

**YTL Corporation  
Berhad**



**ANNUAL  
REPORT  
2019**



**BUILDING THE RIGHT THING**  
The Journey Continues...

Our work stands the test of time by turning the right opportunity into the right thing and the right thing into lasting value. YTL is about building value that is not simply lasting, but is worthy of lasting.

ANNUAL  
REPORT  
2019



**BUILDING THE RIGHT THING**  
The Journey Continues...

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## Chairman's Statement



**TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING**, KBE, CBE, FICE  
Executive Chairman

YTL Corporation Berhad ("YTL Corp") and its subsidiaries ("Group") recorded higher revenue of RM18.05 billion for the financial year ended 30 June 2019 compared to RM15.89 billion last year, whilst profit before tax stood at RM1.04 billion for the financial year under review compared to RM1.34 billion last year.

YTL Corp declared an interim cash dividend of 4.0 sen per ordinary share for the financial year ended 30 June 2019, representing a dividend yield of approximately 3.5%, based on the average share price during the financial year of RM1.15 per share. YTL Corp has a consistent dividend track record and has declared dividends to shareholders for 35 consecutive years since listing on the Kuala Lumpur stock exchange in 1985.

The Malaysian economy recorded lower gross domestic product (GDP) growth of 4.7% for the 2018 calendar year compared to 5.9% in 2017, impacted by external and domestic challenges during the year. The economy registered GDP growth of 4.5% in the first quarter and 4.9% in the second quarter of 2019, supported by robust expansion in domestic demand. Meanwhile, in other major economies in which the Group operates, the United Kingdom (UK) registered growth of approximately 1.4% during 2018, with the first and second quarters of the 2019 calendar year registering an estimated growth of 0.5% and negative 0.2%, respectively. Singapore's economy showed growth of 3.2% in 2018, with growth of approximately 1.1% and 0.1% respectively in the first and second quarters of the 2019 calendar year (*sources: Ministry of Finance Malaysia, Bank Negara Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports*).

## Chairman's Statement

Our utilities division continues to make up the largest part of our Group, contributing about 63% of revenue and 60% of profit before tax for the year under review. Our merchant multi utilities business in Singapore has a long track record of being one of the most efficient and best-performing companies in the sector and the division continued every effort to increase operational efficiency, in addition to pursuing the diversification of its utilities businesses to counter the issues in the wholesale generation market. Whilst the Singapore electricity market continues to face an excess in generation capacity, recent developments and restructuring activities undertaken by other players in the sector indicate that consolidation within the industry, which would bring stability to prices, is on the horizon.

Meanwhile, our water and sewerage business in the UK maintained its position amongst the top water and sewerage companies, as the division's ongoing outperformance of its regulatory targets stems from a drive to provide ever-improving standards of service and high quality water and environmental services that protect health and improve the environment, all at excellent value to customers.



Performance of the Group's contracted power generation division in Malaysia remained stable due to supply from Paka Power Station under the current power purchase agreement, which commenced in September 2017 and will continue until June 2021. We have an established track record in this area dating back to 1994 as Malaysia's first independent power producer, and this has ensured that the plant continues to operate at optimal efficiency.

This year, our mobile broadband network division undertook a first-in-Asia trial of Terragraph, a gigabit wireless network built together with Facebook. The network is a technological breakthrough that utilises existing infrastructure to enable rapid deployment of fibre level connectivity. This saves the time and cost of laying new fibre and represents the future of high speed mobile network development. The Terragraph pilot successfully powers free public WiFi in 50 popular landmarks in George Town, Penang, enabling users to experience a world-class public WiFi service with an average downlink speed of 160 Mbps.

Our Group has led the roll out of 4G/LTE in the country and continues to drive market innovation through the development and deployment of new technologies, and the division is well positioned to continue to expand with the prospective allocation of the low band 700MHz spectrum by the Malaysian Communications and Multimedia Commission.

In Jordan, good progress has been made on construction of the 554 megawatt oil shale-fired power generation project being undertaken by our 45%-joint venture, and we also continued to work towards financial close of our 80%-owned Tanjung Jati A project, a 1,320 megawatt coal-fired power project in Java, Indonesia.



## Chairman's Statement

The division's investments in South Australia's electricity transmission grid and a coal-fired power station in Java, Indonesia, also continued to perform well.

Our cement division performed well this year despite pressure from the intense ongoing competition in the domestic industry. In May 2019, YTL Cement Berhad acquired a 51% stake in Lafarge Malaysia Berhad, which was renamed Malayan Cement Berhad on 26 September 2019, followed by a mandatory take-over offer for the remaining shares. Upon close of the offer, YTL Cement held a 76.98% interest in Malayan Cement. The acquisition has bolstered our Group's position as a leading, home-grown, Malaysian-owned cement company, enhancing our ability to offer customers the full range of cement products, maximise economies of scale to improve cost efficiencies and further develop our research and development capabilities to innovate and expand the Group's range of cementitious product offerings.

On the construction front, work is progressing well on schedule on the electrified double track project from Gemas to Johor Bahru, which will form another vital component of the country's blueprint to develop world-class rail infrastructure.

With the property markets in both Malaysia and Singapore remaining soft, we concentrated our efforts this year on unlocking sales of our existing residential developments, 3 Orchard By-The-Park and The Fennel, and well as asset improvement initiatives to further enhance the regeneration of Sentul. The Group's Sentul Masterplan, launched in 2002 and executed in phases since then, has served to uplift the entire Sentul district, increasing property values and attractiveness of the address, and vastly improving overall liveability for residents.

Sentul Depot, with its 113-year history and 200,000 sq ft of space spread across historical railway warehouses and workshops, was unveiled in September last year and is being developed in stages. Earlier this year, we also commenced development of Sentul Works, which will feature a cluster of co-working spaces and boutique offices. Our vision is to transform Sentul into a must-visit lifestyle destination in Kuala Lumpur with a curated mix of uses including retail, food and beverage outlets, co-working spaces, arts and creative use with an exciting line-up of events, inspired by famous heritage destinations across great cities, such as the Meat Packing District in New York and Xintiandi in Shanghai.



## Chairman's Statement

On the corporate front, in June 2019, YTL Corp extended a voluntary share exchange offer to the shareholders and holders of the irredeemable convertible unsecured loan stocks (ICULS) of YTL Land & Development Berhad. As at the close of the offer on 7 October 2019, YTL Corp held 90.45% of YTL Land's shares and 91.04% of the ICULS. Accordingly, YTL Land's shares and ICULS were suspended from trading on Bursa Malaysia Securities Berhad from 15 October 2019, being the expiry of 5 market days from the closing of the offer on 7 October 2019.

We saw an expansion of our hotels division this year with our acquisition of The Westin Perth in Australia. Located in Perth's central business district, this 5-star hotel is within walking distance of landmarks such as Elizabeth Quay and Optus Stadium and adjacent to the city's prime shopping and dining district.

The global outlook remains subdued in the face of uncertainties over trade and fiscal policies in the largest economies and we expect tough operating conditions to continue in some of our key markets. Whilst our Group has extensive international operations, our key businesses provide vital utilities to local populations, such as water and sewerage in the southeast of England and electricity in Singapore, and, therefore, encounter the effects of domestic economic policies.

Our focus consistently remains on the Group's long-term development and prospects, with investments that have a decades-long income-generating horizon. This strategy has enabled our Group to build up a depth of expertise across international utilities, hotels and hospitality assets across the globe, cement and building materials markets, construction and property development. This long-term nature of our commitments ensures continuity and stability that drive the performance and success of our assets and enable our businesses to better weather cycles of difficult operating conditions.

### **TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING**

PSM, KBE, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP





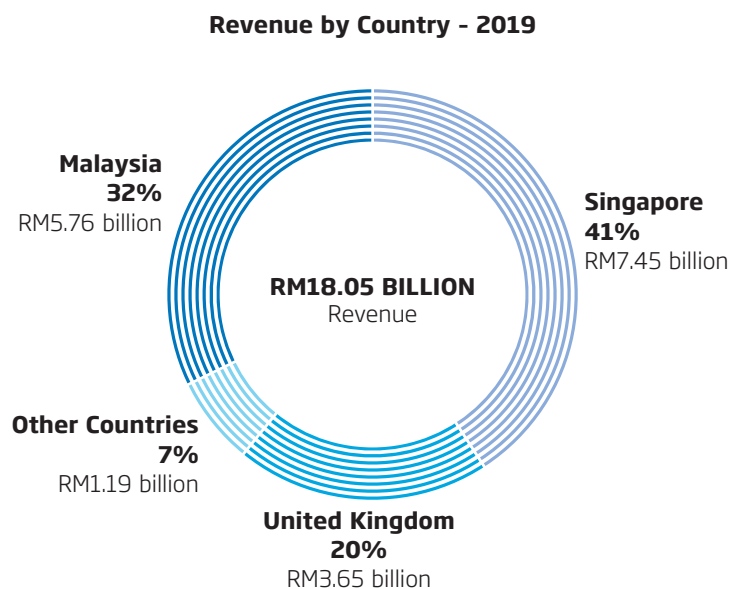
# Management Discussion & Analysis

## GROUP OVERVIEW

### OVERVIEW

The principal activities of YTL Corporation Berhad (“YTL Corp” or “Company”) are those of an investment holding and management company. The key reporting segments of YTL Corp and its subsidiaries (“YTL Corp Group” or “Group”) are Utilities, Cement Manufacturing and Trading, Construction, Property Investment and Development, Hotel Operations, Management Services and Others, and Information Technology (“IT”) and e-Commerce Related Business.

YTL Corp is an integrated infrastructure developer domiciled in Malaysia, with extensive international operations in the United Kingdom (UK) and Singapore, as well as businesses and projects under development in other countries including Indonesia, Australia, Japan, Jordan and China.



YTL Corp is amongst the largest companies listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”). YTL Corp has also had a secondary listing on the Tokyo Stock Exchange since 1996 and was the first non-Japanese Asian company to list on the Tokyo exchange.

YTL Corp’s subsidiaries listed on the Main Market of Bursa Securities are YTL Power International Berhad (“YTL Power”), YTL Hospitality REIT (“YTL REIT”) and Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad) (“Malayan Cement”). The Group also has a stake in Starhill Global Real Estate Investment Trust (“Starhill Global REIT”), which is listed on the Mainboard of the SGX-ST, the Singapore stock exchange.

During the financial year under review, YTL Corp, YTL Power and Malayan Cement were components of the FTSE4Good Bursa Malaysia Index, which is an index designed to measure the performance of companies demonstrating good Environmental, Social and Governance (ESG) practices.

## Management Discussion & Analysis

### GROUP OVERVIEW

#### OBJECTIVES & STRATEGIES

The YTL Corp Group pursues the geographic diversification and expansion of its revenue base through greenfield developments and strategic acquisitions both domestically and overseas, focusing on regulated utility assets and other businesses correlated to its core competencies of cement, construction, property development and hotel operations, with the goal of maximising shareholder value and building and operating strong businesses that are viable and sustainable on a long-term basis.

The YTL Corp Group also derives a significant part of its revenue from operating various regulated utility assets under long-term concessions and/or licenses, enabling the Group to achieve stable earnings and mitigate the downside risks arising from economic uncertainties and changing operating conditions, both in Malaysia and globally.

The principal components of the YTL Corp Group's strategy comprise:

- **Diversification and expansion of the Group's revenue base through greenfield developments and strategic acquisitions overseas, particularly in the area of regulated utilities.** The YTL Corp Group pursues a strategy of acquiring regulated assets operating under long-term concessions and other businesses correlated to its core competencies. The Group's regulated utilities demonstrate ongoing growth, with the regulated asset value of these assets increasing over time. The Group's existing overseas operations in this area continue to generate steady returns and its overseas acquisitions diversify income streams and enable the Group to avoid single-country and single-industry risks.
- **Growth and enhancement of the YTL Corp Group's core businesses in Malaysia.** The Group's strategy to grow its businesses in Malaysia is to leverage its expertise in its core competencies, particularly in the areas of power generation (in both contracted and merchant markets), water and sewerage services, merchant multi-utility services, communications, construction contracting, property development and investment, manufacturing of cement and other industrial products and supplies, hotel development and management (including restaurant operations), and the provision of consultancy, incubating and advisory services for internet businesses and internet-based education solutions and services.
- **Ongoing optimisation of the Group's capital structure.** The YTL Corp Group maintains a balanced financial structure by optimising the use of debt and equity financing and ensuring the availability of internally generated funds and external financing to capitalise on acquisition opportunities. A key component of the Group's growth strategy is its practice of funding the debt component of its acquisitions and greenfield projects largely through non-recourse financing which has ensured that the Group only invests in projects that are commercially viable on a stand-alone basis.
- **Enhancement of operational efficiencies to maximise returns from the Group's businesses and expand its customer base.** The Group believes that its cement and power plants on average operate within the highest efficiency levels of their industries and further enhances operational efficiencies where possible through the application of new technologies, production techniques and information technology.

## Management Discussion & Analysis

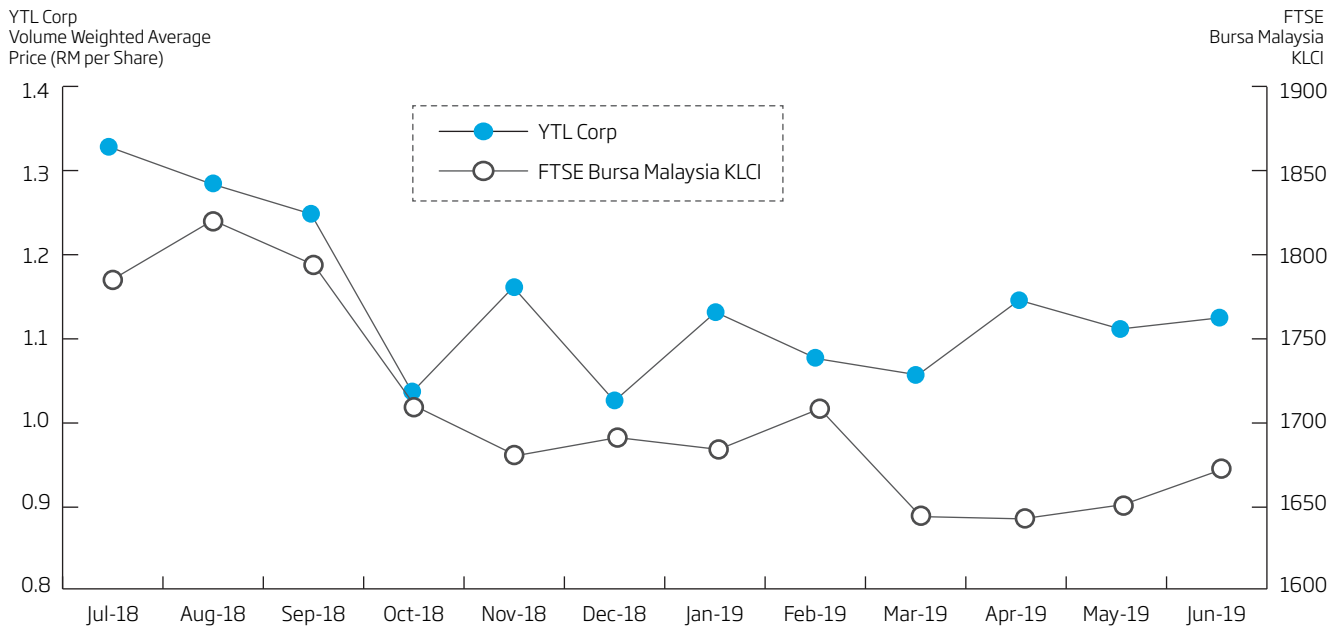
### GROUP OVERVIEW

#### PERFORMANCE INDICATORS

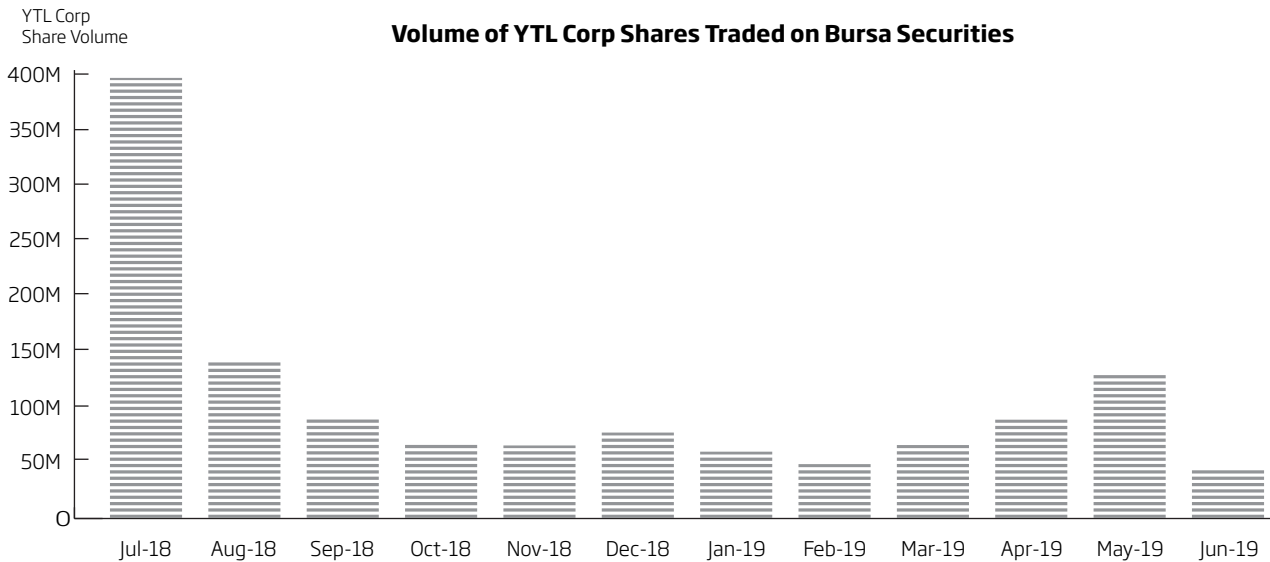
YTL Corp has been listed on Bursa Securities, the Kuala Lumpur stock exchange, since 3 April 1985. YTL Corp is listed on the Main Market of the exchange under the Gas, Water & Multi-Utilities sub-sector of the Utilities sector.

The graph below illustrates the performance of YTL Corp’s share price compared with the FTSE Bursa Malaysia KLCI during the financial year ended 30 June 2019.

**Performance of YTL Corp’s Share Price vs FTSE Bursa Malaysia KLCI**



**Volume of YTL Corp Shares Traded on Bursa Securities**



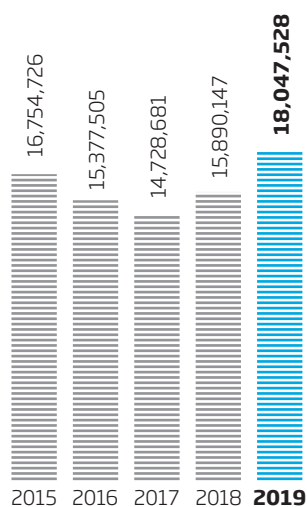
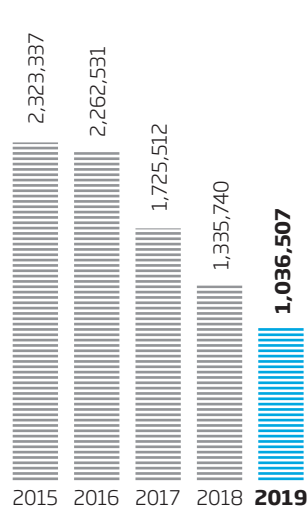
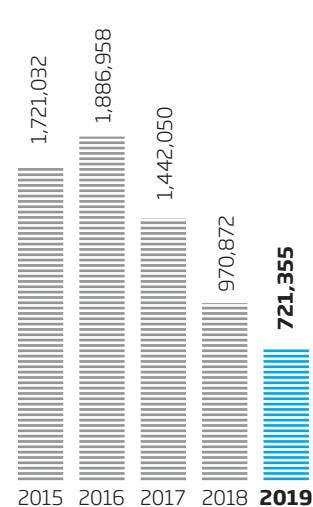
Source: Bloomberg

## Management Discussion &amp; Analysis

## FINANCIAL REVIEW

## FINANCIAL HIGHLIGHTS

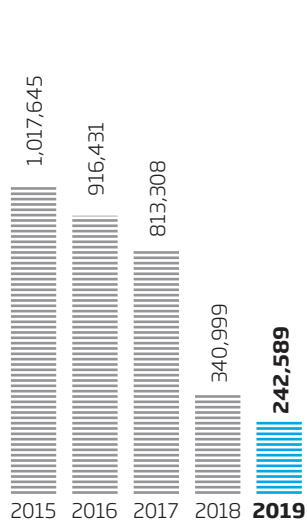
	2019	2018	2017	2016	2015
Revenue (RM'000)	<b>18,047,528</b>	15,890,147	14,728,681	15,377,505	16,754,726
Profit Before Taxation (RM'000)	<b>1,036,507</b>	1,335,740	1,725,512	2,262,531	2,323,337
Profit After Taxation (RM'000)	<b>721,355</b>	970,872	1,442,050	1,886,958	1,721,032
Profit for the Year Attributable to Owners of the Parent (RM'000)	<b>242,589</b>	340,999	813,308	916,431	1,017,645
Total Equity Attributable to Owners of the Parent (RM'000)	<b>13,262,686</b>	14,041,932	14,800,949	14,603,479	14,620,578
Earnings per Share (Sen)	<b>2.30</b>	3.24	7.74	8.80	9.80
Dividend per Share (Sen)	<b>4.0</b>	5.0	9.5	9.5	9.5
Total Assets (RM'000)	<b>76,727,093</b>	71,344,380	74,626,713	67,266,819	66,708,656
Net Assets per Share (RM)	<b>1.25</b>	1.32	1.40	1.40	1.40

Revenue  
(RM'000)Profit Before Taxation  
(RM'000)Profit After Taxation  
(RM'000)

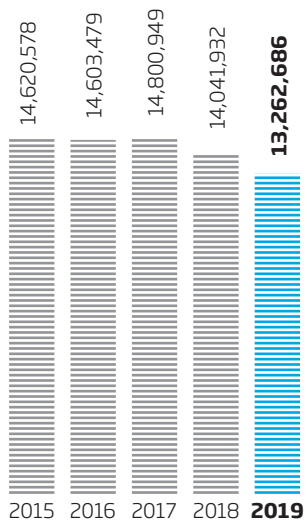
## Management Discussion & Analysis

### FINANCIAL REVIEW

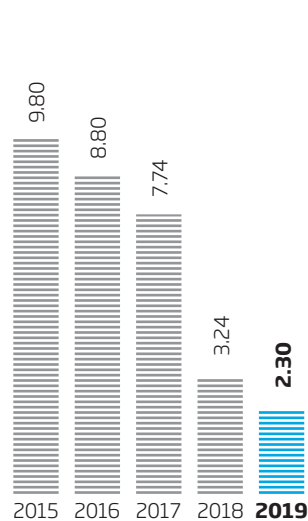
**Profit for the Year Attributable to Owners of the Parent (RM'000)**



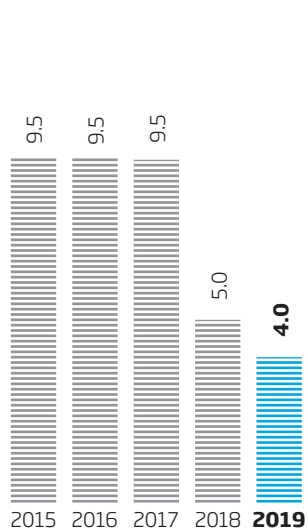
**Total Equity Attributable to Owners of the Parent (RM'000)**



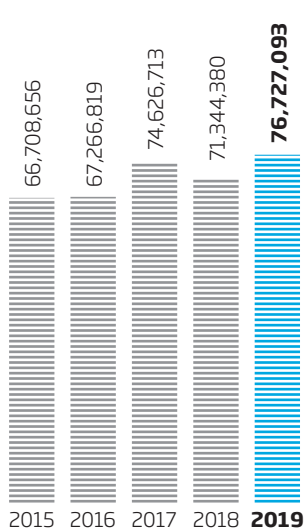
**Earnings per Share (Sen)**



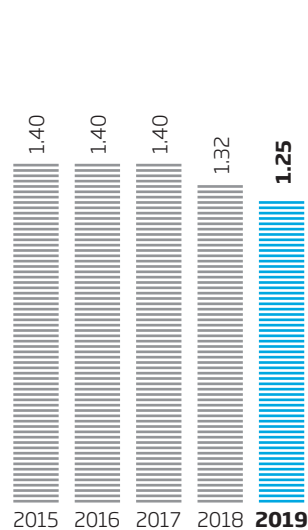
**Dividend per Share (Sen)**



**Total Assets (RM'000)**



**Net Assets per Share (RM)**



## Management Discussion & Analysis

### FINANCIAL REVIEW

#### REVIEW OF FINANCIAL PERFORMANCE

##### Group Financial Performance

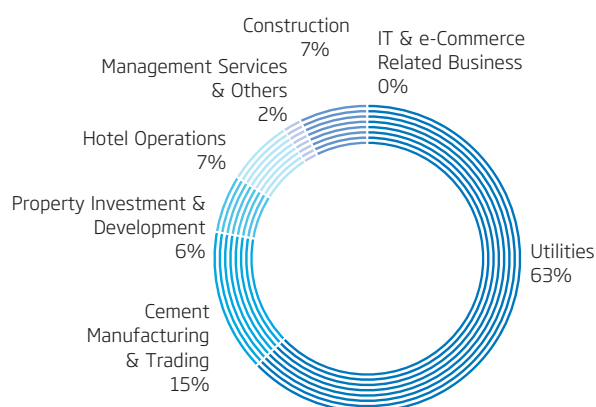
The YTL Corp Group recorded revenue of RM18,047.5 million for the financial year ended 30 June 2019 compared to RM15,890.1 million for the financial year ended 30 June 2018. The increase in revenue was due mainly to the Utilities, Construction, Hotel Operations and Property Investment and Development segments.

The Group recorded profit before taxation of RM1,036.5 million for the financial year under review. This represents a decrease of 22.4% compared to RM1,335.7 million recorded for the previous financial year ended 30 June 2018.

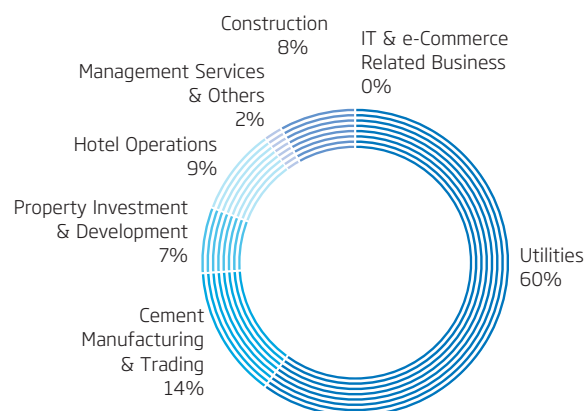
The Group's foreign operations continue to be largest contributors, with overseas operations accounting for approximately 68.1% of the Group's revenue and 78.8% of non-current assets for the 2019 financial year, compared to 69.9% and 77.1%, respectively, last year.

##### Segmental Financial Performance

**Breakdown of Revenue by Segment - 2019**



**Breakdown of Profit Before Tax by Segment - 2019**

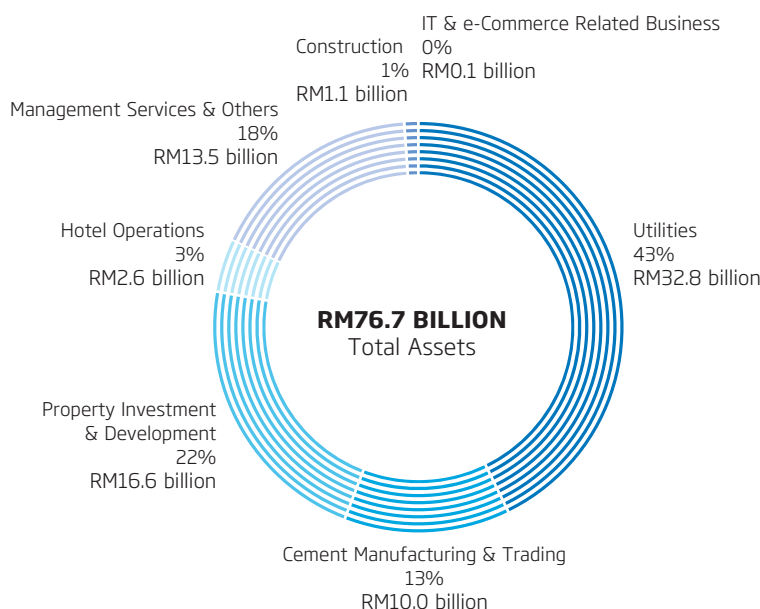


	Segment Revenue		Segment Profit/ (Loss) Before Tax	
	2019 RM million	2018 RM million	2019 RM million	2018 RM million
Utilities	<b>11,367.2</b>	10,289.5	<b>625.3</b>	1,054.7
Cement Manufacturing & Trading	<b>2,674.3</b>	2,618.7	<b>145.4</b>	174.2
Construction	<b>1,219.5</b>	386.5	<b>80.5</b>	40.3
Property Investment & Development	<b>1,103.3</b>	992.1	<b>73.9</b>	341.3
Hotel Operations	<b>1,223.4</b>	1,097.3	<b>93.9</b>	7.2
Management Services & Others	<b>456.0</b>	501.6	<b>14.9</b>	(284.3)
IT & e-Commerce Related Business	<b>3.8</b>	4.4	<b>2.6</b>	2.3
	<b>18,047.5</b>	15,890.1	<b>1,036.5</b>	1,335.7

## Management Discussion & Analysis

### FINANCIAL REVIEW

**Breakdown of Total Assets by Segment - 2019**



#### Utilities

The Utilities segment recorded higher revenue of RM11,367.2 million and a lower segment profit before taxation of RM625.3 million for the financial year ended 30 June 2019 compared to revenue of RM10,289.5 million and profit before taxation of RM1,054.7 million for the financial year ended 30 June 2018.

The increase in revenue was mainly the result of higher volumes of electricity sold in the merchant multi utilities sub-segment and an increase in project revenue in the mobile broadband network division, whilst the decrease in profit before taxation was mainly due to lower retail and ancillary margins, lower vesting contract levels and margins, higher finance costs and an allowance for impairment of receivables following a court decision on outstanding litigation recorded by merchant multi utilities business, in addition to the absence of one-off pension credit recognised last year in the water and sewerage sub-segment.

The Utilities segment continues to be the Group's largest operating segment, contributing 63.0% of revenue and 60.3% of profit before taxation for the financial year ended 30 June 2019, compared to 64.8% of revenue and 79.0% of profit before tax last year.

#### Cement Manufacturing & Trading

The Cement Manufacturing and Trading segment recorded higher revenue of RM2,674.3 million and a lower segment profit before taxation of RM145.4 million for the financial year ended 30 June 2019 compared to revenue of RM2,618.7 million and profit before taxation of RM174.2 million for the financial year ended 30 June 2018.

The increase in revenue was primarily the result of consolidation of Malayan Cement, whilst the decrease in profit before taxation was due mainly to higher finance costs, partially offset by a higher share of profits of an associated company.

For the current financial year, the Cement Manufacturing and Trading segment was the Group's second largest operating segment, contributing 14.8% of revenue and 14.0% of profit before taxation for the financial year ended 30 June 2019, compared to 16.5% of revenue and 13.0% of profit before tax last year.

#### Construction

The Construction segment recorded higher revenue of RM1,219.5 million and profit before taxation of RM80.5 million for the financial year ended 30 June 2019 compared to revenue of RM386.5 million and profit before taxation of RM40.3 million for the financial year ended 30 June 2018.

## Management Discussion & Analysis

### FINANCIAL REVIEW

The increase in revenue and profit before taxation for the financial year under review was due to the significant increase in construction works.

#### Property Investment & Development

The Property Investment and Development segment recorded higher revenue of RM1,103.3 million and lower profit before taxation of RM73.9 million for the financial year ended 30 June 2019 compared to revenue of RM992.1 million and profit before taxation of RM341.3 million for the financial year ended 30 June 2018.

The increase in revenue was primarily due to the sale of completed properties in the 3 Orchard By-The-Park and The Fennel projects undertaken by YTL Westwood Properties Pte Ltd and Sentul Raya Sdn Bhd, respectively. However, the decrease in profit before taxation was mainly attributable to the absence of a one-off gain from the land disposal by Udapakat Bina Sdn Bhd, a wholly owned subsidiary of YTL L&D, following the acquisition by Pentadbir Tanah Kuala Lumpur for the Mass Rapid Project, an inventory write down of completed units of 3 Orchard By-The-Park and a fair value loss on investment properties recorded by Starhill Global REIT, in addition to lower unrealised foreign exchange gains on borrowings denominated in foreign currencies recorded by YTL REIT.

#### Hotel Operations

The Hotel Operations segment recorded higher revenue of RM1,223.4 million and profit before taxation of RM93.9 million for the financial year ended 30 June 2019 compared to revenue of RM1,097.3 million and profit before taxation of RM7.2 million for the financial year ended 30 June 2018.

The increase in revenue and profit before taxation was mainly contributed by consolidation of The Hague Marriott in the Netherlands and The Westin Perth in Australia, better performance following the refurbishment of the JW Marriott Hotel Kuala Lumpur and unrealised foreign exchange gains on inter-company balances.

#### Management Services & Others

The Management Services and Others segment recorded lower revenue of RM456.0 million and profit before taxation of RM14.9 million for the financial year ended 30 June 2019 compared to revenue of RM501.6 million and a loss before taxation of RM284.3 million for the financial year ended 30 June 2018.

The decrease in revenue was due to lower accrued technical services, interest and distribution income. However, profit before tax increased significantly as a result of lower operating costs and fair value gains on investments, derivatives and investment properties, partially offset by a lower share of profits of associated companies.

#### IT & e-Commerce Related Business

The IT and e-Commerce Related Business segment recorded lower revenue of RM3.8 million and higher profit before taxation of RM2.6 million for the financial year ended 30 June 2019 compared to revenue of RM4.4 million and profit before taxation of RM2.3 million for the financial year ended 30 June 2018.

The decrease in revenue was mainly due to lower revenue recorded by content and digital media sub-segment, whilst profit before taxation increased mainly due to higher interest income earned and lower administration expenses incurred.

#### DIVIDENDS

The dividend paid since the end of the last financial year is as follows:

	RM'000
In respect of the financial year ended 30 June 2018:	
- Interim dividend of 4 sen per ordinary share paid on 13 November 2018	422,748

On 29 August 2019, the Board of Directors declared an interim dividend of 4 sen per ordinary share for the financial year ended 30 June 2019, with book closure and payment dates of 29 October 2019 and 13 November 2019, respectively. Therefore, the Board of Directors did not recommend the payment of a final dividend for the financial year ended 30 June 2019.

This is the 35th consecutive year that YTL Corp has declared dividends to shareholders since its listing on the Main Market of Bursa Securities in 1985.



## Management Discussion & Analysis

### FINANCIAL REVIEW

#### Dividend Policy

The Board of Directors of YTL Corp has not adopted a set dividend policy. It is the present intention of the Directors to continue to propose the payment of cash dividends on an annual basis, subject to future earnings and the financial condition of YTL Corp and other factors, including the profit and cash flow position of the YTL Corp Group, restrictions imposed by law or under credit facilities on the payment of dividends by members of YTL Corp Group and the availability of funds.

#### CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value. Debts undertaken by the Group's operating entities are substantially non-recourse to the Company.

The Group manages its capital structure and adjusts it in the 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. There were no changes in the Group's approach to capital management during the year.

The Group monitors capital using a debt-to-equity ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, total borrowings less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bonds	<b>19,481,690</b>	20,221,647	<b>2,510,000</b>	2,500,000
Borrowings	<b>26,598,098</b>	21,564,865	<b>1,467,970</b>	1,467,833
Bonds and borrowings	<b>46,079,788</b>	41,786,512	<b>3,977,970</b>	3,967,833
Less: Cash and cash equivalents	<b>(11,806,502)</b>	(11,634,654)	<b>(321,308)</b>	(515,118)
Net debt	<b>34,273,286</b>	30,151,858	<b>3,656,662</b>	3,452,715
Equity attributable to owners of the parent	<b>13,262,686</b>	14,041,932	<b>6,228,889</b>	6,807,396
Capital and net debt	<b>47,535,972</b>	44,193,790	<b>9,885,551</b>	10,260,111
Debt-to-equity ratio	<b>72%</b>	68%	<b>37%</b>	34%

Under the requirement of Bursa Malaysia Securities Berhad Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

## Management Discussion & Analysis

# SIGNIFICANT CORPORATE DEVELOPMENTS

### PROPOSED ACQUISITION OF HOTEL IN MADRID

On 6 December 2018, YTL Hotels & Properties Sdn Bhd, a wholly-owned subsidiary of YTL Corp, entered into a Sale and Purchase Agreement (“SPA”) with KKH Property Investors, SLU (“Seller”) to acquire 548,000 ordinary shares of EUR1.00 in nominal value each representing the entire share capital of SOL HTL Project, SLU (“SOL HTL”), a company incorporated in Madrid, Spain, and loans owing by SOL HTL to the Seller or its affiliates on the completion date for an aggregate consideration of EUR220 million which is subject to adjustments (“Proposed Acquisition”).

The property owned by SOL HTL is located at Plaza de Celenque no. 2, 28013 Madrid, Spain, and will be refurbished and converted into a 200-room hotel to be operated under the EDITION brand of Marriott International, Inc Group (“Proposed Hotel”). The Proposed Acquisition will be completed after satisfaction of certain conditions to completion as set out in the SPA, which includes the opening of the Proposed Hotel as an EDITION hotel (“Opening Date”). The Opening Date is targeted before 31 December 2020.

### ACQUISITION OF MALAYAN CEMENT

On 2 May 2019, the Company announced that YTL Cement Berhad (“YTL Cement”), a subsidiary of YTL Corp, entered into a sale and purchase of shares agreement with Associated International Cement Limited for the acquisition of 433.3 million ordinary shares representing a 51% equity interest in Malayan Cement for a total cash consideration of RM1,625.0 million. The acquisition was completed on 17 May 2019, upon which Malayan Cement became a subsidiary of YTL Cement.

In conjunction with the acquisition, YTL Cement undertook a mandatory take-over offer on 2 May 2019 for the remaining shares in Malayan Cement that it did not already own at an offer price of RM3.75 per Malayan Cement share pursuant to the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia. Upon the closing of the mandatory take-over offer on 13 June 2019, YTL Cement held 654.1 million shares comprising a 76.98% equity interest in Malayan Cement.

### SHARE EXCHANGE OFFER FOR YTL LAND & DEVELOPMENT BERHAD (“YTL L&D”)

On 13 June 2019, YTL Corp undertook a share exchange offer to acquire the following securities in YTL L&D to be satisfied through the issuance of new ordinary shares in YTL Corp at an issue price of RM1.14 each:-

- (i) all the remaining ordinary shares (excluding treasury shares) in YTL L&D and such number of new YTL L&D shares issued pursuant to the conversion of any outstanding 10-year 3.0% stepping up to 6.0% irredeemable convertible unsecured loan stocks 2011/2021 with a nominal value of RM0.50 issued by YTL L&D (“ICULS”) not already owned by YTL Corp (“Offer Shares”) at an offer price of RM0.36 for each Offer Share and
- (ii) all the outstanding ICULS not already owned by YTL Corp (“Offer ICULS”) at an offer price of RM0.32 for each Offer ICULS.

On 27 August 2019, the closing date for acceptance of the offer was extended from 30 August 2019 to 20 September 2019. Subsequently, on 17 September 2019, the closing date for acceptance of the offer was extended to 7 October 2019, being the final closing date for the offer.

Upon closing of the offer on 7 October 2019, YTL Corp had received valid acceptances resulting in it holding approximately 90.45% of the total YTL L&D shares in issue (excluding treasury shares) and 91.04% of the total outstanding ICULS. In accordance with Paragraph 16.02(3) of the Main Market Listing Requirements of Bursa Securities (“MMLR”), Bursa Securities suspended the trading of the securities of YTL L&D commencing 15 October 2019, being the expiry of 5 market days from the final closing date of 7 October 2019.

As set out in Section 4.1 of the offer document dated 4 July 2019, YTL Corp does not intend to maintain the listing status of YTL L&D on the Main Market of Bursa Securities and, accordingly, will procure YTL L&D to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities in accordance with Paragraph 16.07 of the MMLR.

## Management Discussion & Analysis

# SEGMENTAL REVIEW

## UTILITIES



### SEGMENT OVERVIEW

The Utilities segment of the YTL Corp Group comprises the activities undertaken through its subsidiary, YTL Power and its subsidiaries (“YTL Power Group”). The YTL Power Group has utilities businesses, investments and projects under development in Malaysia, the UK, Singapore, Indonesia, Jordan and Australia.

As at 30 June 2019, YTL Corp held a 55.21% stake in YTL Power, which is listed on the Main Market of Bursa Securities under the Gas, Water & Multi-Utilities sub-sector of the Utilities sector.

The YTL Power Group owns Wessex Water Limited (“Wessex Water”), a water and sewerage provider in the UK, YTL PowerSeraya Pte Ltd (“YTL PowerSeraya”), which has a total licensed generation capacity of 3,100 megawatts (“MW”) and multi-utility operations in Singapore, and YTL Power Generation Sdn Bhd (“YTLPG”), an independent power producer with a combined generation capacity of 1,212 MW in Malaysia. YTL Power also has a 60% stake in YTL Communications Sdn Bhd (“YTL Comms”), the operator of the Yes 4G platform providing high-speed mobile internet with voice services across Malaysia.



## Management Discussion & Analysis

### SEGMENTAL REVIEW

YTL Power's current projects under development comprise an 80% equity interest in PT Tanjung Jati Power Company ("Tanjung Jati Power"), an independent power producer undertaking the development of a 2 x 660 MW coal-fired power project in Indonesia, and a 45% equity interest in Attarat Power Company PSC ("APCO"), which is developing a 554 MW oil shale-fired power generation project at Attarat um Ghudran in the Hashemite Kingdom of Jordan.

#### OPERATIONAL REVIEW

##### Power Generation (Contracted)

###### YTLPG

YTLPG was the first IPP (independent power producer) in Malaysia in 1994, operating under a 21-year power purchase agreement, which was completed on 30 September 2015. YTLPG was subsequently awarded the project for the supply of power from Paka Power Station under a short term capacity bid called by the Malaysian Energy Commission.

Supply from Paka Power Station re-commenced on 1 September 2017 under the new power purchase agreement ("PPA") entered into between YTLPG and Tenaga Nasional Berhad for the supply of 585 MW of capacity for a term of 3 years 10 months (an additional 12 months from the original award of 2 years 10 months)

until 30 June 2021. Operation and maintenance ("O&M") of the power station is carried out by YTL Power Services Sdn Bhd, a wholly-owned subsidiary of YTL Corp.

Paka Power Station continued to fulfil all performance guarantees under the PPA and produced a net generation output of 3,021 gigawatt hours ("GWh") of electricity during the financial year ended 30 June 2019. For the period under review, the station's two generating blocks, GB1 and GB2, achieved reliability factors of 97.26% and 99.40% and load factors of 67.72% and 69.39%, respectively.

###### Tanjung Jati Power

The Group has an 80% equity interest in Tanjung Jati Power, an independent power producer which is undertaking the development of Tanjung Jati A, a 2 x 660 MW coal-fired power project in Java, Indonesia.

Tanjung Jati Power has a 30-year power purchase agreement (commencing from the plant's commercial operation date) with PT PLN (Persero), Indonesia's state-owned electric utility company, a second amended and restated version of which was executed in March 2018. The project is currently in the development stage and progress is underway towards achieving financial close.



## Management Discussion & Analysis

### SEGMENTAL REVIEW

#### APCO

YTL Power owns a 45% equity interest in APCO, which is developing a 554 MW oil shale-fired mine-mouth power generation project in the Hashemite Kingdom of Jordan.

APCO has signed a 30-year power purchase agreement (including construction period of 3.5 years) with the National Electric Power Company (“NEPCO”), Jordan’s state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years (from the commercial operation date of the project’s second unit). The project achieved financial close in March 2017 and notice to proceed was issued to the engineering, procurement and construction contractor to commence construction.

The Group continued to make significant progress on the construction of the power plant, mine opening and ancillary infrastructure works during the financial year under review and remains on schedule for the first unit of the power plant to commence operations in mid-2020.

The 554 MW oil shale-fired power plant will, when it comes into operation, be the first power plant in Jordan to utilise its indigenous oil shale resource which will account for approximately 15% of its installed power generation capacity. This will reduce the Kingdom’s import of oil products for power generation, and its development is a key milestone in the Jordanian Government’s goal of furthering its energy independence.

Attarat Power is indirectly owned by YTL Power (45%), Guangdong Energy Group of China (formerly known as Yudean Group) (45%) and Eesti Energia AS of Estonia (10%).

#### Multi Utilities Business (Merchant)

YTL Power owns a 100% equity interest in YTL PowerSeraya, a Singapore-based energy company with a total licensed generation capacity of 3,100 MW, consisting of steam turbine plants, combined-cycle plants and co-generation combined-cycle plants. Situated on Jurong Island, Singapore’s oil, gas and petrochemicals hub, YTL PowerSeraya is a diversified energy company with a core business centred on the generation and retailing of electricity, in addition to operating other multi-utility businesses comprising utilities supply (steam, natural gas and water), oil storage tank leasing, and oil trading and bunkering.



The wholesale electricity market continued to see intense competition due to the oversupply in generation capacity. For the financial year under review, YTL PowerSeraya sold 8,496 GWh of electricity, while generation market share saw a slight dip to 16.3% as compared to 17.0% in the last financial year.

The key focus on maintaining plant reliability also saw the completion on schedule of major and minor maintenance inspection activities on the division’s combined cycle and co-generation power plant units. This financial year also saw YTL PowerSeraya’s first foray into a 1 MW peak solar power generation project sited within the power station.

The division continued to focus on maintaining high standards in quality, environmental, health and safety as well as cyber security management systems, with re-certifications successfully achieved in ISO9001, ISO14001, OHSAS18001 and ISO27001.

YTL PowerSeraya’s retail arm, Geneco, held an overall market share of 17.0% in the electricity retail market, comprising contestable consumers from the commercial and industrial sector, with sales volumes of 5,976 GWh for the financial year under review.

## Management Discussion & Analysis

### SEGMENTAL REVIEW



In the year leading up to the full liberalisation of the electricity market in May 2019, Geneco achieved its first milestone, hitting 100,000 residential customers in the same month. This signals the trust consumers have in the division's reputation and experience in the power generation and electricity retail industry.

Geneco has also formed a community of passionate leaders in the local green community, partnering green companies such as ComCrop, Cultivate Central, Repair Kopitiam, Foodbank and more.

Together, Geneco seeks to inspire and encourage Singaporeans to adopt a more sustainable lifestyle, through its flagship sustainability programme, ChangeMakersSG.

On the commercial front, Geneco continues to keep pace with market developments and its outreach efforts, to ensure customers are well-informed of industry trends and the latest energy solutions.

PetroSeraya Pte Ltd, the division's trading and fuel management arm, managed to pull in a steady performance despite prevailing challenges in the oil industry, which reflect the global economic situation. The company handled 12.26 million metric tonnes of fuel oil and diesel. The number of berthings for bunkering and cargo vessels saw 1,086 vessels berthed at the terminal this year, compared to 1,319 vessels last year, with an average berth utilisation rate of more than 50%.

The figures are lower mainly due to challenging economic conditions and the division will continue to focus on strengthening the tank leasing and fuel management activities, as well as look into optimising its jetty and oil terminal operations to strengthen its jetty and oil terminal performance.

As business demands increase with the fully liberalised electricity market, YTL PowerSeraya began its implementation of cloud computing and off-shore capabilities, to maintain its competitive advantage, enhance customer experience and improve business efficiency.

As innovation in the corporate arena continues to gain momentum, the division sees the enhancement of cyber and data security as key, in addition to the automation of business processes. Other measures that took place also include ensuring cyber literacy within the organisation and fortifying cyber resilience, while guarding the reliability of the company's supply chain management and plant systems.

Moving forward, the team will continue to expand efforts on process digitisation within the organisation, accelerating process efficiency and data transparency. The team will also continue exploring big data analytics to help streamline corporate decision-making, aiming to be key enablers to YTL PowerSeraya's strategic adaptability in a more agile, reactive consumer-driven organisation.

## Management Discussion & Analysis

### SEGMENTAL REVIEW

#### Water & Sewerage

In the UK, YTL Power owns a 100% equity interest in Wessex Water, a regional water and sewerage business serving 2.8 million customers across a geographic area of approximately 10,000 square kilometres in the south west of England, including Dorset, Somerset, Bristol, most of Wiltshire and parts of Gloucestershire and Hampshire. Wessex Water is regulated by the Water Services Regulation Authority (known as Ofwat), the economic regulator for the UK water industry, and holds a license from the UK government under an instrument of appointment to supply clean water and treat and dispose of waste water from its operating region in the south west of England.

Wessex Water continued to maintain its position as one of the top water and sewerage companies in Ofwat's service incentive mechanism ("SIM") league table this year, consistently performing well on both satisfaction surveys and complaints handling, and exceeding its performance commitment target for this year on

SIM. This is the final year of Ofwat's SIM and the company is aiming to achieve top spot for the current five-year period. Wessex Water met or exceeded its targets on most of its performance commitments, four of which will result in an outperformance payment.

In September 2018, the Consumer Council for Water confirmed that Wessex Water still has the lowest number of complaints of the water and sewerage companies, delivering a 2.7% reduction in unwanted contacts, a 4% reduction in billing complaints and resolving 95% of its complaints the first time.

The division also retained its Customer Service Excellence award from the UK government, the British Standard for inclusive services provision (BS 18477), the Keep Me Posted award and the Louder than Words charter mark.

Wessex Water believes firmly in going the extra mile with customer service and its own feedback surveys show that customers continue to score the company highly on satisfaction, first-time resolution, employee conduct, knowledge and effort - 96% of customers rate Wessex Water's service as very good or good.

Wessex Water also continued to deliver initiatives within its strategy for customers in vulnerable circumstances, with a 15% increase in the number of low-income customers receiving support with their bills or debt and a 15% increase in the number registered for Priority Services.



## Management Discussion & Analysis

### SEGMENTAL REVIEW



Its innovative engagement strategy – *Your Say, Your Future* – continued last year as the division finalised its business plan, running focus group discussions with customers on water quality measures and a larger scale online survey on the level of support for outperformance payments.

The division's Young People's Panel of sixth formers recruited from schools and colleges across Wessex Water's operating region has completed its third year. Last year's panel aided in the design of an innovative campaign to encourage younger people to care about the waste water system, whilst this year's panel focused on engaging communities, encouraging younger people to drink tap water and initiatives to develop and promote its water refill strategy.

Wessex Water's performance as a wholesaler against the market performance framework has been strong and the division is now looking at ways to stretch its performance further during the 2019-2020 period.

Wessex Water has continued to invest at record levels, with more than GBP245 million invested in maintaining and improving its assets and the services that they underpin. While 2018 was not a year of many extreme rainfall events, the division continued to invest in new major sewers in the north of Bristol as part of its plan to respond to climate change, as well as accommodating significant levels of new housing development.

The final phase of the GBP25 million Frome Valley relief sewer was completed last year and is now available to redirect flows from Yate around the north of Bristol to the division's water recycling centre at Avonmouth. Meanwhile, design work and consultation for the Trym relief sewer is well underway. This GBP60 million investment, which will be completed during the 2022-2023 period, will provide additional storage and conveyance capacity to the west of Bristol and facilitate new development.

The division has also been delivering a programme to monitor overflows throughout its region by 2020 and has now installed event duration monitoring at 665 overflows, significantly ahead of its target of 498.

Wessex Water remains committed to providing the highest quality drinking water to customers and its overall compliance with drinking water standards in 2018 was 99.96%, marginally below its 100% target. The company was rated as 'good' in the UK Environment Agency's annual environmental performance assessment with all agreed National Environment Programme schemes completed and 100% compliance with both water discharge permits and sludge standards.

This year, 96% of Wessex Water's bathing waters passed strict environmental standards, and the division continues to work toward its aspirational target of 100%. Two beaches (Weston Main and Burnham Jetty) were assessed as having below standard water quality. Although much of this was outside of the division's control, Wessex Water has completed schemes in 2018-2019 that could help the bathing water quality including constructing a 2,500m<sup>3</sup> underground storage tank at West Quay car park and a 5,000m<sup>3</sup> storage tank at Colley Lane, both in Bridgwater.

One of Wessex Water's long-term sustainability goals is to be carbon neutral in its operations. Net greenhouse gas emissions fell to 118 kilotonnes carbon dioxide equivalent in 2018-2019, continuing a trend of reductions that began 10 years ago and is the lowest annual operational carbon footprint since reporting began in 1997.

The division continued delivery of its Home Check water efficiency programme and made more than 6,000 visits to customer properties to fit water saving devices, fix simple plumbing leaks and offer tailored behavioural advice, in addition to repairing nearly 5,000 of customers' leaking pipes free of charge to help reduce their water use.



## Management Discussion & Analysis

### SEGMENTAL REVIEW



#### Mobile Broadband Network

YTL Power owns a 60% stake in YTL Comms, which owns and operates the YES nationwide 4G LTE wireless broadband platform, pursuant to an approval from the Malaysian Communications and Multimedia Commission (MCMC) to operate a 2.3 gigahertz wireless broadband network in Malaysia. YES is a converged nationwide 4G LTE network offering high-speed mobile internet with voice services.

The network was launched and commenced commercial operations in November 2010. YTL Comms currently has over 5,000 base stations creating an all-4G LTE footprint reaching 85% population coverage across Peninsula Malaysia and Sabah and, in 2016, launched its nationwide 4G LTE network, offering Malaysia's first VoLTE (Voice-over-LTE) service. YTL Comms is also looking towards further improving its network coverage and reach for the benefit of all customers following the prospective allocation of the low band 700MHz spectrum by the MCMC.

To answer the Malaysian Government's call to support the National Fiberisation and Connectivity Plan (NFCP) and Malaysia Vision Valley (MVV2.0), and in preparation for the MCMC's ASO (Analogue Switch Off) exercise which will see the migration of all services from analogue to digital technology, YTL Comms has innovated

not just in its development and deployment of market leading technologies in its telecommunications infrastructure business but also in pricing its packages to improve accessibility of its services to all customers.

Since the launch of the YES network in late 2010, YTL Comms has taken on the role as innovation champion in the Malaysian telecommunications industry, starting with building the right foundation as the first and only all-IP all-4G network in Malaysia and continuing to lead the way using advanced technologies to deliver world class internet and mobility technologies to all at a competitive price.

The year under review was a banner year for innovation, commencing with the launch of the first-ever Terragraph market pilot in Asia. Terragraph is a gigabit wireless network, built together with Facebook, and has successfully powered free public WiFi in 50 popular landmarks in George Town, Penang. As of August 2019, over 26,000 unique users have experienced this world-class public WiFi service with an average downlink speed of 160 Mbps. This high capacity gigabit wireless network also delivers fibre-grade fixed wireless broadband to 120 local businesses that leapfrogged them with improvements in speed of up to 50 times from their existing Internet providers.

## Management Discussion & Analysis

### SEGMENTAL REVIEW

This first-in-Asia technological breakthrough utilises existing street furniture to enable rapid deployment of fibre level connectivity without the need to trench and lay fibre which is costly and time consuming. With strong support from the Penang State Government, YTL Comms has built the largest Terragraph network in the world.

Whilst the division looks to the future of gigabit wireless technologies such as Terragraph and 5G, YTL Comms believes that no one should be left behind in the pursuit of the country's aspirations to become a broadband nation. Towards this end, YTL Comms took leadership to tackle the challenges faced by millions of Malaysians living or working in existing buildings with copper wire infrastructure.

Introduced to Malaysia by YTL Comms, Gigawire is a breakthrough technology that enables legacy buildings to enjoy fibre level broadband performance without the need to rewire their existing copper cable infrastructure. The division's successful integration of Gigawire with Terragraph to bring fibre level speeds to existing buildings has opened up tremendous flexibility to serve many households and businesses struggling with their existing xDSL Internet service.

In July 2019, Konsortium Jaringan Selangor Sdn Bhd ("KJS"), a wholly-owned subsidiary of YTL Comms, was appointed by the State Government of Negeri Sembilan as one of its two State-Backed Companies ("SBC") for the Development of Telecommunications Infrastructure in the state of Negeri Sembilan. KJS was selected out of 17 companies via a competitive tender called by the Negeri Sembilan Investment Centre and Menteri Besar Incorporated Negeri Sembilan.



As one of the appointed SBCs, KJS will be responsible for six local councils and districts, and will plan, implement, monitor and maintain all telecommunications infrastructure and information communication technologies services in Negeri Sembilan, providing high quality, high speed internet and cost-effective mobile connectivity to spur the state's economic growth.

In its determination to provide world-class internet mobile plans at the most affordable prices, the *YES Konfem Unlimited Plans* were crafted to meet every Malaysian's 4G needs by providing various mobile internet options for the masses with the promise of the possibilities that true unlimited 4G can unleash on Malaysia's only all-4G network.

The *YES Konfem Unlimited Postpaid* plans enable all customers to enjoy truly unlimited 4G data and unlimited pure Voice-over LTE (VoLTE) calls from as low as RM46 per month – hailed as the most affordable postpaid plan in the market. YES also continues to provide the cheapest prepaid plan in the market with the *YES Konfem Unlimited Prepaid* where users can enjoy unlimited 4G data for only RM1 per day and has also introduced *Konfem Family Unlimited* plans with the flexibility to add up to four unlimited data plans at just RM30 per plan.

YTL Comms continues to strive to ensure world class Internet for all Malaysians, with significant effort dedicated to driving the 4G device ecosystem in Malaysia. This effort has paid off with over 300 models of smartphones supporting the YES network, including flagship phones from global brands and exciting new segment leaders. This includes the inaugural global launch in Kuala Lumpur of the Samsung A series, of which YES was honoured to be a part.

YTL Comms' comprehensive IoT (Internet of Things) platform is a highly scalable and secure private cloud essential for mission-critical IoT solutions. The platform, along with the division's in-house device development and system integration capabilities, enables advanced telematics for next-generation fleet management that provide real-time diagnostics and driver behaviour analysis. Some of the largest manufacturers and warehouses in Malaysia are relying on the division's IoT platform for advanced tracking and sensing capabilities to improve production efficiency and to stamp out fraud and leakage, in addition to its application of advanced video analytics and artificial intelligence to improve safety and security for buildings and townships.

## Management Discussion & Analysis

### SEGMENTAL REVIEW

# CEMENT MANUFACTURING & TRADING



### SEGMENT OVERVIEW

The YTL Corp Group's Cement Manufacturing and Trading activities are undertaken through the YTL Cement Group, comprising YTL Cement Berhad and its subsidiaries, which are operating in Malaysia, Singapore, Vietnam, China and Myanmar.

### OPERATIONAL REVIEW

#### Operations in Malaysia

The YTL Cement Group expanded its Malaysian operations through the acquisition of the majority stake in Malayan Cement. Malayan Cement operates a network of integrated cement plants, ready-mix concrete batching plants, drymix plants and grinding stations throughout the country. The process of integrating Malayan Cement's businesses, streamlining operations, merging research and development capabilities and improving cost efficiencies in key areas are on-going.

Following the acquisition of Malayan Cement, the YTL Cement Group has reinforced its position as the leading Malaysian-owned building materials company in Malaysia, further enhancing the Group's ability to offer customers end-to-end building solutions.

#### Operations in Singapore

The Group's operations in Singapore grew this year with the acquisition of Holcim (Singapore) Limited. Holcim Singapore operates two cement terminal facilities and a drymix mortar plant and is involved in the supply of building materials, including cement and drymix mortar.

The Group's cement terminal facility located at Jurong Port continued to perform well. The terminal is the largest in Singapore encompassing the largest storage, blending and delivery capacities in the country. Together with the additional cement terminal facilities operated by Holcim Singapore and one cement terminal facility operated by the Malayan Cement group, the YTL Cement Group is now a leading supplier of cement in Singapore.

#### Operations in Vietnam

Fico Tay Ninh Cement Joint Stock Company ("Tafico") became a subsidiary after the end of the current financial year. Tafico is a leading cement producer in South Vietnam with an integrated plant in Tây Ninh and operates grinding stations in Bình Phc, Bình Dng and Ho Chi Minh City. It is one of the 3 producers with integrated plant operations in South Vietnam and supplies high quality cement to the South Vietnam market.

#### Operations in China

The Group's plant in China continues to maintain its position as one of the major suppliers in the Hangzhou market. The division has continued to invest in emissions-reduction programmes and initiatives to improve plant efficiency, utilise alternative fuel sources and further develop waste management capabilities.

#### Operations in Myanmar

The Group's new cement facility in the Thilawa Special Economic Zone in Myanmar is being commissioned and set to commence operations this year. The demand for high-quality cement and other building materials continued to increase, driven by the Myanmar government's efforts to improve large-scale infrastructure development, including upgrading the country's roads, bridges and highways, particularly between rural communities, and promoting the construction of much-needed affordable housing across the country. Key to these initiatives has been improving access to high quality building materials within Myanmar and the YTL Cement Group is well-positioned to meet this demand.

## Management Discussion & Analysis

### SEGMENTAL REVIEW

## CONSTRUCTION



### SEGMENT OVERVIEW

The Construction segment of the YTL Corp Group comprises the activities undertaken by its wholly-owned subsidiary, Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (“SPYTL”), which is principally involved in the construction of large-scale infrastructure including railway lines, highways and power plants, as well as commercial and residential properties.

