beyond the present support it provides to society, which includes water rebates to poor and hardcore poor households.

COMMUNITY ENGAGEMENT AND ASSISTANCE

RanhillSaj	RM0.86 million in water rebates provided to 3,237 poor and hardcore poor Johor households. Financial assistance provided to poor and hardcore poor households during the month of Ramadan. Assistance provided to flood victims at Yan, Kedah.
RWT	RM25,000 donation in support of the MIC Fund Raising Event for COVID-19.
RPI & RPII	Financial and non-financial contributions to several villages located in the vicinity of the Teluk Salut and Rugading power plants. This included donations for the construction of a surau and cash contribution to fire victims. Total monetary value of contributions was RM75,000. Development of a 10 kW Hybrid Micro Hydro / Solar Project at Kampung Walou, Ranau, which now ensures that villagers have uninterrupted 24 /7 electricity supply. Previously, villagers relied on diesel gensets to provide electricity. This incurs costs as well as pollutes the environment. The transition to mini-hydro and solar is an eco-friendly improvement while also providing cost savings.
RBSB	Total corporate donations in FY2021 amounted to RM25,000 distributed to a wide range of charitable causes.

SUSTAINABILITY STATEMENT

PROGRAM *"JOM SEMBANG"*

RanhillSaj continued to initiate its Kempen Mesra Pelanggan now known as *"Jom Sembang"*, which is a customer engagement campaign, aimed at promoting consumer awareness on the importance of prompt water bill payment. The campaign involves RanhillSaj staff, including its Chief Executive Officer ("CEO"), going on the ground to meet domestic and non-domestic customers.

Engagement centres on educating people how water is the most affordable of all utilities in Malaysia, but perhaps the most important. Hence, it is imperative that customers pay their bills on time towards ensuring efficient and proper maintenance of the water system and its infrastructure.

AMATA NAKORN INDUSTRIAL ESTATE LEARNING CENTRE (THAILAND)

Another highlight of Ranhill's community engagement efforts is RWT's Amata Learning Centre, which is a community education centre. The centre aims to promotes awareness and knowledge among local communities with regards to the latest technologies in water and wastewater treatment.

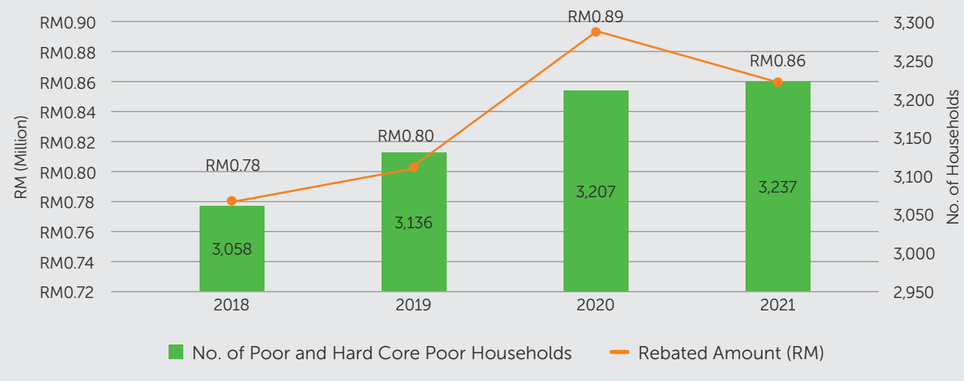
With adherence to COVID-19 SOPs, the centre has reopened and receives visitors comprising investors, local government officials, students, individuals from private companies as well as members of the local community.

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

In support of UN SDG 6: Clean Water and Sanitation, RanhillSaj continues to provide water rebates to poor and hardcore poor households across Johor.

In FY2021, over 3,154 poor and 83 hardcore households have benefited from the water rebate programme. Households who qualify for the water rebate programme are based on Johor State's e-kasih programme list, which provides a comprehensive register of urban and rural poor and hardcore poor households.

Water Rebate Programme



SUSTAINABILITY STATEMENT

Young Water Professional Programme at Taman Negara Selai, Johor

YOUNG WATER PROFESSIONAL

Ranhill's Young Water Professional ("YWP") Programme continues see strong participation. YWP participants are selected from staff and are trained to facilitate various water-related community outreach programmes. Among activities held for them were various development programs and teambuilding sessions, public speaking engagements and industry networking opportunities.

YWP participants

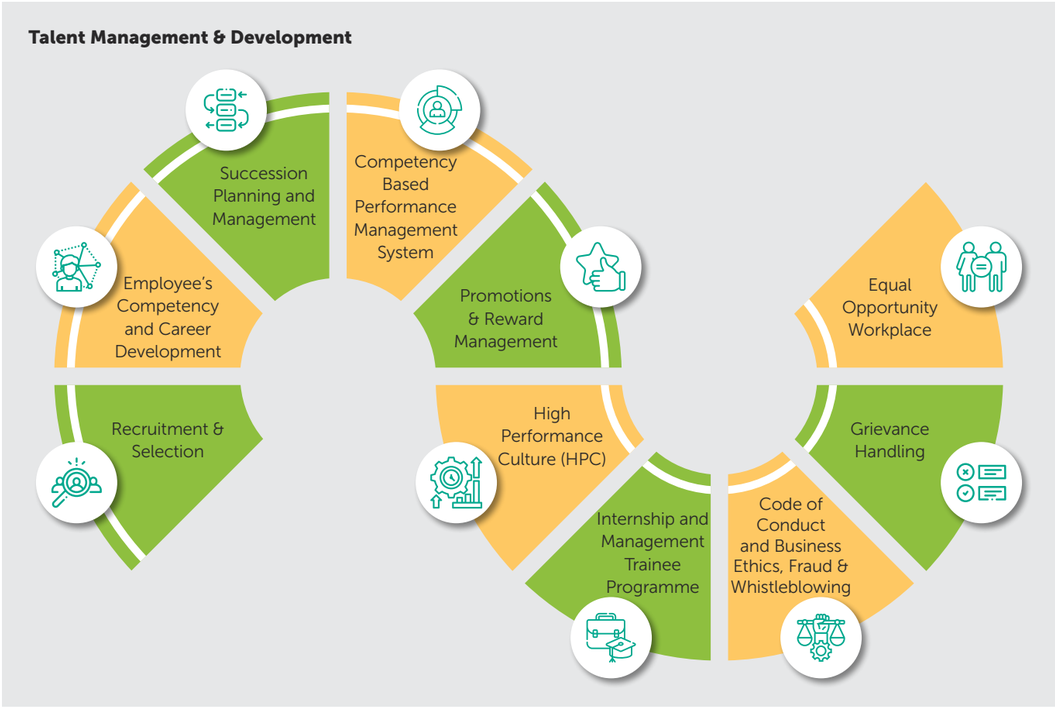
2019	2020	2021
94	112	116

INSPIRATIONAL WORKPLACE & CULTURE

TALENT MANAGEMENT AND DEVELOPMENT

The collective skills, expertise and experience of Ranhill's workforce remains one of the Group's core assets. Continued business and operational excellence, the achievements of goals and objectives and high customer satisfaction are dependent on the professional capabilities of the workforce.

Ranhill's approach to managing and developing talent is based on the following focus areas:



Talent management and development comes under the purview of the Board of Directors of the Group, specifically the Nominating & Remuneration Committee ("NRC") supported by GHR. The NRC provides broad strategic direction and monitors results achieved from the implementation of strategies. The respective CEOs of operating companies are tasked at driving the talent agenda in their respective companies. They are supported by GHR as well as the respective human resource functions in each operating company.

Ranhill is governed by the Malaysian Employment Act 1995 and all other relevant labour laws of Malaysia. These are in line with the statutes stipulated by the International Labour Organisation ("ILO") and the Universal Declaration of Human Rights. RPI and RPII complies with the Sabah Labour Ordinance and Employment Act 1955.

In FY2021, 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 In consistent with the aforementioned, Ranhill has put in place policies and procedures to ensure the following is achieved across Group operations:

Elimination of excessive working hours	Procedure on Fatigue Management.
Compliance with minimum wage	Compliance with Minimum Wage Order 2018.
Right to freedom of association / collective bargaining	Policy Statement on Human Rights and Labour Standards.
Prevention of child or force labour	Policy Statement on Recruitment for both employees and vendors.
Written policies that address non-discrimination, the creation of an equal opportunity workplace, gender and ethnic diversity	

General Workforce Data	2019	2020	2021
Total Workforce	3,765	4,060	3,909
Male Employees	3,029	3,232	3,114
Female Employees	736	828	795
Malaysian Employees	3,647	3,943	3,485
Foreign Nationals	118	117	115
Malay Employees	3,346	3,677	3,437
Chinese Employees	118	142	142
Indian Employees	74	78	77
Others	227	156	251
Senior Management Staff	41	38	67
Management Staff	123	123	253
Executives	559	793	975
Non-Executives	668	788	2,612
Number of permanent employees	3,208	3,186	3,107
Number of temporary staff / contractors	557	874	802
Percentage of permanent employees (%)	66.4	29.0	79.5
Percentage of employees that are contractors or temporary staff (%)	33.6	71	20.5
Percentage of global staff with a disability (%)	0	0	0
Percentage of employees entitled to employee benefits (%)	100	100	100

RECRUITMENT & SELECTION

Ranhill's approach in recruiting employees is based on a policy of merit, that is candidates are selected based purely on their professional attributes such as qualifications, work experiences, achievements, availability for employment and other factors. There is no discrimination on the grounds of ethnicity, gender, age, marital status, disabilities, political affiliations and other socio-demographic factors.

Most vacant employment positions are advertised through a wide range of channels to ensure as many candidates as possible can apply. Applicants can also seek additional information on job vacancies by contacting HR. Though locals are given priority, foreigners may also apply for all advertised vacancies. In FY2021, Ranhill counted 237 new hires for the financial year.

New Hires Data	2019	2020	2021
Total New Hires	154	420	237
Total Turnover	54	64	239
Full-Time Staff Voluntary Turnover Rate (%)	1.4	1.1	6.1

EMPLOYEES' COMPETENCY AND CAREER DEVELOPMENT (TRAINING)

INTERNSHIP AND MANAGEMENT TRAINEE PROGRAMMES

Across Ranhill, a wide range of internship and management trainee programmes enable youths to gain hands-on exposure of various jobs, while developing their competencies. The interns and management trainees develop much needed experience, which will be advantageous to them as the progress on their careers.

	2019	2020	2021
Number of Internships Provided	25	12	222
Number of Interns Absorbed into the Group	NIL	NIL	0
Number of Management Trainees	NIL	NIL	2
Number of Management Trainees retained by Ranhill / Operating Companies	NIL	NIL	11

PROMOTIONS AND REWARDS MANAGEMENT

Similar to its recruitment approach, remuneration, promotion and rewards for employees is based on the principle of merit. Promotions are provided based on the organisation's requirements (in tandem with business growth and expansion to replace outgoing staff, etc.) as well as based on employee work performance and seniority.

Similarly, rewards are based on the individual employees' performance and contributions to realising set objectives and goals. A comprehensive appraisal process is undertaken at least once a year to evaluate the employee's performance. Post assessment, rewards such as salary increments, bonuses and other compensation is adjusted and awarded accordingly.

Salary and Remuneration	2019	2020	2021
Salary difference between men and women (RM)	23,413,648.19	24,606,391.79	6,314,942.1
Ratio of basic salary and remuneration of women to men for key employee categories	0:1.1	0:1	Ranhill Capital - 1 : 0.9 RanhillSaj - 20 : 80 RPI & RPII - 0 : 1 RWT - 0.5 : 1 RBSB - 1 : 7

Full-time employees are entitled to an annual bonus, with annual salary adjustments to be aligned to rising living costs and inflation. The compensation package comprises both financial remuneration as well as non-financial benefits.

At Ranhill, 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. Ranhill fully supports equal pay for equal work, in compliance with local laws and there is no discrimination in salaries or benefits based on gender, ethnicity, religious beliefs, marital status or any other socio-demographic factors.

LEAVE BENEFITS

Employees are entitled to various types of paid and unpaid leave, which include marriage, Hajj (Muslim pilgrimage) leave, study 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 four days.

Full time employees enjoy the following benefits

- Statutory sick pay leave without hospitalisation depending on the period of services:
  - 14 days for less than two years
  - 18 days between two and five years
  - 22 days for more than five years
- A period of up to 60 days is granted if hospitalisation is necessary.
- Company supported / subsidised health / medical insurance plan for staff.
- Free Medical Check-up.
- Insurance Benefits.
- Allowances and Reimbursement Claims.
- Overtime Payments (where applicable).
- Employee's Birthday Gift.
- Employee's Wedding Benefits.
- Employee's New Born Benefits.
- Employee's Bereavement / Wreath.
- Employee's Treat - Fruits Season.
- Employee Education Assistance Programme.

STATUTORY PAYMENTS FOR EMPLOYEES' RETIREMENT FUND AND MEDICAL INSURANCE

	2019 (RM'million)	2020 (RM'million)	2021 (RM'million)
Total payments made to employees in terms of salaries, bonuses and benefits	103.8	120.7	273.2
Total statutory payments made for employees' retirement benefits (EPF)	14.8	15.9	30.3
Total payments in medical insurance (SOCSO) for employees	0.8	1.7	3.1

ADDITIONAL ALLOWANCES FOR B40 EMPLOYEES

Since the onset of the COVID-19 pandemic RanhillSaj has provided special allowances for staff categorised under the B40 group which is the bottom 40% of Malaysians who are considered to have lower incomes based on the government's standards.

For year 2021, a total of 106 employees earning RM2,000 and below, are entitled to special allowances.

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

Ranhill's Collective Agreement provides for employees' right to bargain collectively for wages and benefits. 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 of 31 December 2021, Ranhill has 61.2% of its employees covered by collective bargaining agreements. In addition, Ranhill respects employees' rights to join or be affiliated with any professional, or political body or any society or cultural groups so long as such entities are not deemed illegal by the law.

MINIMUM NOTICE PERIOD FOR OPERATIONAL CHANGES

Where possible, Ranhill provides a minimum notice period for major operational changes. This is aimed at minimising any impacts arising from the change of duties, or work location. The exact notice period differs based on the change the operating company.

Notice periods are also provided as stipulated by law for probation periods as well as for termination. The notice duration varies based on the employee's contract status namely permanent or contract employees.

In FY2021, there were zero complaints received with regard to operational changes.

EMPLOYEE TRAINING & DEVELOPMENT

Ranhill's approach to training and development is centred on its Human Capital Development Framework ("HCDF") and its Succession Planning and Management Policy and Procedures. The policy can be viewed here: https://www.ranhill.com.my/sustainability-policies.php.

Assessment of training needs is based on the earlier mentioned employee appraisals which identifies skills and knowledge gaps. Training for employees includes a wide range of areas including technical skills and knowledge development, professional courses to attain certifications, soft skills development, leadership qualities and OSH related training.

With a few exceptions, all training is paid for by Ranhill or its operating companies. Staff receive full wages for days they attend training. The Group contributes to the Human Resources Development Fund ("HRDF"), a statutory training fund under the Human Resources Ministry. Funds can then be utilised to pay for employees' training courses.

	2019	2020	2021
Total Training Hours As A Company	58,398	102,363	69,035.2
Total Training Spend As A Company (RM)	2,388,660	1,732,139.1	2,264,436.4
Average Training Hours Per Employee	15.5	27.2	254.2
Average Training Days Per Employee	16	10	26.8
Average Training Spend Per Employee	634.4	426.6	6,652.7

EMPLOYEE ENGAGEMENT – COMMUNICATION

Regular two-way communication reflects management's commitment to be inclusive in its relationship with employees. This inclusive approach creates an environment of mutual respect, trust and understanding that supports employee morale and satisfaction, which translates into improved productivity and retention rates.

Through physical or virtual townhall meetings, management meetings, briefings, electronic memos, emails and other mediums, management continues to actively engage staff. Employee engagement is also driven through annual employee satisfaction surveys. In FY2021, the following employee satisfaction scores were recorded:

Employee Engagement Survey (Satisfaction Category)	2018 (%)	2019 (%)	2020 (%)	2021 (%)
RanhillSaj	92.1	89	95.9	66.8*
RPI & RPII	79	95.5	95	97.7
RWT	77	79	78	79
RWS	84	78	83	83
RBSB	NIL	NIL	NIL	NIL
RW	NIL	NIL	NIL	78

**Note: The substantial difference is due to the change of survey measurement method in FY2021.*

ENHANCING GOVERNANCE ACROSS THE GROUP

OCCUPATIONAL SAFETY AND HEALTH

Ranhill adopts a no zero compromise approach to Occupational Safety and Health ("OSH"). In addition, Ranhill has developed its own OSH Management approach based on industry best practices called Ranhill's Rules of Life ("ROL"). The Group wide OSH Policy covers all stakeholders including employees, visitor and 3rd party workers.

The Board and Senior Management maintain stringent oversight via regular OSH reports that are submitted for their reference and where required, deliberation and decision making. These reports provide information on OSH statistics and training data, reports on incidents, remedial actions taken, risks assessments and other pertinent information.

The designated senior leadership individual for oversight on health and safety matters is as follows:

RanhillSaj	Chief Executive Officer
RWT	Chief Executive Officer
RWS	Chief Executive Officer
RPI & RPII	Chief Executive Officer
RBSB	Chief Executive Officer
RW	Chief Executive Officer

WORKER REPRESENTATION ON JOINT HEALTH AND SAFETY COMMITTEES

All subsidiaries have established their respective HSE Committees with worker representation being a prerequisite. Health and Safety matters are jointly discussed with employees at all subsidiaries via the Committee. Following are the percentages of Ranhill's employees that have worker representation in formal joint management-worker health and safety committees:

SUBSIDIARY	2018 (%)	2019 (%)	2020 (%)	2021 (%)
RanhillSaj	5	6.6	6.9	6.9
RWS	1.3	12	9.2	5.2
RPI & RPII	31	22.1	8.7	25
RWT	2.4	2.9	12.5	24.3
*RBSB	N / A	N / A	N / A	1.6
*RW	N / A	N / A	N / A	13.5

** Data collection for RBSB and RW commenced only in FY2021 post acquisition of both companies by the Group.*

All subsidiary companies practice a Hazard Identification, Risk Assessment & Risk Control ("HIRARC") methodology to ensure that risks are identified, mitigated and reduced if not eliminated.

HEALTH AND SAFETY RELATED TRAINING

The continued vigilance on OSH is supported through regular training. Training ensures relevant staff possess the necessary knowledge and competence to function effectively in their roles, especially for those serving in OSH Committees.

First aid and first responder training as well as firefighting training strengthen the workforce's capability to effectively provide emergency assistance in the event of an incident. This could prevent injuries or even save lives.

TOTAL BUDGET SPENT FOR HEALTH AND SAFETY RELATED TRAINING IN MALAYSIA (RM)

	2019	2020	2021
RanhillSaj	131,911.6	11,855.0	156,794.5
RWS	27,258.0	39,347.0	13,032.4
RWT	7,345.2	530.0	212.0
RPI & RPII	140,760.8	24,472.2	29,710
RW	NIL	NIL	44,413

HEALTH AND SAFETY PERFORMANCE

Ranhill's health and safety performance is provided as a Group with all reported incidents from subsidiary companies aggregated. 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	2021
Manhours	6,174,507	6,803,255	6,847,824	7,375,209
Fatality	0	0	0	0
LTI	4	0	0	0
Incidence Rate	16.2	11.7	13.6	6.3
Frequency Rate	7.9	5.1	5.5	3.3
Severity Rate	11.1	0	0	0
Number of workers undergoing health surveillance (long convalescence)	0	0	0	0

PUBLIC HEALTH AND SAFETY

Ranhill continues to ensure that public health and safety is prioritised at all times. For water operations, public health and safety has been achieved by ensuring compliance with SPAN's KPIs for water quality. Specific information on RanhillSaj's performance in relation to SPAN's KPIs is provided in the SR2021.

All operational sites such as WTPs, reservoirs and dams have been secured and where necessary, guarded by security personnel. This is to prevent members of the public from accessing these locations which can affect operations and to also prevent any untoward incidents such as drowning or sabotage.

Training is also provided to all security personnel towards ensuring they are able to effectively discharge their duties and they have a basic understanding on human rights. This is to ensure that any enforcement action taken on intruders is within the ambits of the law.

At all sites, various signs informing and reminding the public on unauthorised entry are displayed. When undertaking pipe rehabilitation, replacement or repair works, construction works are undertaken in accordance to SOPs set by the authorities. This includes ample placements of warning signs so that the public is aware of such works and can take precautionary measures if required.

In FY2021, there were zero public health and safety incidents.

COVID-19 MANAGEMENT

All operating companies have ensured compliant operations in line with SOPs for physical distancing, limited manpower and operational hours (where relevant) regular COVID-19 testing and also requirements for face masks and other precautionary measures.

Given the stringent measures taken and the strict compliance to SOPs, The Group is pleased to report only a small number of positive cases in FY2021.

Extract From the Ranhill COVID-19 Business Continuity Plan

The following measures shall be implemented at all WTPs to ensure that operations are not disrupted and that the quality of treated water is maintained:

- WTPs are currently operated using three shifts of 8 hours, and 1 floating shift. If a staff is suspected to be infected, that particular shift will be quarantined and the operating hours for the remaining shifts will switch to 12-hour shifts with one floating shift.
- The WTP will immediately be disinfected and all teams will be required to wear Personal Protective Equipment ("PPE") at all times during their work shift.
- During the disinfection process, all staff will be required to wear full HAZMAT suits.
- In the event, that all teams at the affected WTP must be quarantined, RanhillSaj will deploy crews from the nearest WTP to assume operations with both WTPs running on 12-hour shifts.
- For any cases of infection at any of Ranhill's office premises and if office closure is necessary, critical operations will be relocated to pre-determined alternative premises.
- For our power plants, similar Standard Operating Procedures ("SOP") as above will implemented. At normal days, the plants have three shifts of eight hours and two floating shifts.
- In the event of infection, the two floating shifts will operate the plants with 12-hour shifts.
- If all teams are quarantined, RPI or RPII will deploy crews from its other plant.

CUSTOMER SATISFACTION & TRUST

Customer service and satisfaction is driven by RanhillSaj's application of the Quality Management System ("QMS") ISO 9001:2015 certification. The QMS is a global, best practice approach for customer management and to attain higher customer satisfaction levels.

All KPIs are supported by service level agreements ("SLAs") which state by when enquiries and complaints must be resolved or escalated to higher levels based on the severity of the case.

	2019	2020	2021
Customer complaints received	181,322	163,116	140,062
Customer complaints resolved	181,322	163,116	140,062

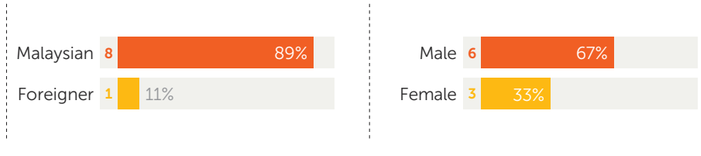
BOARD OF DIRECTORS

1 Tan Sri Hamdan Mohamad

2 Dato Sri Lim Haw Kuang

3 Datuk Abdullah Karim

Leadership Team Characteristic FY 2021/2022



BOARD OF DIRECTORS

4 Lim Hun Soon @ David Lim

5 Leow Peen Fong

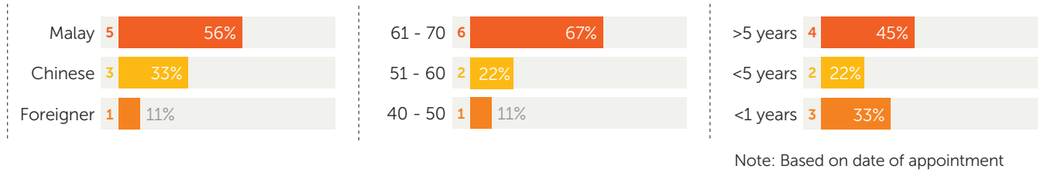
6 Abu Talib Abdul Rahman

7 Dr Arzu Topal

8 Amran Awaluddin

9 Zurina Abdul Rahim

● Audit Committee ("AC") ● Governance And Risk Management Committee ("GRMC") ● Nominating And Remuneration Committee ("NRC")
● Long Term Incentive Plan Committee ("LTIP")



Note: Based on date of appointment

BOARD OF DIRECTORS' PROFILE

TAN SRI AZMAN YAHYA
Chairman, Independent Non-Executive Director

Resigned w.e.f. 26 February 2022

Age	Gender
58	Male

Nationality
Malaysian

Date Appointed To The Board
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 Meetings Attendance
10 / 10

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

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 the 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.

Board of Committee Memberships
- Nil*

* *Vacated the office as a committee member of the Nominating and Remuneration Committee and Long Term Incentive Plan Committee with effect from 1 December 2021 in compliance with Practice 1.4 of Malaysian Code on Corporate Governance (MCCG) 2021.*

Present Directorship(s):

Public Listed Companies ("PLC")
- Nil

Other Public Companies
- Nil

He serves on the following organisation:-
- Sepang International Circuit Sdn Bhd (Chairman)
- Board member of Bank Negara Malaysia

BOARD OF DIRECTORS' PROFILE

TAN SRI HAMDAN MOHAMAD
Chairman and Chief Executive
Non-Independent Executive Director

Age	Gender
66	Male

Nationality
Malaysian

Date Appointed To The Board
Appointed as Executive Director, President and Chief Executive on 1 December 2015.

Appointed as Chairman and redesignated as Executive Chairman, President and Chief Executive on 26 February 2022.

Redesignated as Chairman and Chief Executive on 14 April 2022.

Board Meetings Attendance
10 / 10

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

Skills and Experience
Tan Sri Hamdan Mohamad started his career as a structural engineer at the engineering consulting firm of Rankine & Hill Pty Ltd. in Perth, Western Australia, and subsequently at 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 and the President and Chief Executive 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 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 and the President and Chief Executive of Ranhill Utilities Berhad (**"Ranhill"**) on 1 December 2015. On 26 February 2022, he was appointed as Chairman of Ranhill and re-designated as Executive Chairman, President and Chief Executive. Effective from 14 April 2022, he was redesignated as Chairman and Chief Executive. He also sits on the board of the subsidiaries of Ranhill.

Board of Committee Memberships
- Governance and Risk Management Committee (Member)

Present Directorship(s) in Other Public Companies:

Public Listed Companies ("PLC")
- Nil

Other Public Companies
- Senai-Desaru Expressway Berhad
- Ranhill Berhad Group

BOARD OF DIRECTORS' PROFILE

DATO SRI LIM HAW KUANG

Executive Director

Age	Gender
68	Male

Nationality
Malaysian

Date Appointed To The Board
1 September 2014

Board Meetings Attendance
10 / 10

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)

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 was also a board member of the ENN Group, China from 2013 to 2018 and Jinxin Fertility Group Limited, China from 25 June 2019 to 31 August 2021. 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")
- China Oil Gangran Energy Group Holdings Limited (appointed as Independent Non-Executive Director on 4 August 2021)

Other Public Companies
- Wison Group Holding Ltd., Shanghai
- Sime Darby Overseas (Hong Kong) Limited (Chairman)
- Jinxin Fertility Group Limited (resigned w.e.f. 31 August 2021)

Director of Ranhill's subsidiaries
- Ranhill Worley Sdn. Bhd. (Chairman)
- Ranhill Bersekutu Sdn. Bhd.

He serves on the following organisation:-
- Board member of Bank Negara Malaysia

BOARD OF DIRECTORS' PROFILE

DATUK ABDULLAH KARIM

Senior Independent Non-Executive Director

Age	Gender
69	Male

Nationality
Malaysian

Date Appointed To The Board
31 March 2017

Re-designated as Senior Independent Non-Executive Director on 13 November 2018.

Board Meetings Attendance
10 / 10

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

Skills and Experience

Datuk Abdullah Karim has over 40 years experience in the oil and gas industry.

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 Managing Director (**"MD"**) / Chief Executive Officer (**"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 the 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.

He was appointed as Vice President and Venture Director of Domestic LNG projects in 2012, and retained this position until his retirement on 1 July 2016.

Board of Committee Memberships
- Nominating and Remuneration Committee (Chairman)
- Long Term Incentive Plan Committee (Chairman)
- Audit Committee (Member)

Present Directorship(s) in Other Public Companies:

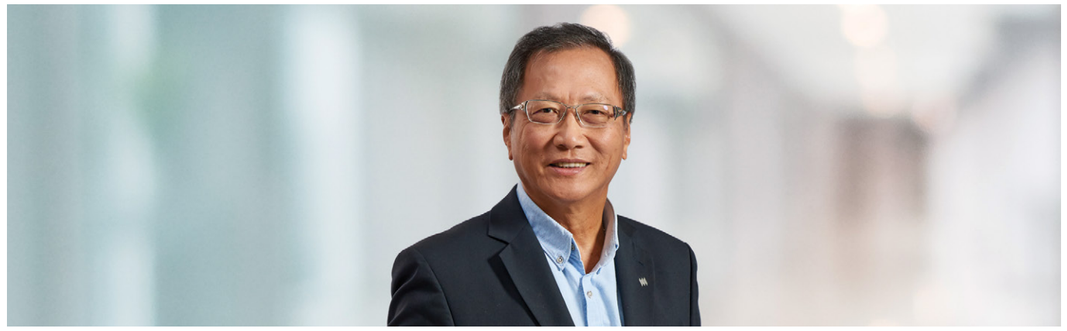
Public Listed Companies ("PLC")
- Icon Offshore Berhad
- UZMA Berhad
- Yinson Holdings Berhad

Other Public Companies
- Nil

Director of Ranhill's subsidiaries
- Ranhill Bersekutu Sdn. Bhd. (Chairman)
- Ranhill Worley Sdn. Bhd.
- Ranhill Powertron Sdn. Bhd.
- Ranhill Powertron II Sdn. Bhd.
- Ranhill Power II O&M Sdn. Bhd

He serves on the following organisation:-
- Board of Trustees (PETRONAS Abandonment Cess Fund)
- Board of Trustees (Dana Asy-Syakirin, PETRONAS)

BOARD OF DIRECTORS' PROFILE



LIM HUN SOON @ DAVID LIM
Independent
Non-Executive Director

Age	Gender
66	Male

Nationality
Malaysian

Date Appointed To The Board
1 December 2015

Board Meetings Attendance
10 / 10

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
- Member of the Malaysian Institute of Certified Public Accountants

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).

Board of Committee Memberships
- Audit Committee (Chairman)

Present Directorship(s) in Other Public Companies:

Public Listed Companies ("PLC")
- Kawan Food Berhad
- Press Metal Aluminium Holdings Berhad
- Starcrest Education Limited (Listed on the Main Market of the London Stock Exchange) (appointed as Independent Non-Executive Director w.e.f. 5 April 2022)

Other Public Companies
- Rockwills Trustee Berhad (Chairman)
- Public Investment Bank Berhad
- Fairview Schools Berhad (resigned w.e.f. 10 March 2022)

BOARD OF DIRECTORS' PROFILE

LEOW PEEN FONG
Independent
Non-Executive Director

Age	Gender
64	Female

Nationality
Malaysian

Date Appointed To The Board
2 March 2018

Board Meetings Attendance
10 / 10

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

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 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 the 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 (**"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 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 includes 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.

Board of Committee Memberships
- Governance and Risk Management Committee (Chairman)
- Nominating and Remuneration Committee (Member) (Appointed w.e.f. 1 December 2021)
- Long Term Incentive Plan Committee (Member) (Appointed w.e.f. 1 December 2021)

Present Directorship(s) in Other Public Companies:

Public Listed Companies ("PLC")
- Nil

Other Public Companies
- Nil

Director of Ranhill's subsidiary
- Ranhill SAJ Sdn Bhd

BOARD OF DIRECTORS' PROFILE

ABU TALIB ABDUL RAHMAN
Independent
Non-Executive Director

Age	Gender
68	Male

Nationality
Malaysian

Date Appointed To The Board
1 December 2015

Board Meetings Attendance
10 / 10

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

Skills and Experience
Abu Talib Abdul Rahman graduated from the University of London with a Bachelor of Law degree in 1979. He started his career as a legal officer in an agriculture bank before moving on to enhance his legal and banking experience with a merchant bank and thereafter in a commercial bank.

Abu Talib got his certificate in legal practice from Lembaga Kelayakan Profesion Undang-Undang Malaysia in 1984 and was called to the Malaysian Bar in 1986.

In 1991, Abu Talib founded with several other lawyers the firm of Abu Talib Shahrom (formerly known as Messrs Abu Talib Shahrom, Kamil & Zahari) (**"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. From January 2017, Abu Talib took a sabbatical and served as a Managing Director of a public listed company until his return to ATS to continue his legal practice from 1st January 2020 until current.

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:

Public Listed Companies ("PLC")
- Nil

Other Public Companies
- Seloga Holdings Berhad (resigned w.e.f. 1 March 2022)

Director of Ranhill's subsidiaries
- Ranhill Powertron Sdn. Bhd.
- Ranhill Powertron II Sdn. Bhd.
- Ranhill Power O&M Sdn Bhd
- Ranhill Power II O&M Sdn Bhd

He serves on the following organisation:-
- Yayasan Saad

BOARD OF DIRECTORS' PROFILE

DR ARZU TOPAL
Independent
Non-Executive Director

Age	Gender
58	Female

Nationality
Turkish

Date Appointed To The Board
15 April 2022

Board Meetings Attendance
Not Applicable

Qualification
- Doctoral Program in Economics, Social Sciences (Ph.D.) (1999), University of Istanbul, Turkey
- Master of Science in Urban Planning (M.Sc.) (1986), University of Mimar Sinan, Istanbul, Turkey
- Bachelor of Science in Architect (B.Sc.) (1986), University of Mimar Sinan, Istanbul, Turkey

Skills and Experience
Dr Arzu is currently a Director, Audit and Advisory Services – Real Estate & Construction, Majid Al Futtaim Retail (Corporate Head Office) with Majid Al Futtaim Holding LCC.

Dr Arzu is a Director with 30 years of experience in projects and portfolio development and program management for global corporate real estate and facilities. Her professional experience includes :-
- Real Estate Development Planning and Management, Project Management Offices (PMO), and Portfolio Management for Capital Projects representing clients for all aspects of program lifecycle;
- Research, due diligence and negotiations management;
- Global and remote, multi-stakeholder project delivery and management;
- Completed a multi-stakeholder US$100 million budget design & construction of a Federal Government Corporate Head Office, Abu Dhabi;
- Managed a portfolio of a total of US$300 million Global Real Estate & Facilities delivery plan from inception to handover; and
- Implemented internal audit and quality models.

During her career, she held senior positions in the United Arab Emirates (**"UAE"**):-
- Associate Director, AECOM Middle East Limited, UAE. She was a director for multiple corporate capital real estate projects including the design and construction management such as for the Amazon MENA Head Quarters in Dubai; the Amazon Dubai Imaging Studio project, the Amazon Web Services project and the Amazon Payment Services project, all for MENA Head Office, in Dubai. She had also managed turnaround projects planning for the Ministry of Education, Tatweer Head Quarters in Riyadh, Saudi Arabia and the Sheikh Sorour Development, Rotana Hotel in Abu Dhabi and an uninterrupted live retrofit for Citibank, Middle East Head Office, Dubai project.
- Federal Government Staff Advisor for Global Real Estate Portfolio and Projects of Ministry of Foreign Affairs and International Cooperation, Abu Dhabi, UAE.

Board of Committee Memberships
- Nominating and Remuneration Committee (Member)
- Long Term Incentive Plan Committee (Member)
- Governance and Risk Management Committee (Member)

Present Directorship(s) in Other Public Companies:

Public Listed Companies ("PLC")
- Nil

Other Public Companies
- Nil

BOARD OF DIRECTORS' PROFILE

AMRAN AWALUDDIN

Executive Director and Chief Operating Officer

Age	Gender
52	Male

Nationality
Malaysian

Date Appointed To The Board
15 April 2022

Board Meetings Attendance
Not Applicable

Qualification
- Bachelor of Science (Honours) In Industrial and Business Economics, London School of Economics and Political Science, University of London (1992)
- Fellow of the Chartered Institute of Management Accountants, United Kingdom (1997)
- Chartered Accountant registered with the Malaysian Institute of Accountants (2001)

Skills and Experience

Encik Amran Awaluddin started his career with Kassim Chan Management Consultants Sdn Bhd as a Consultant with the Strategy and Operations Department in 1993. In 1996, he joined the Privatisation and Project Advisory Department of RHB Sakura Merchant Bankers Berhad and subsequently in June 1999, joined Ranhill Berhad (**"RB"**) Group of Companies.

Effective from 11 November 2002, Encik Amran was appointed as the Chief Financial Officer of RB and in October 2004 was appointed as the Executive Director and Chief Operating Officer of RB. As a result of the reorganisation and restructuring of the RB Group of Companies in 2013, he was subsequently appointed as the Executive Director and Chief Operating Officer of Ranhill Energy and Resources Berhad (now known as Ranhill Energy and Resources Sdn Bhd)(**"RERSB"**).

In July 2015, he relinquished his position as the Executive Director and Chief Operating Officer of RB and RERSB respectively and was appointed as an Advisor to the President and Chief Executive.

On 27 May 2019, Encik Amran was appointed as the Chief Operating Officer of Ranhill Utilities Berhad (**"Ranhill"**).

In addition to his directorships in RB Group of Companies, he also sits on various subsidiaries of Ranhill.

Board of Committee Memberships
- Nil

Present Directorship(s) in Other Public Companies:

Public Listed Companies ("PLC")
- Nil

Other Public Companies
- Ranhill Berhad and Group
- Senai-Desaru Expressway Berhad

BOARD OF DIRECTORS' PROFILE

ZURINA ABDUL RAHIM

Executive Director and Chief Commercial Officer

Age	Gender
40	Female

Nationality
Malaysian

Date Appointed To The Board
15 April 2022

Board Meetings Attendance
Not Applicable

Qualification
- Masters at Law (Corporate Law) from Faculty of Law, Universiti Teknologi Mara (2011);
- Degree in Law (Honours) from Faculty of Law, Universiti Teknologi Mara (2005);
- Degree in Law from Faculty of Administration and Law, Universiti Teknologi Mara (2004); and
- Certified Compliance Professional from International Academy of Business and Financial Management (2016).

Skills and Experience

Cik Zurina Abdul Rahim was appointed as Chief Commercial Officer of Ranhill Utilities Berhad (**"Ranhill"**) on 1 October 2021 and is currently heading the Commercial division consisting of numerous departments overseeing commercial and legal matters.

She was previously the Senior Vice-President, Group Legal & Compliance Division (**"GLC"**) of Ranhill. With over 15 years of experience under her belt in corporate matters/exercises such as mergers, take-overs, restructuring of group of companies, reverse takeover, IPO, due diligence exercises and submission to authorities, financing, exercises such as project financing for power projects, trade financing, term loans, issuance of paper debts such as sukuk and USD notes and negotiations of contracts including project agreements under the private finance initiative model involve government agencies. She is also experienced in offshore wealth management matters such as setting up a private non-charitable foundation and supervising thereafter, she headed the GLC Division of Ranhill with responsibilities that range from contract matters (local and international), corporate exercises, financing, project documents negotiations, governance, compliance and risk.

On 9 September 2016, she became a member of the International Academy of Business and Financial Management (IABFM) and was certified as Certified Compliance Professional.

She obtained a Masters at Law (Corporate Law) from Universiti Teknologi Mara (UiTM) in Shah Alam in 2011.

She started her career as a pupil at Messrs Abu Talib Shahrom and was called to the Malaysian Bar in November 2005. In 2006, she joined Messrs Abu Talib Shahrom as an Associate in the Corporate Department.

She sits on the board of Ranhill as a board representative nominated by Hamdan (L) Foundation (**"HLF"**), a major shareholder of the Company. Tan Sri Hamdan Mohamad, a major shareholder of the Company is the sole beneficiary of HLF.

With her vast experience and knowledge, she has been entrusted to also sit on the board of various subsidiaries of Ranhill.

Board of Committee Memberships
- Governance and Risk Mangement Committee (Member)

Present Directorship(s) in Other Public Companies:

Public Listed Companies ("PLC")
- Nil

Other Public Companies
- Nil

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 29 April 2022; 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 2021.

KEY SENIOR MANAGEMENTS' PROFILE

TAN SRI HAMDAN MOHAMAD
Chairman and Chief Executive

Age: 66
Date of Appointment:
1 December 2015

Refer to Board of Director's Profile on page 95

AMRAN AWALUDDIN
Executive Director and
Chief Operating Officer

Age: 52
Date of Appointment:
15 April 2022

Refer to Board of Director's Profile on page 102

ZURINA ABDUL RAHIM
Executive Director and
Chief Commercial Officer

Age: 40
Date of Appointment:
15 April 2022

Refer to Board of Director's Profile on page 103

KEY SENIOR MANAGEMENTS' PROFILE

CHOO CHEE KEEN
Chief Financial Officer (CFO)

Age: 52 **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 Merces 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 effective 1 June 2016. Choo has more than 20 years of experience covering various financial and taxation roles.

Present Directorship(s):

In addition, he serves on the following organization/s:	Nil
Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Directors and / or Major Shareholder:	Nil
List of Conviction for Offences Within the Past 5 Years:	Nil

MONINDAR KAUR A/P HARCHARAN SINGH
Chief Merger and Acquisition Officer (CMAO)

Age: 54 **Date of Appointment**: 1 October 2021

Qualification
- Bachelor of Economics from Monash University, Melbourne Australia
- Masters of Business Administration (with Distinction) from University of Wollongong, Australia.
- She was accorded a Certified Practicing Accountant of the Australian Society of Certified Practicing Accountants (ASCPA) in March 1994 and advanced to a Fellow of the CPA Australia (FCPA) in March 2007.
- Associate of ASCPA on September 1990
- Admitted to the Malaysian Institute of Accountants (MIA) as Public Accountant in September 1994.
- A Chartered Accountant registered with MIA since June 2001.
- Completed the Malaysian Woman Directors' Programme in 2014
- Completed the Professional Certification in Enterprise Risk Manager from Institute of Enterprise Risk Practitioner in 2014

Working Experience
Monindar is the CMAO of Ranhill effective October 2021. She has more than 30 years' experience covering various financial aspects including the IPO of Ranhill Berhad (RB).

She began her career with Messrs. Arthur Andersen & Co in 1990. She joined Ranhill Bersekutu Sdn Bhd in September 1995 and subsequently to RB in February 2001, both as the Chief Accountant.

In November 2003, she was appointed as Acting Head Corporate Sevices at Ranhill Engineers and Constructors Sdn. Bhd. (REC) and subsequently promoted as General Manager in March 2004. She moved to Ranhill Power Berhad in 2005 to spearhead the Group Accounting & Finance.

Promoted as Chief Financial Officer for REC in September 2007, she progressed as Senior Vice President (SVP) of Corporate Assurance at RB in August 2009. She was tasked to strengthen Groupwide Risk Management.

Monindar was appointed as the SVP of Special Project for Ranhill Group Sdn Bhd in September 2014 and transferred to Ranhill Capital Sdn Bhd in January 2016.

Present Directorship(s):

In addition, he serves on the following organization/s:	Nil
Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Directors and / or Major Shareholder:	Nil
List of Conviction for Offences Within the Past 5 Years:	Nil

KEY SENIOR MANAGEMENTS' PROFILE

SR. NOR IFUAN MD NOR

Chief Executive Officer, Ranhill SAJ Sdn Bhd

Age: 52 **Date of Appointment**: 1 September 2019

Qualification

- Professional Quantity Surveyor Member of Royal Institution of Surveyor Malaysia
- Advanced Leadership Programme based in Cambridge Judge Business School, University of Cambridge, UK
- Corporate Directors Onboarding Programme Malaysian Directors Academy
- Finance For Directors and Senior Executives Harvard Club of Malaysia
- The General Manager as Strategist and Implementer Harvard Club of Malaysia
- University of Salford, United Kingdom BSc (Hons) in Quantity Surveying

Working Experience

Sr. Nor Ifuan Md Nor is the Chief Executive Officer of Ranhill SAJ Sdn Bhd and was appointed on 1 September 2019. He graduated with a Bachelor of Quantity Surveying from University of Salford, United Kingdom and an Advanced Leadership Programme based in Cambridge Judge Business School from University of Cambridge, United Kingdom. He is a Fellow with the Professional Quantity Surveyor Member of Royal Institution of Surveyor Malaysia, Finance for Directors and Senior Executives Harvard Club of Malaysia, and The General Manager as Strategist and Implementer Harvard Club of Malaysia.

Sr. Nor Ifuan has accumulated over 28 years of working experience particularly in financial, operational and strategic review for mega construction projects.

He had 12 years of experience in construction industry specializing in Quantity Surveyor, project management and disputes resolution. He has garnered 16 years of experience in corporate sector with the last 13 years in Chief Operating Officer and Chief Executive Officer roles.

Present Directorship(s):

In addition, he serves on the following organization/s: **Member of the Industrial Advisory Panel at the Faculty of Architecture and Built Environmental, IUKL**	
Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Directors and / or Major Shareholder:	Nil
List of Conviction for Offences Within the Past 5 Years:	Nil

IR. DR. ZAHRUL FAIZI HUSSIEN

Chief Executive Officer, Ranhill Power Division

Age: 50 **Date of Appointment**: 1 November 2016

Qualification

- Bachelor of Electrical Engineering (Hons), University of Southampton, United Kingdom
- Ph.D in Electrical Engineering, University of Southampton, United Kingdom
- Professional Engineer (P.Eng.), Board of Engineers Malaysia
- Corporate Member, Institution of Engineers Malaysia (MIEM)
- Senior Member, Institution of Electrical & Electronics Engineers (SMIEEE), USA
- Associate Asean Engineer (AAE), Asean Federation of Engineering Organisations (AFEO)

Working Experience

He started his career with and served for about 18 years in various Tenaga Nasional Berhad (TNB) divisions as engineer, trainer and senior management with his last position as General Manager at TNB Research Sdn Bhd. He then joined Malakoff Berhad as Head of Reliability, Performance and Utilities, where he oversaw the technical performance of its power plants.

He contributed to national and international committees such as Standards Development Working Group on Connection of distributed generation to distribution network, Department of Standards Malaysia; Industry Advisory Panel of Universiti Selangor (2013-2015), Universiti Teknologi MARA (2013-2015), Universiti Tenaga Nasional (2014-present); and as Chair, Power Engineering Society (PES), Institution of Electronics Engineers (IEEE), Malaysia Chapter. He had published technical papers in more than 80 international conferences and journals. In 2007, he was awarded Tokoh Pekerja Lelaki (Anugerah Harapan) by Ministry of Human Resource, Malaysia, conferred by then Prime Minister Dato' Seri Abdullah Ahmad Badawi.

Present Directorship(s):

In addition, he serves on the following organization/s:	Nil
Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Directors and / or Major Shareholder:	Nil
List of Conviction for Offences Within the Past 5 Years:	Nil

KEY SENIOR MANAGEMENTS' PROFILE

ZURIN SALLEH

Chief Executive Officer, Ranhill Water Services Sdn Bhd

Age: 54 **Date of Appointment**: 14 March 2021

Qualification

- Bachelor of Engineering in Mechanical and Material Engineering, University Kebangsaan Malaysia
- Diploma in Management (University Malaysia)
- Certified Energy Manager

Working Experience

Zurin started his career as the Plant Engineer, at Paterson Candy (M) Sdn Bhd in 1991, responsible for operating the Sg Layang Water Treatment Plant in Johor. In 1992, he was promoted as Production Manager for Strategi Tegas (M) Sdn Bhd, handling the two largest Water Treatment Plant of Sg Layang and Sg Johor.

His career continued with Ranhill SAJ as Head of Quality Assurance. He was later assigned to lead Ranhill SAJ's of the Mechanical & Electrical Department, managing 44 Water Treatment Plants and Booster Pump houses in Johor. In 2019 he was promoted to look after Ranhill SAJ's Production & Distribution Division comprising of Production, Distribution, M&E and NRW Departments.

Currently, he is the CEO of Ranhill Water Services effective 14 March 2021. His astonishing achievement with 30 years of working experience and holding various key positions makes him the finest candidate to lead RWS to the next level.

Present Directorship(s):

In addition, he serves on the following organization/s:	Nil
Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Directors and / or Major Shareholder:	Nil
List of Conviction for Offences Within the Past 5 Years:	Nil

TIN WAI HAN

Chief Executive Officer, Ranhill Water Technologies Sdn Bhd

Age: 43 **Date of Appointment**: 1 June 2021

Qualification

- Bachelor of Engineering (Electrical/Electronic), 2001 College Damansara Utama, University of Lincolnshire & Humberside, UK

Working Experience

Tin Wai Han has over 20 years of combined professional experience in water, wastewater and reclaimed water industry from technical expertise, project management and business development in various countries operation such as Malaysia, Thailand, Vietnam, India and China.

He started his career as an Engineering Manager in Hydro Trent Automation SB. With various contribution from his experience and skills, his career progress shown upon joining RWT on October 2012 from Project Manager up to Chief Operating Officer on February 2020.

His credibility are shown via remarkable achievement such are spearheading in; Xiao Lan Industrial Park 80,000 tons/day industrial wastewater treatment plant in China, Haldia 113,500 tons/day potable water treatment plant in India, Amata Industrial Park for wastewater and reclaimed water treatment plant in Thailand as well design and construction of Sewerage Treatment Plant, STP4 in Forest City, Johor, Malaysia.

He appointed as Chief Executive Officer of RWT since June 2021.

Present Directorship(s):

In addition, he serves on the following organization/s:	Nil
Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Directors and / or Major Shareholder:	Nil
List of Conviction for Offences Within the Past 5 Years:	Nil

KEY SENIOR MANAGEMENTS' PROFILE

IR. ARVIND VISWANATH MENON

Chief Executive Officer, Ranhill Bersekutu Sdn Bhd

Age: 49 **Date of Appointment**: 1 February 2019

Qualification

- B.Eng (Mechanical) from Loughborough University, UK
- Professional Engineer (P.Eng) with Practicing Certificate from Board of Engineers Malaysia (BEM)
- Certificate of Adjudication from Asian International Arbitration Centre, Malaysia (AIAC)
- Member of the Institution of Engineers Malaysia (IEM)
- Member of the Malaysian Society of Adjudicator (MMSAdj)

Working Experience

Ir. Arvind Viswanath Menon is RBSB's Chief Executive Officer. He is responsible for setting operational strategy, provides overall operational management to operating business divisions or units in the organisation and also responsible for the performance of key operational strategy and tactical execution. He plays an active role in RBSB move to EPCC and in certain key projects as well as strategizing RBSB tenders.

He has over 25 years of experience. He started his career with RBSB in 1996 as a Mechanical Engineer and has been involved in various engineering roles on various projects and later, Business Development. He was promoted to the Chief Executive Officer of RBSB in February 2019.

He is empanelled in the Asian International Arbitration Centre, Malaysia as an Adjudicator, a registered Professional Engineer with Practicing Certificate under the BEM, member of the IEM and the Malaysian Society of Adjudicators and a certified adjudicator by the Malaysian Society of Adjudicators.

He holds a Bachelor's Degree in Engineering, Mechanical from Loughborough University, United Kingdom.

Present Directorship(s):

In addition, he serves on the following organization/s:	Nil
Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Directors and / or Major Shareholder:	Nil
List of Conviction for Offences Within the Past 5 Years:	Nil

IR. MOHAMAD BIN EMBONG

Chief Executive Officer, Ranhill Worley Sdn Bhd

Age: 59 **Date of Appointment**: 1 October 2016

Qualification

- BSc in Civil Engineering, University of Toledo, OHIO, USA

Working Experience

Ir. Mohamad Bin Embong has over 30 years in the O&G industry. He started his career in 1986 as a Structural Engineer with Brown & Root (M) Sdn. Bhd and subsequently move to Protek Engineers Sdn Bhd. In 2020 RW had acquired Jacobs Engineering business in Malaysia of which Protek Engineers is part of the group.

He was then General Manager of Protek Engineers that is responsible for the engineering performance of the Company and continue with that roles until December 2015. He was promoted to the General Manager of RW – Business Unit responsible for local business performance in January 2016. In October 2016, he was appointed the Chief Executive Officer of RW.

Present Directorship(s):

In addition, he serves on the following organization/s:	Nil
Conflict of Interest with Ranhill Utilities Berhad:	Nil
Family Relationship with any Directors and / or Major Shareholder:	Nil
List of Conviction for Offences Within the Past 5 Years:	Nil

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE AT RANHILL UTILITIES BERHAD

The Board is pleased to present this Corporate Governance Overview Statement (**"CG Overview"** or **"Statement"**) which sets out the principles and features of the Group's corporate governance framework and practices. This CG Overview provides a summarised narrative of how Ranhill has looked to further strengthen corporate governance practices within the Group.

The disclosures are centered on the following key principles of corporate governance:

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

For more detailed disclosures on the Group's practice of Corporate Governance, readers are advised to review the 2021 Ranhill Corporate Governance Report FY2021 (**"CG Report 2021"**) which is available at: www.ranhill.com.my and Bursa's website. The CG Report provides specific information on how Ranhill has applied the Practices stipulated by the Malaysian Code of Corporate Governance 2021 (**"MCCG 2021"**).

Ranhill has been ranked as one of the top public listed companies (**"PLC"**) in the list of Top 100 PLC for CG Disclosure in 2019 by the Minority Shareholders Watch Group (MSWG) and was duly conferred the MSWG-ASEAN Corporate Governance Award 2020 (Industry Excellence Award – Utilities). This was our first award on CG disclosures and we are grateful for this recognition.

BOARD LEADERSHIP AND EFFECTIVENESS

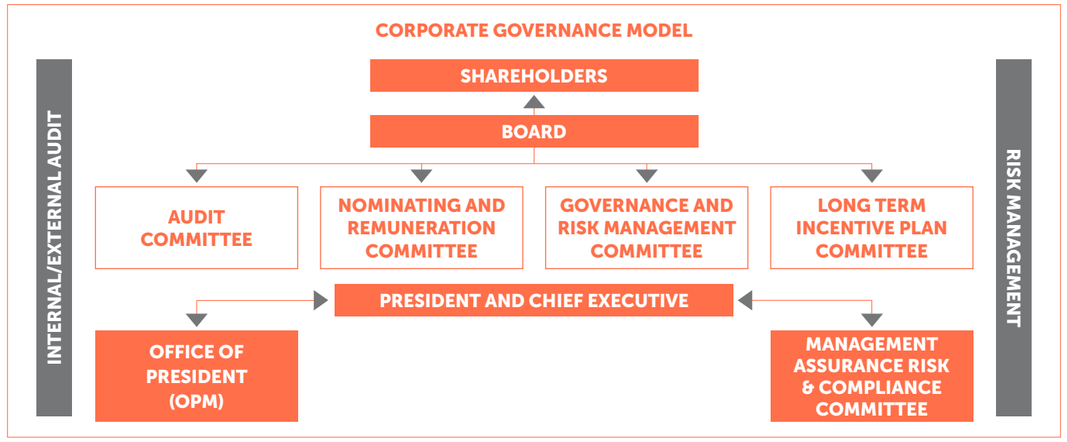
i. BOARD RESPONSIBILITIES

GOVERNANCE FRAMEWORK

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT



Note: "President and Chief Executive" has been redesignated to "Chairman and Chief Executive" w.e.f. April 2022.

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.

The said framework is complemented with the Integrity Working Committee (**"IWC"**) established in the year 2020 to oversee and drive the Company in strengthening Ranhill's compliance with the Adequate Procedures Guidelines pursuant to Section 17A of the Malaysian Anti-Corruption Commission (**"MACC"**) Act 2009. The CCBE has been enhanced by embedding additional processes and internal controls in relation to anti-corruption and anti-bribery in order to be consistent and comply with the MACC Act 2009.

The Board and senior management reviewed the level of corporate governance of the Company to ensure that it is consistent with the MCCG 2021 where some areas of improvement had taken place to form part of the Board's strategy in enhancing and inculcating corporate governance values. The adoption of corporate governance practices of MCCG 2021 are as disclosed and detailed in the CG Report FY2021.

Sustainability

A Sustainability Working Group Committee (**"SWG"**) was established in FY2021 and headed by Chief Operating Officer of the Company to manage and coordinate the implementation of the sustainability strategy, and issues, key Economic, Social, Governance (ESG) targets and performance, progress and scorecard to the Board of Directors. This is in line with the intended outcome of MCCG 2021 that the Company addresses on its sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

More information on sustainability can be found in the CG report, Sustainability Statement section in this Annual Report and Sustainability Report separately issued which is available on the Company's website and Bursa's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 and its terms of reference, 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 Board Charter is in compliance with the Companies Act 2016, Malaysian Code on Corporate Governance 2021 (**"MCCG 2021"**) and the Bursa Malaysia Main Market Listing Requirements (**"BMLR"**).

The Charter is available at www.ranhill.com.my.

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 of 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 that 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.

SEPARATION OF THE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE

In FY2021, the positions of Chairman and PCE were helmed by different individuals. The roles, responsibilities and decision making authority of both roles are provided for in the Ranhill Board Charter and Ranhill Authority Manual as well.

With the resignation of Tan Sri Azman Yahya as Chairman and Board Director in February 2022, the role of Chairman has been filled by the Group's PCE Tan Sri Hamdan Mohamad.

The NRC and Board having assessed the Board composition prior to the nomination of Tan Sri Hamdan Mohamad to hold both positions, was satisfied that there is sufficient diversity among the INEDs and that the INED hold a strong degree of independence in exercising judgment that would not affect their objectivity and their ability to deliver impartial judgement.

NRC and the Board also viewed that Tan Sri Hamdan Mohamad has been the driving force behind Ranhill group's vision and strategic business directions and this leadership structure best serves the present needs of Ranhill towards ensuring continued business and operational growth.The NRC and Board will continue to evaluate the position accordingly and take the appropriate action to address when circumstances evolve and necessitate separation of roles.

An overview of the key activities and principle decisions taken by the Board and Board Committees are summarised in the table below.

BOARD ACTIVITIES AND TASKS IN 2021

Financial and Operations

- Impact of Covid-19 on revenue collection, cash flow and profitability of the Group.
- Group financial and operational performance against budget and cash flow, business performance review includes operational KPIs and Company's tax strategy.
- Financing needs and funding, borrowing and security for operations and secured project / contract / tender funding purposes such as Corporate Guarantee, Sukuk Issuance and bank borrowings.
- Audited Financial Statements of the Group and the Reports of the Directors and Auditors for the financial year ended 31 December 2020.
- Declaration of dividends, including Dividend-in-Specie.
- Performance Bonus and Annual Salary Increment of the Executive Directors.
- Declaration on the solvency statement in respect of Share Buy-Back (**"SBB"**).
- External Auditors' Plan for the financial year ending 31 December 2021.
- Audit Results for the financial year ended 31 December 2020 by the external auditors.
- Allotment, listing, and quotation of 222,980,657 new ordinary shares in Ranhill as a total consideration of shares, issued and allotted to Ranhill Berhad ("**RB**") and Ranhill Group Sdn Bhd (**"RGSB"**) for the acquisitions of 100% equity interest of Ranhill Bersekutu Sdn Bhd ("**RBSB**") by Ranhill from RB and 51% equity interest of Ranhill Worley Sdn Bhd (**"RWSB"**) by Ranhill from RGSB respectively.
- Quarterly reporting includes unaudited results, recurrent related party transactions, disclosures update 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"**).

Strategic Plans and Investments

- Proposed diversification of business activities or segment to include the business of infrastructure, chemicals, resources, and energy i.e. the provision of engineering services and project management-related services by acquiring engineering-based companies RBSB (100%) and RWSB (51%) from RB and RGSB respectively (**"Proposals"**). The Proposals were approved at the Company's EGM held on 28 June 2021.
- In conjunction with the Proposals, the Group has undertaken a Scheme of Amalgamation with the objective of giving Ranhill's engineering-based subsidiaries a more focused approach as an enlarged group under RBSB with strong financial capability and a large engineering team. This would allow the new group to be able to market its "one-stop solution" to clients. The transaction does not require shareholders' approval as the value of the Scheme of Amalgamation does not exceed the threshold under Chapter 10 of the Bursa Main Market Listing Requirements.
- Evaluate and consider the Company and/or Group's strategic business, business ventures and/or investment, locally and abroad as well as proposals proposed by Management. Post monitoring of the performance of project / contract / tender of the Group through status updates report presented by Management to Board in the meeting.
- Annual Business Plan and Budget for FY2021 and the strategies towards achieving the forecast.
- Formation of subsidiaries companies for the purpose of project / contract implementation to undertake the business activities or expansion of Group business. Ranhill has formed new subsidiaries to undertake solar and renewable energy operations and financing.

Corporate Governance and Compliance

- Revision on the Board Charter with accompanying respective Terms of Reference of Board Committees i.e. Audit Committee (**"AC"**), Governance and Risk Management Committee (**"GRMC"**), Nominating and Remuneration Committee (**"NRC"**) and Long Term Incentive Plan Committee (**"LTIP"**) to in line with MCCG 2021 and BMLR updates and any others compliance requirements.
- Changes made to the NRC and LTIP committee members to be in line with Practice 1.4 of the MCCG 2021 i.e. Chairman of Board shall not be a member of the NRC and Audit Committee.
- Annual Board Evaluation Assessment.
- Change of auditors as the Group has been practicing good corporate governance in reviewing and changing the external auditor every 5 to 10 years and also cost-efficiency concerns. Messrs Deloitte PLT who was nominated by a major shareholder was appointed as the Company's auditors for the financial year ending 31 December 2021 at the AGM 2021 replacing retired auditors, Messrs Ernst & Young PLT.
- Matters relating to the AGM 2021.
- Revision on the Ranhill Authority Manual.
- Senior Management succession planning.
- Group Human Resources Strategic Plan 2021-2026.
- Standardization of Group Term Life ("GTL") and Group Personal Accident ("GPA") Policies for Ranhill Group of Companies.
- Anti-Retaliation Policy & Procedures and the Sexual Harassment Policy & Procedures.

Sustainability and Risk Management

- Risk management and internal controls as detailed in the Statement of Risk Management and Internal Control of this annual report.
- Revision of the risk matrix for the risk management policy and procedures.

Nominating and Remuneration Committee

The NRC is chaired by Datuk Abdullah Karim, Senior Independent Non-Executive Director and comprises all Independent Non-Executive Directors. The roles and responsibilities of the NRC as set out in its Terms of Reference are available at the Ranhill's website at www.ranhill.com.my.

Key activities of NRC during FY2021 were as follows:-

Three (3) meetings were held in FY2021 to deliberate, amongst others, on the following:-

- Review and consider for approval the 2020 performance bonus pool distribution for Ranhill Group of Companies including performance bonus of Executive Directors.
- Review of the Performance and Effectiveness of the Board, Board Committees and Individual Directors.
- Annual Independence Assessment of Independent Non-Executive Directors.
- Evaluation of the Directors Standing for Re-election at the Forthcoming Annual General Meeting.
- Review the composition of the NRC and recommend the proposal for change and appointment of a new committee member to comply with MCCG 2021.
- Review and recommend the proposal for the standardization of Group Term Life ("GTL") and Group Personal Accident ("GPA") Policies for Ranhill Group of Companies.
- Review and recommend the proposal in respect of Anti-Retaliation Policy & Procedures and the Sexual Harassment Policy & Procedures.
- Review and recommend the proposal in respect of the Group Human Resources Strategic Plan 2021-2026.

ii. BOARD COMPOSITION

BOARD COMPOSITION

In FY2021, the Board composition comprised five (5) Independent and two (2) Non-Independent Directors.