### OPERATIONAL REVIEW

On the infrastructure front, works have continued on schedule on the Gemas-Johor Bahru electrified rail link. SPYTL, together with its joint venture partner, SIPP Rail Sdn Bhd, has been appointed as the local sub-contractor to carry out the design, construction, supply, installation, completion, testing, commissioning and maintenance for the electrified double track project from Gemas to Johor Bahru.

The Gemas-Johor Bahru rail link will form another vital component of the country’s blueprint to develop world-class rail infrastructure. Comprising 197 kilometres of double track rail lines, stations, electric trains, depots, land viaduct, bridges, electrification and signaling systems, upon completion, the new link will reduce the travelling time between Gemas and Johor Bahru to just 90 minutes.

The project is a key part of the Malaysian Ministry of Transport’s Electrified Double Track Project (“EDTP”) initiative, intended to reduce traveling time and traffic congestion. The EDTP’s use of electric locomotives is expected to benefit local business, delivery services and cargo services by increasing the frequency and effectiveness of services via reduced traveling time and fuel costs in comparison to land or air transport. The project also brings environmental benefits arising from the use of electric locomotives, which do not emit hazardous waste and reduce fuel consumption.

Construction on the Gemas-Johor Bahru rail link commenced in early 2018, and is progressing well on target for operations to commence by 2022.

During the year under review, SPYTL completed the 42-storey office tower block that will form the Group’s new headquarters in the heart of the Golden Triangle. Built to the most modern specifications, the new building is situated opposite The Ritz-Carlton, Kuala Lumpur in Bukit Bintang and the Pavilion mall.

Construction is also progressing on schedule on 108 units of double-storey terrace homes comprising the Group’s Camelia residential development in Ipoh.



## Management Discussion & Analysis

### SEGMENTAL REVIEW

# PROPERTY INVESTMENT & DEVELOPMENT



### SEGMENT OVERVIEW

The Property Investment and Development segment of the YTL Corp Group comprises the activities undertaken by YTL L&D and its subsidiaries (“YTL L&D Group”), SPYTL, YTL Developments (UK) Limited and Starhill Global REIT.

YTL Corp’s shareholding in YTL L&D, following the closing of the share exchange offer on 7 October 2019, the details of which are set out on page 15 of this Annual Report, was 90.45%. YTL Corp also has an effective interest of 36.46% in Starhill Global REIT, which is listed on the Mainboard of the SGX-ST, the Singapore stock exchange.

The Group’s key ongoing and centrepiece property development projects in Malaysia include Sentul, Shorefront, Pantai Hillpark, Lake Edge, Lake Fields and Midfields. In Singapore, the YTL Land Group developed the Sandy Island Collection and Kasara, The Lake, in Sentosa Cove, and 3 Orchard By-The-Park, comprising exclusive luxury condominiums on Orchard Boulevard. In the UK, the Group is undertaking the new Brabazon development in Bristol.

### OPERATIONAL REVIEW

#### Property Development

##### *Sentul*

The urban regeneration of Sentul is undertaken by Sentul Raya Sdn Bhd, a wholly-owned subsidiary of the YTL L&D Group, under the Sentul Masterplan covering a 294-acre freehold development area in Sentul, Kuala Lumpur.

Since the launch of the Sentul Masterplan in 2002, the YTL L&D Group has significantly improved the Sentul district and has been a driving force in uplifting the former railway hub into an attractive and sought-after address in the city.

Over the years, as the urban regeneration of Sentul under the Sentul West and Sentul East precincts gathered pace, the integration of heritage buildings into the urban fabric has played a critical role in the regeneration scheme and in creating significant benefits to the local community and real estate.

The Group’s iconic developments in Sentul East, The Capers and The Fennel, have transformed the Kuala Lumpur skyline, serving as an alluring modern adaptation to complement Sentul’s heritage and revival of its historical elements in Sentul West. These include warehouses and workshops on the former railway site established in the early 1900s that have been repurposed to house The Kuala Lumpur Performing Arts Centre (klpac), the Sentul Sales Office and the 4G/LTE network operations centres for YTL Communications Sdn Bhd. Sentul’s rich history and heritage are anchored on these robust engineering structures which stand tall today amidst the face of urban renewal.

As the domestic property market remained soft, the Group has focused on further enhancing the attractiveness and vibrancy of Sentul with exciting commercial components centred on conservation of its unique heritage assets. The vision encompasses the preservation of Sentul’s rich history, restoring and repurposing its heritage buildings and introducing these existing elements in a refreshed state to meet the objectives of the urban regeneration masterplan for Sentul.

Sentul Depot formed part of the complex of the central depot, warehouses and workshops for the Federated Malay States Railway under British rule. The depot’s 113-year old history and its scale, covering a 200,000 sq ft space, provided the inspiration

## Management Discussion & Analysis

### SEGMENTAL REVIEW



for its preservation. The unveiling of Sentul Depot in September 2018 was perfectly timed with the Malaysia Day weekend with an event celebrating Malaysian creativity through supporting and promoting the works and creations of local artisans and designers. The Depot was given a new lease of life and infused with new meaning and purpose to make the space authentic and meaningful for the young generation.

Since then, the 70,000 sq ft space used for its inaugural event has been well-sought after for a host of private, commercial and communal events. The remaining elements will be developed in stages. Ultimately, the plan for Sentul Depot is to seamlessly link the depot with klpac and Sentul Park as one integrated lifestyle destination to serve the immediate vicinity of Sentul and the whole Kuala Lumpur city at large.

The Group also commenced work on Sentul Works during the year under review, which involves the restoration and redevelopment of a majestic colonial structure which was formerly the British railway headquarters. Sentul Works is planned to create an entirely new work experience for urbanites with a design that juxtaposes the new and old, surrounded by lush greenery of a park.

The development, which comprises four floors, is planned for a cluster of co-working spaces and boutique offices intended to serve as a vibrant and dynamic work and social space. Situated in the vicinity of Sentul Park, Sentul Works will be an innovative working environment for young entrepreneurs and start-ups, offering a uniquely modern working space within a heritage building.

The projects will also benefit from Sentul's excellent rail connectivity network, being adjacent to the Sentul KTM Komuter station and within walking distance of the Sentul and Sentul Timur LRT stations, as well as the upcoming Sentul West station under MRT Line 2 which will further enhance Sentul's livability and connectivity.

Projects in the pipeline include the d5, d2 and d8 commercial developments in Sentul East.

## Management Discussion & Analysis

### SEGMENTAL REVIEW

#### *Camellia*

Camellia is undertaken by PYP Sendirian Berhad, a wholly-owned subsidiary of YTL L&D. Camellia is a sanctuary of modern 2-storey homes nestled within a leafy neighbourhood in Pakatan Jaya Ipoh. The development caters perfectly to the needs of young and growing families. Its spacious and thoughtfully designed homes capture the essence of modern living with quality living spaces throughout.

The development comprises 108 units of terrace homes. Each home features 4+1 bedrooms with 2 rooms on the ground floor. The standard lot size is 20ft x 75ft. The development is on schedule for completion towards the end of the 2019 calendar year.

#### *3 Orchard By-The-Park*

The Group's 3 Orchard By-The-Park project is undertaken by YTL Westwood Properties Pte Ltd, a wholly-owned subsidiary of YTL L&D. 3 Orchard By-The-Park, a boutique freehold luxury condominium on the prestigious Orchard Boulevard, has seen good momentum and interest in sales since its launch in December 2018. Sales of two and four-bedroom apartments averaged at SGD3,600 psf with a good mix of affluent buyers from Singapore, China, Japan, Indonesia and Malaysia. A record price was also achieved at SGD4,805 psf for the sale of the 5-bedroom penthouse unit.

Situated along the tree-lined Orchard Boulevard in the prestigious District 10 area, 3 Orchard By-The-Park is an exquisite collection of 77 exclusive freehold residences. Rising above the world-renowned shopping district of Orchard Road, 3 Orchard By-The-Park is located right next to the upcoming Orchard Boulevard MRT station and walking distance from the Singapore Botanic Gardens, a UNESCO World Heritage Site. It is also within the vicinity of iconic premium shopping malls, renowned international hotels such as St Regis, Four Seasons and the Regent Singapore, and medical centres including Camden Medical Centre and Gleneagles Hospital.

Antonio Citterio's signature touch of elegance and simplicity runs through the entirety of 3 Orchard By-The-Park, holistically shaping the development from its striking exterior, right down to the interior's finest details like its fixtures and fittings. An award-

winning Italian architect and designer, Antonio Citterio of Antonio Citterio Patricia Viel, a Milan-based multi-disciplinary design firm, is also the man behind Bulgari's hotels and resorts in Milan, Bali, London, Dubai, Beijing and Shanghai.

3 Orchard By-The-Park showcases nature in its north-south facing Wood, Wilderness and Water towers. Its two, three and four bedroom apartments and two five-bedroom penthouses are each accessible through private lift lobbies and designed to be "villas in the sky". Each apartment leads straight out into a private garden terrace, and select loft units also come with double-volume living space and gardens or private pools.

Residences also come with Citterio's specially-designed Arclinea lifestyle kitchen system and a wooden boiserie feature wall. Some units are also curated with furniture and furnishings from fashion legend Giorgio Armani's Armani Casa, which adorns some of the world's finest hotels and private residences, including the Armani Hotels in Milan and Dubai.

In addition to 24-hour security services, the development offers an infinity-edge pool, a gym with Citterio-designed Techno gym equipment and a private dining room and alfresco dining area. The private library lounge, fully furnished by Citterio, provides residents with offerings by Jones the Grocer, a collaboration between YTL L&D and the food emporium. Residents can also enjoy concierge services by YTL Hotels & Properties Sdn Bhd, the award-winning hospitality arm of YTL Corp.

3 Orchard By-The-Park has been nominated for the upcoming EdgeProp Excellence Awards 2019 in five categories - *Design Excellence, Residential; Top Design Architect, Top Luxury Development, Residence; Top Boutique Development, Residential and People's Choice Award.*

#### *Brabazon*

The Brabazon development, located in Bristol in the UK, is being undertaken by YTL Developments (UK) Limited ("YTL Developments"), a wholly-owned subsidiary of YTL Power.

In March 2019, planning approval was granted for the first phase of homes at Filton Airfield, marking the transformation of the former Filton Airfield into Brabazon, a thriving new neighbourhood for North Bristol.

## Management Discussion & Analysis

### SEGMENTAL REVIEW

This first phase of 278 new properties includes high-quality family homes, private apartments and affordable properties, all set within attractive gardens and community spaces. In total the plans include 127 two to four bedroom houses and 151 one and two bedroom apartments. The homes will have spacious rooms, generous windows and soaring double-height spaces in selected homes.

The mix of homes, ranging from medium-rise apartment buildings to urban terraces and spacious family houses, is designed to foster a diverse and vibrant community. The neighbourhood is set out on a network of tree-lined streets, close to attractive public squares and Brabazon Park, a new area of green parkland that will be a community asset open for everyone to enjoy. The homes and apartments all have access to outside space.

Following the grant of planning approval, construction is expected to begin towards the end of 2019. The homes are expected to go on sale during 2020, with the first residents set to move in at Brabazon in 2021.

Situated on the former Filton Airfield, the Brabazon development spans a 354-acre brownfield site and will, upon completion, include 2,675 homes, 62 acres of employment space, a mixed-use town centre, new schools, doctors' and dentists' surgeries, recreational spaces, sport and leisure facilities, affordable housing to buy and rent, a community centre and student housing. The development will be connected to Bristol by major new transport infrastructure. A new rail station at Brabazon will connect to Bristol Temple Meads in less than 15 minutes, while a MetroBus route will link to both Cribbs Causeway and the city centre. Brabazon will also offer a range of new walkways and cycle paths.

#### Property Investment

The Group has an effective interest of 36.46% in Starhill Global REIT which owns retail and office assets in Singapore, Malaysia, Australia, Japan and China. YTL Starhill Global REIT Management Limited, the manager of Starhill Global REIT, is a wholly-owned subsidiary of the Group. Starhill Global REIT's property portfolio comprises stakes in Ngee Ann City and Wisma Atria in Singapore, the David Jones building, Plaza Arcade and Myer Centre in Australia, Starhill Gallery and parcels in Lot 10 Shopping Centre in Malaysia, boutique retail properties in Tokyo and a retail property in China.



Starhill Global REIT's property portfolio was valued at SGD3.06 billion as at 30 June 2019, a marginal decrease compared to SGD3.12 billion as at 30 June 2018. The performance of Starhill Global REIT's portfolio remained stable, supported by the quality assets that it owns and income stability from master leases and long-term leases. The trust's distribution per unit was SGD0.0448 for the financial year under review, compared to SGD0.0455 last year.



## Management Discussion & Analysis

### SEGMENTAL REVIEW

# HOTEL OPERATIONS

## SEGMENT OVERVIEW

The YTL Corp Group's hotel management and development activities are undertaken primarily through its listed entity, YTL REIT, and through its wholly-owned subsidiary, YTL Hotels & Properties Sdn Bhd ("YTL Hotels") and its subsidiaries ("YTL Hotels Group").

As at 30 June 2019, YTL Corp held a 56.95% stake in YTL REIT, which is listed on the Main Market of Bursa Securities under the Real Estate Investment Trust (REIT) sector.

## OPERATIONAL REVIEW

### YTL Hotels Group

#### *The Glasshouse Hotel, Edinburgh*

The Glasshouse is consolidating its position as a leading luxury boutique hotel in Edinburgh. The refurbishments have been well received by guests, including the new Boardroom housed behind the original Lady Glenorchy Church windows, which has already hosted many board meetings, brainstorming sessions and intimate wedding ceremonies. The hotel received 5 awards at the 2019 Regional Scottish Hotel Awards, including Best Small Conference Hotel, Best Intimate Wedding Hotel, Best Wedding Team, Best Drinks Specialist and Operational Manager of the Year.

#### *Threadneedles, London*

This luxury boutique Autograph Collection Hotel is establishing itself as the hotel of choice in the historic financial district of the city. The location of Threadneedles in the heart of the Square Mile means it is within walking distance of St Paul's Cathedral, The Barbican, Museum of London and many other attractions. Bank and Monument tube stations are on the doorstep. The hotel houses Marco Pierre White Wheeler's of St. James Oyster Bar and Grill Room, a nod to the original Wheeler's which was established in 1856 and was credited with being the "world's oldest and finest fish brand." Threadneedles was awarded TripAdvisor's Certificate of Excellence.



#### *The Academy, London*

With 50 rooms across five Georgian townhouses, The Academy has an excellent location in the fashionable Bloomsbury area of London close to Tottenham Court Road, the British Museum and the transport hubs of Euston, St Pancras and Kings Cross. A member of Small Luxury Hotels of The World, The Academy was renovated by renowned New York-based designer Alexandra Champalimaud, creating an attractive blend of modern and original features. This year the hotel added function space The Genius Lab and introduced the unique Mr Ma's Afternoon Tea in The Courtyard and bar. Inspired by the tale of Mr Ma & Son by Lao She, Mr Ma's Afternoon Tea artfully combines Chinese sweet treats with classic British fare. The Academy has received a Certificate of Excellence from TripAdvisor.

#### *Monkey Island Estate*

YTL Hotels' newest UK property Monkey Island Estate opened to great anticipation in the historic village of Bray-on-Thames, Berkshire. Set across seven acres on an island in the River Thames, the hotel has an intriguing history dating back 800 years. Following YTL Hotels' and Champalimaud Design's exceptional renovation, the restored estate has 27 bedrooms, 3 suites and accommodation in a converted barn on the mainland with 11 bedrooms. The Estate also includes 6 private residences in the village. The design juxtaposes timeless glamour and traditional features with a modern, relaxed, countryside style. The Floating Spa by Spa Village is a one-of-a-kind spa in a bespoke barge moored on the banks of the island, offering treatments inspired by the power of water and the monks who arrived in 1197 and inhabited the place for 300 years. Monkey Island Estate and The Floating Spa have been included in Condé Nast Traveler's 9 Best New Boutique Spa Hotels. The hotel also received a 9/10 rating in The Times Cool Hotel Guide.

## Management Discussion & Analysis

### SEGMENTAL REVIEW



#### *MUSE Hôtel St. Tropez, France*

The MUSE Hotel retains its market position as a premier summer destination in the glamorous south of France. MUSE continues to provide its guests with unparalleled quality service and a matchless guest experience, enjoying a high percentage of repeat guests. The hotel consistently receives a Certificate of Excellence from TripAdvisor.

#### *The Hague Marriott Hotel, The Netherlands*

With an established reputation, central location and state of the art facilities, the hotel continues to welcome official delegations, including the visit of the Chinese Premier, Mr Li Keqiang. The hotel also played a key role in the Global Entrepreneurship Summit and was the leading hotel for this city-wide event. The Hague Marriott was named Best Hotel in the Netherlands for 2018, awarded by Hotel Specials, and received a Certificate of Excellence from TripAdvisor.



#### *Hotel Stripes Kuala Lumpur*

Hotel Stripes is maintaining its position as an attractive contemporary hotel with unique vibes. In the PAM Awards 2019 by Pertubuhan Arkitek Malaysia, the premier awards for architecture, the hotel was named Building of the Year and also received a Sports and Recreation Award. TripAdvisor awarded the hotel as well as Brasserie 25 Certificates of Excellence 2019. Booking.com presented Hotel Stripes with the Guest Review Award 2018.

#### *JW Marriott Kuala Lumpur*

JW Marriott Kuala Lumpur will add 162 rooms to its current inventory, making a total of 740 rooms after completion. The new rooms will occupy three levels of Starhill Gallery which will undergo a complete transformation and rebranding. The new Starhill Gallery will be home to luxury tastemakers presenting shoppers and guests with multisensory experiences right in the heart of the city, with seamless accessibility to inspiring and engaging retail and dining options. To cater to the increasing demand for meeting and function space, additional meeting rooms are included in the hotel extension programme. The existing JW Executive Lounge will also be redesigned and guests will enjoy a more expansive area for leisure and business.

#### *The Gainsborough Bath Spa*

The Gainsborough Bath Spa has achieved the Gold Award for 'Spa, Pampering & Wellbeing Experience of the Year' in the Bath, Bristol & Somerset Tourism Awards and was shortlisted in the national awards. The Gainsborough continues to be highly acclaimed in the Condé Nast Traveller Readers' Travel Awards including a 'Reader's Choice Award' as one of the Top 10 Hotels in the UK. The hotel's restaurant, Dan Moon at The Gainsborough, maintains its 3 AA Rosettes and its listing in the Tatler Restaurant Guide: Top 100 UK Restaurants and the prestigious Trencherman's Guide. The Gainsborough was successful in being named in Trivago's Top 10 UK Hotels in the 5-star category.

## Management Discussion & Analysis

### SEGMENTAL REVIEW

In the HAPA Platinum Awards 2018 the hotel was named Benchmark Achiever for 5-Star Hotel/Resort, as well as Most Outstanding Asian Cuisine Restaurant, Most Outstanding Asian Cuisine Masterchef and Benchmark Achiever Service Excellence for Shanghai Restaurant.

#### *The Ritz-Carlton, Kuala Lumpur*

The Ritz-Carlton, Kuala Lumpur maintains its premier position in the luxury category of Kuala Lumpur Hotels. Li Yen Restaurant is undergoing a complete redesign to be completed in the fourth quarter of the year. In TripAdvisor's Traveller's Choice Awards 2019, the hotel was named in the Top 25 Luxury Hotels Malaysia as well as in the Top 25 for Service. The HAPA Platinum Awards 2018-2020 named The Ritz-Carlton, Kuala Lumpur as Most Outstanding 5 Star Hotel/Resort, Most Outstanding Hotel/Resort of the Year, and Most Outstanding Spa of the Year, while Li Yen was named Benchmark Achiever for Service Excellence.

#### *YTL Luxury Resorts*

Pangkor Laut Resort, Tanjong Jara Resort and Gaya Island Resort maintain their respective reputations as a quality retreats in Malaysia. Gaya Island Resort welcomed acclaimed actress Dame Judi Dench and was featured in the ITV documentary 'Judi Dench's Wild Borneo Adventure' which highlighted the island's coral conservation programme. Pangkor Laut Resort has added the Hornbill Café to its dining outlets.

In the TripAdvisor Traveller's Choice Awards 2019, Pangkor Laut Resort and Tanjong Jara Resort were named in the Top 25 Hotels in Malaysia, while Pangkor Laut Resort was in the Top 25 for Service, Romance and Luxury Hotels. Gaya Island Resort was in the Top 25 for Romance and Spa Village Gaya Island was named the 'Destination Hotel/Resort of The Year' at the 2018 AsiaSpa Awards. Pangkor Laut Resort was named the 'Most Revitalising Escape' in the Harper's Bazaar Spa Awards 2019.



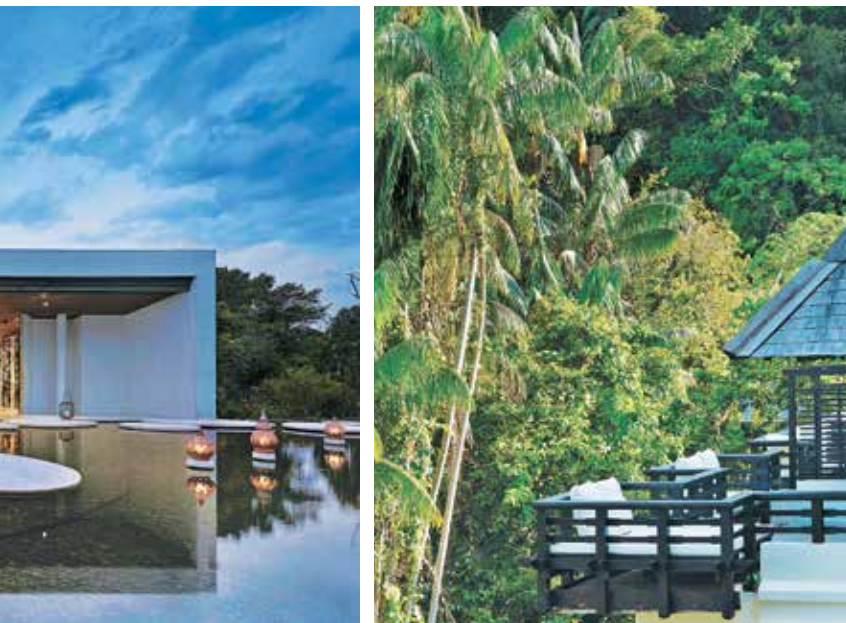
#### *YTL Classic Hotels*

The Majestic Hotel Kuala Lumpur, Cameron Highlands Resort and The Majestic Malacca continue to lead the market in their respective regions. The Majestic Hotel Kuala Lumpur has added The Canopy to its meeting facilities. A contemporary and elegant space adjacent to the Roof Garden, The Canopy seats 150 persons and complements the existing function rooms. In the HAPA Malaysia Awards Series 2018-2020, the hotel was named Most Outstanding 5 Star Hotel/Resort and Benchmark Achiever for Service Excellence, while Colonial Café was a Benchmark Achiever for Casual Dining Restaurant.

The Majestic Hotel Kuala Lumpur was also named Most Outstanding Luxury Brand in the Brand Laureate Awards 2018-2019, and received the TripAdvisor Certificate of Excellence Hall of Fame for 5 consecutive years of consistently high ratings from travellers. In the TripAdvisor Traveller's Choice Awards 2019, The Majestic Hotel Kuala Lumpur was in the Top 25 Luxury Hotels in Malaysia and Contango restaurant received a Certificate of Excellence. The Majestic Malacca and Cameron Highlands Resort were listed in the Top 25 Hotels for Romance.

## Management Discussion & Analysis

### SEGMENTAL REVIEW



#### *Vistana Group of Hotels*

YTL Hotels has signed an agreement with Marriott International Inc to bring the AC Hotels by Marriott brand to Malaysia. Under the agreement, the three existing Vistana Hotels in Kuala Lumpur, Penang and Kuantan will fly the AC Hotels by Marriott brand flag following a strategic conversion. AC Hotels by Marriott has an international portfolio of remarkable properties worldwide inspired by the European style. The hotels are set to bring a new standard to the hospitality landscape in the country with a promise of “A New Way to Hotel” when they are scheduled to open under the AC Hotels by Marriott brand in December 2019.

#### *The Ritz-Carlton, Koh Samui, Thailand*

The Ritz-Carlton, Koh Samui has received glowing reviews from the media and visitors in the first year of operation. The Resort, located on a private bay, perfectly captures the essence of the island, blending the brand's signature luxury with traditional Thai hospitality. Guests can experience the Samui way of life with carefully curated wellness programmes, cultural immersions and culinary concepts. There are 175 luxurious guest rooms and pool villas with six restaurants showcasing dishes from authentic Thai to modern western cuisine. The 3,800 square metre Spa Village Koh Samui offers eight treatment suites, three massage pavilions, a yoga pavilion, health bar, and a lap pool with intimate cabanas. Facilities added this year include an 18 hole mini golf course and an ocean swimming pool unique in South East Asia.

#### *The Surin Phuket, Thailand*

The Surin continues to perform well, with occupancy and revenue above budgeted targets. The hotel has been awarded the TripAdvisor Certificate of Excellence Hall of Fame for 5 consecutive years of consistently high ratings from travellers. The hotel also received the Traveller's Choice Award for Top 25 Hotels Thailand 2019 and Top 25 Hotels for Romance. In the World Luxury Hotel Awards 2018 The Surin was named Global Winner, Luxury Beach Hotel. The hotel's Beach Restaurant was named Thailand Tatler Best Restaurant 2019 and received a TripAdvisor Certificate of Excellence.

#### *Eastern & Oriental Express*

The Eastern & Oriental Express launched its coveted 'Guest Chef' series with key names on the line-up including Janice Wong, Luke Mangan, Ian Kittachai and Didier Corlou. The train plays a key part together with The Majestic Hotel Kuala Lumpur in YTL Hotels'



## Management Discussion & Analysis

### SEGMENTAL REVIEW

partnership with acclaimed jewellery designer Choo Yilin. Her Vintage Honeymoon Capsule Collection was inspired by the old world glamour of these two luxury spaces. In September 2019 The Eastern & Oriental Express will partner with wildlife charity Save Wild Tigers for a fundraising journey of a lifetime. To celebrate the partnership Chinese pop artist Jacky Tsai will decorate two external carriages of the train with tiger inspired artwork.

#### *Spa Village Resort, Tembok, Bali*

Spa Village Resort Tembok, Bali is firmly established as a quality spa retreat on the northeast coast of this famous Indonesian island. Customer comments frequently include excellent reviews of service.

#### *Niseko Village, Hokkaido, Japan*

Hinode Hills Niseko Village, the highly anticipated hotel with 79 luxury rooms and suites will open in December 2019. Situated at the base of Mount Niseko Annupuri, Hinode Hills occupies a prime position at the heart of Niseko Village with stunning Mount Yotei views, ski-in, ski-out access, an in-house onsen, and a host of ski services available on property. The hotel is also strategically located adjacent to the Upper Village Gondola, which provides guests with the convenience of mobility around the mountain with easy lift access. Hinode Hills is the latest addition to luxury accommodation in Niseko Village, alongside The Green Leaf Niseko Village, Hilton Niseko Village, and Kasara Niseko Village Townhouse. Niseko Village Golf Course was named Japan's Best Golf Course 2018 by World Golf Awards.

#### *The Westin Perth*

YTL Hotels has acquired The Westin Perth which opened in April 2018 in the revitalised East End of Perth known as the 'Historic Heart' of the city. The hotel features 368 large guest rooms and suites and 2,300 square metres of convention facilities, including the CBD's largest ballroom. The Westin Perth is located in urban oasis Hibernian Place, which features a mix of appealing venues including the hotel's signature restaurant, Garum. At the Western Australian Architecture Awards 2019, the hotel won the Ross Chisholm and Gil Nicol Award for Commercial Architecture. AHEAD Asia Awards 2019 for Hospitality, Experience and Design, declared The Westin Perth's Presidential Suite the winner of the Suite Award.

### YTL REIT

YTL REIT's investment portfolio was valued at RM4,737.7 million as at 30 June 2019, an increase of RM372.6 million compared to the previous valuation of RM4,365.1 million as at 30 June 2018, mainly due to the acquisition of The Green Leaf Niseko Village in September 2018 with smaller increases also contributed by JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton, Kuala Lumpur (Hotel and Suite wings) and the Brisbane Marriott in Australia.

#### *Malaysian Portfolio*

YTL REIT received steady income from its portfolio of assets in Malaysia for the financial year under review. The trust's Malaysian portfolio is made up of a diverse range of ten assets, from five-star properties and luxury resorts to business hotels in key city centres across the Peninsula. YTL REIT maintains fixed lease arrangements for the properties and benefits from the stable income produced by this revenue structure.

The trust's luxury assets, situated in the Golden Triangle commercial precinct of Kuala Lumpur consist of JW Marriott Hotel Kuala Lumpur, The Ritz-Carlton Hotel Wing and The Ritz-Carlton Suite Wing, whilst its resort portfolio consists of Pangkor Laut Resort, Tanjong Jara Resort and Cameron Highlands Resort. The trust's portfolio in Malaysia also includes The Majestic Hotel Kuala Lumpur, a five star luxury property with 300 rooms located strategically along Jalan Sultan Hishamuddin, lying a short distance away from the KL Sentral transportation hub. The remaining assets that make up the trust's domestic portfolio are the Vistana hotels that operate in Kuala Lumpur, Kuantan and Penang.



## Management Discussion & Analysis

### SEGMENTAL REVIEW

#### *Japanese Portfolio*

In Japan, YTL REIT owns the Hilton Niseko Village and The Green Leaf situated in Hokkaido, Japan, both which operate under fixed lease arrangements, ensuring a stable level of income for the trust.

The Green Leaf, located at the base of Mount Niseko Annupuri, is the new addition to the Trust's portfolio. The 200-room all-season destination hotel features a fusion of world-class design, local artistry and breathtaking scenery, providing ski-in/ski-out access during the winter season and a convenient base to explore a diverse range of outdoor pursuits during summer. The hotel demonstrated good occupancy levels during the year under review, proving to be a sound new addition to the Trust's portfolio.

#### *Australian Portfolio*

YTL REIT's Australia portfolio is made up of the Sydney Harbour Marriott, Brisbane Marriott and Melbourne Marriott whereby the trust benefits from a variable source of income from the operation of these hotel assets.

The Sydney Harbour Marriott performed well during the year under review due to its well-established position and the quality of its service offerings. Occupancy at the Sydney Harbour Marriott increased to 91.59% for the year under review compared to 89.31% last year. The Sydney Harbour Marriott is a 5-star, 595-room hotel set in the heart of Circular Quay, overlooking iconic landmarks including Harbour Bridge and the Sydney Opera House.

The 186-room Melbourne Marriott recorded an occupancy level of 85.50% for the financial year under review compared to 87.09% for the 2018 financial year. The hotel has continued to achieve strong occupancy levels, despite the increasing room supply in the Victoria area in recent years. The Melbourne Marriott is located close to the city's theatre precinct and is within minutes of the Bourke and Collins street shopping districts, Chinatown, the Melbourne Museum and the Royal Exhibition Building.

The Brisbane Marriott, which consists of 263 rooms and 4 suites, recorded an occupancy level of 69.40% for the 2019 financial year compared to 85.06% last year, due mainly to the impact of renovations carried out on the hotel during the financial year under review. A full refurbishment exercise was carried out on the hotel in 2018 and was completed in early 2019. In combination with the limited further supply forecast, the Brisbane market is expected to show growth in performance and benefit from major entertainment and infrastructure projects underway. The Brisbane Marriott is located between Brisbane's central business district and the Fortitude Valley hub, close to shopping, riverside dining along the Brisbane River, and the city's corporate and cultural locales.



## Management Discussion & Analysis

### SEGMENTAL REVIEW

# MANAGEMENT SERVICES & OTHERS

## SEGMENT OVERVIEW

The Management Services and Others segment carries out investment holding activities and other services of the YTL Corp Group, including operation and maintenance (“O&M”) activities for power stations, cement plants and other related businesses. These mainly comprise YTL Power Services Sdn Bhd (“YTLPS”), a wholly-owned subsidiary of YTL Corp, Express Rail Link Sdn Bhd (“ERL”), a 45%-owned associated company, and its wholly-owned subsidiary, ERL Maintenance Support Sdn Bhd, and the investment holding activities of the YTL Power Group, namely its 33.5% indirect investment in ElectraNet Pty Ltd (“ElectraNet”) and its effective interest of 20% in PT Jawa Power (“Jawa Power”).

## OPERATIONAL REVIEW

### ERL

ERL owns and operates the KLIA Ekspres high-speed rail link connecting Kuala Lumpur International Airport (KLIA) and KLIA2 with KL Sentral Station.

ERL reached new milestones during the year under review, carrying 95 million passengers by December 2018. In July 2019, the service welcomed its 100 millionth passenger.

The division continued to make good progress on its partnerships to expand its sales platforms and distribution channels, raise the visibility and availability of the service and facilitate customers’ overall journey and travel experience. These partnerships include 8 airlines (Malaysia Airlines, Air Asia, Malindo Air, Singapore Airlines, Emirates, Etihad, KLM and Lufthansa), 21 online travel agents, e-wallet providers such as Maybank Anytime Everyone and Boost, B2B/Wholesale providers and other e-commerce platforms.



In June 2019, ERL, together with KL Hop-On Hop-Off, launched a new Discover Kuala Lumpur package. Offering the quickest way to experience the city, particularly for transiting passengers and first-time visitors, the package includes a KLIA Ekspres return ticket and a round trip on the KL Hop-On Hop-Off bus, priced at RM140 for adults and RM65 for children.

ERL is taking the lead in driving cashless initiatives on public transport by providing more payment options such as mobile wallets at the counter and online, and having more contactless card partners. The new payment options have improved customer purchase experience. Besides online ticketing, other cashless services include the ability to use contactless cards at the gate, self-ticketing at self-service kiosks and mobile wallets at the counter as well as online to ease congestion at the counter.

The service started accepting GrabPay mobile wallet payments at its counters from July 2018, and Boost mobile wallet payments for online payments from October 2018 and at its counter from November 2018. Instant discounts offered to customers (15%

## Management Discussion & Analysis

### SEGMENTAL REVIEW



off with Boost, RM10 off with GrabPay) have encouraged use of these options. With the increasing popularity of contactless cards, ERL expanded its options to accept Mastercard, Amex, JCB and UnionPay contactless on KLIA Ekspres and KLIA Transit commencing in May 2019. As at June 2019, the usage of cashless transactions on all services had risen to approximately 47%.

ERL continues to win awards for its service, winning the *Project of the Year Award* for its new KLIA Ekspres and KLIA Transit trains at the Global AirRail Awards on November 2018 in London.

#### YTLPS

YTLPS is the O&M provider for the Group's power stations in Paka, Terengganu, and Pasir Gudang, Johor, which have an installed generating capacity of 1,212 MW and are owned by YTLPG. YTLPG's 21-year power purchase agreement for the power stations was completed in September 2015. Subsequently, YTLPG was awarded the project for the supply of power from Paka Power Station under a short term capacity bid called by the Malaysian Energy Commission.

In May 2017, YTLPG and Tenaga Nasional Berhad entered into a new power purchase agreement for the supply of 585 MW of capacity from Paka Power Station for a term of 3 years 10 months and supply from Paka Power Station commenced on 1 September 2017.

#### ElectraNet

ElectraNet owns and operates the high voltage electricity transmission system throughout South Australia under a 200-year concession, transporting power from regional generators and interstate sources over long distances to metropolitan and regional areas including large, direct-connect industrial customers. The transmission network is one of the most extensive regional transmission systems in Australia and consists of 96 high-voltage substations and approximately 5,650 circuit kilometres of transmission lines covering a total area of 200,000 square kilometres.



## Management Discussion & Analysis

### SEGMENTAL REVIEW

ElectraNet is in the second year of its 2018-2023 regulatory period. On 30 April 2018, it received approval from the Australian Energy Regulator (AER) to recover AUD1.6 billion of revenue on its regulated electricity transmission network over the current 5-year regulatory period.

System security and reliability are critically important as Australia's energy supply transitions to a lower carbon emissions future and South Australia is at the forefront of this energy transformation with world-leading levels of intermittent renewable energy compared to energy demand. ElectraNet has been exploring options to support this energy transformation, while helping to lower electricity prices and improve system security. Current projects (some of which are still subject to regulatory approval) include:

- Constructing a new, high capacity interconnector between South Australia, Victoria and New South Wales. The proposed 920km 330kV transmission line will deliver economic benefits to customers by better sharing of energy resources in the National Electricity Market (NEM). The AUD1.5 billion project, Project EnergyConnect, would be jointly delivered with TransGrid, the manager and operator of the New South Wales transmission network.
- Installing four large synchronous condensers to raise the existing cap on non-synchronous generation and ensure ongoing system security with adequate levels of system strength, system inertia and voltage control for South Australia's electricity transmission system. The synchronous condensers will be installed during 2020 and commissioned in early 2021.
- Building a new transmission line to improve reliability for customers on Eyre Peninsula. Construction work is expected to start in August 2020.

The division is also positioning itself to pursue potential contestable revenue investment opportunities which may include building, owning and operating new electricity transmission services.

ElectraNet is currently undertaking the Prominent Hill/Upper North connection project, which is the largest contracted revenue project it has ever undertaken. The project includes the construction of about 300 kilometres of 132kV and 275kV transmission lines and two substations to connect and supply about 100 MW of power



to OZ Minerals' Carrapateena and Prominent mine sites. The Carrapateena mine site was energised in mid-2019 with Prominent Hill to follow in late 2020.

#### Jawa Power

Jawa Power's 1,220 MW power station supplies power to Indonesia's national utility company, PT PLN (Persero) ("PLN"), under a 30-year power purchase agreement. O&M for Jawa Power is carried out by PT YTL Jawa Timur, a wholly-owned subsidiary of YTL Power, under a 30-year agreement.

Jawa Power achieved average availability of 91.32% for its financial year ended 31 December 2018 and 89.32% availability for the six months ended 30 June 2019. The station generated 8,748 GWh of electricity for its financial year compared to 7,645 GWh for its previous financial year, for its sole offtaker, PLN.

## Management Discussion & Analysis

### SEGMENTAL REVIEW

# INFORMATION TECHNOLOGY & E-COMMERCE RELATED BUSINESS



#### SEGMENT OVERVIEW

The YTL Corp Group's information technology ("IT") and e-commerce activities are undertaken by its wholly-owned subsidiary, YTL e-Solutions Berhad, and its subsidiaries, ("YTL e-Solutions Group"). The YTL e-Solutions Group undertakes technology incubation investments, as well as the provision of IT consultancy services and digital media content. The YTL e-Solutions Group also owns a controlling interest in Y-Max Networks Sdn Bhd which was granted one of four Worldwide Interoperability for Microwave Access ("WiMAX") licenses in Malaysia.

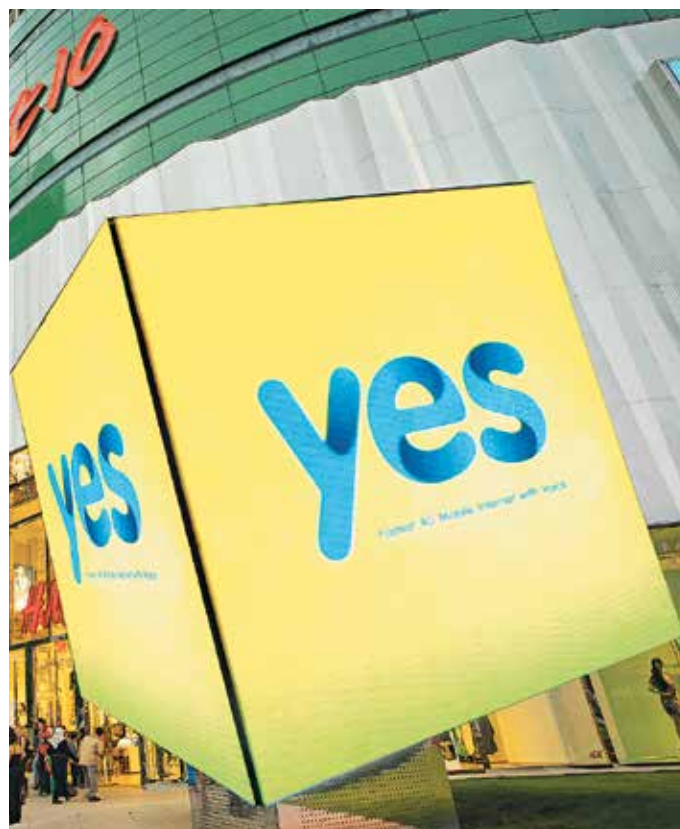
#### OPERATIONAL REVIEW

For the financial year under review, the division maintained a stable performance due mainly to income from the licensing of its 2.3 gigahertz (GHz) WiMAX spectrum, as well as digital media advertising sales in its content and digital media division. The spectrum is utilised by YTL Comms, a subsidiary of the Group, which operates the Yes brand name.

The division continued to develop its core content and digital media business improving integrated Out of Home ("OOH") digital network to attract advertisers in this highly competitive area. The division provides OOH digital media solutions and targets renowned brand names to fulfil their outdoor marketing needs.

The division continued to improve on its proprietary content management solutions and content production, delivering advertising on its digital narrowcast media networks in the Bintang Walk area of Kuala Lumpur and the digital "cube" fronting Lot 10

shopping centre. Services are also provided via digital networks in other retail and commercial areas such as Lot 10 and on the Kuala Lumpur Express Rail Link (KLIA Ekspres and KLIA Transit) trains, including the service operating between Kuala Lumpur International Airport (KLIA) and the KLIA2 low-cost carrier terminal.



## Management Discussion & Analysis

# RISK MANAGEMENT

The overall risk management objective of the YTL Corp Group is to ensure that adequate resources are available to create value for its shareholders. The Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Risk management is carried out through regular risk review analysis, internal control systems and adherence to Group's risk management policies. The Board of Directors of YTL Corp regularly reviews these risks and approves the appropriate control environment frameworks.

### FINANCIAL RISK MANAGEMENT

#### Foreign currency exchange 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 is exposed to risks arising from various currency exposures primarily with respect to the British Pound and Singapore Dollar. The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies. There is no significant exposure to foreign currency exchange risk for the Group.

#### 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 arise primarily from its floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group manages its cash flow interest rate risk by using a mix of fixed and variable rate debts. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

#### Price risk

The Group's exposure to equity price risk arises primarily from its investments in quoted securities. To manage price risk arising from investments in equity securities, the Group diversifies its portfolio. Meanwhile, the Group hedges its fuel commodity price risk by the use of derivative instruments against fluctuations in fuel oil prices which affect the cost of fuel.

The Group hedges its fuel commodity price risk by the use of derivative instruments against fluctuations in fuel oil prices which affect the cost of fuel. The Group has contracts for the sale of electricity to the Singapore electricity pool at prices that are fixed in advance every three months and to retail customers (those meeting a minimum average monthly consumption) at prices that are either fixed in amount or in pricing formula for periods up to a number of years. The fixing of the prices under the contracts is based largely on the price of fuel oil required to generate the electricity. The Group enters into fuel oil swaps to hedge against adverse price movements of fuel oil prices. The Group typically enters into a swap to pay a fixed price and receive a variable price indexed to a benchmark fuel price index.

Exposure to price fluctuations arising from the purchase of fuel oil and natural gas are substantially managed via swaps where the price is indexed to a benchmark fuel price index. The Group's exposure to the fluctuations in the forward price curve is immaterial.

#### Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle their obligations to the Group. The Group's exposure to credit risk arises primarily from trade and other receivables. Meanwhile, the Company's exposures to credit risk arise from other receivables. For other financial assets (including investment securities, cash and cash equivalents and derivative financial instruments), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Due to the nature of the Group's businesses, customers are mainly segregated according to business segments. In the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and generally supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is

## Management Discussion & Analysis

### RISK MANAGEMENT

mitigated through strict collection procedures. In addition, the Directors are of the view that credit risk arising from these businesses is limited due to the large customer base.

The Group places its cash and bank balances with a number of creditworthy financial institutions. The Group's policy limits the concentration of financial exposure to any single financial institution.

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparties to fail to meet their obligations. The Group considers the risk of material loss on the event of non-performance by a financial counter party to be unlikely.

#### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting financial obligations due to a 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.

#### OPERATING RISK MANAGEMENT

##### Concessions and key contracts

A number of the YTL Corp Group's businesses and projects are reliant, in some cases to a significant extent, on concessions or other key contracts. Cancellation, expiration, termination or renegotiation of any such concession or key contract or the imposition of restrictive regulatory controls could have a material adverse effect on the financial condition and results of operations of certain subsidiaries of YTL Corp and accordingly the YTL Corp Group as a whole.

However, the Group's strategy of investing in regulated assets with long-term concessions or contracts has enabled it to establish a solid track record and operating performance to date, and is a measure to mitigate the vagaries of short-term contracts or more cyclical industries. Furthermore, the Group addresses these risks by investing in assets operating in stable economies and/or established markets or sectors with strong legal protections.



## Management Discussion & Analysis

### RISK MANAGEMENT

#### Business risk

The YTL Corp Group's principal activities are subject to certain risks inherent in their respective sectors. These may include shortages of labour and raw materials, increases in the cost of labour, raw materials, equipment and electricity tariffs, changes in the general economic, business, credit and interest rate conditions, inflation, taxation and changes in the legal and environmental framework within which the industries operate. Whilst it is not possible to prevent the occurrence of these events, the Group addresses these matters by maintaining sound financial risk management policies as set out above, and high standards of preventive maintenance and cost efficiency coupled with technical and operating efficiency of its assets.

#### Dependence on key management

The continued success of YTL Corp is, to a significant extent, dependent on the abilities and continued efforts of the Board and senior management of YTL Corp. The loss of any key member of the Board or senior management personnel could affect YTL Corp's ability to compete in the sectors in which it operates. The future success of YTL Corp will also depend on its ability to attract and retain skilled personnel for smooth business operations of the Group to continue without undue disruption.

Therefore, appropriate measures are taken which include the provision of training programmes, the offering of attractive incentives such as employees' share option schemes and competitive remuneration packages, and efforts to ensure smooth succession in the management team.

#### Political, economic, environmental and regulatory considerations

Like all other businesses, adverse developments in political, economic and regulatory conditions (including changes in environmental legislation and regulations) in Malaysia, Singapore, the UK, Indonesia, China, Australia, Japan, Jordan and other overseas markets in which the YTL Corp Group from time to time has operations could materially and adversely affect the financial and business prospects of the YTL Corp Group and the markets for its products and/or services which may result in a loss or reduction in revenue to Group.



Whilst it is not possible to prevent the occurrence of these events, the Group attempts to mitigate the effects of these risks through thorough due diligence assessments prior to the commitment to any project, ensuring compliance with applicable laws and regulations, as well as its strategy of maintaining the geographic diversity of its operations, and remaining vigilant in monitoring events and conducting ongoing assessments of any operational and financial impacts of such external developments.

## Management Discussion & Analysis

### OUTLOOK

Global growth is expected to expand moderately, subsequent to the slower growth in both advanced and major emerging market economies. Overall, the Malaysian economy is expected to grow by 4.3% to 4.8% for the full 2019 calendar year, anchored by domestic demand, underpinned by the continued expansion in private sector activity. Private consumption growth is expected to moderate, but remain firm, supported by stable labour market conditions and continued growth in wages (*source: Bank Negara Malaysia*).

In the Utilities division, the generation oversupply in Singapore's wholesale electricity market continues to present a structural challenge across the industry, although the sector shows signs that consolidation, which is expected to have a stabilising effect, may be forthcoming. The Group has made good progress in elevating awareness of its Geneco brand and will continue to focus on enhancing its product and service offerings through innovative digital solutions and strategic alliances to amplify its overall customer value proposition.

In the UK, the regulatory process is currently ongoing for Wessex Water's next price review, which will cover the 2020-2025 period. A draft determination was published on 18 July 2019, with the final determinations expected to be published towards the end

of the 2019 calendar year. The Group remains committed to delivering high quality, reliable and resilient services that are affordable to all customers, and is confident it will continue to deliver outperformance of its regulatory targets.

The Group's main operations in Malaysia are expected to remain stable. The supply of capacity from Paka Power Station is regulated under its PPA until June 2021 and the division is expected to perform well. Despite the challenging market in the domestic telecommunications industry, YTL Comms will strive to further grow its subscriber base and expand its telecommunications infrastructure business.

In the Group's projects under development, progress is well underway on APCO's oil shale power generation project in Jordan, with construction well on target to meet the expected completion date, and the Group will continue to work towards financial close for Tanjung Jati Power.

In its Cement Manufacturing and Trading segment, the additions of Malayan Cement and Holcim Singapore represent an opportunity for the division to bolster its position as a leading, home-grown, Malaysian-owned building materials company, strengthening the Group's ability to fulfil its regional growth aspirations, drive the expansion of its export markets and continue to develop its intellectual capital and R&D capabilities.

Whilst the outlook for the property markets remains subdued, with ongoing cooling measures in both Singapore and Malaysia not expected to abate in the near future, the Group will continue its marketing efforts to unlock sales of its project in Singapore, whilst adhering to the cautious timing of its developments and launches to adapt to and capitalise on worthy opportunities, so that the communities it develops continue to thrive. As evidenced by the Sentul Masterplan launched in 2002, the Group is committed to the long-term development and well-being of its communities, to ensure that its developments and homes grow both in terms of value and attractiveness.

Meanwhile, the Hotel Operations segment is expected to continue to perform well, backed by the diverse geographic market and wide range of product offerings catering to different market segments encompassed by the Group's hotel assets.



# Managing Sustainability

We believe that a healthy business which yields long-term value for its stakeholders in a balanced manner can only be achieved through sustainable and truly responsible business practices. At YTL Corporation Berhad (“YTL Corp”), sustainability is about adopting policies holistically, managing risks and applying procedures and practices that are economically, environmentally and socially responsible, steered by solid governance and managed through ethical business practices.

As one of the leading conglomerates in Malaysia, we believe that our sustainability practices bring lasting value to our organisation and our stakeholders in areas where we operate. We have aligned our initiatives with five of the seventeen (17) United Nations Sustainable Development Goals in the belief that businesses must play an important role in providing quality education, creating decent work and economic growth, acting responsibly in consumption and production, taking great care of our marine and terrestrial ecosystems, and addressing climate change along with other economic, social and environmental issues.

Our own sustainability strategy remains focused on the four pillars as outlined in our sustainability framework.



## Managing Sustainability

### YTL GROUP SUSTAINABILITY FRAMEWORK

**Brand Values**  
*Building the right thing*



**Sustainability Commitment**  
*Making a good future happen*



*Aligned to*  
**Sustainable Development Goals**



We are proud that in 2019 YTL Corp was named as one of the constituents of the FTSE4Good Bursa Malaysia Index for the third consecutive year. YTL Group encompasses YTL Corp and its subsidiaries. Information on YTL Group’s governance structure, sustainability related material issues, initiatives, performance and achievements during the financial year ending 30 June 2019 can be found in our 13<sup>th</sup> standalone **YTL Group Sustainability Report 2019** which is available for download at <http://www.ytl.com/sustainability/>. The report focuses on YTL Group’s key businesses in Malaysia and globally.





**Bio-Bee** - Following the success of the Bio-Bug and Bio-Bus, the Bio-Bee is the first truck in the United Kingdom that both collects and runs on commercial food waste. The Bio-Bee was built by GENeco Limited, a subsidiary of the YTL Group.

## PROTECTION OF THE ENVIRONMENT

"Sustainability is no longer a peripheral consideration for stakeholders, and the issues have never been more influential in our strategic decision making. The approach to organic and acquired growth in the YTL Group has now shifted firmly to evaluating whether a sustainable business can be profitable, rather than whether a profitable business can be sustainable. We continue to focus on creating sustainable strategic assets that propel long-term economic value, in addition to natural, human and social value."

*Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE,  
Executive Chairman of YTL Corporation Berhad*



# Corporate Events

## 8 OCTOBER 2018

### Order of the Rising Sun

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Executive Chairman of YTL Corporation Berhad, was conferred the prestigious Order of the Rising Sun, Gold Rays with Rosette, by the Emperor of Japan for his contribution to promoting tourism and strengthening economic relations between Japan and Malaysia.



His Excellency Dr Makio Miyagawa, Ambassador of Japanese to Malaysia, presenting the 2018 Spring Imperial Decoration to Tan Sri Dato' (Dr) Francis Yeoh Seok Ping, Executive Chairman of YTL Corporation Berhad

## 23 NOVEMBER 2018

### The Order of the Star of Italy

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Executive Chairman of YTL Corporation Berhad, was honoured as a Grande Officer of the Order of the Star of Italy, recognising his philanthropic work in the preservation of the arts and promotion of ties with Italy.



Tan Sri Dato' (Dr) Francis Yeoh Seok Ping, Executive Chairman of YTL Corporation Berhad, and His Excellency Mr Cristiano Maggipinto, Ambassador of Italy to Malaysia

## 25 OCTOBER 2018

### 10th Global Plasticity Forum

The 10th Global Plasticity Forum was held in Kuala Lumpur and featured local and international speakers highlighting new ideas in plastic sustainability and circularity for businesses.



From left to right:- Ms Trish Hyde, Managing Director of The Plastics Circle; Tan Sri Dato' (Dr) Francis Yeoh Seok Ping, Executive Chairman of YTL Corporation Berhad; YB Puan Yeo Bee Yin, Minister of Energy, Science, Technology, Environment & Climate Change; and Mr Douglass Woodring, Founder & Managing Director of Ocean Recovery Alliance

## 29 NOVEMBER 2018

### ERL Wins Project of the Year Award

Express Rail Link Sdn Bhd, a 45% associate of YTL Corporation Berhad and operator of KLIA Ekspres and KLIA Transit high-speed train services, won the Project of the Year award at the prestigious Global AirRail Awards 2018 in London, United Kingdom.



From left to right:- Ms Milda Manomaityte, Director of the Global AirRail Alliance; Mr Darren Santa Maria, Manager of Performance Monitoring and Quality & Environment, ERL Maintenance Support Sdn Bhd; Puan Sheila Shamsudin, Deputy Vice President of Marketing Management, Express Rail Link Sdn Bhd; and Ms Johannah Randall, Head of Station Operations at HS2 Ltd

## Corporate Events

## 18 FEBRUARY 2019

**Launch of the First Large-Scale Terragraph Pilot in Asia**

YTL Communications Sdn Bhd, a subsidiary of YTL Corporation Berhad, launched Terragraph, a gigabit wireless network built together with Facebook, in Georgetown, Penang, to deliver reliable, affordable and high-speed broadband services to the heritage city.



From left to right:- Mr Jacob Yeoh Keong Yeow, Deputy Chief Executive Officer, YTL Communications Sdn Bhd; YB Tuan Shakib Ahmad Shakir, Deputy Secretary General, Ministry of Communications & Multimedia; Ms Surina Shukri, Chief Executive Officer, Malaysia Digital Economy Corporation; Dato' Yeoh Soo Keng, Executive Director, YTL Corporation Berhad; En Al-Ihsal Ishak, Chairman, Malaysian Communications & Multimedia Commission; Dato' Yeoh Seok Hong, Executive Director, YTL Corporation Berhad; YB Tuan Gobind Singh Deo, Minister of Communications & Multimedia; YB Tuan Jagdeep Singh Deo, Penang State Government Exco; YB Dato' Dr Moha Ali Mohamad Nor, Secretary General, Ministry of Communications & Multimedia; Mr Wing K Lee, Chief Executive Officer, YTL Communications Sdn Bhd; and Mr Bryan Tan, Head of Connectivity Ecosystem Programmes, Facebook Asia Pacific



## 17 JUNE 2019

**Launch of 'Go Cashless on Public Transport' Campaign**

The 'Go Cashless on Public Transport' Campaign, organised by Express Rail Link Sdn Bhd, a 45% associate of YTL Corporation Berhad, was launched by YB Tuan Loke Siew Fook, Minister of Transport, in June 2019, to promote awareness and usage of contactless cards and digital/mobile wallets on public transport.

Forefront, left to right:- YB Tuan Loke Siew Fook; Minister of Transport; Pn Noormah Mohd Noor, Chief Executive Officer of Express Rail Link Sdn Bhd; and Dato' Yeoh Seok Hong, Executive Director of YTL Corporation Berhad



**Sentul Depot** – Part of the YTL Group's Sentul urban regeneration project, Sentul Depot formed part of the Federated Malay States Railway complex built in 1905 and has been redeveloped in the spirit of the Group's vision for Sentul, integrating heritage buildings into the urban fabric. Sentul Depot was unveiled in September 2018 with an event celebrating Malaysian creativity through supporting and promoting the works and creations of local artisans and designers.



## PROMOTION OF ARTS & CULTURE

“Preservation of culture and the arts is a shared ambition of the global community. Rooted in a multiracial community, we recognise the importance particularly of supporting local artisans and arts enthusiasts as key to preserving and developing our diverse arts and cultural heritage to pass on to future generations.”

*Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE,  
Executive Chairman of YTL Corporation Berhad*

## Corporate Events

### 29 JUNE 2019

#### PAM Awards 2019

Two hotels owned by YTL Hotels & Properties Sdn Bhd, namely the Hotel Stripes Kuala Lumpur and The Ritz-Carlton Koh Samui won awards at the PAM Awards 2019. Hotel Stripes Kuala Lumpur won the Building of the Year Award and the Sports and Recreation Gold Award, whilst The Ritz-Carlton Koh Samui won the Overseas Gold Award.



*Hotel Stripes Kuala Lumpur won the Building of the Year Award and the Sports and Recreation Gold Award*



*The Ritz-Carlton Koh Samui won the Overseas Gold Award*



### 10 SEPTEMBER 2019

#### Agreement with AC Hotels by Marriott

YTL Hotels & Properties Sdn Bhd, a subsidiary of YTL Corporation Berhad, and Marriott International announced the signing of a Master Development Agreement to bring the AC Hotels by Marriott brand to Malaysia for the first time.

*From left to right:- Mr Craig Smith, President & Managing Director of Asia Pacific, Marriott International; Dato' Mark Yeoh Seok Kah, Executive Director, YTL Corporation Berhad; and Mr Rajeev Menon, Chief Operating Officer, Asia Pacific excluding China, Marriott International*

## Corporate Events



### 17 SEPTEMBER 2019

#### Most Organised Investor Relations, Best Senior Management Investor Relations Support & Most Consistent Dividend Policy - YTL Power International Berhad

YTL Power International Berhad, a listed subsidiary of YTL Corporation Berhad, was awarded *Most Organised Investor Relations*, *Best Senior Management Investor Relations Support* and *Most Consistent Dividend Policy* at the 13th Annual Best Financial Institution Awards and Southeast Asia's Institutional Investor-Corporate Awards 2019, presented by Alpha Southeast Asia.

Ms Rebekah Yeoh Pei Wenn, Corporate Finance Manager, YTL Corporation Berhad; and Mr Siddiq Bazarwala, Chief Executive Officer, Alpha Southeast Asia

### 19 SEPTEMBER 2019

#### The Edge Billion Ringgit Club 2019 Awards - YTL Hospitality REIT

YTL Hospitality REIT won the award for *Highest Returns to Shareholders over Three Years (REIT Sector)* at The Edge Billion Ringgit Club 2019 awards. YTL Corporation Berhad owns a 56.95% stake in YTL Hospitality REIT and a 70% interest in Pintar Projek Sdn Bhd, the Manager of YTL Hospitality REIT.



From left to right:- En Azam Aris, Editor-in-Chief, The Edge; Dato' Ong Eng Bin, Chief Executive Officer, OCBC Bank (Malaysia) Bhd; Ms Ho Say Keng, Company Secretary of Pintar Projek Sdn Bhd and Group Company Secretary/Accountant, YTL Corporation Berhad; and Dato' Ho Kay Tat, Publisher & Group CEO, The Edge Media Group



The award winners with guest of honour, YAB Tun Dr Mahathir bin Mohamad, Prime Minister of Malaysia



A group of children and an adult are gathered around a white table in a well-lit room, focused on a project. The children are wearing white t-shirts with red sleeves and some have name tags. They are looking at a small mechanical device on the table, possibly a LEGO Technic model. The adult is leaning over the table, pointing at the device. In the background, other children are visible, some sitting at tables. The room has a modern ceiling with recessed lighting and a large blue hexagonal graphic overlay in the upper right corner.

**Creative Learning Information Centre (CLIC)** – Located in Sentul UTC (Urban Transformation Centre), CLIC hosts after-school activities for local communities in the Sentul area, with programmes and workshops in English, science projects, music and many more. CLIC is a joint initiative between YTL Foundation, Kuala Lumpur City Hall, the Ministry of Education and YTL Group subsidiaries, Sentul Raya Sdn Bhd and FrogAsia Sdn Bhd.

# SUPPORTING EDUCATION & COMMUNITY DEVELOPMENT

"Education remains one of the cornerstones of our strategic sustainable development and philanthropic initiatives. The progress and maturity of a nation is often determined and measured by the growth, development and quality of its future leaders, and education is the key that unlocks this potential. The YTL Group believes in the empowerment of individuals and communities through education, and we prioritise programmes that contribute to the strengthening and improvement of education standards within society."

*Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE,  
Executive Chairman of YTL Corporation Berhad*



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirty-Sixth Annual General Meeting of YTL Corporation Berhad (“the Company”) will be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5 Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Thursday, the 12th day of December, 2019 at 12.45 p.m. to transact the following business:-

## AS ORDINARY BUSINESS

- |    |   |  |
|----|---|--|
| 1. | To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2019 together with the Reports of the Directors and Auditors thereon.   | <b>Please refer<br/>Explanatory<br/>Note A</b>                         |
| 2. | To re-elect the following Directors who retire pursuant to Article 84 of the Company’s Constitution:-<br>(i) Dato’ Mark Yeoh Seok Kah<br>(ii) Dato’ Yeoh Soo Keng<br>(iii) Syed Abdullah Bin Syed Abd. Kadir<br>(iv) Dato’ Ahmad Fuaad Bin Mohd Dahalan | <b>Resolution 1<br/>Resolution 2<br/>Resolution 3<br/>Resolution 4</b> |
| 3. | To re-elect Raja Noorma Binti Raja Othman who retires pursuant to Article 90 of the Company’s Constitution.   | <b>Resolution 5</b>  |
| 4. | To approve the payment of Directors’ fees amounting to RM848,548 for the financial year ended 30 June 2019.   | <b>Resolution 6</b>  |
| 5. | To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director for the period from January 2020 to December 2020.  | <b>Resolution 7</b>  |
| 6. | To re-appoint the Auditors and to authorise the Directors to fix their remuneration.  | <b>Resolution 8</b>  |

## AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions:-

### ORDINARY RESOLUTIONS:-

- |    |   |                      |
|----|---|----------------------|
| 7. | <b>CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR</b><br><br>(i) “THAT approval be and is hereby given to Dato’ Cheong Keap Tai, who has served as Independent Non-Executive Director of the Company for a cumulative term of more than twelve years, to continue to serve as an Independent Non-Executive Director of the Company.”  | <b>Resolution 9</b>  |
| 8. | <b>PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016</b><br><br>“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting 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 does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad.” | <b>Resolution 10</b> |

## Notice of Annual General Meeting

### 9. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“THAT subject to the Company’s compliance with all applicable rules, regulations, orders and guidelines made pursuant to the Companies Act, 2016, the provisions of the Company’s Constitution and the Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“Main LR”) and the approvals of all relevant authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to buy back and/or hold from time to time and at any time such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interests of the Company (“the Proposed Share Buy-Back”) provided that:-

- (i) The maximum number of 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 per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 12 December 2018, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;
- (ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the sum of Retained Profits of the Company based on its latest audited financial statements available up to the date of a transaction pursuant to the Proposed Share Buy-Back.; and
- (iii) The shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in all or any of the following manner:-
  - (a) the shares so purchased may be cancelled; and/or
  - (b) the shares so purchased may be retained in treasury for distribution as dividend to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
  - (c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/or
  - (d) transfer the shares, or any of the shares for the purposes of or under an employees’ shares scheme; and/or
  - (e) transfer the shares, or any of the shares as purchase consideration; and/or
  - (f) deal with the shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time;

AND THAT such authority shall commence upon the passing of this resolution, until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required by law to be held unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever occurs first, but so as not to prejudice the completion of a purchase made before such expiry date;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to 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 with full power to do all such acts and things thereafter in accordance with the Companies Act, 2016, the provisions of the Company’s Constitution and the Main LR and all other relevant governmental/regulatory authorities.”

**Resolution 11**

## Notice of Annual General Meeting

### SPECIAL RESOLUTION:-

#### 10. PROPOSED ADOPTION OF NEW CONSTITUTION

“THAT approval be and is hereby given for the Company to alter or amend the whole of the existing Constitution of the Company by the replacement thereof with a new Constitution as set out in Appendix A of the Circular to Shareholders dated 31 October 2019 with immediate effect AND THAT the Directors of the Company be and are hereby authorised to do all acts and things and take all such steps as may be considered necessary to give full effect to the foregoing.”

**Resolution 12**

By Order of the Board,

#### HO SAY KENG

Company Secretary

KUALA LUMPUR  
31 October 2019

#### Notes:-

A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

The instrument appointing a proxy, in the case of an individual, shall be signed by the appointor or his attorney and in the case of a corporation, either under seal or under the hand of an officer or attorney duly authorised in writing. The original instrument appointing a proxy shall be deposited at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor and Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2019. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2019 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

#### *Explanatory Notes to Ordinary Business*

##### **Note A**

This Agenda item is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

##### **Payment of Directors' Benefits**

In accordance with the requirements of Section 230(1) of the Companies Act, 2016, approval of the members is sought for the payment of meeting attendance allowance (a benefit) to the Non-Executive Directors of the Company. If Resolution 7 is passed, the meeting attendance allowance will be payable for such period at the quantum specified.

#### *Explanatory Notes to Special Business*

##### **Resolutions on the Continuing in Office as Independent Non-Executive Directors**

In line with Practice 4.2 of the Malaysian Code on Corporate Governance, Resolution 9 is to enable Dato' Cheong Keap Tai to continue serving as Independent Director of the Company to fulfil the requirements of Paragraph 3.04 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. The justifications of the Board of Directors for recommending and supporting the resolution for his continuing in office as Independent Director is set out under the Nominating Committee Statement in the Company's Annual Report 2019. The shareholders' approval for Resolution 9 will be sought on a single-tier voting process.

## Notice of Annual General Meeting

### Resolution pursuant to Sections 75 and 76 of the Companies Act, 2016

Resolution 10 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the Thirty-Fifth Annual General Meeting ("AGM") held on 12 December 2018 ("Previous Mandate").

As at 2 October 2019, the Company has issued 86,374,777 new shares ("New Shares") pursuant to the Previous Mandate which will lapse at the conclusion of the Thirty-Sixth Annual General Meeting to be held on 10 December 2019. The New Shares were issued pursuant to the Company's offer to acquire the following securities in YTL Land & Development Berhad ("YTL Land") to be satisfied through the issuance of new ordinary shares in the Company at an issue price of RM1.14 each ("Consideration Shares"):

- (i) all the remaining ordinary shares (excluding treasury shares) in YTL Land and such number of new YTL Land Shares issued pursuant to the conversion of any outstanding 10-year 3.0% stepping up to 6.0% irredeemable convertible unsecured loan stocks 2011/2021 with a nominal value of RM0.50 issued by YTL Land ("YTL Land ICULS") not already held by the Company ("Offer Shares"), at an offer price of RM0.36 for each Offer Share, translating to an exchange ratio of approximately 0.32 Consideration Share for each Offer Share; and
- (ii) all the outstanding YTL Land ICULS not already owned by the Company ("Offer ICULS"), at an offer price of RM0.32 for each Offer ICULS, translating to an exchange ratio of approximately 0.28 Consideration Share for each Offer ICULS.

There were no proceeds raised from the issuance of the New Shares.

Resolution 10, if passed, will enable the Directors to allot and issue ordinary shares at any time up to an amount not exceeding ten per centum (10%) of the total number of issued share of the Company for the time being without convening a general meeting which will be both time and cost consuming. The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

### Resolution pertaining to the Renewal of Authority to Buy Back Shares of the Company

For Resolution 11, further information on the Share Buy-Back is set out in Part A of the Statement/Circular dated 31 October 2019 which is despatched together with the Company's Annual Report 2019.

### Resolution pertaining to the Adoption of New Constitution

For Resolution 12, further information on the adoption of new Constitution of the Company is set out in Part B of the Statement/Circular dated 31 October 2019 which is despatched together with the Company's Annual Report 2019.

## Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements)

### 1. DETAILS OF INDIVIDUALS WHO ARE STANDING FOR ELECTION AS DIRECTORS (EXCLUDING DIRECTORS STANDING FOR RE-ELECTION)

No individual is seeking election as a Director at the Thirty-Sixth Annual General Meeting of the Company.

### 2. GENERAL MANDATE FOR ISSUE OF SECURITIES IN ACCORDANCE WITH PARAGRAPH 6.03(3) OF BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

Details of the general mandate/authority for Directors to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in the Explanatory Notes to Special Business of the Notice of Thirty-Sixth Annual General Meeting.

# Corporate Information

## BOARD OF DIRECTORS

### EXECUTIVE CHAIRMAN

#### Tan Sri Dato' (Dr) Francis

#### Yeoh Sock Ping

PSM, KBE, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP

Hon LLD (Nottingham), Hon DEng (Kingston), BSc (Hons) Civil Engineering FFB, F Inst D, MBIM, RIM

### MANAGING DIRECTOR

#### Dato' Yeoh Seok Kian

DSSA

BSc (Hons) Bldg, MCI0B, FFB

### DIRECTORS

#### Dato' Cheong Keap Tai

#### Dato' Yeoh Soo Min

DSPN, DPMP, DIMP

BA (Hons) Accounting

#### Dato' Yeoh Seok Hong

DSPN, JP

BEng (Hons) Civil & Structural Engineering, FFB

#### Dato' Sri Michael Yeoh Sock Siong

DIMP, SSAP

BEng (Hons) Civil & Structural Engineering, FFB

#### Dato' Yeoh Soo Keng

DIMP

BSc (Hons) Civil Engineering

#### Dato' Mark Yeoh Seok Kah

DSSA

LLB (Hons)

#### Dato' Ahmad Fuaad Bin Mohd Dahalan

ABS, DIMP, SIMP

BA (Hons)

#### Syed Abdullah Bin Syed Abd. Kadir

BSc (Engineering Production), BCom (Economics)

#### Faiz Bin Ishak

Fellow of the Association of Chartered Certified Accountants

#### Raja Noorma Binti Raja Othman

BBA (Deans List - Best Student)

## COMPANY SECRETARY

#### Ho Say Keng

## REGISTERED OFFICE

11th Floor, Yeoh Tiong Lay Plaza

55 Jalan Bukit Bintang

55100 Kuala Lumpur

Tel : 603 2117 0088

603 2142 6633

Fax : 603 2141 2703

## BUSINESS OFFICE

11th Floor, Yeoh Tiong Lay Plaza

55 Jalan Bukit Bintang

55100 Kuala Lumpur

Tel : 603 2117 0088

603 2142 6633

Fax : 603 2141 2703

## REGISTRAR

11th Floor, Yeoh Tiong Lay Plaza

55 Jalan Bukit Bintang

55100 Kuala Lumpur

Tel : 603 2117 0088

603 2142 6633

Fax : 603 2141 2703

## AUDIT COMMITTEE

#### Dato' Cheong Keap Tai

(Chairman and Independent Non-Executive Director)

#### Dato' Ahmad Fuaad Bin Mohd Dahalan

(Independent Non-Executive Director)

#### Faiz Bin Ishak

(Independent Non-Executive Director)

## NOMINATING COMMITTEE

#### Faiz Bin Ishak

(Chairman and Independent Non-Executive Director)

#### Dato' Cheong Keap Tai

(Independent Non-Executive Director)

#### Raja Noorma Binti Raja Othman

(Independent Non-Executive Director)

## AUDITORS

#### HLB Ler Lum PLT

(LLP0021174-LCA & AF 0276)

Chartered Accountants

(A member of HLB International)

## STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad  
Main Market (3.4.1985)

Tokyo Stock Exchange  
Foreign Section (29.2.1996)

## Profile of the Board of Directors

**Tan Sri Dato' (Dr) Francis Yeoh Sock Ping**, Malaysian, male, aged 65, was appointed to the Board on 6 April 1984 as an Executive Director and has been the Managing Director of the Company since April 1988 till 29 June 2018 when he was redesignated as Executive Chairman. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws from University of Nottingham. He became the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Hospitality REIT, Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad) and Starhill Global Real Estate Investment Trust.

He was the Managing Director of YTL Power International Berhad and YTL Land & Development Berhad until 29 June 2018 when he was redesignated as Executive Chairman of these companies. He is also the Executive Chairman of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad. He is also the Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis is the Executive Chairman of YTL Cement Berhad and Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. Tan Sri Francis is also an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited, and is a director YTL Industries Berhad. He also sits on the board of trustees of YTL Foundation. He also serves on the board of directors of Suu Foundation, a humanitarian organisation committed to improving healthcare and education in Myanmar.

He is a Founder Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy Asia Pacific Council, and the Asia Business Council, Trustee of the Asia Society and Chairman for South East Asia of the International Friends of the Louvre. He is also a member of the Advisory Council of London Business School, Wharton School and INSEAD. He is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

He was ranked by both Fortune and Businessweek magazines as Asia's 25 Most Powerful and Influential Business Personalities and one of Asia's Top Executives by Asiamoney. He won the inaugural Ernst & Young's Master Entrepreneur in Malaysia in 2002 and was named as Malaysia's CEO of the Year by CNBC Asia Pacific in 2005.

In 2006, he was awarded the Commander of the Most Excellent Order of the British Empire (CBE) by Her Majesty Queen Elizabeth II, and in 2019, received the Knight Commander of the Order of the British Empire (KBE). Tan Sri Francis received a prestigious professional accolade when made a Fellow of the Institute of Civil Engineers in London in 2008. He was the Primus Inter Pares Honouree of the 2010 Oslo Business for Peace Award, for his advocacy of socially responsible business ethics and practices. The Award was conferred by a panel of Nobel Laureates in Oslo, home of the Nobel Peace Prize. He also received the Corporate Social Responsibility Award at CNBC's 9th Asia Business Leaders Awards 2010. He received the Lifetime Achievement Award for Leadership in Regulated Industries at the 7th World Chinese Economic Summit held in London in 2015. He was also awarded the prestigious Muhammad Ali Celebrity Fight Night Award at the 2016 Celebrity Fight Night in Arizona. In 2017, he was honoured with the Kuala Lumpur Mayor's Award for Outstanding Contribution at the Kuala Lumpur Mayor Tourism Awards. This was in recognition of his efforts in the transformation of Kuala Lumpur into one of the top shopping and tourist destinations in the world. He was named CEO of the Year at the Asian Power Awards in 2017. The Japanese Government bestowed upon him the Order of the Rising Sun, Gold Rays with Rosette, in 2018 and in the same year the Italian government conferred upon him the honour of Grande Ufficiale of the Order of the Star of Italy.



## Profile of the Board of Directors

**Dato' Yeoh Seok Kian**, Malaysian, male, aged 62, was appointed to the Board on 24 June 1984 as an Executive Director. He has been the Deputy Managing Director of the Company till 29 June 2018 when he was redesignated as Managing Director of the Company. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh Seok Kian is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He served as Deputy Managing Director of YTL Power International Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad, and Executive Director of YTL Land & Development Berhad, until 29 June 2018 when he was redesignated as Managing Director of YTL Land & Development Berhad and Executive Director of YTL Power International Berhad. He is also an Executive Director of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. Dato' Yeoh Seok Kian also sits on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

**Dato' Cheong Keap Tai**, Malaysian, male, aged 71, was appointed to the Board on 30 September 2004 as an Independent Non-Executive Director. He is also the Chairman of the Audit Committee and a member of the Nominating Committee. Dato' Cheong graduated from the University of Singapore with a Bachelor of Accountancy. He is a Chartered Accountant of Malaysian Institute of Accountants, a member of the Malaysian Institute of Certified Public Accountants, member of Malaysian Institute of Taxation and member of the Institute of Chartered Secretaries and Administrators. Dato' Cheong is also a Licensed Tax Agent and a Licensed Goods & Service Tax Agent. Dato' Cheong was the Executive Director and Partner of Coopers & Lybrand and upon its merger with Price Waterhouse was the Executive Director, Partner and Chairman of the Governance Board of PricewaterhouseCoopers until his retirement in December 2003.

He is currently also a director of YTL Land & Development Berhad, Gromutual Berhad, Tanah Makmur Berhad and several private limited companies.

**Dato' Yeoh Soo Min**, Malaysian, female, aged 63, has been appointed to the Board on 24 June 1984 as an Executive Director. She graduated with a Bachelor of Art (Hons) Degree in Accounting. She did her Articleship at Leigh Carr and Partners, London and gained vast experience in accounting and management. She was responsible for the setting up of the Travel and Accounting Division of the YTL Group in December 1990. Dato' Yeoh Soo Min is currently responsible for the accounting and finance systems for the YTL Group. She is a member of the Court Of Emeritus Fellows of the Malaysian Institute of Management and Life Member of the Women's Institute of Management, Malaysia. Dato' Yeoh Soo Min is a member of the Advisory Council for Action Learning, Asia School of Business, and also sits on the board of trustees of Asia School of Business Trust Fund. She is currently an Honorary Fellow of the Governors of International Students House, London, and Sir Thomas Pope, Trinity College, University of Oxford, UK, and member of the Vice-Chancellor's Circle of University of Oxford, UK. She is also a Trustee of Yayasan Tuanku Fauziah, IJN Foundation and Women's Leadership Centre, University Kebangsaan Malaysia. She also holds directorships in YTL Power International Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and YTL Industries Berhad. She also sits on the board of trustees of YTL Foundation.

**Dato' Yeoh Seok Hong**, Malaysian, male, aged 60, was appointed to the Board on 19 June 1985 as an Executive Director. He serves as Managing Director of YTL Power International Berhad and Executive Director of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), both listed on the Main Market of Bursa Malaysia Securities Berhad. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry and serves as the Managing Director of Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd, the YTL Group's flagship construction arm. He was the project director responsible for the development and the construction of the two Independent Power Producer power stations owned by YTL Power Generation Sdn Bhd. His other achievements include the

## Profile of the Board of Directors

construction of the Express Rail Link between the Kuala Lumpur International Airport and the Kuala Lumpur Sentral Station. He is also responsible for developing the power and utility businesses of the YTL Power International Berhad Group and the building of the fourth generation (4G) network by YTL Communications Sdn Bhd, where he serves as the Managing Director. Dato' Yeoh Seok Hong sits on the boards of other public companies such as YTL Cement Berhad, YTL Land & Development Berhad and YTL Industries Berhad, and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation.

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**Dato' Sri Michael Yeoh Sock Siong**, Malaysian, male, aged 59, was appointed to the Board on 19 June 1985 as an Executive Director. He graduated from University of Bradford, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for the YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as Managing Director of Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad) and Executive Director of YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad and Managing Director of YTL Cement Berhad. He also sits on the boards of other public companies such as YTL Land & Development Berhad, YTL e-Solutions Berhad, YTL Industries Berhad, Kedah Cement Holdings Berhad and a private utilities corporation, YTL PowerSeraya Pte Limited in Singapore.

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**Dato' Yeoh Soo Keng**, Malaysian, female, aged 56, was appointed to the Board on 16 May 1996 as an Executive Director. She graduated with a Bachelor of Science (Hons) in Civil Engineering from Leeds University, United Kingdom in 1985. She started her career as the project director for the construction of the British High Commissioner's residence, Kuala Lumpur; the Design & Build of the National Art Gallery in Kuala Lumpur and the Selangor Medical Centre in Shah Alam. She was also in charge of a few turnkey projects such as the construction and completion of Yeoh Tiong Lay Plaza, Pahang Cement plant in Pahang and Slag Cement plants in Selangor and Johor. She heads the sales and marketing of the mobile internet of YTL Communications Sdn Bhd. She is also the purchasing director responsible for bulk purchases of building materials and related items for the construction, hotels and resorts, and property development divisions of the YTL Group.

She is instrumental in the sales and marketing of cement and related products for YTL Cement Berhad and Perak-Hanjoong Simen Sdn Bhd. She was the Chairman of Cement and Concrete Association from year 2013 to 2015. She is also a director of YTL Power International Berhad and Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad), both listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad, YTL Cement Berhad and Kedah Cement Holdings Berhad. She is actively engaged in community work and is currently President of the Federal Territory Kuala Lumpur Branch of the Girl Guides Association Malaysia, and member of the board of the World Scout Foundation and YTL Foundation.

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**Dato' Mark Yeoh Seok Kah**, Malaysian, male, aged 54, was appointed to the Board on 22 June 1995 as an Executive Director. He graduated from King's College, University of London, with an LLB (Hons) and was subsequently called to the Bar at Gray's Inn, London in 1988. He was awarded Fellowship of King's College London in July 2014.

Dato' Mark Yeoh joined YTL Group in 1989 and is presently the Executive Director responsible for the YTL Hotels and Resorts Division. In addition, he is also part of YTL Power's Mergers & Acquisitions Team and was involved in the acquisition of ElectraNet SA (Australia), Wessex Water Limited (UK), P.T. Jawa Power (Indonesia) and PowerSeraya Limited (Singapore). He serves as an Executive Director of YTL Power International Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an Executive Director and Chief Executive Officer of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He is also a board member of YTL Land & Development Berhad, YTL Cement Berhad and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore.

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**Dato' Ahmad Fuaad Bin Mohd Dahalan**, Malaysian, male, aged 69, was appointed to the Board on 26 November 2015 as an Independent Non-Executive Director. He is also a member of the Audit Committee. Dato' Ahmad Fuaad holds a Bachelor of Arts (Hons) degree from the University of Malaya. He was attached with Wisma Putra, Ministry of Foreign Affairs as Malaysian Civil Service ("MCS") Officer in April 1973 before joining Malaysia Airlines in July 1973. While in Malaysia Airlines, Dato' Ahmad Fuaad served various posts and his last position was as the Managing Director.

## Profile of the Board of Directors

He was formerly a director of Lembaga Penggalakan Pelanchongan Malaysia, Malaysia Industry-Government Group for High Technology and Malaysia Airports Holdings Berhad, Tokio Marine Insurances (Malaysia) Berhad, Hong Leong Capital Berhad and YTL e-Solutions Berhad. Currently, Dato' Ahmad Fuaad is a director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He also sits on the board of trustees of YTL Foundation.

**Syed Abdullah Bin Syed Abd. Kadir**, Malaysian, male, aged 65, was appointed to the Board on 20 October 1999 as an Executive Director. He graduated from the University of Birmingham in 1977 with a Bachelor of Science (Engineering Production) and a Bachelor of Commerce (Economics) Double Degree. He has extensive experience in banking and financial services, having been with Bumiputra Merchant Bankers Berhad from 1984 to 1994, holding the position of general manager immediately prior to his departure from the bank. Prior to joining YTL Corporation Berhad Group, he was, from November 1994 to February 1996, the general manager of Amanah Capital Partners Berhad (now known as MIDF Amanah Capital Berhad), a company which has interests in, inter alia, discount, money broking, unit trusts, finance and fund management operations. He currently also serves on the boards of YTL Power International Berhad which is listed on the Bursa Malaysia Securities Berhad and YTL e-Solutions Berhad.

**Faiz Bin Ishak**, Malaysian, male, aged 61, was appointed to the Board on 1 December 2011 as an Independent Non-Executive Director. He is also the Chairman of the Nominating Committee and a member of the Audit Committee. He graduated from the Association of Chartered Certified Accountants (ACCA) in the United Kingdom in 1982. He was admitted as associateship and fellowship of the association in 1993 and 1998 respectively.

He served in various posts in The New Straits Times Press (M) Berhad since 1982 and was appointed as the Managing Director in 1999 till 2003. He joined Commerce Assurance Berhad (a licensed general insurance underwriter, now part of Allianz General Insurance Berhad) as Executive Director in 2003 and assumed the role of Chief Executive Officer from 2006 to 2007. Encik Faiz is presently a business entrepreneur in retail food and beverage. He also serves on the board of YTL Power International Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

**Raja Noorma Binti Raja Othman**, Malaysian, female, aged 60, was appointed to the Board on 5 September 2019 as an Independent Non-Executive Director and a member of the Nominating Committee. She graduated from Ohio University, Athens, Ohio, USA/MARA Institute of Technology Twinning Programme in 1980 with a Bachelor of Business Administration (Deans List - Best Student). She attended the Global Leadership Development Program at Harvard Business School in 2008 organised by International Centre for Leadership in Finance (ICLIF) Malaysia.

Puan Raja Noorma Othman has more than 30 years of experience in banking, asset management and the corporate sector. Prior to her retirement in December 2018, she was the Head of London Branch of CIMB Bank Berhad ("CIMB London") from years 2015 to 2018. She was a Director of Group Asset Management ("GAM") in CIMB Investment Bank Berhad ("CIMB IB") from years 2007 to 2015 overseeing the entire Asset Management businesses of CIMB Group. During her term as Head of CIMB London and Director of GAM in CIMB, she was also the Chief Executive Officer of CIMB-Mapletree Management Sdn Bhd, an adviser to a privately held real estate fund.

Prior to joining CIMB Group, she was the Vice-President of Investment Banking at JP Morgan, a position she held for over 5 years. She was attached to JP Morgan's offices in Hong Kong, Singapore and Malaysia as both industry and client coverage banker. At JP Morgan, she originated and executed several transactions involving corporate advisory, equity and debt capital markets, private equity, cross border mergers and acquisitions as well as initial public offerings. She also served in other financial institutions and corporations including Telekom Malaysia Berhad, where she was a board member of several of their overseas ventures. The last position she held at Telekom Malaysia Berhad was as Head of Corporate Finance. She also holds directorships in Hong Leong Financial Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and Hong Leong Investment Bank Berhad.

## Profile of the Board of Directors

### DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 6 Board meetings were held and the details of attendance are as follows:-

	Attendance
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping	6
Dato' Yeoh Seok Kian	6
Dato' Cheong Keap Tai	6
Dato' Yeoh Soo Min	6
Dato' Yeoh Seok Hong	6
Dato' Sri Michael Yeoh Sock Siong	6
Dato' Yeoh Soo Keng	4
Dato' Mark Yeoh Seok Kah	5
Dato' Ahmad Fuaad Bin Mohd Dahalan	6
Eu Peng Meng @ Leslie Eu (Resigned on 12 June 2019)	5
Syed Abdullah Bin Syed Abd. Kadir	5
Faiz Bin Ishak	5

#### Notes:

#### 1. Family Relationship with Director and/or Major Shareholder

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah are siblings. Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong who is a deemed major shareholder of the Company, is the mother of Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, Dato' Yeoh Seok Kian, Dato' Yeoh Soo Min, Dato' Yeoh Seok Hong, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Soo Keng and Dato' Mark Yeoh Seok Kah. Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of the Company.

#### 2. Conflict of Interest

None of the Directors has any conflict of interest with the Company.

#### 3. Conviction of Offences (other than traffic offences)

None of the Directors has been convicted of any offences within the past five (5) years.

#### 4. Public Sanction or Penalty imposed

None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## Profile of Key Senior Management

**Colin Frank Skellett**, British, male, aged 74, was appointed to the board of directors of Wessex Water Services Limited on 1 September 1988.

Colin is a chartered chemist and engineer by training. He has been working in the water industry for more than 45 years, holding a number of positions in the management and control of both water supply and sewage treatment.

He joined Wessex Water in 1974 and was appointed its Chief Executive in 1988. Colin oversaw the move from the public to the private sector and the transformation of Wessex Water into a highly rated UK public limited company.

Colin is currently Group Chief Executive of Wessex Water, Chairman of The Gainsborough Bath Spa Hotel and Thermae Bath Spa, non-executive Chairman of European Connoisseurs Travel and Chair of Merchants' Academy secondary school. He recently chaired the Bath Abbey Appeal Board and is also the chair of the new YTL Land and Property UK business.

Colin was awarded an OBE for services to business and WaterAid in the 2012 Queen's Birthday Honours and has an Honorary Doctorate in Engineering from the University of the West of England, awarded in 2015. He was also awarded an Honorary Doctorate in Engineering from Bristol University in February 2019.

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**John Ng Peng Wah**, Singaporean, male, aged 60, was appointed to the board of directors and the Chief Executive Officer of YTL PowerSeraya Pte Limited ("YTL PowerSeraya") on 15 January 2019. He holds a Bachelor of Mechanical Engineering degree from Nanyang Technological Institute in Singapore, a Master of Science in Systems Engineering from National University of Singapore and a Master of Science in Material Science from Carnegie Mellon University, USA.

He joined the Public Utilities Board, which was established by the Singapore Government to be sole supplier of electricity, gas and water in Singapore, as an Engineer in 1985 and transitioned with the company following the restructuring of the Public Utilities Board which resulted in the creation of various entities, including YTL PowerSeraya. He was promoted to Deputy General Manager (Business) in 2001 and Senior Vice President (Retail & Regulation) in 2004 before assuming the position of Chief Executive Officer in 2009. He left YTL PowerSeraya in 2013, taking on the role of Chief Executive Officer of Singapore LNG Corporation Pte Ltd.

In January 2019, he re-joined YTL PowerSeraya as the Chief Executive Officer. He is currently the Chairman of the Workplace Safety and Health Council, as well as Vice-President of the Singapore National Employers Federation (SNEF) Board. He also serves as a board member of the Public Utilities Board and the Energy Studies Institute.

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**Lee Wing Kui**, American, male, aged 52, was appointed the Chief Executive Officer of YTL Communications Sdn Bhd ("YTL Communications") on 1 November, 2009 and subsequently appointed as a member of the board of directors of YTL Communications on 3 March 2011.

As the CEO of YTL Communications, Wing maximises his expertise in innovative product development with a deep understanding of communications and internet technologies to deliver affordable, world-class quality products and services that improve the way people in Malaysia live, learn, work and play.

Prior to joining YTL Communications, Wing led next-generation mobile internet product development at Clearwire in the United States. Earlier, he spent 15 years at Sprint Nextel, where he held senior management positions leading product development, led Sprint's Innovation Program, and spearheaded IT Architecture for the launch of the first nationwide wireless data network in the United States.

## Profile of Key Senior Management

Wing holds 33 U.S. patents in wireless and distributed systems and was recognised as the Asian American Engineer of the Year during the 2002 U.S. National Engineers Week.

A graduate of the University of Texas at Austin, Wing also holds an Executive Certificate in Management and Leadership from MIT's Sloan School of Management.

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**Ho Sing**, Singaporean, male, aged 53, was appointed the Executive Director and Chief Executive Officer of YTL Starhill Global REIT Management Limited ("YSGRM"), the manager of Starhill Global REIT, on 20 April 2010.

He works with the Chairman and the Board of YSGRM in formulating and executing strategies for Starhill Global REIT and is responsible for the day-to-day operations of Starhill Global REIT.

He has over 25 years of leadership and management experience with multi-national companies in engineering, medical, infrastructure, and real estate. These included senior positions in the Singapore Technologies Group, Dornier Medical, Sembcorp Industries and Guocoland Limited. He also served as Independent Non-Executive Director of Daiman Development Berhad when it was listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Ho holds a Bachelor of Science degree in Aerospace Engineering from the University of Texas, Austin, USA. He also completed the Stanford Executive Program at Stanford University in 2002.

### Notes:

Save as disclosed, none of the Key Senior Management has -

- any directorship in public companies and/or listed issuers;
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- been convicted of any offences (other than traffic offences) within the past five (5) years; and
- been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

## Statement of Directors' Responsibilities

The Directors are required by the Companies Act, 2016 ("the Act") and the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2019, the Directors have:

- considered the applicable approved accounting standards in Malaysia;
- used appropriate accounting policies and applied them consistently; and
- made judgements and estimates that are reasonable and prudent.

The Directors confirm that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Act, Listing Requirements and Malaysian Financial Reporting Standards and International Financial Reporting Standards.

# Audit Committee Report

## COMPOSITION

### Dato' Cheong Keap Tai

(Chairman/Independent Non-Executive Director)  
(Redesignated as Chairman of the Audit Committee on 5 September 2019)

### Eu Peng Meng @ Leslie Eu

(Chairman/Independent Non-Executive Director)  
(Resigned on 12 June 2019)

### Dato' Ahmad Fuaad Bin Mohd Dahalan

(Member/Independent Non-Executive Director)

### Faiz Bin Ishak

(Member/Independent Non-Executive Director)  
(Appointed on 5 September 2019)

## TERMS OF REFERENCE

The terms of reference can be found under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com).

## NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 6 Audit Committee Meetings were held and the details of attendance are as follows:-

	Attendance
Dato' Cheong Keap Tai	6
Dato' Ahmad Fuaad Bin Mohd Dahalan	6
Eu Peng Meng @ Leslie Eu	5

## SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2019 in the discharge of its functions and duties:-

### 1. Overseeing Financial Reporting

- (a) Reviewed the following quarterly financial results and annual financial statements ("Financial Reports") prior to its recommendation to the Board of Directors for approval:
  - Quarterly financial results for the fourth quarter of financial year ended 30 June 2018, and the annual audited financial statements for the financial year ended 30 June 2018 at the Audit Committee meetings held on 28 August 2018 and 27 September 2018, respectively;
  - First, second and third quarters of the quarterly results for the financial year ended 30 June 2019 at the Audit Committee meetings held on 22 November 2018, 26 February 2019 and 29 May 2019, respectively.
  
- (b) At the Audit Committee meetings, the Financial Reports were presented by the Senior Finance Manager wherein the following matters were reviewed and confirmed, with clarification and/or additional information provided wherever required by the Managing Director/Executive Director primarily in charge of the financial management of the Company:
  - Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;
  - The Company has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;
  - Significant judgements made by management in respect of matters such as impairment assessment of goodwill, carrying value of investment, and post-employment benefit obligations and the underlying assumptions and/or estimates used were reasonable and appropriate in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS");
  - Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Main LR");



## Audit Committee Report

- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

### 2. External Audit

- Reviewed with the external auditors, HLB Ler Lum PLT (“HLB”):-
  - their final report on the audit of the financial statements for financial year ended 30 June 2018 setting out their comments and conclusions on the significant audit and accounting matters highlighted, including management’s judgements, estimates and/or assessments made, and adequacy of disclosures in the financial statements;
  - the audit plan for the financial year ended 30 June 2019 outlining, amongst others, their scope of work, and areas of audit emphasis and multi-location audit, and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/audit committee members and auditors;
- Reviewed the audit fees proposed by the external auditors together with management and recommended the negotiated fees agreed with the external auditors to the Board of Directors for approval;
- Had discussions with the external auditors twice during the financial year, on 27 September 2018 and 29 May 2019, without the presence of management, to discuss matters concerning the audit and financial statements. The Audit Committee also enquired about the assistance and co-operation given by management to the external auditors.
- Reviewed the profiles of the audit engagement team which enabled the Audit Committee to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. The external auditors also confirmed their independence in each of the reports presented to the Audit Committee. The Audit Committee also reviewed on a regular basis, the nature and extend of the non-audit services provided by HLB and was satisfied with the suitability, performance, independence and objectivity of HLB.

- Assessed the performance of HLB for the financial year ended 30 June 2018 and recommended to the Board of Directors for re-appointment at the annual general meeting held on 12 December 2018.

### 3. Internal Audit

- Reviewed with the internal auditors the internal audit reports (including follow-up review reports), the audit findings and recommendations, management’s responses and/or actions taken thereto, and ensured that material findings were satisfactorily addressed by management;
- Reviewed and adopted the internal audit risk analysis reports for 2019. Internal audit would leverage on the Group’s risk analysis to focus on the business processes and relevant areas that address the key risks identified;
- Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2020 to ensure sufficient scope and coverage of activities of the Company and the Group;
- Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right calibre of personnel to perform effectively, and that the head of internal audit has adequate authority to discharge his functions objectively and independently.

### 4. Recurrent Related Party Transactions of a Revenue or Trading Nature (“RRPT”)

- Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that the Group’s internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Main LR are observed;
- Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the Companies Act, 2016. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT;

## Audit Committee Report

- (c) Reviewed the 2018 circular to shareholders in relation to the renewal of shareholder mandate for RRPT and new shareholder mandate for additional RRPT, prior to its recommendation to the Board of Directors for approval.

### 5. Policy on Auditor Independence

- (a) Reviewed the Policy on Auditor Independence including the 'External Auditor Evaluation Form' to assess the suitability, objectivity and independence of the external auditors as recommended under the Malaysian Code of Corporate Governance ("MCCG"), prior to its recommendation to the Board of Directors for adoption.

### 6. Related Party Transaction

Reviewed the Share Exchange Offer to acquire all the remaining securities in YTL Land & Development Berhad not already held by the Company to ensure the transaction was in the best interest of the Company, fair, reasonable and on normal commercial terms and was not detrimental to the interest of the Company and the minority shareholders of the Company, prior to its recommendation to the Board of Directors for approval.

### 7. Annual Report

- (a) Reviewed the Audit Committee Report, and Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2018 Annual Report.

During the year, the IA Department evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems regarding:-

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with relevant laws, regulations and contractual obligations.

The work of the internal audit function during the year under review include:-

1. Developed the annual internal audit plan and proposed the plan to the Audit Committee.
2. Conducted scheduled and special internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary.
3. Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
4. Presented significant audit findings and areas for improvements raised by the IA to the Audit Committee for consideration on the recommended corrective measures together with the management's response.
5. Conducted recurrent related party transactions reviews to assess accuracy and completeness of reporting for presentation to the Audit Committee, and ensure compliance with the Main LR.
6. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.

Costs amounting to RM3,266,170 were incurred in relation to the internal audit function for the financial year ended 30 June 2019.

## INTERNAL AUDIT FUNCTION

The objective of the Internal Audit ("IA") is to help management evaluate the effectiveness and efficiency of the internal control systems. The IA is part of the Company and the Group's governance system, and according to the MCCG, the IA is in charge of supervising internal control activities. IA's goal is to focus mainly on risk-based audits related to operations and compliance that are aligned with the risks of the Company and the Group to ensure that the relevant controls addressing those risks are reviewed.

# Nominating Committee Statement

for the financial year ended 30 June 2019

## NOMINATING COMMITTEE (“NC”)

The NC assists the Board of Directors of YTL Corporation Berhad (the “Company”) (“Board”) in discharging its responsibilities by overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the needs of the Company and its subsidiaries (“YTL Corp Group”).

The terms of reference of the NC can be found under the “Governance” section on the Company’s website at [www.ytl.com](http://www.ytl.com).

Members of the NC are as follows:-

- Faiz Bin Ishak (*Chairman*)
- Eu Peng Meng @ Leslie Eu (resigned on 12 June 2019)
- Dato’ Cheong Keap Tai
- Raja Noorma Binti Raja Othman (appointed on 5 September 2019)

The NC met twice during financial year ended 30 June 2019, attended by all members.

## ACTIVITIES OF THE NC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

### (a) Board nomination and election process and criteria used

The NC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies, experience or diversity gap that has been identified. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director. In assessing the suitability of a candidate, the NC will take into consideration a number of factors including but not limited to the candidate’s skills, knowledge, expertise, competence and experience, time commitment, character, professionalism and integrity. For the position of independent non-executive director, the NC will evaluate the candidate’s ability to discharge such responsibilities as expected from an independent non-executive director.

### i. Review of Directors proposed for re-election

In accordance with Article 84 of the Company’s Constitution (“Article 84”), Directors are to be elected at every annual general meeting when one-third of the Directors longest in office shall retire, subject always to the requirement that all Directors shall retire from office once at least in each three years, and if eligible, may offer themselves for re-election.

In June 2019, based on the results of the assessment undertaken for the financial year, the NC resolved to recommend to the Board that Dato’ Mark Yeoh Seok Kah, Dato’ Yeoh Soo Keng, Syed Abdullah Bin Syed Abd. Kadir and Dato’ Ahmad Fuaad Bin Mohd Dahalan, who are due to retire pursuant to Article 84 at the Thirty-Sixth Annual General Meeting of the Company (“AGM”), stand for re-election.

The Board, save for the members who had abstained from deliberations on their own re-election, supported the NC’s views and recommends that shareholders vote in favour of the resolutions for their re-election at the forthcoming AGM.

### ii. Review of Director proposed for continuing in office as Independent Non-Executive Director (“INED”)

As part of the annual assessment of Director, an assessment of independence was conducted on the INED. In addition to the criteria for independence prescribed in the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Main LR”) and Practice Note 13, the INED was assessed on his ability and commitment to continue to bring independent and objective judgment to board deliberations.

The Board is of the view that there are significant advantages to be gained from the INED who has served on the Board for more than 12 years as he possess greater insights and knowledge of the businesses, operations and growth strategies of the YTL Corp Group. Furthermore, the ability of a director to serve effectively as an independent director is very much a function of his calibre, qualification, experience and personal qualities, particularly of his integrity and objectivity in discharging his responsibilities in good faith in the best

## Nominating Committee Statement

for the financial year ended 30 June 2019

interest of the company and his duty to vigilantly safeguard the interests of the shareholders of the company.

Dato' Cheong Keap Tai abstained from deliberation at the NC meeting on his continuing in office as INED.

The Board, save for Dato' Cheong Keap Tai who had abstained from deliberations on the matter, is satisfied with the skills, contributions and independent judgment that Dato' Cheong Keap Tai, who has served for 12 years or more, bring to the Board. For these reasons, the Board, save for Dato' Cheong Keap Tai, recommends and supports the resolutions for his continuing in office as INED of the Company which will be tabled for shareholders' approval to be sought via the single-tier voting process at the forthcoming AGM.

### (b) Annual assessment

In May 2019, the annual assessment of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out with the objectives of assessing whether the Board and the Board Committees, as well as the Directors have effectively performed its/their roles and fulfilled its/theirs responsibilities, and devoted sufficient time commitment to the Company's affairs; and to recommend areas for improvement. The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms.

In evaluating the effectiveness of the Board, several areas were reviewed including the composition, degree of independence, right mix of expertise, experience and skills, quality of information and decision making, and boardroom activities. Board Committees were assessed on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

The assessment of the individual Directors covered areas such as fit and properness, contribution and performance, calibre, character/personality and time commitment and whether they have shown the will and ability to deliberate constructively, ask the right questions and confidence to stand up for a point of view.

Results of the assessment were summarised and discussed at the NC meeting held in June 2019 and reported to the Board by the NC. No evident weakness or shortcoming was identified which require mitigating measure. The Board and the Board Committees continue to operate effectively and that the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the year ended 30 June 2019 were satisfactory. These results form the basis of the NC's recommendations to the Board for the re-election of Directors at the AGM.

### (c) Review of the NC Statement for financial year ended 30 June 2019

The NC Statement was reviewed by the NC prior to its recommendation to the Board for approval for inclusion in 2019 Annual Report.

### (d) Review of the Evaluation Criteria in the Assessment Forms

The NC reviewed and revised the evaluation criteria in the assessment forms to ensure consistency with the Malaysian Code on Corporate Governance and the Main LR.

## POLICY ON BOARD COMPOSITION

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, there are three female directors on the Board and they make up 25% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

## Nominating Committee Statement

for the financial year ended 30 June 2019

### INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

Upon joining the Board, a newly appointed Director will be given an induction pack containing the Company's annual report, Constitution, and schedule of meetings of the Board and Committee (if the Director is also a Committee member) which will serve as an initial introduction to the YTL Corp Group as well as an ongoing reference.

The Board, through the NC, assesses the training needs of its Directors on an ongoing basis by determining areas that would best strengthen their contributions to the Board.

Besides the findings from the annual performance assessment of Directors, which provide the NC with useful insights into the training needs of the Directors, each Director is requested to identify appropriate training that he/she believes will enhance his/her contribution to the Board.

The Board has taken steps to ensure that its members have access to appropriate continuing education programmes. The Company Secretary facilitates the organisation of in-house development programmes and keeps Directors informed of relevant external training programmes.

During the financial year ended 30 June 2019, the following three in-house training programmes were organised for the Directors:-

- YTL Leadership Conference 2018;
- Evolving Expectations for Board;
- Directors Guide to Risk Maturity Frameworks.

All the Directors have undergone training programmes during the financial year ended 30 June 2019. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
➤ <b>Corporate Governance/Risk Management and Internal Controls/ Taxation/Financial/Legal</b>	
• Financial Instruments Updates - An Analysis of MFRS 9 (2014) Version (3 July 2018)	Dato' Cheong Keap Tai
• National Tax Conference 2018 - Taxation in a Changing Economy (16 & 17 July 2018)	Dato' Cheong Keap Tai
• MIA Conference 2018 (9 & 10 October 2018)	Dato' Cheong Keap Tai
• National Tax Seminar 2018 (IRBM) (13 November 2018)	Dato' Cheong Keap Tai
• Latest Developments on MFRS 16 (17 December 2018)	Dato' Cheong Keap Tai
• Bursa Malaysia Breakfast Series: "Non-Financials - Does It Matter?" (5 December 2018)	Dato' Yeoh Soo Min Dato' Ahmad Fuaad Bin Mohd Dahalan Syed Abdullah Bin Syed Abd Kadir

## Nominating Committee Statement

for the financial year ended 30 June 2019

Seminars/Conferences/Training	Attended by
<ul style="list-style-type: none"> <li>Evolving Expectations for Board (11 March 2019)</li> </ul>	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Soo Keng Dato' Mark Yeoh Seok Kah Dato' Ahmad Fuaad Bin Mohd Dahalan Faiz Bin Ishak
<ul style="list-style-type: none"> <li>Directors Guide to Risk Maturity Frameworks (9 April 2019)</li> </ul>	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Dato' Cheong Keap Tai Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Soo Keng Dato' Mark Yeoh Seok Kah Syed Abdullah Bin Syed Abd Kadir Faiz Bin Ishak
<b>➤ Trade/Economic Development/Sustainability/Technology</b>	
<ul style="list-style-type: none"> <li>36th JAMECA-MAJECA Joint Conference - "Moving towards a renewed Japan-Malaysia Collaboration in High-Technology for the Digital Economy" (6 November 2018)</li> </ul>	Dato' Yeoh Seok Kian
<ul style="list-style-type: none"> <li>Reimagining Southeast Asia 2018 Forum (29 November 2018)</li> </ul>	Dato' Yeoh Soo Min
<b>➤ Leadership, Corporate Social Responsibility, and Business Management</b>	
<ul style="list-style-type: none"> <li>Plasticity Malaysia, the Plastic Circular Economics Conference (25 October 2018)</li> </ul>	Dato' Yeoh Soo Min
<ul style="list-style-type: none"> <li>YTL Leadership Conference 2018 (2 November 2018)</li> </ul>	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Dato' Yeoh Seok Kian Dato' Yeoh Soo Min Dato' Yeoh Seok Hong Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Soo Keng Dato' Mark Yeoh Seok Kah Dato' Ahmad Fuaad Bin Mohd Dahalan Syed Abdullah Bin Syed Abd Kadir
<ul style="list-style-type: none"> <li>Leaps of Knowledge - Power Up! (29 November 2018)</li> </ul>	Dato' Yeoh Soo Min

# Corporate Governance Overview Statement

for the financial year ended 30 June 2019

The Board of Directors (“Board”) of YTL Corporation Berhad (“YTL Corp” or “Company”) remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries (“YTL Corp Group”). The YTL Corp Group has a long-standing commitment to corporate governance and protection of stakeholder value, which has been integral to the YTL Corp Group’s achievements and strong financial profile to date.

The YTL Corp Group’s corporate governance structure is a fundamental part of the Board’s responsibility to protect and enhance long-term shareholder value and the financial performance of the YTL Corp Group, whilst taking into account the interests of all stakeholders.

In implementing its governance system and ensuring compliance with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board has been guided by the principles and practices set out in the Malaysian Code on Corporate Governance (“Code”) issued by the Securities Commission Malaysia.

An overview of the Board’s implementation of the practices set out in the Code during the financial year ended 30 June 2019 is detailed in this statement, together with targeted timeframes for measures expected to be implemented in the near future, where applicable. The Company’s Corporate Governance Report (“CG Report”) for the financial year ended 30 June 2019 is available at the Company’s website at [www.ytl.com](http://www.ytl.com) and has been released via the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com) in conjunction with the Annual Report.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Responsibilities of the Board

YTL Corp is led and managed by an experienced Board with a wide and varied range of expertise to address and manage the complexity and scale of the YTL Corp Group’s operations. This broad spectrum of skills and experience ensures the YTL Corp Group is under the guidance of an accountable and competent Board. The Directors recognise the key role they play in charting the strategic direction, development and control of the YTL Corp Group.

Key elements of the Board’s stewardship responsibilities include:

- Reviewing and adopting strategic plans for the YTL Corp Group to ensure long-term, sustainable value creation for the benefit of its stakeholders;

- Overseeing the conduct of the YTL Corp Group’s business operations and financial performance, including the economic, environmental and social impacts of its operations;
- Identifying and understanding the principal risks affecting the YTL Corp Group’s businesses in order to determine the appropriate risk appetite within which management is expected to operate;
- Maintaining a sound risk management and internal control framework, supported by appropriate mitigation measures;
- Succession planning; and
- Overseeing the development and implementation of shareholder communications policies.

The Board is led by the Chairman who is responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

There is a balance of power, authority and accountability between the Executive Chairman, Tan Sri Dato’ (Dr) Francis Yeoh Sock Ping, and the Managing Director, Dato’ Yeoh Seok Kian, with a clear division of responsibility between the running of the Board and the Company’s business respectively. The positions of Executive Chairman and Managing Director are separate and clearly defined, and are held by different members of the Board.

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, the orderly and effective conduct of the meetings of the Board and shareholders, maintaining a relationship of trust with and between the Executive and Non-Executive Directors, ensuring the provision of accurate, timely and clear information to Directors, facilitating the effective contribution of Non-Executive Directors and ensuring that constructive relations are maintained between Executive and Non-Executive Directors.

The Managing Director is responsible for, amongst others, overseeing the day-to-day running of the business, implementation of Board policies and strategies, and making of operational decisions, serving as the conduit between the Board and the Management in ensuring the success of the Company’s governance and management functions, ensuring effective communication with shareholders and relevant stakeholders, providing strong leadership, i.e., effectively communicating a vision, management philosophy and business strategy to employees, and keeping the Board informed of salient aspects and issues concerning the Group’s operations.

## Corporate Governance Overview Statement

for the financial year ended 30 June 2019

The Managing Director and Executive Directors are accountable to the Board for the profitability and development of the YTL Corp Group, consistent with the primary aim of enhancing long-term shareholder value. The Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions and the presence of these Independent Non-Executive Directors brings an additional element of balance to the Board as they do not participate in the day-to-day running of the YTL Corp Group.

The roles of Executive and Non-Executive Directors are differentiated, both having fiduciary duties towards shareholders. Executive Directors have a direct responsibility for business operations whereas Non-Executive Directors have the necessary skill and experience to bring an independent judgment to bear on issues of strategy, performance and resources brought before the Board. The Executive Directors are collectively accountable for the running and management of the YTL Corp Group's operations and for ensuring that strategies are fully discussed and examined, and take account of the long-term interests of shareholders, employees, customers, suppliers and the many communities in which the YTL Corp Group conducts its business.

In the discharge of their responsibilities, the Directors have established functions which are reserved for the Board and those which are delegated to management. Key matters reserved for the Board's approval include overall strategic direction, business expansion and restructuring plans, material acquisitions and disposals, expenditure over certain limits, issuance of new securities and capital alteration plans. Further information on authorisation procedures, authority levels and other key processes can also be found in the *Statement on Risk Management & Internal Control* set out in this Annual Report.

The Board believes sustainability is integral to the long-term success of the YTL Corp Group. Further information on the YTL Corp Group's sustainability activities can be found in YTL Corp's *Sustainability Report 2019*, a separate report published in conjunction with this Annual Report.

### Board Meetings and Procedures

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the YTL Corp Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. The Board met 6 times during the financial year ended 30 June 2019.

The Directors are fully apprised of the need to determine and disclose potential or actual conflicts of interest which may arise in relation to transactions or matters which come before the Board. In accordance with applicable laws and regulations, the Directors formally disclose any direct or indirect interests or conflicts of interests in such transactions or matters as and when they arise and abstain from deliberations and voting at Board meetings as required.

The Directors have full and unrestricted access to all information pertaining to the YTL Corp Group's business and affairs to enable them to discharge their duties. At least one week prior to each Board meeting, all Directors receive the agenda together with a comprehensive set of Board papers encompassing qualitative and quantitative information relevant to the business of the meeting. This allows the Directors to obtain further explanations or clarifications, where necessary, in order to be properly briefed before each meeting.

Board papers are presented in a consistent, concise and comprehensive format, and include, where relevant to the proposal put forward for the Board's deliberation, approval or knowledge, progress reports on the YTL Corp Group's operations and detailed information on corporate proposals, major fund-raising exercises and significant acquisitions and disposals. Where necessary or prudent, professional advisers may be on hand to provide further information and respond directly to Directors' queries. In order to maintain confidentiality, Board papers on issues that are deemed to be price-sensitive may be handed out to Directors during the Board meeting.

The minutes of the Board and/or Board Committee meetings are circulated and confirmed at the next meeting. Once confirmed, the minutes of the Board Committee meetings are subsequently presented to the Board for notation.

### Company Secretary

The Board is supported by a professionally qualified and competent Company Secretary. The Company Secretary, Ms Ho Say Keng, is a Fellow of the Chartered Association of Certified Accountants, a registered member of the Malaysian Institute of Accountants and an affiliate member of the Malaysian Institute of Chartered Secretaries and Administrators, and is qualified to act as Company Secretary under Section 235(2)(a) of the Companies Act 2016.

The Company Secretary ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors'



## Corporate Governance Overview Statement

for the financial year ended 30 June 2019

responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with Management for timely and appropriate information, which will then be passed on to the Directors. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.

During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties. The Company Secretary also carried out an ongoing review of existing practices in comparison with the new measures introduced in the Code.

### Board Charter

The Board's functions are governed and regulated by its Charter, the Constitution of the Company and the various applicable legislation, Listing Requirements and other regulations and codes. The Board's Charter was formalised during the financial year ended 30 June 2014 and a copy can be found under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com). The Board Charter clearly sets out the role and responsibilities of the Board, Board committees, Directors and Management and the issues and decisions reserved for the Board. The Board Charter is reviewed and updated periodically when necessary.

### Business Conduct and Ethics

The Directors observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment. YTL Corp has an established track record for good governance and ethical conduct. During the financial year under review, the Code of Conduct and Ethics which also sets out the whistleblowing policy and procedures, was formalised by the YTL Group of Companies and a copy can be found on the Company's website at [www.ytl.com](http://www.ytl.com).

### Composition of the Board

During the financial year under review up to 12 June 2019, the Board consisted of 12 Directors, comprising 8 executive members and 4 non-executive members. There were 4 Independent Directors comprising 33.3% of the Board, in compliance with the Listing Requirements, which require one-third of the Board to be independent.

On 12 June 2019, Mr Eu Peng Meng @ Leslie Eu, an Independent Non-Executive Director, resigned from the Board. On 5 September 2019, Puan Raja Noorma Binti Raja Othman was appointed as an Independent Non-Executive Director. As a result, the Independent Directors currently comprise 33.3% of the Board, in compliance with the Listing Requirements, which require one-third of the Board to be independent.

The Directors are cognisant of the recommendation in the Code for the Board to comprise a majority of independent directors, and will assess the composition and size of the Board on an ongoing basis to ensure the needs of the Company are met. The Board is of the view that the current Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions, and act in the best interests of the shareholders.

There is currently one Independent Non-Executive Director, Dato' Cheong Keap Tai, who has served on the Board for a period exceeding the nine-year term limit recommended in the Code. In accordance with current practice, approval through a vote of all shareholders via the single-tier voting process will continue to be sought at the forthcoming thirty-sixth Annual General Meeting ("AGM") of YTL Corp for Dato' Cheong Keap Tai to continue to serve as an Independent Non-Executive Director. Further information on the review and assessment process can be found in the *Nominating Committee Statement*, whilst details of the resolution, together with the rationale for approval sought, can be found in the *Notice of Annual General Meeting* in this Annual Report.

In accordance with the Company's Constitution, at least one-third of the Directors are required to retire from office at each AGM and may offer themselves for re-election by rotation. Directors who are appointed by the Board during the financial year are subject to re-election by shareholders at the next AGM held following their appointments.

The names of Directors seeking re-election at the forthcoming AGM are disclosed in the *Notice of Annual General Meeting*, which can be found in this Annual Report. The details of the Directors can be found in the *Profile of the Board of Directors* set out in this Annual Report and this information is also available under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com).

## Corporate Governance Overview Statement

for the financial year ended 30 June 2019

### Board and Senior Management Appointments

The Nominating Committee is chaired by an Independent Non-Executive Director and is responsible for assessing suitable candidates for appointment to the Board for approval, taking into account the required mix of skills, diversity, experience and expertise of members of the Board before submitting its recommendation to the Board for decision. Nevertheless, in identifying future candidates, the Board will also endeavour to utilise independent sources including external human resources consultants and specialised databases, as appropriate.

Meanwhile, members of senior management are selected based on relevant industry experience, with due regard for diversity in skills, experience, age, background and gender, and are appointed by the Executive Chairman and/or the Managing Director following recommendation by the Executive Director in charge of the relevant division.

As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently there are three female Directors comprising 25.0% of the Board and, therefore, the Board has not met the target of 30% women directors set out in the Code.

However, the Directors understand the importance of having a diverse Board to leverage on varying perspectives, experience and expertise required to achieve effective stewardship and management. The Board intends to continue its current approach to support diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the YTL Corp Group.

### Evaluation of the Board

Annual evaluation of the Board as a whole, Board Committees and the individual Directors is carried out by the Nominating Committee. 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 whether the Board and the Directors had effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs, in addition to recommending areas for improvement.

The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms comprising a Board and Nominating Committee Effectiveness Evaluation Form, Individual Director Performance Evaluation Form, Independent Directors' Evaluation Form, Audit Committee Effectiveness Evaluation Form and Audit Committee Members Evaluation by Nominating Committee Form. As recommended in the Code, the Board will endeavour to utilise independent experts to facilitate the evaluation process, as and when appropriate. Further information on the activities of the Nominating Committee can be found in the *Nominating Committee Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com).

### Remuneration

Directors' remuneration is decided in line with the objective recommended by the Code to determine the remuneration for Directors so as to attract, retain, motivate and incentivise Directors of the necessary calibre to lead the YTL Corp Group successfully. In general, the remuneration of the Directors is reviewed against the performance of the individual and the YTL Corp Group. The Executive Directors' remuneration consists of basic salary, other emoluments and other customary benefits as appropriate to a senior management member. The component parts of remuneration are structured so as to link rewards to performance. Directors do not participate in decisions regarding their own remuneration packages and Directors' fees must be approved by shareholders at the AGM.

The Board does not currently have a separate committee to perform this function but will target to establish a remuneration committee within the next year.

Details of the Directors' remuneration categorised into appropriate components can be found in *Note 7* in the *Notes to the Financial Statements* in this Annual Report. Meanwhile, as regards the remuneration of the YTL Corp Group's senior management team, the Board is of the view that the disclosure of these details would not be in the best interests of YTL Corp Group due to confidentiality and the competitive nature of the industries in which the YTL Corp Group operates, as well as for business and personal security reasons.

### Board Commitment

In accordance with the Listing Requirements, each member of the Board holds not more than five directorships in public listed companies. This ensures that their commitment, resources and

## Corporate Governance Overview Statement

for the financial year ended 30 June 2019

time are focused on the affairs of the YTL Corp Group thereby enabling them to discharge their duties effectively.

Presently, each Board member is required to assess (via the annual assessment process) whether he/she devotes the necessary time and energy to fulfilling his/her commitments to the Company. The Board recognises that an individual's capacity for work varies depending on various factors that weigh very much on his/her own assessment. Hence, having rigid protocols in place before any new directorships may be accepted is not practical. Each Board member is also expected to inform the Board whenever he/she is appointed as an officer of a corporation.

The details of each Director's attendance of Board meetings can be found in the *Profile of the Board of Directors* whilst details of the training programmes attended during the year under review are disclosed in the *Nominating Committee Statement* in this Annual Report. This information is also available under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com).

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Integrity in Financial Reporting

The Directors are responsible for ensuring that financial statements are drawn up in accordance with the Listing Requirements, Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The *Statement of Directors' Responsibilities* made pursuant to Section 248-249 of the Companies Act 2016 is set out in this Annual Report.

In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, to present a true and fair assessment of the Company's position and prospects. Interim financial reports were reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities.

#### Audit Committee

During the financial year under review up to 12 June 2019, the Audit Committee comprised 3 Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code, namely Mr Eu Peng Meng @ Leslie Eu, Dato' Cheong Keap Tai and Dato' Ahmad Fuaad Bin Mohd Dahalan. The Chairman of the Audit Committee was Mr Eu Peng Meng @ Leslie Eu, in accordance with the recommendation under the Code that the chairman of the audit committee should not be the chairman of the Board.

Mr Eu Peng Meng @ Leslie Eu resigned from the Board on 12 June 2019. On 5 September 2019, Encik Faiz Bin Ishak was appointed as member of the Audit Committee, while Dato' Cheong Keap Tai was redesignated as the Chairman of the Audit Committee. Therefore, the Audit Committee currently comprises 3 Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code, and fulfils the recommendation under the Code that the chairman of the audit committee should not be the chairman of the Board.

The members of the Audit Committee possess a wide range of necessary skills to discharge their duties, and are financially literate and able to understand matters under the purview of the Audit Committee including the financial reporting process. The members of the Audit Committee also intend to continue to undertake professional development by attending training to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

The Audit Committee holds quarterly meetings to review matters including the YTL Corp Group's financial reporting, the audit plans for the financial year and recurrent related party transactions, as well as to deliberate the findings of the internal and external auditors.

The Audit Committee met 6 times during the financial year ended 30 June 2019. Full details of the composition and a summary of the work carried out by the Audit Committee during the financial year can be found in the *Audit Committee Report* set out in this Annual Report. This information and the terms of reference of the Audit Committee are available under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com).

The Audit Committee has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors, HLB Ler Lum PLT ("HLB"). The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders.

The Terms of Reference of the Audit Committee include the establishment of policies to assess the suitability, objectivity and independence of external auditors. During the financial year under review, formal policies to assess the suitability, objectivity and independence of the external auditors were established. These policies also include a requirement that a former key audit partner must observe a cooling-off period of two years before being appointed as a member of the Audit Committee. However, none

## Corporate Governance Overview Statement

for the financial year ended 30 June 2019

of the Audit Committee members were formerly audit partners of YTL Corp's external auditors.

Details of the audit and non-audit fees paid/payable to HLB for the financial year ended 30 June 2019 are as follows:-

	Company RM'000	Group RM'000
Statutory audit fees paid/ payable to HLB	248	2,243
Non-audit fees paid/ payable to:-		
- HLB	16	125
- Affiliates of HLB	12	325
<b>Total</b>	<b>28</b>	<b>450</b>

### Risk Management & Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the YTL Corp Group's assets, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

Details of the YTL Corp Group's system of risk management and internal control are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

### Internal Audit

YTL Corp's internal audit function is undertaken by its Internal Audit department ("YTLIA"), which reports directly to the Audit Committee. The Head of YTLIA, Mr Choong Hon Chow, is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered Certified Accountants (ACCA) UK. He started his career with the external audit division of a large public accounting firm before moving on to the internal audit profession in public listed companies and gained valuable and extensive internal audit experiences covering many areas of diversified commercial businesses and activities. He has a total of 36 years of internal and external audit experience.

YTLIA comprises 7 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

The internal audit function adopts the framework based on the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

The activities of the internal audit function during the year under review included:-

- Developing the annual internal audit plan and proposing this plan to the Board;
- Conducting scheduled internal audit engagements, focusing primarily on the effectiveness of internal controls and recommending improvements where necessary;
- Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in audit reports; and
- Presenting audit findings to the Board for consideration.