With the resignation of Tan Sri Azman Yayha on 26 February 2022 and the appointment of three (3) new directors effective 15 April 2022, the Board now comprises five (5) Independent and four (4) Non-Independent Directors

The new appointments enhance the Board's capabilities and skills while also introducing increased diversity (in regards to age, cultural background, and gender). This also ensures the Board and its committees have the optimum size to serve the Group and its businesses and operations as a whole effectively and comply with listing requirements and corporate governance practices. No alternate Directors sit on the Board of the Company.

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.

Ranhill's Board of Directors collectively bring the following skills and experience to the Group:

	Leadership	Business leadership, public listed company experiences
	Business & Finance	Accounting, audit, business strategy, competitive business analysis, corporate financing, financial literacy, legal, mergers and acquisitions, risk management and tax
	Sustainability & Stakeholder Management	Community relations, corporate governance, environmental issues, government affairs, health and safety, human resources, industrial relations, remuneration
	Technical	Engineering
	International	Oil and Gas
	Digitalisation and Technology	Development of ICT knowledge and skills, including the ability to use new communication and collaboration tools, industry-related solutions and to understand how new innovations can be used to enhance the business model and drive value creation

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.

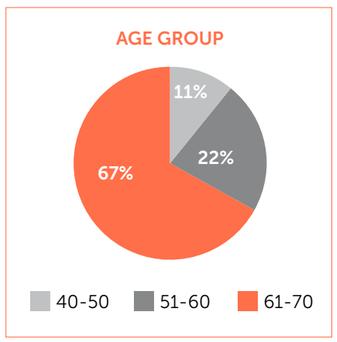
The Non-Executive Directors contribute operational and international experience, an understanding of the industry in which Ranhill operates, knowledge of financial markets and an understanding of the health, safety, environmental and community matters that are important to the Company. The PCE brings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

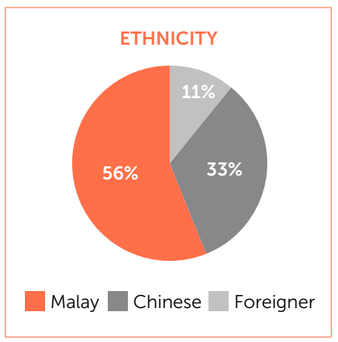
Via its Nominating and Remuneration Committee (**"NRC"**), the Board conducts an annual review of its size and composition, to determine if the Board has the right size, sufficient diversity and a strong degree of independence in exercising judgment.

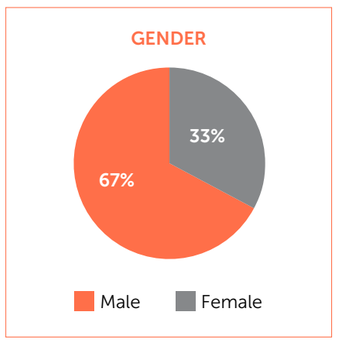
BOARD DIVERSITY

Board diversity objective is that the composition of the Board shall be diverse in terms of age, skills, qualification, experience, cultural background, nationality and gender in order to encourage enhanced decision making by harnessing different insights and perspectives. Regarding gender diversity, the Board acknowledges the roles played and credibility of female Directors that are significant and would bring valuable contribution in enhancing the quality of decision-making of the Board. The Board also greatly considers the diversity of senior management and the workforce of the Group. Diversity as an objective was deployed in plans and targets to enhance the Company over the coming years.

With the above new Board appointments, the Board composition in terms of gender, age and ethnicity composition is as follows:-







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 have consolidated gross revenue.

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

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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, two (2) Directors, Tan Sri Hamdan Mohamad and Mr Lim Hun Soon @ David Lim 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")

For FY2021, the NRC facilitated by the Company Secretary conducted evaluation questionnaires to assess the performance of the Board, Board Committees and each individual Board member. The evaluation carried out during the financial year under review involved an annual assessment of the effectiveness of each individual Director and the Board as a whole with the objectives of assessing the Board's overall effectiveness and is part of an ongoing effort to drive continuous effectiveness of the Board and Board Committees. These were structured along with both self-assessment and peer reviews. The criteria for evaluation are given within the Board Charter,which is available at www.ranhill.com.my.

A report of findings and recommendations was compiled and reviewed by NRC members. The Board deliberated on the recommendations and an action plan had been determined for those areas needed for improvement.

Based on the outcome of BAE for FY2021, the Board has demonstrated strong performance and possesses the necessary competencies, 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 115.

Board viewed that BAE is to be conducted by an external independent party every 5 years (or a shorter period when circumstances warrant it), to ensure the assessment and evaluation continue to be robust and relevant.

TIME COMMITMENT

Directors must be able to allocate sufficient time and commitment in discharging their duties effectively to the Company and as such, the 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.

In ensuring that Directors are able to better plan their schedules to attend meetings, the schedule of meeting is set 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 Paragraph 15.06 of the Listing Requirements allows a Director to sit on the boards of five (5) listed issuers. Presently, each member of the Board holds not more than five directorships in public listed companies.

Those Directors who hold multiple non-executive positions have not shown any difficulties in their ability to manage their scheduled meetings for their time. Overall, Directors have demonstrated high levels of commitment by participating in the scheduled and ad-hoc meetings or discussions held during 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Following is the Directors' attendance for 2021 which have surpassed Bursa's Listing Requirements:

Directors	Number of Meetings Held				
	Board	AC	NRC	GRMC	LTIP
Executive Directors					
TAN SRI HAMDAN MOHAMAD* (Chairman and Chief Executive/Non-Independent Executive Director)	10/10	-	-	7/7	-
DATO SRI LIM HAW KUANG (Executive Director)	10/10	-	-	7/7	-
Non-Executive Directors					
TAN SRI AZMAN YAHYA (Chairman/Independent Non-Executive Director) *(Resigned w.e.f. 26 February 2022)*	10/10	-	4/4	-	-
DATUK ABDULLAH KARIM (Senior Independent/Non-Executive Director)	10/10	7/7	4/4	-	-
LIM HUN SOON @ DAVID LIM (Independent/Non-Executive Director)	10/10	7/7	-	-	-
LEOW PEEN FONG (Independent/Non-Executive Director)	10/10	-	-	7/7	-
ABU TALIB ABDUL RAHMAN (Independent/Non-Executive Director)	10/10	7/7	4/4	7/7	-
LOONG MEI YIN (Non-Independent/Non-Executive Director) *(Resigned w.e.f. 17 November 2021)*	5/8	-	-	-	-

* Tan Sri Hamdan Mohamad was redesignated as Chairman and Chief Executive of the Company effective from 14 April 2022 replacing his previous designation as Executive Chairman, President and Chief Executive ("EC&PCE"). Tan Sri Hamdan was appointed as Chairman and redesignated as EC&PCE on 26 February 2022

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.

No.	Training/seminar/forum/conferences
1.	Annual Dialogue with Governor of Bank Negara Malaysia (BNM)
2.	Audit Committee Conference 2021: Agility, Empathy And Resilience - How The AC Will Strive In The New Normal
3.	Board Assessment – A Keg Cog In An Effective Governance Structure
4.	Briefing on Identifying and Reporting Climate-Related Financial Risk
5.	Cyber Crime Prevention Health Safety & Environment (HSE) Awareness
6.	Director's Training – Environmental, Social, and Governance (ESG)
7.	Dialogue on Risk Management in Technology (RMiT): Insights 1 Year On
8.	Dialogue on The 2050 Net Zero Carbon Emissions Target Finance's Role
9.	Dialogue on Capital Market Masterplan 3
10.	Health Safety & Environment (HSE) Virtual Toolbox Talk
11.	Integrity Training Session for the Board
12.	JC3 on Climate Change
13.	Khazanah Megatrends Forum 2021
14.	Protecting Critical Infrastructure from Cyber Attacks
15.	Regional Water Talks: Readiness Of Water Sector In Economic Recovery
16.	SC's Audit Oversight Board Conversation With Audit Committees
17.	Talk on Cybersecurity – The Way Forward
18.	Talk on Digital Transformation in the US and China – Lesson We Can Draw From
19.	Talk on Developments in Anti-Bribery and Corruption Governance
20.	Talk on Global Economic Outlook
21.	Tax Talk by Deloitte Tax

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

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 is 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 FY2021, during the fully virtual 7th AGM held on 28 June 2021, shareholders have approved the current structure of Directors' fees for Non-Executive Chairman and Non-Executive Directors (**"NED"**) for the FY2021/FY2022.

The details of the NEDs remuneration received during the financial year is summarised below:-

Appointment	per annum (RM)
Board of Directors	
Base fee	1,032,083
Audit Committee Fees	
AC Chairman	40,000
AC Member	20,000
Governance and Risk Management Committee ("GRMC") Fees	
GRMC Chairman	30,000
GRMC Member	20,000
Nominating and Remuneration Committee ("NRC") Fees	
NRC Chairman	30,000
NRC Member	20,000
Long Term Incentive Plan Committee ("LTIP") Fees	
LTIP Chairman	30,000
LTIP Member	20,000

The attendance allowance at each meeting consist of :-

- Chairman of Board RM2,500
- Chairman of Board Committee RM2,000
- Member of Board Committee RM1,500

The current structure of Directors' fees remains the same for FY2022, with proposed addition for international director's fee at USD100,000.00 per annum equivalent in Ringgit Malaysia currency.

DIRECTORS' REMUNERATION FRAMEWORK

The structure of the fees payable to Directors of the Company for the FY2021 is as follows:

	Company					Subsidiaries				
	Fees	Salaries & Bonus	Benefits-in-kind	Others	Company Total	Fees	Salaries & Bonus	Benefits-in-kind	Others	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors										
Tan Sri Hamdan Mohamad	-	2,592	1,161	919	4,672	228	1,702.3	-	261.3	6,863.6
Dato Sri Lim Haw Kuang	-	3,881.9	-	122	4,003.9	-	-	-	-	4,003.9
Total	**-**	**6,473.9**	**1,161**	**1,041**	**8,675.9**	**228**	**1702.3**	**-**	**261.3**	**10,867.5**
Non-Executive Directors										
Tan Sri Azman Yahya *(Resigned w.e.f. 26.02.2022)*	340	-	50	33.5	423.5	-	-	-	-	423.5
Datuk Abdullah Karim	230	-	-	40.5	270.5	108	-	-	4.5	383
Lim Hun Soon@ David Lim	190	-	-	36	226	-	-	-	-	226
Ms Leow Peen Fong	180	-	-	36	216	295	-	-	20	531
*Ms Loong Mei Yin *(Resigned w.e.f. 17.11.2021)*	130	-	-	10	140	-	-	-	-	140
En Abu Talib Abdul Rahman	230	-	-	49	279	144	-	-	6	429
Total	**1,300**	**-**	**50**	**205**	**1,555**	**547**	**-**	**-**	**30.5**	**2,132.5**

*Note: The director's fees to Loong Mei Yin is paid/payable to TAEL 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 FY2022 / FY2023.

EFFECTIVE AUDIT AND RISK MANAGEMENT

i. AUDIT COMMITTEE

The Audit Committee (**"AC"**) provides oversight 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.

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. The Terms of Reference of the AC is continuously reviewed with the recent review conducted in August 2021. 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

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 FY2021, the effects of pandemics 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 is given at 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.
- 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 FY2021 was RM1.55 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 the release;
- The Company's market announcements to be maintained on Ranhill's website for at least three years; and that 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 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 FY2021, several briefings with investors and analysts were held. The Group also had 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 64 to 66 of the Sustainability Statement.

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.

Addresses to shareholders are contained in our Annual Report which is made available to the market via Bursa Securities announcement link and posted on the Company's website at least 28 days prior to the AGM. The outcome of voting on the items of business is disclosed to the market and posted to the company's website after the AGM.

During FY2021, the Government of Malaysia had announced a nationwide total lockdown for 14 days from 1 June 2021 to 14 June 2021 and it has further extended until 28 June 2021. As a result of the implementation of the total lockdown, the Securities Commission Malaysia had on 1 June 2021, revised the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers, where listed issuers are only allowed to conduct fully virtual general meetings during the total lockdown. In a fully virtual general meeting, all meeting participants including the Chairperson of the meeting, Board members, senior management and shareholders are required to participate in the meeting online. Physical gatherings no matter how small are prohibited. An online meeting platform has been recognized as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia.

In compliance with the above SOP guidelines, the Company's 7th AGM held on 28 June 2021 was held fully virtually via live-streaming through a meeting platform at TIIH Online website at https://tiih.online. 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"**) facilities. Shareholders who intended to attend, could register online to gain access to the meeting. Administrative Guide of 7th AGM was circulated to the shareholders and also published on the Company's website for ease of reference by shareholders. A support team to address any inquiry relating to login issues for RPV was provided from both Ranhill and Tricor.

Shareholders can pose questions for Board in advance via the RPV prior to the 7th AGM via TIIH Online website at https://tiih.online by selecting "e-services" login, posing questions and submitting electronically. A team led by Encik Amran Awaluddin, the Chief Operating Officer and Mr Choo Chee Ken, the Chief Financial Officer was formed to monitor and co-ordinate the answer for the questions submitted prior to said AGM and for the live AGM to ensure issues or questions raised will be effectively addressed.

During the 7th AGM, all Board members were present and participated virtually via the RPV except for Ms Loong Mei Yin who had extended her apologies due to unavoidable circumstances. The meeting was chaired by the Chairman, Tan Sri Azman Yahya. Key management, senior management and other management of the Company were also present and participated virtually via the RPV. Overall, the conduct of the fully virtual 7th AGM was smooth and provides meaningful engagement with the shareholders or stakeholders of the Company.

During the virtual AGM, shareholders are 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 after the meeting.

The Company's external auditor was also present and participated via the RPV at the Company's AGM to answer shareholder's 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 was 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, i.e. ir.info@ranhill.com.my to which stakeholders can direct their queries.

This CG Overview Statement was approved by the Board of Directors of Ranhill on 14 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The fees paid/payable to the external auditor, Messrs. Deloitte PLT, for the financial year ended 31 December 2021 are as follows: -

Fees Paid/Payable to Auditor	Group RM'000	Company RM'000
Audit fees	1,565	106
Non-audit fees	28	0
Total	1,593	106

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 2021 or entered into since the end of the previous financial year.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee ("AC") comprises three members who are all Independent Non-Executive Directors:

Members	Designation
Mr. Lim Hun Soon @ David Lim (Independent Non-Executive Director)	Chairman
Datuk Abdullah Karim (Independent Non-Executive Director)	Member
Encik Abu Talib Abdul Rahman (Independent Non-Executive Director)	Member

This is in line with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") which prescribes that the AC must consist of at least three members with the Chairman and a majority of the members being independent non-executive directors.

In addition, the current composition comprises solely of Independent Directors of Ranhill, which is in accordance with the Step-Up practice of the Malaysian Code of Corporate Governance issued by the Securities Commission Malaysia.

The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Assessment Evaluation ("BAE").

The Board was satisfied that the AC had discharge their functions, duties and responsibilities in accordance with the AC's Terms of Reference ("TOR") which is published on Ranhill's corporate website at www.ranhill.com.my.

ACTIVITIES OF THE AC FOR FINANCIAL YEAR ENDED 31 DECEMBER 2021

MEETINGS HELD AND ATTENDED

A total of 7 meetings were held during FY2021, details of which as set out below:

Members	Attendance
Mr Lim Hun Soon @ David Lim	**7/7**
Datuk Abdullah Karim	**7/7**
Encik Abu Talib Abdul Rahman	**7/7**

The meetings were attended by the President and Chief Executive ("PCE"), Chief Financial Officer ("CFO") and Chief Operating Officer ("COO") to facilitate direct communication and provide clarification on audit issues and Ranhill Group's operations. The Head of Group Corporate Assurance Division ("GCAD") and his Internal Audit ("IA") leadership team attended all AC meetings to present their respective IA reports. The Company Secretary acts as secretary to the AC.

The agenda and meeting papers were distributed to the AC members via a secured collaborative software, which eases the process of distribution of meeting papers and allows the members to have access to the papers electronically, anytime and anywhere. All proceedings of the AC meetings were duly recorded in the minutes and tabled for confirmation at the next following AC meeting, after which they are presented to the Board for notation.

During the financial year under review, the AC had carried out the following activities in the discharge of its duties and functions:

Financial Reporting

1. 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.

2 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.

3. Reviewed the financial and operational performances, budget achievement, reasons for the variances and efforts by the management to meet targets.

4. Deliberated significant changes in relevant regulatory requirements, accounting and auditing standards that affect the Company and the adoption of such changes by management.

AUDIT COMMITTEE REPORT

External Audit

5. Reviewed the financial statements for the year ended 31 December 2020 and audit report presented by the External Auditor ("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.

6. Reviewed Management's proposal to change the EA for Ranhill and its subsidiaries ("the Group") for the FY2021 audit from Messrs. Ernst & Young PLT ("EY") to Messrs. Deloitte PLT ("Deloitte").

7. Reviewed the newly appointed EA, Deloitte's Audit Plan for FY2021 which detailed the terms of engagement for statutory audit, proposed fees, 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").

Internal Audit

8. The Internal Audit ("IA") function is undertaken by the Group Corporate Assurance Division ("GCAD"). The AC reviewed and approved the Annual Internal Audit Plan for FY2021 to ensure comprehensiveness of scope and coverage as well as the adequacy and competency of internal audit resources. The AC also took note of IA's annual operating budget requirement as presented in the audit plan.

9 Reviewed GCAD's assessment on its effectiveness of the internal audit function against Bursa' Circular on 'Key Observations on the Effectiveness of IA Function of Listed Issuers' dated 21 October 2020.

10. Reviewed quarterly, the planned and ad hoc internal audit reports issued and the adequacy of management response and actions to address control deficiencies. Also, the AC reviewed updates on the progress and status of corrective actions on whether appropriate actions are taken on the recommendations made by GCAD.

11. Reviewed GCAD's annual assertion on Internal Auditing Standards for FY2021 and was satisfied that the Internal Auditors were free from any relationship or conflict of interest that could impair their objectivity and independence.

12. Reviewed the 'IT Environment and Technical Infrastructure Security' audit report prepared by PricewaterhouseCoopers Risk Services Sdn Bhd ("PwC") where the findings were deliberated and corrective actions are being addressed.

13. Reviewed the results of the quality assurance review on the IA function performed by Tricor Axcelasia Sdn Bhd ("Tricor") where the outcome revealed that Ranhill's IA function generally conforms to the International Standards for the Professional Practices of Internal Auditing (the Standards) promulgated by the Institute of Internal Auditors (IIA).

14. Reviewed the Internal Audit Annual Report for FY2021 which contained the overall performance, audit engagement achievements and cost incurred against the budget proposed.

Related Party Transactions (RPTs)

15. Reviewed the quarterly RPTs and recurrent related party transactions ("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.

16. 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.

AUDIT COMMITTEE REPORT

Annual Report

17. Reviewed and recommended to the Board for approval, the Management Discussion and Analysis ("MDNA"), Statement on Risk Management and Internal Control ("SoRMIC") and the Audit Committee Report for publication in the Annual Report 2021.

INTERNAL AUDIT FUNCTION

The AC is assisted by GCAD in discharging its duties and responsibilities. GCAD is independent of business operations and reports functionally to the AC and administratively to the PCE. 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.

SUMMARY OF INTERNAL AUDIT ACTIVITIES IN FY2021

In the financial year under review, GCAD continued to adapt and revise its audit approach in response to the prevailing restriction rules imposed at different stages of the Movement Control Order ("MCO") and in consideration of the varying working arrangements adopted by the audit clients. This was to ensure that audit assurance could continuously be provided.

In line with the approved audit plan, GCAD had performed key audits on the Group's main subsidiary, RanhillSaj's Water Distribution Department, Non-Revenue Water ("NRW") Management, Water Quality tests and Project Management monitoring. Another subsidiary i.e. Ranhill Water Services Sdn Bhd ("RWS"), GCAD had performed audits on its effectiveness in contract management and also its on-going pipe rehabilitation project. At the Group level, an audit was performed on the internal controls in the Group Treasury Department.

Additionally, the advisory services rendered by GCAD include provided awareness briefing on bribery and corruption which emphasized on Section 17A of the MACC Act to all employees of the Group, reviewed policies and procedures, performed follow-up on outstanding audit issues and reviewed 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.

The IA function was assessed by an independent quality assurance reviewer and successfully accorded as generally conformed to the International Standards for the Professional Practices of Internal Auditing promulgated by the Institute of Internal Auditors ("IIA").

Majority of GCAD's employees are members of relevant professional bodies such as 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 RM1.55 million for the financial year ended 31 December 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Ranhill's Board of Directors ("the Board") is pleased to provide this Statement on Risk Management and Internal Control which outlines the nature and scope of the Group's risk management and internal control for FY2021 that is in accordance with Paragraph 15.26(b) of Bursa Malaysia's Main Market Listing Requirements ("MMLR").

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for establishing a sound risk management and internal control system with the objective of safeguarding the shareholders' investment and the Group's assets.

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. In discharging its responsibilities, the Board is supported by Ranhill's Governance Risk Management Committee ("GRMC") and Audit Committee ("AC") to oversee the risk management and internal control system during the FY2021. These Board committees update the Board periodically of their work, key deliberations and decisions on delegated matters.

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

Risk Organisational Structure

Our risk organizational structure facilitates the flow of information and effective oversight on the execution of risk management activities within Ranhill. The structure provides clear delineated lines of accountability, authority and responsibility as explained below:

RISK ORGANISATIONAL STRUCTURE	
BOARD OF DIRECTORS ("BOD") Responsible for identifying principal risks and ensuring the implementation of appropriate risk management system and mitigation measures	
BOARD COMMITTEE LEVEL	**Governance & Risk Management Committee** • Review the Group's risk profile and monitor management action plan to manage its critical and significant risks • Approve risk methodologies for measuring and managing risks arising from the Group's business and operational activities
MANAGEMENT LEVEL	**Management Assurance Risk Compliance Committee ("MARCC")** • Established at the Group level and responsible to monitor the Group's assurance, risk and compliance matters • Significant risk issues evaluated are escalated to GRMC and Board **Risk Management Working Committees ("RMWC")** • Established at the Group Company level. The RMWCs, chaired by the respective CEOs of the Group Company are responsible for the effective management of their risk profiles • Identify potential risks and escalate to MARCC the implementing measures to mitigate those risks
CUSTODIAN LEVEL	**Group Corporate Assurance Division ("GCAD")** • MARCC Secretariat • Reviews and monitors risk reporting quarterly • Responsible in guiding the risk owners on risk related matters
OPERATIONAL LEVEL	**Business Unit Management** • Accountable for the comprehensiveness of the risks identified, their assessment as well as their bottom-up reporting

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Risk Management Unit ("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 ("CCBE")**

  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.

- **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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- **Business Continuity Management**

  The Group provides 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 quarterly, through a compliance checklist to manage potential breaches and to detect incidents which may have a material effect on the annual Statement on Risk Management and Internal Control.

- **Strong Anti-Corruption Stance**

  The Group has always maintained a zero-tolerance approach towards any form of bribery, favouritism and / or misconduct in any business dealing involving the Group, its subsidiaries or suppliers and business partners.

  Our CCBE defines what constitutes as corrupt acts. The CCBE states that both the beneficiary and the giver of the corrupt act will be censured by the company and if necessary, reported to the relevant authorities for further enforcement action.

  Awareness on anti-corruption is cascaded to all staff during their induction sessions and also periodically through refresher sessions. Various company channels such as email, townhalls, posters and others are used to reinforce the anti-corruption stance among staff and stakeholders.

- **Effective Oversight of Associate Companies**

  The Group's interests are served through representations on the Boards of the respective associated companies, receipts and review of respective management accounts, and enquiries thereon. Such representation also provides the Board with information for timely decision making on continuity of the Group's investments based on the performance of the associated companies. Regular reporting on financial and operational performance of the associate companies is presented in the Office of President meetings ("OPM").

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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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 Executive Chairman, President and Chief Executive ("PCE") and the Chief Financial Officer ("CFO") 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 14 April 2022.

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 2021 and of their financial performance and cash flows for the financial year ended 31 December 2021.

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 136 to 281 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2021.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors of **RANHILL UTILITIES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information of the subsidiaries, joint ventures and associates are set out in Note 19, Note 20 and Note 21 to the financial statements respectively.

There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial year other than as disclosed below.

On 16 July 2021, the Group had completed the acquisition two new subsidiaries, i.e. Ranhill Bersekutu Sdn. Bhd. ("RBSB") and Ranhill Worley Sdn Bhd ("RWSB"). An internal reorganisation was subsequently carried out with a new reporting segment, i.e. services sector, being established. The services sector involves in providing engineering, procurement and construction management ("EPCM"), engineering, procurement, construction and commissioning ("EPCC"), project management consultancy ("PMC"), as well as operation and maintenance services.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit for the year	66,124	6,577
Profit attributable to:		
Owners of the parent	30,596	6,577
Non-controlling interests	35,528	-
	66,124	6,577

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than for other income of RM22,176,000 recognised by the Group and results contributed by newly acquired subsidiaries as disclosed in Notes 8 and 19 to the financial statements.

DIVIDENDS

The amounts of dividends paid and to be paid by the Company since 31 December 2020 were as follows:

	RM'000
In respect of the financial year ended 31 December 2020 as reported in the directors' report of that year:	
Third interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 10,618,163 treasury shares on the basis of 1 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.84 sen per ordinary share, declared on 29 March 2021 and distributed on 21 May 2021	8,970
In respect of the financial year ended 31 December 2021:	
First interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 6,425,580 treasury shares on the basis of 0.5 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.36 sen per ordinary share, declared on 30 August 2021 and distributed on 22 October 2021	4,674
Second interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 6,411,318 treasury shares on the basis of 0.5 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.34 sen per ordinary share, declared on 29 November 2021 and distributed on 20 January 2022	4,307
	17,951

The Board of Directors had on 25 February 2022, declared a third interim dividend by way of dividend-in-specie of 0.5 share dividend for every 100 ordinary shares in respect of the financial year ended 31 December 2021 and distributed on 20 April 2022. 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 2022.

The directors do not recommend a final dividend in respect of the financial year ended 31 December 2021.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,282,906,238 to RM1,438,992,698 by way of issuance of 222,980,657 ordinary shares pursuant to the acquisition of 100% shares of RBSB and 51% shares of RWSB.

The new ordinary shares issued ranked pari passu with existing ordinary shares of the Company.

DIRECTORS' REPORT

TREASURY SHARES

During the financial year, the Company:

(i) repurchased 22,235,800 of its issued ordinary shares from the open market at an average price of RM0.69 per share. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016;

(ii) declared a third interim (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 10,618,163 treasury shares on the basis of 1 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.84 sen per ordinary share, declared on 29 March 2021 and distributed on 21 May 2021; and

(iii) declared a first interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 6,425,580 treasury shares on the basis of 0.5 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.36 sen per ordinary share, declared on 30 August 2021 and distributed on 22 October 2021.

As at 31 December 2021, the number of treasury shares held are 12,648,983 (2020: 7,456,926) ordinary shares. Such treasury shares is held at carrying amount of RM7,963,000 (2020: RM6,277,000) and further relevant details are disclosed in Note 35 to the financial statements.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTD.)

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent 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, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, 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 operations of the Group and of the Company for the financial year in which this report is made.

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	(Resigned on 26 February 2022)
Tan Sri Hamdan Mohamad**	(Redesignated to Executive Chairman with effect from 26 February 2022 and subsequently, redesignated to Chairman and Chief Executive with effect from 14 April 2022)
Dato Sri Lim Haw Kuang**	
Datuk Abdullah Karim**	
Lim Hun Soon @ David Lim	
Leow Peen Fong**	
Abu Talib Bin Abdul Rahman**	
Loong Mei Yin	(Resigned on 17 November 2021)
Dr Arzu Topal	(Appointed on 15 April 2022)
Amran Bin Awaluddin**	(Appointed on 15 April 2022)
Zurina Binti Abdul Rahim**	(Appointed on 15 April 2022)

** These directors are also directors of the Company's subsidiaries.

DIRECTORS' REPORT

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:

YB Dato' Haji Azmi Bin Rohani	
YB Dato' Dr Badrul Hisham Bin Kassim	(Resigned on 30 December 2021)
(Alternate to YB Dato' Haji Azmi Bin Rohani)	
YB Dato' Haji Mohammed Ridha Bin Abd Kadir	(Appointed on 18 February 2022)
(Alternate to YB Dato' Haji Azmi bin Rohani)	
YB Datuk Mohd Izhar Bin Ahmad	
YBhg Datuk Md Othman Bin Hj Yusof	
YBhg Dato' Sri Dr. Mohmad Isa Bin Hussain	
YBhg Datuk Mustaza Bin Salim	(Resigned on 31 May 2021)
YBhg Datuk Harun Bin Ismail	
YB Datuk Anwar Ayuub @ Annuar Ayub	
YBhg Datuk Mohd Fakrunizam Bin Ibrahim	
Tuan Haji Ismail Bin Mohamed	
Ng Ching Hai	
Adzmir Bin Abd Rahman	
Choo Chee Keen	
Muhamad Faizal Bin Aliar	
Nadzrim Bin Abdul Hamid	
Tin Wai Han	
Chiam Hsing Chee	
Mark Edwin Brantley	(Appointed on 12 November 2021)
Dinesh Jayant Sinai Pissurlenkar	
Vitnayak Ratnakar Pai	(Resigned on 12 November 2021)
Arvind Viswanath Menon	(Resigned on 17 August 2021)
Phua Kay Choon James	
Abinash Majhi	
Supasak Chirasavinuprapand	

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The interests in shares in the Company and in the related corporations of those who were directors as of the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, are as follows:

	Number of ordinary shares			
Name of Director	As of 1.1.2021	Acquired	Sold	As of 31.12.2021
Direct interest				
Tan Sri Mohamed Azman Bin Yahya	2,020,000	30,401[1]	-	2,050,401
Tan Sri Hamdan Mohamad	148,650,343	42,985,737[1]	(61,252,561)	130,383,519
Abu Talib Bin Abdul Rahman	32,724	492[1]	-	33,216
Deemed interest				
Tan Sri Mohamed Azman Bin Yahya	3,030,000[5]	45,601[1]	-	3,075,601[5]
Tan Sri Hamdan Mohamad	231,442,888[4]	415,382,381[1][2][3]	(222,980,657)	423,844,612[4]

	Number of Long Term Incentive Plan Grants convertible to ordinary shares			
	As of 1.1.2021	Granted	Vested	As of 31.12.2021
Ordinary shares of the Company				
Tan Sri Hamdan Mohamad	1,946,600	-	-	1,946,600

(1) Share dividends received through distribution of dividends in specie credited on:

(i) 21 May 2021 on the basis of one (1) treasury share for every one hundred (100) existing ordinary shares held in the Company as the third interim dividend (single- tier) in respect of the financial year ended 31 December 2020; and

(ii) 22 October 2021 on the basis of half (0.5) treasury share for every one hundred (100) existing ordinary shares held in the Company as the first interim dividend (single-tier) in respect of the financial year ended 31 December 2021.

(iii) 20 January 2022 on the basis of half (0.5) treasury share for every one hundred (100) existing ordinary shares held in the Company as the second interim dividend (single-tier) in respect of the financial year ended 31 December 2021.

(2) Shares received through redistribution of Ranhill Group Sdn. Bhd. ("RGSB")'s entire 124,164,868 shares held in Ranhill credited on 27 August 2021 to all RGSB's ultimate shareholders.

(3) Shares received through redistribution of Ranhill Berhad ("RB")'s entire 98,815,789 shares held in Ranhill credited on 30 August 2021 to all RB's ultimate shareholders.

DIRECTORS' INTERESTS (CONTD.)

(4) Deemed interest by virtue of:

(i) Tan Sri Hamdan Mohamad's interest in Hamdan Inc. (Labuan) Pte. Ltd. ("Hamdan Inc.") and 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 stake in Hamdan Inc. and LOSB.

(5) Deemed interest by virtue of Tan Sri Mohamad Azman Bin Yahya's interest in Azman & Sons Sdn. Bhd. through account held under CIMSEC Nominees (Tempatan) Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016.

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.

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.

The directors' benefits are as follows:

	Group 2021 RM'000	Company 2021 RM'000
Fees	2,075	1,300
Other emoluments	1,338	1,121
Salaries and bonus	8,176	6,474
Defined contribution plan	209	133
Share-based payment	41	41
Benefits-in-kind	1,161	1,161
	13,000	10,230

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 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").

Under the LTIP, 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.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

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 2021 was RM189,000.

The total amount of sum insured for directors and officers 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.

There were no indemnities given to or insurance effected for the auditors of the Company in accordance with Section 289 of the Companies Act 2016.

DIRECTORS' REPORT

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year, i.e. acquisition of new subsidiaries and COVID-19, are disclosed in Notes 19 and 47 to the financial statements respectively.

AUDITORS' REMUNERATION

The auditors' remuneration for the financial year ended 31 December 2021 is as disclosed in Note 10 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

Tan Sri Hamdan Mohamad

Datuk Abdullah Karim

INDEPENDENT AUDITORS' REPORT

To The Members of Ranhill Utilities Berhad (Incorporated in Malaysia)

Opinion

We have audited the financial statements of **RANHILL UTILITIES BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 151-280.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the year then ended in accordance with the 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 Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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 financial year. 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.

We have determined the matters described below to be the key audit matters to be communicated in our report.

INDEPENDENT AUDITORS' REPORT

To The Members of Ranhill Utilities Berhad (Incorporated in Malaysia)

Key Audit Matters (contd.)

Uncertain tax position – recognition of deferred tax assets on the unutilised investment allowance of a subsidiary

(Refer Note 18 – Deferred Tax, Note 3 – Summary of significant accounting policies: Income Taxes – Deferred tax and Note 4 (a) (ii) - Critical judgement in applying the accounting policies : Deferred tax assets)

Included in the deferred tax assets of the Group is an amount of RM47.5 million 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 Finance Act 2018 which came into effect on 27 December 2018, introduced a 7 year limitation on carry forward of unutilised investment allowances. This 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 assets of RM47.5 million. Ranhill Powertron II had appealed to the MoF to allow Ranhill Powertron II to utilise the investment allowance up to the end of the concession period in year 2032 based on terms previously granted.

Management has consulted its solicitors who has advised that, based on the facts and circumstances of the approval of the investment allowance to the Ranhill Powertron II 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.

The appeal is currently under consideration by MoF and the outcome is still uncertain and is not wholly within the control of the Group. Therefore, the Group continuously assesses the development of this appeal to determine its deferred tax assets position as mentioned above. Such assessment involves significant judgment and estimates which are highly subjective. Accordingly, we consider this to be a key audit matter.

Our key audit procedures are as follows:

- Obtained and evaluated management assessment on projected taxable profits for recognition of deferred tax assets on unutilised investment allowances;
- Obtained and evaluated the Group's correspondences with the MoF relating to the appeal for the unutilised investment allowance to be available up to year 2032 (instead of 7 years restriction);
- Obtained and evaluated the legal opinion relied on by management for financial year ended 31 December 2021. We evaluated the basis of the legal opinion and challenged management's assessment of the outcome of the appeal and the resulting tax position; and
- Assessed the adequacy of the disclosures made in the financial statements.

INDEPENDENT AUDITORS' REPORT

To The Members of Ranhill Utilities Berhad (Incorporated in Malaysia)

Key Audit Matters (contd.)

Impairment assessment of intangible asset – service license

(Refer Note 16 - Intangibles, Note 3 - Summary of significant accounting policies: Intangible assets - Service license, Note 3 - Summary of significant accounting policies: Impairment of non-financial assets and Note 4 (b) (ii) Impairment of service license)

The Group's service license is recognised as an intangible asset amounting to RM282.4 million. The service license has indefinite useful life and therefore the Group is required to perform annual impairment assessment which involves the comparison of the recoverable amount to the carrying amount of the related cash generating unit ("CGU").

The Group estimated the recoverable amount of the CGU using the value-in-use ("VIU") method. Estimating the VIU involves discounting estimated future cash inflows and outflows that will be derived from the CGU to its present value using an appropriate discount rate and terminal growth rate. Accordingly, this has been identified as key audit matter.

Our key audit procedures are as follows:

- Involved internal valuation specialists to evaluate and assess:
  - the methodology and approach used, considering whether they are consistent with generally accepted valuation models; and
  - the discount rate and terminal growth rate used, considering whether the rates reflect the current market assessments of the time value of money, the risks specific to the asset and the long-term inflation rate.
- Evaluated and challenged 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 and water tariff approved by the relevant authority; and
- Assessed the adequacy of disclosures of key assumptions in the financial statement.

Revenue recognition on sale of treated water ("water revenue")

(Refer Note 5 – Revenue, Note 3 – Revenue from contracts with customers)

The Group provides source-to-tap water supply services to end customers and recognised water revenue of RM1,103.5 million, representing 72% 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 system processes large volumes of data comprising individually low value transactions. In addition, management estimates are involved in accounting for unbilled revenue at the reporting date. Accordingly, we have identified recognition of water revenue in respect of accuracy and cut-off as a key audit matter.

INDEPENDENT AUDITORS' REPORT

To The Members of Ranhill Utilities Berhad (Incorporated in Malaysia)

Key Audit Matters (contd.)

Our key audit procedures are as follows:

- Obtained an understanding of the revenue process, evaluated the design of relevant controls over revenue recognition and assessed the implementation of the said controls;
- Analysed trends in monthly and yearly water revenue against our understanding of the business;
- Performed regression analysis to understand the relationship between water revenue and collection from customers.
- Involved our information technology specialists to test:
  - (i) General IT controls of the water billing information system and financial reporting system; and
  - (ii) Other controls in place over accuracy of water revenue recognised, including agreeing the current set tariff rates in the water billing information system to the approved tariff rates by the relevant authority.
- Tested the reconciliation between water billing information system and general ledger;
- Performed re-computation on the water revenue recognised in the water billing information system based on the consumption and the approved tariff rate by the relevant authority; and
- Evaluated management's estimation of unbilled revenue at year-end by comparing such amount to the actual billings raised subsequent to the year-end.

We have determined that there is no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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 of the Group 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 do not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the 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.

INDEPENDENT AUDITORS' REPORT

To The Members of Ranhill Utilities Berhad (Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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.

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 and on 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 and the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

To The Members of Ranhill Utilities Berhad (Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (contd.)

- 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.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were 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

1) The financial statements of the Group and of the Company for the preceding financial year ended 31 December 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on 13 April 2021.

2) 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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TAN YU MIN
Partner - 03503/07/2022 J
Chartered Accountant

20 April 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2021

		Group		Company	
		2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
	Note		(Restated)		
Revenue	5	**1,530,871**	1,468,485	**21,725**	57,275
Cost of sales	6	**(1,191,743)**	(1,152,563)	**-**	-
Gross profit		**339,128**	315,922	**21,725**	57,275
Interest income	7	**67,900**	78,930	**-**	-
Other income	8	**35,487**	9,732	**-**	60
Administrative expenses		**(277,099)**	(243,563)	**(14,836)**	(13,750)
Other operating expenses		**(435)**	(310)	**-**	(10)
Tendering and marketing expenses		**(1,970)**	(672)	**(312)**	-
Finance costs	9	**(86,218)**	(75,572)	**-**	(4)
Share of results of joint ventures	20	**-**	-	**-**	-
Share of results of associates	21	**16,465**	11,064	**-**	-
Profit before tax and zakat	10	**93,258**	95,531	**6,577**	43,571
Income tax expense and zakat	13	**(27,134)**	(31,429)	**-**	(33)
Profit net of tax		**66,124**	64,102	**6,577**	43,538
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		**7,341**	2,904	**-**	-

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For The Year Ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit liability		-	(4,407)	-	-
Total other comprehensive income/(loss)		**7,341**	(1,503)	-	-
Total comprehensive income for the financial year		**73,465**	62,599	**6,577**	43,538
Profit net of tax attributable to:					
Owners of the parent		**30,596**	37,568	**6,577**	43,538
Non-controlling interest		**35,528**	26,534	-	-
		66,124	64,102	**6,577**	43,538
Total comprehensive income attributable to:					
Owners of the parent		**37,949**	36,946	**6,577**	43,538
Non-controlling interest		**35,516**	25,653	-	-
		73,465	62,599	**6,577**	43,538
Earnings per share attributable to owners of the parent	46				
- Basic for the year (sen)		**2.62**	3.52		
- Diluted for the year (sen)		**2.61**	3.52		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

As of 31 December 2021

ASSETS	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Group 1.1.2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Non-current assets						
Property, plant and equipment	14	**244,390**	243,908	215,001	**1**	4
Service concession assets	15	**664,679**	-	327,299	-	-
Intangibles	16	**401,736**	308,579	299,293	-	-
Right-of-use assets	17	**23,367**	9,079	10,123	-	-
Deferred tax assets	18	**65,104**	29,177	53,995	-	-
Investment in subsidiaries	19	-	-	-	**1,420,000**	1,195,000
Investment in joint ventures	20	-	-	-	-	-
Investment in associates	21	**208,616**	180,447	160,924	-	-
Operating financial assets	22	**531,184**	598,214	661,515	-	-
Trade and other receivables	23	**100,519**	146,156	160,593	-	-
Contract related assets	24	**3,897**	-	135	-	-
Other non-current asset	26	**7,962**	10,077	12,026	-	-
Total Non-current Assets		**2,251,454**	1,525,637	1,900,904	**1,420,001**	1,195,004
Current assets						
Operating financial assets	22	**67,925**	72,641	88,883	-	-
Trade and other receivables	23	**337,763**	309,012	211,390	**48,209**	138,371
Contract related assets	24	**85,981**	32,154	24,302	-	-
Inventories	25	**116,694**	88,853	89,070	-	-
Tax recoverable		**7,480**	7,281	1,358	**47**	13
Other current assets	26	**18,725**	13,770	11,064	-	314
Other financial assets	27	**55,336**	55,673	75,635	-	-
Deposit, cash and bank balances	28	**339,825**	258,245	453,892	**58**	176
Total Current Assets		**1,029,729**	837,629	955,594	**48,314**	138,874
TOTAL ASSETS		**3,281,183**	2,363,266	2,856,498	**1,468,315**	1,333,878

STATEMENTS OF FINANCIAL POSITION

As of 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Group 1.1.2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Equity attributable to owner of the parent						
Share capital	35	**1,438,993**	1,282,907	1,275,319	**1,438,993**	1,282,907
Treasury share	35	**(7,963)**	(6,277)	-	**(7,963)**	(6,277)
Other reserves	36	**(750,236)**	(769,744)	(764,966)	**24,593**	35,755
		680,794	506,886	510,353	**1,455,623**	1,312,385
Non-controlling interests	19	**179,086**	136,064	149,133	**-**	-
Total Equity		**859,880**	642,950	659,486	**1,455,623**	1,312,385
Non-current liabilities						
Retirement benefit obligations	29	**70,244**	76,461	72,370	**-**	-
Loans and borrowings	30	**893,862**	981,468	1,073,042	**-**	-
Trade and other payables	32	**5,121**	3,851	1,076	**-**	-
Service concession obligation	33	**318,576**	-	-	**-**	-
Consumer deposits	34	**251,063**	253,327	251,458	**-**	-
Deferred tax liabilities	18	**28,341**	31,282	38,094	**-**	-
Total Non-current Liabilities		**1,567,207**	1,346,389	1,436,040	**-**	-
Current liabilities						
Retirement benefit obligations	29	**14,922**	10,634	11,162	**-**	-
Loans and borrowings	30	**150,474**	97,111	93,076	**-**	-
Zakat liability	31	**-**	-	11,492	**-**	-
Trade and other payables	32	**313,285**	260,784	300,390	**12,692**	21,493
Contract related liabilities	24	**5,070**	779	57	**-**	-
Service concession obligations	33	**360,025**	-	328,970	**-**	-
Tax payable		**10,320**	4,619	15,825	**-**	-
Total Current Liabilities		**854,096**	373,927	760,972	**12,692**	21,493
Total Liabilities		**2,421,303**	1,720,316	2,197,012	**12,692**	21,493
TOTAL LIABILITIES AND EQUITY		**3,281,183**	2,363,266	2,856,498	**1,468,315**	1,333,878

The accompanying Notes form an integral part of the Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2021

	Attributable to the equity holders of the parent										Non-controlling interest	Total equity
	Non-distributable								Distributable			
Group	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Currency translation reserves RM'000	Equity component of convertible unsecured loan stock ("CULS") RM'000	Merger deficit RM'000	Retained earnings RM'000	Total RM'000				
At 1 January 2021 (as previously stated)	1,282,907	(6,277)	459	15,524	1,063	(906,015)	76,312	463,973	128,655	592,628		
Restatement of comparatives (Note 49)	-	-	-	245	-	-	42,668	42,913	7,409	50,322		
At 1 January 2021 (restated)	1,282,907	(6,277)	459	15,769	1,063	(906,015)	118,980	506,886	136,064	642,950		
Profit net of tax	-	-	-	-	-	-	30,596	30,596	35,528	66,124		
Other comprehensive income	-	-	-	7,353	-	-	-	7,353	(12)	7,341		
Total comprehensive income	-	-	-	7,353	-	-	30,596	37,949	35,516	73,465		
Transactions with owners												
Purchase of treasury shares (Note 35)	-	(15,330)	-	-	-	-	-	(15,330)	-	(15,330)		
Redemption of CULS (Note 36(c))	-	-	-	-	(702)	-	-	(702)	-	(702)		
Award of LTIP shares (Note 37)	-	-	212	-	-	-	-	212	-	212		
Issuance of share pursuant to acquisition of Subsidiaries (Note 35(a))	156,086	-	-	-	-	-	-	156,086	-	156,086		
Non-controlling interest arising from acquisition of subsidiaries (Note 19)	-	-	-	-	-	-	-	-	30,150	30,150		
Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(159)	(159)		
CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,300)	(1,300)		
Dividends paid/payable via (Note 35 and 38):												
- distribution of treasury shares	-	13,644	-	-	-	-	(17,951)	(4,307)	-	(4,307)		
- cash	-	-	-	-	-	-	-	-	(21,185)	(21,185)		
Total transactions with owners	156,086	(1,686)	212	-	(702)	-	(17,951)	135,959	7,506	143,465		
At 31 December 2021	1,438,993	(7,963)	671	23,122	361	(906,015)	131,625	680,794	179,086	859,880		

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2021

	Attributable to the equity holders of the parent										
	Non-distributable							Distributable			
Group	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Currency translation reserves RM'000	Equity component of convertible 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)	85,529	468,903	142,303	611,206
Restatement of comparatives (Note 49)	-	-	-	(142)	-	-	41,592	41,450	6,830	48,280
At 1 January 2020 (restated)	1,275,319	-	-	12,865	1,063	(906,015)	127,121	510,353	149,133	659,486
Profit net of tax (restated)	-	-	-	-	-	-	37,568	37,568	26,534	64,102
Other comprehensive loss	-	-	-	2,904	-	-	(3,526)	(622)	(881)	(1,503)
Total comprehensive income	-	-	-	2,904	-	-	34,042	36,946	25,653	62,599
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 (Note 35 and 38):										
- distribution of treasury shares	-	10,131	-	-	-	-	(10,131)	-	-	-
- cash	-	-	-	-	-	-	(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	15,769	1,063	(906,015)	118,980	506,886	136,064	642,950

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

For The Year Ended 31 December 2021

	Attributable to equity holders of the Company				
	Non-distributable			Distributable	
The Company	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2021	1,282,907	(6,277)	459	35,296	1,312,385
Total comprehensive income	-	-	-	6,577	6,577
Transactions with owners					
Issuance of share pursuant to acquisition of subsidiaries	156,086	-	-	-	156,086
Purchase of treasury shares (Note 35)	-	(15,330)	-	-	(15,330)
Award of LTIP shares (Note 37)	-	-	212	-	212
Dividend paid via distribution of treasury shares (Note 35):	-	13,644	-	(17,951)	(4,307)
Total transactions with owners	156,086	(1,686)	212	(17,951)	136,661
At 31 December 2021	1,438,993	(7,963)	671	23,922	1,455,623
At 1 January 2020	1,275,319	-	-	33,941	1,309,260
Total comprehensive income	-	-	-	43,538	43,538
Transactions with owners					
Issue of share pursuant to:					
dividend reinvestment plan ("DRP") (Note 35)	7,588	-	-	-	7,588
Purchase of treasury shares (Note 35)	-	(16,408)	-	-	(16,408)
Award of LTIP shares (Note 37)	-	-	459	-	459
Dividend paid via:					
- distribution of treasury shares (Note 35)	-	10,131	-	(10,131)	-
- cash (Note 38)	-	-	-	(32,052)	(32,052)
Total transactions with owners	7,588	(6,277)	459	(42,183)	(40,413)
At 31 December 2020	1,282,907	(6,277)	459	35,296	1,312,385

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2021

	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax	**93,258**	95,531	**6,577**	43,571
Adjustments for:				
Depreciation of property, plant and equipment	**40,363**	37,179	**3**	4
Depreciation of right-of-use assets	**2,656**	2,374	**-**	52
Net (gain)/loss on disposal of property, plant and equipment	**(50)**	38	**-**	-
Net loss on disposal of right-of-use assets	**77**	137	**-**	137
Property, plant and equipment written off	**476**	552	**-**	-
Amortisation of service concession asset	**332,149**	335,172	**-**	-
Amortisation of software	**3,817**	2,428	**-**	-
Share of results of associates	**(16,465)**	(11,064)	**-**	-
Share-based payment	**212**	459	**212**	459
Provision for retirement benefit plan	**6,509**	7,100	**-**	-
Bad debts written off	**-**	973	**-**	3
Bad debts recovered	**-**	(51)	**-**	-
Inventories written off	**29**	-	**-**	-
Goodwill written off	**-**	14	**-**	-
Reversal of allowance for expected credit losses on:				
- Trade receivables	**(764)**	-	**-**	-
- Other receivables	**(38)**	-	**-**	-
- Contract assets	**(305)**	-	**-**	-
Gain on remeasurement of CULS	**(1,004)**	-	**-**	-
Allowance for expected credit losses on:				
- Trade receivables	**4,359**	160	**-**	-
- Other receivables	**3**	-	**-**	-
Net unrealised foreign exchange (gain)/loss	**383**	(3,824)	**72**	(60)
Impairment of amount due from subsidiaries	**-**	-	**610**	-
Provision for liquidated ascertained damages	**214**	-	**-**	-
Gain on lease modification	**(516)**	-	**-**	-
Written off of:				
Right-of-use assets	**297**	-	**-**	-
Lease liabilities	**(263)**	-	**-**	-
Dividend income	**-**	-	**(21,725)**	(57,275)
Interest income	**(67,900)**	(78,930)	**-**	-
Finance costs	**86,218**	75,572	**-**	4
Operating Cash Flows Before Changes In Working Capital	**483,715**	463,820	**(14,251)**	(13,105)

STATEMENTS OF CASH FLOWS
For The Year Ended 31 December 2021

	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Working Capital Changes:				
Receivables	**47,018**	(85,129)	**105,195**	21,129
Payables	**(40,467)**	2,775	**(75,696)**	(25,009)
Inventories	**(27,870)**	217	**-**	-
Operating financial assets	**130,051**	150,091	**-**	-
Contract related assets	**(14,756)**	(7,582)	**-**	-
Contract related liabilities	**(2,619)**	722	**-**	-
Other non-current and current assets	**(2,840)**	(757)	**-**	-
Cash Generated From/(Used In) Operations	**572,232**	524,157	**15,248**	(16,985)
Retirement benefits plan paid	**(8,343)**	(7,924)	**-**	-
Zakat paid	**(532)**	(2,485)	**-**	-
Tax paid	**(34,626)**	(39,488)	**(36)**	(28)
Repayments of lease rental payable to PAAB	**(297,883)**	(353,000)	**-**	-
Net Cash Generated From/(Used In) Operating Activities	**230,848**	121,260	**15,212**	(17,013)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	**(36,757)**	(67,162)	**-**	-
Proceeds from disposal of property, plant and equipment	**189**	456	**-**	-
Disposal of short-term investments	**337**	19,962	**-**	-
Net cashflow effect on acquisition of subsidiaries	**42,843**	-	**-**	-
Purchase of software	**(7,422)**	(11,728)	**-**	-
Dividend received	**-**	-	**-**	57,275
Interest received	**3,388**	6,576	**-**	-
Net Cash Generated From/ (Used In) Investing Activities	**2,578**	(51,896)	**-**	57,275

STATEMENTS OF CASH FLOWS

For The Year Ended 31 December 2021

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Withdrawal of fixed deposits/restricted deposits	**6,120**	147,198	**-**	-
Purchase of treasury shares	**(15,330)**	(16,408)	**(15,330)**	(16,408)
Drawdown of loans and borrowings	**46,748**	5,000	**-**	-
Repayment of principal portion loans and borrowings	**(100,218)**	(94,297)	**-**	-
Repayment of lease liabilities	**(4,748)**	(2,663)	**-**	(183)
Repayment of interest portion of loans and borrowings	**(63,200)**	(66,248)	**-**	(4)
Issuance of equity to non-controlling interest	**-**	221	**-**	-
Dividends paid	**(25,260)**	(90,884)	**-**	(24,464)
Net Cash Used In Financing Activities	**(155,888)**	(118,081)	**(15,330)**	(41,059)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**77,538**	(48,717)	**(118)**	(797)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**118,853**	167,302	**176**	973
Effect of exchange rate changes on cash and cash equivalents	**5,499**	268	**-**	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 28)	**201,890**	118,853	**58**	176
Cash outflows for leases as a lessee:				
Included in net cash for operating activities				
Short-term lease paid	**694**	2,132	**-**	-
Low value assets leases paid	**828**	47	**-**	-
	1,522	2,179	**-**	-
Included in net cash for financing activities				
Interest expense on lease liabilities	**435**	278	**-**	4
Payment for the principal portion of lease liabilities	**4,748**	2,663	**-**	183
	6,705	5,120	**-**	187

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

1. GENERAL 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 principal activity of the Company is that of investment holding. The principal activities and other information of the subsidiaries, joint ventures and associates are set out in Notes 19, 20 and 21 respectively.

There have been no significant changes in the nature of these principal activities of the Group and of the Company during the financial year other than as disclosed below.

On 16 July 2021, the Group had completed the acquisition of two new subsidiaries, i.e. Ranhill Bersekutu Sdn. Bhd. ("RBSB") and Ranhill Worley Sdn. Bhd. ("RWSB"). An internal reorganisation was subsequently carried out with a new reporting segment, i.e. services sector, being established. The services sector involves in providing engineering, procurement and construction management services ("EPCM"), engineering, procurement, construction and commissioning ("EPCC"), project management consultancy ("PMC"), as well as operation and maintenance services.

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 financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on 20 April 2022.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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.

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise stated in the accounting policies below and are presented in Ringgit Malaysia ("RM"). All values are recorded to the nearest thousand ("RM'000") except where otherwise indicated.

Adoption of Amendments to Malaysian Financial Reporting Standards

In the current financial year, the Group and the Company have adopted all the new and amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2021 as follows:

Amendments to MFRS 16	COVID-19 - Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest rate Benchmark Reform - Phase 2

The adoption of the above amendments did not have any significant effect on the financial statements of the Group and of the Company.

The Group and the Company have early adopted amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 2021 for the year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTD.)

Standards and Amendments in Issue but Not Yet Effective

The new and amendments to MFRS that are issued but not yet effective up to date of issuance of the Group's and of the Company's financial statements are disclosed below:

MFRS 17	Insurance Contracts[3]
Amendments to MFRS 3	Reference to Conceptual Framework[1]
Amendments to MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[2]
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to MFRS 17	Insurance contracts[3]
Amendments to MFRS 17	Initial Application of MFRS 9 and MFRS 17 – Comparative Information[3]
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current[3]
Amendments to MFRS 101	Disclosure of Accounting Policies[3]
Amendments to MFRS 108	Definition of Accounting Estimates[3]
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to MFRS 116	Property, Plant and Equipment - Proceeds Before Intended Use[1]
Amendments to MFRS 137	Onerous Contracts - Cost of Fulfilling a Contract[1]
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018 - 2020[1]

1 Effective for annual periods beginning on or after 1 January 2022.
2 Effective immediately for annual periods beginning before 1 January 2023.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective date deferred to a date to be determined and announced by MASB.

The directors anticipate that the abovementioned new and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are set out below.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Business combination (contd.)

(a) Acquisition method (contd.)

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.

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.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. 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 associate, 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 associate are eliminated to the extent of the interest in the associate.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Revenue from contracts with customers and other revenue (contd.)

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Revenue from contracts with customers and other revenue (contd.)

(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.

(i) Technical and management services

Revenue from providing technical and management services is recognised at a point in time when services are rendered.

(j) Engineering services revenue

The Group performs various engineering and project management and delivery services. These activities are highly integrated and meet the criteria of a series of distinct services as the services are substantially the same and have the same pattern of transfer to the customers. Accordingly, they are accounted for as a single performance obligation.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the rendering of services, the Group considers the effects of variable consideration, if any.

Discounts are treated as reduction of revenue for the related transaction, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group has enforceable right to payment for performance completed to-date and therefore, the Company recognises revenue over time by measuring its progress towards satisfaction of that performance obligation (stage of completion). Stage of completion is measured using the input method by reference to labour hours incurred to-date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. All anticipated losses on contracts are fully provided for.

(k) Secondment fees

Secondment fee represents supervision service by the Group's professionals who are seconded to customer's site. The Group recognises revenue at a point in time when secondment services are provided.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Revenue from contracts with customers and other revenue (contd.)

(l) Professional services

The Group performs engineering design and project delivery services. These activities tend to be highly integrated or able to meet the criteria of a series of distinct goods and services. Accordingly, where appropriate will be accounted for as a single performance obligation.

The Group have enforceable right to payment for performance completed to-date and therefore, the Group recognise revenue over time by measuring its progress towards satisfaction of that performance obligation (stage of completion). Stage of completion is measured by reference to labour hours incurred to-date as a percentage of total estimated labour hours for each contract. In making the estimates, the Group relies on past experience, the use of engineering tools and the work of specialists, where appropriate. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. All anticipated losses on contracts are fully provided for.

Others

(m) Finance and interest income

Finance income arising from the operating financial asset and interest income are recognised using the effective interest method.

(n) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Contract related assets and liabilities (contd.)

(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 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.

Onerous contracts

If the Group and the Company have a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group and the Company recognise any impairment loss that has occurred on assets dedicated to that contract.

An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group and the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 right-of-use ("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 in accordance with MFRS 136 *Impairment of Assets*.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Leases (contd.)

(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.

Foreign Currency

(a) Functional and presentation currency

The financial statements of the Group and the Company 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Foreign Currency (contd.)

(b) Foreign currency transactions and balances (contd.)

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.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2021 RM	2020 RM
Foreign currency		
1 United States Dollar ("USD")	**4.18**	4.01
1 Thai Baht ("THB")	**0.13**	0.13
1 Chinese Yuan Renminbi ("CNY")	**0.66**	0.61
1 Hong Kong Dollar ("HKD")	**0.54**	0.52

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses, commission and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Employee benefits (contd.)

(b) Post-employment benefits (contd.)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Income Taxes

(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:

(i) 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

(ii) 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:

(i) 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

(ii) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Income Taxes **(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:

(i) 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 acquisition of the asset or as part of the expense items as applicable; and

(ii) receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable form, or payable to, the taxation authority is included as part of the receivables or payables in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

(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 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Intangible assets (contd.)

(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.

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")).

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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.

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 *Revenue from Contract with Customers*.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Subsequent measurement (contd.)

(b) Financial assets at fair value through profit or loss (contd.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

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 32 and Note 30.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (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.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Service concession contracts (contd.)

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.

(i) 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.

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

(ii) 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).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Service concession contracts (contd.)

(ii) Financial asset model (contd.)

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 and finance income associated with this financial asset model include:

- revenue from the construction of the operating financial assets on a percentage of completion basis;
- operation and maintenance revenue; and
- finance income related to the capital investment in the operating financial assets.

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 events) 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.

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.

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 assets or liabilities and the level of the fair value hierarchy.

The Group and the Company present assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

(i) Expected to be realised or intended to sold or consumed in normal operating cycle;
(ii) Held primarily for the purpose of trading;
(iii) Expected to be realised within twelve months after the reporting period; or
(iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Current versus non-current classification (contd.)

All other assets are classified as non-current.

A liability is current when:

(i) It is expected to be settled in normal operating cycle;
(ii) It is held primarily for the purpose of trading;
(iii) It is due to be settled within twelve months after the reporting period; or
(iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 43.

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:

(i) in the principal market for the asset or liability, or
(ii) 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:

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Fair value measurement (contd.)

(i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(i) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(ii) 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.

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 48, including the factors used to identify the reportable segments and the measurement basis of segment information.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

For the purpose of presentation in the statement 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.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, there are measure at higher of:

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

3. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

Financial Guarantee Contracts (contd.)

- the amount of the loss allowance determined in accordance with MFRS 9; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15 Revenue from Contracts with Customers.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

(a) Critical judgement in applying the accounting policies

There were no other critical judgements made by the management in the process of applying the Group's and the Company's accounting policies that may have significant effects on the amounts recognised in the financial statements, except as stated below:

(i) Reimbursement of expenses receivable from Johor State Government

During the financial year, RanhillSAJ, a subsidiary of the Company, submitted a reimbursement request to Johor State Government ("JSG") and recognised other income of RM22,176,000, being reimbursable expenses incurred relating to shortfall of raw water supply for year 2020 (Note 8).

In determining the basis in recognising the other income, management has taken into consideration of terms and conditions stated in the Water Supply Agreement entered with JSG on 9 July 2009, letter of acknowledgement of reimbursement request from Bahagian Perancang Ekonomi Negeri Johor dated 29 December 2021 and legal opinions obtained from solicitors.

(ii) Deferred tax assets

Deferred tax assets are recognised for unabsorbed capital allowances, tax losses, investment allowance and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the capital allowances, tax losses 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, expected extension of period for utilisation of investment allowance together with future tax planning strategies. Further details are disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

(a) Critical judgement in applying the accounting policies (contd.)

(iii) Service concession assets and service concession obligation

During the financial year, Pengurusan Aset Air Berhad ("PAAB") has granted RanhillSAJ, a subsidiary of the Company, moratorium of partial lease payable of for Operating Period 5 from 1 January 2021 to 31 December 2023 via its letter dated 31 December 2021.

Based on the said letter, the moratorium amount is payable after 45 years. Management has determined that no liability is to be recognised on the moratorium amount as of the end of reporting period based on the judgement that the liability is contingent upon renewal of water service license by Ministry of Environment and Water every three years for future Operating Periods.

Accordingly, in determining the carrying amounts of service concession assets and service concession obligation as disclosed in Notes 15 and 33 respectively, the management has considered moratorium of lease payment amounting to RM22.5 million in respect of the current financial year and the expected future moratorium for the financial year ending 31 December 2022 and 2023 to be in proportion to the moratorium received in current financial year.

(b) Key source 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 year are discussed below.

(i) 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 14.

(ii) 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 and terminal growth 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 16.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

(b) Key source of estimation uncertaint (contd.)

(iii) 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.

(iv) 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.

(v) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

5. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Water revenue	**1,103,462**	1,106,124	**-**	-
Power revenue	**217,993**	233,414	**-**	-
Contribution by housing developers	**30,100**	47,524	**-**	-
Non-revenue water reduction fees	**44,287**	36,277	**-**	-
Construction contract revenue	**12,183**	22,013	**-**	-
Operation and maintenance revenue	**16,566**	14,810	**-**	-
Special works	**7,864**	7,829	**-**	-
Technical and management services	**152**	407	**-**	-
Sale of equipment	**87**	87	**-**	-
Dividend income	**-**	-	**21,725**	57,725
Engineering services fee	**11,538**	-	**-**	-
Professional services	**76,553**	-	**-**	-
Secondment fees	**9,881**	-	**-**	-
Others	**205**	-	**-**	-
	1,530,871	1,468,485	**21,725**	57,725

Further details of revenue are disclosed in Note 39.