Further details of the YTL Corp Group's internal audit function are contained in the *Statement on Risk Management & Internal Control* and the *Audit Committee Report* as set out in this Annual Report.

## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### Communication with Shareholders

The YTL Corp Group values dialogue with investors and constantly strives to improve transparency by maintaining channels of communication with shareholders and investors that enable the Board to convey information about performance, corporate strategy and other matters affecting stakeholders' interests. The Board believes that a constructive and effective investor relationship is essential in enhancing shareholder value and recognises the importance of timely dissemination of information to shareholders.

Accordingly, the Board ensures that shareholders are kept well-informed of any major development of the YTL Corp Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites. Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the Company's corporate website at [www.ytl.com](http://www.ytl.com) and the YTL Corp Group's community website at [www.ytl.com](http://www.ytl.com)

## Corporate Governance Overview Statement

for the financial year ended 30 June 2019

[www.ytlcommunity.com](http://www.ytlcommunity.com), in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

The Executive Chairman, Managing Director and the Executive Directors meet with analysts, institutional shareholders and investors throughout the year not only to promote the dissemination of the YTL Corp Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL Corp Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL Corp Group's performance and major development programs.

Whilst efforts are made to provide as much information as possible to its shareholders and stakeholders, the Directors are cognisant of the legal and regulatory framework governing the release of material and sensitive information so as to not mislead its shareholders. Therefore, the information that is price-sensitive or that may be regarded as undisclosed material information about the YTL Corp Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

### Conduct of General Meetings

The AGM is the principal forum for dialogue with shareholders. The Board provides opportunities for shareholders to raise questions pertaining to issues in the Annual Report, corporate developments in the YTL Corp Group, the resolutions being proposed and the business of the YTL Corp Group in general at every general meeting of the Company.

The Notice of the AGM and a circular to shareholders in relation to the renewal of the Company's share buy-back and recurrent related party transactions mandates, if applicable, are sent to shareholders at least 28 days prior to the AGM in accordance with the Code, which also meets the criteria of the Listing Requirements and Companies Act 2016, which require the Notice of AGM to be sent 21 days prior to the AGM. This provides shareholders with sufficient time to review the YTL Corp Group's financial and operational performance for the financial year and to fully evaluate new resolutions being proposed to make informed voting decisions at the AGM.

The Executive Chairman, Managing Director and Executive Directors take the opportunity to present a comprehensive review of the progress and performance of the YTL Corp Group and provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the YTL Corp Group's business operations, strategy and goals. The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings.

Extraordinary general meetings are held as and when required to seek shareholders' approval. The Executive Chairman, Managing Director and Executive Directors take the opportunity to fully explain the rationale for proposals put forth for approval and the implications of such proposals for the Company and to reply to shareholders' questions.

Voting in absentia is not applied as general meetings are always held at easily accessible locations, in the centre of Kuala Lumpur. Shareholders who are unable to attend the meetings can appoint a proxy to vote on their behalf.

Where applicable, each item of special business included in the notice of the meeting is accompanied by an explanatory statement for the proposed resolution to facilitate full understanding and evaluation of the issues involved. All resolutions are put to vote by electronic poll voting and an independent scrutineer is appointed to verify poll results. The results of the electronic poll voting are announced in a timely manner, usually within half an hour of the voting process to enable sufficient time for the results to be tabulated and verified by the independent scrutineer.

The rights of shareholders, including the right to demand for a poll, are found in the Constitution of the Company. At the 35<sup>th</sup> AGM of the Company, held on 12 December 2018, the resolutions put forth for shareholders' approval were voted on by way of a poll.

This statement and the CG Report were approved by the Board of Directors on 26 September 2019.

# Statement on Risk Management & Internal Control

for the financial year ended 30 June 2019

During the financial year under review, YTL Corporation Berhad ("YTL Corp" or "Company") and its subsidiaries ("YTL Corp Group") continued to enhance the YTL Corp Group's system of internal control and risk management, to comply with the applicable provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and practices of the Malaysian Code on Corporate Governance ("Code").

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the assets of the YTL Corp Group, and that these controls are designed to provide reasonable, but not absolute, assurance against the risk of occurrence of material errors, fraud or losses.

## RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for maintaining a sound system of risk management and internal control which includes the establishment of an appropriate control environment framework to address the need to safeguard shareholders' investments and the assets of the YTL Corp Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management. However, the Board recognises that reviewing the YTL Corp Group's system of risk management and internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

The Board believes that the YTL Corp Group's system of risk management and internal control, financial or otherwise in place for the financial year under review, should provide reasonable assurance regarding the achievement of the objectives of ensuring effectiveness and efficiency of operations, reliability and transparency of financial information and compliance with laws and regulations.

## PRINCIPAL FEATURES OF THE YTL CORP GROUP'S SYSTEM OF INTERNAL CONTROL

The Board is committed to maintaining a sound internal control structure that includes processes for continuous monitoring and review of effectiveness of control activities, and to govern the manner in which the YTL Corp Group and its staff conduct themselves. The principal features which formed part of the YTL Corp Group's system of internal control can be summarised as follows:-

- **Authorisation Procedures:** The YTL Corp Group has a clear definition of authorisation procedures and a clear line of accountability, with strict authorisation, approval and control procedures within the Board and the senior management. Responsibility levels are communicated throughout the YTL Corp Group which set out, among others, authorisation levels, segregation of duties and other control procedures to promote effective and independent stewardship in the best interests of shareholders.
- **Authority Levels:** The YTL Corp Group has delegated authority levels for major tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions to the Executive Chairman/Managing Directors/Executive Directors. The approval of capital and revenue proposals above certain limits is reserved for decision by the Board. Other investment decisions are delegated for approval in accordance with authority limits. Comprehensive appraisal and monitoring procedures are applied to all major investment decisions.

The authority of the Directors is required for decisions on key treasury matters including financing of corporate and investment funding requirements, foreign currency and interest rate risk management, investments, insurance and designation of authorised signatories.

- **Financial Performance:** Interim financial results are reviewed by the Audit Committee and approved by the Board upon recommendation of the Audit Committee before release to Bursa Securities. The full year financial results and analyses of the YTL Corp Group's state of affairs are disclosed to shareholders after review and audit by the external auditors.

## Statement on Risk Management & Internal Control

for the financial year ended 30 June 2019

- **Internal Compliance:** The YTL Corp Group monitors compliance with its internal financial controls through management reviews and reports which are internally reviewed by key personnel to enable it to gauge achievement of annual targets. Updates of internal policies and procedures are undertaken to reflect changing risks or resolve operational deficiencies, as well as changes to legal and regulatory compliance requirements relevant to the YTL Corp Group. Internal audit visits are systematically arranged over specific periods to monitor and scrutinise compliance with procedures and assess the integrity of financial information provided.

### KEY PROCESSES OF THE YTL CORP GROUP'S SYSTEM OF INTERNAL CONTROL

The key processes that the Board has established to review the adequacy and integrity of the system of internal control are as follows:-

- **Internal Audit Function:** The YTL Corp Group's internal audit function is carried out by its Internal Audit department ("YTLIA"), which provides assurance on the efficiency and effectiveness of the internal control systems implemented by Management, and reports directly to the Audit Committee. A description of the work of the internal audit function can be found in the *Audit Committee Report*, whilst additional details about the personnel and resources of YTLIA are contained in the *Corporate Governance Overview Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at [www.ytl.com](http://www.ytl.com).

YTLIA operates independently of the work it audits and provides periodic reports to the Audit Committee, reporting on the outcome of the audits conducted which highlight the effectiveness of the system of internal control and significant risks. The Audit Committee reviews and evaluates the key concerns and issues raised by YTLIA and ensures that appropriate and prompt remedial action is taken by management.

None of the weaknesses or issues identified during the review for the financial year has resulted in non-compliance with any relevant policies or procedures, listing requirements or recommended industry practices that would require disclosure in the Company's Annual Report.

The companies of the Wessex Water Limited group ("Wessex Water") based in the United Kingdom ("UK") were not covered by the internal audit process discussed above. Wessex Water's operations are subject to stringent financial and operational controls imposed by its regulator, the UK Water Services Regulation Authority (known as Ofwat), a government body, and by its regulatory licence. Wessex Water Services Limited ("WWSL") possesses its own internal audit department. The internal audit department reports to WWSL's audit committee, which has the responsibility to ensure the preservation of good financial practices and monitor the controls that are in place to ensure the integrity of those practices. It reviews the annual financial statements and provides a line of communication between the board of directors and the external auditors. It has formal terms of reference which deal with its authorities and duties, and its findings are presented to the audit committee of the Wessex Water Group's parent company, YTL Power International Berhad ("YTL Power"), a listed subsidiary of YTL Corp.

Similarly, the companies of the YTL PowerSeraya Pte Limited group ("YTL PowerSeraya"), which are subsidiaries of YTL Power, based in Singapore, were also not covered by YTLIA. YTL PowerSeraya's operations are subject to stringent financial and operational controls imposed by its regulator, the Energy Market Authority (EMA), a statutory board under the Minister of Trade and Industry of Singapore. YTL PowerSeraya outsourced its internal audit functions to a reputable professional firm which reports to its audit committee, and its findings are also presented to YTL Power's audit committee. YTL PowerSeraya has the responsibility to ensure that the internal controls and systems in place are maintained to provide reasonable assurance as to the integrity and reliability of its financial statements.

The system of internal control will continue to be reviewed, enhanced and updated in line with changes in the operating environment. The Board will seek regular assurance on the continuity and effectiveness of the internal control system through appraisals by YTLIA. The Board is of the view that the current system of internal control in place throughout the YTL Corp Group is effective to safeguard its interests.

## Statement on Risk Management & Internal Control

for the financial year ended 30 June 2019

- **Senior Management Meetings:** The YTL Corp Group conducts regular meetings of the senior management which comprises the Executive Chairman/Managing Directors/Executive Directors and divisional heads. The purpose of these meetings is to deliberate and decide upon urgent company matters. Decisions can then be effectively communicated to all relevant staff levels in a timely manner. From these meetings, the management is able to identify significant operational and financial risks of the business units concerned.
- **Treasury Meetings:** Management meetings are convened to review, identify, discuss and resolve significant financial and treasury matters and to monitor the financial standing of the YTL Corp Group. These meetings are conducted on a regular basis to ensure that any new financial developments and/or areas of concern are highlighted early and can be dealt with promptly. The members of this meeting comprise at least the YTL Corp Group Executive Chairman, Managing Directors, Executive Directors and senior managers.
- **Site Visits:** The Managing Directors/Executive Directors undertake visits to production and operating units and property development sites and communicate with various levels of staff to gauge first-hand the effectiveness of strategies discussed and implemented. This is to ensure that management and the respective Managing Directors/Executive Directors maintain a transparent and open channel of communication for effective operation.

### KEY FEATURES & PROCESSES OF THE YTL CORP GROUP'S RISK MANAGEMENT FRAMEWORK

The YTL Corp Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business. This is exemplified by the YTL Corp Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include YTL Power's wholly-owned subsidiaries, Wessex Water and YTL PowerSeraya, as well as its interests in ElectraNet Pty Ltd, P.T. Jawa Power and Attarat Power Company PSC. These assets share common characteristics of highly predictable operating costs and revenue streams, which in turn generate stable and predictable cash flows and profits, underpinned by an established regulatory environment in their respective markets of operation.

The Board acknowledges that all areas of the YTL Corp Group's business activities involve some degree of risk. The YTL Corp Group is committed to ensuring that there is an effective risk management framework which allows management to manage risks within defined parameters and standards, and promotes profitability of the YTL Corp Group's operations in order to enhance shareholder value.

The Board assumes overall responsibility for the YTL Corp Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the YTL Corp Group is an ongoing process which is undertaken by the senior management at each level of operations and by the Audit Committee, which assesses and analyses these findings and reports to the Board. At the same time, YTLIA, in the performance of its internal audit function, will identify and evaluate any significant risks faced by the YTL Corp Group and report these findings to the Audit Committee. During the financial year under review, the Board's functions in the risk management framework were exercised primarily by the Managing Directors/Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

The YTL Corp Group's activities expose it to a variety of financial risks, including market risk (comprising foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The YTL Corp Group's overall financial risk management objective is to ensure that the YTL Corp Group creates value for its shareholders. The YTL Corp Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance. Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to the YTL Corp Group's financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment framework. Further discussion and details on the YTL Corp Group's risk management is contained in the *Management Discussion & Analysis* in this Annual Report.



## Statement on Risk Management & Internal Control

for the financial year ended 30 June 2019

Management is responsible for creating a risk-aware culture within the YTL Corp Group and for the identification and evaluation of significant risks applicable to their areas of business, together with the design and operation of suitable internal controls. These risks are assessed on a continual basis and may be associated with a variety of internal and external sources including control breakdowns, disruption in information systems, competition, natural catastrophe and regulatory requirements. Significant changes in the business and the external environment which affect significant risks will be reported by the management to the Board in developing a risk mitigation action plan. Where areas for improvement in the system are identified, the Board considers the recommendations made by the Audit Committee and the internal auditors.

The Board will pursue its ongoing process of identifying, assessing and managing key business, operational and financial risks faced by its business units as well as regularly reviewing planned strategies to determine whether risks are mitigated and well-managed, and to ensure compliance with the guidelines issued by the relevant authorities. This is to ensure the YTL Corp Group is able to respond effectively to the constantly changing business environment in order to protect and enhance stakeholders' interests and shareholder value.

### REVIEW BY EXTERNAL AUDITORS

The external auditors, HLB Ler Lum PLT, have reviewed this Statement on Risk Management & Internal Control for inclusion in the Annual Report for the financial year ended 30 June 2019, in compliance with Paragraph 15.23 of the Listing Requirements, and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal controls.

### CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the YTL Corp Group is sound and effective. The monitoring, review and reporting arrangements in place give reasonable assurance that the structure and operation of controls are appropriate for the YTL Corp Group's operations and that risks are at an acceptable level throughout its businesses. The Managing Director is primarily responsible for the financial management of YTL Corp and has provided assurance to the Board that the YTL Corp Group's risk management and internal control system is operating adequately and effectively. Reviews of all the control procedures will be continuously carried out to ensure the ongoing effectiveness and adequacy of the system of risk management and internal control, so as to safeguard shareholders' investments and the YTL Corp Group's assets.

This statement was approved by the Board of Directors on 26 September 2019.

# Analysis of Shareholdings

as at 23 September 2019

Class of shares : Ordinary Shares

Voting rights : One vote per shareholder on a show of hands or one vote per ordinary share on a poll

## DISTRIBUTION OF SHAREHOLDINGS

Size of holding	No. of Shareholders	%	No. of Shares <sup>#</sup>	%
Less than 100	3,129	9.54	105,055	0.00
100 - 1,000	4,149	12.65	2,089,932	0.02
1,001 - 10,000	15,775	48.10	61,553,800	0.58
10,001 - 100,000	8,213	25.04	231,958,532	2.18
100,001 to less than 5% of issued shares	1,528	4.66	5,031,099,672	47.22
5% and above of issued shares	2	0.01	5,326,689,274	50.00
<b>Total</b>	<b>32,796</b>	<b>100.00</b>	<b>10,653,496,265</b>	<b>100.00</b>

<sup>#</sup> Excluding 341,862,418 shares bought back and retained by the Company as treasury shares.

## THIRTY LARGEST SHAREHOLDERS

(without aggregating securities from different securities accounts belonging to the same person)

Name	No. of Shares	%
1 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	4,704,491,387	44.16
2 Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	622,197,887	5.84
3 HSBC Nominees (Asing) Sdn Bhd - Credit Suisse (Hong Kong) Limited	490,215,221	4.60
4 RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd	460,000,000	4.32
5 Amanahraya Trustees Berhad - Amanah Saham Bumiputera	284,237,844	2.67
6 Jamaican Gold Limited	261,798,317	2.46
7 Tien Shia International Limited	217,078,398	2.04
8 Orchestral Harmony Limited	196,796,355	1.85
9 Steeloak International Limited	183,087,748	1.72
10 Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	137,552,943	1.29
11 Bara Aktif Sdn Bhd	115,217,861	1.08
12 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	99,427,095	0.93
13 State Secretary, Pahang	96,591,400	0.91
14 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	93,460,901	0.88
15 HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	71,210,010	0.67
16 HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	70,269,997	0.66

## Analysis of Shareholdings

as at 23 September 2019

Name	No. of Shares	%
17 Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	60,663,850	0.57
18 Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	58,704,211	0.55
19 Dato' Yeoh Seok Kian	56,621,344	0.53
20 Dato' Yeoh Soo Keng	55,213,386	0.52
21 RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hasil Mayang Sdn Bhd	54,725,584	0.51
22 Citigroup Nominees (Tempatan) Sdn Bhd - Valuecap Sdn Bhd	53,389,600	0.50
23 Dato' Yeoh Soo Min	52,833,890	0.50
24 Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	50,047,400	0.47
25 Yeoh Tiong Lay & Sons Holdings Sdn Bhd	49,670,371	0.47
26 Citigroup Nominees (Asing) Sdn Bhd - Exempt an for Citibank New York (Norges Bank 14)	43,474,500	0.41
27 Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	43,234,144	0.41
28 Cartaban Nominees (Tempatan) Sdn Bhd - Pamb for Prulink Equity Fund	42,464,000	0.40
29 Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC	38,754,317	0.36
30 Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	35,783,232	0.34
<b>Total</b>	<b>8,799,213,193</b>	<b>82.62</b>

## SUBSTANTIAL SHAREHOLDERS

(as per register of substantial shareholders)

Name	No. of Shares Held			
	Direct	%	Indirect	%
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	5,326,835,800	50.00	-	-
Yeoh Tiong Lay & Sons Family Holdings Limited	-	-	5,326,835,800 <sup>(1)</sup>	50.00
Yeoh Tiong Lay & Sons Trust Company Limited	-	-	5,326,835,800 <sup>(2)</sup>	50.00
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	137,552,943	1.29	5,326,835,800 <sup>(3)</sup>	50.00
Employees Provident Fund Board	658,782,583	6.18	-	-

<sup>(1)</sup> Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

<sup>(2)</sup> Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Family Holdings Limited in its capacity as trustee.

<sup>(3)</sup> Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 arising from her beneficial interest (held through Yeoh Tiong Lay & Sons Trust Company Limited in its capacity as trustee) in Yeoh Tiong Lay & Sons Family Holdings Limited.

# Statement of Directors' Interests

in the Company and Related Corporations as at 23 September 2019

## THE COMPANY

### YTL Corporation Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	142,661,239	1.35	-	-
Dato' Yeoh Seok Kian	56,621,344	0.53	13,447,566 <sup>(1)</sup>	0.13
Dato' Yeoh Soo Min	52,833,890	0.50	2,111,960 <sup>(1)(2)</sup>	0.02
Dato' Yeoh Seok Hong	52,425,780	0.49	24,020,752 <sup>(1)</sup>	0.23
Dato' Sri Michael Yeoh Sock Siong	-	-	75,092,727 <sup>(1)(3)</sup>	0.70
Dato' Yeoh Soo Keng	56,213,386	0.53	773,378 <sup>(1)</sup>	0.01
Dato' Mark Yeoh Seok Kah	20,482,775	0.19	4,085,708 <sup>(1)</sup>	0.04
Syed Abdullah Bin Syed Abd Kadir	9,592,215	0.09	20,034 <sup>(1)</sup>	*

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	17,000,000	12,000,000 <sup>(1)</sup>
Dato' Yeoh Seok Kian	15,000,000	6,000,000 <sup>(1)</sup>
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	-
Dato' Yeoh Soo Min	15,000,000	2,000,000 <sup>(1)</sup>
Dato' Yeoh Seok Hong	15,000,000	12,000,000 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-
Dato' Yeoh Soo Keng	15,000,000	-
Dato' Mark Yeoh Seok Kah	15,000,000	-
Syed Abdullah Bin Syed Abd Kadir	2,000,000	-

## SUBSIDIARY COMPANIES

### YTL Power International Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	20,013,596	0.26	90,780 <sup>(1)</sup>	*
Dato' Yeoh Seok Kian	10,612,987	0.14	11,809,578 <sup>(1)</sup>	0.15
Dato' Yeoh Soo Min	17,199,678	0.22	3,829,577 <sup>(1)(2)</sup>	0.05
Dato' Yeoh Seok Hong	102,945,219	1.34	5,115,520 <sup>(1)</sup>	0.07
Dato' Sri Michael Yeoh Sock Siong	-	-	17,047,448 <sup>(1)(3)</sup>	0.22
Dato' Yeoh Soo Keng	15,939,576	0.21	185,818 <sup>(1)</sup>	*
Dato' Mark Yeoh Seok Kah	9,575,718	0.12	1,443,626 <sup>(1)</sup>	0.02
Syed Abdullah Bin Syed Abd Kadir	2,429,425	0.03	561 <sup>(1)</sup>	*

## Statement of Directors' Interests

in the Company and Related Corporations as at 23 September 2019

### SUBSIDIARY COMPANIES

#### YTL Power International Berhad

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	17,000,000	-
Dato' Yeoh Seok Kian	15,000,000	-
Dato' Yeoh Soo Min	13,000,000	-
Dato' Yeoh Seok Hong	10,000,000	4,500,000 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-
Dato' Yeoh Soo Keng	13,000,000	-
Dato' Mark Yeoh Seok Kah	15,000,000	-
Syed Abdullah Bin Syed Abd Kadir	4,000,000	-

#### Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad)

Name	No. of Shares Held			
	Direct	%	Indirect	%
Dato' Sri Michael Yeoh Sock Siong	-	-	2,100 <sup>(1)</sup>	*

#### YTL Corporation (UK) PLC

Name	No. of Shares Held	
	Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	1	*

#### YTL Construction (Thailand) Limited

Name	No. of Shares Held	
	Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	1	0.01
Dato' Yeoh Seok Kian	1	0.01
Dato' Yeoh Seok Hong	1	0.01
Dato' Sri Michael Yeoh Sock Siong	1	0.01
Dato' Mark Yeoh Seok Kah	1	0.01

## Statement of Directors' Interests

in the Company and Related Corporations as at 23 September 2019

### Samui Hotel 2 Co. Ltd

Name	No. of Shares Held	
	Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	1	*
Dato' Mark Yeoh Seok Kah	1	*

### Related Corporation

#### Syarikat Pelancongan Seri Andalan (M) Sdn Bhd

Name	No. of Shares Held	
	Direct	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	1	*

\* Negligible

<sup>(1)</sup> Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016.

<sup>(2)</sup> Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

<sup>(3)</sup> Deemed interests by virtue of interests held by Hasil Mayang Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

Other than as disclosed above, none of the other Directors held any interest in shares of the Company or its related corporations.

# List of Properties

as at 30 June 2019

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq.m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2019 (RM'000)	Date of Acquisition
Ngee Ann City Property, 391/391B Orchard Road, Singapore 238874 <sup>^</sup>	69 years 4 months and 12 days commencing from 20 November 2002	26,846.4 sq.m.	4 strata lots in Ngee Ann City representing 27.23% of the total share value of the strata lots in Ngee Ann City, located on: a) Part of Basement 1, Basement 2 and Level 1 to Level 5 of the retail podium block; b) Part of Level 13 and the whole of Level 14 to Level 19 of Tower B (office); and c) Whole of Level 21 to Level 24 of Tower B (office)	40,210	26	31.03.2072	3,480,122	20.09.2005
Wisma Atria Property, 435 Orchard Road, Singapore 238877 <sup>^</sup>	99 years commencing from 1 April 1962	8,218.7 sq.m.	257 strata lots in Wisma Atria representing 74.23% of the total share value of the strata lots in Wisma Atria. Wisma Atria is a building comprising a podium block with 4 levels and 1 basement level of retail space, 3 levels of car parking space and 13 levels of office space in the office block	21,161	33	31.03.2061	2,990,826	20.09.2005
3 Orchard Boulevard, 3 Orchard By-the-Park, Singapore, 248653	Freehold	1.427 acres	63 units of 3 Orchard By-The-Park Residential	14,753	-	-	1,595,960	22.11.2007
Lot 1 in Deposited Plan 804285 in the Local Government Area of Sydney, Parish of St James, County of Cumberland <sup>®</sup>	Freehold	3,084 sq.m.	33-storey hotel building with central atrium comprising 595 rooms including 3 levels of basement with car parking bays	47,276	30	-	1,447,848	29.11.2012
Myer Centre Adelaide, 14-38 Rundle Mall, Adelaide, Australia <sup>^</sup>	Freehold	10,450 sq.m.	8-storey retail centre with 3 office buildings and 4 basement levels	55,338.8 (Net Lettable Area)	28	Freehold	870,413	18.05.2015
Starhill Gallery, 181 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia <sup>^</sup>	Freehold	12,338 sq.m.	Shopping centre comprising part of a 7-storey building with 5 basements and a 12-storey annex building with 3 basements	76,210	24	Freehold	665,040	28.06.2010
Filton Airfield, Filton, Bristol	Freehold	1,416,400 sq.m.	Disused Airfield and Hangars	-	-	-	501,228	01.12.2015

## List of Properties

as at 30 June 2019

Location	Tenure	Land Area	Description and Existing Use	Built up Area (sq.m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2019 (RM'000)	Date of Acquisition
David Jones Building, 622-648 Hay Street Mall, Perth, Australia <sup>^</sup>	Freehold	6,640 sq.m.	4-storey heritage-listed building for retail use	24,069.3 (Gross Lettable Area)	17	Freehold	484,529	20.01.2010
Lot 10 Property, 50 Jalan Sultan Ismail, 50250 Kuala Lumpur, Malaysia <sup>^</sup>	99 years	10,139 sq.m.	137 strata parcels and 2 accessory parcels within Lot 10 shopping centre	39,984	29	29.07.2076	460,000	28.06.2010
HS (D) 460/88 PT 1122 <sup>#</sup>	Leasehold	59.79 acres	Cement plant	-	-	Year 2087	413,929	30.07.1998
HS (D) 461/88 PT 1123 <sup>#</sup>	Leasehold	0.9864 acres	Cement plant	-	-	Year 2087		30.07.1988
HS (D) 2675 PT 1327 <sup>#</sup>	Leasehold	22.21 acres	Cement plant	-	-	Year 2095		17.04.1996
HS (D) 3705 PT 1417 <sup>#</sup>	Leasehold	1.46 acres	Warehouse & depot	-	-	Year 2096		29.12.1997
HS (D) 3706 PT 1418 <sup>#</sup>	Leasehold	14.55 acres	Cement plant	-	-	Year 2096		29.12.1997
HS (D) 2676 PT 1328 <sup>#</sup>	Leasehold	8.20 acres	Cement plant	-	-	Year 2095		17.04.1996
HS (D) 2677 PT 1329 <sup>#</sup>	Leasehold	30.25 acres	Cement plant	-	-	Year 2095		17.04.1996
HS (D) 2678 PT 1330 <sup>#</sup>	Leasehold	102.33 acres	Cement plant	-	-	Year 2095		17.04.1996
HS (D) 2679 PT 1331 <sup>#</sup>	Leasehold	130.97 acres	Cement plant	-	-	Year 2026		17.04.1996
HS (D) 2680 PT 1332 <sup>#</sup>	Leasehold	14.41 acres	Cement plant	-	-	Year 2026		17.04.1996
HS (D) 2735 PT 1326 <sup>#</sup>	Leasehold	28.24 acres	Staff quarter building	-	-	Year 2095		29.05.1996
HS (D) 2737 PT 417 <sup>#</sup>	Leasehold	28.17 acres	Cement plant	-	-	Year 2095		27.06.1996
HS (D) 2681 PT 1333 <sup>#</sup>	Leasehold	278.24 acres	Cement plant	-	-	Year 2026		17.04.1996
HS (D) 4170 PT 1419 <sup>#</sup>	Leasehold	30.06 acres	Cement plant	-	-	Year 2097		15.09.1998
HS (D) 4171 PT 1420 <sup>#</sup>	Leasehold	3.54 acres	Cement plant	-	-	Year 2097		15.09.1998
HS (D) 8804 PT 1421 <sup>#</sup>	Leasehold	13.38 acres	Cement plant	-	-	Year 2102		01.10.2003
PN 00108181, Lot 2764 <sup>#</sup>	Leasehold	49.57 acres	Cement plant	-	-	Year 2886		01.11.1996

<sup>^</sup> Based on independent valuation on 30 June 2019<sup>@</sup> Based on valuation on 31 May 2019<sup>#</sup> Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan



# FINANCIAL STATEMENTS

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# Directors' Report

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2019.

## PRINCIPAL ACTIVITIES

The principal activities of the Company are those of an investment holding and management company.

The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

## FINANCIAL RESULTS

	<b>Group RM'000</b>	<b>Group RM'000</b>
Profit for the year	721,355	298,448
Attributable to:-		
Owner of the parent	242,589	298,448
Non-controlling interests	478,766	-
	721,355	298,448

## DIVIDENDS

The amount of dividend paid since the end of the last financial year was as follows:-

	<b>RM'000</b>
In respect of the financial year ended 30 June 2018:	
- Interim dividend of 4 sen per ordinary share paid on 13 November 2018	422,748

On 29 August 2019, the Board of Directors declared an interim dividend of 4 sen per ordinary share for the financial year ended 30 June 2019. The book closure and payment dates in respect of the aforesaid dividend are 29 October 2019 and 13 November 2019, respectively.

The Board of Directors does not recommend the payment of a final dividend for the financial year ended 30 June 2019.

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

## EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") for employees and Executive Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation was governed by the by-laws approved by the shareholder at an Extraordinary General Meeting ("EGM") held on 30 November 2010. The scheme was implemented on 1 April 2011. The salient features and terms of the ESOS are set out in Note 25(b) to the financial statements.

## Directors' Report

**EMPLOYEES' SHARE OPTION SCHEME (CONT'D.)**

The aggregate maximum allocation of the share options granted to key management personnel is not more than fifty per cent (50%) of the fifteen per cent (15%) of the net paid up shares capital of the Company at the point of time throughout the duration of the scheme.

The actual allocation granted to key management personnel is as follows:-

	Actual Allocation	
	Since 1.4.2011	Financial Year 30.6.2019
Key management personnel	13.86%*	-

\* Computed based on 15% of the net paid up share capital of the Company.

Since the date of the last report, no options have been granted under the ESOS.

Details of options granted to Non-Executive Director of the Company is as follows:

The Company	Number of share options over ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Granted	Exercised	
<b>Name of Director</b>				
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	-	-	1,000,000

**DIRECTORS**

The Directors who served on the Board of the Company during the financial year until the date of this report are:-

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE  
 Dato' Yeoh Seok Kian  
 Dato' Chong Keap Thai @ Cheong Keap Tai  
 Dato' Ahmad Fuaad Bin Mohd Dahalan  
 Dato' Yeoh Soo Min  
 Dato' Yeoh Seok Hong  
 Dato' Sri Michael Yeoh Sock Siong  
 Dato' Yeoh Soo Keng  
 Dato' Mark Yeoh Seok Kah  
 Eu Peng Meng @ Leslie Eu (Resigned on 12.06.2019)  
 Syed Abdullah Bin Syed Abd. Kadir  
 Faiz Bin Ishak  
 Raja Noorma Binti Raja Othman (Appointed on 05.09.2019)

## Directors' Report

### DIRECTORS OF SUBSIDIARIES

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

Abdul Latiff Bin Abd Aziz	Dato' Mohd Bazid Bin Hj Abd Kahar	Gillian Elizabeth Camm
Achmad Amri Aswono Putro	Dato' Norzaity Binti Othman	Gunter Galster
Ahmad Janwal	Dato' Shahrom Bin Mohamed	Gunther Axel Reinder Warris
Alan Derek Morgan	Dato' Sri Haji Abd Rahim Bin Haji Abdul	Hee Kang Yow
Ali Reza Tabassi	Dato' Suleiman Bin Abdul Manan	Hj Safian Bin Tan Sri Dato' Hj Ibrahim
Andrew Fraser Pymer	Dato' Tan Guan Cheong	Ho Sing
Andrew Jordan	Dato' Yoogalingam A/L Vyramuttu	Insinyur Gafur Sulistyo Umar
Ang Lay Leng	Dato' Yusli bin Mohamed Yusoff (Resigned on 6.9.2018)	Intertrust (Netherlands) B.V. Ionics Directors Limited
Ang Meng Hee	Dato' Zainal Abidin Bin Ahmad	James Andrew Rider (Resigned on 31.12.2018)
Armandus Martijn Lustig	Datuk Aziyah Binti Mohamed	Jammula Bala Venkateswara Rao
Azlan Shah Bin Mohamad Shah	Datuk Lim Sue Beng	Jason Mills (Resigned on 28.9.2019)
Baldip Singh A/L Pall Singh	Datuk Loo Took Gee (Appointed on 28.12.2018)	Jeffrey Mong Kok Choon (Appointed on 28.6.2019)
Brian McNicol (Appointed on 27.11.2018)	Datuk Muhamad Noor Bin Hamid (Resigned on 19.6.2019)	Jeremy John Lavis
Bui Cathy Wai-Ying (Resigned on 28.6.2019)	Datuk Seri Long See Wool (Appointed on 28.12.2018)	Jeremy Robert Bryan
Bui Chung Keung Edmund (Resigned on 28.6.2019)	Datuk Tan Pei Ing (Resigned on 17.5.2019)	John Simon Hugh Crane
Chan Chor Yook	Datuk Zainal Bin Hussin	John William Stull (Resigned on 17.5.2019)
Chan Swee Huat (Resigned on 15.1.2019)	David Alan Knaggs	Joseph Benjamin Seaton
Charlotte Tamsyn Maher	David Huw Davies	Juliana Goh Hong Gaik
Cheah Poh Weng	David John Elliott	Jung Rak Kim (Resigned on 10.6.2019)
Chen Lee Siong	David Martin Barclay	Kelvin Loh Teck Swee
Chhoa Kwang Hua	Ding Hock Hing	Kenta Kawano
Ching Yew Chye	Djoko Leksono Sugiarto (Resigned on 24.6.2019)	Koay Teng Chye (Appointed on 25.7.2018)
Chong Shao Siew	Dominic Hua Shi Hao	Koh Kah Hock
Choong Ee Ren (Resigned on 9.8.2019)	Eddie Low Hong Beng	Laurent Andre Marie Myter
Chung Siew Leng	Eoon Whai San	Lee Anthony Derrick (Appointed on 17.8.2018)
Colin Frank Skellett	Fiona Clare Reynolds	Lee Chak Hui (Resigned on 15.7.2019)
Datin Kathleen Chew Wai Lin	Francis Law Sau Wang (Appointed on 12.12.2018)	Lee Liam Chye
Datin Lim Lee Lee	Francis William Sweeting	Lee Milton Montgomery
Dato' Anuar Bin Ahmed	Gareth Alan King	Lee Wing Kui
Dato' Daing A Malek Bin Daing A Rahaman	Gareth John Davies	Lim Khoon Hai
Dato' Haji Mohamed Bin Haji Hussein	Ghazali Bin Yacob (Resigned on 10.6.2019)	Loh Siew Yee
Dato' Halimah Binti Hassan		Long Shiau Wee
Dato' Hamidah Binti Maktar		Luke Martin de Vial
Dato' Hj Mohamed Zainal Abidin Bin Hj Abdul Kadir		
Dato' Ikhwani Salim Bin Dato' Hj Sujak		

## Directors' Report

## DIRECTORS OF SUBSIDIARIES (CONT'D.)

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

Makoto Koyama	Raja Shahreen bin Raja Othmad (Appointed on 3.7.2018)	Wan Kam Choon
Marilyn Elizabeth Smith	Ralph Justin Dixon	Wong Chee Leong
Mark John Nicholson	Rasdi Bim Ramli (Appointed on 16.10.2018)	Y.A.M Tunku Tan Sri Imran Ibni Almarhum Tuanku Ja'afar (Resigned on 19.6.2019)
Mark Timothy Watts	Richard John Keys	Y.M Tunku Afwida Binti Tunku A.Malek (Resigned on 19.6.2019)
Martin Franz Rudolf Metzger	Romeo Hilot Baguio	Yap Poh Onn (Resigned on 1.9.2019)
Martin John Bushnell	Sam Yau Weng	Yeap Kian Bin
Martin Kriegner (Resigned on 17.5.2019)	Sandra Herawati Widjaja	Yeoh Keong Hann
Mej Jen Dato' Hj Abdul Shukor Bin Haji Jaafar (B)	Sarah Elizabeth Johnson	Yeoh Keong Junn
Melinda Voon Ching Mee	Soh Puay Wee	Yeoh Keong Shyan
Michael Luke Wilkinson (Resigned on 8.8.2019)	Somvonk Poshyananda	Yeoh Keong Yeen
Michael Moriarty	Steven John Holt	Yeoh Keong Yeow
Mittelmeer Directors Limited	Suban Bushnell	Yeoh Keong Yuan
Mohamad Suhaimi Bin Mohamad Tahir (Appointed on 3.7.2018)	Susumu Ando	Yeoh Khoo Cheng
Mohamad Zaid Bin Mohamed Zainal Abidin	Tadashi Matsunami (Resigned on 1.9.2019)	Yeoh Pei Cheen
Mohamad Ziad Bin Mohamed Zainal Abidin	Takehiko Fukuoka	Yeoh Pei Leeng
Mohammad Zuhannes Bin Dzulkifli	Tan Bong Lin	Yeoh Pei Lou
Mohammed Habadat Saddiq	Tan Check Hong	Yeoh Pei Nee
Ng Choon Seang	Tan Chee Keong	Yeoh Pei Teeng
Ng Peng Wah (Appointed on 15.1.2019)	Tan Chien Yih (Resigned on 30.4.2019)	Yeoh Soo Len (Appointed on 12.12.2018)
Norhamidi Bin Abdul Rahman	Tan Choong Min	YTM Dato' Seri Diraja Tan Sri Tengku Abdul Hamid Thani Ibni Almarhum
Ong Mei-Lynn	Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	Sultan Badlishah
Panchanath Mahalingam Ratnavale	Tan Sri Datuk Asmat Bin Kamaludin	Yutaka Hayash
Patrick Chew Wai Yen	Tan Sri Datuk Dr. Aris bin Osman @ Othman	Zhang Yugen
Patrick James Pereira	Tan Sri Datuk Seri Panglima Dr. Abu Hassan Bin Othman	
Pearly Chooi Gim Poussier	Tan Thong Guan	
Phan Gaik Cher	Tan Woon Hum	
PhastabeWek B.V.	Tanaka Eiichi	
Pierre Ong Yan Hong	Thandar Win (Appointed on 28.1.2019)	
Poon Pooay Huang	Toh Muda Rizal Ashram Bin Tan Sri Ramli	
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	Tok Puan Norzieta Zakaria	
Raja Dato' Wahid Bin Raja Kamaral Zaman	Tunku Shazuddin Bin Tunku Sallehuddin	
	Voon Sui Liong @ Paul Voon	

## Directors' Report

### DIRECTORS' INTERESTS

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in the shares of the Company and related companies as follows:-

The Company	Number of ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	142,661,239	-	-	142,661,239
Dato' Yeoh Seok Kian	56,591,526	-	-	56,591,526
Dato' Yeoh Soo Min	52,833,890	-	-	52,833,890
Dato' Yeoh Seok Hong	52,425,780	-	-	52,425,780
Dato' Sri Michael Yeoh Sock Siong	54,725,584	-	(54,725,584)	-
Dato' Yeoh Soo Keng	56,164,966	-	-	56,164,966
Dato' Mark Yeoh Seok Kah	20,482,775	-	-	20,482,775
Syed Abdullah Bin Syed Abd. Kadir	9,592,215	-	-	9,592,215
<b>Deemed interests</b>				
Dato' Yeoh Seok Kian	13,447,566 <sup>(1)</sup>	-	-	13,447,566 <sup>(1)</sup>
Dato' Yeoh Soo Min	1,914,408 <sup>(1)(2)</sup>	-	-	1,914,408 <sup>(1)(2)</sup>
Dato' Yeoh Seok Hong	24,020,752 <sup>(1)</sup>	260,000	(260,000)	24,020,752 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	20,367,143 <sup>(1)</sup>	54,725,584	-	75,092,727 <sup>(1)(3)</sup>
Dato' Yeoh Soo Keng	773,378 <sup>(1)</sup>	-	-	773,378 <sup>(1)</sup>
Dato' Mark Yeoh Seok Kah	4,085,708 <sup>(1)</sup>	-	-	4,085,708 <sup>(1)</sup>
Syed Abdullah Bin Syed Abd. Kadir	20,034 <sup>(1)</sup>	-	-	20,034 <sup>(1)</sup>

The Company	Number of share options over ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Granted	Exercised	
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	17,000,000	-	-	17,000,000
Dato' Yeoh Seok Kian	15,000,000	-	-	15,000,000
Dato' Chong Keap Thai @ Cheong Keap Tai	1,000,000	-	-	1,000,000
Dato' Yeoh Soo Min	15,000,000	-	-	15,000,000
Dato' Yeoh Seok Hong	15,000,000	-	-	15,000,000
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-	-	15,000,000
Dato' Yeoh Soo Keng	15,000,000	-	-	15,000,000
Dato' Mark Yeoh Seok Kah	15,000,000	-	-	15,000,000
Syed Abdullah Bin Syed Abd. Kadir	2,000,000	-	-	2,000,000

## Directors' Report

## DIRECTORS' INTERESTS (CONT'D.)

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in the shares of the Company and related companies as follows:- (cont'd.)

	Number of share options over ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Granted	Exercised	
<b>The Company</b>				
<b>Deemed interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	12,000,000 <sup>(1)</sup>	-	-	12,000,000 <sup>(1)</sup>
Dato' Yeoh Seok Kian	6,000,000 <sup>(1)</sup>	-	-	6,000,000 <sup>(1)</sup>
Dato' Yeoh Soo Min	2,000,000 <sup>(1)</sup>	-	-	2,000,000 <sup>(1)</sup>
Dato' Yeoh Seok Hong	12,000,000 <sup>(1)</sup>	-	-	12,000,000 <sup>(1)</sup>

	Number of ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>Holding Company</b>				
<b>- Yeoh Tiong Lay &amp; Sons Holdings Sdn. Bhd.</b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	5,000,000	-	(5,000,000)	-
Dato' Yeoh Seok Kian	5,000,000	-	(5,000,000)	-
Dato' Yeoh Soo Min	1,250,000	-	(1,250,000)	-
Dato' Yeoh Seok Hong	5,000,000	-	(5,000,000)	-
Dato' Sri Michael Yeoh Sock Siong	5,000,000	-	(5,000,000)	-
Dato' Yeoh Soo Keng	1,250,000	-	(1,250,000)	-
Dato' Mark Yeoh Seok Kah	5,000,000	-	(5,000,000)	-

	Number of ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>Subsidiary</b>				
<b>- Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad)^</b>				
<b>Deemed interests</b>				
Dato' Sri Michael Yeoh Sock Siong	2,100 <sup>(1)</sup>	-	-	2,100 <sup>(1)</sup>

^ Became a related company on 17 May 2019



## Directors' Report

### DIRECTORS' INTERESTS (CONT'D.)

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in the shares of the Company and related companies as follows:- (cont'd.)

Subsidiary	Number of ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>- YTL Power International Berhad</b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	20,013,596	-	-	20,013,596
Dato' Yeoh Seok Kian	10,612,987	-	-	10,612,987
Dato' Yeoh Soo Min	17,199,678	-	-	17,199,678
Dato' Yeoh Seok Hong	102,945,219	-	-	102,945,219
Dato' Sri Michael Yeoh Sock Siong	14,336,235	-	(14,336,235)	-
Dato' Yeoh Soo Keng	15,939,576	-	-	15,939,576
Dato' Mark Yeoh Seok Kah	9,575,718	-	-	9,575,718
Syed Abdullah Bin Syed Abd. Kadir	2,429,245	-	-	2,429,245
<b>Deemed interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	90,780 <sup>(1)</sup>	-	-	90,780 <sup>(1)</sup>
Dato' Yeoh Seok Kian	9,409,578 <sup>(1)</sup>	-	-	9,409,578 <sup>(1)</sup>
Dato' Yeoh Soo Min	3,829,577 <sup>(1)(2)</sup>	-	-	3,829,577 <sup>(1)(2)</sup>
Dato' Yeoh Seok Hong	5,115,520 <sup>(1)</sup>	72,000	(72,000)	5,115,520 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	2,711,213 <sup>(1)</sup>	14,336,235	-	17,047,448 <sup>(1)(3)</sup>
Dato' Yeoh Soo Keng	185,818 <sup>(1)</sup>	-	-	185,818 <sup>(1)</sup>
Dato' Mark Yeoh Seok Kah	1,443,626 <sup>(1)</sup>	-	-	1,443,626 <sup>(1)</sup>
Syed Abdullah Bin Syed Abd. Kadir	561 <sup>(1)</sup>	-	-	561 <sup>(1)</sup>

Subsidiary	Number of share options over ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Granted	Exercised	
<b>- YTL Power International Berhad</b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	17,000,000	-	-	17,000,000
Dato' Yeoh Seok Kian	15,000,000	-	-	15,000,000
Dato' Yeoh Soo Min	13,000,000	-	-	13,000,000
Dato' Yeoh Seok Hong	10,000,000	-	-	10,000,000
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-	-	15,000,000
Dato' Yeoh Soo Keng	13,000,000	-	-	13,000,000
Dato' Mark Yeoh Seok Kah	15,000,000	-	-	15,000,000
Syed Abdullah Bin Syed Abd. Kadir	4,000,000	-	-	4,000,000
<b>Deemed interests</b>				
Dato' Yeoh Seok Hong	4,500,000 <sup>(1)</sup>	-	-	4,500,000 <sup>(1)</sup>

## Directors' Report

## DIRECTORS' INTERESTS (CONT'D.)

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in the shares of the Company and related companies as follows:- (cont'd.)

Subsidiary	Number of ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>- YTL Land &amp; Development Berhad</b>				
<b>Direct interests</b>				
Dato' Yeoh Seok Kian	61,538	-	-	61,538
Dato' Yeoh Soo Keng	100,000	-	-	100,000
<b>Deemed interests</b>				
Dato' Yeoh Soo Min	625,582 <sup>(2)</sup>	-	-	625,582 <sup>(2)</sup>

Subsidiary	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Converted / Disposed	
<b>- YTL Land &amp; Development Berhad</b>				
<b>Direct interests</b>				
Dato' Yeoh Seok Kian	37,000	-	-	37,000
Dato' Yeoh Soo Keng	60,000	-	-	60,000

Subsidiary	Number of ordinary shares of £0.25 each			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>- YTL Corporation (UK) PLC*</b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	1

\* Incorporated in England & Wales

Subsidiary	Number of ordinary shares of THB100 each			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>- YTL Construction (Thailand) Limited +</b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	1
Dato' Yeoh Seok Kian	1	-	-	1
Dato' Yeoh Seok Hong	1	-	-	1
Dato' Sri Michael Yeoh Sock Siong	1	-	-	1
Dato' Mark Yeoh Seok Kah	1	-	-	1

+ Incorporated in Thailand

## Directors' Report

### DIRECTORS' INTERESTS (CONT'D.)

The following Directors of the Company who held office at the end of the financial year had, according to the register required to be kept under Section 59 of the Companies Act 2016, interests in the shares of the Company and related companies as follows:- (cont'd.)

Subsidiary	Number of ordinary shares of THB10 each			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>- Samui Hotel 2 Co., Ltd <sup>+</sup></b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	1
Dato' Mark Yeoh Seok Kah	1	-	-	1

<sup>+</sup> Incorporated in Thailand

Related company	Number of ordinary shares			Balance at 30.6.2019
	Balance at 1.7.2018	Acquired	Disposed	
<b>- Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.</b>				
<b>Direct interests</b>				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	1	-	-	1

<sup>(1)</sup> Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act 2016.

<sup>(2)</sup> Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

<sup>(3)</sup> Deemed interests by virtue of interests held by Hasil Mayang Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

Other than as disclosed above, Directors who held office at the end of the financial year did not have interests in the shares of the Company or related companies during the financial year.

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains a Directors' and officers' liability insurance in respect of any legal action taken against the Directors and officers in the discharge of their duties while holding office for the Group and of the Company. The total amount of insurance premium effected for any Director and officer of the Company as at the financial year ended was RM344,000 (2018: RM349,000). The Directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted pursuant to the ESOS.

## Directors' Report

### DIRECTORS' BENEFITS (CONT'D.)

Since the end of the previous financial year, no directors has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in Note 7 to the financial statements of the Group and of the Company) by reason of contract made by the Company or a related corporation with the Director or with a firm of which he/she is a member, or with a company in which he/she has a substantial financial interest, except as disclosed in the notes to the financial statements.

### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, 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 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 realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (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 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.

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 affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

## Directors' Report

### OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that:-

At the date of this Report, they are not aware of any circumstances not otherwise dealt with in this Report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

In their opinion,

- (a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

### ULTIMATE HOLDING COMPANY

The Directors regard Yeoh Tiong Lay & Sons Family Holdings Limited, a Company incorporated in Jersey, as the Company's ultimate holding company.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 14 to the financial statements.

### AUDITORS

The auditors, HLB Ler Lum PLT (LLP0021174-LCA & AF 0276), have expressed their willingness to continue in office.

HLB Ler Lum PLT (LLP0021174-LCA & AF 0276) was registered on 9 August 2019 and with effect from the date, HLB Ler Lum (AF 0276), a conventional partnership was converted to a limited liability partnership.

The auditors' remuneration is disclosed in Note 7 to the financial statements.

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

**Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE**

**Dato' Yeoh Seok Kian**

26 September 2019

Kuala Lumpur

## Statement By Directors

Pursuant to section 251(2) of the companies act, 2016

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE and Dato' Yeoh Seok Kian, being two of the Directors of YTL Corporation Berhad, do hereby state that, in the opinion of the Directors, 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 the Company as at 30 June 2019 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 26 September 2019.

**Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE**

**Dato' Yeoh Seok Kian**

## Statutory Declaration

Pursuant to section 251(1) of the companies act, 2016

I, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE, being the Director primarily responsible for the financial management of YTL Corporation Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are 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.

**Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE**

Subscribed and solemnly declared by the abovenamed  
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE  
at Kuala Lumpur 26 September 2019.

Before me:

**Tan Seok Kett**

Commissioner for Oaths

# Independent Auditors' Report

to the members of YTL Corporation Berhad  
(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of YTL Corporation Berhad, which comprise the Statements of Financial Position as at 30 June 2019 of the Group and of the Company, and the Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 117 to 324.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2019, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Valuation of investment properties

##### The risk

We refer to Note 3 and 12 to the Financial Statements respectively.

Investment properties of the Group amounting to RM10,218 million, comprises 13.3% of total assets and is measured at fair value. Most of the investment properties held by the listed real estate investment trusts comprise of 94.1% of total investment properties.

The investment properties held by the listed real estate investment trusts are stated at their fair values based on independent external valuations using the income capitalisation approach, which capitalise the estimated rental income stream, net projected operating costs, using a discount rate derived from market yield. Valuation of these properties was carried out once a year.

We focused on this area due to the magnitude of the balance and the complexities in determining the fair value of the investment properties, which involves significant judgement and estimation that could result in material misstatement.

## Independent Auditors' Report

to the members of YTL Corporation Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Key Audit Matters (cont'd.)

##### 1. Valuation of investment properties (cont'd.)

###### Our response:

Ours and component auditors audit procedures included the following:

- evaluated the competency and objectivity of the independent valuers;
- assessed the appropriateness and reasonableness of the valuation methodology and key assumptions used; and
- reviewed the adequacy of disclosure in the financial statements.

##### 2. Impairment assessment of goodwill

###### The risk

We refer to Note 3 and 18 to the Financial Statements respectively.

As at 30 June 2019, goodwill arising on consolidation amounted to RM7,840 million which represents 10.2% of the Group's total assets. The goodwill is primarily allocated to the multi utilities business in Singapore, water and sewerage business in the United Kingdom and cement manufacturing business in Malaysia. The goodwill for these businesses comprise 88.5% of total goodwill.

The recoverable amounts of the cash generating units ("CGU") are determined based on value-in-use ("VIU") calculation. The key assumptions and sensitivities are disclosed in Note 18(a) and 18(b) to the Financial Statements respectively.

We focused on this area as the estimation of the recoverable amount is inherently uncertain and requires significant judgement on the future cash flows, terminal growth rate and the discount rate applied to the projected cash flows.

###### Our response:

Ours and component auditors audit procedures included the following:

- agreed the VIU cash flows of each CGU to the financial budgets approved by the Directors;
- discussed with management the key assumptions used in the respective VIU cash flows and compared the revenue growth rates to the historical performance of the respective CGUs;
- checked the reasonableness of the discount rates and terminal growth rates with the assistance of valuation expert by benchmarking to the respective industries; and
- checked the sensitivity analysis performed by management over discount rates, terminal growth rates, and revenue growth rates, used in deriving the respective VIU cash flows.

##### 3. Net realisable value of property held for sale in Singapore classified as inventories

###### The risk

We refer to Note 3 and 21 to the Financial Statements respectively.

As at 30 June 2019, the property held for sale in Singapore comprises 57.3% (RM1,596 million) (after the write-down) of the Group's total inventories. The challenging property market environment was mired by the issues such as cooling measures undertaken by the authorities in Singapore have contributed to the slow sale of the completed properties during the year. The Group continues to monitor the realisable value of the inventories to ensure that these inventories are stated at the lower of cost and net realisable value (the estimated selling price less estimated costs necessary to make the sale).



## Independent Auditors' Report

to the members of YTL Corporation Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Key Audit Matters (cont'd.)

#### 3. Net realisable value of property held for sale in Singapore classified as inventories (cont'd.)

##### The risk (cont'd.)

The estimates of net realisable values are based on reliable evidence available at the time the estimates are made and take into consideration estimated fluctuations of future property prices. Such estimates often involve certain degree of subjectivity and accordingly, we consider this area to be an area of audit focus.

The net realisable value assessment carried out by the management resulted in a write down of inventories for the year ended 30 June 2019.

Estimating the selling price and costs necessary to make the sale for the properties often involve certain degree of objectivity and accordingly, we consider this area to be an area of audit focus.

##### Our response:

Ours and component auditors' audit procedures include the following:

- evaluated the objectivity, independence and expertise of the firm of independent valuers;
- evaluated the management's assessment and assumptions of the estimated selling price (less estimated cost necessary to make the sale) of these inventories by making reference to the recent transacted prices of comparable property within the vicinity;

#### 4. Impairment assessment of property, plant and equipment ("PPE") of the mobile broadband network business

##### The risk

We refer to Note 3 and 11 to the Financial Statements respectively.

The property, plant and equipment of the mobile broadband network business accounts for 7.2% (RM2,227.7 million) of the Group's property, plant and equipment as at 30 June 2019.

The Group performed an impairment assessment on the carrying values of the PPE due to losses recorded by the business which is an impairment indicator.

The impairment assessment was performed by management using fair value less costs of disposal ("FVLCD") cash flows which requires significant judgement as the timing and quantum of the cash flows is dependent on the achievement of the next five years' business plans and financial budgets which are dependent on the use of key assumptions comprising its growth targets and sourcing contract renewals.

## Independent Auditors' Report

to the members of YTL Corporation Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Key Audit Matters (cont'd.)

#### 4. Impairment assessment of property, plant and equipment ("PPE") of the mobile broadband network business (cont'd.)

##### The risk (cont'd.)

We focused on this area as the estimation of the recoverable amount is inherently uncertain and requires significant judgement on the future cash flows, average revenue growth rate, discount rate and the useful life of the assets applied to the calculation of the FVLCD.

##### Our response:

Our audit procedures include the following:

- agreed the FVLCD cash flows of the cash generating unit ("CGU") to the financial budgets approved by the Directors;
- checked the assumptions used, in particular the average revenue growth rate and useful life of the assets and benchmarked against the comparable companies within the industry;
- discussed with management the rationale applied on the assumption of sourcing contract renewals by considering the Company's historical experience;
- assessed reasonableness of the discount rate which reflects the specific risk relating to the PPE based on inputs that are publicly available; and
- checked sensitivity analysis performed by management on the discount rate used in deriving the FVLCD.

#### 5. Capitalisation policy on infrastructure assets of the water and sewerage business

##### The risk

We refer to Note 3 and 11 to the Financial Statements respectively.

The water and sewerage business's net book value of infrastructure assets comprise 25.1% (RM7,735.3 million) of the Group's total property, plant and equipment. The infrastructure assets comprise capital expenditure incurred to meet the development and regulatory requirement of the business, employee and overhead costs that are directly attributable to the construction of the asset.

There is significant judgement involved in determining whether costs incurred, specifically employee and overhead costs meet the relevant criteria for capitalisation in accordance with MFRS 116, Property, Plant and Equipment ("MFRS 116").

##### Our response:

Ours and component auditors' audit procedures include the following:

- tested the operating effectiveness of the controls over authorisation of selected projects' infrastructure assets and identification of capital expenditures attributable to the infrastructure assets;
- understood the nature of costs incurred through discussion with management and checked whether the costs incurred met the capitalisation criteria in accordance with MFRS 116; and

## Independent Auditors' Report

to the members of YTL Corporation Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Key Audit Matters (cont'd.)

##### 5. Capitalisation policy on infrastructure assets of the water and sewerage business (cont'd.)

Our response: (cont'd.)

- compared the level of employee and overhead costs capitalised against prior year balances and current year budget information to identify material changes in the nature or quantum of costs capitalised, with any significant variances corroborated and discussed with management.

##### 6. Assumptions used in determining the present value of the funded defined benefit obligations of the water and sewerage segment

The risk

We refer to Note 3 and 33 to the Financial Statements respectively.

As at 30 June 2019, the water and sewerage business's post-employment benefit obligations comprise 90.0% (RM688 million) of the Group's total post-employment benefit obligations.

The present value of the funded defined benefit obligations depends on a number of assumptions determined on an actuarial basis. The key assumptions are disclosed in Note 33 (c) to the financial statements.

We focused on this area due to the key assumptions used in determining the present value of the funded defined benefit obligations and any changes in these assumptions will materially impact the carrying amounts of the post-employment benefit obligations.

Our response:

Ours and component auditors' audit procedures include the following:

- assessed the competencies, objectivity and capabilities of external actuary;
- obtained the external actuarial report and understood the key assumptions used in determining the present value of the funded defined benefit obligations;
- compared the key assumptions used by the actuary on discount rate, expected rate of increase in pension payment, and price inflation against external market data and similar schemes with assistance of an actuary specialist;
- compared the expected rate of salary increases used by the actuary against historical trend; and
- checked the disclosures in respect of the sensitivity of the carrying amounts of the post-employment benefit obligations to changes in the key assumptions, performed by the actuary.

## Independent Auditors' Report

to the members of YTL Corporation Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Key Audit Matters (cont'd.)

#### 7. Impairment assessment on trade receivables of the Group's water and sewerage segment

##### The risk

We refer to Note 3 and 19 to the Financial Statements respectively.

The trade receivables of the water and sewerage segment accounts for 18.9% (RM445.3 million is net of impairment charges of RM226.8 million) of the Group's trade receivables as at 30 June 2019.

As this segment operates in the UK there is a statutory requirement to continue to provide water to all customers who has defaulted in payment. Therefore, the Group has estimated the impairment of trade receivables on a portfolio basis for the year based on the historical cash collection trends and economic trends, which are subjective in nature.

We focused on this area given the use of significant estimates and judgement in determining the appropriate level of impairment for trade receivables.

##### Our response:

Ours and component auditors' audit procedures include the following:

- tested the controls over assessment of impairment of trade receivables and the operating effectiveness of the key IT systems used for generating billings and cash collection data used for the impairment assessment;
- obtained the historical cash collection trends of each ageing bracket of the trade receivables and payment methods and compared against the percentage of impairment used by management against each ageing bracket and payment methods;
- checked the appropriateness of the forward-looking forecasts assumptions used to determine the impairment; and
- compared the level of impairment applied against similar companies within the industry in the UK.

#### Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not 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 YTL Corporation Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### **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.

## Independent Auditors' Report

to the members of YTL Corporation Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

- 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 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.
- 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 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, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditors' Report

to the members of YTL Corporation Berhad

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

#### 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 14 to the Financial Statements.

#### Other Matters

- (1) As stated in Note 44(a) to the Financial Statements, YTL Corporation Berhad adopted Malaysian Financial Reporting Standards on 1 July 2018 with a transition date of 1 July 2017. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the Statements of Financial Position as at 30 June 2018 and 1 July 2017, and the Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows for the financial year ended 30 June 2018 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the financial year ended 30 June 2019 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as of 30 June 2019 and financial performance and cash flows for the year then ended.
- (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.