6. COST OF SALES

	Group	
	2021 RM'000	2020 RM'000 (Restated)
Water and its related costs	**780,611**	813,168
Power and its related costs	**187,826**	207,473
Construction contract costs	**6,855**	2,787
Operation and maintenance costs	**11,709**	12,779
Services and its related cost	**204,742**	116,329
Cost of equipment	**-**	27
	1,191,743	1,152,563

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

7. INTEREST INCOME

	Group	
	2021 RM'000	2020 RM'000 (Restated)
Interest income:		
- Fixed deposits	**2,968**	5,731
- Finance income from operating financial assets	**64,373**	72,227
- Islamic Money Market fund	**396**	845
- Contract assets	**46**	-
- Others	**117**	127
	67,900	78,930

8. OTHER INCOME

Included in other income are:

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Unrealised foreign exchange gain	**3,168**	3,824	**-**	60
Realised foreign exchange gain	**368**	394	**-**	-
Compensation for expenses and damages claims	**825**	148	**-**	-
Gain on remeasurement of CULS	**1,004**	-	**-**	-
Gain on disposal of property, plant and equipment	**50**	-	**-**	-
Rental income	**1,585**	1,868	**-**	-
Sales of scrap item	**2,121**	446	**-**	-
Liquidated ascertained damages claim	**810**	2,084	**-**	-
Reversal of allowances for expected credit loss	**802**	-	**-**	-
Reimbursement of expenses receivable from Johor State Government	**22,176**	-	**-**	-
Others	**2,578**	968	**-**	-
	35,487	9,732	**-**	60

During the year, RanhillSAJ, a subsidiary of the Company, has recognised an amount of RM22,176,000 as other income for the expense incurred on behalf of Johor State Government ("JSG") relating to shortfall of raw water supply, following the reimbursement request made by RanhillSAJ and acknowledged by the JSG during the current financial year. The expenses incurred mainly cover costs of pumping of water from alternative source of raw water supply.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

9. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Sukuk Murabahah	**36,270**	38,664	**-**	-
Musharakah Medium Term Notes ("mMTN")	**25,950**	29,150	**-**	-
Unwinding interest of service concession obligations (Note 33)	**21,007**	5,585	**-**	-
Term loans	**1,275**	1,173	**-**	-
Bank overdrafts	**278**	3	**-**	-
Unwinding of discount on payables	**669**	235	**-**	-
Guarantee fees	**282**	481	**-**	-
Lease liabilities (Note 17)	**435**	278	**-**	4
Unwinding provision for reinstatement cost	**30**	-	**-**	-
Others	**22**	3	**-**	-
	86,218	75,572	**-**	4

Unwinding of interest expense on lease rental payable to PAAB has been off set against the unwinding of interest income of RM3,244,000 (2020: RM3,692,000) arising from waiver of lease rental receivable.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

10. PROFIT BEFORE TAX AND ZAKAT

The following items have been included in arriving at profit before tax:

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Auditors' remuneration:				
Statutory audit				
- Current year	**1,565**	1,693	**106**	128
- Underprovision in prior year	**55**	11	**27**	-
Others	**28**	8	**-**	8
Employee benefits expense (Note 11)	**289,773**	241,880	**-**	-
Directors' remuneration (Note 12)	**19,405**	27,469	**10,230**	13,399
Depreciation of property, plant and equipment (Note 14)	**40,363**	37,179	**3**	4
Property, plant and equipment written off (Note 14)	**476**	552	**-**	-
(Gain)/loss on disposal of property, plant and equipment (Note 14)	**(50)**	38	**-**	-
Amortisation of service concession assets (Note 15)	**332,149**	335,172	**-**	-
Amortisation of software (Note 16)	**3,817**	2,428	**-**	-
Goodwill written off	**-**	14	**-**	-
Depreciation of right-of-use assets (Note 17)	**2,656**	2,374	**-**	52
Loss on disposal of right-of-use assets (Note 17)	**77**	137	**-**	137
Gain on lease modification (Note 17)	**(516)**	-	**-**	-
Written off of (Note 17):				
Right-of-use assets	**297**	-	**-**	-
Lease liabitlites	**(263)**	-	**-**	-
Expenses relating to:				
- short-term leases	**694**	2,132	**-**	-
- leases of low value assets	**828**	47	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

10. PROFIT BEFORE TAX AND ZAKAT (CONTD.)

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Bad debts written off	-	973	-	3
Bad debts recovery	-	(51)	-	-
Allowance for expected credit losses on (Note 23):				
- Trade receivables	4,359	160	-	-
- Other receivables	3	-	-	-
- Amount due from subsidiaries	-	-	610	-
Reversal of allowance for expected credit losses (Note 23):				
- Trade receivables	(764)	-	-	-
- Other receivables	(38)	-	-	-
Reversal of impairment on contract asset (Note 24)	(305)	-	-	-
Provision for liquidated ascertained damages	214	-	-	-
Inventories written off	29	-	-	-
Share-based payment	212	459	212	459
Net unrealised foreign exchange loss/(gain)	383	(3,842)	72	(60)
Net realised foreign exchange gain	(220)	-	-	-

11. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021 RM'000	2020 RM'000
Wages, salaries and bonus	201,020	159,897
Employee allowances	33,169	32,259
Defined contribution plan	25,853	19,989
Defined benefit retirement plan (Note 29)	6,509	7,100
Share-based payment[1]	117	252
Other staff related expenses	23,105	22,383
	289,773	241,880

[1] The Group offered up to 9,989,600 (2020: 9,989,600) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

12. DIRECTORS' REMUNERATIONS

The details of remuneration receivable by directors of the Group and the Company are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors of the Company:				
Non-executive directors:				
Fees	1,847	1,964	1,300	1,320
Other emoluments	286	265	255	254
	2,133	2,229	1,555	1,574
Executive directors:				
Fees	228	204	-	-
Salaries and bonus	8,176	15,555	6,474	9,835
Defined contribution plan	209	241	133	139
Other emoluments	1,052	1,288	866	1,100
Share-based payment (Note 37)	41	90	41	90
Benefits-in-kind	1,161	680	1,161	661
	10,867	18,058	8,675	11,825
	13,000	20,287	10,230	13,399
Other directors of the Group:				
Fees	2,155	2,287	-	-
Salaries and bonus	3,519	4,205	-	-
Defined contribution plan	402	456	-	-
Other emoluments	135	32	-	-
Share-based payment (Note 37)	54	117	-	-
Benefits-in-kind	140	85	-	-
	6,405	7,182	-	-
Total	19,405	27,469	10,230	13,399

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

13. INCOME TAX EXPENSES AND ZAKAT

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Current income tax:				
- Malaysian income tax	**39,598**	22,732	**-**	33
- Foreign income tax	**184**	40	**-**	-
- Under/(Over) provision in prior year	**2,632**	(400)	**-**	-
	42,414	22,372	**-**	33
Deferred tax: (Note 18)				
- Origination and reversal of deferred tax	**(16,876)**	19,515	**-**	-
- Relating to foreign deferred tax	**(153)**	(509)	**-**	-
- Under/(Over) provision in prior year	**1,217**	(942)	**-**	-
	(15,812)	18,064	**-**	-
Income tax expense	**26,602**	40,436	**-**	33
Zakat (Note 31)				
- Zakat expense in current year	**532**	1,236	**-**	-
- Overprovision in prior year	**-**	(10,243)	**-**	-
	532	(9,007)	**-**	-
Total income tax expense and zakat	**27,134**	31,429	**-**	33

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2020: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

13. INCOME TAX EXPENSES AND ZAKAT (CONTD.)

A reconciliation of current income tax expense applicable to profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
Profit before tax and zakat	**93,258**	95,531	**6,577**	43,571
Tax at Malaysian statutory rate of 24% (2020: 24%)	**22,382**	22,927	**1,578**	10,457
Different tax rates in other countries	**(37)**	33	**-**	-
Expenses not deductible for tax purposes	**31,581**	25,279	**3,636**	3,322
Income not subject to tax	**(5,697)**	(3,020)	**(5,214)**	(13,746)
Deferred tax recognised at different tax rate	**-**	83	**-**	-
Recognition of deferred tax assets arising from unutilised carried forward losses*	**(16,762)**	-	**-**	-
Utilisation of previously unrecognised deferred tax assets	**(4,762)**	(869)	**-**	-
Share of results of an associate	**(3,952)**	(2,655)	**-**	-
Under/(Over) provision of income tax in prior year	**2,632**	(400)	**-**	-
Under/(Over) provision of deferred tax in prior year	**1,217**	(942)	**-**	-
Income tax expenses	**26,602**	40,436	**-**	33

* The Finance Act 2021 was published on 31 December 2021 with extension of the time period for carrying forward unabsorbed business losses to 10 years from existing 7 years. Resultantly, the Group has further recognised deferred tax assets on carried forward business losses.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

14. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and machinery RM'000	Building structure RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2020 (as previously stated)	280,765	6,744	201,697	49,774	33,530	572,510
Restatement (Note 49)	-	-	(6,186)	-	26,206	20,020
At 1 January 2020 (as restated)	280,765	6,744	195,511	49,774	59,736	592,530
Additions (as restated)	18,239	1,846	8,397	2,383	36,297	67,162
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 2020/1 January 2021 (as restated)	**321,639**	**16,860**	**203,991**	**49,737**	**63,530**	**655,757**
Acquisition of subsidiaries (Note 19)	**-**	**-**	**35,082**	**144**	**-**	**35,226**
Additions	**6,519**	**197**	**14,269**	**156**	**15,616**	**36,757**
Disposals	**-**	**-**	**(676)**	**(78)**	**-**	**(754)**
Transfer	**22,707**	**59**	**1,667**	**228**	**(24,661)**	**-**
Written off	**(258)**	**-**	**(935)**	**-**	**-**	**(1,193)**
Exchange differences	**-**	**-**	**(182)**	**-**	**-**	**(182)**
At 31 December 2021	**350,607**	**17,116**	**253,216**	**50,187**	**54,485**	**725,611**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Plant and machinery RM'000	Building structure RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation						
At 1 January 2020 (as previously stated)	160,599	1,397	173,254	44,828	-	380,078
Restatement (Note 49)	-	-	(2,549)	-	-	(2,549)
At 1 January 2020 (as restated)	160,599	1,397	170,705	44,828	-	377,529
Charge for the year (as restated) (Note 10)	27,739	548	7,070	1,822	-	37,179
Disposals	-	-	(690)	(1,015)	-	(1,705)
Written off	(58)	-	(79)	(989)	-	(1,126)
Exchange differences	-	-	(28)	-	-	(28)
At 31 December 2020/1 January 2021 (as stated)	**188,280**	**1,945**	**176,978**	**44,646**	**-**	**411,849**
Acquisition of subsidiaries (Note 19)	**-**	**-**	**30,325**	**144**	**-**	**30,469**
Charge for the year (Note 10)	**28,486**	**464**	**10,087**	**1,326**	**-**	**40,363**
Disposals	**-**	**-**	**(600)**	**(15)**	**-**	**(615)**
Written off	**(231)**	**-**	**(486)**	**-**	**-**	**(717)**
Exchange differences	**-**	**-**	**(128)**	**-**	**-**	**(128)**
At 31 December 2021	**216,535**	**2,409**	**216,176**	**46,101**	**-**	**481,221**
Net carrying amount:						
At 1 January 2020 (as restated)	120,166	5,347	24,806	4,946	59,736	215,001
At 31 December 2020 (as restated)	133,359	14,915	27,031	5,091	63,530	243,908
At 31 December 2021	**134,072**	**14,707**	**37,040**	**4,086**	**54,485**	**244,390**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

14. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Office equipment RM'000
Cost	
At 31 December 2020/31 December 2021	**19**
Accumulated depreciation:	
At 1 January 2020	11
Charge for the year (Note 10)	4
At 31 December 2020/1 January 2021	**15**
Charge for the year (Note 10)	**3**
At 31 December 2021	**18**
Net carrying amount:	
At 31 December 2021	**1**
At 31 December 2020	4

Assets pledged as security

In addition to assets held under hire purchase, certain Group's property, plant and equipment amounting to RM621,000 (2020: RM526,000) are pledged as security to financial institutions as security for loans and borrowings, as disclosed in Note 30.

15. SERVICE CONCESSION ASSETS

	Group 2021 RM'000	2020 RM'000
Cost		
At beginning of the year	-	981,930
Additions	996,828	7,873
Derecognition on expiry of operating service arrangement	-	(989,803)
At end of the year	996,828	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

15. SERVICE CONCESSION ASSETS (CONTD.)

	Group 2021 RM'000	2020 RM'000
Accumulated amortisation		
At beginning of the year	-	654,631
Amortisation charge for the financial year (Note 10)	**332,149**	335,172
Derecognition on expiry of operating service arrangement	-	(989,803)
At end of the year	**332,149**	-
Net carrying amount	**664,679**	-

Service concession assets comprise assets resulting from the application of accounting policy as disclosed in Note 3 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, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

15. SERVICE CONCESSION ASSETS (CONTD.)

RanhillSAJ's application for individual service license under Section 4(1)(b) of WSIA (Act 655) was approved by the Ministry of Environment and Water, and was further renewed in accordance with the Operating Periods entered by the Company as follows:

- First Operating Period with a period of three years, commencing from 1 July 2009 to 30 June 2012;
- Second Operating Period with a period of two and a half years, commencing from 1 July 2012 to 31 December 2014 (to be consistent with the change in the financial year end from June to December);
- Third Operating Period with a period of three years, commencing from 1 January 2015 to 31 December 2017;
- Fourth Operating Period with a period of three years, commencing from 1 January 2018 to 31 December 2020; and
- Fifth Operating Period with a period of three years, commencing 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 with under the Fifth Operating Period, the RanhillSAJ is subjected to the following special conditions:

- The individual license grants the right for the RanhillSAJ to treat raw water, distribute and supply the treated water to the consumers within the State of Johor only;
- RanhillSAJ is supervised by SPAN based on a set of key performance indicators;
- RanhillSAJ is required at all time to maintain at least 30% of its Bumiputera equity shareholdings;
- Any compensation and grant received by RanhillSAJ from the Federal Government must be taken into consideration in computing the profit margin;
- 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;
- RanhillSAJ shall comply with the provisions on procurement and supply works. Any contract of restoration work, maintenance and supply works, excluding emergency works should be awarded based on competitive biddings and the duration of the contract shall not exceed the maximum period of three years;
- RanhillSAJ is responsible for the operation and maintenance of assets in rendering water supply service to rural or developed areas in the State of Johor; and
- RanhillSAJ shall comply with the Integrity and Anti-Corruption Framework for Licence Holders and Certified Agencies which was approved by SPAN on 10 July 2019 in preparing and implementing appropriate integrity and anti-bribery related policies, procedures and control measures.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

16. INTANGIBLES

Group	Goodwill RM'000	Service license RM'000	Software RM'000	Capital work-in-progress RM'000	Operating rights RM'000	Total RM'000
Cost:						
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 2020/1 January 2021	11,151	282,356	28,873	3,003	3,650	329,033
Additions	-	-	6,422	1,000	-	7,422
Arise from acquisition of subsidiaries (Note 19)	89,474	-	952	-	-	90,426
Exchange differences	-	-	-	-	(248)	(248)
At 31 December 2021	100,625	282,356	36,247	4,003	3,402	426,633
Accumulated amortisation:						
At 1 January 2020	-	-	14,377	-	3,722	18,099
Amortisation charge for the year (Note 10)	-	-	2,428	-	-	2,428
Exchange differences	-	-	(1)	-	(72)	(73)
At 31 December 2020/1January 2021	-	-	16,804	-	3,650	20,454
At 1 January 2021	-	-	16,804	-	3,650	20,454
Amortisation charge for the year (Note 10)	-	-	3,817	-	-	3,817
Arise from acquisition of subsidiaries (Note 19)	-	-	874	-	-	874
Exchange differences	-	-	-	-	(248)	(248)
At 31 December 2021	-	-	21,495	-	3,402	24,897
Net carrying amount:						
At 31 December 2020	11,151	282,356	12,069	3,003	-	308,579
At 31 December 2021	100,625	282,356	14,752	4,003	-	401,736

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

16. INTANGIBLES (CONTD.)

Goodwill

The goodwill's cash generating unit ("CGU") is in respect of environment segment and service segment as follows:

	Group	
	2021	2020
	RM'000	RM'000
Environment	**11,151**	11,151
Services	**89,474**	-
	100,625	11,151

The Group recognised a provisional goodwill of RM89,474,000 arising from acquisition of subsidiaries for services segment as disclosed in Note 19 as the Group is currently undertaking a purchase price allocation ("PPA") exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets. The goodwill on acquisition is now provisionally estimated. Any differences arising will be adjusted accordingly upon the completion of the PPA on a retrospective basis when the purchase price allocation is finalised.

Service license

Service license represents cost of service license issued to a subsidiary, RanhillSAJ to treat raw water, supply and distribute treated water to the consumers of the State of Johor. The service license, under environment segment, 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 CGUs from environment segment and services segment 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 for environment segment and a period of 3 years (2020: Nil) for services segment.

The key assumptions used in the value-in-use calculations are as follows:

	Environment		Services	
	2021	2020	2021	2020
	%	%	%	%
Growth rate[(i)]	**2.1**	1.5	**2.1**	-
Pre-tax discount rate[(ii)]	**12.6**	17.6	**13.4-14.2**	-

(i) Projected terminal growth rate used to extrapolate cash flows beyond the projection period
(ii) Pre-tax discount rate applied to cash flows projections

The directors have determined the growth rate considering the long-term inflation rate which does not exceed the long term average growth rate for the CGU. The discount rates used are pre-tax and reflect their specific risk relating to the segments.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

16. INTANGIBLES (CONTD.)

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.

17. RIGHT-OF-USE ASSETS

	Land and buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Group as a lessee				
Carrying amount				
At 1 January 2021	**6,433**	**2,534**	**112**	**9,079**
Arise from acquisition of subsidiaries (Note 19)	**5,709**	**-**	**998**	**6,707**
Additions	**9,922**	**-**	**202**	**10,124**
Disposals (Note 10)	**(77)**	**-**	**-**	**(77)**
Written off (Note 10)	**(297)**	**-**	**-**	**(297)**
Depreciation expenses for the year (Note 10)	**(1,420)**	**(823)**	**(413)**	**(2,656)**
Lease modification (Note 10)	**516**	**-**	**-**	**516**
Exchange differences	**(29)**	**-**	**-**	**(29)**
At 31 December 2021	**20,757**	**1,711**	**899**	**23,367**
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 10)	(1,444)	(888)	(42)	(2,374)
Exchange differences	(11)	-	-	(11)
At 31 December 2020	6,433	2,534	112	9,079
Company as a lessee				
Carrying amount				
At 1 January 2020	**-**	**189**	**-**	**189**
Disposals	**-**	**(137)**	**-**	**(137)**
Depreciation expenses for the year (Note 10)	**-**	**(52)**	**-**	**(52)**
At 31 December 2020/31 December 2021	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

17. RIGHT-OF-USE ASSETS (CONTD.)

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.

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) as disclosed in Note 30 and the movements during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of the year	**5,528**	6,515	**-**	179
Arise from acquisition of subsidiaries (Note 19)	**7,188**	-	**-**	-
Additions	**9,633**	1,416	**-**	-
Accretion of interest (Note 9)	**435**	278	**-**	4
Settlement	**(4,748)**	(2,663)	**-**	(183)
Written off (Note 10)	**(263)**	-	**-**	-
Exchange differences	**(32)**	(18)	**-**	-
At end of the year	**17,741**	5,528	**-**	-
Analysed as:				
Current	**5,631**	2,046	**-**	-
Non-current	**12,110**	3,482	**-**	-
	17,741	5,528	**-**	-

The maturity analysis of lease liabilities are disclosed in Note 44.

The following amounts are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation expense of right of use assets	**2,656**	2,374	**-**	52
Interest expense on lease liabilities	**435**	278	**-**	4
Expenses relating to:				
- short-term leases	**694**	2,132	**-**	-
- leases of low value assets	**828**	47	**-**	-
	4,613	4,831	**-**	56

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

17. RIGHT-OF-USE ASSETS (CONTD.)

The Group and the Company have total cash outflow for leases amounting to RM6,705,000 (2020: RM5,120,000) and Nil (2020: RM187,000) respectively.

Assets held under hire purchase

During the financial year, the Group acquired motor vehicles with an aggregate cost of RM156,000 (2020: RM2,383,000) of which none of the amount (2020: RMNil) were acquired by means of hire purchase respectively. These assets were paid for in cash.

The carrying amount of motor vehicles of the Group under hire purchase as at 31 December 2021 was RM699,000 (2020: RM1,130,000).

Group as a lessor

Future minimum rentals receivable under non-cancellable operating leases as are as follows:

	Office building	
	2021 RM'000	2020 RM'000
Operating lease		
Within one year	**1,543**	1,868
After one year but not more than five years	**1,000**	7,867
More than five years	**-**	1,478
	2,543	11,213

The rental income arising from this arrangement is RM1,585,000 (2020: RM1,868,000) as disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

18. DEFERRED TAXATION

The components and movements of deferred tax assets during the financial year prior to offsetting are as follows:

	Deferred tax assets					
Group	Unutilised investment allowance RM'000	Unabsorbed capital allowance RM'000	Unutilised tax losses RM'000	Provisions RM'000	Others RM'000	Total RM'000
As at 1 January 2020 (as previously stated)	61,443	74,800	9,129	36,039	9,723	191,134
Restatement (Note 49)	-	-	(3,937)	-	-	(3,937)
At 1 January 2020 (as restated)	61,443	74,800	5,192	36,039	9,723	187,197
Recognised in profit and loss (as restated)	(14,469)	(14,227)	998	(2,001)	(2,938)	(32,637)
Exchange differences	-	-	336	-	-	336
At 31 December 2020/1 January 2021 (as restated)	**46,974**	**60,573**	**6,526**	**34,038**	**6,785**	**154,896**
Arise from acquisition of Subsidiary (Note 19)	**-**	**-**	**18,823**	**3,690**	**38**	**22,551**
Recognised in profit and loss	**2,908**	**(14,923)**	**16,377**	**1,508**	**4,411**	**10,281**
Exchange differences	**-**	**-**	**(79)**	**-**	**-**	**(79)**
At 31 December 2021	**49,882**	**45,650**	**41,647**	**39,236**	**11,234**	**187,649**

The components and movements of deferred tax liabilities during the financial year prior offsetting are as follows:

	Deferred tax liabilities					
Group	Property plant and equipment RM'000	Convertible unsecured loan stocks RM'000	Right-of-use of assets RM'000	Operating financial asset RM'000	Others RM'000	Total RM'000
As at 1 January 2020 (as previously stated)	(15,706)	(316)	-	(144,103)	(673)	(160,798)
Restatement (Note 49)	287	-	-	(10,785)	-	(10,498)
At 1 January 2020 (as restated)	(15,419)	(316)	-	(154,888)	(673)	(171,296)
Recognised in profit and loss (as restated)	(3,986)	116	-	18,156	287	14,573
Exchange differences	(278)	-	-	-	-	(278)
At 31 December 2020/1 January 2021 (as restated)	**(19,683)**	**(200)**	**-**	**(136,732)**	**(386)**	**(157,001)**
Arise from acqusisition of Subsidiary (Note 19)	**262**	**-**	**-**	**-**	**-**	**262**
Recognised in profit and loss	**(6,294)**	**(86)**	**(2,110)**	**13,884**	**137**	**5,531**
Exchange differences	**322**	**-**	**-**	**-**	**-**	**322**
At 31 December 2021	**(25,393)**	**(286)**	**(2,110)**	**(122,848)**	**(249)**	**(150,886)**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

18. DEFERRED TAXATION (CONTD.)

Presented after appropriate offsetting as follows:

	Group		
	31.12.2021 RM'000	31.12.2020 RM'000 (Restated)	01.01.2020 RM'000 (Restated)
Deferred tax assets	**65,104**	29,177	53,995
Deferred tax liabilities	**(28,341)**	(31,282)	(38,094)
	36,763	(2,105)	(15,901)

Included in the deferred tax assets of the Group is an amount of RM47,543,000 (2020: 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 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 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 Finance Act 2018 introduced a 7-Year Limitation on carry forward of 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 statement of profit or loss and other comprehensive income of RM47,543,000 (2020: RM42,781,000). Ranhill Powertron II, through its tax consultant, has since 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 based on terms previously granted. 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 Ranhill Powertron II 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 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	
	2021 RM'000	2020 RM'000 (Restated)
Unutilised investment allowances	**234,759**	271,057

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	**620,000**	395,000
Amount due from a subsidiary	**800,000**	800,000
	1,420,000	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 Company's subsidiaries are as follows:

Name	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			2021	2020	2021	2020
Held by the Company:						
Ranhill Capital Sdn. Bhd. [1]	Malaysia	Investment holding and provision of management services to its subsidiaries.	**100**	100	**-**	-
Ranhill Solar I Sdn. Bhd. [1,3]	Malaysia	Solar power generation.	**100**	-	**-**	-
Held by Ranhill Capital Sdn. Bhd.						
SAJ Capital Sdn. Bhd. [1]	Malaysia	A special purpose vehicle to issue Islamic Medium Term Notes of RM650,000,000 in nominal value based on the Shariah Principle of Murabahah (via Tawarruq Agreement) ("Sukuk Murabahah").	**100**	100	**-**	-
Ranhill Solar Ventures Sdn, Bhd. [1,4]	Malaysia	A special purpose company incorporated to issue Islamic Medium Term Notes and/or to establish Islamic Medium Term Notes programme.	**100**	-	**-**	-

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For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(a) Details of the Company's subsidiaries are as follows: (contd.)

Name	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			2021	2020	2021	2020
Held by Ranhill Capital Sdn. Bhd. (contd.)						
Ranhill Renewables Sdn. Bhd. [1]	Malaysia	Investment holding and the provision of installation, testing, commissioning, operation and maintenance services of renewable energy projects.	**100**	100	**-**	-
Ranhill Powertron Sdn. Bhd. [1]	Malaysia	Independent power producer in Kota Kinabalu, Sabah.	**60**	60	**40**	40
Ranhill Powertron II Sdn. Bhd. [1]	Malaysia	Independent power producer in Kota Kinabalu Sabah.	**80**	80	**20**	20
Ranhill Power Services Sdn. Bhd. [1]	Malaysia	Provision of support service to its fellow subsidiaries in the power division.	**100**	100	**-**	-
Ranhill Power Myanmar Sdn.Bhd. [5]	Malaysia	Investment holding (dormant).	**-**	100	**-**	-
PT. Ranhill Bumi Persada [2]	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. [1]	Malaysia	Integrated water supplier and is principally involved in the 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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(a) Details of the Company's subsidiaries are as follows: (contd.)

Name	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			2021	2020	2021	2020
Held by Ranhill Capital Sdn. Bhd. (contd.)						
Ranhill Bersekutu Sdn. Bhd. [1,10]	Malaysia	Provision of engineering, procurement and construction management services (EPCM); engineering, procurement, construction and commissioning services (EPCC) and project management services (PMC).	**100**	-	**-**	-
Ranhill International Pte. Ltd. [1]	Singapore	Investment holding (dormant).	**100**	100	**-**	-
Held by Ranhill Bersekutu Sdn. Bhd.:						
Ranhill Worley Sdn. Bhd. [1,6,10]	Malaysia	Provision of engineering, procurement, and construction management, supervision and ancillary services to its customers.	**51**	-	**49**	-
Ranhill Power O&M Sdn. Bhd. [1,7]	Malaysia	Provision of operation and maintenance services for power plants.	**60**	60	**40**	40
Ranhill Power II O&M Sdn. Bhd. [1,7]	Malaysia	Provision of operation and maintenance services for power plants.	**80**	80	**20**	20
Ranhill Water Services Sdn. Bhd. [1,7]	Malaysia	Providing and carrying on project management consultancy services relating to both domestic and overseas water-related projects.	**100**	100	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(a) Details of the Company's subsidiaries are as follows: (contd.)

Name	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			2021	2020	2021	2020
Held by Ranhill International Ptd. Ltd:						
Ranhill Water Technologies Sdn. Bhd. [1,8]	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	**-**	-
Held by Ranhill International Ptd. Ltd:						
Ranhill Water Technologies (Cayman) Ltd. [1]	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	**-**	-
Held by Ranhill Water Technologies (Cayman) Ltd.:						
AnuRak Water Treatment Facilities Co. Ltd. [2,9]	Thailand	To undertake potable water, wastewater and reclaimed water treatment services for domestic and industrial use.	**100**	100	**-**	-
Ranhill Water Technologies (Thai) Ltd. [2,9,12]	Thailand	To undertake consultancy services, project management, engineering, supply construction and operation for potable and wastewater treatment plant.	**100**	100	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(a) Details of the Company's subsidiaries are as follows: (contd.)

Name	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
			2021	2020	2021	2020
Held by Ranhill Water Technologies Sdn. Bhd.:						
KWI (Guangzhou) Environmental Engineering Technology Co. Ltd. [2,11]	China	Ceased operations.	**51**	51	**49**	49
Top Zone Solutions Sdn. Bhd. [1]	Malaysia	To undertake construction, structural, civil, engineering, electrical and mechanical work for potable water and wastewater treatment plant operation.	**100**	100	**-**	-

^ Equals to the proportion of voting rights held
1 Audited by Deloitte PLT, Malaysia and its affliates
2 Audited by firm other than Deloitte
3 Incorporated on 30.04.2021
4 Incorporated on 14.10.2021
5 Application to strike off had been lodged to the Registrar of Companies at Companies Commission of Malaysia ("CCM") on 24.12.2020. The Company was struck off on 21.07.2021
6 Pursuant to the Scheme of Amalgamation ("SoA"), on 23.12.2021, the equity interest held by Ranhill Capital Sdn. Bhd. ("RCSB") in Ranhill Worley Sdn. Bhd. ("RWSB") was transferred to Ranhill Bersekutu Sdn. Bhd. ("RBSB")
7 Pursuant to the SoA, on 09.11.2021, the equity interest held by RCSB in Ranhill Power O&M Sdn. Bhd., Ranhill Power II O&M Sdn. Bhd. and Ranhill Water Services Sdn. Bhd. respectively were transferred to RBSB
8 Pursuant to the SoA, on 09.11.2021, the equity interest held by Ranhill Water Technologies (Cayman) Ltd. in Ranhill Water Technologies Sdn. Bhd. was transferred to RBSB
9 Pursuant to the SoA, on 01.11.2021, the equity interest held by RWT in the Thailand companies i.e. AnuRAK and RWTT respectively were transferred to RWTC
10 On 16.07.2021, the Group completed the acquisition of (i) 100% of RBSB's shares of 15,346,170 at total purchase consideration of RM69,171,053 and (ii) 51% of RWSB's shares of 4,488,309 at total purchase consideration of RM86,915,408
11 According to China's National Enterprise Credit Information Publicity System, KWI (Guangzhou) Environmental Engineering Technology Co. Ltd. had been revoked on 02.08.2005
12 Inclusive of 51% shareholdings held in trust by individual shareholders.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(b) Acquisition of RBSB and RWSB

During the financial year, the Company had entered into Share Sale Agreement ("SSA") to acquire two subsidiary companies on 11 May 2021, i.e. Ranhill Bersekutu Sdn Bhd ("RBSB") and Ranhill Worley Sdn Bhd ("RWSB"), through acquisition of 15,346,170 and 4,488,309 ordinary shares of the respective companies representing 100% equity interest in RBSB and 51% equity interest in RWSB. The purchase consideration for RBSB and RWSB of RM69,171,053 and RM86,915,408 respectively has been satisfied by the issuance of 222,980,657 new ordinary shares in the Company ("Ranhill Shares"), at the market price of RM0.70 per Ranhill Shares on the date of 16 July 2021. The new acquisition will help the Group in diversifying its business activities to include the business of infrastructure, chemicals, resources and energy such as provision of engineering services, project management and related services.