#### HLB LER LUM PLT

LLP0021174-LCA & AF 0276

Chartered Accountants

#### LUM TUCK CHEONG

01005/03/2021 J

Chartered Accountant

Dated: 26 September 2019

Kuala Lumpur

# Income Statements

for the financial year ended 30 June 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue	4	<b>18,047,528</b>	15,890,147	<b>548,616</b>	530,422
Cost of sales	5	<b>(13,940,465)</b>	(11,403,266)	-	-
<b>Gross profit</b>		<b>4,107,063</b>	4,486,881	<b>548,616</b>	530,422
Other operating income		<b>403,255</b>	274,662	<b>6,210</b>	1,910
Selling and distribution costs		<b>(405,168)</b>	(358,615)	-	-
Administration expenses		<b>(1,333,690)</b>	(1,356,896)	<b>(63,626)</b>	(64,384)
Other operating expenses		<b>(398,549)</b>	(464,593)	-	-
Finance costs	6	<b>(1,747,499)</b>	(1,644,573)	<b>(175,950)</b>	(174,320)
Share of results of associated companies and joint ventures, net of tax		<b>411,095</b>	398,874	-	-
<b>Profit before tax</b>	7	<b>1,036,507</b>	1,335,740	<b>315,250</b>	293,628
Income tax expense	8	<b>(315,152)</b>	(364,868)	<b>(16,802)</b>	(16,212)
<b>Profit for the year</b>		<b>721,355</b>	970,872	<b>298,448</b>	277,416
<b>Attributable to:-</b>					
Owner of the parent		<b>242,589</b>	340,999	<b>298,448</b>	277,416
Non-controlling interests		<b>478,766</b>	629,873	-	-
		<b>721,355</b>	970,872	<b>298,448</b>	277,416
<b>Earnings per share (sen)</b>					
Basic/diluted EPS (sen)	9	<b>2.30</b>	3.24		
Dividend per ordinary shares (sen)	10	<b>4.00</b>	5.00		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# Statements of Comprehensive Income

for the financial year ended 30 June 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Profit for the year</b>	<b>721,355</b>	970,872	<b>298,448</b>	277,416
<b>Other comprehensive (loss)/income:</b>				
Items that will not be reclassified subsequently to income statement:				
- re-measurement of post-employment benefit obligations	<b>(50,743)</b>	150,319	-	-
- changes in the fair value of equity investments at fair value through other comprehensive income	<b>(20,987)</b>	-	<b>277</b>	-
- foreign currency translation	<b>184,661</b>	(700,783)	-	-
Items that will be reclassified subsequently to income statement:				
- available-for-sale financial assets				
- fair value changes	-	13,383	-	11,533
- reclassification	-	-	-	(753)
- cash flow hedges	<b>(353,606)</b>	317,664	-	-
- foreign currency translation	<b>128,360</b>	(705,388)	-	-
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(112,315)</b>	(924,805)	<b>277</b>	10,780
<b>Total comprehensive income for the year</b>	<b>609,040</b>	46,067	<b>298,725</b>	288,196
<b>Total comprehensive income/(loss) attributable to:-</b>				
Owner of the parent	<b>132,512</b>	(90,694)	<b>298,725</b>	288,196
Non-controlling interests	<b>476,528</b>	136,761	-	-
	<b>609,040</b>	46,067	<b>298,725</b>	288,196

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements of Financial Position

as at 30 June 2019

	Note	Group		
		2019 RM'000	2018 RM'000	2017 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	<b>30,759,493</b>	28,111,233	28,542,497
Investment properties	12	<b>10,217,573</b>	10,003,889	10,517,010
Development expenditures	13	<b>1,127,238</b>	1,127,391	1,026,267
Investment in associated companies	15	<b>2,581,165</b>	2,275,515	2,401,951
Investment in joint ventures	16	<b>264,184</b>	147,635	76,291
Investments	17	<b>409,971</b>	1,136,775	845,165
Intangible assets	18	<b>8,023,200</b>	5,975,875	6,353,040
Trade and other receivables	19	<b>1,159,120</b>	967,866	988,439
Contract assets	23	<b>5,616</b>	6,125	2,681
Derivative financial instruments	20	<b>18,722</b>	49,860	13,629
		<b>54,566,282</b>	49,802,164	50,766,970
<b>Current assets</b>				
Inventories	21	<b>2,783,723</b>	2,808,716	762,445
Property development costs	22	<b>561,937</b>	367,032	2,522,314
Trade and other receivables	19	<b>4,198,733</b>	3,594,404	3,450,633
Contract assets	23	<b>239,524</b>	124,543	342,554
Derivative financial instruments	20	<b>65,022</b>	198,405	52,124
Income tax assets		<b>121,292</b>	128,091	80,116
Amounts due from related parties	24	<b>31,131</b>	36,254	87,497
Investments	17	<b>2,352,947</b>	2,650,117	3,241,812
Fixed deposits	25	<b>10,635,496</b>	10,619,683	12,145,557
Cash and bank balances	25	<b>1,171,006</b>	1,014,971	1,174,691
		<b>22,160,811</b>	21,542,216	23,859,743
<b>TOTAL ASSETS</b>		<b>76,727,093</b>	71,344,380	74,626,713

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Financial Position

as at 30 June 2019

	Note	Group		
		2019 RM'000	2018 RM'000	2017 RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	26	3,340,111	3,340,111	3,340,111
Other reserves	27(a)	907,066	1,009,785	1,523,559
Retained earnings		9,488,302	10,029,178	10,533,856
Treasury shares, at cost	26(a)	(472,793)	(337,142)	(596,577)
		<b>13,262,686</b>	14,041,932	14,800,949
Non-controlling interest		<b>7,631,855</b>	7,518,505	8,041,024
<b>Total Equity</b>		<b>20,894,541</b>	21,560,437	22,841,973
<b>Non-current liabilities</b>				
Long term payables	28	1,231,419	901,513	930,430
Contract liabilities	23	26,264	6,618	1,964
Bonds	29	18,961,666	17,512,946	19,966,528
Borrowings	30	11,760,855	18,035,360	14,166,295
Grants and contributions	31	560,828	548,493	547,775
Deferred tax liabilities	32	2,073,144	2,144,181	2,150,892
Post-employment benefit obligations	33	759,646	685,509	1,115,512
Derivative financial instruments	20	54,116	34,308	44,008
		<b>35,427,938</b>	39,868,928	38,923,404
<b>Current liabilities</b>				
Trade and other payables	35	3,685,052	2,849,767	3,012,750
Contract liabilities	23	996,420	461,686	349,837
Derivative financial instruments	20	63,491	19,817	128,772
Amounts due to related parties	24	16,006	9,105	8,486
Bonds	29	520,024	2,708,701	-
Borrowings	30	14,837,243	3,529,505	8,996,806
Provision for liabilities and charges	34	147,613	146,005	148,018
Post-employment benefit obligations	33	4,874	4,677	6,685
Income tax liabilities		133,891	185,752	209,982
		<b>20,404,614</b>	9,915,015	12,861,336
<b>TOTAL LIABILITIES</b>		<b>55,832,552</b>	49,783,943	51,784,740
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>76,727,093</b>	71,344,380	74,626,713

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Financial Position

as at 30 June 2019

	Note	Company		
		2019 RM'000	2018 RM'000	2017 RM'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	11	4,474	4,006	5,363
Investment in subsidiaries	14	7,807,515	8,172,710	8,172,788
Investment in associate	15	205,241	205,241	205,241
Investments	17	44,445	42,186	31,565
		<b>8,061,675</b>	8,424,143	8,414,957
<b>Current assets</b>				
Trade and other receivables	19	13,345	12,059	11,486
Income tax assets		22,271	39,073	39,119
Amounts due from related parties	24	1,014,435	1,180,987	1,147,171
Investments	17	797,277	766,448	738,801
Fixed deposits	25	198,360	511,616	853,092
Cash and bank balances	25	122,948	3,502	2,329
		<b>2,168,636</b>	2,513,685	2,791,998
<b>TOTAL ASSETS</b>		<b>10,230,311</b>	10,937,828	11,206,955

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Financial Position

as at 30 June 2019

	Note	Company		
		2019 RM'000	2018 RM'000	2017 RM'000
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	26	<b>3,340,111</b>	3,340,111	3,340,111
Other reserves	27(a)	<b>66,676</b>	61,436	46,900
Retained earnings		<b>3,294,895</b>	3,742,991	4,325,927
Treasury shares, at cost	26(a)	<b>(472,793)</b>	(337,142)	(596,577)
<b>Total Equity</b>		<b>6,228,889</b>	6,807,396	7,116,361
<b>Non-current liabilities</b>				
Bonds	29	<b>2,500,000</b>	2,000,000	2,500,000
Borrowings	30	<b>550</b>	200,172	978
Deferred tax liabilities	32	<b>113</b>	113	113
		<b>2,500,663</b>	2,200,285	2,501,091
<b>Current liabilities</b>				
Trade and other payables	35	<b>17,488</b>	34,989	19,373
Amounts due to related parties	24	<b>5,546</b>	127,224	101,593
Bonds	29	<b>10,000</b>	500,000	-
Borrowings	30	<b>1,467,420</b>	1,267,661	1,468,056
Post-employment benefit obligations	33	<b>305</b>	273	481
		<b>1,500,759</b>	1,930,147	1,589,503
<b>TOTAL LIABILITIES</b>		<b>4,001,422</b>	4,130,432	4,090,594
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,230,311</b>	10,937,828	11,206,955

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Statements of Changes in Equity

for the financial year ended 30 June 2018

	Attributable to Owners of the Parent						
	Non-distributable		Distributable			Non-controlling interests	Total equity
	Share capital (Note 26) RM'000	Other reserves (Note 27(a)) RM'000	Retained earnings RM'000	Treasury shares (Note 26(a)) RM'000	Total RM'000		
<b>Group - 2019</b>							
At 30 June 2018 (FRS)	3,340,111	1,009,646	10,123,292	(337,142)	14,135,907	7,540,331	21,676,238
Effects of adopting MFRS 15	-	139	(68,128)	-	(67,989)	284	(67,705)
Acquisition accounting and consolidation elimination restatements	-	-	(25,986)	-	(25,986)	(22,110)	(48,096)
At 30 June 2018, restated	3,340,111	1,009,785	10,029,178	(337,142)	14,041,932	7,518,505	21,560,437
Effects of adopting MFRS 9	-	(37,908)	(225,802)	-	(263,710)	(2,220)	(265,930)
<b>At 1 July 2018 (MFRS)</b>	<b>3,340,111</b>	<b>971,877</b>	<b>9,803,376</b>	<b>(337,142)</b>	<b>13,778,222</b>	<b>7,516,285</b>	<b>21,294,507</b>
Profit for the year	-	-	242,589	-	242,589	478,766	721,355
Other comprehensive loss for the year	-	(82,065)	(28,012)	-	(110,077)	(2,238)	(112,315)
Total comprehensive (loss)/income for the year	-	(82,065)	214,577	-	132,512	476,528	609,040
<b>Transactions with owners</b>							
Changes in composition of the Group	-	-	(109,797)	-	(109,797)	133,640	23,843
Dividends paid	-	-	(422,748)	-	(422,748)	(494,598)	(917,346)
Share option expenses	-	19,635	-	-	19,635	-	19,635
Share option lapsed	-	(1,748)	1,748	-	-	-	-
Subsidiary's share option lapsed	-	(633)	1,146	-	513	-	513
Treasury shares	-	-	-	(135,651)	(135,651)	-	(135,651)
<b>At 30 June 2019</b>	<b>3,340,111</b>	<b>907,066</b>	<b>9,488,302</b>	<b>(472,793)</b>	<b>13,262,686</b>	<b>7,631,855</b>	<b>20,894,541</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Changes in Equity

for the financial year ended 30 June 2018

	Attributable to Owners of the Parent						
	Non-distributable		Distributable			Non-controlling interests	Total equity
	Share capital (Note 26) RM'000	Other reserves (Note 27(a)) RM'000	Retained earnings RM'000	Treasury shares (Note 26(a)) RM'000	Total RM'000		
<b>Group - 2018</b>							
At 1 July 2017 (FRS)	3,340,111	1,523,559	10,606,817	(596,577)	14,873,910	8,051,734	22,925,644
Effects of adopting MFRS 15	-	-	(47,206)	-	(47,206)	11,631	(35,575)
Acquisition accounting and consolidation elimination restatements	-	-	(25,755)	-	(25,755)	(22,341)	(48,096)
<b>At 1 July 2017 (MFRS)</b>	3,340,111	1,523,559	10,533,856	(596,577)	14,800,949	8,041,024	22,841,973
Profit for the year	-	-	340,999	-	340,999	629,873	970,872
Other comprehensive loss for the year	-	(512,911)	81,218	-	(431,693)	(493,112)	(924,805)
Total comprehensive (loss)/income for the year	-	(512,911)	422,217	-	(90,694)	136,761	46,067
<b>Transactions with owners</b>							
Changes in composition of the Group	-	(226)	(67,243)	-	(67,469)	(57,602)	(125,071)
Dividends paid	-	-	(526,761)	-	(526,761)	(601,678)	(1,128,439)
Share dividend	-	-	(334,881)	334,881	-	-	-
Share option expenses	-	5,916	-	-	5,916	-	5,916
Share option lapsed	-	(1,290)	1,290	-	-	-	-
Subsidiary's share option lapsed	-	(378)	700	-	322	-	322
Share of reserve of a joint venture	-	(4,885)	-	-	(4,885)	-	(4,885)
Treasury shares	-	-	-	(75,446)	(75,446)	-	(75,446)
<b>At 30 June 2018</b>	3,340,111	1,009,785	10,029,178	(337,142)	14,041,932	7,518,505	21,560,437

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Changes in Equity

for the financial year ended 30 June 2018

	Attributable to Owners of the Parent				
	Non-distributable		Distributable		Total RM'000
	Share capital (Note 26) RM'000	Other reserves (Note 27(a)) RM'000	Retained earnings RM'000	Treasury shares (Note 26(a)) RM'000	
<b>Company - 2019</b>					
At 1 July 2018 (FRS)	3,340,111	61,436	3,742,991	(337,142)	6,807,396
Effects of adopting MFRS 9	-	(9,968)	(325,544)	-	(335,512)
<b>At 1 July 2018 (MFRS)</b>	<b>3,340,111</b>	<b>51,468</b>	<b>3,417,447</b>	<b>(337,142)</b>	<b>6,471,884</b>
Profit for the year	-	-	298,448	-	298,448
Other comprehensive income	-	277	-	-	277
Total comprehensive income	-	277	298,448	-	298,725
<b>Transactions with owners</b>					
Dividends paid	-	-	(422,748)	-	(422,748)
Share option expenses	-	16,679	-	-	16,679
Share option lapsed	-	(1,748)	1,748	-	-
Treasury shares	-	-	-	(135,651)	(135,651)
<b>At 30 June 2019</b>	<b>3,340,111</b>	<b>66,676</b>	<b>3,294,895</b>	<b>(472,793)</b>	<b>6,228,889</b>
<b>Company - 2018</b>					
At 1 July 2017	3,340,111	46,900	4,325,927	(596,577)	7,116,361
Profit for the year	-	-	277,416	-	277,416
Other comprehensive income	-	10,780	-	-	10,780
Total comprehensive income	-	10,780	277,416	-	288,196
<b>Transactions with owners</b>					
Dividends paid	-	-	(526,761)	-	(526,761)
Share dividend	-	-	(334,881)	334,881	-
Share option expenses	-	5,046	-	-	5,046
Share option lapsed	-	(1,290)	1,290	-	-
Treasury shares	-	-	-	(75,446)	(75,446)
<b>At 30 June 2018</b>	<b>3,340,111</b>	<b>61,436</b>	<b>3,742,991</b>	<b>(337,142)</b>	<b>6,807,396</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# Statements of Cash Flows

for the financial year ended 30 June 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from operating activities</b>				
Profit before tax	<b>1,036,507</b>	1,335,740	<b>315,250</b>	293,628
Adjustments for:				
Adjustment on fair value of investment properties	<b>(13,172)</b>	42,770	-	-
Amortisation of contract costs	<b>11,569</b>	21,119	-	-
Amortisation of deferred income	<b>(4,579)</b>	(3,968)	-	-
Amortisation of grants and contributions	<b>(15,973)</b>	(20,100)	-	-
Amortisation of intangible assets	<b>10,806</b>	9,565	-	-
Bad debts recovered	<b>(4,187)</b>	(1,204)	-	-
Bad debts written off	<b>5,552</b>	5,052	-	-
Depreciation of property, plant and equipment	<b>1,497,585</b>	1,538,709	<b>889</b>	1,435
Dividend income	<b>(29,411)</b>	(36,766)	<b>(487,269)</b>	(460,997)
Fair value changes of derivatives	<b>19,981</b>	5,181	-	-
Fair value changes of investments	<b>(62,507)</b>	27,382	<b>(1,288)</b>	-
Gain on disposal of investments	-	(584)	-	(580)
Gain on disposal of investment properties	<b>(3,709)</b>	(3,484)	-	-
Gain/(loss) on disposal of property, plant and equipment	<b>(4,820)</b>	(20,613)	<b>72</b>	-
Impairment losses - net	<b>159,514</b>	36,949	-	958
Interest expense	<b>1,747,499</b>	1,644,573	<b>175,950</b>	174,320
Interest income	<b>(311,520)</b>	(320,253)	<b>(61,056)</b>	(69,141)
Inventories written down - net	<b>77,662</b>	119,299	-	-
Liquidated asset damages income	-	(9,111)	-	-
Loss on disposal of investment in subsidiary	-	-	-	78
Property, plant and equipment written off	<b>26,793</b>	92,891	-	-
Prospective expenditure written off	<b>3,849</b>	-	-	-
Provision for post-employment benefit	<b>64,699</b>	(124,496)	-	-
Provision for liabilities and charges	<b>7,520</b>	5,582	-	-
Share option expenses	<b>22,020</b>	6,658	<b>6,667</b>	1,935
Share of results of associated companies and joint ventures	<b>(411,095)</b>	(398,874)	-	-
Unrealised gain on foreign exchange - net	<b>(109,570)</b>	(744)	-	-
<b>Operating profit/(loss) before changes in working capital</b>	<b>3,721,013</b>	3,951,273	<b>(50,785)</b>	(58,364)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Cash Flows

for the financial year ended 30 June 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Changes in working capital:</b>				
Inventories	389,591	(72,857)	-	-
Property development costs	(57,401)	(82,591)	-	-
Receivables	(675,753)	(231,204)	(3,049)	3,758
Contract assets	(79,135)	124,586	-	-
Contract liabilities	354,963	37,851	-	-
Payables	451,648	(269,323)	(3,394)	(2,127)
Related parties balances	(12,024)	51,863	84,010	(5,075)
<b>Cash flow generated from/(used in) operations</b>	<b>4,092,902</b>	3,509,598	<b>26,782</b>	(61,808)
Dividends received	438,742	446,466	487,269	460,997
Interest paid	(1,659,978)	(1,488,448)	(175,950)	(156,785)
Interest received	316,368	318,510	61,056	64,812
Payment to post-employment benefit obligations	(111,214)	(108,103)	-	-
Income tax paid	(350,349)	(425,732)	-	(16,310)
Income tax refunded	43,794	5,478	-	144
<b>Net cash flow from operating activities</b>	<b>2,770,265</b>	2,257,769	<b>399,157</b>	291,050
<b>Cash flows from investing activities</b>				
Acquisition of additional shares in existing subsidiaries	(35)	(27,838)	(35)	-
Acquisition of new subsidiaries (net of cash acquired)	(2,596,753)	(91,156)	-	-
Additional investment in associated companies and joint venture	(367,340)	(79,336)	-	-
Development expenditure incurred	(132,686)	(163,077)	-	-
Grants received in respect of infrastructure assets	29,432	50,593	-	-
Maturities of income funds	1,285,382	385,045	-	-
Proceeds from disposal of investment properties	13,837	18,849	-	-
Proceeds from disposal of property, plant and equipment	20,039	34,685	58	-
Proceeds from disposal of land/property	-	43,639	-	-
Proceeds from disposal of investments	11,806	2,969	11,806	2,965
Purchase of intangible assets	(4,215)	(6,618)	-	-
Purchase of investment properties	(43,496)	(86,213)	-	-
Purchase of property, plant and equipment	(2,412,100)	(2,073,482)	(292)	(78)
Purchase of investments	(192,641)	(101,360)	(55,047)	(30,832)
Shareholder loans	(60,305)	(69,683)	-	-
<b>Net cash flow used in investing activities</b>	<b>(4,449,075)</b>	(2,162,983)	<b>(43,510)</b>	(27,945)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Cash Flows

for the financial year ended 30 June 2019

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash flows from financing activities</b>				
Dividends paid	(422,748)	(526,761)	(422,748)	(526,761)
Dividends paid to non-controlling interests by subsidiaries	(494,598)	(601,678)	-	-
Repurchase of own shares by the company (at net)	(135,651)	(75,446)	(135,651)	(75,446)
Repurchase of subsidiaries' shares by subsidiaries	(198,625)	(86,031)	-	-
Proceeds from bonds	510,000	-	510,000	-
Proceeds from borrowings	6,657,542	9,224,800	-	200,000
Proceeds from issue of shares in subsidiaries to non-controlling interests	-	17,224	-	-
Repayments of bonds	(500,000)	-	(500,000)	-
Repayment of borrowings	(3,763,118)	(8,966,953)	(1,058)	(201,201)
Repayment of loans owing to former shareholder	-	(192,996)	-	-
Upfront fees and discounts on borrowings	(1,950)	-	-	-
<b>Net cash flow from/(used in) financing activities</b>	<b>1,650,852</b>	<b>(1,207,841)</b>	<b>(549,457)</b>	<b>(603,408)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(27,958)</b>	<b>(1,113,055)</b>	<b>(193,810)</b>	<b>(340,303)</b>
<b>Effects of exchange rate changes</b>	<b>190,142</b>	<b>(602,140)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>11,601,643</b>	<b>13,316,838</b>	<b>515,118</b>	<b>855,421</b>
<b>Cash and cash equivalents at end of year (Note 25)</b>	<b>11,763,827</b>	<b>11,601,643</b>	<b>321,308</b>	<b>515,118</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## Statements of Cash Flows

for the financial year ended 30 June 2019

### NOTE TO THE STATEMENTS OF CASH FLOWS

Analysis of acquisition of property, plant and equipment:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash	2,412,100	2,073,482	292	78
Finance lease arrangement	2,210	484	1,195	-
Interest expense paid/payable	8,348	13,803	-	-
Transfer of assets from customers	56,766	-	-	-
Payables	5,135	31,392	-	-
	<b>2,484,559</b>	2,119,161	<b>1,487</b>	78
Reconciliation of liabilities arising from financing activities:-				
At 1 July	<b>41,786,512</b>	43,129,629	<b>3,967,833</b>	3,969,034
Other changes of borrowings				
Proceeds from borrowings	6,657,542	9,224,800	-	200,000
Repayment from borrowings	(3,763,118)	(8,966,953)	(1,058)	(201,201)
Upfront fees on borrowings	(1,950)	-	-	-
Proceeds from bonds	510,000	-	510,000	-
Repayment from bonds	(500,000)	-	(500,000)	-
Changes from financing cash flow				
Acquisition of subsidiaries	1,001,103	-	-	-
Amortisation of issuance cost/unwinding of premium	117,621	123,645	-	-
Bank overdrafts	(12,295)	30,848	-	-
Capitalisation of issuance cost	(44,430)	-	-	-
Finance costs capitalised in property development costs	12,463	10,344	-	-
Finance leases	1,195	484	1,195	-
Foreign exchange movement	315,145	(1,766,285)	-	-
<b>At 30 June</b>	<b>46,079,788</b>	41,786,512	<b>3,977,970</b>	3,967,833

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# Notes to the Financial Statements

- 30 June 2019

## 1. CORPORATE INFORMATION

The principal activities of the Company are those of an investment holding and management company. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

The Company is a limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad and the foreign section of the Tokyo Stock Exchange.

The address of the registered office and principal place of business of the Company is as follow:-

11th Floor, Yeoh Tiong Lay Plaza  
55 Jalan Bukit Bintang  
55100 Kuala Lumpur

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of preparation

The financial statements of the Group and the Company have been prepared under historical cost convention (unless stated otherwise in the significant accounting policies below) and in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and the Company for the financial year ended 30 June 2019 are the first set of financial statements prepared in accordance with MFRS, including MFRS 1 "First-time Adoption of Malaysian Financial Reporting Standards". Aside from the short-term exemption on first-time application of MFRS 9 "Financial Instruments" and certain transition elections as disclosed in Note 44, the Group and the Company have consistently applied the same accounting policies in their opening MFRS statements of financial position as at 1 July 2017, being the transition date, and throughout all years presented, as if these policies had always been in effect. The impact of the transition to MFRS on the Group's reported financial position, financial performance and cash flows, are disclosed in Note 44.

The preparation of financial statements in conformity with the MFRS and the Companies Act 2016 requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. It also requires the Directors to exercise their judgements in the process of applying the Group's accounting policies. Although these estimates and judgements are based on Directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except as otherwise indicated.

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(b) Malaysian Financial Reporting Standards ("MFRS") Framework**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the MFRS Framework.

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called 'Transitioning Entities').

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework. The adoption will be mandatory for Transitioning Entities for annual periods beginning on or after 1 January 2018. The Group and the Company falls within the scope of Transitioning Entities and has opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the financial year ended 30 June 2019.

In presenting its first MFRS financial statements, the Group and the Company will be required to adjust the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits. The consolidated financial statements for the financial years ended 30 June 2017 and 2018 are expected to be different if prepared under the MFRS Framework.

**(c) Standards issued but not yet effective**

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

<b>Description</b>	<b>Effective for annual periods beginning on</b>
Annual Improvements to MFRSs 2015 - 2017 cycle:	
- Amendments to MFRS 3: Business Combinations	1 January 2019
- Amendments to MFRS 11: Joint Arrangements	1 January 2019
- Amendments to MFRS 112: Income Taxes	1 January 2019
- Amendments to MFRS 123: Borrowing Costs	1 January 2019
MFRS 16: Leases	1 January 2019
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 119: Plan amendment, curtailment or settlement	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 2: Share-Based Payment	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (c) Standards issued but not yet effective (cont'd.)

Description	Effective for annual periods beginning on
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendments to MFR 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
MFRS 17: Insurance Contracts	1 January 2021
MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures (Amendments to MFRS 10 and MFRS 128)	To be announced by MASB

#### MFRS 16: Leases

MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.

Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on balance sheet) or operating leases (off balance sheet). MFRS 16 requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use asset is depreciated in accordance with the principle in MFRS 116 'Property, Plant and Equipment' and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, MFRS 16 retains most of the requirements in MFRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

The Group will apply MFRS 16 by using the modified retrospective approach, therefore the comparative information will not be restated and continues to be reported under MFRS 117 Leases ("MFRS 117") and IC Interpretation 4 Determining Whether an Arrangement Contain a Lease ("IC 4"). The retrospective impact of applying MFRS 16 for the leasing contracts assessed to be relevant to MFRS 16 as at 1 July 2019 shall be adjusted to the Group's retained earnings as at 1 July 2019.

The purchases and sales of rights to access and rights to use licenses of intellectual property are excluded from the scope of MFRS 16.

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

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(c) Standards issued but not yet effective (cont'd.)**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate. Subsequently, the lease liability is measured at amortised cost using the effective interest rate method, re-measured when there is a change in the Group's estimates of future lease payments arising from changes in circumstances relating to the contractor if the Group changes its assessment of whether it will exercise a purchase, extension or termination options.

In such re-measurements, a corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in income statement if the carrying value of the right-of-use asset has been reduced to zero.

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at inception or at initial application of MFRS 16 and low-value assets. The Group would recognise the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group anticipate:

- (i) In future, depreciation and interest expense will be recognised instead of leasing expenses, which will improve Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA").
- (ii) Payment obligations for operating leases will be separately reported as right-of-use assets and lease liabilities. Hence, there will be moderate increase in total assets and liabilities on the first-time adoption due to the capitalisation of right-of-use assets and the recognition of lease liabilities. The increase in lease liabilities will lead to a corresponding increase in gross borrowings.
- (iii) Net cash flow is not impacted by MFRS 16, both net cash inflows from operating activities and payments classified within cash flow from financing activities will increase, as payments made at lease inception or subsequently will be characterised as a repayment of lease liabilities.
- (iv) Off balance sheet operating leases commitments disclosed in Note 39 under MFRS 117 will be recognised as assets and liabilities on the statements of financial position.

**(d) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The specific recognition criteria for revenue are as follows:-

**(i) Revenue from contracts with customers**

Revenue which represents income arising in the course of the Group's ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or services promised in the contract. Depending on the substances of the respective contract with the customer, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.



## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (d) Revenue recognition (cont'd.)

##### (i) Revenue from contracts with customers (cont'd.)

###### (a) Sale of electricity

The Group's electricity is generated and sold into national electricity company or market in the respective countries in which the Group operates.

Revenue from sale of electricity is recognised over time upon delivery of the electricity to the customers at a single point within the electricity grid.

Revenue are presented, net of goods and service tax, penalties, rebates and discounts. Collection of the contract consideration from customers is considered probable. No element of financing is deemed present as the sales are made with specified credit terms.

Electricity revenue includes an estimated value of the electricity consumed by customer from the date of the last meter reading available and reporting period end. Accrued unbilled revenue is recognised as contract assets and is reversed the following month when actual billings occur.

###### (b) Sale of clean water and the treatment and disposal of waste water

The Group, under the license granted by the United Kingdom ("UK") Government, has the right to supply water and sewerage services to customers, together with an obligation to maintain and develop the network and ensure its continued availability.

The nature of the water industry in the United Kingdom ("UK") is such that revenue recognition is subject to a degree of estimation. The assessment of water sales to customers is based on internal data where final settlement data is not yet available. At the end of each period, amounts of water delivered to customers are estimated and the corresponding billed and unbilled revenue is assessed and recorded in revenue. For the purpose of the judgement, various factors are considered such as seasonality, historic billing profiles, leakage data and general economic conditions.

For metered customers, revenue is determined by the meter reading. For unmetered customers, the amount to which the Group has a right to receive is determined by the passage of time during which the customer occupies a property within the Group's licenced region.

Developer services related to the obligation under statute to allow property developers to establish an authorised connection to the water and/or sewerage network. In obtaining the connection the developer may require the Group to undertake one or more of the of the following:

- (i) Connections and meter installation in exchange for payment;
- (ii) Requisitions of water mains in exchange for payment; and
- (iii) Adoptions of water and waste water mains.

The developer is also required to pay infrastructure charges being a contribution to network reinforcement.

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(d) Revenue recognition (cont'd.)****(i) Revenue from contracts with customers (cont'd.)***(b) Sale of clean water and the treatment and disposal of waste water (cont'd.)*

These activities are not separable nor distinct and instead form a bundle of activities necessary to establish an authorised connection from which the network access can be obtained. Also, the Group has an additional obligation under statute to keep the connection in place for all current and future occupiers and facilitate ongoing access to the network for as long as the property requires service provision. Consequently, revenue from developer services will be deferred over the shorter of expected period of service provision or the need to replace the assets at the end of their useful life (typically in the range 60 to 125 years).

No element of financing is deemed present for developer services as the timing difference does not arise as a result of the provision of finance, but rather comes as a consequence of the nature of the regulatory environment.

Unbilled receivables are considered to be a variable consideration which is not constrained as the Group considers it to be highly probable that a significant amount will not be reversed after year end. Unbilled receivables and the variable consideration are estimated using the most likely outcome approach.

*(c) Sale of cement and related products*

Revenue from sale of cement and related products is recognised at the point in time when control of the goods is transferred to the customer.

A contract with customer exists when the contract has commercial substance, the Group and their customers have approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled in exchange of those goods or services.

In determining the transaction price for the sale of cement and related products, the Group considers the effects of variable consideration.

If the consideration in a contract includes a variable amount, the Group and the Company estimate the amount of consideration to which they will be entitled in exchange for transferring the goods 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. Some contracts for the sale of cement and related products provide customers with prompt payment rebates and volume rebates. The early payment rebates, prompt payment rebates and volume rebates give rise to variable consideration.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (d) Revenue recognition (cont'd.)

- (i) Revenue from contracts with customers (cont'd.)

(d) *Hotel operations*

The Group generates revenue mainly from providing the service of room rentals to tenants within the hotel and rental of spaces for functions and banquets. The Group also generates revenue from the sale of services such as food and beverage, as well as minor services such as telecommunication, laundry, internet and other minor services.

Revenue is recognised when the terms of a contract have been satisfied, which occurs when control has been transferred to customers and performance obligations are satisfied. For room revenue, this occurs evenly throughout the duration of the tenant's use on a straight-line basis. For functions and banquets, revenue is recognised at a point in time when the performance obligation is satisfied, generally at the provision of the space.

(e) *Construction contracts*

Under such contracts, the Group is engaged to construct buildings and related infrastructure and in certain instances to supply equipments. These contracts may include multiple promises to the customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated based on relative stand-alone selling price of the considerations of each of the separate performance obligations. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

The Group determines the transaction price of a contract after considering the effect of variable consideration, constraining estimates of variable consideration, effect of significant financing component, non-cash consideration and consideration payable to customer.

When the fair value of variable consideration is uncertain, the Group estimates the amount of consideration by using the most likely amount method and only recognises to the extent that is highly probable that a significant reversal in cumulative revenue will not occur.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the input method, which is based on the total actual construction cost incurred to date as compared to the total budgeted costs for the respective construction projects.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(d) Revenue recognition (cont'd.)****(i) Revenue from contracts with customers (cont'd.)***(f) Broadband and telecommunications*

The Group generates revenue from providing telecommunication services, such as access to the network, airtime usage, messaging, and internet services as well as from sales of products. Products and services may be sold separately or in bundled packages. The typical length of a contract for bundled packages is 11 months to 24 months.

For bundled packages, the Group accounts for individual products and services separately if they are distinct, i.e. if a product or service is separately identifiable from other items in the bundled package and if a customer can benefit from it. The consideration is allocated between separate products and services in a bundle based on their Relative Standalone Selling Prices ("RSSP"). The RSSP are determined based on the list prices at which the Group sells the products and telecommunication services. RSSP are based on observable sales prices; however, where RSSP are not directly observable, estimates will be made maximising the use of observable inputs.

*(i) Telecommunication services*

Telecommunication revenue from postpaid and prepaid services provided by the Group is recognised over time, as the benefits of telecommunication services are simultaneously received and consumed by the customer.

Revenue from prepaid services is recognised when services are rendered. Starter packs with a sim card and reload voucher is accounted for as a single performance obligation as the sim card can only be used together with the services provided by the Group. Prepaid credits are recognised as contract liability in the statements of financial position. Revenue is recognised when the credits are utilised or up to the point of customer churn or upon expiry, whichever is earlier.

Postpaid services are provided in postpaid packages which consist of various services (i.e. call minutes, internet data, sms and etc.). These postpaid packages have been assessed to meet the definition of a series of distinct services that are substantially the same and have the same pattern of transfer and as such the Group treats these packages as a single performance obligation.

Postpaid packages are either sold separately or bundled together with the sale of device to a customer. As postpaid packages and device are capable of being distinct and separately identifiable, there are two performance obligations within a bundled transaction. Accordingly, the Group allocates the transaction price based on the RSSP of the postpaid packages and device.

*(ii) Devices*

Devices may be sold separately or in bundled packages. The Group recognises revenue when control of the device has transferred to the customer upon delivery and acceptance of the device at the point of sale.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (d) Revenue recognition (cont'd.)

##### (i) Revenue from contracts with customers (cont'd.)

###### (f) *Broadband and telecommunications (cont'd.)*

###### (ii) Devices (cont'd.)

For devices sold separately, the consideration is received in full at the point of sale. For devices sold in bundled packages, the customers usually offered to pay at a discounted price on the device. The amount of revenue recognised for devices sold in bundled packages is measured at the allocated consideration based on the RSSP as explained previously.

Devices that the Group promises to transfer as part of the bundled package with network service plans are considered distinct and thus accounted for as a separate performance obligation. Devices that are transferred as part of a fixed line telecommunication services bundled package which can only be used together with the services provided by the Group, are considered as a single performance obligation in telecommunications service revenue.

A contract asset is recognised when the Group delivers the devices before the payment is due. If the payment happens before the delivery of device, then a contract liability is recognised. Contract assets and contract liabilities are presented in the statements of financial position.

The Group generates revenue from telecommunication infrastructure business. Telecommunication infrastructure business revenue is generated from the leasing of space on the Group's telecommunication towers, where the customers install and maintain their individual communication network equipment. The revenue is recognised on a straight-line basis over the fixed and non-cancellable term of the lease agreement, irrespective of when payment are due.

###### (g) *Property development projects*

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. The transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

The revenue from property development is measured at fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(d) Revenue recognition (cont'd.)****(i) Revenue from contracts with customers (cont'd.)***(g) Property development projects (cont'd.)*

The promised properties are specifically identified by its lot and unit number and its attributes (such as its size and location) in the sale and purchase agreements and the attached layout plan. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised property for another use is substantive use to the Group. The Group is entitled to continue to transfer to the customer the development units promised and has the rights to complete the construction of the properties and enforce its rights to full payment.

If the control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognised revenue over time using the input method, which is based on the actual cost incurred to date on the property development projects as compared to the total budgeted cost for respective development projects.

The Group recognised sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

The Group has determined that it has a significant financing component related to the sales of its property units being developed under the deferred payment scheme. As a result of this the amount of the promised consideration is adjusted for the significant financing component and the related interest income is recognised using the effective interest method over the term of the deferment.

*(h) Sale of steam*

The Group's sale of steam is mainly derived from wholesale market customers. Revenue from sales of steam is recognised as and when the Group's customers simultaneously receive and consume the benefits (i.e. the customers are able to utilise the steam for their benefit as and when the steam is being supplied) arising from the Group performing its obligations based on the terms of the contracts with the customers. Accordingly, revenue from the supply of steam is recognised over time; i.e. as and when the steam supplied is consumed by the customers.

No element of financing is deemed present as the sales are made with specified credit terms.

*(i) Others*

Other income earned by the Group and the Company is recognised as the following bases:

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (d) Revenue recognition (cont'd.)

##### (i) Revenue from contracts with customers (cont'd.)

###### (i) *Others (cont'd.)*

###### (i) Sale of fuel oil

Sale of fuel oil is recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been transported to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with specified credit term.

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.

###### (ii) Sale of natural gas

Revenue from sale of natural gas is recognised as and when the Group's customers simultaneously receive and consume the benefits (i.e. the customers are able to utilise the gas for their benefit as and when the gas is being supplied) arising from the Group performing its obligations based on the terms of the contracts with the customers. Accordingly, revenue from the supply of gas is recognised over time; i.e. as and when the gas supplied is consumed by the customers. No element of financing is deemed present as the sales are made with specified credit terms.

###### (iii) Operation and maintenance fees

Management fees is recognised over the period in which the services are rendered.

###### (iv) Tank leasing fees

Tank leasing fees from operating leases are recognised on a straight line basis over the lease term.

##### (ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group and the company are as follows:-

###### (a) *Interest income*

Interest income is recognised as the interest income accrues, taking into account the effective yield on the asset.

###### (b) *Dividend income*

Dividend income is recognised when the right to receive the payment is established.

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(d) Revenue recognition (cont'd.)****(ii) Revenue from other sources (cont'd.)***(c) Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on the straight-line basis over the lease term.

**(e) Employee benefits****(i) Short term employee benefits**

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

**(ii) Post-employment benefits**

The Group has various post-employment benefit schemes in accordance with local conditions and practices in the industries in which it operates.

These benefit plans are either defined contribution or defined benefit plans.

*(a) Defined contribution plan*

A defined contribution plan is a pension plan under which the Group and the Company 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 and the Company's contributions to a defined contribution plan are charged to the profit or loss in the period to which they relate.

*(b) Defined benefit plan*

A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.



## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (e) Employee benefits (cont'd.)

##### (ii) Post-employment benefits (cont'd.)

###### (b) Defined benefit plan (cont'd.)

Re-measurement gains and losses of post-employment benefit obligations are recognised in Other Comprehensive Income.

Past-service costs are recognised immediately in the Income Statement.

##### (iii) Share-based compensation

The Company and certain subsidiaries operate equity-settled, share-based compensation plan for the employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted and the number of share options to be vested by vesting date. At each reporting date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity. For options granted by the Company to its subsidiaries' employees, the expense will be recognised in the subsidiaries' financial statements over the vesting periods of the grant.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

#### (f) 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. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

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 and the Company incurred in connection with the borrowing of funds.

#### (g) Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (g) Income tax and deferred tax (cont'd.)

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

#### (h) Property, plant and equipment, and depreciation

Property, plant and equipment except for certain freehold land and buildings is stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost also includes borrowing costs incurred for property, plant and equipment under construction. The cost of certain property, plant and equipment include the costs of dismantling, removal and restoration, the obligation of which was incurred as a consequence of installing the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

Certain freehold land and buildings were revalued by the Directors in 1983 based on valuations carried out by independent professional valuers on the open market basis. In accordance with the transitional provisions issued by MFRS 116 'Property, Plant and Equipment', the valuation of these properties, plant and equipment have not been updated and they continue to be stated at their previously revalued amounts less depreciation and impairment losses.

Property, plant and equipment retired from active use and held for disposal are stated at the lower of net book value and net realisable value.

Freehold land and freehold oil palm plantation are not amortised.

Assets under construction are stated at cost and are not depreciated. Upon completion, assets under construction are transferred to categories of property, plant and equipment depending on nature of assets and depreciation commences when they are ready for their intended use.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (h) Property, plant and equipment, and depreciation (cont'd.)

Depreciation on all other property, plant and equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant and equipment over their estimated useful life.

The principal annual rates of depreciation used are as follows:-

	%
Buildings	1 - 10
Leasehold land	1 - 3
Infrastructure & site facilities	0.9 - 20
Plant & machinery	4 - 20
Furniture, fixtures & equipment	10 - 50
Vehicles	10 - 33½
Telecommunication equipment	4 - 20

Residual value, useful life and depreciation method of assets are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in the profit or loss.

#### (i) Investment properties

Investment properties include those portions of buildings that are held for long term rental yields and/or for capital appreciation and freehold land and/or land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

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

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (j) Development expenditure

##### (i) Land held for property development

Land held for property development consists of land where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at the lower of cost and net realisable value.

Cost comprises cost of land and all related costs incurred on activities necessary to prepare the land for its intended use.

Land held for property development is reclassified as property development costs and included under current assets when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

##### (ii) Project development expenditure

Development expenditure incurred is capitalised when it meets certain criteria that indicate that it is probable that the costs will give rise to future economic benefits and are amortised over the period of the projects. They are written down to their recoverable amounts when there is insufficient certainty that future economic benefits will flow to the enterprise.

Development costs previously recognised as an expense are not recognised as an asset in subsequent periods.

Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

#### (k) Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, an asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to the profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (k) Impairment of non-financial assets (cont'd.)

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

#### (l) 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. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has all the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:-

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(l) Basis of consolidation (cont'd.)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill in the statements of financial position. The accounting policy for goodwill is set out in Note 2(q) to the financial statements. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

**(m) Transactions with non-controlling interest**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant shares acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**(n) Investment in subsidiaries**

A subsidiary is an entity over which the Group has all the following:-

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (n) Investment in subsidiaries (cont'd.)

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

#### (o) Investment in associated companies

Associated companies are entities in which the Group is in a position to exercise significant influence but which is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions, but not control over their policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence over another entity. Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. The Group's investment in associated companies includes goodwill identified on acquisition, net of any accumulated impairment loss.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profits or losses are recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured obligations, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

The most recent available audited financial statements of the associated companies are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to the financial statements of associated companies to ensure consistency of accounting policies with those of the Group.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Gains and losses arising from partial disposals or dilutions in investments in associated companies are recognised in profit or loss.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained investment at the date when significant influence is lost and its fair value is recognised in profit or loss.

In the Company's separate financial statements, investments in associated companies are stated at cost less accumulated impairment losses. On disposal of investments in associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (p) Joint arrangements

A joint arrangement is an arrangement of which there is contractually agreed sharing of control by the Group with one or more parties, where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. A joint operation is a joint arrangement whereby the joint operators have rights to the assets and obligations for the liabilities, relating to the arrangement.

The Group's interests in joint ventures are accounted for by the equity method of accounting based on the audited financial statements of the joint ventures made up to the end of the financial year.

Equity accounting involves recognising in the profit or loss the Group's share of the results of joint ventures for the financial year. The Group's investments in joint ventures are carried in the Statements of Financial Position at an amount that reflects its share of the net assets of the joint ventures and includes goodwill on acquisition.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures; unrealised losses are also eliminated unless the transaction provides evidence on impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of joint ventures to ensure consistency of accounting policies with those of the Group.

In the Company's separate financial statements, investments in joint ventures are stated 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.

#### (q) Intangible assets

##### (i) Contract rights

Contract rights comprise acquired contracts and rights to contracts from business combination. These are amortised over the contractual period on a straight line basis and are assessed at each reporting date whether there is any indication that the contract rights may be impaired. See accounting policy Note 2(k) to the financial statements on impairment of non-financial assets.

##### (ii) Goodwill

Goodwill is initially measured at cost. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses.

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.



## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (q) Intangible assets (cont'd.)

##### (ii) Goodwill (cont'd.)

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 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.

##### (iii) Others

###### (a) Customer lists

Customer lists are amortised over the contractual period on a straight line basis and are assessed at each reporting date whether there is any indication that the other intangible assets may be impaired. See accounting policy Note 2(k) to the financial statements on impairment of non-financial assets.

###### (b) Quarry rights

Quarry rights are amortised on the straight-line basis over the lease term less impairment losses.

###### (c) Emission rights

The emission rights that are acquired by the Group are measured at cost less any accumulated impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2(k).

#### (r) Financial assets

##### (i) Initial recognition and measurement

Financial assets are recognised in the Statements of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), or fair value through profit or loss.

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(r) Financial assets (cont'd.)****(i) Initial recognition and measurement (cont'd.)**

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, 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 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 it manages its 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 commits to purchase or sell the asset.

**(ii) 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); and
- Financial assets at fair value through profit or loss.

**(a) Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Group and the Company. The Group and the Company measures 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.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (r) Financial assets (cont'd.)

##### (ii) Subsequent measurement (cont'd.)

###### (a) Financial assets at amortised cost (debt instruments) (cont'd.)

Financial assets at amortised cost are subsequently measured using the effective interest rate ("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 include receivables and amounts due from associates and joint ventures included under other non-current financial assets.

###### (b) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably its non-listed equity investments under this category.

###### (c) 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 mandatory required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

## Notes to the Financial Statements

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(r) Financial assets (cont'd.)****(ii) Subsequent measurement (cont'd.)***(c) Financial assets at fair value through profit or loss (cont'd.)*

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

**(iii) 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 (i.e., removed from the statements of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has 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 its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has 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 continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognises 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

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (s) Impairment of financial assets

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 and contract assets, the Group and the Company applies a simplified approach in calculating ECLs. Therefore, the Group and the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company considers a financial asset in default when contractual payments are 90 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 is 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.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

	<b>Note</b>
Trade and other receivables	19
Financial risk management objectives and policies	36

#### (t) Contract cost assets

The Group capitalises sales commissions as costs to obtain a contract with a customer when they are incremental and expected to be recovered over more than a year. The Group expects to recover these costs in the future through telecommunication services revenue earned from the customer. The Group also capitalises the expenditure on assets such as water mains/sewers or new connections relating to contracts as they are incurred to fulfil the contract and are expected to be received over more than one year.

Sales commissions are amortised on a straight-line basis over the term of the specific contract to which the cost relates to. Amortisation of contract costs are included as part of direct cost within "Cost of sales" in the Income Statement. While, the expenditure on assets are treated as cost of sales when the contract is complete.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (t) Contract cost assets (cont'd.)

An impairment loss is recognised to profit or loss to the extent that the carrying amount of the contract cost asset recognised exceeds the remaining amount of consideration that the Group expects to receive for the specific contract that the cost relates to less additional costs required to complete the specific contract.

#### (u) Contract assets and liabilities

Contract asset is the right to consideration in exchange for goods and services that the Group has transferred to a customer. If the Group transfers 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. Contract assets are subject to impairment assessment based on the ECL model.

Contract liability is the unsatisfied obligation by the Group 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.

#### (v) Derivatives financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- (i) Hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or
- (ii) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 20. Movements on the hedging reserve in other comprehensive income are shown in Note 27. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (v) Derivatives financial instruments and hedging activities (cont'd.)

##### (i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The Group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in profit or loss within 'other gains/(losses) - net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in profit or loss within 'finance costs'.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

##### (ii) Cash flow hedge

The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts accumulated in equity are reclassified to profit or loss in the financial periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). When the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or fixed assets), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

#### (w) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average or first in, first out basis and includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress consists of raw materials, direct labour, other direct charges and an appropriate proportion of production overheads (based on normal operating capacity).

Fuel and diesel oil held for generation of electricity are not written down below cost if the electricity generated is expected to obtain a gross margin at or above cost. Cost for this purpose includes the applicable costs required to enable the fuel and diesel oil to be used for the generation of electricity.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### **(w) Inventories (cont'd.)**

Inventories for oil trading are acquired with the purpose of selling in the near future and generating a profit from fluctuations in price. These are at fair value less costs to sell, with changes in fair value less costs to sell recognised in the Income Statement in the period of change.

The cost of developed properties comprises costs associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

#### **(x) Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs are recognised when incurred.

When the financial outcome of the development activity can be reliably estimated and the sale of the development unit is affected, property development revenue and expenses are recognised in profit or loss by reference to the stage of completion of development activities at the reporting date in accordance with MFRS 15: Revenue from Contracts with Customers. The stage of completion is determined by the proportion that property development costs incurred for work performed to date to the estimated total property development costs.

Where the financial outcome of a development activity cannot be reliably estimated, property development revenue is recognised only to the extent of property development costs incurred that is probable will be recoverable, and property development costs on properties sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

Where revenue recognised in the profit or loss exceed billings to purchasers, the balance is shown as contract assets (within current assets). Where billings to purchasers exceed revenue recognised in the profit or loss, the balance is shown as contract liabilities (within current liabilities).

#### **(y) Cash and cash equivalents**

Cash and cash equivalents consist of cash and bank balances, bank overdrafts, deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the Statements of Cash Flows, cash and cash equivalents are presented net of bank overdrafts.



## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (z) Share capital

Ordinary shares are equity instruments and recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are accounted for in shareholders' equity as an appropriation of retained earnings and accrued as liability in the financial year in which the obligation to pay is established.

#### (aa) Treasury shares

Where the Company purchases its own shares, the consideration paid, including any directly attributable incremental costs, net of tax, is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled, reissued.

Should such shares be cancelled, the costs of the treasury shares are applied in the reduction of the profits otherwise available for distribution as dividends. Should such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related tax effects, is included in equity attributable to the owners of the Company.

Where the treasury shares are subsequently distributed as dividends to shareholders, the costs of the treasury shares on the original purchase are applied in the reduction of the funds otherwise available for distribution as dividends.

#### (ab) Irredeemable Convertible Unsecured Loan Stocks ("ICULS")

The ICULS are regarded as compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar instrument. The difference between the proceeds of issue of the ICULS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion or cancellation, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity components based on their carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar non-convertible instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the ICULS.

The value of the conversion option is not adjusted in subsequent periods, except in times of ICULS conversion into ordinary shares. Upon conversion of the instrument into ordinary shares, the amount credited to share capital is the aggregate of the amounts classified within liability and equity at the time of conversion. No gain or loss is recognised in profit or loss.

#### (ac) Deferred income

The deferred income is in relation to assets transferred from customers in respect of services which are yet to be provided. Such amounts are recorded as liabilities in the Statements of Financial Position and are amortised to the Income Statements over the expected useful economic lives of the related assets.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (ad) Bonds and borrowings

Bonds and borrowings are initially recognised based on the proceeds received, net of transaction costs incurred. Subsequently, bonds and borrowings are stated at amortised cost using the effective yield method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the bonds and borrowings.

Interest relating to a financial instrument classified as a liability is reported within finance cost in the Income Statement.

Bonds and borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing cost incurred to finance the construction of property, plant and equipment that meets the definition of qualifying asset are capitalised as part of the cost of the assets during the period of time that is required to get ready the asset for its intended use.

#### (i) Finance leases - the Group as lessee

Leases of property, plant and equipment where the Group assumes substantially all risks and rewards incidental to ownership of the leased assets are classified as finance leases.

The leased assets and the corresponding lease liabilities (net of finance charges) under finance leases are recognised on the balance sheet as plant and equipment and borrowings respectively, at the inception of the leases based on the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance expense and the reduction of the outstanding lease liability. The finance expense is recognised in profit or loss on a basis that reflects a constant periodic rate of interest on the finance lease liability.

#### (ii) Operating leases - the Group as lessee

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

#### (iii) Operating leases - the Group as lessor

Leases of investment properties where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

#### (af) Grants and contributions

Grants and contributions are benefits received in respect of specific qualifying expenditure, and investment tax credits and tax benefits in respect of qualifying property, plant and equipment. These are released to the profit or loss over the expected economic useful lives of the related assets.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### (ag) Provisions

The Group recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate.

#### (ah) Financial liabilities

##### (i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost, as appropriate.

The Group's and the Company's financial liabilities include trade and other payables, amounts due to related parties, bonds and borrowings and derivative financial instruments.

##### (ii) 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 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 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) *Financial liabilities at amortised cost*

This is the category most relevant to the Group and the Company. After initial recognition, all financial liabilities 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 of profit or loss.

## Notes to the Financial Statements

- 30 June 2019

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(ah) Financial liabilities (cont'd.)****(iii) 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 profit or loss.

**(ai) Foreign currency****(i) Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Ringgit Malaysia which is also the Company's functional and presentation currency.

**(ii) Foreign currency transactions**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

**(iii) Group companies**

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each income statements are translated at average exchange rates; and
- all resulting exchange differences are recognised as separate components of other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 2011 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisition of foreign entities completed prior to 1 July 2011, goodwill and fair value adjustments continued to be recorded at the exchange rate at the respective date of acquisitions. This is in accordance to the adoption of MFRS 1.

**(aj) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments.

## Notes to the Financial Statements

- 30 June 2019

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

#### **(ak) Financial guarantee**

Financial guarantee contracts are contracts that require the Group and the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from contracts with customers', where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

#### **(al) Contingent liabilities and contingent assets**

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements, except in a business combination.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs and the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where the fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

#### **(am) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount presented in the Statements of Financial Position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

## Notes to the Financial Statements

- 30 June 2019

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions 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:-

#### (a) Fair value estimates for investment properties

The Group carries investment properties at fair value, which requires extensive use of accounting estimates and judgements. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these investment properties would affect income statement.

#### (b) Estimated assessment of goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy. The recoverable amounts of cash generating units have been determined based on either value-in-use or fair value less costs to sell calculations. These calculations require the use of estimates as set out in Note 18 to the financial statements.

#### (c) Capitalisation policy of property, plant and equipment on infrastructure assets

The infrastructure assets of the water and sewerage segment comprised cost incurred to meet the development and regulatory requirement of the business and this includes employee and overhead costs that are directly attributable to the construction of the asset.

Estimates and judgements are involved in determining whether cost incurred, specifically employee and overhead costs, meet the relevant criteria for capitalisation of property, plant and equipment.

#### (d) Estimated impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of value in use of the property, plant and equipment. The value in use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The Group management follows its accounting policy set out in Note 2(k) in determining when property, plant and equipment are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made.

## Notes to the Financial Statements

- 30 June 2019

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

#### (e) Estimated useful lives of property, plant and equipment

The Group reviews the useful lives of its property, plant and equipment at each reporting date and any adjustments are made on a prospective basis as changes in accounting estimates. The useful lives of the plant and machinery are assessed periodically based on the conditions of the plant and machinery, market conditions and other regulatory requirements. During the financial year, the Group has reviewed the operational conditions of the power generators in multi utilities business segment and revised the estimated useful lives of these plant and machinery from 25 to 30 years with effect from 1 July 2018 to better reflect the economic useful lives. This change is also in-line with industry standards in Singapore.

#### (f) Assessment of lower of cost and net realisable value

The Group recognises inventories at lower of cost and net realisable value.

Significant judgement is required in determining the net realisable value which is the estimated selling price in ordinary course of business less the estimated cost to sale.

#### (g) Assumptions used in determining the post-employment benefit obligations

The present value of the post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/income are disclosed in Note 33 to the financial statements. Any changes in these assumptions will impact the carrying amount of pension obligations.

#### (h) Assessment on allowance for impairment of trade receivables of water and sewerage

At each reporting date, the Group assesses whether there is objective evidence that trade receivables of the Group have been impaired. Impairment loss is calculated by applying a percentage loss rate based on historical cash collection trends and economic trends and forward looking forecasts assumptions, which are subjective in nature. Such provisions are adjusted periodically to reflect the actual and anticipated impairment.

#### (i) Consolidation of entities in which the group holds less than 50%

Management considers that the Group has de facto control of Starhill Global REIT even though it has less than 50% of the voting rights. The Group is the majority shareholder of Starhill Global REIT with a 36.46% (2018: 36.46%) equity interest, while all other shareholders individually own less than 5% of its equity shares except a shareholder holds 7.54% (2018: 7.58%.) There is no history of other shareholders forming a group to exercise their votes collectively.

#### (j) Construction contracts

The Group has significant ongoing construction contracts. For these construction contracts, revenue is recognised over time by reference to the Group's progress towards completing the construction. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

## Notes to the Financial Statements

- 30 June 2019

## 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

## (j) Construction contracts (cont'd.)

Significant judgement is used to estimate these total contract costs to complete. In making these estimates, management has relied on the expertise of the internal experts to determine the progress of the construction and also on past experience of completed projects.

## (k) Revenue recognition from accrued income

The unbilled income accrual from metered water services of the water and sewerage segment requires an estimation of the amount of unbilled charges at the period end. This is calculated using system generated information based on previous customer volume usage.

## 4. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue comprise the following:				
Revenue from contracts with customers	17,153,379	14,965,446	291	284
Revenue from other sources	894,149	924,701	548,325	530,138
Total revenue	18,047,528	15,890,147	548,616	530,422

## (a) Disaggregation of revenue from contracts with customers and other sources:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Utilities</b>				
Sale of electricity	6,705,782	5,789,116	-	-
Sale of clean water, treatment and disposal of waste water	3,432,281	3,359,384	-	-
Sale of steam	211,048	190,121	-	-
Broadband and telecommunications revenue	863,289	763,534	-	-
Others	154,832	187,303	-	-
	11,367,232	10,289,458	-	-
<b>Cement manufacturing &amp; trading</b>				
Sale of cement and related products	2,655,217	2,596,830	-	-
Others	19,035	21,868	-	-
	2,674,252	2,618,698	-	-



## Notes to the Financial Statements

- 30 June 2019

### 4. REVENUE (CONT'D.)

(a) Disaggregation of revenue from contracts with customers and other sources: (cont'd.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Construction</b>				
Construction contracts revenue	1,219,499	386,467	-	-
<b>Hotel operations</b>				
Hotel room and food and beverages	1,195,859	1,087,765	-	-
Others	27,292	9,334	-	-
	1,223,151	1,097,099	-	-
<b>Property</b>				
Property development and sale of completed properties	435,872	98,973	-	-
Sale of land held for property development	9,050	230,385	-	-
Others	19,546	18,838	-	-
	464,468	348,196	-	-
<b>Information technology &amp; e-commerce related business</b>				
Media and advertising services	3,669	4,363	-	-
Others	153	98	-	-
	3,822	4,461	-	-
<b>Management services &amp; others</b>				
Operation and maintenance services	159,562	191,810	-	-
Food and beverages operations	21,632	20,804	-	-
Others	19,761	8,453	291	284
	200,955	221,067	291	284
	17,153,379	14,965,446	291	284
<b>Revenue from other sources</b>				
Rental income	639,938	644,374	-	-
Interest income	224,804	244,238	61,056	69,141
Dividends income	29,407	36,089	487,269	460,997
	894,149	924,701	548,325	530,138
<b>Total revenue</b>	<b>18,047,528</b>	<b>15,890,147</b>	<b>548,616</b>	<b>530,422</b>

## Notes to the Financial Statements

- 30 June 2019

## 4. REVENUE (CONT'D.)

(b) Timing of revenue recognition for revenue from contracts with customers:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- at a point in time	8,681,719	7,214,807	-	-
- over time	8,471,660	7,750,639	291	284
	<b>17,153,379</b>	14,965,446	<b>291</b>	284

## 5. COST OF SALES

Included in cost of sales are the following:-

	Group	
	2019 RM'000	2018 RM'000
Cost of inventories	2,043,891	1,579,741
Construction contracts costs	1,027,401	331,472
Energy costs	6,748,448	5,522,534
Property development costs	17,423	33,409

## 6. FINANCE COSTS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest expense					
- Bonds		896,991	939,065	115,070	115,040
- Borrowings		852,637	710,624	60,880	59,280
- Post-employment benefits obligations		18,682	27,987	-	-
		<b>1,768,310</b>	1,677,676	<b>175,950</b>	174,320
Less: Amounts capitalised in					
- Property development costs	22	(12,463)	(10,344)	-	-
- Property, plant and equipment	11	(8,348)	(22,759)	-	-
<b>Interest expense of financial liabilities carried at amortised cost</b>		<b>1,747,499</b>	1,644,573	<b>175,950</b>	174,320

## Notes to the Financial Statements

- 30 June 2019

### 7. PROFIT BEFORE TAX

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Profit before tax is stated after charging (other than those disclosed in Note 5 &amp; 6 to the Financial Statements):-</b>					
Amortisation of contract costs	23	<b>11,569</b>	21,119	-	-
Amortisation of intangible assets	18	<b>10,806</b>	9,565	-	-
Auditors' remuneration					
- statutory audit					
- current financial year		<b>10,098</b>	9,780	<b>244</b>	240
- under provision in prior financial year		<b>54</b>	28	<b>4</b>	-
- others		<b>727</b>	1,777	<b>14</b>	14
Bad debts written off					
- receivables		<b>5,552</b>	5,052	-	-
Depreciation of property, plant and equipment	11	<b>1,497,585</b>	1,538,709	<b>889</b>	1,435
Directors' remuneration					
- emoluments		<b>73,297</b>	91,990	<b>4,896</b>	1,419
- fees		<b>2,206</b>	2,917	<b>848</b>	685
- benefits in kind		<b>587</b>	606	-	-
Hiring of plant and machinery		<b>15,059</b>	11,221	-	-
Impairment losses on					
- amount due from related parties		<b>34</b>	-	-	-
- development expenditure	13	<b>1,080</b>	6,249	-	-
- goodwill	18	-	960	-	-
- receivables - net of reversal	19	<b>155,134</b>	73,687	-	-
- investments	17	-	1,907	-	958
- investment in associates		-	428	-	-
- investment in joint venture	16	-	3,388	-	-
- property, plant and equipment	11	<b>4,347</b>	5,582	-	-
Inventories written down		<b>77,662</b>	119,299	-	-
Loss on disposal of investment in subsidiary		-	-	-	78
Loss on foreign exchange - net					
- realised		<b>23,620</b>	12,893	-	2,622
- unrealised		<b>12,360</b>	120,725	-	-
Net fair value loss on derivatives		<b>36,074</b>	-	-	-
Property, plant and equipment written off	11	<b>26,793</b>	92,891	-	-
Provision for liabilities and charges	34	<b>7,520</b>	5,582	-	-
Rental of land and buildings		<b>188,442</b>	180,419	<b>931</b>	957

## Notes to the Financial Statements

- 30 June 2019

## 7. PROFIT BEFORE TAX (CONT'D.)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>And crediting (other than those disclosed in Note 4 to the Financial Statements):-</b>					
Adjustment on fair value of investment properties	12	<b>13,172</b>	(42,770)	-	-
Amortisation of deferred income		<b>4,579</b>	3,968	-	-
Amortisation of grants and contributions	31	<b>15,973</b>	20,100	-	-
Bad debts recovered		<b>4,187</b>	1,204	-	-
Gain/(loss) on disposal of					
- investments - net		-	584	-	580
- investment properties		<b>3,709</b>	3,484	-	-
- property, plant and equipment		<b>4,820</b>	20,613	<b>(72)</b>	-
Gain on foreign exchange - net					
- realised		<b>6,868</b>	19,397	<b>1,983</b>	-
- unrealised		<b>121,930</b>	121,469	-	-
Gross dividend from quoted investments					
- within Malaysia		<b>4</b>	677	-	-
Hiring income from plant, machinery and equipment		<b>29,916</b>	32,932	-	-
Interest income from financial assets measured at amortised cost					
- fixed deposits		<b>82,582</b>	72,920	-	-
- others		<b>4,134</b>	3,095	-	-
Liquidated assets damages income		<b>29,243</b>	9,111	-	-
Net fair value gain/(loss) on derivatives		<b>16,093</b>	(5,181)	-	-
Net fair value gain/(loss) on investments	17	<b>62,507</b>	(27,382)	<b>1,288</b>	-
Rental income					
- other properties		<b>11,657</b>	22,591	-	-
Write back of impairment loss on					
- property, plant and equipment	11	<b>1,024</b>	55,252	-	-
- contract assets		<b>57</b>	-	-	-

Direct operating expenses from investment properties in respect of income and non-income generating properties of the Group during the financial year amounted to RM118,826,000 (2018: RM116,755,000) and RM201,473,000 (2018: RM82,000), respectively.