The Company has nominated Ranhill Capital Sdn. Bhd. ("RCSB"), a wholly owned subsidiary of the Company which is incorporated in Malaysia, to hold the said ordinary shares of the RBSB and RWSB pursuant to the terms of the SSA.

The acquisition was completed on 16 July 2021 and RCSB and the Company become the immediate and ultimate holding company respectively.

The details of fair value of the identifiable assets and liabilities of RBSB and RWSB were as below:

As at 16 July 2021	Note	RBSB RM'000	RWSB RM'000	Total RM'000
Assets				
Property, plant and equipment	14	**321**	**4,436**	**4,757**
Investment in an associates		**30**	**-**	**30**
Deferred tax assets	18	**2,504**	**20,309**	**22,813**
Intangible assets	16	**78**	**-**	**78**
Right-of-use assests	17	**2,209**	**4,498**	**6,707**
Contract related assets		**11,170**	**31,493**	**42,663**
Trade and other receivables		**17,850**	**20,502**	**38,352**
Tax recoverable		**3,079**	**-**	**3,079**
Deposit, cash and bank balances		**15,488**	**27,355**	**42,843**
		52,729	**108,593**	**161,322**
Less: Liabilities				
Loan and borrowings		**(2,021)**	**(5,167)**	**(7,188)**
Trade and other payables		**(10,236)**	**(40.422)**	**(50,658)**
Contract related liabilities		**(5,239)**	**(1,457)**	**(6,696)**
Tax payable		**-**	**(18)**	**(18)**
		35,233	**61,529**	**96,762**
Less:				
Non-controlling interest		**-**	**(30,150)**	**(30,150)**
Net identifiable asset acquired		**35,233**	**31,379**	**66,612**

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(b) Acquisition of RBSB and RWSB (contd.)

The total purchase consideration was summarised as follows:

	RBSB RM'000	RWSB RM'000	Total RM'000
Issue of Ranhill shares	69,171	86,915	156,086

Goodwill on consolidation arising on acquisition:

	RBSB RM'000	RWSB RM'000	Total RM'000
Total purchase considerations	69,171	86,915	156,086
Less: Net identifiable asset acquired	(35,233)	(31,379)	(66,612)
Goodwill on consideration	33,938	55,536	89,474

The fair value of identifiable assets, liabilities and goodwill as at 31 December 2021 are provisional as the Group is currently undertaking a purchase price allocation exercise to determine the identifiable assets and liabilities, and to identify and measure intangible assets. The goodwill on acquisition is now provisionally estimated, any differences arising on completion of purchase price allocation will be adjusted accordingly on retrospective basis.

Acquisition related costs has been charged out as administrative expenses amounted to RM2,695,000.

From the date of acquisition, the subsidiaries' contributed revenue and profit after tax amounted to RM98,411,000 and RM24,055,000 respectively.

If the acquisition of RBSB and RWSB had been completed on the first day of the financial year, the Group's revenue and profit after tax for the year would have been higher by RM122,155,000 and RM21,509,000 respectively.

The non-controlling interest (49% ownership interest in RWSB) recognised at the acquisition date was measured by reference to the proportionate share of RWSB's identifiable net assets.

(c) Internal reorganisation and establishment of new reporting segment

Subsequent to the acquisition of RBSB and RWSB, the Group has carried out an internal reorganisation through a scheme of amalgamation with the objective of setting up an enlarge group under RBSB for the Group's engineering-based subsidiaries to provide "one-stop solution" for its customers. Accordingly, a new reporting segment, i.e, services sector, has been formed as disclosed in Note 48. The details of the internal reorganisations are as follows:

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(c) Internal reorganisation and establishment of new reporting segment (contd.)

(i) 30 September 2021, RBSB entered into a share sale agreement with RCSB to acquire:

- 51% of the total issued shares and paid-up capital of RWSB;
- 100% of the total issued shares and paid-up capital of Ranhill Water Services Sdn. Bhd. ("RWSSB");
- 60% of the total issued shares and paid-up capital of Ranhill Power O&M Sdn. Bhd. ("RPOM"); and
- 80% of the total issued shares and paid-up capital of Ranhill Power II O&M Sdn. Bhd. ("RPOM II").

The share sale transaction to acquire RWSSB, RPOM and RPOM II was completed on 9 November 2021 while the share sale transaction to acquire RWSB was completed on 23 December 2021. Consequently, RCSB ceased to be the immediate holding company of RWSB, RWSSB, RPOM and RPOM II, and RBSB becomes the immediate holding company of RWSB, RWSSB, RPOM and RPOM II.

(ii) On 30 September 2021, RBSB has entered into a share sale agreement with Ranhill Water Technologies (Cayman) Ltd. ("RWTC"), a wholly owned subsidiary of RCSB which is incorporated in Cayman Islands, to acquire 100% of the total issued shares and paid up capital of Ranhill Water Technologies Sdn. Bhd. ("RWTSB").

The share sale transaction was completed on 9 November 2021. Consequently, RWTC ceased to be the immediate holding company of RWTSB, and RBSB becomes the immediate holding company of RWTSB.

(iii) On 30 September 2021, RWTC has entered into a share sale agreement with RWTSB to acquire:

- 100% of the total issued shares and paid up capital of AnuRak Water Treatment Facilities Co Ltd. ("AnuRak"), a company incorporated in Thailand;
- 100% of the total issued shares and paid up capital of Ranhill Water Technologies (Thai) Ltd. ("RWTT"), a company incorporated in Thailand.

The share sale transaction was completed on 1 November 2021. Consequently, RWTSB ceased to be the immediate holding company of AnuRak and RWTT, and RWTC becomes the immediate holding company of AnuRak and RWTT.

The cost of the above internal reorganisation which has been charged out as administrative expenses amounted to RM446,000.

(d) Summarised financial information of Ranhill Powertron Sdn. Bhd. ("Ranhill Powertron I"), Ranhill Powertron II, RanhillSAJ and Ranhill Worley Sdn Bhd ("RWSB") 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"), Ranhill Power II O&M Sdn. Bhd. ("RPOMII") and PT. Ranhill Bumi Persada ("RBP") are not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(d) (i) Summarised statements of financial position:

	Ranhill Powertron I RM'000	Ranhill Powertron II RM'000	Ranhill SAJ RM'000	RWSB RM'000	Total RM'000
As at 31 December 2021					
Non-current assets	113,115	361,379	1,022,389	42,758	1,539,641
Current assets	140,001	224,388	350,337	83,023	797,749
Total assets	253,116	585,767	1,372,726	125,781	2,337,390
Current liabilities	38,738	67,466	561,378	45,548	713,130
Non-current liabilities	43,819	353,644	648,860	1,640	1,047,963
Total liabilities	82,557	421,110	1,210,238	47,188	1,761,093
Equity attributable to owners of the Company	105,212	131,515	124,175	40,082	400,984
Non-controlling interest	65,347	33,142	38,313	38,511	175,313
Net assets	170,559	164,657	162,488	78,593	576,297

	Ranhill Powertron I RM'000 (Restated)	Ranhill Powertron II RM'000 (Restated)	Ranhill SAJ RM'000 (Restated)	RWSB RM'000	Total RM'000
As at 31 December 2020					
Non-current assets	114,662	407,715	414,916	-	937,293
Current assets	142,323	226,974	290,263	-	659,560
Total assets	256,985	634,689	705,179	-	1,596,853
Current liabilities	25,672	81,871	229,709	-	337,252
Non-current liabilities	55,038	396,562	339,064	-	790,664
Total liabilities	80,710	478,433	568,773	-	1,127,916
Equity attributable to owners of the Company	109,418	132,280	102,968	-	344,666
Non-controlling interest	66,857	23,976	33,438	-	124,271
Net assets	176,275	156,256	136,406	-	468,937

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(d) (ii) Summarised statements of profit or loss and other comprehensive income:

	Ranhill Powertron I RM'000	Ranhill Powertron II RM'000	Ranhill SAJ RM'000	RWSB RM'000	Total RM'000
For the year ended 31 December 2021					
Revenue	111,046	106,947	1,141,426	79,538	1,438,957
Profit for the year	3,041	8,401	96,082	21,064	128,588
Profit attributable to:					
- owners of the Company	1,825	6,721	76,866	10,743	96,155
- Non-controlling interests	1,216	1,680	19,216	10,321	32,433
Profit for the year, representing total comprehensive income	3,041	8,401	96,082	21,064	128,588
Total comprehensive income:					
- attributable to owners of the Company	1,825	6,721	76,866	10,743	96,155
- attributable to the non-controlling interests	1,216	1,680	19,216	10,321	32,433
	3,041	8,401	96,082	21,064	128,588

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(d) (ii) Summarised statements of profit or loss and other comprehensive income: (contd.)

	Ranhill Powertron I RM'000	Ranhill Powertron II RM'000 (Restated)	Ranhill SAJ RM'000 (Restated)	RWSB RM'000	Total RM'000
For the year ended 31 December 2020					
Revenue	121,120	122,293	1,161,477	-	1,394,890
Profit for the year	1,512	1,573	104,583	-	107,668
Profit attributable to:					
- owners of the Company	907	1,258	83,666	-	85,831
- Non-controlling interests	605	315	20,917	-	21,837
Profit for the year	1,512	1,573	104,583	-	107,668
Other comprehensive income	-	-	(4,407)	-	(4,407)
Total comprehensive income for the year	1,512	1,573	100,176	-	103,261
Total comprehensive income attributable to:					
- owners of the Company	907	1,258	80,141	-	82,306
- non-controlling interests	605	315	20,035	-	20,955
	1,512	1,573	100,176	-	103,261

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

19. INVESTMENT IN SUBSIDIARIES (CONTD.)

(d) (iii) Summarised statements of cash flows:

	Ranhill Powertron I RM'000	Ranhill Powertron II RM'000	Ranhill SAJ RM'000	RWSB RM'000	Total RM'000
For the year ended 31 December 2021					
Net cash generated from operating activities	7,132	76,846	169,389	9,160	262,527
Net cash (used in)/generated from investing activities	(15,728)	(304)	(27,358)	20	(43,370)
Net cash used in financing activities	(10,661)	(76,542)	(91,077)	(4,269)	(182,549)
Net increase/(decrease) in cash and cash equivalents	(19,257)	-	50,954	4,911	36,608
Effect on exchange rate	-	-	-	(9)	(9)
Cash and cash equivalents at beginning of the year	23,190	-	81,415	26,317	130,922
Cash and cash equivalents at end of the year	3,933	-	132,369	31,219	167,521
Divident paid to NCI	2,800	-	14,000	1,960	18,760

	Ranhill Powertron I RM'000	Ranhill Powertron II RM'000	Ranhill SAJ RM'000	RWSB RM'000	Total RM'000
For the year ended 31 December 2020					
Net cash generated from/(used in) operating activities	(4,075)	71,398	127,368	-	194,691
Net cash generated from investing activities	16,519	7,886	14,558	-	38,963
Net cash used in financing activities	(20,661)	(79,284)	(170,972)	-	(270,917)
Net decrease in cash and cash equivalents	(8,217)	-	(29,046)	-	(37,263)
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	-	81,414	-	97,628
Divident paid to NCI	6,800	-	26,000	-	32,800

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

20. INVESTMENT IN JOINT VENTURES

	Group	
	2021 RM'000	2020 RM'000
Unquoted investment, at cost	291	-
Less: Accumulated impairment losses	(291)	-
	-	-

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	Country of incorporation / Principal place of business	% of ownership interest held by the Group		Accounting model applied
		2021	2020	
Held by Ranhill Bersekutu Sdn. Bhd. ("RBSB"):				
Ranhill Bersekutu Saudi Limited ("RBSL")	The Kingdom of Saudi Arabia	50	-	Equity method
Held by Ranhill Worley Sdn. Bhd. ("RWSB"):				
Broadspectrum Worleyparsons JV (M) Sdn. Bhd ("BWJV")	Malaysia	33.50	-	Equity method

On 16 July 2021, the Group completed the acquisition of RBSB which has 50% equity interest in ("RBSL") and RWSB which has 33.5% equity interest in ("BWJV"). The Group's interest in RBSL and BWJV is accounted for using the equity method.

The Group shares the loss of the joint venture to the total carrying value of the investment in joint venture and have been fully impaired as at 31 December 2021.

The summarised financial information of BWJV and RBSL is not presented as it is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

21. INVESTMENT IN ASSOCIATES

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	96,771	96,720
Add: Share of post-acquisition reserves	43,210	26,745
	139,981	123,465
Less: Accumulated impairment losses	(18,472)	(18,451)
Exchange differences	3,799	(2,939)
Amount due from an associate	83,308	78,372
	208,616	180,447

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.

(a) Details of the Group's associates were as follows:

Name	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group		Accounting model applied
			2021	2020	
Held by Ranhill Capital Sdn. Bhd.:					
Tawau Green Energy Sdn. Bhd. [1]	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. ("RWHK") [1]	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

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

21. INVESTMENT IN ASSOCIATES (CONTD.)

(a) Details of the Group's associates were as follows: (contd.)

Name	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group 2021	2020	Accounting model applied
Held by Ranhill Water (Hong Kong) Ltd.:					
Ranhill Water (Wuhan) Co. Ltd. [1]	China	To promote management services, marketing, development and technical services.	**40**	40	Equity method
Ranhill (Changfeng) Environmental Protection Technologies Co. Ltd. [1,2]	China	To undertake design, construction and operation for wastewater treatment and environmental protection facilities in Xiatang Heavy Industrial Park.	**-**	40	Equity method
Ranhill (Yingkou) Wastewater Treatment Co. Ltd. [1]	China	To undertake wastewater treatment services for Yingkou Economic & Technology Development Zone.	**40**	40	Equity method
Ranhill (Xinxiang) Wastewater Treatment Co. Ltd.	China	To undertake wastewater treatment services for Xinxiang Industrial Park.	**40**	40	Equity method
Ranhill (Nanchang) Wastewater Treatment Co. Ltd.	China	To undertake wastewater treatment services for Xiao Lan Economic Development Zone.	**40**	40	Equity method
Ranhill (Hefei) Wastewater Treatment Co. Ltd.	China	To undertake wastewater treatment services for Hefei Chemical Industrial Park.	**40**	40	Equity method
Ranhill (Fuzhou) Water Co. Ltd. [1]	China	To undertake water, reclaimed water and wastewater projects in Yihuang Industrial Park.	**40**	40	Equity method
Ranhill (Wanzai) Water Co. Ltd. [1]	China	To undertake water, reclaimed water and wastewater projects in Wanzai Industrial Park, Yichun City.	**40**	40	Equity method
Ranhill (Chongren) Water Co. Ltd. [1]	China	To undertake wastewater treatments services for Chongren Industrial Park.	**40**	40	Equity method

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

21. INVESTMENT IN ASSOCIATES (CONTD.)

(a) Details of the Group's associates were as follows: (contd.)

Name	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group 2021	2020	Accounting model applied
Held by Ranhill Water (Hong Kong) Ltd.: (contd.)					
Ranhill (Yongxin) Water Co. Ltd. [1]	China	To undertake wastewater treatment services for Yongxin Country Industrial Park.	**40**	40	Equity method
Ranhill Water (Yongfeng) Co. Ltd. [1]	China	To undertake construction and operation for treatments plant in Ji'an City.	**40**	40	Equity method
Ranhill Water (Fengxin) Co. Ltd. [1]	China	To undertake, design construction and operation for sewage treatments plant.	**40**	40	Equity method
Ranhill Wu Chuang (Nanchang) Water Co. Ltd. [1,3]	China	To undertake operation and maintenance of sewage treatment and recycling.	**40**	-	Equity method
Ranhill Xiang Gang (Nanchang) Water Co. Ltd. [1,3]	China	To undertake operation and maintenance of sewage treatment and recycling.	**40**	-	Equity method
Held by Ranhill Bersekutu Sdn. Bhd.:					
Ranhill Consulting Sdn.Bhd. [1,4]	Malaysia	Engineering consultancy and engineering & procurement services.	**30**	-	Equity method
Ranhill Consulting (Sarawak) Sdn. Bhd. [1,4]	Malaysia	Project management and engineering consultant.	**30**	-	Equity method

1 Audited by firm other than Deloitte PLT
2 Wound up on 2 September 2021
3 Incorporated on 13 August 2021
4 Acquired on 16 July 2021

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

21. INVESTMENT IN ASSOCIATES (CONTD.)

(b) Summarised financial information of RWHK and its subsidiaries, an associate material to the Group, is set out below:

(i) Summarised statements of financial position

	2021 RM'000	2020 RM'000
Non-current assets	**733,364**	682,835
Cash and bank balances	**15,294**	39,655
Other current assets	**131,359**	88,597
Total current assets	**146,653**	128,252
Total assets	**880,017**	811,087
Non-current liabilities	**(235,467)**	(251,441)
Current liabilities	**(331,366)**	(304,459)
Total liabilities	**(566,833)**	(555,900)
Net assets	**313,184**	255,187

(ii) Summarised statements of financial position

	2021 RM'000	2020 RM'000
Revenue	**163,457**	154,049
Profit before tax	**45,498**	36,183
Tax expense	**(4,347)**	(8,522)
Profit after tax, representing total comprehensive profit for the year	**41,151**	27,661

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate

	2021 RM'000	2020 RM'000
Net assets as at 31 December	**313,184**	255,187
Interest in an associate	**40%**	40%
	125,274	102,075
Add: Amount due from an associate	**83,308**	78,372
Carrying value of Group's interest in an associate	**208,582**	180,447

The summarised financial information of Ranhill Consulting Sdn Bhd and Ranhill Consulting (Sarawak) Sdn Bhd are not presented as they are not material to the Group

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

22. OPERATING FINANCIAL ASSETS

Operating financial assets comprise financial assets in accordance with accounting policies for concession contracts as described in Note 3.

	Group		
	31.12.2021 RM'000	31.12.2020 RM'000 (Restated)	01.01.2020 RM'000 (Restated)
Current	**67,925**	72,641	88,883
Non-current	**531,184**	598,214	661,515
	599,109	670,855	750,398

The movements in the net carrying amounts of non-current and current operating financial assets are as follows:

	Group	
	2021 RM'000	2020 RM'000 (Restated)
At beginning of year (as previously stated)	**626,582**	710,252
Restatement of comparatives (Note 49)	**44,273**	40,146
At beginning of year (restated)	**670,855**	750,398
Additions (as restated)	**1,795**	3,880
Finance income from operating financial asset (Note 7)	**64,373**	72,227
Repayments	**(131,846)**	(154,241)
Transfer from contract assets	**-**	135
Exchange differences	**(6,068)**	(1,544)
At end of year	**599,109**	670,855

Operating financial assets amounting to RM437,077,000 (2020: RM501,314,000) 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"), Build Operate Own ("BOO") and Rehabilitate Operate Transfer ("ROT") contracts with terms ranging from 20 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 3.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

23. TRADE AND OTHER RECEIVABLES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Current					
Trade					
Third parties	(a)	**235,901**	243,994	**-**	-
Retention sum on contracts		**6,044**	1,542	**-**	-
Amount due from related parties	(d)	**22,437**	-	**-**	-
Amount due from associates	(d)	**8,954**	-	**-**	-
		273,336	245,536	**-**	-
Less: Allowance for expected credit losses	(a)	**(48,410)**	(36,940)	**-**	-
Trade receivables, net		**224,926**	208,596	**-**	-
Non-trade					
Other receivables and deposits		**30,800**	30,881	**-**	-
Receivables from PAAB	(b)	**65,063**	74,457	**-**	-
Receivable from Johor State Government	(c)	**25,854**	3,682	**-**	-
Amount due from subsidiaries	(d)	**-**	-	**48,819**	138,371
Amounts due from associates	(d)	**1,162**	588	**-**	-
Amounts due from related parties	(d)	**368**	84	**-**	-
		123,247	109,692	**48,819**	138,371
Less: Allowance for expected credit losses	(e)	**(10,410)**	(9,276)	**(610)**	-
Non-trade receivables, net		**112,837**	100,416	**48,209**	138,371
Total current receivables		**337,763**	309,012	**48,209**	138,371

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

23. TRADE AND OTHER RECEIVABLES (CONTD.)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current					
Non-trade					
Refundable deposits		**71,078**	70,408	**-**	-
Receivables from PAAB	(b)	**25,776**	70,562	**-**	-
Third parties	(a)	**-**	484	**-**	-
Retention sums		**3,665**	4,702	**-**	-
		100,519	146,156	**-**	-
Total trade and other receivables		**438,282**	455,168	**48,209**	138,371
Add: Cash and bank balances (Note 28)	28	**339,825**	258,245	**58**	176
Operating financial assets (Note 22)	22	**599,109**	670,855	**-**	-
Total debt instruments at amortised cost		**1,377,216**	1,384,268	**48,267**	138,547

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 90 days (2020: 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 is as follows:

	Group 2021 RM'000	Group 2020 RM'000
Neither past due nor impaired	**136,812**	137,935
1 to 30 days past due not impaired	**32,058**	31,576
31 to 60 days past due not impaired	**8,097**	7,281
61 to 90 days past due not impaired	**6,649**	5,512
91 to 120 days past due not impaired	**4,394**	3,599
More than 121 days past due not impaired	**36,916**	22,693
	88,114	70,661
Impaired	**48,410**	36,940
	273,336	245,536

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

23. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

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

The Group has trade receivables amounting to RM88,114,000 as at 31 December 2021 (2020: RM70,661,000) that are past due at the reporting date but not impaired because there has been no significant changes in credit quality and the amounts are still considered recoverable. These are good customers but with slower repayment records.

Allowance for expected credit losses

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"). The ECLs 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.

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:

	Group	
	2021 RM'000	2020 RM'000
Trade receivables		
- nominal amounts	**273,336**	245,536
Less: Allowance for expected credit losses	**(48,410)**	(36,940)
	224,926	208,596

Movement in allowance accounts:

	2021 RM'000	2020 RM'000
At beginning of the year	**36,940**	37,833
Arise from acquisition of subsidiaries (Note 19)	**7,941**	-
Charge for the year (Note 10)	**4,359**	160
Reversal of allowance for expected credit losses (Note 10)	**(764)**	-
Written off	**(20)**	(1,053)
Exchange differences	**(46)**	-
At end of the year	**48,410**	36,940

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

23. TRADE AND OTHER RECEIVABLES (CONTD.)

(b) Receivable from PAAB

Receivable from PAAB (current)

This amount represents capital expenditure on water related assets (completed and in-progress) to be reimbursed by PAAB and is expected to be settled within the next 12 months.

Included in prior financial year's receivable from PAAB was an amount arising from waiver of lease rental paid by the RanhillSAJ, a subsidiary of the Company, of RM21,101,741. This amount was recovered in current financial year via a reduction of lease payments.

Receivable from PAAB (non-current)

The remaining balance of waiver of lease rental paid by the RanhillSAJ amounting to RM 25,776,133 (2020: RM70,562,105) will be recovered via a reduction of future lease payment over 5 years' period ending January 2025. During the financial year, an amount of RM65,887,713 (2020: RM301,956) relating to Fifth Operating Period (2020: Fourth Operating Period) was reclassified to lease payable to PAAB (Note 33).

(c) Receivable from Johor State Government

This amount represents expenses paid on behalf which are unsecured, interest-free and repayable on demand.

Included in the receivable is an amount of RM22,176,000 which is recognised in current financial year as disclosed in Note 8.

(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.

Allowance for expected credit losses

Movement in allowance accounts:

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	**-**	-
Charge for the year (Note 10)	**610**	-
At end of the year	**610**	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

23. TRADE AND OTHER RECEIVABLES (CONTD.)

(e) Other receivables

Allowance for expected credit losses

Movement in allowance accounts:

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	**9,276**	9,276
Arise from acquisition of subsidiaries (Note 19)	**1,169**	-
Charge for the year (Note 10)	**3**	-
Reversal of allowance for expected credit losses (Note 10)	**(38)**	-
At end of the year	**10,410**	9,276

The currency exposure profile of trade receivable and other receivable are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	**435,850**	447,440	**48,209**	138,371
Thai Baht	**2,004**	2,361	**-**	-
US Dollar	**397**	-	**-**	-
Indonesian Rupiah	**-**	223	**-**	-
Singapore Dollar	**31**	5,144	**-**	-
	438,282	455,168	**48,209**	138,371

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

24. CONTRACT RELATED ASSETS AND LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
Contract assets and liabilities		
Contract asset	**89,878**	29,154
Contract liabilities	**(5,070)**	(779)
Net	**84,808**	28,375
Contract cost asset		
Current asset		
Costs to fulfill a contract	**-**	3,000

	Group	
	2021 RM'000	2020 RM'000
At beginning of year	**28,375**	24,380
Acquisition during the year (Note 19)	**35,967**	-
Consideration paid/payable to customers	**(1,040)**	-
Revenue recognised during the year	**156,905**	58,295
Progress billing during the year	**(135,490)**	(54,300)
Provision for liquidated ascertained damages	**(214)**	-
Reversal of impairment on contract assets	**305**	-
At end of year	**84,808**	28,375

Contract assets are initially recognised for revenue earned from services contracts, which includes non-revenue water reduction fee, construction contract, professional services contracts and engineering service contracts as receipt of consideration is conditional on successful completion of work. Upon completion of work, the amounts recognised as contract assets are reclassified to trade receivables.

Contract liability is initially recognised when the Group receives consideration before the completion of construction. Contract liabilities are initially recognised when the Group invoices in advance or ahead of the satisfaction of the performance obligations by the Group. Contract liability is recognised as revenue when the Group performed under the contract.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied), in respect of construction contract as at 31 December 2021 is RM207,373,000 (2020: RM107,835,000) and expected to be completed within 1 to 4 years.

There was no impairment loss recognised on contract assets during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

25. INVENTORIES

	Group 2021 RM'000	Group 2020 RM'000
At cost:		
Consumables	**95,893**	75,761
Distillates	**14,941**	6,814
	110,834	82,575
At net realisable value:		
Water pipes	**4,347**	3,437
Water meters	**1,513**	2,841
	5,860	6,278
	116,694	88,853

During the year, the amount of inventories being written off is RM29,000 (2020: RMNil). The cost of inventories recognised as expenses amounted to RM13,836,000 (2020: RM17,174,000).

26. OTHER NON-CURRENT AND CURRENT ASSETS

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-current				
Prepayments	**7,962**	10,077	**-**	-
Current				
Prepayments	**18,725**	13,770	**-**	314
	26,687	23,847	**-**	314

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

27. OTHER FINANCIAL ASSETS

	Group 2021 RM'000	Group 2020 RM'000
Financial assets at fair value through profit or loss		
Short term investments:		
- Islamic managed funds	**54,863**[i]	55,201
- Deposits with other financial institution	**69**	68
- Listed equity investment	**404**	404
	55,336	55,673

[i] 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 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash at banks and on hand	**197,896**	137,746	**58**	176
Short term deposit with licensed banks	**141,929**	120,499	**-**	-
Total deposits, cash and bank balances	**339,825**	258,245	**58**	176
Bank overdrafts (Note 30)	**(4,663)**	-	**-**	-
Restricted deposits, cash and bank balances	**(120,205)**	(131,237)	**-**	-
Deposits with licensed banks with maturity more than three months	**(6,000)**	(6,976)	**-**	-
Deposits pledged as securities to licensed banks	**(7,067)**	(1,179)	**-**	-
Cash and cash equivalents	**201,890**	118,853	**58**	176

The weighted average effective interest rate per annum of deposits that was effective as at reporting date were as follows:

	Group 2021 %	Group 2020 %	Company 2021 %	Company 2020 %
Short term deposits with licensed banks	**2.54**	1.65	**-**	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

28. DEPOSITS, CASH AND BANK BALANCES (CONTD.)

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 RM120,205,000 (2020: RM131,237,000), 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	**335,577**	255,607	**58**	176
Chinese Renminbi	**-**	130	**-**	-
Thai Baht	**3,441**	2,444	**-**	-
Singapore Dollar	**329**	57	**-**	-
US Dollar	**472**	7	**-**	-
Indonesia Rupiah	**6**	-	**-**	-
	339,825	258,245	**58**	176

29. RETIREMENT BENEFIT OBLIGATIONS

	Group	
	2021 RM'000	2020 RM'000
Representing:		
Current	**14,922**	10,634
Non-current	**70,244**	76,461
	85,166	87,095

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

29. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

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	
	2021 RM'000	2020 RM'000
At beginning of the year	**87,095**	83,532
Charge to profit or loss (Note 11)	**6,509**	7,100
Benefits paid	**(8,343)**	(7,924)
Remeasurement loss on defined benefit plan	**-**	4,407
Exchange differences	**(95)**	(20)
At end of the year	**85,166**	87,095

The expense recognised in the Group's statement of profit or loss and other comprehensive income is analysed as follows:

	Group	
	2021 RM'000	2020 RM'000
Charge to profit or loss:		
Current service costs	**3,424**	3,794
Interest costs	**3,085**	3,306
Total included in staff costs (Note 11)	**6,509**	7,100

A subsidiary of the Group, RanhillSAJ, 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 2020 to 31 December 2022.

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	
	2021 %	2020 %
Discount rate	**4.2**	4.2
Expected rate of salary increases	**6.0**	6.0
Mortality rate	**Malaysian Assured Life Table 2011-2015**	
Withdrawal	**2.0**	2.0

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

29. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The sensitivity analysis below has been derived based on the changes to individual assumptions, with all other assumptions held constant:

	Discount rate		Salary increment rate	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
	RM'000	RM'000	RM'000	RM'000
As of 31 December 2021				
(Decrease)/increase in defined benefit obligations	(3,369)	3,828	6,973	(6,331)

	Discount rate		Salary increment rate	
	Increase by 1%	Decrease by 1%	Increase by 1%	Decrease by 1%
	RM'000	RM'000	RM'000	RM'000
As of 31 December 2020				
(Decrease)/increase in defined benefit obligations	(3,717)	4,197	6,645	(6,070)

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation to one another as some assumptions may be correlated.

No changes were made to the methods and types of assumptions used in preparing the sensitivity analysis for the current and previous financial years.

The summarised financial information in relation to retirement benefit obligations of Ranhill Water Technologies (Cayman) Ltd. is not presented as it is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

30. LOANS AND BORROWINGS

	Group	
	2021 RM'000	2020 RM'000
Current		
Secured:		
Sukuk Murabahah	**46,517**	35,799
Musharakah Medium Term Notes ("mMTN")	**40,871**	50,570
Term loan 4	**-**	964
Term loan 5	**-**	178
Term loan 6	**1,690**	1,664
Term loan 7	**1,854**	890
Bank overdrafts	**2,270**	-
Islamic bridging facility	**40,248**	-
Revolving credits	**9,000**	5,000
	142,450	95,065
Unsecured:		
Bank overdrafts	**2,393**	-
Lease liabilities (Note 17)	**5,631**	2,046
	8,024	2,046
Total current interest-bearing loans and borrowings	**150,474**	97,111
Non-current		
Secured:		
Sukuk Murabahah	**513,442**	559,959
Musharakah Medium Term Notes ("mMTN")	**353,377**	394,247
Term loan 6	**6,219**	8,998
Term loan 7	**2,050**	4,376
	875,088	967,580
Unsecured:		
Convertible unsecured loan stocks ("CULS")	**6,664**	10,406
Lease liabilities (Note 17)	**12,110**	3,482
	18,774	13,888
Total non-current interest bearing loans and borrowings	**893,862**	981,468
Total interest-bearing loans and borrowings	**1,044,336**	1,078,579

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

30. LOANS AND BORROWINGS (CONTD.)

The annual interest rates at the reporting date are as follows:

	Repayment Maturity	Group 2021 %	Group 2020 %
Secured			
Sukuk Murabahah	2030	**6.76**	6.76
Musharakah Medium Term Notes ("mMTN")	2029	**5.16**	5.16
Term loan 4	2024	**MLR**	MLR
Term loan 5	2022	**MLR + 0.5**	MLR + 0.5
Term loan 6	2028	**MLR -1**	MLR - 1
Term loan 7	2024	**MLR -1**	MLR - 1
Bank overdrafts	On demand	**BFR - 1**	-
Islamic bridging facility	2022	**2.00**	-
Revolving credit	2021	**4.10**	4.76
Unsecured			
Bank overdrafts	On demand	**BFR + 1.5**	-
Convertible unsecured loan stock ("CULS")	2025	**12.50**	12.50

The incremental borrowing rates on lease liabilities ranged from 2.33% to 3.18% (2020: 2.33% to 3.18%) per annum.