## Notes to the Financial Statements

- 30 June 2019

### 7. PROFIT BEFORE TAX (CONT'D.)

#### Directors' remuneration

Details of the total remuneration of each Director of the Company received from YTL Corporation Berhad Group of Companies, categorised into appropriate components are as follows:

	Fees RM'000	Salaries RM'000	Bonus RM'000	Defined contribution plan RM'000	Share based payments RM'000	Others RM'000	Estimated money value of benefits in kind RM'000	Total RM'000
<b>Group - 2019</b>								
<b>Executive Directors</b>								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	306	14,265	2,477	1,486	1,114	2	184	19,834
Dato' Yeoh Seok Kian	193	6,987	1,521	924	1,114	4	113	10,856
Dato' Yeoh Soo Min	-	5,341	1,244	746	1,114	1	43	8,489
Dato' Yeoh Seok Hong	-	5,685	1,331	798	1,114	1	69	8,998
Dato' Sri Michael Yeoh Sock Siong	-	5,822	1,272	792	1,114	2	54	9,056
Dato' Yeoh Soo Keng	-	4,848	1,212	727	1,114	2	31	7,934
Dato' Mark Yeoh Seok Kah	-	5,099	1,184	710	1,114	3	13	8,123
Syed Abdullah Bin Syed Abd. Kadir	-	648	120	42	111	1	80	1,002
<b>Non-Executive Directors</b>								
Eu Peng Meng @ Leslie Eu	647	-	-	-	-	30	-	677
Dato' Chong Keap Thai @ Cheong Keap Tai	440	-	-	-	-	29	-	469
Dato' Ahmad Fuaad Bin Mohd Dahalan	410	-	-	-	-	24	-	434
Faiz Bin Ishak	210	-	-	-	-	8	-	218
	<b>2,206</b>	<b>48,695</b>	<b>10,361</b>	<b>6,225</b>	<b>7,909</b>	<b>107</b>	<b>587</b>	<b>76,090</b>

## Notes to the Financial Statements

- 30 June 2019

## 7. PROFIT BEFORE TAX (CONT'D.)

## Directors' remuneration (cont'd.)

	Fees RM'000	Salaries RM'000	Bonus RM'000	Defined contribution plan RM'000	Share based payments RM'000	Estimated money value of benefits in kind RM'000	Others RM'000	Total RM'000
<b>Company - 2019</b>								
<b>Executive Directors</b>								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	-	-	-	-	667	-	-	667
Dato' Yeoh Seok Kian	-	100	-	12	667	-	-	779
Dato' Yeoh Soo Min	-	-	-	-	667	-	-	667
Dato' Yeoh Seok Hong	-	-	-	-	667	-	-	667
Dato' Sri Michael Yeoh Sock Siong	-	-	-	-	667	-	-	667
Dato' Yeoh Soo Keng	-	-	-	-	667	-	-	667
Dato' Mark Yeoh Seok Kah	-	-	-	-	667	-	-	667
Syed Abdullah Bin Syed Abd. Kadir	-	-	-	-	66	-	-	66
<b>Non-Executive Directors</b>								
Eu Peng Meng @ Leslie Eu	208	-	-	-	-	-	13	221
Dato' Chong Keap Thai @ Cheong Keap Tai	220	-	-	-	-	-	15	235
Dato' Ahmad Fuaad Bin Mohd Dahalan	210	-	-	-	-	-	13	223
Faiz Bin Ishak	210	-	-	-	-	-	8	218
	<b>848</b>	<b>100</b>	-	<b>12</b>	<b>4,735</b>	-	<b>49</b>	<b>5,744</b>

## Notes to the Financial Statements

- 30 June 2019

## 7. PROFIT BEFORE TAX (CONT'D.)

## Directors' remuneration (cont'd.)

	Fees RM'000	Salaries RM'000	Bonus RM'000	Defined contribution plan RM'000	Share based payments RM'000	Others RM'000	Estimated money value of benefits in kind RM'000	Others RM'000	Total RM'000
<b>Group - 2018</b>									
<b>Executive Directors</b>									
The late Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	42	-	-	-	-	-	27	-	69
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	594	14,200	7,430	2,080	325	1	178	-	24,808
Dato' Yeoh Seok Kian	431	6,965	4,563	1,283	325	4	103	-	13,674
Dato' Yeoh Soo Min	100	5,369	3,761	1,045	325	1	60	-	10,661
Dato' Yeoh Seok Hong	190	5,686	3,992	1,118	325	1	36	-	11,348
Dato' Sri Michael Yeoh Sock Siong	240	5,837	3,816	1,097	325	3	56	-	11,374
Dato' Yeoh Soo Keng	190	4,848	4,848	1,163	325	2	58	-	11,434
Dato' Mark Yeoh Seok Kah	240	5,101	3,552	995	325	3	13	-	10,229
Syed Abdullah Bin Syed Abd. Kadir	150	648	120	58	33	1	75	-	1,085
	2,917	48,654	32,082	8,839	2,308	107	606	-	95,513
<b>Non-Executive Directors</b>									
Eu Peng Meng @ Leslie Eu	180	-	-	-	-	21	-	-	201
Dato' Chong Keap Thai @ Cheong Keap Tai	200	-	-	-	-	30	-	-	230
Dato' Ahmad Fuaad Bin Mohd Dahalan	240	-	-	-	-	21	-	-	261
Faiz Bin Ishak	120	-	-	-	-	19	-	-	139

	Fees RM'000	Salaries RM'000	Bonus RM'000	Defined contribution plan RM'000	Share based payments RM'000	Estimated money value of benefits in kind RM'000	Others RM'000	Total RM'000
<b>Company - 2018</b>								
<b>Executive Directors</b>								
The late Tan Sri Dato' Seri (Dr) Yeoh Tiong Lay	15	-	-	-	-	-	-	15
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, CBE, FICE	50	-	-	-	195	-	-	245
Dato' Yeoh Seok Kian	50	-	-	-	195	-	-	245
Dato' Yeoh Soo Min	50	-	-	-	195	-	-	245
Dato' Yeoh Seok Hong	50	-	-	-	195	-	-	245
Dato' Sri Michael Yeoh Sock Siong	50	-	-	-	194	-	-	244
Dato' Yeoh Soo Keng	50	-	-	-	194	-	-	244
Dato' Mark Yeoh Seok Kah	50	-	-	-	194	-	-	244
Syed Abdullah Bin Syed Abd. Kadir	50	-	-	-	19	-	-	69

## Notes to the Financial Statements

- 30 June 2019

## 7. PROFIT BEFORE TAX (CONT'D.)

## Directors' remuneration (cont'd.)

	Fees RM'000	Salaries RM'000	Bonus RM'000	Defined contribution plan RM'000	Share based payments RM'000	Estimated money value of benefits in kind RM'000	Others RM'000	Total RM'000
<b>Company - 2018 (cont'd.)</b>								
<b>Non-Executive Directors</b>								
Eu Peng Meng @ Leslie Eu	70	-	-	-	-	-	6	76
Dato' Chong Keap Thai @ Cheong Keap Tai	70	-	-	-	-	-	13	83
Dato' Ahmad Fuaad Bin Mohd Dahalan	70	-	-	-	-	-	11	81
Faiz Bin Ishak	60	-	-	-	-	-	8	68
	685	-	-	-	1,381	-	38	2,104

## Employee benefits expenses

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Employees compensation (excluding Directors' remuneration)				
Wages, salaries and bonus	<b>1,166,520</b>	1,149,381	<b>18,188</b>	18,392
Defined contribution plan	<b>79,867</b>	106,439	<b>2,117</b>	2,178
Defined benefit plan	<b>64,699</b>	(124,495)	-	-
Share option expenses	<b>14,944</b>	3,608	<b>1,932</b>	554
Other benefits	<b>28,907</b>	33,112	<b>1,190</b>	1,452
	<b>1,354,937</b>	1,168,045	<b>23,427</b>	22,576



## Notes to the Financial Statements

- 30 June 2019

### 8. INCOME TAX EXPENSE

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current income tax					
- Malaysian income tax		<b>159,742</b>	146,097	<b>16,802</b>	16,212
- Foreign income tax		<b>146,015</b>	214,997	-	-
Deferred tax	32	<b>9,395</b>	3,774	-	-
		<b>315,152</b>	364,868	<b>16,802</b>	16,212
Current income tax					
- Current financial year		<b>307,876</b>	390,304	<b>18,980</b>	18,393
- Over provision in prior financial years		<b>(2,119)</b>	(29,210)	<b>(2,178)</b>	(2,181)
Deferred tax					
- Relating to origination and reversal of temporary differences		<b>9,395</b>	3,774	-	-
		<b>315,152</b>	364,868	<b>16,802</b>	16,212

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and the Company is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before tax	<b>1,036,507</b>	1,335,740	<b>315,250</b>	293,628
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	<b>248,762</b>	320,578	<b>75,660</b>	70,471
Non-deductible expenses	<b>340,440</b>	498,235	<b>58,031</b>	49,952
Income not subject to tax	<b>(165,548)</b>	(280,146)	<b>(114,711)</b>	(102,030)
Different tax rates in other countries including re-measuring of deferred tax*	<b>(30,647)</b>	(38,583)	-	-
Double deductible expenses	<b>(3,467)</b>	(457)	-	-
Over provision in prior years	<b>(2,119)</b>	(29,210)	<b>(2,178)</b>	(2,181)
Tax effect on share of profits of associated companies and joint ventures	<b>(98,663)</b>	(96,179)	-	-
Tax effect of over provision of deferred tax	<b>2,036</b>	(40)	-	-
Tax effect of unrecognised deferred tax assets <sup>^</sup>	<b>24,358</b>	(4,437)	-	-
Utilisation of reinvestment allowances	-	(4,893)	-	-
<b>Income tax expense recognised in profit or loss</b>	<b>315,152</b>	364,868	<b>16,802</b>	16,212

## Notes to the Financial Statements

- 30 June 2019

**8. INCOME TAX EXPENSE (CONT'D.)**

\* The re-measurement of deferred tax in previous financial year of RM75.5 million was due to a reduction in the United Kingdom corporation tax rate from 18% to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016. This reduction will reduce the subsidiary's future current tax charge accordingly. The deferred tax liability at 30 June 2017 has been calculated based on the rate of 17% substantively enacted at the financial year ended 30 June 2017. No further changes in the UK Corporation Tax rate were announced or substantively enacted in the year to 30 June 2019.

^ A subsidiary of the Group was granted pioneer status for a period of 10 years commencing November 2010. The tax effects of temporary differences not recognised as shown below in respect of this subsidiary, is expected to be reversed during the pioneer period.

**9. EARNINGS PER SHARE ("EPS")**

Basic/diluted EPS

Basic EPS of the Group is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
Profit for the financial year attributable to owners of the parent (RM'000)	<b>242,589</b>	340,999
Weighted average number of ordinary shares in issue for basic EPS ('000)	<b>10,569,956</b>	10,529,529
Basic/diluted EPS (sen)	<b>2.30</b>	3.24

120,900,000 (2018: 125,895,000) share options granted to employees under ESOS have not been included in the calculation of diluted earnings per share because they are anti-dilutive.

## Notes to the Financial Statements

- 30 June 2019

### 10. DIVIDENDS

	Group/Company			
	2019		2018	
	Gross dividend per share (sen)	Amount of dividend, net of tax RM'000	Gross dividend per share (sen)	Amount of dividend, net of tax RM'000
<b>Dividend paid in respect of financial year ended 30 June 2018:</b>				
- Interim dividend of 4 sen per ordinary share paid on 13 November 2018	4.0	422,748	-	-
<b>Dividend paid in respect of financial year ended 30 June 2017:</b>				
- Interim dividend of 5 sen per ordinary share paid on 10 November 2017	-	-	5.0	526,761
<b>Dividend recognised as distribution to ordinary equity holders of the Company</b>	<b>4.0</b>	<b>422,748</b>	5.0	526,761

Subsequent to the financial year ended 30 June 2019, the Directors of the Company had on 29 August 2019 declared an interim dividend 4 sen per ordinary share, with the total amounting to approximately RM417,511,000 computed based on the total issued and paid-up share capital of 10,437,766,240 ordinary shares of the Company, excluding treasury shares, in respect of the financial year ended 30 June 2019. The financial statements for the current financial year do not reflect these dividends. The dividend will be accounted for in equity as an appropriation of retained earnings during the financial year ending 30 June 2019.

The Directors do not propose any final dividend in respect of the financial year ended 30 June 2019.

## Notes to the Financial Statements

- 30 June 2019

## 11. PROPERTY, PLANT AND EQUIPMENT

Group - 2019	Note	Infra-structure		Plant & machinery	Furniture, fixtures & equipment	Vehicles	Telecom-munication equipment	Assets under construction	Total
		Land & building*	& site facilities						
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost/Valuation</b>									
At 1.7.2018, as previously reported		10,232,886	8,226,469	19,072,492	1,932,357	620,060	2,789,896	2,072,452	44,946,612
Adjustments <sup>^</sup>		-	2,504	-	-	-	-	-	2,504
At 1.7.2018, restated		10,232,886	8,228,973	19,072,492	1,932,357	620,060	2,789,896	2,072,452	44,949,116
Acquisition of subsidiaries		604,297	-	4,231,549	74,687	19,862	-	118,415	5,048,810
Additions		495,187	316,914	677,605	428,625	104,504	14,588	447,136	2,484,559
Disposal		(714)	-	(25,220)	(23,094)	(41,367)	-	-	(90,395)
Written off		(60,747)	(426)	(100,138)	(22,381)	(660)	(10,044)	(14,409)	(208,805)
Reversal of impairment	7	1,024	-	-	-	-	-	-	1,024
Transfer on commissioning		405,689	-	17,848	(309,660)	83,680	323,000	(520,557)	-
Transfer from development expenditures		6,900	-	-	-	-	-	-	6,900
Currency translation differences		(10,549)	(78,301)	96,070	28	3,209	-	(17,577)	(7,120)
At 30.6.2019		11,673,973	8,467,160	23,970,206	2,080,562	789,288	3,117,440	2,085,460	52,184,089
<b>Accumulated depreciation and impairment</b>									
At 1.7.2018, as previously reported		3,018,136	637,449	11,052,098	879,412	437,798	834,397	-	16,859,290
Adjustments <sup>^</sup>		-	(21,407)	-	-	-	-	-	(21,407)
At 1.7.2018, restated		3,018,136	616,042	11,052,098	879,412	437,798	834,397	-	16,837,883
Acquisition of subsidiaries		359,028	-	2,864,896	62,355	17,135	-	-	3,303,414
Charge for the financial year		222,614	75,960	829,456	107,594	76,517	193,034	-	1,505,175
Disposal		(125)	-	(21,725)	(18,480)	(34,846)	-	-	(75,176)
Written off		(54,630)	(426)	(98,117)	(19,455)	(53)	(9,331)	-	(182,012)
Impairment loss	7	-	-	4,347	-	-	-	-	4,347
Transfer on commissioning		4,235	-	(63,541)	(4,947)	64,253	-	-	-
Currency translation differences		(8,216)	(5,410)	46,826	(4,519)	2,284	-	-	30,965
At 30.6.2019		3,541,042	686,166	14,614,240	1,001,960	563,088	1,018,100	-	21,424,596
<b>Net book value</b>									
At 30.6.2019		8,132,931	7,780,994	9,355,966	1,078,602	226,200	2,099,340	2,085,460	30,759,493

<sup>^</sup> This is in relation to the acquisition accounting and consolidation elimination restatements as disclosed in Note 44(a)(iv).

## Notes to the Financial Statements

- 30 June 2019

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Group - 2018	Note	Land & building* RM'000	Infra-structure & site facilities RM'000	Plant & machinery RM'000	Furniture, fixtures & equipment RM'000	Vehicles RM'000	Telecom-munication equipment RM'000	Assets under construction RM'000	Total RM'000
<b>Cost/Valuation</b>									
At 1.7.2017, as previously reported		10,320,196	8,216,955	19,452,971	1,624,051	630,977	2,665,019	1,743,343	44,653,512
Adjustments ^		-	2,504	-	-	-	-	-	2,504
At 1.7.2017, as restated		10,320,196	8,219,459	19,452,971	1,624,051	630,977	2,665,019	1,743,343	44,656,016
Acquisition of subsidiaries		250,323	-	1,839	16,247	-	-	-	268,409
Additions		81,936	92,646	271,850	171,953	24,237	7,670	1,468,869	2,119,161
Disposal		(498)	-	(21,439)	(2,830)	(30,077)	(5)	(330)	(55,179)
Written off		(41,451)	(10,207)	(161,378)	(9,557)	(545)	(13,218)	(46,830)	(283,186)
Impairment loss	7	(5,582)	-	-	-	-	-	-	(5,582)
Transfer on commissioning		29,127	370,277	241,244	224,173	4,278	130,430	(999,529)	-
Currency translation differences		(401,165)	(443,202)	(712,595)	(91,680)	(8,810)	-	(93,071)	(1,750,523)
At 30.6.2018		10,232,886	8,228,973	19,072,492	1,932,357	620,060	2,789,896	2,072,452	44,949,116
<b>Accumulated depreciation and impairment</b>									
At 1.7.2017, as previously reported		2,942,872	602,135	10,635,309	834,380	411,617	665,287	43,326	16,134,926
Adjustments^		-	(21,407)	-	-	-	-	-	(21,407)
At 1.7.2017, as restated		2,942,872	580,728	10,635,309	834,380	411,617	665,287	43,326	16,113,519
Charge for the financial year		213,717	68,044	927,447	96,684	57,866	181,678	-	1,545,436
Disposal		(344)	-	(12,220)	(2,392)	(26,151)	-	-	(41,107)
Written off		(25,624)	-	(155,215)	(8,254)	(167)	(1,035)	-	(190,295)
Reversal of impairment	7	-	-	-	(370)	(23)	(11,533)	(43,326)	(55,252)
Transfer on commissioning		(8,095)	-	8,783	(589)	(99)	-	-	-
Currency translation differences		(104,390)	(32,730)	(352,006)	(40,047)	(5,245)	-	-	(534,418)
At 30.6.2018		3,018,136	616,042	11,052,098	879,412	437,798	834,397	-	16,837,883
<b>Net book value</b>									
At 30.6.2018		7,214,750	7,612,931	8,020,394	1,052,945	182,262	1,955,499	2,072,452	28,111,233

^ This is in relation to the acquisition accounting and consolidation elimination restatements as disclosed in Note 44(a)iv).

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## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

\* Land &amp; buildings of the Group are as follows:-

Group - 2019	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Building on		Factory & other buildings RM'000	Total RM'000	
				freehold land RM'000	long term leasehold land RM'000			
<b>Cost/Valuation</b>								
At 1.7.2018								
At cost	1,033,325	472,694	166,383	6,953,618	1,087,824	507,458	2,635	10,223,937
At valuation	6,271	200	-	2,478	-	-	-	8,949
	1,039,596	472,894	166,383	6,956,096	1,087,824	507,458	2,635	10,232,886
Acquisition of subsidiaries	31,862	48,963	126,743	-	-	396,729	-	604,297
Additions	667	73,568	-	162,883	247,340	10,729	-	495,187
Disposal	(188)	-	(464)	-	-	(62)	-	(714)
Written off	-	-	-	(60,747)	-	-	-	(60,747)
Reversal of impairment	-	-	-	1,024	-	-	-	1,024
Transfers	(23,262)	8,022	19,314	316,020	80,095	5,500	-	405,689
Transfer from development expenditures	-	-	-	-	-	6,900	-	6,900
Currency translation differences	12,367	(1,862)	5,894	(38,055)	(5,287)	16,394	-	(10,549)
At 30.6.2019	1,061,042	601,585	317,870	7,337,221	1,409,972	943,648	2,635	11,673,973
<b>Representing:-</b>								
At cost	1,054,959	601,385	317,870	7,334,743	1,409,972	943,648	2,635	11,665,212
At valuation	6,083	200	-	2,478	-	-	-	8,761
At 30.6.2019	1,061,042	601,585	317,870	7,337,221	1,409,972	943,648	2,635	11,673,973
<b>Accumulated depreciation and impairment</b>								
At 1.7.2018								
At cost	-	55,553	72,830	2,407,449	374,083	105,385	2,106	3,017,406
At valuation	-	30	-	700	-	-	-	730
	-	55,583	72,830	2,408,149	374,083	105,385	2,106	3,018,136
Acquisition of subsidiaries	40	15,776	92,880	-	-	250,332	-	359,028
Charge for the financial year	-	6,219	11,056	162,604	26,380	16,318	37	222,614
Disposal	-	-	(94)	-	-	(31)	-	(125)
Written off	-	-	-	(54,630)	-	-	-	(54,630)
Transfers	-	146	-	(4,757)	8,336	510	-	4,235
Currency translation differences	-	132	2,546	(13,964)	(371)	3,441	-	(8,216)
At 30.6.2019	40	77,856	179,218	2,497,402	408,428	375,955	2,143	3,541,042
<b>Net book value</b>								
At cost	1,054,919	523,561	138,652	4,838,089	1,001,544	567,693	492	8,124,950
At valuation	6,083	168	-	1,730	-	-	-	7,981
At 30.6.2019	1,061,002	523,729	138,652	4,839,819	1,001,544	567,693	492	8,132,931

## Notes to the Financial Statements

- 30 June 2019

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

\* Land & buildings of the Group are as follows:-

Group - 2018	Freehold land RM'000	Long term leasehold land RM'000	Short term leasehold land RM'000	Building on freehold land RM'000	Building on	Building on	Factory & other buildings RM'000	Total RM'000
					long term leasehold land RM'000	short term leasehold land RM'000		
<b>Cost/Valuation</b>								
At 1.7.2017								
At cost	1,018,876	457,910	188,705	7,031,686	1,105,554	505,881	2,635	10,311,247
At valuation	6,271	200	-	2,478	-	-	-	8,949
Acquisition of subsidiaries	1,025,147	458,110	188,705	7,034,164	1,105,554	505,881	2,635	10,320,196
Additions	35,228	-	-	215,095	-	-	-	250,323
Disposal	17,671	15,615	-	5,914	3,106	39,630	-	81,936
Written off	-	(496)	-	(2)	-	-	-	(498)
Impairment loss	-	-	-	(18,900)	-	(22,551)	-	(41,451)
Transfers	-	-	-	(5,582)	-	-	-	(5,582)
Currency translation differences	467	-	(8,801)	43,369	(14,709)	8,801	-	29,127
	(38,917)	(335)	(13,521)	(317,962)	(6,127)	(24,303)	-	(401,165)
At 30.6.2018	1,039,596	472,894	166,383	6,956,096	1,087,824	507,458	2,635	10,232,886
<b>Representing:-</b>								
At cost	1,033,325	472,694	166,383	6,953,618	1,087,824	507,458	2,635	10,223,937
At valuation	6,271	200	-	2,478	-	-	-	8,949
At 30.6.2018	1,039,596	472,894	166,383	6,956,096	1,087,824	507,458	2,635	10,232,886
<b>Accumulated depreciation and impairment</b>								
At 1.7.2017								
At cost	-	49,475	67,457	2,345,655	360,777	116,759	2,070	2,942,193
At valuation	-	28	-	651	-	-	-	679
Charge for the financial year	-	49,503	67,457	2,346,306	360,777	116,759	2,070	2,942,872
Disposal	-	6,427	10,230	153,522	24,540	18,962	36	213,717
Written off	-	(180)	-	-	(164)	-	-	(344)
Transfer on commissioning	-	-	-	(3,835)	-	(21,789)	-	(25,624)
Currency translation differences	-	-	(280)	-	(8,095)	280	-	(8,095)
	-	(167)	(4,577)	(87,844)	(2,975)	(8,827)	-	(104,390)
At 30.6.2019	-	55,583	72,830	2,408,149	374,083	105,385	2,106	3,018,136
<b>Net book value:</b>								
At cost	1,033,325	417,141	93,553	4,546,169	713,741	402,073	529	7,206,531
At valuation	6,271	170	-	1,778	-	-	-	8,219
At 30.6.2018	1,039,596	417,311	93,553	4,547,947	713,741	402,073	529	7,214,750

## Notes to the Financial Statements

- 30 June 2019

## 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

	Note	Furniture, fittings & equipment RM'000	Vehicles RM'000	Total RM'000
<b>Company - 2019</b>				
<b>Cost</b>				
At 1.7.2018		7,055	8,417	15,472
Additions		153	1,334	1,487
Disposal		-	(459)	(459)
At 30.6.2019		7,208	9,292	16,500
<b>Accumulated depreciation</b>				
At 1.7.2018		6,305	5,161	11,466
Charge for the financial year	7	396	493	889
Disposal		-	(329)	(329)
At 30.6.2019		6,701	5,325	12,026
<b>Net book value</b>				
At 30.6.2019		507	3,967	4,474
<b>Company - 2018</b>				
<b>Cost</b>				
At 1.7.2017		6,977	8,417	15,394
Additions		78	-	78
At 30.6.2018		7,055	8,417	15,472
<b>Accumulated depreciation</b>				
At 1.7.2017		5,924	4,107	10,031
Charge for the financial year	7	381	1,054	1,435
At 30.6.2018		6,305	5,161	11,466
<b>Net book value</b>				
At 30.6.2018		750	3,256	4,006



## Notes to the Financial Statements

- 30 June 2019

### 11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

(a) Depreciation charge for the financial year is allocated as follows:-

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit or loss	7	<b>1,497,585</b>	1,538,709	<b>889</b>	1,435
Amount due from contract customers		<b>7,590</b>	6,727	-	-
		<b>1,505,175</b>	1,545,436	<b>889</b>	1,435

(b) Assets under finance lease

The net book value of the property, plant and equipment as at reporting date held under finance leases are as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Plant and machinery	<b>94,987</b>	273,215	-	-
Vehicles	<b>4,302</b>	4,225	<b>2,528</b>	2,119
	<b>99,289</b>	277,440	<b>2,528</b>	2,119

(c) Security

The net book value of the Group's property, plant and equipment that have been pledged as security for the bank facilities and bonds by way of fixed and floating charges are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Land	<b>164,166</b>	148,502
Buildings	<b>1,381,634</b>	1,417,976
	<b>1,545,800</b>	1,566,478

(d) Borrowing cost

Borrowing costs of RM8,348,000 (2018: RM22,759,000) arising on financing specifically entered into for the construction of property, plant and equipment were capitalised during the financial year.

## Notes to the Financial Statements

- 30 June 2019

**11. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)**

The Group has revised the useful lives of certain property, plant and equipment during the financial year. The revision was accounted for as a change in accounting estimate and as a result, the depreciation charge for the financial year ended 30 June 2019 has decreased approximately by RM83.4 million.

**Impairment assessment for property, plant and equipment ("PPE") of a subsidiary**

The recoverable amounts of the PPE are determined based on the fair value less costs of disposal calculation.

The following are the key assumptions applied in the fair value less cost of disposal calculation for impairment assessment of PPE of a subsidiary in the mobile broadband network segment:

	<b>2019</b>	<b>2018</b>
Discount rate	<b>8.2%</b>	10.8%
Average revenue growth rate	<b>21.4%</b>	12.4%

The discount rate applied to the cash flow projections are derived from the cost of capital at the date of the assessment of the PPE.

The cash flow projections used in the FVLCD calculation were based on approved financial budgets and forecasts covering a 5 year period. Cash flows beyond the 5 year period were extrapolated a further 12 years representing the average useful lives of the PPE of the subsidiary, using the estimated inflation rate of 2.5% (2018: 2.5%).

The circumstances where a change in key assumptions will result in the recoverable amounts of PPE of the subsidiary to equal the corresponding carrying amounts assuming no change in the other variables are as follows:

	<b>2019</b>	<b>2018</b>
Discount rate	<b>10.7%</b>	11.9%
Average revenue growth rate	<b>20.4%</b>	12.0%

The subsidiary completed its key contract during the financial year. The subsidiary will participate in any future tenders in this area once details of the next development phase are released. If the contract value changes by 33.4%, the recoverable amounts of the PPE will be equal to the corresponding carrying amounts.

The carrying value of the PPE is RM2.2 billion (2018: RM2.3 billion). No impairment charge for PPE of the subsidiary was recognised as the recoverable value was in excess of its carrying value.

## Notes to the Financial Statements

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### 12. INVESTMENT PROPERTIES

	Note	Freehold land & buildings RM'000	Long term leasehold land & buildings RM'000	Total RM'000
<b>Group - 2019</b>				
At beginning of the financial year		2,902,048	7,101,841	10,003,889
Acquisition of subsidiary		2,304	2,163	4,467
Additions		40,574	2,922	43,496
Change in fair value recognised in profit or loss	7	79,932	(66,760)	13,172
Currency translation differences		(34,799)	216,501	181,702
Disposal		(10,128)	-	(10,128)
Transfer to property development costs	22	(23,225)	-	(23,225)
Transfer from inventory		19,382	-	19,382
Transfer to property, plant and equipment		(15,182)	-	(15,182)
At end of the financial year		<b>2,960,906</b>	<b>7,256,667</b>	<b>10,217,573</b>
<b>Group - 2018</b>				
At beginning of the financial year		3,068,253	7,448,757	10,517,010
Additions		72,544	13,669	86,213
Change in fair value recognised in profit or loss	7	(28,187)	(14,583)	(42,770)
Currency translation differences		(195,197)	(346,002)	(541,199)
Disposal		(15,365)	-	(15,365)
At end of the financial year		2,902,048	7,101,841	10,003,889

Investment properties with carrying amount of RM2,455 million (2018: RM2,636 million) are charged as security for a borrowing granted to the Group as disclosed in Note 29 and Note 30 to the financial statements.

## Notes to the Financial Statements

- 30 June 2019

## 12. INVESTMENT PROPERTIES (CONT'D.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group - 2019</b>				
Recurring fair value measurements:				
Investment properties				
- Commercial properties	-	-	8,947,689	8,947,689
- Hotel properties	-	-	667,000	667,000
- Other properties	-	34,592	568,292	602,884
Total	-	34,592	10,182,981	10,217,573
<b>Group - 2018</b>				
Recurring fair value measurements:				
Investment properties				
- Commercial properties	-	-	8,810,878	8,810,878
- Hotel properties	-	-	650,000	650,000
- Other properties	-	41,598	501,413	543,011
Total	-	41,598	9,962,291	10,003,889

Investment properties are stated at fair value based on valuations performed by independent professional valuers having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

In determining the fair value, the valuers have used valuation techniques which involve certain estimates. In relying on the valuation reports, the Group has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. The valuation reports are prepared in accordance with recognised appraisal and valuation standards. The estimates underlying the valuation techniques in the next financial year may differ from current estimates, which may result in valuations that may be materially different from the valuations as at reporting date.

The valuers have considered the capitalisation approach and/or discounted cash flows in arriving at the open market value as at the reporting date. The capitalisation approach capitalises an income stream into a present value using single-year capitalisation rates. The income stream used is adjusted to market rentals currently being achieved within comparable investment properties and recent leasing transactions achieved within the investment property. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements.

**(a) Fair value information**

The Group's investment properties are valued based on sale comparison approach and unobservable inputs and classified in Level 2 and Level 3 respectively of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 37(b) to the financial statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

## Notes to the Financial Statements

- 30 June 2019

### 12. INVESTMENT PROPERTIES (CONT'D.)

#### (b) Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

#### (c) Fair value measurements using significant unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

##### (i) Commercial properties

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Discounted cash flow method is the total of discounted income stream and present value of the properties' anticipated sale value in arriving at the total present market value.	Discount rate of 3.50% to 8.50% (2018: from 3.60% to 8.25%)	The higher the discount rate, the lower the fair value.
	Capitalisation rate of 3.70% to 6.88% (2018: from 3.75% to 7.00%)	The higher the capitalisation rate, the lower the fair value.

##### (ii) Hotel properties

Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Income approach which capitalise the estimate rental income stream, net projected operating costs, using a discount rate derived from market yield	Discount rate of 6.0% to 7.5% (2018: 7.0% to 7.5%)	The higher the discount rate, the lower the fair value.
	Capitalisation rate of 6.0% to 7.5% (2018: 6.25% to 7.5%)	The higher the capitalisation rate, the lower the fair value.

##### (iii) Other properties - UK

Valuation technique	Significant unobservable inputs	Range
DCF method	Estimated rental value per sq-ft per annum	£1.75 - £2.25
	Void periods	12 months
Transaction prices	Unit density per acre	18 - 28

## Notes to the Financial Statements

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### 12. INVESTMENT PROPERTIES (CONT'D.)

#### (c) Fair value measurements using significant unobservable inputs (Level 3) (cont'd.)

Key unobservable inputs correspond to:

- Capitalisation rates derived from specialised publications from the related markets and comparable transactions.
- Discount rate, which are largely based on the risk-free rate of government in the relevant market, adjusted for a risk premium to reflect both the increased risk of investing in the asset class.

The investment properties are valued using the income capitalisation method, where a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation (discount) rate based on current market-derived yield rates which reflect the expected return on investments commensurate with the risk exposure associated to the asset.

The significant unobservable input is the adjustment for factors specific to the hotel properties. The extent and direction of this adjustment depends on the number and characteristics of the observable market transactions in similar properties that are used as the starting point for valuation. Although this input is a subjective judgement, management considers that the overall valuation would not be materially affected by reasonably possible alternative assumptions.

## Notes to the Financial Statements

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### 13. DEVELOPMENT EXPENDITURES

The movement in development expenditures of the Group during the financial year is as follows:-

Group - 2019	Note	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>(a) Land held for property development cost</b>					
<b>Cost</b>					
At beginning of the financial year (FRS)		411,576	235,425	267,815	914,816
Effects of adoption of MFRS 15		-	-	(34,026)	(34,026)
At end of the financial year (MFRS)		411,576	235,425	233,789	880,790
Additions		-	-	12,244	12,244
Reclassification made during the year		1,380	62	(1,442)	-
Disposal		-	(11)	(1,123)	(1,134)
Written off		-	-	(457)	(457)
Transfer to property development costs	22	-	(3,073)	(915)	(3,988)
<b>At end of the financial year</b>		<b>412,956</b>	<b>232,403</b>	<b>242,096</b>	<b>887,455</b>
<b>Accumulated impairment losses</b>					
At beginning of the financial year		-	(27,315)	(382)	(27,697)
Impairment losses	7	(530)	(452)	(98)	(1,080)
At end of the financial year		(530)	(27,767)	(480)	(28,777)
<b>Total land held for property development</b>		<b>412,426</b>	<b>204,636</b>	<b>241,616</b>	<b>858,678</b>
<b>(b) Project development expenditure</b>					
At beginning of the financial year		-	159,144	115,154	274,298
Additions		-	13,772	106,670	120,442
Charge to profit or loss		-	-	(3,392)	(3,392)
Currency translation difference		-	4,141	3,180	7,321
Transfer from inventory		-	-	(40,078)	(40,078)
Transfer to property development costs	22	-	-	(83,131)	(83,131)
Transfer to property, plant equipment	11	-	-	(6,900)	(6,900)
At end for the financial year		-	177,057	91,503	268,560
<b>Total development expenditure</b>		<b>412,426</b>	<b>381,693</b>	<b>333,119</b>	<b>1,127,238</b>

## Notes to the Financial Statements

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## 13. DEVELOPMENT EXPENDITURES (CONT'D.)

The movement in development expenditures of the Group during the financial year is as follows:- (cont'd.)

Group - 2018	Note	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>(a) Land held for property development cost</b>					
<b>Cost</b>					
At beginning of the financial year (FRS)		383,118	234,799	288,196	906,113
Effects of adoption of MFRS 15		-	-	(34,026)	(34,026)
At end of the financial year (MFRS)		383,118	234,799	254,170	872,087
Additions		40,250	626	12,003	52,879
Disposal		(11,792)	-	(31,847)	(43,639)
Transfer to property development costs	22	-	-	(537)	(537)
<b>At end of the financial year</b>		<b>411,576</b>	<b>235,425</b>	<b>233,789</b>	<b>880,790</b>
<b>Accumulated impairment losses</b>					
At beginning of the financial year		-	(21,066)	(382)	(21,448)
Impairment losses	7	-	(6,249)	-	(6,249)
At end of the financial year		-	(27,315)	(382)	(27,697)
Total land held for property development		411,576	208,110	233,407	853,093
<b>(b) Project development expenditure</b>					
At beginning of the financial year		-	140,476	35,152	175,628
Additions		-	27,271	82,927	110,198
Currency translation difference		-	(8,603)	(2,925)	(11,528)
At end of the financial year		-	159,144	115,154	274,298
<b>Total development expenditure</b>		<b>411,576</b>	<b>367,254</b>	<b>348,561</b>	<b>1,127,391</b>

During the financial year, the impairment review has led to the recognition of impairment loss amounting to RM1,080,000 (2018: RM6,249,000) due to uncertainty in the recoverability of development cost.

Land held for property development with carrying amount of RM182,590,000 (2018: RM181,121,000) are charged as security for borrowing granted to the Group as disclosed in Note 30 to the financial statements.



## Notes to the Financial Statements

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### 13. DEVELOPMENT EXPENDITURES (CONT'D.)

Included in project development expenditure, land acquisition costs relating to the construction of the power plant by P.T. Tanjung Jati Power Company under a 30-year power purchase agreement with PT PLN (Persero), Indonesia's state-owned electric utility company, a second amended and restated version of which was executed in March 2018. The project is currently in the development stage and progress is underway towards achieving financial close.

### 14. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Quoted shares, at cost	3,972,483	3,972,484
Unquoted shares, at cost	3,449,919	3,863,185
Quoted ICULS, at cost *	391,502	391,502
Less: Accumulated impairment losses	(6,389)	(54,461)
	<b>7,807,515</b>	8,172,710
Market value		
- Quoted shares	4,701,802	5,353,099
- Quoted ICULS	238,816	340,606
	<b>4,940,618</b>	5,693,705

\* Quoted ICULS, at cost

These are related to ten (10) years ICULS issued by YTL Land & Development Berhad, a subsidiary of the Group, on 31 October 2011. These ICULS bear a step-up coupon rate ranging from 3% to 6% per annum until its maturity date. The interest is payable semi-annually. The conversion price of the ICULS is fixed at a step-down basis. In the first four (4) years, the conversion price is at RM1.32 for one (1) ordinary share in YTL Land & Development Berhad, after which it is at RM0.99 in the next three (3) years and at RM0.66 for the remaining three (3) years.

The ICULS are quoted on Bursa Securities.

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## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries are as follows:

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held by the Company:</b>				
Arah Asas Sdn. Bhd.	Malaysia	Property development	100.00	100.00
Business & Budget Hotels Sdn. Bhd.	Malaysia	Management & investment holding	100.00	100.00
Cane Creations Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
Cornerstone Crest Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
Divine View Sdn. Bhd.	Malaysia	Commercial trading, property dealing & investment holding	100.00	100.00
Intellectual Mission Sdn. Bhd.	Malaysia	Education & training using advanced technology	100.00	100.00
Prisma Tulin Sdn. Bhd.	Malaysia	Hotel operator	100.00	100.00
Spectacular Corner Sdn. Bhd.	Malaysia	Dormant	100.00	100.00
Starhill Global Real Estate Investment Trust ("SGREIT")*	Singapore	Investment in prime real estate	36.46	36.46
Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.	Malaysia	Civil engineering works, construction, property development & real estate investment, investment holding & related services	100.00	100.00
Titiwangsa Development Sdn. Bhd.	Malaysia	Inactive	100.00	100.00
YTL Cayman Limited †	Cayman Islands	Investment holding, ownership & chartering of yachts & vessels	100.00	100.00
YTL Cement Berhad	Malaysia	Investment holding, management company & hiring of vehicles	98.03	97.99
YTL Charters Sdn. Bhd.	Malaysia	Chartering of aircrafts, helicopters, ships & vehicles	100.00	100.00
YTL Corporation (UK) Plc *	England & Wales	Inactive	100.00	100.00
YTL Corp Finance (Cayman) Limited †	Cayman Islands	Inactive	100.00	100.00
YTL Corp Finance (Labuan) Limited †	Malaysia	Special purpose vehicle for issuance of securities & investment holding	100.00	100.00
YTL e-Solutions Berhad	Malaysia	Investment holding, provision and maintenance of information technology hardware and software systems, network and internet connectivity infrastructure, web hosting services, content development, provision of e-commerce systems, hardware sales and other related services	100.00	100.00

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### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held by the Company: (cont'd.)</b>				
YTL Energy Sdn. Bhd.	Malaysia	Investment holding	<b>100.00</b>	100.00
YTL (Guernsey) Limited †	Guernsey	Investment & property holding	<b>100.00</b>	100.00
YTL Hospitality REIT ("YTLREIT")	Malaysia	Management of real estate investment trusts	<b>56.95</b>	56.92
YTL Hotel Management Saint Tropez SARL †	France	Hotel operator & management services	<b>100.00</b>	100.00
YTL Hotels & Properties Sdn. Bhd.	Malaysia	Investment holding & management services	<b>100.00</b>	100.00
YTL Industries Berhad	Malaysia	Investment holding, property development and property investment	<b>100.00</b>	100.00
YTL Land Sdn. Bhd.	Malaysia	Property investment, property and project management	<b>100.00</b>	100.00
YTL Land & Development Berhad *	Malaysia	Investment holding & provision of management, financial, treasury & secretarial services	<b>65.26</b>	65.26
YTL Power International Berhad ("YTL Power") *	Malaysia	Investment holding & provision of administrative & technical support services	<b>55.21</b>	54.03
YTL Singapore Pte. Ltd. *	Singapore	Investment holding & management company	<b>100.00</b>	100.00
YTL-SV Carbon Sdn. Bhd.	Malaysia	Providing consultancy services	<b>90.00</b>	90.00
<b>Held through Business &amp; Budget Hotels Sdn. Bhd.:</b>				
Business & Budget Hotels (Penang) Sdn. Bhd.	Malaysia	Hotel operator	<b>51.00</b>	51.00
Business & Budget Hotels (Seberang Jaya) Sdn. Bhd.	Malaysia	Inactive	<b>51.00</b>	51.00
<b>Held through Cane Creations Sdn. Bhd.:</b>				
Cane Creations (Marketing) Sdn. Bhd.	Malaysia	Trading in cane furniture, local handicrafts, accessories & related services	<b>100.00</b>	100.00
Natural Adventure Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
Niche Retailing Sdn. Bhd.	Malaysia	Retailing of fashion apparels and related accessories	<b>100.00</b>	100.00

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## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through Cane Creations Sdn. Bhd.: (cont'd.)</b>				
Prestige Lifestyles & Living Sdn. Bhd.	Malaysia	Trading of furniture and accessories	<b>100.00</b>	100.00
Star Hill Living.Com Sdn. Bhd.	Malaysia	Project management services, trading of paintings, furniture, accessories & related services	<b>100.00</b>	100.00
Trendy Retailing Sdn. Bhd.	Malaysia	Retailing of ready to wear	<b>100.00</b>	100.00
<b>Held through Divine View Sdn. Bhd.:</b>				
SCI YTL Hotels Saint Tropez †	France	Acquisition, management, renting & administration and/or resale of real estate	<b>100.00</b>	100.00
<b>Held through Starhill Global Real Estate Investment Trust ("SGREIT"):</b>				
Ara Bintang Berhad *	Malaysia	Property investment	<b>36.46</b>	36.46
Chengdu Xin Hong Management Co. Ltd. (formerly known as Renhe Spring Department Store Co., Ltd.) *	The People's Republic of China	Property investment	<b>36.46</b>	36.46
SG REIT (M) Pte. Ltd. *	Singapore	Investment holding	<b>36.46</b>	36.46
SG REIT (WA) Pte. Ltd. *	Singapore	Investment holding	<b>36.46</b>	36.46
SG REIT (WA) Trust *	Australia	Property investment	<b>36.46</b>	36.46
SG REIT (WA) Sub-Trust1 *	Australia	Property investment	<b>36.46</b>	36.46
SG REIT (SA) Sub-Trust2 *	Australia	Property investment	<b>36.46</b>	36.46
Starhill Global REIT Japan SPC One Pte. Ltd. *	Singapore	Investment holding	<b>36.46</b>	36.46
Starhill Global REIT Japan SPC Two Pte. Ltd. *	Singapore	Investment holding	<b>36.46</b>	36.46
Starhill Global REIT MTN Pte. Ltd. *	Singapore	Issuer of notes under the Medium Term Note Programme	<b>36.46</b>	36.46
Starhill Global REIT One TMK *	Japan	Property investment	<b>36.46</b>	36.46
Starhill Global ML K.K. †	Japan	Master lessee of Japan properties	<b>36.46</b>	36.46
Top Sure Investment Ltd. *	Hong Kong	Investment holding	<b>36.46</b>	36.46

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### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.:</b>				
Austasia Metal Sdn. Bhd. *	Malaysia	Inactive	<b>100.00</b>	100.00
Austasia Timbers Malaysia Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
Builders Brickworks Sdn. Bhd.	Malaysia	Inactive	<b>93.80</b>	93.80
Construction Lease (M) Sdn. Bhd.	Malaysia	Leasing, hire purchase & credit	<b>100.00</b>	100.00
Dayang Bay Development Sdn. Bhd.	Malaysia	Property investment and development	<b>100.00</b>	100.00
Dayang Bunting Resorts Sdn. Bhd.	Malaysia	Property investment and development	<b>100.00</b>	100.00
Dynamic Marketing Sdn. Bhd.	Malaysia	Trading of building & construction materials	<b>100.00</b>	100.00
Hotel 25 Sdn. Bhd.	Malaysia	Hotel operator	<b>100.00</b>	100.00
First Commercial Development Sdn. Bhd.	Malaysia	Property investment	<b>100.00</b>	100.00
Kampung Tiong Development Sdn. Bhd.	Malaysia	Property development	<b>70.00</b>	70.00
Lay Seng Oil Palm Plantations Sdn. Bhd.	Malaysia	Cultivation of oil palms	<b>100.00</b>	100.00
Northwestern Development Sdn. Bhd.	Malaysia	Property investment and development	<b>100.00</b>	100.00
Permai Property Management Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
P.T. YTL Construction Makmur †®	Indonesia	Dormant	-	67.00
Suri Travel & Tours Sdn. Bhd.	Malaysia	Rental of motor vehicles, air ticketing & other related services	<b>100.00</b>	100.00
Transportable Camps Sdn. Bhd.	Malaysia	Trading & rental of transportable cabins & wood based products	<b>100.00</b>	100.00
Yap Yew Hup Brickworks (Perak) Sdn. Bhd.	Malaysia	Inactive	<b>93.80</b>	93.80
Yeoh Tiong Lay Realty Sdn. Bhd.	Malaysia	Realty, investment & management services	<b>100.00</b>	100.00
YTL Construction International (Cayman) Limited †	Cayman Islands	Investment holding in construction related activities	<b>100.00</b>	100.00
YTL Construction (S) Pte. Ltd. *	Singapore	Construction related activities & real estate developer	<b>100.00</b>	100.00
YTL Civil Engineering Sdn. Bhd.	Malaysia	Civil engineering works & construction	<b>90.00</b>	90.00
YTL Development Sdn. Bhd.	Malaysia	Inactive	<b>70.00</b>	70.00
YTL Project Management Services Sdn. Bhd.	Malaysia	Provision of management services for construction projects	<b>100.00</b>	100.00
YTL Technologies Sdn. Bhd.	Malaysia	Servicing & hiring of equipment	<b>99.21</b>	99.19
YTL THP JV Sdn. Bhd.	Malaysia	Inactive	<b>70.00</b>	70.00

## Notes to the Financial Statements

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## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Cayman Limited:</b>				
Just Heritage Sdn. Bhd. *	Malaysia	Investment holding	<b>100.00</b>	100.00
Starhill Global REIT Investments Limited †	Cayman Islands	Investment holding	<b>100.00</b>	100.00
Starhill Global REIT Management Limited †	Cayman Islands	Investment holding	<b>100.00</b>	100.00
YTL Construction (Thailand) Limited *	Thailand	Construction activities	<b>74.89</b>	74.89
YTL Power Services Sdn. Bhd.	Malaysia	Operation & maintenance of power station	<b>100.00</b>	100.00
YTL Property Investments Limited †	Cayman Islands	Investment holding	<b>100.00</b>	100.00
YTL Starhill Global Property Management Pte. Ltd. *	Singapore	Property management services	<b>100.00</b>	100.00
YTL Starhill Global REIT Management Holdings Pte. Ltd. *	Singapore	Investment holding	<b>100.00</b>	100.00
YTL Starhill Global REIT Management Limited *	Singapore	Investment advisor, property fund management services and to act as the Manager of SGREIT	<b>100.00</b>	100.00
<b>Held through YTL Cement Berhad:</b>				
Associated Pan Malaysia Cement Sdn. Bhd. *®	Malaysia	Manufacture and sale of clinker and cement	<b>75.46</b>	-
Batu Tiga Quarry Sdn. Bhd.	Malaysia	Quarry business & trading of granite aggregates	<b>98.03</b>	97.99
Batu Tiga Quarry (Sg. Buloh) Sdn. Bhd.	Malaysia	Quarry business & related services	<b>98.03</b>	97.99
Beijing Dama Sinosource Trading Co., Ltd *†	The People's Republic of China	Trading of mechanical, electrical equipment and parts, and technology transfer, development and consultancy	<b>98.03</b>	97.99
Bentara Gemilang Industries Sdn. Bhd.	Malaysia	Quarry business & related services	<b>49.02</b>	48.99
Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	<b>98.03</b>	97.99
Buildcon Concrete Enterprise Sdn. Bhd.	Malaysia	Investment holding	<b>98.03</b>	97.99
Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	<b>98.03</b>	97.99
Buildcon Concrete (KL) Sdn. Bhd.	Malaysia	Inactive	<b>98.03</b>	97.99
C.I. Quarrying & Marketing Sdn. Bhd.	Malaysia	Quarry business & related services	<b>98.03</b>	97.99

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### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Cement Berhad: (cont'd.)</b>				
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mixed concrete	<b>98.03</b>	97.99
CMM Perniagaan Sdn. Bhd. * <sup>@</sup>	Malaysia	Trading of cement and other building materials	<b>75.46</b>	-
Competent Teamwork Sdn. Bhd.	Malaysia	Investment holding	<b>98.03</b>	97.99
Concrete Industries Pte. Ltd. *	Singapore	Dormant	<b>98.03</b>	97.99
Concrete Star Limited †	Cayman Islands	Investment holding	<b>98.03</b>	97.99
Equity Corporation Sdn. Bhd.	Malaysia	Quarry business & related services	<b>98.03</b>	97.99
Gemilang Pintar Sdn. Bhd.	Malaysia	Marketing & trading of quarry products	<b>68.62</b>	68.59
Geocycle Environmental Services Sdn. Bhd.* <sup>@</sup>	Malaysia	Waste management in cement manufacturing activities	<b>75.46</b>	-
Geocycle Malaysia Sdn. Bhd. * <sup>@</sup>	Malaysia	Trading of any type of cementitious materials for cement or concrete use	<b>75.46</b>	-
Green Enable Technologies Sdn. Bhd.	Malaysia	Consultancy service in relation to the promotion of the gasification of municipal solid waste for disposal in cement kilns	<b>98.03</b>	97.99
Hangzhou Dama Kai Tong Environmental Technology Co., Ltd. * <sup>^</sup>	The People's Republic of China	Dormant	-	97.99
Holcim (Malaysia) Sdn. Bhd.* <sup>@</sup>	Malaysia	Manufacturing and sale of cement	<b>75.46</b>	-
Holcim (Singapore) Limited * <sup>@</sup>	Singapore	Investment holding, importers, dealers of ready-mix concrete, dry-mix mortar products, business of owners of storage terminal facilities & sales of cement	<b>88.99</b>	-
Simen Utama Marketing Sdn. Bhd. (formerly known as Holcim Marketing (Malaysia) Sdn. Bhd.) * <sup>@</sup>	Malaysia	Dormant	<b>75.46</b>	-
Hopefield Enterprises Limited *	Hong Kong	Investment holding	<b>98.03</b>	97.99
Industrial Procurement Limited †	Cayman Islands	Investment holding	<b>98.03</b>	97.99
Jaksa Quarry Sdn. Bhd.	Malaysia	Quarry business & related services	<b>98.03</b>	97.99
Jumewah Shipping Sdn. Bhd. * <sup>@</sup>	Malaysia	Shipping of bulk cement and chartering of vessels	<b>75.46</b>	-
Kedah Cement Holdings Berhad * <sup>@</sup>	Malaysia	Investment holding	<b>75.46</b>	-

## Notes to the Financial Statements

- 30 June 2019

## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Cement Berhad: (cont'd.)</b>				
Kedah Cement Jetty Sdn. Bhd. * <sup>@</sup>	Malaysia	Management and operation of a jetty	75.46	-
Kenneison Construction Materials Sdn. Bhd.	Malaysia	Inactive	98.03	97.99
Kenneison Northern Quarry Sdn. Bhd.	Malaysia	Manufacturing, selling & distribution of premix products, construction & building materials	98.03	97.99
Lafarge Aggregates (Kota Tinggi) Sdn. Bhd. * <sup>@</sup>	Malaysia	Quarrying and trading of granite and quarry products	75.46	-
Lafarge Aggregates (Pantai Remis) Sdn. Bhd. * <sup>@</sup>	Malaysia	Producer and supplier of aggregates and related products	75.46	-
Lafarge Aggregates Sdn. Bhd. * <sup>@</sup>	Malaysia	Investment holding, trading and quarrying of aggregates and related products	75.46	-
Lafarge Cement Sdn. Bhd. * <sup>@</sup>	Malaysia	Manufacture and sale of clinker and cement	75.46	-
Lafarge Cement Singapore Pte. Ltd. * <sup>@</sup>	Singapore	Bulk import and sale of cement and trading of other building materials	75.46	-
Lafarge Concrete (East Malaysia) Sdn. Bhd. (In members' voluntary liquidation) * <sup>@</sup>	Malaysia	Dormant	70.38	-
Lafarge Concrete (Malaysia) Sdn. Bhd. * <sup>@</sup>	Malaysia	Manufacture and sale of ready-mix concrete	70.38	-
Lafarge Concrete Industries Sdn. Bhd. * <sup>@</sup>	Malaysia	Manufacture and sale of ready-mix concrete	70.38	-
Lafarge Drymix Sdn. Bhd. * <sup>@</sup>	Malaysia	Manufacture and sale of cement and drymix products	75.46	-
Malayan Cement Berhad (formerly known as Lafarge Malaysia Berhad) * <sup>@</sup>	Malaysia	Investment holding	75.46	-
Lafarge Marketing Pte. Ltd. * <sup>@</sup>	Singapore	Investment holding	75.46	-
Lafarge Shared Services Sdn. Bhd. * <sup>@</sup>	Malaysia	Accounting shared services, and management consulting services	75.46	-
LCS Shipping Pte. Ltd. * <sup>@</sup>	Singapore	Shipping of bulk cement and chartering of vessels	75.46	-
LMCB Holdings Pte. Ltd. * <sup>@</sup>	Singapore	Investment holding	75.46	-
Madah Seloka Sdn. Bhd.	Malaysia	Quarry business & related services	98.03	97.99
M-Cement Sdn. Bhd. * <sup>@</sup>	Malaysia	Investment holding	75.46	-



## Notes to the Financial Statements

- 30 June 2019

### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Cement Berhad: (cont'd.)</b>				
Mini-Mix Sdn. Bhd.	Malaysia	Manufacture & sale of ready-mix concrete & hiring of vehicles	<b>98.03</b>	97.99
Mobijack Sea Sdn. Bhd.	Malaysia	Quarry business & related services	<b>98.03</b>	97.99
Mutual Prospect Sdn. Bhd.	Malaysia	Quarry business & related services	<b>98.03</b>	97.99
Nanyang Cement Pte. Ltd. *	Singapore	Cement terminal operation, bulk breaking activities and trading in cement	<b>98.03</b>	97.99
Oasis Vision Sdn. Bhd.	Malaysia	Production, selling & distribution of construction & building materials	<b>35.00</b>	34.98
P.T. YTL Semen Indonesia *	Indonesia	Manufacture & sale of ordinary portland cement & ready-mixed concrete	<b>98.03</b>	97.99
Pahang Cement Marketing Sdn. Bhd.	Malaysia	Inactive	<b>98.03</b>	97.99
Pahang Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker & related products	<b>98.03</b>	97.99
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker & related products	<b>98.03</b>	97.99
Permodalan Hitec Sdn. Bhd.	Malaysia	Quarry business & related services	<b>98.03</b>	97.99
PHS Trading Sdn. Bhd.	Malaysia	Management of plant	<b>98.03</b>	97.99
PMCWS Enterprises Pte. Ltd. *®	Singapore	Investment holding	<b>75.46</b>	-
Probuilders Centre Sdn. Bhd. (In members' voluntary liquidation) *®	Malaysia	Trading of cement and other building materials	<b>75.46</b>	-
RC Aggrerates Sdn. Bhd.	Malaysia	Handling of construction waste materials and sales of the recycled concrete aggregates	<b>98.03</b>	97.99
Sino Mobile and Heavy Equipment Sdn. Bhd.	Malaysia	Trading & maintenance of trucks & parts & heavy equipment	<b>98.03</b>	97.99
Slag Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement & blended cement	<b>98.03</b>	97.99
Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement & blended cement	<b>98.03</b>	97.99
SMC Mix Sdn. Bhd.	Malaysia	Inactive	<b>98.03</b>	97.99
Solaris Concept Sdn. Bhd.	Malaysia	Production, selling & distribution of construction & building materials	<b>50.00</b>	49.97
Straits Cement Sdn. Bhd.	Malaysia	Manufacture & sale of ordinary portland cement, clinker and related products	<b>98.03</b>	97.99
Tugas Sejahtera Sdn. Bhd.	Malaysia	Investment holding	<b>98.03</b>	97.99

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## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Cement Berhad: (cont'd.)</b>				
Supermix Concrete Pte. Ltd. * <sup>@</sup>	Singapore	Investment holding	<b>75.46</b>	-
YTL Cement (Cambodia) Holdings Pte. Ltd.*	Singapore	Dormant	<b>98.03</b>	97.99
YTL Cement Enterprise Sdn. Bhd.	Malaysia	Investment holding	<b>98.03</b>	97.99
YTL Cement (Hong Kong) Limited *	Hong Kong	Investment holding	<b>98.03</b>	97.99
YTL Cement Marketing Sdn. Bhd.	Malaysia	Sale & marketing of cementitious products	<b>98.03</b>	97.99
YTL Cement Marketing Singapore Pte. Ltd. *	Singapore	Sale & marketing of cement, cementitious products & other related construction products	<b>98.03</b>	97.99
YTL Cement Myanmar Company Limited *	Myanmar	Manufacture & sale of ordinary portland cement & related products	<b>98.03</b>	97.99
YTL Cement (Myanmar) Holdings Pte. Ltd. *	Singapore	Investment holding	<b>98.03</b>	97.99
YTL Cement (Philippines) Holdings Pte. Ltd. *	Singapore	Dormant	<b>98.03</b>	97.99
YTL Cement (Sabah) Sdn. Bhd.	Malaysia	Investment holding	<b>98.03</b>	97.99
YTL Cement Singapore Pte. Ltd. *	Singapore	Investment holding, general importers & exporters of construction materials	<b>98.03</b>	97.99
YTL Cement Terminal Services Pte. Ltd. *	Singapore	Operation of port terminal & handling of cementitious products	<b>98.03</b>	97.99
YTL Cement (Vietnam) Pte. Ltd. *	Singapore	Investment holding	<b>98.03</b>	97.99
YTL Concrete (S) Pte. Ltd. *	Singapore	Manufacture of ready-mixed concrete, wholesale of structural clay & concrete products & mixed construction activities	<b>98.03</b>	97.99
YTL Premix Sdn. Bhd.	Malaysia	Trading of building materials & related services	<b>98.03</b>	97.99
Zhejiang Hangzhou Dama Cement Co., Ltd. *	The People's Republic of China	Manufacture & sale of ordinary portland cement, clinker and related products	<b>98.03</b>	97.99
Zhejiang YTL Cement Marketing Co., Ltd. *	The People's Republic of China	Sale & marketing of cementitious products	<b>98.03</b>	97.99
<b>Held through YTL Charters Sdn. Bhd.</b>				
Island Air Sdn. Bhd.	Malaysia	Chartering of aircrafts	<b>80.00</b>	80.00
Nusantara Sakti Sdn. Bhd.	Malaysia	Carriage of passengers & air carriers	<b>80.00</b>	80.00

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### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL e-Solutions Berhad:</b>				
Airzed Services Sdn. Bhd.	Malaysia	Inactive	<b>56.00</b>	56.00
Airzed Broadband Sdn. Bhd.	Malaysia	Providing wired line & wireless broadband internet access services & developing, producing, marketing, selling & maintaining software applications, research & development, consultancy & related services	<b>70.00</b>	70.00
Bizsurf MSC Sdn. Bhd.	Malaysia	Inactive	<b>60.00</b>	60.00
Infoscreen Networks Ltd. *	England & Wales	Investment holding	<b>100.00</b>	100.00
PropertyNetAsia (Malaysia) Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
YTL Info Screen Sdn. Bhd.	Malaysia	Creating, providing & advertising content, media, web media & up to date information via electronic media	<b>100.00</b>	100.00
YMax Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
Y-Max Networks Sdn. Bhd.	Malaysia	Providing computer networking & related information technology services	<b>60.00</b>	60.00
Y-Max Solutions Holdings Sdn. Bhd.	Malaysia	Investment holding	<b>100.00</b>	100.00
<b>Held through YTL (Guernsey) Limited:</b>				
YTL Construction (SA) (Proprietary) Ltd.†	South Africa	Inactive	<b>100.00</b>	100.00
<b>Held through YTL Hospitality REIT ("YTL REIT"):</b>				
Starhill Hospitality (Australia) Pty. Ltd. *	Australia	Trustee company	<b>56.95</b>	56.92
Starhill Hospitality REIT (Australia) Trust*	Australia	Real estate investment	<b>56.95</b>	56.92
Starhill Hospitality REIT (Brisbane) Trust *	Australia	Real estate investment	<b>56.95</b>	56.92
Starhill Hospitality REIT (Melbourne) Trust *	Australia	Real estate investment	<b>56.95</b>	56.92
Starhill Hospitality REIT (Sydney) Trust *	Australia	Real estate investment	<b>56.95</b>	56.92

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## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Hospitality REIT ("YTL REIT"): (cont'd.)</b>				
Starhill Hospitality REIT (Australia) Sdn. Bhd.	Malaysia	Investment holding	<b>56.95</b>	56.92
Starhill Hotel (Australia) Sdn. Bhd.	Malaysia	Investment holding	<b>56.95</b>	56.92
Starhill Hotel (Brisbane) Pty. Ltd. *	Australia	Hotel operator	<b>56.95</b>	56.92
Starhill Hotel (Melbourne) Pty. Ltd. *	Australia	Hotel operator	<b>56.95</b>	56.92
Starhill Hotel (Sydney) Pty. Ltd. *	Australia	Hotel operator	<b>56.95</b>	56.92
Starhill REIT (Australia) Pty. Ltd. *	Australia	Trustee company	<b>56.95</b>	56.92
Starhill REIT Niseko G.K. *	Japan	Purchase, possession, disposal, lease and management of real properties	<b>56.95</b>	56.92
YTL REIT MTN Sdn. Bhd.	Malaysia	To undertake the issuance of medium term notes	<b>56.95</b>	56.92
<b>Held through YTL Hotels &amp; Properties Sdn. Bhd.:</b>				
Autodome Sdn. Bhd.	Malaysia	Operator of food & beverage outlets & sub-letting of premises	<b>100.00</b>	100.00
Bath Hotel & SPA B.V. *	Netherlands	Investment holding	<b>100.00</b>	100.00
Bath Hotel and SPA Ltd. *	England & Wales	Hotel developer and operator	<b>100.00</b>	100.00
Borneo Cosmeceutical Sdn. Bhd.	Malaysia	Development of holiday resorts	<b>90.00</b>	90.00
Borneo Island Villas Sdn. Bhd.	Malaysia	Dormant	<b>80.00</b>	80.00
Cameron Highlands Resort Sdn. Bhd.	Malaysia	Hotel & resort operator	<b>100.00</b>	100.00
Diamond Recipe Sdn. Bhd.	Malaysia	Operator of food & beverage outlet	<b>51.00</b>	51.00
Gainsborough Hotel (Bath) Limited *	England & Wales	Hotel operations	<b>100.00</b>	100.00
Glasshouse Hotel (Cayman) Limited *	Cayman Islands	Investment holding	<b>100.00</b>	100.00
Glasshouse Hotel Limited *	England & Wales	Investment holding	<b>100.00</b>	100.00
Happy Steamboat Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
Magna Boundary Sdn. Bhd.	Malaysia	Hotel & resort operator	<b>90.00</b>	90.00
Marble Valley Sdn. Bhd.	Malaysia	Management & investment holding	<b>80.00</b>	80.00
Marble Valley Two Sdn. Bhd.	Malaysia	Hotel operator	<b>64.00</b>	64.00
M Hotel Management Pte. Ltd. *	Singapore	Hotel management services	<b>51.00</b>	51.00
Monkey Island Properties Limited *	England & Wales	Investment & property holding	<b>100.00</b>	100.00
New Architecture (Bray) Limited *	England & Wales	Hotel operator	<b>100.00</b>	100.00

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### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Hotels &amp; Properties Sdn. Bhd.: (cont'd.)</b>				
Niseko Village K.K. †	Japan	Owning, managing, maintaining and developing the Niseko Village Resort	<b>100.00</b>	100.00
Niseko Village (S) Pte. Ltd. *	Singapore	Investment holding	<b>100.00</b>	100.00
N.V. Land G.K. †	Japan	Construction, development, sale & purchase of real properties	<b>100.00</b>	100.00
P.T. Jepun Bali †	Indonesia	Managing & operating a hotel	<b>100.00</b>	100.00
Restoran Kisap Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
RW Gower Street Limited *	England & Wales	Hotel operations	<b>100.00</b>	100.00
RW Greenside Place Limited*	England & Wales	Hotel operations	<b>100.00</b>	100.00
RW Threadneedle Street Limited *	England & Wales	Hotel operations	<b>100.00</b>	100.00
Samui Hotel 2 Co., Ltd. *	Thailand	Hotel operator	<b>100.00</b>	100.00
Sentul Park Koi Centre Sdn. Bhd.	Malaysia	Breeders, wholesalers, retailers & distributors of koi fish	<b>100.00</b>	100.00
Starhill Hotel (Perth) Pty. Ltd. †	Australia	Trustee company	<b>100.00</b>	-
Starhill Hotel (Perth) Sdn. Bhd.	Malaysia	Investment holding	<b>100.00</b>	-
Starhill Hotel (Perth) Trust *	Australia	Real estate investment	<b>100.00</b>	-
Starhill Hotel Operator (Perth) Pty. Ltd.*	Australia	Hotel operator	<b>100.00</b>	-
Starhill Office (Perth) Pty. Ltd. †	Australia	Trustee company	<b>100.00</b>	-
Starhill Office (Perth) Trust †	Australia	Real estate investment	<b>100.00</b>	-
Starhill Retail (Perth) Pty. Ltd. †	Australia	Trustee company	<b>100.00</b>	-
Starhill Retail (Perth) Trust †	Australia	Real estate investment	<b>100.00</b>	-
Star Hill Hotel Sdn. Bhd.	Malaysia	Hotel operator	<b>100.00</b>	100.00
Thermae Development Company Limited *	England & Wales	Licence to operate the Thermae Bath Spa complex	<b>100.00</b>	100.00
Threadneedles Hotel Limited *	England & Wales	Investment holding	<b>100.00</b>	100.00
YTL Heritage Hotels Sdn. Bhd.	Malaysia	Dormant	<b>100.00</b>	100.00
YTL Hotels B.V. †	Netherlands	Investment holding	<b>100.00</b>	100.00
YTL Hotels (Cayman) Limited †	Cayman Islands	Hotel operator & hotel management services	<b>100.00</b>	100.00
YTL Hotels Central Services Sdn. Bhd.	Malaysia	Dormant	<b>100.00</b>	100.00
YTL ICHM Sdn. Bhd. (formerly known as YTL Hotel Management Services Sdn. Bhd.)	Malaysia	Providing professional & commercial education & training in hospitality	<b>70.00</b>	70.00

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## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Hotels &amp; Properties Sdn. Bhd.: (cont'd.)</b>				
YTL Hotels (Singapore) Pte. Ltd. *	Singapore	Travel and hospitality related business	<b>100.00</b>	100.00
YTL Majestic Hotel Sdn. Bhd.	Malaysia	Hotel operator	<b>100.00</b>	100.00
<b>Held through YTL Industries Berhad:</b>				
Yeoh Tiong Lay Brickworks Sdn. Bhd.	Malaysia	Inactive	<b>100.00</b>	100.00
Yeoh Tiong Lay Management Sdn. Bhd.	Malaysia	Dormant	<b>100.00</b>	100.00
<b>Held through YTL Land Sdn. Bhd.:</b>				
Katagreen Development Sdn. Bhd.	Malaysia	Property leasing and management	<b>100.00</b>	100.00
Pintar Projek Sdn. Bhd.	Malaysia	Management of real estate investment trust funds, licensing of trademarks & brand management	<b>70.00</b>	70.00
Puncak Serunding Sdn. Bhd.	Malaysia	Dormant	<b>100.00</b>	100.00
Heritage Journey Sdn. Bhd.	Malaysia	Operator of food and beverage	<b>100.00</b>	100.00
YTL Design Services Sdn. Bhd.	Malaysia	Dormant	<b>100.00</b>	100.00
<b>Held through YTL Land &amp; Development Berhad:</b>				
Amanresorts Sdn. Bhd.	Malaysia	Dormant	<b>65.26</b>	65.26
Bayumaju Development Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
Budaya Bersatu Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
Emerald Hectares Sdn. Bhd.	Malaysia	Dormant	<b>45.68</b>	45.68
Lakefront Pte. Ltd. *	Singapore	Real estate development	<b>65.26</b>	65.26
Lot Ten Security Sdn. Bhd. *	Malaysia	Inactive	<b>65.26</b>	65.26
Mayang Sari Sdn. Bhd. *	Malaysia	Inactive	<b>65.26</b>	65.26
Noriwasa Sdn. Bhd.	Malaysia	Dormant	<b>65.26</b>	65.26
Pakatan Perakbina Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
Pinnacle Trend Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
PYP Sendirian Berhad	Malaysia	Property development	<b>65.26</b>	65.26
Sandy Island Pte. Ltd. *	Singapore	Real estate development	<b>65.26</b>	65.26
Satria Sewira Sdn. Bhd.	Malaysia	Dormant	<b>65.26</b>	65.26
Sentul Raya Sdn. Bhd. *	Malaysia	Property development and property investment	<b>65.26</b>	65.26

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### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Land &amp; Development Berhad: (cont'd.)</b>				
Sentul Raya Golf Club Berhad *	Malaysia	Inactive	<b>65.26</b>	65.26
Sentul Raya City Sdn. Bhd. *	Malaysia	Property development	<b>65.26</b>	65.26
Sentul Park Management Sdn. Bhd. *	Malaysia	Park management	<b>65.26</b>	65.26
SR Property Management Sdn. Bhd. *	Malaysia	Provision of property management services	<b>65.26</b>	65.26
Syarikat Kemajuan Perumahan Negara Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
Trend Acres Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
Udapakat Bina Sdn. Bhd.	Malaysia	Property development	<b>65.26</b>	65.26
YTL Land & Development (MM2H) Sdn. Bhd. *	Malaysia	Dormant	<b>65.26</b>	65.26
YTL Land & Development Management Pte. Ltd. *	Singapore	Provision of financial and management consultancy services	<b>65.26</b>	65.26
YTL Westwood Properties Pte. Ltd. *	Singapore	Real estate development	<b>65.26</b>	65.26
<b>Held through YTL Power International Berhad ("YTL Power"):</b>				
Albion Water Limited *	England & Wales	Water supply and waste water services	<b>28.16</b>	27.56
Bel Air Den Haag Beheer B.V. *	Netherlands	Investment holding	<b>55.21</b>	54.03
B.V. Hotel Bel Air Den Haag *	Netherlands	Hotel business	<b>55.21</b>	54.03
Cellular Structures Sdn. Bhd. *	Malaysia	Inactive	<b>33.13</b>	32.42
Enterprise Laundry Services Limited *	England & Wales	Laundry services	<b>55.21</b>	54.03
Extiva Communications Sdn. Bhd.	Malaysia	Inactive	<b>33.13</b>	32.42
Flipper Limited *	England & Wales	Utility switching services	<b>35.89</b>	35.12
FrogAsia Sdn. Bhd.	Malaysia	Licence reseller focused on providing virtual learning education platform	<b>55.21</b>	54.03
Frog Education Limited *	England & Wales	Sales into the education market and further development of the web environment product	<b>38.06</b>	36.90
Frog Education Group Limited *	England & Wales	Investment holding	<b>38.06</b>	36.90
Frog Education Sdn. Bhd.	Malaysia	License reseller focused on providing virtual learning educational platform	<b>38.06</b>	36.90

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## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Power International Berhad ("YTL Power"): (cont'd.)</b>				
Geneco EV (S) Pte. Ltd. (formerly known as YTL Water (Singapore) Pte. Ltd.)*	Singapore	Transmission, distribution and sale of electricity	<b>55.21</b>	54.03
Geneco Limited *	England & Wales	Food waste treatment	<b>55.21</b>	54.03
Geneco (South West) Limited*	England & Wales	Food waste treatment	<b>55.21</b>	54.03
Global Infrastructure Assets Sdn. Bhd. †	Malaysia	Dormant	<b>55.21</b>	-
Granite Investments (Cayman Islands) Limited †	Cayman Islands	Dormant	<b>55.21</b>	54.03
KJS Alunan Sdn. Bhd. *	Malaysia	Investment holding	<b>23.19</b>	32.42
Konsortium Jaringan Selangor Sdn. Bhd. *	Malaysia	Planning, implementation and maintenance of telecommunication towers and telecommunication related services	<b>33.13</b>	32.42
PetroSeraya Pte. Ltd. *	Singapore	Oil trading & oil tank leasing	<b>55.21</b>	54.03
P.T. YTL Jawa Timur *	Indonesia	Construction management, consultancy services and power station operation services	<b>55.21</b>	54.03
P.T. YTL Power Services Indonesia †	Indonesia	Consultancy services and power station operation services	<b>52.45</b>	-
P.T. Tanjung Jati Power Company *	Indonesia	Design and construction of a coal-fired power generating facility	<b>44.17</b>	43.22
Seraya Energy and Investment Pte. Ltd. *	Singapore	Investment holding	<b>55.21</b>	54.03
Seraya Energy Pte. Ltd. *	Singapore	Sale of electricity	<b>55.21</b>	54.03
SC Technology Deutschland GmbH *	Germany	Waste treatment	<b>55.21</b>	54.03
SC Technology GmbH *	Switzerland	Investment holding	<b>55.21</b>	54.03
SC Technology Nederlands B.V. *	Netherlands	Waste treatment	<b>55.21</b>	54.03
SIPP Power Sdn. Bhd.	Malaysia	Dormant	<b>38.65</b>	37.82
Sword Bidco (Holdings) Limited * <sup>Ω</sup>	England & Wales	Dormant	<b>55.21</b>	54.03
Sword Bidco Limited <sup>Ω</sup>	England & Wales	Dormant	<b>55.21</b>	54.03
Sword Holdings Limited †	Cayman Islands	Dormant	<b>55.21</b>	54.03
Sword Midco Limited <sup>Ω</sup>	England & Wales	Dormant	<b>55.21</b>	54.03
Water 2 Business Limited *	England & Wales	Non-household water retailer	<b>38.65</b>	37.82
Wessex Concierge Limited *	England & Wales	Investment holding	<b>55.21</b>	54.03
Wessex Electricity Utilities Limited <sup>Ω</sup>	England & Wales	Dormant	<b>55.21</b>	54.03



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### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Power International Berhad ("YTL Power"): (cont'd.)</b>				
Wessex Engineering & Construction Services Limited *	England & Wales	Engineering services	<b>55.21</b>	54.03
Wessex Logistics Limited <sup>o</sup>	England & Wales	Dormant	<b>55.21</b>	54.03
Wessex Promotions Ltd. <sup>o</sup>	England & Wales	Dormant	<b>55.21</b>	54.03
Wessex Property Services Limited *	England & Wales	Dormant	<b>55.21</b>	54.03
Wessex Spring Water Limited <sup>o</sup>	England & Wales	Dormant	<b>55.21</b>	54.03
Wessex Water Commercial Limited <sup>o</sup>	England & Wales	Dormant	<b>55.21</b>	54.03
Wessex Water Engineering Services Limited †	England & Wales	Dormant	<b>55.21</b>	54.03
Wessex Water Enterprises Limited *	England & Wales	Power generation and waste treatment	<b>55.21</b>	54.03
Wessex Water International Limited †	Cayman Islands	Dormant	<b>55.21</b>	54.03
Wessex Water Limited *	England & Wales	Investment holding	<b>55.21</b>	54.03
Wessex Water Pension Scheme Trustee Limited †	England & Wales	Dormant	<b>55.21</b>	54.03
Wessex Water Services Finance Plc. *	England & Wales	Issue of bonds	<b>55.21</b>	54.03
Wessex Water Services Limited *	England & Wales	Water supply and waste water services	<b>55.21</b>	54.03
Wessex Water Trustee Company Limited †	England & Wales	Dormant	<b>55.21</b>	54.03
Wessex Utility Solutions Limited *	England & Wales	Engineering services	<b>55.21</b>	54.03
Yakin Telesel Sdn. Bhd. *	Malaysia	Planning, development, implementation and management of telecommunications infrastructure and information communication technologies services	<b>16.23</b>	32.42
YesLinc Sdn. Bhd.	Malaysia	Providing solution & services relating to Internet of Things (IoT) initiative	<b>33.13</b>	32.42
YTL Broadband Sdn. Bhd.	Malaysia	Provision of wired line and wireless broadband access and other related services	<b>26.50</b>	25.93
YTL Communications International Limited †	Cayman Islands	Investment holding	<b>33.13</b>	32.42
YTL Communications Sdn. Bhd.	Malaysia	Provision of wired line and wireless broadband access and other related services	<b>33.13</b>	32.42

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## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Power International Berhad ("YTL Power"): (cont'd.)</b>				
YTL Communications (S) Pte. Ltd. *	Singapore	Computer systems integration activities and system integration services	<b>33.13</b>	32.42
YTL Development (UK) Limited *	England & Wales	Housing development	<b>55.21</b>	54.03
YTL Digital Sdn. Bhd.	Malaysia	Retail and marketing of telecommunication devices. Company has ceased operation during the financial year	<b>33.13</b>	32.42
YTL Education (UK) Limited *	England & Wales	Providing advisory and management services to educational institutions in the UK and abroad	<b>55.21</b>	54.03
YTL Energy Holdings Sdn. Bhd.	Malaysia	Investment holding	<b>55.21</b>	54.03
YTL Engineering Limited *	England & Wales	Dormant	<b>55.21</b>	54.03
YTL Events Limited *	England & Wales	Concert promotion	<b>55.21</b>	54.03
YTL Global Networks Limited †	Cayman Islands	Dormant	<b>33.13</b>	32.42
YTL Homes Ltd. *	England & Wales	Housing development	<b>55.21</b>	54.03
YTL Infrastructure Holdings Sdn. Bhd. †	Malaysia	Dormant	<b>55.21</b>	-
YTL Infrastructure Limited †	Cayman Islands	Investment holding	<b>55.21</b>	54.03
YTL Jawa Energy B.V.	Netherlands	Investment holding and financing activities	<b>55.21</b>	54.03
YTL Jawa O & M Holdings B.V.	Netherlands	Investment holding	<b>55.21</b>	54.03
YTL Jawa O & M Holdings Limited *	Cyprus	Investment holding	<b>55.21</b>	54.03
YTL Jawa Power B.V.	Netherlands	Investment holding	<b>31.55</b>	30.87
YTL Jawa Power Finance Limited †	Cayman Islands	Financial services	<b>55.21</b>	54.03
YTL Jawa Power Holdings B.V.	Netherlands	Investment holding	<b>31.55</b>	30.87
YTL Jawa Power Holdings Limited *	Cyprus	Investment holding & financing activities	<b>55.21</b>	54.03
YTL Jawa Power Services B.V. * <sup>5</sup>	Netherlands	Investment holding	-	54.03
YTL Jordan Power Holdings Limited *	Cyprus	Investment holding & financing activities	<b>55.21</b>	54.03
YTL Jordan Services Holdings Limited *	Cyprus	Investment holding	<b>55.21</b>	54.03
YTL Jordan Services Sdn. Bhd.	Malaysia	Dormant	<b>55.21</b>	54.03
YTL Land & Property (UK) Ltd. *	England & Wales	Investment holding	<b>55.21</b>	54.03
YTL Places Limited †	England & Wales	Dormant	<b>55.21</b>	54.03
YTL Power Australia Limited †	Cayman Islands	Investment holding	<b>55.21</b>	54.03
YTL Power Finance (Cayman) Limited †	Cayman Islands	Dormant	<b>55.21</b>	54.03
YTL Power Generation Sdn. Bhd. *	Malaysia	Developing, constructing, completing, maintaining and operating power plants	<b>55.21</b>	54.03

## Notes to the Financial Statements

- 30 June 2019

### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Power International Berhad ("YTL Power"): (cont'd.)</b>				
YTL Power Holdings Sdn. Bhd.	Malaysia	Dormant	<b>55.21</b>	54.03
YTL Power Investments Limited †	Cayman Islands	Investment holding	<b>55.21</b>	54.03
YTL Power International Holdings Limited †	Cayman Islands	Investment holding	<b>55.21</b>	54.03
YTL PowerSeraya Pte. Limited. *	Singapore	Own and operate energy facilities and services (full value chain of electricity generation including trading of physical fuels and fuel related derivative instruments, tank leasing activities and sale of by-products from the electricity generation process)	<b>55.21</b>	54.03
YTL Power (Thailand) Limited †	Cayman Islands	Dormant	<b>55.21</b>	54.03
YTL Power Trading (Labuan) Limited	Malaysia	Dormant	<b>55.21</b>	54.03
YTL Property Holdings (UK) Limited *	England & Wales	Housing development	<b>55.21</b>	54.03
YTL Seraya Limited †	Cayman Islands	Investment holding	<b>55.21</b>	54.03
YTL Services Limited †	England & Wales	Dormant	<b>55.21</b>	54.03
YTL SIPP Power Holdings Sdn. Bhd.	Malaysia	Investment holding	<b>38.65</b>	37.82
YTL Utilities Limited †	Cayman Islands	Investment holding	<b>55.21</b>	54.03
YTL Utilities Finance Limited †	Cayman Islands	Financial services	<b>55.21</b>	54.03
YTL Utilities Finance 2 Limited †	Cayman Islands	Investment holding	<b>55.21</b>	54.03
YTL Utilities Finance 3 Limited †	Cayman Islands	Financial services	<b>55.21</b>	54.03
YTL Utilities Finance 4 Limited †	Cayman Islands	Inactive	<b>55.21</b>	54.03
YTL Utilities Finance 5 Limited †	Cayman Islands	Inactive	<b>55.21</b>	54.03
YTL Utilities Finance 6 Limited †	Cayman Islands	Financial services	<b>55.21</b>	54.03
YTL Utilities Finance 7 Limited †	Cayman Islands	Inactive	<b>55.21</b>	54.03
YTL Utilities Holdings Limited †	Cayman Islands	Investment holding	<b>55.21</b>	54.03
YTL Utilities Holdings (S) Pte. Limited *	Singapore	Investment holding	<b>55.21</b>	54.03
YTL Utilities (S) Pte. Limited *	Singapore	Investment holding	<b>55.21</b>	54.03
YTL Utilities (UK) Limited *	England & Wales	Investment holding	<b>55.21</b>	54.03

## Notes to the Financial Statements

- 30 June 2019

## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Power Services Sdn. Bhd.:</b>				
YTL Power Services (Cayman) Ltd. †	Cayman Islands	Inactive	<b>100.00</b>	100.00
YTL Power Services (Leb) SARL *	Lebanon	Operation & maintenance of power station	<b>100.00</b>	100.00
YTL Power Services (S) Pte. Ltd. *	Singapore	Operation & maintenance of power station	<b>100.00</b>	100.00
<b>Held through YTL Singapore Pte. Ltd.:</b>				
Guangzhou Autodome Food & Beverage Management Co., Ltd. ^	The People's Republic of China	Catering management & hotel management	<b>100.00</b>	100.00
Shanghai Autodome Food & Beverage Co., Ltd. *	The People's Republic of China	Catering, sale of beverage, wine, tableware, souvenir & artware	<b>100.00</b>	100.00
Shanghai YTL Hotels Management Co., Ltd. *	The People's Republic of China	Hotel management services, hotel development, design advisory services & other related services	<b>100.00</b>	100.00

\* Subsidiaries not audited by HLB Ler Lum

^ Dissolved during the financial year

‡ Entities are either exempted or not statutorily required to be audited

@ Companies with financial year ended 31 December 2018

† First audited financial statements in 2020

§ De-registered from the Netherlands Chamber of Commerce Business Register as from 1 February 2019 following its merger into YTL Jawa O&amp;M Holdings B.V.

Ω Entities are exempted from the requirement of an audit and dissolved subsequent the financial year.

**(a) Acquisition of subsidiaries****(i) Acquisition of Lafarge Malaysia Berhad ("LMB")**

On 2 May 2019, YTL Cement Berhad ("YTL Cement") entered into a sale and purchase of shares agreement with Associated International Cement Limited for the acquisition of 433,344,693 ordinary shares in Lafarge Malaysia Berhad ("LMB"), representing approximately 51.0% of the issued share capital of LMB for a total cash consideration of RM1,625,042,598.75 or RM3.75 per LMB Share ("LMB Acquisition").

The LMB Acquisition was completed on 17 May 2019 and, accordingly, LMB became a subsidiary of YTL Cement. Following the LMB Acquisition, YTL Cement launched an unconditional mandatory general offer ("MGO") for the remaining shares in LMB not already owned by YTL Cement at an offer price of RM3.75 per LMB share. At the closing of the MGO on 13 June 2019, acceptance of the offer have been received for 220,764,635 shares with a total cash consideration of RM827,867,381. As a result, YTL Cement owned a total of 76.98% of the issued share capital of LMB.

## Notes to the Financial Statements

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### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### (a) Acquisition of subsidiaries (cont'd.)

##### (i) Acquisition of Lafarge Malaysia Berhad ("LMB")

Details of the consideration transferred are:

	RM'000
Purchase consideration	2,452,910
Less: share of net assets acquired	
Fair value of net assets acquired	2,466,070
Share goodwill to non-controlling interest	(248,360)
	<b>2,217,710</b>
Provisional goodwill	<b>235,200</b>

The provisionally determined carrying amount of the assets and liabilities as at the date of acquisition are as follows:

	Carrying amount RM'000
Property, plant and equipment	1,677,633
Investment properties	4,467
Intangible assets	1,404,349
Investment in joint ventures	22,332
Other investments	4,107
Deferred tax assets	72,027
Inventories	353,639
Receivables	398,351
Income tax assets	42,970
Cash and cash equivalents	48,938
Payables and accrued expenses	(571,838)
Borrowings	(929,835)
Retirement benefits	(54,816)
Derivative financial instruments	160
Non-controlling interest	(6,414)
Identifiable net assets acquired	<b>2,466,070</b>

## Notes to the Financial Statements

- 30 June 2019

**14. INVESTMENT IN SUBSIDIARIES (CONT'D.)****(a) Acquisition of subsidiaries (cont'd.)****(i) Acquisition of Lafarge Malaysia Berhad ("LMB") (cont'd.)**

Details of cash flow arising from the acquisition are as follows:

Purchase consideration	<b>RM'000</b> <b>2,452,910</b>
Less: cash and cash equivalents	<b>(48,938)</b>
Net cash outflow on acquisition	<b>2,403,972</b>

**(ii) Holcim (Singapore) Limited ("Holcim")**

On 19 June 2019, YTL Cement Singapore Pte. Ltd. ("YTL Cement Singapore"), a wholly-owned subsidiary of YTL Cement Berhad, acquired 90.78% of the issued share capital of Holcim (Singapore) Limited ("HSL"), comprising 40,236,655 ordinary shares, at a total cash consideration of SGD65,988,114.20. As a result, HSL became a subsidiary of YTL Cement Singapore and an indirect subsidiary of the Group.

Details of the consideration transferred are:

Purchase consideration	<b>RM'000</b> <b>201,950</b>
Less: share of net assets acquired	
Fair value of net assets acquired	<b>17,090</b>
Non-controlling interest	<b>(1,576)</b>
	<b>15,514</b>
Provisional goodwill	<b>186,436</b>

The provisionally determined carrying amount of the assets and liabilities as at the date of acquisition are as follows:

	<b>Fair value</b> <b>RM'000</b>
Property, plant and equipment	<b>68,597</b>
Inventories	<b>5,387</b>
Receivables	<b>18,008</b>
Cash and cash equivalents	<b>8,650</b>
Payables and accrued expenses	<b>(34,586)</b>
Borrowings	<b>(48,966)</b>
Identifiable net assets acquired	<b>17,090</b>

## Notes to the Financial Statements

- 30 June 2019

### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### (a) Acquisition of subsidiaries (cont'd.)

##### (ii) Holcim (Singapore) Limited ("Holcim") (cont'd.)

Details of cash flow arising from the acquisition are as follows:

	<b>RM'000</b>
Purchase consideration	<b>201,950</b>
Less: cash and cash equivalents	<b>(8,650)</b>
Net cash outflow on acquisition	<b>193,300</b>

The purchase price allocation of the acquisition of Lafarge Malaysia Berhad and Holcim (Singapore) Ltd in the financial year ended 30 June 2019 were provisional as the Group is still in the process to ascertain the fair value of the identifiable net assets.

##### (iii) Acquisition of Bel Air Den Haag B.V. ("Bel Air")

On 28 June 2018, YTL Jawa Energy B.V. ("YTLJE"), an indirect wholly-owned subsidiary of the Group acquired entire issued and outstanding shares of Bel Air.

Details of the consideration transferred are:

	<b>RM'000</b>
Cash consideration	287,432
Loans owing to former shareholder	(192,996)
Purchase consideration excluding transaction costs	94,436
Fair value of net assets acquired	(19,834)
Provisional goodwill	74,602
Share to non-controlling interest	(34,295)
	40,307

The provisionally determined fair values of the assets and liabilities as at the date of acquisition are as follows:

	<b>Fair value</b>
	<b>RM'000</b>
Property, plant and equipment	268,409
Receivables, deposits and prepayments	4,616
Cash and cash equivalents	7,036
Payables and accrued expenses	(11,484)
Loans payable	(192,996)
Deferred taxation	(55,747)
Identifiable net assets acquired	19,834

## Notes to the Financial Statements

- 30 June 2019

## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

## (a) Acquisition of subsidiaries (cont'd.)

## (iii) Acquisition of Bel Air Den Haag B.V. ("Bel Air") (cont'd.)

Details of cash flow arising from the acquisition are as follows:

	<b>Fair value RM'000</b>
Purchase consideration excluding transaction costs	94,436
Transaction cost incurred	3,756
Less: cash and cash equivalents	(7,036)
Final purchase consideration including transaction costs	91,156
Loans owing to former shareholder	192,996
Net cash outflow on acquisition	284,152

## (b) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:-

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Lafarge Malaysia Berhad RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<i>NCI effective equity interest</i>	44.79%	63.54%	43.05%	23.02%		
Carrying amount of NCI	2,411,526	3,741,188	716,437	257,625	505,079	7,631,855
Profit allocated to NCI	116,329	198,445	46,275	(3,446)	118,925	476,528

Summarised financial information before inter-company elimination

<b>As at 30 June 2019</b>				
Non-current assets	34,168,822	9,379,782	4,681,459	3,432,128
Current assets	12,104,156	235,935	183,318	1,008,743
Non-current liabilities	(23,275,311)	(3,208,684)	(1,017,356)	(323,255)
Current liabilities	(10,127,005)	(500,398)	(1,110,321)	(1,573,537)
Net assets	12,870,662	5,906,635	2,737,100	2,544,079



## Notes to the Financial Statements

- 30 June 2019

### 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

#### (b) Non-controlling interests in subsidiaries (cont'd.)

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:- (cont'd.)

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Lafarge Malaysia Berhad RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>Group - 2019</b>						
<b>Year ended 30 June 2019</b>						
Revenue	11,732,716	623,355	490,905	162,022		
Profit/(loss) for the year	613,528	198,282	104,673	(17,294)		
Total comprehensive income/(loss)	414,374	312,310	152,743	(17,155)		
Cash flow from/(used in) operating activities	1,248,400	293,749	221,676	(9,355)		
Cash flow from/(used in) investing activities	137,412	(23,202)	(347,693)	(2,365)		
Cash flow (used in)/from financing activities	(1,267,562)	(247,234)	120,382	-		
Net changes in cash and cash equivalents	118,250	23,313	(5,635)	(11,720)		
Dividend paid to NCI	171,879	183,212	56,005	-		

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>Group - 2018</b>					
<i>NCI effective equity interest</i>	45.97%	63.54%	43.08%		
Carrying amount of NCI	2,577,205	3,725,955	728,318	487,027	7,518,505
Profit allocated to NCI	102,715	(44,155)	46,604	31,597	136,761

## Notes to the Financial Statements

- 30 June 2019

## 14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

## (b) Non-controlling interests in subsidiaries (cont'd.)

Summarised financial information before inter-company elimination

	YTL Power Group RM'000	SGREIT Group RM'000	YTL REIT Group RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>As at 30 June 2018</b>					
Non-current assets	34,130,145	9,232,785	4,321,921		
Current assets	12,146,878	210,572	189,734		
Non-current liabilities	(27,707,631)	(3,245,821)	(1,688,682)		
Current liabilities	(5,495,177)	(308,449)	(104,462)		
Net assets	13,074,215	5,889,087	2,718,511		
<b>Year ended 30 June 2018</b>					
Revenue	10,605,950	634,168	500,953		
Profit for the year	718,327	255,849	236,559		
Total comprehensive income/(loss)	275,605	(69,490)	321,627		
Cash flow from operating activities	1,287,806	296,739	242,624		
Cash flow used in investing activities	(1,119,347)	(22,765)	(13,057)		
Cash flow used financing activities	(1,341,239)	(303,697)	(203,448)		
Net changes in cash and cash equivalents	(1,172,780)	(29,723)	26,119		
Dividend paid to NCI	180,853	191,293	56,704		

## Notes to the Financial Statements

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### 15. INVESTMENT IN ASSOCIATE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted ordinary shares, at cost	1,743,643	1,355,513	205,241	205,241
Share of post-acquisition reserves	902,538	983,489	-	-
Allowance for impairment	(65,016)	(63,487)	-	-
	<b>2,581,165</b>	2,275,515	<b>205,241</b>	205,241

Details of the associate are as follows:

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held by the Company:</b>				
Express Rail Link Sdn. Bhd. *	Malaysia	Operation & maintenance of the Express Rail Link railway system between Kuala Lumpur International Airport and Kuala Lumpur International Airport 2 in Sepang with Kuala Lumpur Sentral Station	45.00	45.00
Trans-Pacific Resorts Sdn. Bhd.	Malaysia	Inactive	50.00	50.00
<b>Held through Business &amp; Budget Hotels Sdn. Bhd.:</b>				
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Malaysia	Hotel operator	50.00	50.00
<b>Held through Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.:</b>				
North South Development Sdn. Bhd.	Malaysia	Realty, investment & management services	49.00	49.00
<b>Held through YTL Cayman Limited:</b>				
YTL (Thailand) Limited *	Thailand	Investment holding	49.90	49.90
<b>Held through YTL Cement Berhad:</b>				
Cementitious Products Pte. Ltd. <sup>Ω*</sup>	Singapore	General wholesale trade (including general importers and exporters)	49.01	48.99
Fico Tay Ninh Cement Joint Stock Company <sup>Ω*</sup>	Vietnam	Manufacture & sale of ordinary portland cement & blended cement	49.04	29.46

## Notes to the Financial Statements

- 30 June 2019

## 15. INVESTMENT IN ASSOCIATE (CONT'D.)

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Cement Berhad:</b>				
Hangzhou Linan Herun Construction Materials Co., Ltd (formerly knows as Linan Herun Construction Materials Co., Ltd.) <sup>Ω*</sup>	The People's Republic of China	Quarry business & related services	<b>29.40</b>	29.39
Nhu Anh Investment Joint Stock Company <sup>Ω*</sup>	Vietnam	Investment holding	<b>49.01</b>	-
Superb Aggregates Sdn. Bhd.	Malaysia	Extraction, removal, processing & sale of sand	<b>49.01</b>	48.99
<b>Held through YTL e-Solution Berhad:</b>				
Endless Momentum Sdn. Bhd. <sup>Ω</sup>	Malaysia	Investment holding	<b>30.00</b>	30.00
<b>Held through YTL Hotels &amp; Properties Sdn. Bhd.:</b>				
Eastern & Oriental Express Ltd. <sup>Ω*</sup>	Bermuda	Ownership & management of the luxury train services known as the 'Eastern & Oriental Express'	<b>32.00</b>	32.00
Surin Bay Company Ltd. <sup>Ω*</sup>	Thailand	Hotel operator	<b>49.00</b>	49.00
Trans-Pacific Hotels Sdn. Bhd.	Malaysia	Inactive	<b>50.00</b>	50.00
<b>Held through YTL Power International Berhad:</b>				
ElectraNet Pty. Ltd. <sup>+*</sup>	Australia	Principal electricity transmission	<b>18.50</b>	18.10
Enefit Jordan B.V. <sup>‡</sup>	Netherlands	Investment holding	<b>16.56</b>	16.21
P.T. Jawa Power <sup>+*</sup>	Indonesia	Operate a coal-fired thermal power station	<b>11.04</b>	10.81

\* Companies not audited by HLB Ler Lum

Ω Companies with financial year end of 31 December

‡ Entities are either exempted or not statutorily required to be audited

+ The Group's direct interest in ElectraNet Pty. Ltd. and P.T. Jawa Power are 33.5% and 35.0% respectively

As indicated above, the financial year end of certain associated companies are not co-terminous with that of the Group. For the purpose of applying the equity method of accounting, these companies' unaudited financial statements made up to 30 June were used in conjunction with their audited financial statements for the financial year ended 31 December as the case may be.

## Notes to the Financial Statements

- 30 June 2019

### 15. INVESTMENT IN ASSOCIATE (CONT'D.)

#### (a) Acquisition of new associated company

On 19 November 2018, YTL Cement Vietnam Pte. Ltd. ("YTL Cement Vietnam"), a wholly-owned subsidiary of YTL Cement Berhad, acquired a total of 50% of issued and paid-up share capital of Nhu Anh Investment Joint Stock Company ("Nhu Anh") comprising 115,000 ordinary share of VND10,000 each for a total cash consideration of VND622,139,074,830. As a result, Nhu Anh became an associated company of YTL Cement Vietnam.

On 13 December 2018, Nhu Anh subscribed for the right issue of 99,775,174 shares in Fico Tay Ninh Cement Joint Stock Company ("Fico Tay Ninh Cement"). As a result, Fico Tay Ninh Cement became a 39.91% associated company of Nhu Anh and therefore increased the effective equity interest of the Company in Fico Tay Ninh Cement.

On the same day, Nhu Anh issued in aggregate a principal amount of VND1,015,000,000 convertible bonds to the following investors:-

- (i) YTL Cement Vietnam with principal amount of VND506,000,000,000
- (ii) Concrete Star Limited with principal amount of VND304,000,000,000
- (iii) Industrial Procurement Limited with principal amount of VND202,000,000,000

Nhu Anh had subsequently subscribed an additional 10,000 shares in Fico Tay Ninh Cement on 13 February 2019 with the percentage of shareholdings remains at 39.91%.

#### (b) Additional investment in associated company

On 13 December 2018, Industrial Procurement Limited ("Industrial Procurement") subscribed for the right issue of 42,924,826 shares in Fico Tay Ninh Cement Joint Stock Company ("Fico Tay Ninh Cement"). The equity interest of Industrial Procurement in Fico Tay Ninh Cement remains unchanged.

## Notes to the Financial Statements

- 30 June 2019

**15. INVESTMENT IN ASSOCIATE (CONT'D.)**

The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates and reconciliation to the carrying amount of the Group's interest in the associates are as follows:-

**(a) Summarised financial information:**

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Fico Tay Ninh Cement Joint Stock Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current assets	<b>4,446,818</b>	4,469,905	<b>9,670,335</b>	9,149,064	<b>373,817</b>	384,430
Current assets	<b>1,074,410</b>	1,001,835	<b>127,112</b>	118,787	<b>162,045</b>	142,225
Non-current liabilities	<b>(815,962)</b>	(682,917)	<b>(7,087,636)</b>	(5,693,887)	<b>(900)</b>	(151,360)
Current liabilities	<b>(269,317)</b>	(264,784)	<b>(1,453,774)</b>	(2,226,729)	<b>(66,657)</b>	(164,655)
Net assets	<b>4,435,949</b>	4,524,039	<b>1,256,037</b>	1,347,235	<b>468,305</b>	210,640
Profit for the financial year	<b>899,088</b>	914,584	<b>122,925</b>	135,361	<b>30,774</b>	17,718
Other comprehensive loss	-	-	<b>(179,855)</b>	(7,675)	-	-
Total comprehensive income	<b>899,088</b>	914,584	<b>(56,930)</b>	127,686	<b>30,774</b>	17,718
<b>Included in the total comprehensive income is:</b>						
Revenue	<b>2,365,529</b>	2,449,104	<b>1,150,574</b>	1,184,836	<b>212,577</b>	214,979
<b>Other information:</b>						
Dividends received from associate	<b>385,772</b>	346,296	-	46,398	<b>7,974</b>	7,283

## Notes to the Financial Statements

- 30 June 2019

### 15. INVESTMENT IN ASSOCIATE (CONT'D.)

The summarised financial information of material associates adjusted for any differences in accounting policies between the Group and the associates and reconciliation to the carrying amount of the Group's interest in the associates are as follows:- (cont'd.)

#### (b) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Fico Tay Ninh Cement Joint Stock Company		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Opening net assets, 1 July	4,524,039	4,889,112	1,347,235	1,505,609	210,640	216,047	6,081,914	6,610,768
Increase in equity	-	-	-	-	251,472	-	251,472	-
Profit for the financial year	899,088	914,584	122,925	135,361	30,774	17,718	1,052,787	1,067,663
Other comprehensive loss	-	-	(179,855)	(7,675)	-	-	(179,855)	(7,675)
Foreign exchange differences	115,027	(290,240)	(34,268)	(147,560)	1,795	1,040	82,554	(436,760)
Dividend paid	(1,102,205)	(989,417)	-	(138,500)	(26,376)	(24,165)	(1,128,581)	(1,152,082)
Closing net assets, 30 June	4,435,949	4,524,039	1,256,037	1,347,235	468,305	210,640	6,160,291	6,081,914
Interest in associates direct hold by subsidiary	35.00%	35.00%	33.50%	33.50%	50.03%	30.07%		
Interest in associate	1,552,582	1,583,414	420,772	451,324	234,293	63,339	2,207,647	2,098,077
Goodwill	-	-	-	-	15,154	14,496	15,154	14,496
Carrying amount	1,552,582	1,583,414	420,772	451,324	249,447	77,835	2,222,801	2,112,573

Goodwill amounting to RM38,511,000 (2018: RM37,853,000) was included in the carrying amount of investment in associated companies.

The individually immaterial associate's carrying amount is RM358,364,000 (2018: RM162,942,000) and the Group's share of total comprehensive income is RM78,040,000 (2018: total comprehensive loss is RM7,062,000).

## Notes to the Financial Statements

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## 16. INVESTMENT IN JOINT VENTURES

	Group	
	2019 RM'000	2018 RM'000
Unquoted ordinary shares, at cost	265,363	82,216
Share of post-acquisition reserves	2,209	68,807
Allowance for impairment	(3,388)	(3,388)
	<b>264,184</b>	147,635

Details of the joint ventures are as follows:

Name of Company	Place of Incorporation	Principal Activities	Effective Equity Interest	
			2019 %	2018 %
<b>Held through YTL Cement Berhad:</b>				
Alliance Concrete Singapore Pte. Ltd.	Singapore	Production and sale of ready-mix concrete	<b>49.02</b>	-
<b>Held through YTL Land &amp; Development Berhad:</b>				
Shorefront Development Sdn. Bhd.	Malaysia	Property development	<b>32.63</b>	32.63
<b>Held through YTL Power International Berhad:</b>				
Attarat Mining Company B.V.	Netherlands	Mining & supply of oil shale	<b>24.84</b>	24.31
Attarat Operation and Maintenance Company B.V.	Netherlands	Operation & maintenance of Power Plant	<b>24.84</b>	24.31
Attarat Power Holding Company B.V.	Netherlands	Investment holding and financing activities	<b>24.84</b>	24.31
Bristol Wessex Billing Services Limited	England & Wales	Billing services	<b>27.61</b>	27.02
Xchanging Malaysia Sdn. Bhd.	Malaysia	Mobile internet and cloud-based technology solutions	<b>16.57</b>	16.21



## Notes to the Financial Statements

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### 16. INVESTMENT IN JOINT VENTURES (CONT'D.)

The summarised financial information of material joint ventures adjusted for any differences in accounting policies between the Group and the joint ventures and reconciliation to the carrying amount of the Group's interest in the joint ventures are as follows:-

**(a) Summarised financial information:**

	Attarat Power Holding Company B.V.		Attarat Mining Company B.V.	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current assets	6,484,153	3,852,191	3,251	2,481
Current assets	31,528	91,520	354,220	262,396
Non-current liabilities	(5,731,014)	(3,332,662)	-	-
Current liabilities	(578,558)	(551,804)	(125,313)	(123,353)
Net assets	206,109	59,245	232,158	141,524
(Loss)/Profit for the financial year	(20,135)	(7,044)	107,234	89,411
Other comprehensive (loss)/income	(198,096)	31,680	-	-
Total comprehensive (loss)/income	(218,231)	24,636	107,234	89,411
<b>Included in the total comprehensive income is:</b>				
Revenue	-	-	475,499	440,500
<b>Other information:</b>				
Dividends received from joint ventures	-	-	9,278	-

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**16. INVESTMENT IN JOINT VENTURES (CONT'D.)**

The summarised financial information of material joint ventures adjusted for any differences in accounting policies between the Group and the joint ventures and reconciliation to the carrying amount of the Group's interest in the joint ventures are as follows:- (cont'd.)

**(b) Reconciliation of net assets to carrying amount:**

	Attarat Power Holdings Company B.V.		Attarat Mining Company B.V.		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Opening net assets, 1 July	59,245	(12,441)	141,524	56,261	200,769	43,820
Increase in equity *	362,924	-	-	-	362,924	-
(Loss)/Profit for the financial year	(20,135)	(7,044)	107,234	89,411	87,099	82,367
Other comprehensive (loss)/income	(198,096)	31,680	-	-	(198,096)	31,680
Capital reserves	-	(20,094)	-	-	-	(20,094)
Reclassification of receivable from joint venture	-	67,044	-	-	-	67,044
Foreign exchange differences	2,171	100	4,017	(4,148)	6,188	(4,048)
Dividend paid	-	-	(20,617)	-	(20,617)	-
Closing net assets, 30 June	206,109	59,245	232,158	141,524	438,267	200,769
Interest in joint ventures direct hold by subsidiary	45.0%	45.0%	45.0%	45.0%		
Carrying amount	92,749	26,660	104,471	63,686	197,220	90,346

\* During the financial year, joint venture shareholders of Attarat Power Holding Company BV made share premium contribution on its shares in Attarat Power Holding Company BV for consideration of RM362.9 million; settlement by way of offsetting off loans owing to the respective joint venture shareholders.

The individually immaterial joint ventures' carrying amount is RM67.0 million (2018: RM57.0 million), Group's share of profits is RM7.7 million (2018: RM6.0 million) and the Group's share of total comprehensive loss is RM81.4 million (2018: total comprehensive income of RM20.2 million).

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### 17. INVESTMENTS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current assets</b>					
Available-for-sale financial assets	17(a)	-	346,708	-	42,186
Financial assets at fair value through profit or loss	17(b)	<b>346,510</b>	790,067	<b>34,968</b>	-
Financial assets at fair value through other comprehensive income	17(c)	<b>63,461</b>	-	<b>9,477</b>	-
		<b>409,971</b>	1,136,775	<b>44,445</b>	42,186
<b>Current assets</b>					
Financial assets at fair value through profit or loss	17(b)	<b>2,352,947</b>	2,650,117	<b>797,277</b>	766,448

#### (a) Available-for-sale financial assets

The investments are in relation to the following:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Quoted equity investments				
- Within Malaysia	-	15,585	-	5,292
- Outside Malaysia	-	29,839	-	7,294
Unquoted equity investments				
- Within Malaysia	-	30,657	-	29,600
- Outside Malaysia	-	270,627	-	-
	-	346,708	-	42,186
Fair value gain recognised in other comprehensive income during the financial year	-	21,333	-	10,780
Impairment loss	-	(1,907)	-	(958)

## Notes to the Financial Statements

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## 17. INVESTMENTS (CONT'D.)

## (b) Financial assets at fair value through profit or loss

The investments are in relation to the following:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Income funds *				
- Within Malaysia	631,707	1,883,669	-	-
- Outside Malaysia	859,158	786,234	-	-
Equity funds				
- Within Malaysia	5,976	-	5,976	-
- Outside Malaysia	326,391	-	18,489	-
Quoted equity investments				
- Within Malaysia	4,155	-	4,155	-
- Outside Malaysia	6,348	-	6,348	-
Unquoted equity investments				
- Outside Malaysia	3,640	3,833	-	-
Unquoted preference shares				
- Within Malaysia	-	-	-	-
Unquoted unit trusts				
- Within Malaysia	862,082	766,448	797,277	766,448
	<b>2,699,457</b>	3,440,184	<b>832,245</b>	766,448
Net fair value gain/(loss) on investments	<b>62,507</b>	(27,382)	<b>1,288</b>	-

\* Financial assets at fair value through profit or loss consist of investment in income funds placed with licensed financial institutions. The income funds in Malaysia are highly liquid and readily convertible to cash.

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### 17. INVESTMENTS (CONT'D.)

#### (c) Financial assets at fair value through other comprehensive income

The investments are in relation to the following:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Quoted equity investments				
- Within Malaysia	10,833	-	4	-
- Outside Malaysia	31,239	-	1	-
Unquoted equity investments				
- Within Malaysia	21,343	-	9,472	-
- Outside Malaysia	46	-	-	-
	63,461	-	9,477	-
Net fair value (loss)/gain on investments	(11,712)	-	277	-

### 18. INTANGIBLE ASSETS

The details of intangible assets are as follows:-

Group - 2019	Note	Contract rights RM'000	Goodwill on consolidation RM'000	Others RM'000	Total RM'000
<b>At cost</b>					
At beginning of the financial year (FRS)		137,385	5,922,469	421,412	6,481,266
Adoption of MFRS 15		-	-	(359,098)	(359,098)
At beginning of the financial year (MFRS)		137,385	5,922,469	62,314	6,122,168
Additions		4,215	-	-	4,215
Acquisition of subsidiaries		-	1,776,586	27,783	1,804,369
Currency translation differences		2,395	261,205	(228)	263,372
<b>At end of the financial year</b>		143,995	7,960,260	89,869	8,194,124

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## 18. INTANGIBLE ASSETS (CONT'D.)

The details of intangible assets are as follows:- (cont'd.)

Group - 2019	Note	Contract rights RM'000	Goodwill on consolidation RM'000	Others RM'000	Total RM'000
<b>Accumulated amortisation and impairment</b>					
At beginning of the financial year (FRS)		(17,281)	(117,021)	(360,078)	(494,380)
Adoption of MFRS 15		-	-	348,087	348,087
At beginning of the financial year (MFRS)		(17,281)	(117,021)	(11,991)	(146,293)
Acquisition of subsidiaries		-	-	(10,523)	(10,523)
Amortisation for the year	7	(7,283)	-	(3,523)	(10,806)
Currency translation differences		(156)	(3,146)	-	(3,302)
<b>At end of the financial year</b>		<b>(24,720)</b>	<b>(120,167)</b>	<b>(26,037)</b>	<b>(170,924)</b>
<b>Net carrying amount At 30 June 2019</b>		<b>119,275</b>	<b>7,840,093</b>	<b>63,832</b>	<b>8,023,200</b>
<b>Group - 2018</b>					
<b>At cost</b>					
At beginning of the financial year (FRS)		141,158	6,289,568	403,699	6,834,425
Adoption of MFRS 15		-	-	(342,011)	(342,011)
At beginning of the financial year, (MFRS)		141,158	6,289,568	61,688	6,492,414
Additions		4,618	-	2,000	6,618
Acquisition of subsidiaries		-	40,307	-	40,307
Disposal		-	(1,035)	-	(1,035)
Currency translation differences		(8,391)	(406,371)	(1,374)	(416,136)
<b>At end of the financial year</b>		<b>137,385</b>	<b>5,922,469</b>	<b>62,314</b>	<b>6,122,168</b>
<b>Accumulated amortisation and impairment</b>					
At beginning of the financial year (FRS)		(11,823)	(118,874)	(317,694)	(448,391)
Adoption of MFRS 15		-	-	309,017	309,017
At beginning of the financial year (MFRS)		(11,823)	(118,874)	(8,677)	(139,374)
Amortisation for the year	7	(6,251)	-	(3,314)	(9,565)
Disposal		-	1,035	-	1,035
Impairment loss	7	-	(960)	-	(960)
Currency translation differences		793	1,778	-	2,571
<b>At end of the financial year</b>		<b>(17,281)</b>	<b>(117,021)</b>	<b>(11,991)</b>	<b>(146,293)</b>
<b>Net carrying amount At 30 June 2018</b>		<b>120,104</b>	<b>5,805,448</b>	<b>50,323</b>	<b>5,975,875</b>

## Notes to the Financial Statements

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### 18. INTANGIBLE ASSETS (CONT'D.)

Goodwill only arises in business combinations. The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management judgement.

For the purposes of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to the following business segments:-

	Group	
	2019 RM'000	2018 RM'000
Utilities	5,454,797	5,202,309
Cement manufacturing & trading	1,895,968	123,651
Management services	298,444	288,545
Property investment & development	96,231	96,231
Hotel & restaurant operations	69,174	69,233
Others	25,479	25,479
	<b>7,840,093</b>	5,805,448

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGUs.

The recoverable amount of these CGUs was determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by management covering a fifteen-year period. Cash flows beyond the fifteen-year period were extrapolated using the estimated growth rate. The growth rate did not exceed the long-term average growth rate for the segment business in which the CGUs operates.

#### (a) Key assumption used in the value-in-use calculation

The following assumption has been applied in the value-in-use calculation for the two of the major goodwill in utilities segment amounting to RM4.5 billion (2018: RM4.3 billion) ("A") and RM820 million (2018: RM820 million) ("B"), respectively, one of the major goodwill in management services ("C") segment and one of the major goodwill in cement manufacturing & trading ("D") segment amounting to RM298 million (2018: RM288 million) and RM1.6 billion (2018: NIL), respectively.

	2019				2018		
	A %	B %	C %	D %	A %	B %	C %
Pre-tax discounts	6.3	4.4	5.0	11.3	5.9	6.3	6.2
Terminal growth rate	2.0	0.1	6.5	2.1	2.0	0.1	6.5
Revenue growth	4.0	2.7	2.0	-	6.0	2.7	2.0

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**18. INTANGIBLE ASSETS (CONT'D.)****(a) Key assumption used in the value-in-use calculation (cont'd.)**

The discount rates used are pre-tax and reflect specific risks relating to the CGU. The discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of the assessment of the respective CGU.

For CGU "A", cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a five-year period, to conform with the remaining contract period of the gas supply agreements. Cash flows beyond the five-year period were extrapolated using the estimated growth rates stated above. The growth rate did not exceed the long-term average growth rate in which the CGU operates.

The terminal growth rate indicates the expected growth of cash flows after the forecast period of five years.

The revenue growth rate is calculated using the Compound Annual Growth Rate method and applied on the current year's sales figures over the forecast period.

For CGU "B", cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a two year period, to conform the final determinations approved by OFWAT, the economic regulator of the water sector in England and Wales.

For CGU "D", cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering five to ten year period.

The terminal growth rate indicates the expected growth of cash flows after the forecast period of five years.

**(b) Sensitivity to change in key assumptions**

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections.

The circumstances where a change in key assumptions will result in the recoverable amounts of goodwill on the CGUs to equal the corresponding carrying amounts assuming no change in the other variables are as follows:-

	2019				2018		
	A	B	C	D	A	B	C
	%	%	%	%	%	%	%
Pre-tax discounts	7.7	21.0	6.6	12.1	7.3	18.3	7.1
Terminal growth rate	0.3	1.2	7.4	1.0	0.2	(0.8)	7.0
Revenue growth	2.0	2.0	1.2	-	3.7	(29.5)	1.6



## Notes to the Financial Statements

- 30 June 2019

### 19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>				
Trade receivables	43,669	429	-	-
Other receivables	11,556	9,279	-	-
Less: Allowance for impairment	(2,544)	(2,485)	-	-
Other receivables (net)	9,012	6,794	-	-
Deposits	591	1,311	-	-
Prepayments	13,888	14,982	-	-
Receivables from associate company ^	220,208	229,362	-	-
Receivables from a joint venture <sup>□</sup>	871,752	714,988	-	-
	<b>1,159,120</b>	967,866	-	-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>				
Trade receivables	2,732,974	2,197,888	-	-
Shareholder amounts held by solicitors	67,103	49,632	-	-
	<b>2,800,077</b>	2,247,520	-	-
Less: Allowance for impairment	(491,117)	(328,846)	-	-
Trade receivables (net)	2,308,960	1,918,674	-	-
Other receivables **	696,467	438,675	14,420	11,366
Less: Allowance for impairment	(158,036)	(4,859)	(1,765)	-
Other receivables (net)	538,431	433,816	12,655	11,366
Unbilled receivables	966,050	876,892	-	-
Prepayments	304,699	286,674	363	366
Deposits	80,593	78,348	327	327
	<b>4,198,733</b>	3,594,404	<b>13,345</b>	12,059

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## 19. TRADE AND OTHER RECEIVABLES (CONT'D.)

- <sup>^</sup> Receivables from associate comprise three loan notes to an associate. The notes have been issued by an associate in accordance to a loan note facility agreement. These receivables will mature in October 2030. Contingent interests are receivable on loan notes to the extent that there is sufficient available cash. In the event that cash is insufficient, interest will be accrued. The interest rate of the loan notes averages at 13.25% per annum.
- <sup>q</sup> Receivables from a joint venture comprise shareholder loans to Attarat Power Holding Company B.V. who wholly own Attarat Power Company ("APCO"). APCO is developing a 554 megawatt oil shale fired power generation project in the Hashemite Kingdom of Jordan. APCO has signed a 30-year power purchase agreement (including construction period of 3.5 years) with the National Electric Power Company ("NEPCO"), Jordan's state-owned utility, for the entire electrical capacity and energy of the power plant, with an option for NEPCO to extend the power purchase agreement to 40 years (from the commercial operation date of the project's second unit). Construction has commenced on the project, with operations scheduled to commence mid-2020. The shareholder loans and accrued interest are repayable on demand. The interest rate of the shareholder loans is at 15.00% per annum. The shareholder loan includes a conversion option to equity. The loan is measured at FVTPL.
- <sup>\*\*</sup> In 2015, a foreign subsidiary of the Group has recognised other receivables, arising from liquidated damages for early termination of three electricity retail contracts based on the enforceable rights stipulated in the respective contracts. The trial was heard at the end of 2017 followed by a further hearing in November 2018. An allowance for impairment of receivables of RM70.7 million (SGD23.4 million) is recognised in the financial year ended 30 June 2019 based on the decision of the High Court on 2 January 2019.

Receivables amounting to RM55.7 million (2018: RM43.0 million) are secured by financial guarantees given by banks and RM34.5 million (2018: RM25.2 million) are secured by cash collateral.

The fair value of receivables approximates their carrying amounts.

The ageing analysis of the Group's and the Company's trade receivables are as follows:

	<b>Group</b>
	<b>2018</b>
	<b>RM'000</b>
	<b>Restated</b>
Neither past due nor impaired	1,155,331
1 to 90 days past due not impaired	394,691
91 to 120 days past due not impaired	51,596
More than 121 days past due not impaired	317,056
	763,343
Impaired	328,846
	2,247,520

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### 19. TRADE AND OTHER RECEIVABLES (CONT'D.)

Balances past due but not impaired relate to a number of customers with no recent history of default.

Receivables without external rating reflect the economic prosperity of the commercial and domestic counterparties across their respective regions. These receivables are generally due from counterparties with good credit standing.

Movements on the Group's allowance for impairment of receivables are as follows:

	<b>Group</b>
	<b>2018</b>
	<b>RM'000</b>
	<b>Restated</b>
<b>Trade receivables</b>	
At beginning of the financial year	319,986
Charge for the year	75,986
Reversal of impairment losses	(1,258)
Bad debts written off	(53,163)
Currency translation differences	(12,705)
At end of the financial year	328,846

	<b>Group</b>
	<b>2018</b>
	<b>RM'000</b>
<b>Other receivables</b>	
At beginning of the financial year	8,391
Charge for the year	173
Reversal of impairment losses	(1,214)
Currency translation differences	(6)
At end of the financial year	7,344

The impaired receivables are from counterparties in financial difficulties. These receivables are not secured by collateral or credit enhancements.