The currency exposure profile of loans and borrowings are as follows:

	Group 2021 RM'000	Group 2020 RM'000
Ringgit Malaysia	**1,032,159**	1,061,509
Thai Baht	**12,177**	17,070
	1,044,336	1,078,579

The maturity profile of loans and borrowings are as follows:

	Group 2021 RM'000	Group 2020 RM'000
Within one year	**150,474**	97,111
Between one to two years	**105,251**	92,922
Between two to five years	**328,634**	325,011
More than five years	**459,977**	563,535
Total loans and borrowings	**1,044,336**	1,078,579

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

30. LOANS AND BORROWINGS (CONTD.)

Reconciliation of liabilities/(assets) arising from financing activities:

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
At 1 January	**1,078,579**	1,166,118	**-**	179
Cash flows:				
Drawdown of loans and borrowings	**46,748**	5,000	**-**	-
Repayment of principal portion of loans and borrowings	**(100,218)**	(94,297)	**-**	-
Repayment of lease liabilities	**(4,748)**	(2,663)	**-**	(183)
Non-cash changes:				
Exchange differences	**(1,172)**	(484)	**-**	-
Other changes	**25,147**	4,905	**-**	4
At 31 December	**1,044,336**	1,078,579	**-**	-

Included in the other changes are the effects of new leases and transaction costs deducted against carrying amount of loans and borrowings amortised under effective interest rate method. 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

(v) The remaining balance was used for working capital requirements and general funding requirements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

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 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, issued RM710,000,000 nominal value Medium Term Notes ("mMTN") under the Syariah principal of Musharakah. The mMTN was issued for the following purposes:

(i) 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 Ranhill Powertron II and to fund the Finance Service Reserve Account ("FSRA") as required by the mMTN;

(ii) RM90,000,000 as advances to the shareholders of Ranhill Powertron II; and

(iii) 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

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 Ranhill Powertron 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 Electricity Sdn. Bhd. pursuant to the Lease Agreement;

(iii) a charge and assignment of all the rights, benefit and interest of Ranhill Powertron II in and to the Designated Accounts; and

(iv) assignment (by way of security of) on all rights, interest and benefit of Ranhill Powertron 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 Ranhill Powertron II.
- Any other security as may be advised by the solicitors to the JLAs ("Legal Counsel") and agreed with the Issuer.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

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 Ranhill Powertron II of the nominal value of each series of the Tranche 2.

The major covenants that are required to be complied by Ranhill Powertron 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:

(i) Maturity date is 10 years from issuance of the CULS in June 1998 based on the Subscription Agreement dated 30 April 1997. However, based on the revised Agreement dated May 2009, the CULS has been extended for another 10 years up to 30 June 2019. In year 2019, the CULS has been extended for another 3 years up to 30 June 2022. In year 2021, the Group had extended the CULS from 30 June 2022 to 30 June 2025 with other terms and conditions remain unchanged;

(ii) 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 Ranhill Powertron I. CULS converted before anniversary date will not be entitled to the annual interest;

(iii) Conversion in part or in whole is allowed before maturity date, subject to adherence to Ranhill Powertron 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

(iv) 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 2021 is RM361,000 (2020: RM1,063,000).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

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 related companies, Ranhill Water Technologies Sdn. Bhd. and Ranhill Water Technologies (Thai) Ltd. It is repayable in 108 instalments including grace period of 12 months as from the first drawndown date of the loan facility and bear interest at mortgage lending rate ("MLR"). The term loan was not fully drawn down and the balance was fully repaid in 2021.

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 related companies, Ranhill Water Technologies Sdn. Bhd. and Ranhill Water Technologies (Thai) Ltd. It is repayable in 88 instalments including grace period of 4 months as from the first drawndown 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 related companies, Ranhill Water Technologies Sdn. Bhd. and Ranhill Water Technologies (Thai) Ltd. It is repayable in 108 instalments including grace period of 12 months as from the first drawndown 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 related companies, Ranhill Water Technologies Sdn. Bhd. and Ranhill Water Technologies (Thai) Ltd. It is repayable in 66 instalments including grace period of 12 months as from the first drawndown 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 secured by right over bank current account held by Ranhill Water Services Sdn. Bhd., a subsidiary of the Company. The secured bank overdrafts are denominated in Ringgit Malaysia, bear interest at Base Financing Rate ("BFR") minus 1.0% (2020: BFR minus 1.0%) per annum with total facility of RM5,000,000.

The unsecured bank overdrafts held by Ranhill Capital Sdn Bhd for general working capital for tenure of 3 years subject to annual review. The Bank overdrafts are denominated in Ringgit Malaysia, bear interest at The Bank's One (1) Month Cost of Fund ('COF') + 1.50% per annum under Tawarruq shariah concept with total facility of RM2,500,000.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

30. LOANS AND BORROWINGS (CONTD.)

Islamic Bridging Facility (Murabahah)

On 27 September 2021, RCSB, a subsidiary of the Group, entered into an agreement with MIDF Amanah Invesment Bank to obtain a bridging facility of RM40,000,000. The bridging facility is issued for the following purposes:

(i) For working capital purposes of RCSB;

(ii) To advance to the Company to further advance to Ranhill Solar I Sdn Bhd ("RSI") to part finance the Project Cost of RSI Solar Plant;

(iii) To advance to Ranhill Powertron I to finance/reimburse up to 80% of the Project Cost of Ranhill Powertron I combined cycle power plant ("CCGT"); and

(iv) To fund/ reimburse the fees and expenses relating to the BF-i Facility and the bank guarantee facility of up to RM10.0 million to be granted to the Ranhill Powertron I for the purposes of the RSI Solar Plant ("BG Facility") and the Finance Service Reserve Account ("FSRA") a sum equivalent to the profit due in the next three (3) months.

The Bridging Facility has a tenure of up to 12 months from the date of first drawdown and secured by irrevocable and unconditional corporate guarantee from the Company.

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 with a tenure of 1 year subject to annual review. It is repayable on 7 April 2022 (2020: 26 March 2021) and bears interest at 4.10% (2020:4.76%).

31. ZAKAT LIABILITY

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	-	11,492
Provision for the year (Note 13)	532	1,236
Zakat paid	(532)	(2,485)
Reversal of zakat provision (Note 13)	-	(10,243)
At end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

32. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current					
Trade payables					
Third parties	(a)	137,605	143,201	-	-
Amount due to Badan Kawalsedia Air Johor	(b)	6,357	6,274	-	-
Amount due to PAAB	(c)	18,769	21,243	-	-
Amounts due to related parties	(d)	11,894	3,519	-	-
Retention sum on contracts	(e)	3,607	1,606	-	-
		178,232	175,843	-	-
Non-trade payables					
Other payables		102,248	62,716	1,016	1,875
Dividend payable		4,432	4,000	4,307	-
Retention sum on contracts	(e)	11,296	9,613	-	-
Amounts due to related parties	(d)	6,602	126	-	-
Amounts due to subsidiaries	(d)	-	-	7,369	19,618
Amount due to associates	(d)	6,089	4,725	-	-
Deposits received	(f)	4,386	3,761	-	-
		135,053	84,941	12,692	21,493
Total current payables		313,285	260,784	12,692	21,493

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

32. TRADE AND OTHER PAYABLES (CONTD.)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Non-Current					
Trade payables					
Retention sum on contracts	(e)	**2,340**	2,077	**-**	-
Amounts due to related parties	(d)	**1,827**	1,774	**-**	-
		4,167	3,851	**-**	-
Non-trade payables					
Other payables		**954**	-	**-**	-
Total non-current payables		**5,121**	3,851	**-**	-
Total trade and other payables		**318,406**	264,635	**12,692**	21,493
Add: Loans and borrowings	(30)	**1,044,336**	1,078,579	**-**	-
Add: Service concession obligations	(33)	**678,601**	-	**-**	-
Add: Consumer deposits	(34)	**251,063**	253,327	**-**	-
Total financial liabilities carried at amortised cost		**2,292,406**	1,596,541	**12,692**	21,493

(a) Trade payables - current

Credit terms of trade payables granted to the Group vary from 30 to 365 days (2020: 30 to 365 days).

(b) Amount due to Badan Kawalsedia Air Johor ("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, associates and subsidiaries are unsecured, interest free and repayable on demand.

(e) Retention sums on contracts

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

32. TRADE AND OTHER PAYABLES (CONTD.)

(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 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Ringgit Malaysia	**298,142**	247,193	**12,693**	21,493
Chinese Renminbi	**1,364**	5,869	**-**	-
US Dollar	**5,301**	1,220	**-**	-
Thai Baht	**2,174**	3,621	**-**	-
Singapore Dollar	**10,643**	6,732	**-**	-
Libyan Dinar	**654**	-	**-**	-
Others	**128**	-	**-**	-
	318,406	264,635	**12,693**	21,493

33. SERVICE CONCESSION OBLIGATIONS

	Group 2021 RM'000	Group 2020 RM'000
Minimum lease payments:		
- Within one year	**372,581**	-
- Between two to five years	**322,435**	-
Total minimum lease payments	**695,016**	-
Less: Future finance charges	**(16,415)**	-
Present value of minimum lease payments	**678,601**	-
Present value of payments:		
- Within one year	**360,025**	-
- Between two to five years	**318,576**	-
Present value of minimum lease payments	**678,601**	-
Less: Amount due within 12 months	**(360,025)**	-
Amount due after 12 months	**318,576**	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

33. SERVICE CONCESSION OBLIGATIONS (CONTD.)

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 2.88% (2020: 4.46%).

The movement in the service concession obligations is as follows:

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	-	328,970
Additions	996,828	7,873
Repayment	(297,883)	(353,000)
Interest (Note 9)	21,007	5,585
Waiver of lease rental offset against repayment made to PAAB	24,345	24,345
Reclassification from trade receivables (Note 23)	(65,887)	(302)
Reclassification from/(to) trade payables	191	(13,471)
At end of the year	678,601	-

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 (2020: RM70,407,920) as disclosed in Note 22.

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.

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For The Year Ended 31 December 2021

35. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary share		Amount			
	Share capital		Share capital		Treasury shares	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Group and Company						
At 1 January	**1,065,479**	1,065,975	**1,282,907**	1,275,319	**(6,277)**	-
Issuance of ordinary shares pursuant to:						
- acquisition of subsidiaries	**222,981**	-	**156,086**	-	**-**	-
- dividend reinvestment plan ("DRP")	**-**	6,961	**-**	7,588	**-**	**-**
Purchase of treasury shares	**(22,236)**	(18,075)	**-**	-	**(15,330)**	(16,408)
Distribution of treasury shares	**17,044**	10,618	**-**	-	**13,644**	10,131
At 31 December	**1,283,268**	1,065,479	**1,438,993**	1,282,907	**(7,963)**	(6,277)

(a) Share capital

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,282,906,238 to RM1,438,992,698 by way of issuance of 222,980,657 ordinary shares pursuant to the acquisition of 100% shares of RBSB and 51% shares of RWSB.

In prior 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 22,235,800 of its issued ordinary shares from the open market at an average price of RM0.69 per share. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016;

(ii) declared a third interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 10,618,163 treasury shares on the basis of 1 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.84 sen per ordinary share, declared on 29 March 2021 and distributed on 21 May 2021;

(iii) declared a first interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 6,425,580 treasury shares on the basis of 0.5 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.36 sen per ordinary share, declared on 30 August 2021 and distributed on 22 October 2021; and

As at 31 December 2021, the number of treasury shares held are 12,648,983 (2020: 7,456,926) ordinary shares. Such treasury shares are held at carrying amount of RM7,963,000 (2020: RM6,277,000).

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

36. OTHER RESERVES

	Note	Group 2021 RM'000	Group 2020 RM'000 (Restated)	Company 2021 RM'000	Company 2020 RM'000
Merger deficit (Note a)	(a)	**(906,015)**	(906,015)	**-**	-
Currency translation reserve	(b)	**23,122**	15,769	**-**	-
Equity component of convertible unsecured loan stocks ("CULS")	(c)	**361**	1,063	**-**	-
Employee share reserves	(d)	**671**	459	**671**	459
Retained earnings	(e)	**131,625**	118,980	**23,922**	35,296
		(750,236)	(769,744)	**24,593**	35,755

(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.

During the financial year, Ranhill Powertron I, a subsidiary of the Company, had made a partial redemption of RM3,600,000 (2020: RMNil). The Group has remeasured the CULS and resultantly, a gain of RM1,004,000 has been recognised in the profit or loss (Note 8).

	Group 2021 RM'000	Group 2020 RM'000
Nominal value of CULS	8,000	11,600
Less: Liability component	(6,664)	(10,406)
Less: Impact of discounting	(975)	(131)
Equity component	361	1,063

(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 2021 under the single tier system.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

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

Group and Company	Number of LTIP Grants 2021 '000	Number of LTIP Grants 2020 '000	Amount 2021 RM'000	Amount 2020 RM'000
At 1 January	**9,990**	-	**459**	-
Granted during the year	**-**	9,990	**212**	459
At 31 December	**9,990**	9,990	**671**	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:

	2021 LTIP	2020 LTIP
Fair value per share (RM)		
- Restricted shares	**RM0.088**	RM0.088
- Performance shares	**RM0.752**	RM0.752
Dividend yield (%)	**4.71%**	4.71%
Expected volatility (%)	**35.02%**	35.02%
Risk-free interest rate (% p.a.)	**1.96%**	1.96%
Expected life of the scheme (years)		
- Restricted shares	**3 years**	3 years
- Performance shares	**3 years**	3 years
Underlying share price (RM)	**RM0.862**	RM0.862

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

37. EMPLOYEE SHARE SCHEME (CONTD.)

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

Dividends paid/payable during financial year are as follows:

	The Group and the Company			
			Amount of dividend, net of tax	
	2021 sen	2020 sen	2021 RM'000	2020 RM'000
Interim dividend on 1,071,336,566 ordinary shares	-	1.00	-	10,713
Final dividend on 1,067,090,866 ordinary shares	-	1.00	-	10,671
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	-	0.95	-	10,131
Interim dividend on 1,066,803,640 ordinary shares	-	1.00	-	10,668
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	0.84	-	8,970	-
Interim dividend paid by way of distribution of treasury shares on the basis of 0.5 treasury share forevery 100 existing ordinary sharesheld in the Company	0.36	-	4,674	-
Interim dividend paid by way of distribution of treasury shares on the basis of 0.5 treasury share for every 100 existing ordinary shares held in the Company	0.34	-	4,307	-
			17,951	42,183

The Board of Directors had on 25 February 2022, declared a third interim dividend by way of dividend-in-specie of 0.5 share dividend for every 100 ordinary shares in respect of the financial year ended 31 December 2021 and distributed on 20 April 2022. 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 2022.

The directors do not recommend a final dividend in respect of the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

39. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the financial year ended 31 December 2021			
Segments	Environment RM'000	Energy RM'000	Services RM'000	Total RM'000
Group				
Type of goods or services				
Water revenue	1,103,462	-	-	1,103,462
Power revenue	-	217,993	-	217,993
Contribution by housing developers	30,100	-	-	30,100
Non-revenue water reduction fees	-	-	44,287	44,287
Engineering services fee	-	-	11,538	11,538
Professional services	-	-	76,553	76,553
Secondment fees	-	-	9,881	9,881
Construction contract revenue	14,264	2,889	7,374	24,527
Operation and maintenance revenue	3,311	-	911	4,222
Special works	7,864	-	-	7,864
Sale of equipment	-	-	87	87
Technical and management services	-	-	152	152
Others	-	-	205	205
Total revenue from contracts with customers	1,159,001	220,882	150,988	1,530,871
Geographical market				
Malaysia	1,141,426	220,882	141,037	1,503,345
Thailand	17,575	-	586	18,161
Qatar	-	-	6,842	6,842
Australia	-	-	1,822	1,822
Bangladesh	-	-	308	308
Russia	-	-	194	194
Brunei	-	-	160	160
Others	-	-	39	39
Total revenue from contracts with customers	1,159,001	220,882	150,988	1,530,871
Timing of revenue recognition				
Goods and services transferred at a point in time	1,141,426	198,336	14,541	1,344,976
Services transferred over time	17,575	22,546	136,447	185,895
Total revenue from contracts with customers	1,159,001	220,882	150,988	1,530,871

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2021

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.)

	For the financial year ended 31 December 2020			
Segments	Environment RM'000 (Restated)	Energy RM'000 (Restated)	Services RM'000	Total RM'000
Group				
Type of goods or services				
Water revenue	1,106,124	-	-	1,106,124
Power revenue	-	233,414	-	233,414
Contribution by housing developers	47,524	-	-	47,524
Non-revenue water reduction fees	-	-	36,277	36,277
Construction contract revenue	3,712	-	18,301	22,013
Operation and maintenance revenue	14,073	-	737	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	1,179,262	233,414	55,809	1,468,485
Geographical market				
Malaysia	1,165,189	233,414	55,809	1,454,412
Thailand	14,073	-	-	14,073
Total revenue from contracts with customers	1,179,262	233,414	55,809	1,468,485
Timing of revenue recognition				
Goods and services transferred at a point in time	1,161,477	210,174	494	1,372,145
Services transferred over time	17,785	23,240	55,315	96,340
Total revenue from contracts with customers	1,179,262	233,414	55,809	1,468,485

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2021

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.

The related parties and their relationship with the Group are as follows:

(a) Transactions with related parties

The related parties and their relationship with the Group are as follows:

Related parties	Relationship
Sabah Energy Corporation Sdn. Bhd.	A major shareholder of Ranhill Powertron I, Ranhill Powertron II, RPOM and RPOMII
Ranhill Berhad	Common substantial shareholder
Ranhill Consulting Sdn. Bhd.	An associate of Ranhill Bersekutu Sdn. Bhd.
Capsicum Motorsport Limited	Sponsorship with corporation in relation to a person connected with a Director
Motorpark Academy GmbH	Sponsorship with corporation in relation to a person connected with a Director
Ranhill Consulting (Sarawak) Sdn Bhd	An associate of Ranhill Bersekutu Sdn. Bhd.
Perunding Ranhill Worley Sdn Bhd	Common director and substantial shareholder
Worley Engineering Pty Ltd	A major shareholder of a subsidiary, Ranhill Worley Sdn. Bhd.
Ranhill Group Sdn. Bhd.	Common director and indirect substantial shareholder

		Group	
		2021 RM'000	2020 RM'000
(i)	**Work performed on infrastructure assets and consultancy fees charged by:**		
	- Ranhill Consulting Sdn. Bhd.	**(3,159)**	(32,461)
(ii)	**Sponsorship paid to:**		
	- Capsicum Motorsport Ltd	**-**	(1,770)
	- Motorpark Academy GmbH	**(1,237)**	-
(iii)	**Borrowings and interest payable to:**		
	- Sabah Energy Corporation Sdn. Bhd.	**(1,300)**	(1,450)
(iv)	**Secondment of staff to:**		
	- Ranhill Berhad	**(1,015)**	(981)
(v)	**Project expenses paid to:**		
	- Ranhill Berhad	**(759)**	(6,000)

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

40. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTD.)

(a) Transactions with related parties (contd.)

	Group 2021 RM'000	Group 2020 RM'000
(vi) Engineering services rendered to/(from):		
- Ranhill Consulting Sdn Bhd	4,222	-
- Ranhill Consulting (Sarawak) Sdn Bhd	16	-
- Worley Engineering Pty Ltd's subsidiaries and associates	(5,963)	-
- Perunding Ranhill Worley Sdn Bhd	58,969	-
(vii) Management fees charged by:		
- Ranhill Consulting Sdn Bhd	(92)	-
- Ranhill Consulting (Sarawak) Sdn Bhd	(34)	-
(viii) Secondment fee charged to:		
- Ranhill Consulting Sdn Bhd	5,831	-
(ix) Admin expenses paid on behalf for /(by):		
- Ranhill Consulting (Sarawak) Sdn Bhd	121	-
- Worley Engineering Pty Ltd's subsidiaries and associates	(5,786)	-
(x) Rental received from:		
- Worley Engineering Pty Ltd's subsidiaries and associates	186	-

In addition to above, the Company had on 11 May 2021 entered into share sale agreements with vendors of RBSB and RWSB to acquire the shares of these two subsidiaries. The vendors of RBSB and RWSB include Ranhill Berhad and Ranhill Group Sdn Bhd for the respective companies. The acquisition was completed on 16 July 2021 as disclosed in Note 19.

(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 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Short-term employee benefits	20,317	20,107	6,474	9,835
Contributions to defined contribution plan	1,662	1,159	133	139
Share-based payment (Note 37)	107	232	41	90
Fees and other emoluments	4,011	1,956	866	1,100
	26,097	23,454	7,514	11,164

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

41. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group 2021 RM'000	Group 2020 RM'000
Approved and contracted for	10,147	351
Approved but not contracted for	17,207	4,575
	27,354	4,926
Analysed as follows:		
Plant and machineries	2,370	1,600
Office equipment	100	420
Furniture and fittings	105	160
Computer equipment	2,595	2,436
Replacement parts	50	50
Motor vehicle	470	260
Repowering Capex	21,559	-
Renovation	100	-
Others	5	-
	27,354	4,926

(b) Hire purchase commitments

The Group and the Company have entered into hire purchases agreements for certain items of right-of-use assets as disclosed in Note 17.

42. FINANCIAL GUARANTEE CONTRACTS

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Corporate guarantee given to financial institution for the borrowing of a subsidiary		-	-	40,000	-
Performance bonds	(a)	16,987	-	-	-
Utility guarantee	(b)	25	-	-	-
		17,012	-	40,000	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

42. FINANCIAL GUARANTEE CONTRACTS (CONTD.)

RWSB has secured bank guarantee facilities amounting to RM35,000,000 obtained from a licensed bank. The said bank guarantee facilities are secured by corporate guarantee provided by Worley Financial Services Pty Limited, which is a related company of Worley Engineering Pty Ltd, the shareholder of RWSB. As of the end of the reporting period, RM17,012,000 of the facilities have been utilised.

(a) The Group through its subsidiary, RWSB, has provided certain financial guarantee on behalf of Perunding Ranhill Worley Sdn. Bhd ("PRW"), a related company of RWSB, for performance bonds for certain customers' contracts of PRW. PRW has a service agreement with RWSB.

(b) RWSB has provided utility guarantee on behalf of PRW for a utility contract with a utility company.

43. 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:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2021				
Financial assets through profit or loss				
- Islamic Managed Funds	-	54,863	-	54,863
- Deposit with other financial institution	-	69	-	69
- Listed equity investment	404	-	-	404
	404	54,932	-	55,336

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2021

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

(a) Financial instruments that are measured at fair value (contd.)

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2020				
Financial assets through profit or loss				
- Islamic Managed Funds	-	55,201	-	55,201
- Deposit with other financial institution	-	68	-	68
- Listed equity investment	404	-	-	404
	404	55,269	-	55,673

(b) Fair value determined based on level 2 input of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Group	Note	Carrying amount RM'000	Fair value RM'000
31 December 2021			
Non-current			
Financial asset			
Operating financial assets	22	**531,184**	**575,297**
Financial liabilities			
Sukuk Murabahah	30	**513,442**	**486,332**
Musharakah Medium Term Notes ("mMTN")	30	**353,377**	**350,146**
31 December 2020 (Restated)			
Non-current			
Financial asset			
Operating financial assets	22	598,214	685,912
Financial liabilities			
Sukuk Murabahah	30	559,959	530,699
Musharakah Medium Term Notes ("mMTN")	30	394,247	392,783

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

43. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTD.)

(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.

44. 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.

The Group and the Company are exposed to credit risk in relation to financial guarantee contracts provided as disclosed in Note 42, representing the maximum amount the Group and the Company could pay if the guarantee is called on. As at the reporting date, there was no loss allowance for impairment as determined by the Group and the Company for the financial guarantee contracts. The financial guarantee contracts have not been recognised since the fair value on initial recognition was not material due to directors regard the value of the credit enhancement to be minimal and the likelihood of default to be low.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Credit risk (contd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the sector 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:

At the reporting date, approximately:

- 51.0% (2020: 53.4%) of the Group's trade receivables were due from environment sector customers.
- 19.9% (202: 5.6%) of the Group's trade receivables were due from services sector customer.
- 29.1% (2020: 40.9%) of the Group's trade receivables were due from energy sector customers.
- 6.3% (2020: 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 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 Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

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
31 December 2021				
Group				
Trade and other payables	313,285	954	4,167	-
Service concession obligation	372,581	322,435	-	-
Consumer deposits	-	-	-	251,063
Loans and borrowings	179,753	215,423	418,331	723,628
Financial guarantee contracts	6,986	-	-	10,026
Total undiscounted financial liabilities	872,605	538,812	422,498	984,717
Company				
Trade and other payables	12,692	-	-	-
Financial guarantee contracts	40,000	-	-	-
Total undiscounted financial liabilities	52,692	-	-	-
31 December 2020				
Group				
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	448,331	895,561
Company				
Trade and other payables, representing total undiscounted financial liabilities	21,493	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2021

44. 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 and equity would have been RM117,000 (2020: RM231,000) 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 2% (2020: 1%) of the Group's sales are denominated in foreign currencies whilst almost 2% (2020: 1%) of Group's costs are denominated in the foreign currency. 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

44. 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 and equity 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	
		2021 RM'000 Profit net of tax / equity	2020 RM'000 Profit net of tax / equity
RM/USD	- strengthened 3%	**(48)**	26
	- weakened 3%	**48**	(26)
RM/RMB	- strengthened 3%	**(479)**	(501)
	- weakened 3%	**479**	501
RM/THB	- strengthened 3%	**(70)**	(102)
	- weakened 3%	**70**	102
RM/SGD	- strengthened 3%	**(30)**	(154)
	- weakened 3%	**30**	154
RM/IDR	- strengthened 3%	**(16)**	(45)
	- weakened 3%	**16**	45

45. 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 2021 and 2020.

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 indebtness 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

45. CAPITAL MANAGEMENT (CONTD.)

	Group	
	31.12.2021 RM'000	31.12.2020 RM'000
Total outstanding principal obligations:		
Sukuk Murabahah (Note 30)	**559,959**	595,758
mMTN (Note 30)	**394,248**	444,817
Islamic bridging facility	**40,248**	-
Term Loan 4 (Note 30)	**-**	964
Term Loan 5 (Note 30)	**-**	178
Term Loan 6 (Note 30)	**7,909**	10,662
Term Loan 7 (Note 30)	**3,904**	5,266
Revolving credit (Note 30)	**9,000**	5,000
CULS (Note 30)	**6,664**	10,406
	1,021,932	1,073,051
Less: non-recourse financing:		
mMTN (Note 30)	**394,248**	444,817
Total outstanding principal obligations excluding non-recourse financing	**627,684**	628,234
Add: all other indebtedness Lease liabilities (Note 17):	**17,741**	5,528
Net debt	**645,425**	633,762

	Group	
	31.12.2021 RM'000	31.12.2020 RM'000 (Restated)
Share capital (Note 35)	**1,438,993**	1,282,907
Treasury shares (Note 35)	**(7,963)**	(6,277)
Other reserves (Note 36)	**(750,236)**	(769,744)
Non-controlling interests	**179,086**	136,064
Net equity	**859,880**	642,950
Gearing ratio	**0.75**	0.99

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

46. 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	
	2021	2020 (Restated)
Net profit attributable to ordinary shares (RM'000)	**30,596**	37,568
Weighted average number of ordinary shares in issue ('000)	**1,168,044**	1,067,057
Basic earnings per share (sen)	**2.62**	3.52

(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.

	Group	
	2021	2020 (Restated)
Net profit attributable to ordinary shares (RM'000)	**30,596**	37,568
Weighted average number of ordinary shares in issue ('000)	**1,168,044**	1,067,057
Adjustment for LTIP ('000)	**2,828**	596
Weighted average number of ordinary shares for diluted earnings per share ('000)	**1,170,872**	1,067,653
Diluted earnings per share (sen)	**2.61**	3.52

47. SIGNIFICANT EVENT

(a) COVID-19

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 has also implemented travel restrictions, border closures and other quarantine measures that have significantly curbed the normal movement of goods, services and people. The disruption of the Group's operations during the financial year due to imposition of lockdowns and other restrictions on entire economic sectors and businesses and the relevant financial impact of COVID-19 has been taken into account in the financial results of the Group and of the Company as at 31 December 2021.

In view of COVID-19 pandemic becomes endemic, and barring a resurgence of the pandemic due to new virus strains, the Group and the Company are taking necessary effort to mitigate the effects of the ongoing COVID-19 challenges. The Group and the Company continue to closely monitor the related risks and impact on all business segments to ensure long term business prospects of the Group and Company remain stable.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

48. SEGMENTAL INFORMATION

As disclosed in Note 19, subsequent to the acquisition of RBSB and RWSB, the Group has carried out an internal reorganisation and established a new reporting segment, i.e, services sector. Under the internal reorganisation, results, assets and liabilities of certain subsidiaries which were previous reported under environment and energy sectors are currently reported under services sector. Accordingly, the comparatives of segmental information have been restated to conform with the current year's presentation.

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 energy 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) In the services sector, the Group provides the following services:

- Engineering, procurement and construction management services ("EPCM");
- Engineering, procurement, construction and commissioning ("EPCC");
- Project management consulting services ("PMC"); and
- Operations and maintenance services.

(iv) The other segment consist of investment holding and provision of management services to subsidiaries within the Group.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

48. SEGMENTAL INFORMATION (CONTD.)

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	Services RM'000	Energy RM'000	Others RM'000	Note	Total RM'000
31 December 2021						
Revenue:						
Sales to external customers	1,159,001	266,926	220,882	116,795		1,763,604
Inter-segment elimination	-	(115,938)	-	(116,795)		(232,733)
	1,159,001	150,988	220,882	-		1,530,871
Results:						
Gross profit/(loss)	285,932	55,972	(2,776)	-		339,128
Interest income	4,788	325	61,778	1,009		67,900
Depreciation of property, plant and equipment	32,799	2,328	1,426	3,810		40,363
Depreciation ROU	1,138	2,854	(1,466)*	130		2,656
Amortisation	333,331	109	-	2,526		335,966
Share of results of an associate	16,461	4	-	-		16,465
Other non-cash items	20,496	61	(60,290)	11	A	(39,722)
Finance costs	(22,235)	(1,163)	(26,259)	(36,561)		(86,218)
Income tax expense and zakat	(32,359)	8,423	379	(3,577)		(27,134)
Segment profit/(loss)	127,434	43,189	9,328	(113,827)		66,124
Assets:						
Additions to non-current assets	1,024,660	90,324	19,426	6,195	B	1,140,605
Investment in associates accounted for by equity method	208,582	34	-	-		208,616
Segment assets	1,934,275	410,366	837,702	98,840		3,281,183
Segment liabilities	1,211,802	114,653	480,029	614,819		2,421,303

* After reversal of over depreciation of ROU in prior year of RM1,672,000.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

48. SEGMENTAL INFORMATION (CONTD.)

Business Segments (contd.)

	Environment RM'000	Services RM'000	Energy RM'000	Others RM'000	Note	Total RM'000
31 December 2020 (Restated)						
Revenue:						
Sales to external customers	1,179,262	172,659	233,414	206,955		1,792,290
Inter-segment elimination	-	(116,850)	-	(206,955)		(323,805)
	1,179,262	55,809	233,414	-		1,468,485
Results:						
Gross profit/(loss)	283,331	38,192	(5,601)	-		315,922
Interest income	6,096	411	70,685	1,738		78,930
Depreciation of property, plant and equipment	31,922	1,491	1,115	2,651		37,179
Depreciation ROU	1,066	936	193	179		2,374
Amortisation	335,806	103	-	1,691		337,600
Share of results of an associate	11,064	-	-	-		11,064
Other non-cash items	1,742	120	(68,071)	5	A	(66,204)
Finance costs	(6,896)	(609)	(29,388)	(38,679)		(75,572)
Income tax expense and zakat	(19,574)	(4,593)	(7,229)	(33)		(31,429)
Segment profit/(loss)	150,821	13,300	1,876	(101,895)		64,102
Assets:						
Additions to non-current assets	69,547	1,653	353	18,402	B	89,955
Investment in associates accounted for by equity method	180,447	-	-	-		180,447
Segment assets	1,253,947	89,161	885,078	135,080		2,363,266
Segment liabilities	543,596	51,426	523,759	601,535		1,720,316

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

48. 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	Group 2021 RM'000	2020 RM'000 (Restated)
Finance income from operating financial assets	7	**(64,373)**	(72,227)
Unwinding of interest of service concession obligations	9	**21,007**	5,585
Accretion of interest on lease liabilities	17	**435**	278
Allowance for expected credit loss on:			
- Trade receivables	10	**4,359**	160
- Other receivables	10	**3**	-
Finance income from contract assets	7	**(46)**	-
Reversal of expected credit losses on asset	10	**(1,107)**	-
		(39,722)	(66,204)

B Additions to material non-current assets consist of:

	Note	Group 2021 RM'000	2020 RM'000 (Restated)
Property, plant and equipment	14	**36,757**	68,876
Right-of-use assets	17	**10,124**	1,478
Service concession assets	15	**996,828**	7,873
Goodwil	16	**89,474**	-
Intangibles	16	**7,422**	11,728
		1,140,605	89,955

Additions to non-current assets related to acquisition of new subsidiaries are disclosed in Note 19

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 31 December 2021

49. RESTATEMENT OF COMPARATIVES

During the financial year, the Group has restated certain comparative amounts in accordance with the requirements of *MFRS 108: Accounting Policies, Change in Accounting Estimates and Errors* on account of the followings:

Note:

(i) The Group has reassessed its operating financial assets under IC Interpretation 12: Services Concession Arrangements ("IC Interpretation 12") related to Group's Power Purchase Agreements ("PPA") and certain water concession arrangements to conform with the requirements of the IC Interpretation 12 and have been accounted for retrospectively;

(ii) The Group has identified errors in the elimination of intercompany profit on certain internally built property, plant and equipment which has been accounted for retrospectively; and

(iii) The Group has also identified error in using carried forward business losses while computing the deferred tax in prior years, which has now been accounted for retrospectively.

The resulting financial effects of the above restatements are as follows:

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
1 January 2020			
Effect on statements of financial position:			
Non-current assets			
Property, plant and equipment (Note ii)	192,432	22,569	215,001
Operating financial assets (Note i)	620,586	40,929	661,515
Deferred tax assets (Note i and iii)	64,780	(10,785)	53,995
Current assets			
Operating financial assets (Note i)	89,666	(783)	88,883
Non-current liabilities			
Deferred tax liabilities (Note i and iii)	34,444	3,650	38,094
Effect on statements of changes of equity:			
Retained earnings	85,529	41,592	127,121
Currency translation reserve	13,007	(142)	12,865
Non-controlling interest	142,303	6,830	149,133

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 31 December 2021

49. RESTATEMENT OF COMPARATIVES (CONTD.)

The resulting financial effects of the above statements are as follows: (contd.)

	As previously stated RM'000	Adjustments RM'000	As restated RM'000
31 December 2020			
Effect on statements of comprehensive income:			
Revenue (Note i)	1,478,409	(9,924)	1,468,485
Cost of sales (Note i)	(1,151,468)	(1,095)	(1,152,563)
Interest income (Note i)	65,195	13,735	78,930
Profit before tax and zakat	92,815	2,716	95,531
Income tax expense and zakat (Note i and iii)	(30,368)	(1,061)	(31,429)
Profit net of tax	62,447	1,655	64,102
Non-controlling interests	25,955	579	26,534
Effect on other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent period			
Foreign currency translation	2,517	387	2,904
Effect on statements of financial position:			
Non-current assets			
Property, plant and equipment (Note ii)	222,434	21,474	243,908
Operating financial assets (Note i)	549,092	49,122	598,214
Deferred tax asset (Note i and iii)	40,874	(11,697)	29,177
Current assets			
Operating financial assets (Note i)	77,490	(4,849)	72,641
Non-current liabilities			
Deferred tax liabilities (Note i and iii)	27,554	3,728	31,282
Effect on statements of changes of equity			
Retained earnings	76,312	42,668	118,980
Currency translation reserve	15,524	245	15,769
Non-controlling interests	128,655	7,409	136,064

The prior year adjustments have no material effects on the statements of cash flows and the earnings per share reported in the previous financial year, and as such the changes to the comparatives are not presented.

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

The directors of **RANHILL UTILITIES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the year then ended on that date.

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

Tan Sri Hamdan Mohamad

Datuk Abdullah Karim

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE

For The Financial Management of The Group and of The Company

I, **Choo Chee Keen**, the officer primarily responsible for the financial management of **Ranhill Utilities Berhad**, do solemnly and sincerely declare that the accompanying financial statements 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.

Choo Chee Keen (MIA 19773)

Subscribed and solemnly declared by the abovenamed **Choo Chee Keen** at **Kuala Lumpur**, on this

Before me,

COMMISSIONER FOR OATHS

PROPERTY OWNED BY OUR GROUP

As at 31 December 2021

The details of lands and buildings owned by us as the LPD are set our 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 2021 (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	Description of property Industrial land and buildings. Existing use The land is currently being used by RPI for its power plant.	Oct - 2008 (Full COD for 190MW)	64,750 square metres/ 73,409.97 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	8,145

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 28 June 2021.

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 2021 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)
RPI	CULS interest by Ranhill Power I to RCSB.	TSHM CHEVAL LOSB HF HI	2,006
RPI	Secretarial and management services by RCSB to RPI.		600
RPII	Secretarial and management services by RCSB to RPII.		600
RPOMI	Secretarial and management services by RCSB to RPOMI.		150
RPOMII	Secretarial and management services by RCSB to RPOMII.		180
Ranhill SAJ	Secretarial and management services by RCSB to Ranhill SAJ.	TSHM CHEVAL LOSB HF HI PSKL PDT SGJ	15,000

Transactions entered/to be entered between RPI 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 RPI to SECSB.	SECSB	1,338

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)
RPI	Provision of operating & maintenance services by RPOMI to RPI in respect of the RPI power plant.	TSHM CHEVAL LOSB HF HI SECSB	16,117

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)
RPII	Provision of operating & maintenance services by RPOMII to RPII in respect of the RPII power plant.	TSHM CHEVAL LOSB HF HI SECSB	13,533

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	85,614

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

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)
RC	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by Ranhill SAJ to RC	TSHM	5,173

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)
RBSB	Provision of work, preliminary work and pre-development work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by RBSB to RWTSB	TSHM HF HI	1,931

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, TAEL Management Co. (Cayman) Ltd). Cheval is a Major Shareholder of the Company, as well as a 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.
"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 No.199501022476 (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 (1091059-K), a company incorporated in Malaysia
"RBSB"	:	Ranhill Bersekutu Sdn Bhd, Registration No. 198101006302 (72416-T), company incorporated in Malaysia
"RC"	:	Ranhill Consulting Sdn Bhd, Registration No. 199601022517 (394869-A), a company incorporated in Malaysia
"RCSB"	:	Ranhill Capital Sdn Bhd, Registration No.201401034295 (1110393-P), a company incorporated in Malaysia
"Ranhill Group" or "the Group"	:	Collectively, Ranhill and its subsidiaries, jointly controlled entities associates and companies

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

"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
"RPI"	:	Ranhill Powertron Sdn Bhd, Registration No. 199501001148 (330342-K), a company incorporated in Malaysia
"RPII"	:	Ranhill Powertron II Sdn Bhd, Registration No. 199501025099 (354304-U), a company incorporated in Malaysia
"RPOMI"	:	Ranhill Power O&M Sdn Bhd, Registration No. 199701002432 (417928-T), a company incorporated in Malaysia
"RPOMII"	:	Ranhill Power II O&M Sdn Bhd, Registration No. 199501025101 (354306-D), 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 (681858-H), a company incorporated in Malaysia
"RWTSB"	:	Ranhill Water Technologies Sdn Bhd, Registration No. 199401017329 (303007-T), a company incorporated in Malaysia
"RWTSB Group"	:	RWTSB and its subsidiaries collectively
"Ranhill SAJ"	:	Ranhill SAJ Sdn Bhd, Registration No. 199901001818 (476718-H), a company incorporated in Malaysia
"SECSB"	:	Sabah Energy Corporation Sdn Bhd, Registration No. 199601009602 (381950-H), a company incorporated in Malaysia
"SGJ"	:	State Government of Johor
"Shareholders"	:	Shareholders of Ranhill
"TSHM"	:	TSHM is a Director and Major Shareholder of the Company through his direct and indirect shareholdings via HLF, HIL and LOSB by virtue of him being the founder and sole beneficiary of HLF which owns the entire equity stake in HIL and LOSB. He is a director of LOSB

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2022

Total no. of issued shares : 1,295,917,223 ordinary shares

Voting rights : One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 31 MARCH 2022

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	6,534	37.49	180,533	0.01
100 to 1,000	3,620	20.77	1,237,393	0.10
1,001 to 10,000	4,488	25.75	15,972,947	1.24
10,001 to 100,000	2,459	14.11	63,322,552	4.93
100,001 to less than 5% of issued shares	324	1.85	449,214,879	34.95
5% and above of issued shares	5	0.03	755,391,254	58.77
Total	**17,430**	**100.00**	**1,285,319,558^**	**100.00**

^ Excluding treasury shares of 10,597,665 units i.e. the total number of issued shares of 1,295,917,223 ordinary shares less 10,597,665 treasury shares.

DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2022

		Direct Interest		Indirect Interest	
No.	Name of Directors	No. of Shares Held	% *	No. of Shares Held	% *
1.	Tan Sri Hamdan Mohamad	131,035,435	10.19	309,331,304 (1)	24.07
2.	Dato Sri Lim Haw Kuang	-	-	-	-
3.	Datuk Abdullah Bin Karim	-	-	-	-
4.	Lim Hun Soon @ David Lim	-	-	-	-
5.	Leow Peen Fong	-	-	-	-
6.	Abu Talib Bin Abdul Rahman	33,382	-	-	-
7.	Dr. Arzu Topal (Appointed w.e.f. 15.04.2022)	-	-	-	-
8.	Amran Bin Awaluddin (Appointed w.e.f. 15.04.2022)	1,212,327	0.09	-	-
9.	Zurina Binti Abdul Rahim (Appointed w.e.f. 15.04.2022)	20,606	-	-	-

^ The percentage is computed based on the number of issued shares of 1,285,319,558 units of ordinary shares (excluding 10,597,665 units of ordinary shares bought back by the Company and retained as treasury shares as at 31 March 2022).

(1) Deemed interest by virtue of (i) Tan Sri Hamdan Mohamad's interests in Hamdan Inc (Labuan) Pte Ltd ("Hamdan Inc") and Lambang Optima Sdn Bhd ("LOSB") pursuant to Section 8 of the Companies Act, 2016 and (ii) him being the sole beneficiary of Hamdan (L) Foundation which owns the entire equity stake in Hamdan Inc. and LOSB.

ANALYSIS OF SHAREHOLDINGS
As at 31 March 2022

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2022

	Direct Interest		Indirect Interest	
Name	No. of Shares Held	% *	No. of Shares Held	% *
Cheval Infrastructure Fund LP (acting via its general partner, TAEL Management Co. (Cayman) Ltd) (Co. No. CT-50245)	242,118,753	18.84	-	-
Hamdan (L) Foundation (Co. No. LAF00157)	257,096,812	20.00	52,234,492 (1)	4.06 (1)
Tan Sri Hamdan Mohamad	131,035,435	10.19	309,331,304 (2)	24.07 (2)
UOB Kay Hian Private Limited (Co. No. 197000447W)	116,632,530	9.07	-	-
United Overseas Bank Limited (Co. No. 193500026Z)	-	-	116,632,530 (3)	9.07 (3)
Permodalan Darul Ta'zim Sdn Bhd Registration No. 199401041837 (327525-V)	116,344,468	9.05	-	-
Perbadanan Setiausaha Kerajaan Johor (The State Secretary, Johore (Incorporated)) State of Johore Enactment No. 2 of 1953.	-	-	116,344,468 (4)	9.05 (4)
State Government of Johor	-	-	116,344,468 (5)	9.05 (5)

^ The percentage is computed based on the number of issued shares of 1,285,319,558 units of ordinary shares (excluding 10,597,665 units of ordinary shares bought back by the Company and retained as treasury shares as at 31 March 2022).

Notes:

(1) Deemed interest by virtue of Hamdan (L) Foundation's interests in Hamdan Inc. (Labuan) Pte. Ltd. **("Hamdan Inc")** and Lambang Optima Sdn Bhd **("LOSB")** pursuant to Section 8 of the Companies Act, 2016.

(2) Deemed interest by virtue of (i) Tan Sri Hamdan Mohamad's interests in Hamdan Inc and LOSB pursuant to Section 8 of the Companies Act, 2016 and (ii) him being the sole beneficiary of Hamdan (L) Foundation **("HLF")** which owns the entire equity stake in Hamdan Inc. and LOSB.

(3) Deemed interest by virtue of United Overseas Bank Limited's investment in UOB Kay Hian Private Limited.

(4) Deemed interest by virtue of Perbadanan Setiausaha Kerajaan Johor (The State Secretary, Johore (Incorporated))'s direct interest in Permodalan Darul Ta'zim Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

(5) Deemed interest by virtue of State Government of Johor's interests in Permodalan Darul Ta'zim Sdn Bhd and The State Secretary, Johore (Incorporated) pursuant to Section 8 of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2022

30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2022

	Particulars	No. of Shares Held	Percentage % ^
1.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	242,230,919	18.85%
2.	HAMDAN (L) FOUNDATION	205,168,357	15.96%
3.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	116,632,530	9.07%
4.	PERMODALAN DARUL TA'ZIM SDN BHD	116,344,468	9.05%
5.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMDAN MOHAMAD (MGN-HAM0007M)	75,014,980	5.84%
6.	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR HAMDAN MOHAMAD	56,020,455	4.36%
7.	LEMBAGA TABUNG HAJI	54,135,291	4.21%
8.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMDAN (L) FOUNDATION (MGN-HAM0007M)	51,928,455	4.04%
9.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	37,494,288	2.92%
10.	YPJ CORPORATION SDN BHD	34,934,988	2.72%
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	26,843,627	2.09%
12.	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND (UT-CIMBDALI) (419455)	20,956,317	1.63%
13.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	17,408,442	1.35%
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CIMB PRIN)	16,518,847	1.29%
15	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMDAN INC (LABUAN) PTE LTD (MGN-HAM0007M)	14,836,701	1.15%
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	7,953,908	0.62%
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (CPIAM EQ)	5,163,480	0.40%

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2022

30 LARGEST SHAREHOLDERS AS AT 31 MARCH 2022

	Particulars	No. of Shares Held	Percentage % ^
18	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD PRINCIPAL ISLAMIC ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	5,163,377	0.40%
19	CHE KHALIB BIN MOHAMAD NOH	4,229,166	0.33%
20	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	3,276,266	0.25%
21	CIMSEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB TRUSTEE BERHAD (TR1032)	3,090,979	0.24%
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL ISLMC)	2,562,670	0.20%
23.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN TAKAFUL BERHAD (MEKAR)	2,377,303	0.18%
24.	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AHMAD ZAHDI BIN JAMIL (CTS-AZJ0002C)	2,112,169	0.16%
25.	MOHAMED AZMAN BIN YAHYA	2,060,653	0.16%
26.	LOH KOK WAI	1,360,215	0.11%
27.	AMRAN BIN AWALUDDIN	1,212,327	0.09%
28.	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR DFA EMERGING MARKETS SMALL CAP SERIES	1,210,481	0.09%
29.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN TAKAFUL BERHAD (OPERATOR)	1,039,461	0.08%
30.	SOUTH EAST ASIA AUTO PARTS SDN BHD	1,020,125	0.08%

^ The percentage is computed based on the number of issued shares of 1,285,319,558 units of ordinary shares (excluding 10,597,665 units of ordinary shares bought back by the Company and retained as treasury shares as at 31 March 2022).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **Eighth (8th) Annual General Meeting ("AGM")** of Ranhill Utilities Berhad (**"Ranhill"** or **"the Company"**) will be held on **Thursday, 2 June 2022** at **2.30 p.m.** at **Grand Ballroom, Level G, Grand Hyatt Kuala Lumpur, 12 Jalan Pinang, 50490 Kuala Lumpur** 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 2021 together with the Directors' and Auditors' Reports thereon. — **Note 1**

2. To re-elect the following Directors who retire in accordance with Article 111 of the Company's Constitution, and are being eligible, have offered themselves for re-election:

   (a) YBhg. Tan Sri Hamdan Mohamad — **Ordinary Resolution 1**
   (b) Mr Lim Hun Soon @ David Lim — **Ordinary Resolution 2**

3. To re-elect the following Directors who retire in accordance with Article 93 of the Company's Constitution, and are being eligible, have offered themselves for re-election:

   (a) Dr Arzu Topal — **Ordinary Resolution 3**
   (b) Encik Amran Bin Awaluddin — **Ordinary Resolution 4**
   (c) Cik Zurina Binti Abdul Rahim — **Ordinary Resolution 5**

4. To approve the payment of Directors' fees and benefits to the Malaysian Non-Executive Directors of the Company from the conclusion of this Annual General Meeting up till the conclusion of the next Annual General Meeting of the Company. — **Ordinary Resolution 6**

5. To approve the payment of Directors' fees and benefits to Non-Executive foreign Director of the Company based in overseas ("**International Director**") for the period commencing retrospective from 15 April 2022 and up till the conclusion of the next Annual General Meeting of the Company. — **Ordinary Resolution 7**

6. To re-appoint Messrs Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. — **Ordinary Resolution 8**

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

To consider and if thought fit, to pass the following as Ordinary Resolutions:-

7. **Authority To Allot And Issue Shares Pursuant To Sections 75 And 76 Of The Companies Act, 2016** — Ordinary Resolution 9

   "**THAT** pursuant to Sections 75 and 76 of the Companies Act, 2016 **("Act")**, the Constitution of the Company, the Main Market Listing Requirements **("Listing Requirements")** of Bursa Malaysia Securities Berhad **("Bursa Securities")**, Additional Temporary Relief Measures to Listed Corporations for Covid-19, issued by Bursa Securities on 16 April 2020 and its subsequent letter dated 23 December 2021 on the extension of implementation of the **20%** General Mandate and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the 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, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed twenty per centum **(20%)** of the total number of issued shares of the Company (excluding treasury shares) at any point in time **("20% General Mandate")**;

   THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities which would be utilised before 31 December 2022 and thereafter, the 10% general mandate will be reinstated;

   AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

8. **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 10

   "**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;

NOTICE OF ANNUAL GENERAL MEETING

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."

9. **Proposed Renewal Of Share Buy-Back Authority** — Ordinary Resolution 11

"**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

(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;

NOTICE OF ANNUAL GENERAL MEETING

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."

10. **Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions ("Renewal RRPT") Of A Revenue Or Trading Nature ("Proposed Renewal Of Shareholders' Mandate")** — Ordinary Resolution 12

"**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(I) Part B of the Circular to Shareholders dated 29 April 2022 **("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")

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 of 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."

NOTICE OF ANNUAL GENERAL MEETING

11. **Proposed New Shareholders' Mandate For Additional Recurrent Related Party Transactions ("Additional RRPT") Of A Revenue Or Trading Nature ("Proposed New Shareholders' Mandate")** — Ordinary Resolution 13

"**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 29 April 2022 **("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 of 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."

12. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

NOTICE OF ANNUAL GENERAL MEETING

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
29 April 2022

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 of 26 May 2022, Thursday shall be entitled to attend, participate, speak and vote at the 8th 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.

6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized 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 authorized by the corporation.

NOTICE OF ANNUAL GENERAL MEETING

7. The instrument appointing a proxy must be deposited to the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. **("Boardroom")** whether in hard copy or by electronic means in the following manner not later than twenty-four (24) hours from the date of the 8th AGM i.e. by **1 June 2022, Wednesday at 2.30 p.m.**:

   (i) In Hard copy:

   By hand or post to the office of Boardroom at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

   (ii) By Electronic means:

   - Via email at bsr.helpdesk@boardroomlimited.com which is applicable for all shareholders i.e. individual/corporate representative/authorised nominees; or
   - Via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com which is applicable for individual shareholders only. Please refer to the Administration Guide of the 8th AGM for registration procedures.

OTHERS

8. 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 8th AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling/e-polling process 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 8th 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 8th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 8th 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.*

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES

1. The Audited Financial Statements for the financial year ended 31 December 2021

The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1) of the Companies Act 2016 **("Act")** for discussion only. They do not require approval of the members and hence, this agenda will not be put forward for voting.

2. Ordinary Resolutions 1 to 2 – Re-election of directors under Article 111 of the Company's Constitution

The Board via the Nominating and Remuneration Committee **("NRC")** has reviewed the performance of each Director subject for re-election through an annual assessment, and are satisfied with the performance, contribution and effectiveness of the Directors. Tan Sri Hamdan Mohamad and Mr Lim Hun Soon @ David Lim being eligible, have offered themselves for re-election at this AGM.

Both the above retiring Directors have abstained from deliberations and decisions on their own eligibility and suitability to stand for re-election at the relevant Board and Board Committee meetings.

The profiles of these retiring Directors are set out in the Profile of Directors section in the Corporate Governance Overview Statement of the Annual Report 2021.

3. Ordinary Resolution 3, 4 & 5 – Re-election of directors under Article 93 of the Company's Constitution

The Board via the NRC has duly considered the appointment of these three Directors with effect on 15 April 2022, namely Dr. Arzu Topal **("Dr. Arzu")**, Encik Amran Bin Awaluddin **("AA")**, and Cik Zurina Abdul Rahim **("ZAR")**.

The Board via the NRC is of the view that the Group will benefit from having Dr. Arzu on the Board given her experiences, skills, knowledge, and expertise through her diversified capital portfolio development and program management including for global corporate real estate and facilities in the United Arab Emirates. She will be able to provide Ranhill an immediate footing and networking into the Middle East region on business initiatives or opportunities for Ranhill and group.

As part of board succession planning, Board appoints AA, the Chief Operating Officer of the Company having a qualification background in corporate finance and management accounting; and ZAR, the Chief Commercial Officer with her diverse commercial and corporate legal and compliance background to hold the Executive Directors positions.

These new appointments enhance the Board's capabilities and skills while also introducing increased diversity (in regards to age, cultural background, and gender). This also ensures the Board and its committees have optimum size to serve the Group and its businesses and operations as a whole effectively. ZAR is also a Board representative of Hamdan **(L)** Foundation, a major shareholder of the Company.

Their profiles are available in the Profile of Directors section in the Corporate Governance Overview Statement of the Annual Report 2021.

NOTICE OF ANNUAL GENERAL MEETING

4. Ordinary Resolution 6 – Payment of Directors' Fees and Benefits ("Remuneration") to the Non-Executive Directors

Pursuant to Section 230(1) of the Act, fees and benefits **("Remuneration")** payable to the Directors of the Company are required to be approved by the shareholders at a general meeting. The Remuneration comprises fees, other benefits-in-kind **("BIK")**, and meeting allowance payable to the Chairman and members of the Board, and the Chairman and members of Board Committees. At the 7th AGM held on 28 June 2021, the shareholders had approved the payment of Remuneration for the period commencing from 29 June 2021 up till the Annual General Meeting **("AGM")** of the Company in 2022 in accordance to the existing Remuneration structure for the Malaysian Non-Executive Directors **("NED")**.

Shareholders' approval is sought for the payment of Remuneration to the Malaysian NEDs from the conclusion of this AGM and up till the next AGM of the Company in 2023 in accordance with the prevailing Remuneration structure set out in **Table A** below.

5. Ordinary Resolution 7 – Payment of International Directors' Fees and Benefits ("Remuneration")

The Board has via the NRC assessed and recommended to incorporate a new Remuneration structure for Non-Executive foreign Director based in overseas **("International Director")** at a proposed total Remuneration of USD100,000.00 per annum per International Director. After taking into account salient factors, the said proposed amount of Remuneration for International Director is considered reasonable and within an International Director's fee compatible with overseas entities of similar size/business.

Shareholders' approval is sought for the payment of Remuneration to the International Director for the period commencing retrospective from 15 April 2022 (Dr Arzu's appointment date) and up till the conclusion of the next AGM of the Company in 2023 in accordance with the International Director's Remuneration structure as set out in **Table A** below:-

Table A : Remuneration Structure for NEDs of the Company:-

NED	Fees per annum (RM) Per Malaysian Director	***New approval at the 8th AGM*** **Proposed Fees per annum (USD) Per International Director**	Meeting Allowance (RM)
Chairman	300,000	-	2,500
Chairman's BIK	50,000	-	-
Director	144,000	USD100,000 *(inclusive of fee for sitting in board committees andmeeting allowance)*	12,500
Chairman of Audit Committee	40,000	-	2,000
Member of Audit Committee	20,000	-	1,500
Chairman of Other Committee	30,000	-	2,000
Member of Other Committee	20,000	-	1,500

Any NED of the Company who is also a shareholder of the Company is to abstain from voting on Ordinary Resolution 6 concerning Remuneration payable to the NED at this AGM.

NOTICE OF ANNUAL GENERAL MEETING

6. Ordinary Resolution 9 – Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

Bursa Securities has via their letter dated 23 December 2021 granted an extension to the temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being **("20% General Mandate")**. Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated.

Having considered the current economic climate arising from the global Covid-19 pandemic and the future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, pursuant to Section 76(4) of the Act from its shareholders at the forthcoming 8th AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions. The 20% General Mandate, unless revoked or varied by the Company in a general meeting, will expire at the end of 31 December 2022.

The Board of Directors of the Company, after due consideration, is of the opinion that in the face of unprecedented challenges to the Company brought by Covid-19 pandemic, this 20% General Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure.

Any funds raised from this 20% General Mandate is expected to be used as working capital to finance day-to-day operational expenses, on-going projects or future projects/investments to ensure the long-term sustainability of the Company.

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its subsidiaries.

7. Ordinary Resolution 10 – 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 10 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 AGM of the Company. A renewal of this authority will be sought at the next AGM.

8. Ordinary Resolution 11 – Proposed Renewal of Authority for Share Buy-back

The Ordinary Resolution proposed under Resolution 11 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 utilizing 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 AGM, or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier. Please refer to the Share Buy-Back Statement to Shareholders dated 29 April 2022 for further details.

NOTICE OF ANNUAL GENERAL MEETING

9. Ordinary Resolution 12 – Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions ("Renewal RRPT") of A Revenue or Trading Nature

The proposed Resolution 12, 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 29 April 2022 which is despatched together with the Company's 2021 Annual Report.

10. Ordinary Resolution 13 – Proposed New Shareholders' Mandate For Additional Recurrent Related Party Transactions ("Additional RRPT") of a Revenue or Trading Nature ("Proposed New Shareholders' Mandate")

The proposed Resolution 13, 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 29 April 2022 which is despatched together with the Company's 2021 Annual Report.

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 election as a Director at the forthcoming 8th AGM of the Company.

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 9 set out in the Notice of the 8th AGM of the Company will give a renewed mandate to the Directors of the Company pursuant to Sections 75 and 76 of the Act **("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 AGM of the Company.

As at the date of the Notice of the 8th AGM, the Directors have not utilised the mandate granted to the Directors at the 7th AGM of the Company held on 28 June 2021 and the said mandate will lapse at the conclusion of the forthcoming 8th AGM of the Company.

The Company is seeking approval from shareholders on the Renewed Mandate for the purpose of possible fundraising exercises 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 a general meeting to approve such issue of shares.

PROXY FORM

CDS Account No.	
No. of Shares held	

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 & Tel No.			

*and / or (*delete as appropriate)

Full Name (in Block)	**NRIC/Passport No.**	**Proportion of shareholdings**	
		No. of Shares	**%**
Address & Tel No.			

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 **8th Annual General Meeting ("8th AGM")** of the Company to be held on **Thursday, 2 June 2022 at 2.30 p.m.** at **Grand Ballroom, Level G, Grand Hyatt Kuala Lumpur, 12 Jalan Pinang, 50490 Kuala Lumpur** and at any adjournment thereof, on the following resolutions, referred to in the Notice of 8th AGM. My /our proxy is to vote as indicated below:

Please indicate with either an **'X'** or **'√'** in the appropriate spaces provided below 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 fits.

NO.	RESOLUTIONS	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1	To re-elect YBhg. Tan Sri Hamdan Mohamad pursuant to Article 111.			
Ordinary Resolution 2	To re-elect Mr. Lim Hun Soon @ David Lim pursuant to Article 111.			
Ordinary Resolution 3	To re-elect Dr. Arzu Topal pursuant to Article 93.			
Ordinary Resolution 4	To re-elect Encik Amran Bin Awaluddin pursuant to Article 93.			
Ordinary Resolution 5	To re-elect Cik Zurina Binti Abdul Rahim pursuant to Article 93.			
Ordinary Resolution 6	To approve the payment of Directors' fees and benefits to the Malaysian Non-Executive Directors of the Company from the conclusion of this Annual General Meeting up till the conclusion of the next Annual General Meeting of the Company.			
Ordinary Resolution 7	To approve the payment of Directors' fees and benefits to the Non-Executive foreign Director of the Company based in overseas **("International Director")** for the period commencing retrospective from 15 April 2022 and up till the conclusion of the next Annual General Meeting of the Company.			
Ordinary Resolution 8	To re-appoint Messrs Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.			
Ordinary Resolution 9	To authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 **("20% General Mandate")**.			
Ordinary Resolution 10	To approve the Proposed Renewal of Authority to Allot New Ordinary Shares in the Company pursuant to the Dividend Reinvestment Plan.			
Ordinary Resolution 11	To approve the Proposed Renewal of Share Buy-Back Authority.			
Ordinary Resolution 12	To approve the Proposed Renewal of Shareholders' Mandate For Recurrent Related Party Transactions **("Renewal RRPT")** Of A Revenue Or Trading Nature.			
Ordinary Resolution 13	To approve the Proposed New Shareholders' Mandate For Additional Recurrent Related Party Transactions **("Additional RRPT")** of a Revenue or Trading Nature.			

Dated this ..... day of 2022

.....
**Signature(s)/ Common Seal of Member(s)

(Contact no.: .....)

(E-mail Address: .....)

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***** 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.

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 of 26 May 2022, Thursday shall be entitled to attend, participate, speak and vote at the 8th 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.

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 to the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. **("Boardroom")** whether in hard copy or by electronic means in the following manner **not later than twenty-four (24) hours from the date of the 8th AGM i.e. by 1 June 2022, Wednesday at 2.30 p.m.**:

   (i) In Hard copy:

   By hand or post to the office of Boardroom at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan

   (ii) By Electronic means:

   - Via email at bsr.helpdesk@boardroomlimited.com which is applicable for all shareholders i.e. individual/corporate representative/authorised nominees; or
   - Via Boardroom Smart Investor Portal at https://investor.boardroomlimited.com which is applicable for individual shareholders only. Please refer to the Administration Guide of the 8th AGM for registration procedures.

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Ranhill Utilities Berhad
8th AGM scheduled for 2 June 2022

AFFIX
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The Share Registrars
Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

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OTHERS

8. 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 8th 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 8th 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 8th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 8th 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.*

www.**ranhill**.com.my

RANHILL UTILITIES BERHAD
Registration No. 201401014973 (1091059-K)

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