Current year's Expected Credit Loss ("ECL") movement analysis is disclosed under Note 36(d) to the financial statements.

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## 20. DERIVATIVE FINANCIAL INSTRUMENTS

	Assets RM'000	Liabilities RM'000	Total RM'000
<b>Group - 2019</b>			
At beginning of the financial year	248,265	(54,125)	194,140
Acquisition of subsidiaries	710	(37)	673
Movement during the year	(171,635)	(61,326)	(232,961)
Currency translation differences	6,404	(2,119)	4,285
At end of the financial year	<b>83,744</b>	<b>(117,607)</b>	<b>(33,863)</b>
<b>Group - 2018</b>			
At beginning of the financial year	65,753	(172,780)	(107,027)
Movement during the year	190,778	113,748	304,526
Currency translation differences	(8,266)	4,907	(3,359)
At end of the financial year	248,265	(54,125)	194,140

The Group's derivative financial instruments are analysed as follows:-

	Contract/ notional amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Group - 2019</b>			
<b>Cash-flow hedges</b>			
- fuel oil swaps	1,657,600	74,701	47,972
- currency forwards	1,869,378	7,433	10,320
- interest rate swaps	2,931,554	-	49,533
- cross currency swaps	112,538	665	-
<b>Fair value through profit or loss</b>			
- fuel oil swaps	273,138	657	4,942
- currency forwards	213,439	288	1,507
- currency options contract *	1,656,800	-	3,333
		<b>83,744</b>	<b>117,607</b>
Current portion		<b>65,022</b>	<b>63,491</b>
Non-current portion		<b>18,722</b>	<b>54,116</b>
		<b>83,744</b>	<b>117,607</b>

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### 20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

	Contract/ notional amount RM'000	Fair values	
		Assets RM'000	Liabilities RM'000
<b>Group - 2018</b>			
<b>Cash-flow hedges</b>			
- fuel oil swaps	1,617,924	219,059	9,836
- currency forwards	1,122,018	21,129	8,479
- interest rate swaps	3,850,006	6,275	13,695
<b>Fair value through profit or loss</b>			
- fuel oil swaps	1,180	-	240
- currency forwards	61,100	1,802	3,296
- currency options contract *	1,615,400	-	18,579
		248,265	54,125
Current portion		198,405	19,817
Non-current portion		49,860	34,308
		248,265	54,125

- \* During the previous financial year, the Group entered into currency options contracts to enjoy interest rate reduction in related borrowings with an acceptable risk profile. The fair value is determined using the spot rate, interest rate, basis curve and volatility of the related currencies and time to maturity of the contracts.

## Notes to the Financial Statements

- 30 June 2019

## 20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

Hedging instruments used in the Group's hedging strategy:-

	Carrying amount		Changes in fair value used for calculating hedge ineffectiveness		Hedge ineffectiveness recognised in profit or loss*	Weighted average hedged rate	Maturity date	
	Contractual notional amount	Assets / (Liabilities)	Financial statement line item	Hedging instrument				Hedged item
	RM'000	RM'000	RM'000	RM'000				RM'000
<b>Group - 2019</b>								
<b>Cash flow hedge</b>								
Fuel oil price risk								
- Fuel oil swap to hedge highly probable transactions ("HSFO")	1,573,146	27,329	Derivative financial instruments	1,600,475	(1,600,475)	-	RM1,425.0 per metric ton	July 2019 - November 2021
- Fuel oil swap to hedge highly probable transactions ("LNG")	84,454	(600)	Derivative financial instruments	83,854	(83,854)	-	RM281.9 per bbl	July 2019 - December 2019
Foreign exchange risk								
- Forward contracts to hedge highly probable transactions	1,830,909	(3,819)	Derivative financial instruments	1,827,090	(1,827,090)	-	RM4.1: USD1.00	July 2019 - January 2022

\* All hedge ineffectiveness and costs of hedging are recognised in Income Statement.

Period when the cash flows on cash flow hedges are expected to occur or affect the Income Statement:-

**(a) Fuel oil swaps**

Fuel oil swaps are entered into to hedge highly probable forecast fuel purchases that are expected to occur at various dates within 29 months (2018: 37 months) from financial year end. The fuel oil swaps have maturity dates that match the expected occurrence of these transactions. Gains and losses recognised in the hedging reserve prior to the occurrence of these transactions are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently recognised in the Income Statement upon consumption of the underlying fuels.

The fair value of fuel oil swaps is determined using a benchmark fuel price index at the reporting date.

## Notes to the Financial Statements

- 30 June 2019

### 20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

#### (b) Currency forwards

Currency forwards are entered into to hedge highly probable forecast transactions denominated in foreign currency expected to occur at various dates within 31 months (2018: 43 months) from financial year end. The currency forwards have maturity dates that match the expected occurrence of these transactions.

Gains and losses relating to highly probable forecast fuel payments are recognised in the hedging reserve prior to the occurrence of these transactions and are transferred to the inventory of fuels upon acquisition or cost of sales upon consumption of natural gas. The gains and losses relating to fuel oil inventory are subsequently transferred to Income Statement upon consumption of the underlying fuels.

For those currency forwards used to hedge highly probable forecast foreign currency payments of property, plant and equipment, the gains and losses are included in the cost of the assets and recognised in profit or loss over their estimated useful lives as part of depreciation expense.

For those currency forwards used to hedge highly probable forecast foreign currency transactions for maintenance contracts, the gains and losses are included in payments and recognised in profit or loss over the period of the contracts.

The fair values of forward currency contracts are determined using actively quoted forward currency rates.

#### (c) Interest rate swaps

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to fair value interest rates and the derivative financial instruments minimise the fluctuation of cash flow due to changes in the market interest rates. The derivative financial instruments are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures with a view to limit the credit risk exposure of the Group.

The derivative financial instruments are stated at fair value based on banks' quotes. The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in income statement.

#### (d) Cross-currency swap

The Group had entered into a cross currency swap contract to exchange interest payments and principal denominated in two different currencies to hedge against the exposure of its borrowings to interest rate risk and foreign exchange risk.

The changes in the fair value of these cross currency swap contracts that are designated as hedges are included as hedging reserve in equity and continuously released to the Income statements until the repayment of the bank borrowings or maturity of cross currency swap contracts whichever is earlier. For the cross currency swap contracts that are not designated as hedges, the changes in the fair value are recognised as other income or other expense in the Income statements.

## Notes to the Financial Statements

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## 21. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
Consumable stores	24,297	21,850
Finished goods	258,487	112,460
Fuel	207,225	214,675
Property held for sales	1,679,118	2,116,006
Raw materials	234,562	113,304
Spare parts	355,823	217,735
Work-in-progress	24,211	12,686
	<b>2,783,723</b>	2,808,716

During the financial year, included in the inventories of the Group with carrying value of RM1,595,960,000 (2018: RM1,931,815,000) pledged as security for a borrowing granted to the Group.

## 22. PROPERTY DEVELOPMENT COSTS

	Note	Freehold land RM'000	Leasehold land RM'000	Development costs RM'000	Total RM'000
<b>Group - 2019</b>					
<b>Cumulative property development costs:-</b>					
At beginning of the financial year		76,461	84,050	206,521	367,032
Cost incurred during the financial year		-	1,875	97,421	99,296
Transfer from investment properties	12	23,225	-	-	23,225
Transfer from land held for property development	13(a)	-	3,073	915	3,988
Transfer from development expenditure	13(b)	-	-	83,131	83,131
Currency translation differences		(387)	-	3,075	2,688
At end of the financial year		<b>99,299</b>	<b>88,998</b>	<b>391,063</b>	<b>579,360</b>
<b>Cumulative cost recognised in profit or loss:-</b>					
At beginning of the financial year					-
Recognised during the financial year	5				(17,423)
At end of the financial year					(17,423)
Property development costs at end of the financial year					<b>561,937</b>



## Notes to the Financial Statements

- 30 June 2019

### 22. PROPERTY DEVELOPMENT COSTS (CONT'D.)

<b>Group - 2018</b>	<b>Note</b>	<b>Freehold land RM'000</b>	<b>Leasehold land RM'000</b>	<b>Development costs RM'000</b>	<b>Total RM'000</b>
<b>Cumulative property development costs:-</b>					
At beginning of the financial year		1,331,981	131,917	1,754,504	3,218,402
Cost incurred during the financial year		-	-	187,516	187,516
Transfer to inventories		(1,205,090)	-	(1,001,732)	(2,206,822)
Transfer from land held for property development	13(a)	-	-	537	537
Reversal of completed projects		(15,019)	(47,867)	(713,711)	(776,597)
Currency translation differences		(35,411)	-	(20,593)	(56,004)
At end of the financial year		76,461	84,050	206,521	367,032
<b>Cumulative cost recognised in profit or loss:-</b>					
At beginning of the financial year					(743,188)
Recognised during the financial year	5				(33,409)
Reversal of completed projects					776,597
At end of the financial year					-
Property development costs at end of the financial year					367,032

Included in property development costs of the Group is interest capitalised during the financial year amounting to RM12,463,000 (2018: RM10,344,000).

### 23. CONTRACT ASSETS AND CONTRACT LIABILITIES

	<b>Group</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
<b>Non-Current</b>		
Contract assets	<b>2,486</b>	1,472
Contract cost assets	<b>3,130</b>	4,653
Contract liabilities	<b>(26,264)</b>	(6,618)
<b>Current</b>		
Contract assets	<b>205,932</b>	89,843
Contract cost assets	<b>33,592</b>	34,700
Contract liabilities	<b>(996,420)</b>	(461,686)

## Notes to the Financial Statements

- 30 June 2019

## 23. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

	Group	
	2019 RM'000	2018 RM'000
<b>Representing:</b>		
Contract assets	208,418	91,315
Contract liabilities	(1,022,684)	(468,304)
	<b>(814,266)</b>	(376,989)
Contract cost assets	36,722	39,353
<b>Representing:</b>		
Utilities	(155,487)	(243,925)
Property development	(208,850)	(70,175)
Construction	(411,767)	(40,816)
Hotel	(36,765)	(22,073)
Others	(1,397)	-
	<b>(814,266)</b>	(376,989)

## (a) Utilities

Movement of contract assets and contract liabilities in relation to telecommunication is analysed as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Contract assets</b>		
At beginning of the financial year	78,171	157,629
Transfer to trade receivables	(76,495)	(160,285)
Addition due to revenue recognised during the year	157,263	80,861
Currency translation differences	15	(34)
Less: Allowance for impairment	(388)	-
At end of the financial year	<b>158,566</b>	78,171
<b>Contract liabilities</b>		
At beginning of the financial year	322,096	291,701
Revenue recognised that was included in the contract liability balance at the beginning of the year	(319,806)	(280,365)
Increases due to cash received, excluding amounts recognised as revenue during the year	314,635	325,515
Currency translation differences	(2,872)	(14,755)
At end of the financial year	<b>314,053</b>	322,096

## Notes to the Financial Statements

- 30 June 2019

### 23. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

#### (a) Utilities (cont'd.)

##### (i) Assets recognised from costs to obtain or fulfil a contract

The Group capitalises costs to obtain or fulfil a contract which include sales commissions when they are incremental and expected to be recovered over more than a year. The Group also capitalises the expenditure on assets such as water mains/sewers or new connections relating to contracts as they are incurred to fulfil the contract. This is presented within contract cost assets within contract assets in the statements of financial position.

	Group	
	2019 RM'000	2018 RM'000
<b>Contract cost assets</b>		
Assets recognised from costs incurred to obtain or fulfil a contract	<b>36,155</b>	32,682
Amortisation recognised during the financial year	<b>11,569</b>	21,119
Contract assets charged to cost of sales	<b>26,688</b>	23,597

##### (ii) Unsatisfied performance obligations

As at 30 June 2019, the aggregate amount of the transaction price allocated to unsatisfied performance obligations resulting from contracts with customers is RM382.6 million. This will be recognised as revenue as the services are provided to customer, which is expected to occur over the next 1 to 15 years. As permitted under the transitional provision of MFRS 15, the transaction price allocated to unsatisfied performance obligations as at 30 June 2018 is not disclosed.

The Group applied the practical expedient in MFRS 15 and did not disclose information about unsatisfied performance obligation for certain contracts, where the transaction price corresponds directly with the Group's level of performance in the future.

## Notes to the Financial Statements

- 30 June 2019

**23. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)****(b) Property development**

Movement of contract assets and contract liabilities in relation to property development is analysed as follows:

	<b>Group</b>	
	<b>2019 RM'000</b>	<b>2018 RM'000</b>
At beginning of the financial year	<b>(70,175)</b>	43,252
Revenue recognised during the financial year	<b>481,203</b>	330,443
Progress billings during the financial year	<b>(619,988)</b>	(443,434)
Consideration payable to customer	<b>110</b>	(436)
At end of the financial year	<b>(208,850)</b>	(70,175)
Representing:		
Contract assets	<b>39,456</b>	2,706
Contract liabilities	<b>(248,306)</b>	(72,881)
	<b>(208,850)</b>	(70,175)

Revenue from property development activities is recognised over time using the input method, which is based on the actual cost incurred to date on the property development project as compared to the total budgeted cost for the respective development projects.

**(i) Unsatisfied performance obligations**

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied as at the reporting date was approximately RM51,579,000, of which the Group expects to be recognised as revenue in financial year ending 30 June 2020.

The Group has applied expedient in paragraph C5 of MFRS 15 whereby transaction price allocated to unsatisfied or partially satisfied performance obligations as at 30 June 2018 and 1 July 2017 were not disclosed.

## Notes to the Financial Statements

- 30 June 2019

### 23. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)

#### (c) Construction

Movement of contract assets and contract liabilities in relation to construction is analysed as follows:

	Group	
	2019 RM'000	2018 RM'000
At beginning of the financial year	(40,816)	9,573
Revenue recognised during the financial year	1,219,499	386,466
Cost incurred for project yet to recognised revenue	(43)	(1,078)
Progress billings during the financial year	(1,590,407)	(435,777)
At the end of the financial year	(411,767)	(40,816)

Construction contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

Included in aggregate costs incurred to date of the Group is depreciation capitalised during the financial year amounting to RM7,590,000 (2018: RM6,727,000).

#### (i) Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied or partially satisfied as at the reporting date was approximately RM6.75 billion, of which the Group expects to be recognised as revenue in the financial statements in the next three years.

The Group has applied expedient in paragraph C5 of MFRS 15 whereby transaction price allocated to unsatisfied or partially satisfied performance obligations as at 30 June 2018 and 1 July 2017 were not disclosed.

#### (d) Hotel operations

The Company recognise contract liabilities when a customer pays consideration, or is contractually required to pay consideration, before the Company recognise the related revenue. The contract liabilities are expected to be recognised as revenue within a year.

## Notes to the Financial Statements

- 30 June 2019

**23. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D.)****(d) Hotel operations (cont'd.)**

	Group	
	2019 RM'000	2018 RM'000
Contract liabilities	36,765	22,073

	Group	
	2019 RM'000	
Significant changes to contract liabilities balances during the period are as follows:		
Contract liabilities as at the beginning of the period recognised as revenue during the year	20,714	
Advances received during the year	169,248	

Customer deposits represent advance payment by customers for future booking of hotel room, food and beverages, transport.

**(e) Cement manufacturing & trading**

	Group	
	2019 RM'000	
Amount received in advance of delivery of goods	1,397	

Revenue is recognised when the control of the goods is transferred to the customer, being at the point the goods are delivered to the customer. When the customer initially purchases the goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

## Notes to the Financial Statements

- 30 June 2019

### 24. AMOUNTS DUE FROM/TO RELATED PARTIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
(a) Amounts due from related parties				
Amounts due from:				
- Holding company	38	23	-	-
- Subsidiaries	-	-	1,011,391	1,178,463
- Related companies	13,831	10,553	2,987	2,465
- Associated companies	17,238	25,606	57	59
- Joint ventures	24	72	-	-
	<b>31,131</b>	36,254	<b>1,014,435</b>	1,180,987
(b) Amounts due to related parties				
Amounts due to:				
- Subsidiaries	-	-	5,496	127,156
- Related parties	8,661	2,750	50	68
- Associated companies	531	384	-	-
- Joint ventures	6,814	5,971	-	-
	<b>16,006</b>	9,105	<b>5,546</b>	127,224

(c) The amounts due from/to related parties pertain mainly to trade receivables/payables, advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand except for advances given to subsidiaries amounting RM18.0 million (2018: RM15.0 million) which bear interest rate of 5.4% per annum (2018: 4.7% per annum).

(d) The significant related parties' transactions of the Group and of the Company are disclosed in Note 38 to the financial statements.

### 25. CASH AND CASH EQUIVALENTS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposit with a licensed bank		10,635,496	10,619,683	198,360	511,616
Cash and bank balances		1,171,006	1,014,971	122,948	3,502
		<b>11,806,502</b>	11,634,654	<b>321,308</b>	515,118
Bank overdrafts	30	(42,675)	(33,011)	-	-
<b>Cash and cash equivalents as per statements of cash flows</b>		<b>11,763,827</b>	11,601,643	<b>321,308</b>	515,118

## Notes to the Financial Statements

- 30 June 2019

**25. CASH AND CASH EQUIVALENTS (CONT'D.)**

Cash and bank balances of the Group included amounts totalling RM8,882,000 (2018: RM16,981,000) held pursuant to Section 7A of the Housing Developers (Control and Licensing) Act 1966. Those amounts were restricted from use in other operations.

The range of interest rates of deposits that were effective at the reporting date were as follows:-

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Deposits with licensed banks	<b>0.25-3.95</b>	0.05-4.25	<b>1.60-3.50</b>	1.05-3.85

Deposits of the Group and of the Company have maturities ranging from 1 day to 365 days (2018: 1 day to 365 days). Bank balances are deposits held at call with banks.

Included in the deposits with licensed banks amounting to RM4,167,000 (2018: RM3,057,000) is pledged as a security for a borrowing as disclosed in Note 30.

The Group and of the Company seek to invest cash and cash equivalents safely and profitably with creditworthy local and offshore licensed banks. The credit quality of the local and offshore licensed banks are P1 as rated by RAM Rating Services Bhd. and Moody's Investors Service, Inc., respectively.

**26. SHARE CAPITAL**

	Group/Company			
	Number of shares		Amount	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
<b>Issued and fully paid:</b>				
At beginning and end of the financial year	<b>10,910,560</b>	10,910,560	<b>3,340,111</b>	3,340,111

Out of a total of 10,910,559,429 (2018: 10,910,559,429) ordinary shares issued and fully paid-up ordinary shares, the Company holds 341,862,418 (2018: 232,831,818) ordinary shares as treasury shares. As at 30 June 2019, the number of ordinary shares in issue and fully paid net of treasury shares are 10,568,697,011 (2018: 10,677,727,611).

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.



## Notes to the Financial Statements

- 30 June 2019

### 26. SHARE CAPITAL (CONT'D.)

#### (a) Treasury shares

The shareholders of the Company granted a mandate to the Company to repurchase its own shares at the Annual General Meeting held on 12 December 2018. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 109,030,600 (2018: 68,180,400) ordinary shares of its issued share capital from the open market. The average price paid for the shares repurchased was RM1.24 (2018: RM1.11) per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

As at 30 June 2019, the Company held as treasury shares a total of 341,862,418 (2018: 232,831,818) of its 10,910,559,429 (2018: 10,910,559,429) issued ordinary shares. Such treasury shares are held at a carrying amount of RM472,793,189 (2018: RM337,141,797).

#### (b) Employees' Share Option Scheme ("ESOS")

On 1 April 2011, the Company implemented a new share issuance scheme known as the Employees Share Option Scheme which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 30 November 2010, the ESOS is for eligible employees and directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation as set out in the by-laws of the ESOS ("By-Laws").

The salient terms of the ESOS are as follows:-

- (i) The ESOS shall be in force for a period of ten (10) years, effective from 1 April 2011.
- (ii) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under the ESOS shall not exceed fifteen per cent (15%) of the total issued and paid-up share capital of the Company at the point of time throughout the duration of the ESOS.
- (iii) Any employee (including the directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer of an option ("Offer Date"), the person:-
  - (a) has attained the age of eighteen (18) years;
  - (b) is a director or an employee employed by and on payroll of a company within the Group; and
  - (c) in the case of employees, has been in the employment of the Group for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service. The options committee may, at its discretion, nominate any employee (including directors) of the Group to be an eligible employee despite the eligibility criteria under Clause 3.1(iii) of the By-Laws not being met, at any time and from time to time.
- (iv) The subscription price for shares under the ESOS shall be determined by the Board upon recommendation of the options committee and shall be fixed based on the weighted average market price of shares, as quoted on Bursa Securities, for the five (5) market days immediately preceding the Offer Date of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time.

## Notes to the Financial Statements

- 30 June 2019

## 26. SHARE CAPITAL (CONT'D.)

## (b) Employees' Share Option Scheme ("ESOS") (cont'd.)

The salient terms of the ESOS are as follows:- (cont'd.)

- (v) Subject to Clause 13 of the By-Laws, the options committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period and impose any other terms and/or conditions deemed appropriate by the options committee in its sole discretion including amending/varying any terms and conditions imposed earlier. Notwithstanding the above, and subject to Clauses 10 and 11 of the By-Laws, the options can only be exercised by the grantee no earlier than three (3) years after the Offer Date or such other period as may be determined by the options committee at its absolute discretion, by notice in writing to the options committee, provided however that the options committee may at its discretion or upon the request in writing by the grantee allow the options to be exercised at any earlier or other period.
- (vi) A grantee shall be prohibited from disposing of the new ordinary shares of the Company allotted and issued to him for a period of one (1) year from the date on which the option is exercised or such other period as may be determined by the options committee at its absolute discretion.

The movements during the financial year in the number of share options of the Company are as follows:-

## Financial year ended 30 June 2019

		Number of share options over ordinary shares				
Grant date	Expiry date	Exercise price RM/share	At beginning of the financial year '000	Granted '000	Lapsed '000	At end of the financial year '000
Scheme						
16.07.2012	31.03.2021	1.71*	125,895	-	(4,995)	120,900
14.03.2018	31.03.2021	1.26	259,483	-	(7,189)	252,294
			385,378	-	(12,184)	373,194

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- 30 June 2019

### 26. SHARE CAPITAL (CONT'D.)

#### (b) Employees' Share Option Scheme ("ESOS") (cont'd.)

Financial year ended 30 June 2018

Number of share options over ordinary shares						
Grant date	Expiry date	Exercise price RM/share	At beginning of the financial year '000	Granted '000	Lapsed '000	At end of the financial year '000
Scheme						
16.07.2012	31.03.2021	1.71*	129,580	-	(3,685)	125,895
14.03.2018	31.03.2021	1.26	-	267,996	(8,513)	259,483
			129,580	267,996	(12,198)	385,378

\* The exercise price RM1.71 was adjusted from RM1.75.

The options granted to employees on 16 July 2012 vested on 16 July 2015, while the options granted to employees on 14 March 2018 will vest on 14 March 2021.

The fair value of options granted for which MFRS 2 applies, was determined using the Trinomial Valuation model. The significant inputs in the model are as follows:-

	Share options granted on 16.07.2012	Share options granted on 14.03.2018
Valuation assumptions:-		
Expected volatility	23.6%	22.1%
Expected dividend yield	4.5%	3.6%
Expected option life	3 - 4 years	3 - 4 years
Risk-free interest rate per annum (based on Malaysia securities bonds)	3.1%	3.4%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

## Notes to the Financial Statements

- 30 June 2019

## 26. SHARE CAPITAL (CONT'D.)

## (b) Employees' Share Option Scheme ("ESOS") (cont'd.)

Value of employee services received for issue of share options:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Share option expenses				
by the Company	16,680	5,046	16,680	5,046
by the subsidiary	5,353	1,612	-	-
Allocation to subsidiaries	-	-	(10,000)	(3,111)
Allocation to related companies	(13)	-	(13)	-
Total share option expenses	22,020	6,658	6,667	1,935

## 27. NON-DISTRIBUTABLE RESERVES

## (a) Other reserves

	Capital reserve	Equity component of ICULS	Foreign currency translation reserve	Share options reserve	Statutory reserve <sup>1</sup>	Available-for-sale reserve	FVOCI	Hedging reserve	Total other reserves
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Group - 2019</b>									
At beginning of the financial year (FRS)	97,427	73,848	628,850	75,627	18,554	19,823	-	95,517	1,009,646
Adoption of MFRS 15	-	-	139	-	-	-	-	-	139
At beginning of the financial year, as restated	97,427	73,848	628,989	75,627	18,554	19,823	-	95,517	1,009,785
Adoption of MFRS 9	-	-	-	-	-	(19,823)	(18,085)	-	(37,908)
At 1 July 2018 (MFRS)	97,427	73,848	628,989	75,627	18,554	-	(18,085)	95,517	971,877
Changes in fair value	-	-	-	-	-	-	(11,713)	(198,713)	(210,426)
Exchange differences	-	-	128,361	-	-	-	-	-	128,361
Total comprehensive income/(loss) for the year	-	-	128,361	-	-	-	(11,713)	(198,713)	(82,065)
Share option expenses	-	-	-	19,635	-	-	-	-	19,635
Share option lapsed	-	-	-	(1,748)	-	-	-	-	(1,748)
Subsidiary's share option lapsed	-	-	-	(633)	-	-	-	-	(633)
Currency translation differences	(110)	-	(7,975)	-	488	-	-	7,597	-
At end of the financial year	97,317	73,848	749,375	92,881	19,042	-	(29,798)	(95,599)	907,066

## Notes to the Financial Statements

- 30 June 2019

### 27. NON-DISTRIBUTABLE RESERVES (CONT'D.)

#### (a) Other reserves (cont'd.)

	Capital reserve RM'000	Equity component of ICULS RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Statutory reserve <sup>1</sup> RM'000	Available- for-sale reserve RM'000	Hedging reserve RM'000	Total other reserves RM'000
<b>Group - 2018</b>								
At beginning of the financial year	102,309	73,848	1,334,763	71,379	19,733	(1,510)	(76,963)	1,523,559
Changes in fair value	-	-	-	-	-	21,333	171,143	192,476
Exchange differences	-	-	(705,387)	-	-	-	-	(705,387)
Total comprehensive (loss)/income for the year	-	-	(705,387)	-	-	21,333	171,143	(512,911)
Changes in composition of the group	-	-	(226)	-	-	-	-	(226)
Share option expenses	-	-	-	5,916	-	-	-	5,916
Share option lapsed	-	-	-	(1,290)	-	-	-	(1,290)
Subsidiary's share option lapsed	-	-	-	(378)	-	-	-	(378)
Share of reserve of a joint venture	(4,885)	-	-	-	-	-	-	(4,885)
Currency translation differences	3	-	(161)	-	(1,179)	-	1,337	-
At end of the financial year	97,427	73,848	628,989	75,627	18,554	19,823	95,517	1,009,785

#### Note:

<sup>1</sup> This represents a reserve which needs to be set aside pursuant to local statutory requirement of an associated company.

	Share option reserve RM'000	Available- for-sale reserve RM'000	Fair value reserve RM'000	Total other reserves RM'000
<b>Company - 2019</b>				
At beginning of the financial year (FRS)	49,109	12,327	-	61,436
Adoption of MFRS 9	-	(12,327)	2,359	(9,968)
At beginning of the financial year (MFRS)	49,109	-	2,359	51,468
Changes in fair value	-	-	277	277
Share option expenses	16,679	-	-	16,679
Share option lapsed	(1,748)	-	-	(1,748)
At end of the financial year	64,040	-	2,636	66,676

## Notes to the Financial Statements

- 30 June 2019

## 27. NON-DISTRIBUTABLE RESERVES (CONT'D.)

## (a) Other reserves (cont'd.)

	Share option reserve RM'000	Available- for-sale reserve RM'000	Fair value reserve RM'000	Total other reserves RM'000
<b>Company - 2018</b>				
At beginning of the financial year	45,353	1,547	-	46,900
Changes in fair value	-	11,533	-	11,533
Share option expenses	5,046	-	-	5,046
Disposal of available-for-sale investment securities	-	(753)	-	(753)
Share option lapsed	(1,290)	-	-	(1,290)
At end of the financial year	49,109	12,327	-	61,436

## 28. LONG TERM PAYABLES

	Group	
	2019 RM'000	2018 RM'000
Deferred income	958,774	671,522
Deposits	123,517	93,505
Payable to non-controlling interest	116,365	113,457
Other payables	32,763	23,029
	<b>1,231,419</b>	901,513

The deferred income in relation to assets transferred from customer and services of the water and sewerage segment which are yet to be provided.

Deposits comprise amount collected from retail customers in relation to the provision of electricity and deposits received from developers of housing development in relation to the provision of water and sewerage infrastructure and security deposits from property tenants. The deferred income is in relation to assets transferred from customers and services of the water and sewerage segment which are yet to be provided and shareholder loan interest revenue. The fair value of payables approximates their carrying values.

## Notes to the Financial Statements

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## 29. BONDS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current:-</b>					
Medium Term Notes	29(a)	510,024	2,708,701	-	500,000
Commercial papers		10,000	-	10,000	-
		<b>520,024</b>	2,708,701	<b>10,000</b>	500,000
<b>Non-current:-</b>					
Medium Term Notes	29(a)	10,373,669	8,976,599	2,500,000	2,000,000
3.52% Retail Price Index Guaranteed Bonds	29(b)	422,492	411,533	-	-
5.75% Guaranteed Unsecured Bonds	29(c)	1,818,003	1,839,201	-	-
5.375% Guaranteed Unsecured Bonds	29(d)	1,043,000	1,053,734	-	-
1.75% Index Linked Guaranteed Bonds	29(e)	1,136,539	1,107,059	-	-
1.369% and 1.374% Index Linked Guaranteed Bonds	29(f)	1,136,539	1,107,059	-	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	29(g)	1,074,176	1,049,568	-	-
2.186% Index Linked Guaranteed Bonds Due 2039	29(h)	349,611	344,367	-	-
4.0% Guaranteed Unsecured Bonds	29(i)	1,582,157	1,599,926	-	-
Japan bonds	29(j)	25,480	23,900	-	-
		<b>18,961,666</b>	17,512,946	<b>2,500,000</b>	2,000,000
<b>Total</b>		<b>19,481,690</b>	20,221,647	<b>2,510,000</b>	2,500,000
The bonds are repayable:-					
Not later than 1 year		520,024	2,708,701	10,000	500,000
Later than 1 year but not later than 5 years		6,090,388	5,717,455	-	1,000,000
Later than 5 years		12,871,278	11,795,491	2,500,000	1,000,000
<b>Total</b>		<b>19,481,690</b>	20,221,647	<b>2,510,000</b>	2,500,000

## Notes to the Financial Statements

- 30 June 2019

## 29. BONDS (CONT'D.)

The weighted average effective interest rates of the bonds of the Group and of the Company as at the reporting date are as follows:-

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Medium Term Notes	2.21	2.88	4.47	4.66
Bonds	4.82	4.95	3.60	-

The fair values of the bonds of the Group and the Company as at the reporting date are as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
3.52% Retail Price Index Guaranteed Bonds	301,271	313,436	-	-
5.75% Guaranteed Unsecured Bonds	2,661,429	2,538,182	-	-
5.375% Guaranteed Unsecured Bonds	1,335,425	1,313,751	-	-
1.75% Index Linked Guaranteed Bonds	1,728,881	1,668,760	-	-
1.369% and 1.374% Index Linked Guaranteed Bonds	1,737,755	1,753,143	-	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	1,730,838	1,746,270	-	-
2.186% Index Linked Guaranteed Bonds Due 2039	424,696	398,759	-	-
4.0% Guaranteed Unsecured Bonds	1,671,827	1,708,469	-	-
Medium Term Notes	8,704,698	11,670,455	2,366,078	2,479,533
Japan bonds	25,480	23,900	-	-
	<b>20,322,300</b>	23,135,125	<b>2,366,078</b>	2,479,533



## Notes to the Financial Statements

- 30 June 2019

### 29. BONDS (CONT'D.)

#### (a) Medium term notes ("MTNs")

(i) The MTNs of the Company were issued pursuant to:-

- (a) Commercial papers ("CP's) and Medium term notes ("MTNs") Programme with a combined master limit of RM5.0 billion and a sub-limit on the CPs programme of RM500.0 million (collectively the "Bond Programmes") pursuant to a programme agreement dated 17 June 2019;

A nominal value of RM500 million of MTNs was issued on 25 June 2019 to refinance the Company's existing RM500 million nominal value MTNs. The coupon rate of the MTNs is 4.60% (2018: 4.47%) per annum, payable semi-annually in arrears and the MTNs are redeemable on 23 June 2034 at nominal value.

During the financial year, the Company issued new CPs with a nominal value of RM10 million. The coupon rate of the CPs is 3.60% per annum and redeemable on 25 July 2019 at nominal value.

- (b) MTNs issuance programme of up to RM2.0 billion constituted by a Trust Deed and Programme Agreement, both dated 26 March 2013.

A nominal value of RM1,000,000,000 of MTNs was issued under the programme on 25 April 2013 at a coupon rate 4.38% (2018: 4.38%) per annum, payable semi-annually in arrears. The MTNs are redeemable on 25 April 2023 at nominal value.

A nominal value of RM500,000,000 of MTNs was issued under the programme on 11 November 2016 at a coupon rate 5.15% (2018: 5.15%) per annum, payable semi-annually in arrears. The MTNs are redeemable on 11 November 2036 at nominal value.

A nominal value of RM500,000,000 of MTNs was issued under the programme on 11 November 2016 at a coupon rate 4.63% (2018: 4.63%) per annum, payable semi-annually in arrears. The MTNs are redeemable on 11 November 2026 at nominal value.

(ii) The MTNs of YTL Power International Berhad ("YTLPI") were issued pursuant to:-

- (a) A Medium Term Notes programme of up to RM5,000,000,000 constituted by a Trust Deed and MTNs Agreement, both dated 11 August 2011. The facility bears interest rates ranging from 4.35% to 4.95% (2018: 4.35% to 4.95%) per annum.

On 24 August 2018, YTLPI has drawn down RM500,000,000 of two MTNs and bears interest rates ranging from 4.65% to 4.99% per annum. A MTNs of RM2,200,000,000 has been repaid during the financial year.

- (b) The Islamic MTNs of YTLPI were issued pursuant to Islamic Medium Term Notes facility of up to RM2,500,000,000 in nominal value under the Shariah principle of Murabahah (via Tawarruq Arrangement) which constituted by a Trust Deed and Facility Agency Agreement, both dated 20 April 2017. The facility bears a profit rate of 5.05% (2018: 5.05%) per annum.

## Notes to the Financial Statements

- 30 June 2019

**29. BONDS (CONT'D.)**

The fair values of the bonds of the Group and the Company as at the reporting date are as follows:- (cont'd.)

**(a) Medium term notes ("MTNs") (cont'd.)**

(iii) The MTNs of Starhill Global REIT ("SGREIT") were issued pursuant to:-

(a) Singapore MTNs (Series 002 Notes)

The Group issued SGD100 million unsecured seven-year Singapore MTNs comprised in Series 002 (the "Series 002 Notes") in February 2014 (maturing in February 2021) under its SGD2 billion Multicurrency MTNs Programme. The Series 002 Notes bear a fixed rate interest of 3.50% per annum payable semi-annually in arrears and have a rating of "BBB+" by Standard & Poor's Rating Services.

(b) Singapore MTNs (Series 003 Notes)

The Group issued SGD125 million unsecured eight-year Singapore MTNs comprised in Series 003 (the "Series 003 Notes") in May 2015 (maturing in May 2023) under its SGD2 billion Multicurrency MTNs Programme. The Series 003 Notes bear a fixed rate interest of 3.40% per annum payable semi-annually in arrears and have a rating of "BBB+" by Standard & Poor's Rating Services.

(c) Singapore MTNs (Series 004 Notes)

The Group issued SGD70 million unsecured ten-year Singapore MTNs comprised in Series 004 (the "Series 004 Notes") in October 2016 (maturing in October 2026) under its SGD2 billion Multicurrency MTNs Programme. The Series 004 Notes bear a fixed rate interest of 3.14% per annum payable semi-annually in arrears and have a rating of "BBB+" by Standard & Poor's Rating Services.

(d) Malaysia MTNs

SGREIT has outstanding five-year fixed-rate senior medium term notes of a nominal value of RM330 million ("Senior MTN") issued at a discounted cash consideration of approximately RM325 million. The Senior MTN bear a fixed coupon rate of 4.48% per annum and have a carrying amount of approximately RM329.8 million (SGD107.8 million) [2018: RM328.9 million (SGD111.2 million)] as at 30 June 2019. The notes have an expected maturity in September 2019 and legal maturity in March 2021, and are secured, inter alia, by a fixed and floating charge over all the assets of Ara Bintang Berhad.

(iv) The MTNs of YTL REIT were issued pursuant to:-

The MTNs of the Group were issued pursuant to a MTNs issuance programme of up to RM1,650 million constituted by a Trust Deed and Programme Agreement, both dated 11 May 2016. The facility bears coupon rates ranging from 4.70% to 5.10% (2018: 4.95% to 5.23%) per annum, payable semi-annually in arrears and is secured by certain properties as disclosed in Note 11 and 12 to the financial statements.

## Notes to the Financial Statements

- 30 June 2019

### 29. BONDS (CONT'D.)

The fair values of the bonds of the Group and the Company as at the reporting date are as follows:- (cont'd.)

#### (a) Medium term notes ("MTNs") (cont'd.)

- (iv) The MTNs of YTL REIT were issued pursuant to:- (cont'd.)
- (a) A nominal value of RM10 million of MTNs was issued on 25 May 2016 to refinance part of the Group's existing RM821.8 million term loan. The MTNs had been redeemed on 24 May 2019 by the issuance of a nominal value of RM10 million of MTNs on 24 May 2019. The MTNs are redeemable on 23 May 2022 at nominal value.
  - (b) A nominal value of RM65 million of MTNs was issued on 23 May 2017 to finance the renovation costs carried out at The Ritz-Carlton, Kuala Lumpur - Suite Wing and Hotel Wing. The MTNs are redeemable on 23 May 2022 at nominal value.
  - (c) A nominal value of RM385 million of MTNs was issued on 3 November 2017 to finance the acquisition of The Majestic Hotel Kuala Lumpur by YTL REIT. The MTNs are redeemable on 1 November 2024 at nominal value.
  - (d) A nominal value of RM265 million of MTNs was issued on 23 November 2017 to refinance the existing borrowings of YTL REIT. The MTNs are redeemable on 23 November 2022 at nominal value.
  - (e) A nominal value of RM85 million of MTNs was issued on 28 June 2019 to finance the renovation costs carried out at JW Marriott Hotel Kuala Lumpur. The MTNs are redeemable on 28 June 2023 at nominal value.
- (v) The MTNs of YTL Cement Berhad ("YTL Cement") were issued pursuant to:-

In 2016, Lafarge Cement Sdn. Bhd. ("LCSB"), a wholly-owned subsidiary of Lafarge Malaysia Berhad had established a Sukuk Wakalah Programme ("Sukuk Wakalah") for the issuance of up to RM500,000,000 in nominal value of Sukuk Wakalah. It provides LCSB the flexibility to raise funds from time to time which can be utilised to finance and/or to reimburse the acquisition of property, plant and equipment/investments, to fund working capital requirements and to refinance existing bank borrowings of LCSB. The Sukuk Wakalah Programme has a tenure of 7 years from the date of first issuance of the Sukuk Wakalah.

On 13 January 2017, LCSB made its first issuance of RM100,000,000 in nominal value of Sukuk Wakalah based on the Shariah principle of Wakalah and Murabahah under the Sukuk Wakalah Programme to fund working capital requirements of LCSB. The Sukuk Wakalah bore profit based at 4.40% per annum and has been fully settled in 2018.

On 13 January 2017 and 13 December 2017, LCSB made its second and third issuance of RM180,000,000 and RM100,000,000 in nominal value of Sukuk Wakalah, respectively based on the Shariah principle of Wakalah and Murabahah under the Sukuk Wakalah Programme to fund working capital requirements of LCSB. The Sukuk Wakalah are due on 12 January 2020 and 12 December 2020 and bear profit at 4.80% and 5.00% per annum, payable semi-annually.

## Notes to the Financial Statements

- 30 June 2019

**29. BONDS (CONT'D.)****(b) 3.52% Retails price index guaranteed bonds ("RPIG Bonds")**

The RPIG Bonds of Wessex Water Services Finance Plc. bear interest semi-annually on 30 January and 30 July at an interest rate of 3.52% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2019 is 6.71% (2018: 7.40%) per annum. The RPIG Bonds will be redeemed in full by Issuer on 30 July 2023 at their indexed value together with all accrued interest.

**(c) 5.75% Guaranteed unsecured bonds**

On 15 October 2003, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP350,000,000 nominal value 5.75% Guaranteed Unsecured Bonds due 2033 ("5.75% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited, a subsidiary of the Group. The 5.75% GU Bonds are constituted under a Trust Deed dated 15 October 2003. The nominal value of 5.75% GU Bonds issued amounted to GBP350,000,000 and as at 30 June 2019 GBP346,358,915 (2018: GBP347,274,542) remained outstanding, net of amortised fees and discount. The net proceeds of the 5.75% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 5.75% per annum, payable annually on 14 October of each year. The bonds will be redeemed in full by the Issuer on 14 October 2033 at their nominal value together with all accrued interest.

**(d) 5.375% Guaranteed unsecured bonds**

On 10 March 2005, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 5.375% Guaranteed Unsecured Bonds due 2028 ("5.375% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 5.375% GU Bonds are constituted under a Trust Deed dated 10 March 2005.

The nominal value of 5.375% GU Bonds issued amounted to GBP200,000,000, of which GBP198,708,230 (2018: GBP198,964,188) remained outstanding as at 30 June 2019, net of amortised fees and discount. The net proceeds of the bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 5.375% per annum, payable annually on 10 March of each year. The bonds will be redeemed in full by the Issuer on 10 March 2028 at their nominal value together with all accrued interest.

**(e) 1.75% Index linked guaranteed bonds**

On 31 July 2006, Wessex Water Services Finance Plc. ("Issuer") issued two (2) tranches of GBP75,000,000 nominal value 1.75% Index Linked Guaranteed Bonds ("ILG Bonds 1") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The ILG Bonds 1 was each constituted under a Trust Deed dated 31 July 2006 and is unsecured.

The ILG Bonds 1 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.75% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2019 is 4.94% (2018: 5.63%) per annum. The bonds will be redeemed in full by the Issuer on 31 July 2046 for one tranche, and 31 July 2051 for the other tranche at their indexed value together with all accrued interest.

## Notes to the Financial Statements

- 30 June 2019

### 29. BONDS (CONT'D.)

#### (f) 1.369% AND 1.374% Index linked guaranteed bonds

On 31 January 2007, Wessex Water Services Finance Plc. ("Issuer") issued GBP75,000,000 nominal value 1.369% Index Linked Guaranteed Bonds and GBP75,000,000 nominal value 1.374% Index Linked Guaranteed Bonds, both due 2057 ("ILG Bonds 2") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The ILG Bonds 2 were each constituted under a Trust Deed dated 31 January 2007 and are unsecured.

The ILG Bonds 2 bear interest semi-annually on 31 January and 31 July at an interest rate of 1.369% and 1.374% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2019 is 4.56% (2018: 5.25%) per annum. The bonds will be redeemed in full by the Issuer on 31 July 2057 at their indexed value together with all accrued interest.

#### (g) 1.489%, 1.495% AND 1.499% Index linked guaranteed bonds

On 28 September 2007, Wessex Water Services Finance Plc. ("Issuer") issued GBP50,000,000 nominal value 1.489% Index Linked Guaranteed Bonds, GBP50,000,000 nominal value 1.495% Index Linked Guaranteed Bonds and GBP50,000,000 nominal value 1.499% Index Linked Guaranteed Bonds, all due 2058 ("ILG Bonds 3") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The ILG Bonds 3 were each constituted under a Trust Deed dated 28 September 2007 and are unsecured.

The ILG Bonds 3 bear interest semi-annually on 29 November and 29 May at an interest rate of 1.489%, 1.495% and 1.499% initially, indexed up by the inflation rate every year. The effective interest rate as at 30 June 2019 is 3.93% (2018: 4.83%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 29 November 2058 at their indexed value together with all accrued interest.

#### (h) 2.186% Index linked guaranteed bonds

On 7 September 2009, Wessex Water Services Finance Plc. ("Issuer") issued GBP50,000,000 nominal value 2.186% Index Linked Guaranteed Bonds due 2039 ("ILG Bonds 4") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"). The ILG Bonds 4 were constituted under a Trust Deed dated 7 September 2009 and are unsecured.

The ILG Bonds 4 bear interest semi-annually on 1 December and 1 June at an interest rate of 2.186% initially, indexed up by the inflation rate every half year. The effective interest rate as at 30 June 2019 is 2.54% (2018: 3.35%) per annum. The ILG Bonds 4 will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

#### (i) 4.0% Guaranteed unsecured bonds

On 24 January 2012, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP200,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ("4% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 24 January 2012. The nominal value of 4% GU Bonds issued amounted to GBP200,000,000, of which GBP199,400,879 (2018: GBP199,134,603) remained outstanding as at 30 June 2019, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

## Notes to the Financial Statements

- 30 June 2019

## 29. BONDS (CONT'D.)

## (i) 4.0% Guaranteed unsecured bonds (cont'd.)

On 30 August 2012, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP100,000,000 nominal value 4.00% Guaranteed Unsecured Bonds due 2021 ("4% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 4% GU Bonds are constituted under a Trust Deed dated 30 August 2012. The nominal value of 4% GU Bonds issued amounted to GBP100,000,000 of which GBP102,025,593 (2018: GBP102,960,481) remained outstanding as at 30 June 2019, net of amortised fees and discount. The net proceeds of the 4% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 4.00% per annum, payable annually on 24 September of each year. The bonds will be redeemed in full by the Issuer on 24 September 2021 at their nominal value together with all accrued interest.

The 4% GU Bonds GBP100,000,000 due 24 September 2021 were consolidated to form a single series with the 4% GU Bonds GBP200,000,000 which was issued on 24 January 2012.

## (j) Japan bonds

Starhill Global REIT One TMK ("SGREIT One TMK"), a subsidiary of the Group, has JPY678 million (SGD8.5 million) [2018: JPY678 million (SGD8.4 million)] of Japan bonds outstanding as at 30 June 2019, maturing in August 2021. The interest rate for the Japan bond was hedged via interest rate cap. Whilst no security has been pledged, the bondholders of the Japan bond have a statutory preferred right, under the Japan Asset Liquidation Law, to receive payment of all obligations under the Japan bond prior to other creditors out of the assets of the issuer (SGREIT One TMK).

## 30. BORROWINGS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>					
Bankers' acceptances	30(a)	24,347	3,855	-	-
Bank overdrafts	30(b)	42,675	33,011	-	-
Committed bank loans	30(c)	-	52,538	-	-
Finance lease liabilities	30(d)	30,265	77,675	565	807
Irredeemable convertible unsecured loan stocks	30(e)	15,609	19,826	-	-
Revolving credit	30(f)	3,354,043	2,079,207	1,266,855	1,266,854
Term loans	30(g)	11,370,304	1,263,393	200,000	-
		<b>14,837,243</b>	3,529,505	<b>1,467,420</b>	1,267,661

## Notes to the Financial Statements

- 30 June 2019

## 30. BORROWINGS (CONT'D.)

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>					
Committed bank loans	30(c)	-	2,648	-	-
Finance lease liabilities	30(d)	<b>17,489</b>	45,317	<b>550</b>	172
Irredeemable convertible unsecured loan stocks	30(e)	-	4,969	-	-
Revolving credit	30(f)	<b>565,935</b>	381,781	-	-
Term loans	30(g)	<b>11,177,431</b>	17,600,645	-	200,000
		<b>11,760,855</b>	18,035,360	<b>550</b>	200,172
<b>Total</b>					
Bankers' acceptances	30(a)	<b>24,347</b>	3,855	-	-
Bank overdrafts	30(b)	<b>42,675</b>	33,011	-	-
Committed bank loans	30(c)	-	55,186	-	-
Finance lease liabilities	30(d)	<b>47,754</b>	122,992	<b>1,115</b>	979
Irredeemable convertible unsecured loan stocks	30(e)	<b>15,609</b>	24,795	-	-
Revolving credit	30(f)	<b>3,919,978</b>	2,460,988	<b>1,266,855</b>	1,266,854
Term loans	30(g)	<b>22,547,735</b>	18,864,038	<b>200,000</b>	200,000
		<b>26,598,098</b>	21,564,865	<b>1,467,970</b>	1,467,833

The borrowings of the Group and the Company are repayable as follows:-

Group	At 30 June 2019	Later than			Total RM'000
		Not later than 1 year RM'000	1 year but not later than 5 years RM'000	5 years RM'000	
Bankers' acceptances		<b>24,347</b>	-	-	<b>24,347</b>
Bank overdrafts		<b>42,675</b>	-	-	<b>42,675</b>
Finance lease liabilities		<b>30,265</b>	<b>17,489</b>	-	<b>47,754</b>
ICULS		<b>15,609</b>	-	-	<b>15,609</b>
Revolving credit		<b>3,354,043</b>	<b>425,935</b>	<b>140,000</b>	<b>3,919,978</b>
Term loans		<b>11,370,304</b>	<b>9,555,068</b>	<b>1,622,363</b>	<b>22,547,735</b>
		<b>14,837,243</b>	<b>9,998,492</b>	<b>1,762,363</b>	<b>26,598,098</b>

## Notes to the Financial Statements

- 30 June 2019

**30. BORROWINGS (CONT'D.)**

The borrowings of the Group and the Company are repayable as follows:- (cont'd.)

<b>Group</b>	<b>Not later than 1 year RM'000</b>	<b>Later than 1 year but not later than 5 years RM'000</b>	<b>Later than 5 years RM'000</b>	<b>Total RM'000</b>
<b>At 30 June 2018</b>				
Bankers' acceptances	3,855	-	-	3,855
Bank overdrafts	33,011	-	-	33,011
Committed bank loans	52,538	2,648	-	55,186
Finance lease liabilities	77,675	45,317	-	122,992
ICULS	19,826	4,969	-	24,795
Revolving credit	2,079,207	221,781	160,000	2,460,988
Term loans	1,263,393	16,433,097	1,167,548	18,864,038
	<b>3,529,505</b>	<b>16,707,812</b>	<b>1,327,548</b>	<b>21,564,865</b>
<b>Company</b>				
<b>At 30 June 2019</b>				
Finance lease liabilities	<b>565</b>	<b>550</b>	-	<b>1,115</b>
Revolving credit	<b>1,266,855</b>	-	-	<b>1,266,855</b>
Term loans	<b>200,000</b>	-	-	<b>200,000</b>
	<b>1,467,420</b>	<b>550</b>	-	<b>1,467,970</b>
<b>Company</b>				
<b>At 30 June 2018</b>				
Finance lease liabilities	807	172	-	979
Revolving credit	1,266,854	-	-	1,266,854
Term loans	-	200,000	-	200,000
	<b>1,267,661</b>	<b>200,172</b>	-	<b>1,467,833</b>

The carrying amounts of the borrowings of the Group and of the Company as at the reporting date approximated their fair values.



## Notes to the Financial Statements

- 30 June 2019

### 30. BORROWINGS (CONT'D.)

The weighted average effective interest rates of the borrowings of the Group and the Company as at the reporting date are as follows:-

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Term loans	<b>3.11</b>	2.63	<b>4.34</b>	4.34
Revolving credit	<b>4.10</b>	1.49	<b>3.90</b>	4.17
Committed bank loans	-	2.20	-	-
ICULS	<b>7.49</b>	7.50	-	-
Bankers' acceptances	<b>3.05</b>	2.68	-	-
Bank overdrafts	<b>2.89</b>	1.53	-	-
Finance lease liabilities	<b>1.60</b>	1.72	<b>2.40</b>	2.40

#### (a) Bankers' acceptances

All the bankers' acceptances are unsecured and repayable on demand.

#### (b) Bank overdrafts

All the bank overdraft facilities are unsecured and repayable on demand.

#### (c) Committed bank loans

The loans were repaid in full during the financial year.

#### (d) Finance lease liabilities

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Payable not later than 1 year	<b>31,721</b>	81,250	<b>599</b>	834
Payable later than 1 year and not later than 5 years	<b>17,702</b>	46,556	<b>566</b>	175
Later than 5 years	<b>53</b>	-	-	-
Total minimum lease payments	<b>49,476</b>	127,806	<b>1,165</b>	1,009
Less: Finance charges	<b>(1,722)</b>	(4,814)	<b>(50)</b>	(30)
Present value of minimum lease payments	<b>47,754</b>	122,992	<b>1,115</b>	979

## Notes to the Financial Statements

- 30 June 2019

**30. BORROWINGS (CONT'D.)****(e) Irredeemable convertible unsecured loan stocks ("ICULS")**ICULS 2011/2021

On 31 October 2011, YTL Land & Development Berhad ("YTL Land"), a subsidiary of the Group issued 992,378,023 ten (10) years 3% stepping up to 6% ICULS at a nominal value of RM0.50 each, maturing 31 October 2021 ("Maturity Date").

The salient terms of the ICULS 2011/2021 are as follows:-

- (i) The ICULS 2011/2021 bear a coupon rate of 3.0% per annum from date of issue ("Issue Date") up to fourth anniversary of the Issue Date and 4.5% per annum from the date after the fourth anniversary of the Issue Date up to the seventh anniversary of the Issue Date. Thereafter, the ICULS 2011/2021 bear a coupon rate of 6.0% per annum up to the maturity date. The interest is payable semi-annually in arrears.
- (ii) The ICULS 2011/2021 are convertible at any time on or after its issuance date into new ordinary shares of YTL Land at the conversion price, which is fixed on a step-down basis, as follows:-
  - For conversion at any time from the date of issue up to the fourth anniversary, conversion price is RM1.32;
  - For conversion at any time after fourth anniversary of issue up to the seventh anniversary, conversion price is RM0.99; and
  - For conversion at any time after seventh anniversary of issue up to the maturity date, conversion price is RM0.66
- (iii) The ICULS 2011/2021 are not redeemable and any ICULS 2011/2021 remaining immediately after the maturity date shall be mandatorily converted into ordinary shares at the conversion price.
- (iv) The new ordinary shares issued from the conversion of ICULS 2011/2021 will be deemed fully paid-up and rank pari passu in all respects with all existing ordinary shares of YTL Land.

A certain amount of the ICULS 2011/2021 are held by the Company (refer Note 14 to the financial statements). The relevant amounts have been eliminated in the Statements of Financial Position.

**(f) Revolving credit**

Save for RM180,000,000 (2018: RM200,000,000) revolving credit facility of YTL Land & Development Berhad, all the revolving credit facilities are unsecured and repayable on demand.

**(g) Term loans****(i) Term loans denominated in Great British Pounds**

- (a) The term loans of RM393,667,500 [GBP75,000,000] (2018: RM397,207,500 [GBP75,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 1.05% to 1.50% (2018: 0.90% to 1.05%) per annum and are repayable in full on 22 July 2021.

## Notes to the Financial Statements

- 30 June 2019

### 30. BORROWINGS (CONT'D.)

#### (g) Term loans (cont'd.)

##### (i) Term loans denominated in Great British Pounds (cont'd.)

- (b) The term loans of RM741,454,000 [GBP140,000,000] of previous year were unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The loans bear interest rates ranging from 0.91% to 1.08% (2018: 0.57% to 0.91%) per annum and were fully repaid during the financial year.
- (c) The term loans of RM1,049,780,000 [GBP200,000,000] (2018: RM1,059,220,000 [GBP200,000,000]) are unsecured loans of Wessex Water Services Limited and are guaranteed by Wessex Water Limited. The first loan of GBP50,000,000 was drawn down on 30 January 2015 bears an interest rate of 2.16% (2018: 2.16%) per annum, the second loan of GBP50,000,000 was drawn down on 9 March 2015 bears interest rates ranging from 1.15% to 1.42% (2018: 0.95% to 1.15%) per annum, the third loan of GBP50,000,000 was drawn down on 9 April 2015 bears an interest rate of 1.9% (2018: 1.99%) per annum, and the fourth loan of GBP50,000,000 was drawn down on 25 May 2016 bears interest rates ranging from 1.49% to 1.77% (2018: 1.21% to 1.49%) per annum. All the loans are repayable in full between 30 January and 25 May 2025.
- (d) The term loans of RM734,846,000 [GBP140,000,000] was drawn by Wessex Water Services Limited of which RM728,262,084 [GBP138,745,658] remained outstanding as at 30 June 2019, net of amortised fees. The loans bear interest rates ranging from 1.83 % to 2.03 % per annum and are repayable with a 60% bullet repayment on 31 January 2026 with the remaining 40% being repaid in equal semi-annual instalments commencing 31 January 2021.

##### (ii) Term loans denominated in US Dollars

- (a) The term loan of RM828,400,000 [USD200,000,000] (2018: RM807,700,000 [USD200,000,000]) was drawn down by YTL Power International Berhad ("YTLPI") on 28 May 2015 and repayable on 28 May 2020. The borrowing bears interest rates ranging from 3.63% to 4.04% (2018: 2.77% to 3.63%) per annum.
- (b) The term loan of RM828,400,000 [USD200,000,000] (2018: RM807,700,000 [USD200,000,000]) was drawn down by YTLPI on 17 December 2015 and repayable on 17 December 2020. The borrowing bears interest rates ranging from 3.36% to 3.74% (2018: 2.63% to 3.45%) per annum.
- (c) The term loan of RM1,035,500,000 [USD250,000,000] (2018: RM1,009,625,000 [USD250,000,000]) was drawn down by YTLPI on 31 March 2017 of which RM1,025,841,237 [USD247,668,091] (2018: RM996,946,206 [USD246,860,519]) remained outstanding as at 30 June 2019, net of amortised fees. The borrowing bears interest rates ranging from 3.27% to 3.72% (2018: 2.43% to 3.29%) per annum and is repayable on 31 March 2022.
- (d) Term loan of RM942,305,000 [USD227,500,000] (2018: RM979,336,000 [USD242,500,000]) of YTL Corp. Finance (Cayman) Limited guaranteed by the Company and repayable by 8 semi-annual instalments of USD7.5 million, commencing on 16 March 2016 and a final instalment of USD220 million on 16 March 2020. The loan bears interest rate of 3.74% (2018: 3.23%) per annum.

##### (iii) Term loans denominated in Ringgit Malaysia

Save for the term loan of RM1,996,313,000 (2018: RM180,500,000) of the Group, all the term loans are unsecured.

## Notes to the Financial Statements

- 30 June 2019

**30. BORROWINGS (CONT'D.)****(g) Term loans (cont'd.)****(iv) Term loans denominated in Singapore Dollars**

Included in the term loan are:-

- (a) The term loan of RM6,038,721,474 [SGD1,973,180,458] (2018: RM5,890,592,790 [SGD1,990,804,958]) was drawn down by YTL PowerSeraya Pte. Limited on 14 September 2017 is repayable in full on 12 September 2022. The borrowing is an unsecured loan and bears interest rates ranging from 2.83% to 3.44% (2018: 2.27% to 2.79%).

The bank borrowings are subject to loan covenant clauses stipulated in the loan agreement. As at 30 June 2019, the Group did not meet the requirement of a certain loan covenant and as a result, the borrowings have been classified as a current liability in the statement of financial position of the Group. On 13 September 2019, the Group received a waiver from the consortium of banks on the requirement to comply with the above loan covenant. Accordingly, the breach that was in existence as at 30 June 2019 has been rectified and the bank borrowings have been re-classified to non-current liability subsequent to 30 June 2019.

- (b) Term loan of RM1,123,423,000 [SGD367,084,000] (2018: RM1,149,725,000 [SGD388,565,000]) is a secured loan of YTL Westwood Properties Pte. Ltd. ("YTLW"). This term loan bears interest rates ranging from 3.79% to 3.84% (2018: 2.65% to 3.56%) per annum and is secured by legal mortgage of the property of YTLW.

Save for item (b) above, all the term loans are unsecured.

**(v) Term loans denominated in Australian Dollars**

All the term loan are secured by first fixed charge over the properties.

**(vi) Term loans denominated in Japanese Yen**

All the term loan are secured by first fixed charge over the properties.

**31. GRANTS AND CONTRIBUTIONS**

	Note	Group	
		2019 RM'000	2018 RM'000
At beginning of the financial year		548,493	547,775
Currency translation differences		(1,124)	(29,775)
Amortisation of grants and contributions	7	(15,973)	(20,100)
Received during the financial year		29,432	50,593
At end of the financial year		560,828	548,493

Grants and contributions represents government grants in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets, non-infrastructure assets and a cogeneration plant.

## Notes to the Financial Statements

- 30 June 2019

### 32. DEFERRED TAXATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At beginning of the financial year (FRS)	<b>2,073,201</b>	2,068,379	<b>113</b>	113
Effect of adoption of MFRS 15 & 9	<b>70,766</b>	82,513	-	-
At beginning of the financial year (MFRS)	<b>2,143,967</b>	2,150,892	<b>113</b>	113
Charged to Income Statements	<b>9,395</b>	3,774	-	-
- Property, plant and equipment	<b>22,386</b>	(5,137)	-	-
- Property development	<b>(750)</b>	(12,290)	-	-
- Investment properties	<b>589</b>	(1,476)	-	-
- Retirement benefits	<b>4,360</b>	33,480	-	-
- Provision	<b>(1,131)</b>	(1,338)	-	-
- Unutilised capital allowance	<b>(5,591)</b>	(17,705)	-	-
- Unabsorbed tax losses	<b>(8,989)</b>	1,929	-	-
- Others	<b>(1,479)</b>	6,311	-	-
Currency translation differences				
Acquisition of subsidiary	<b>(3,778)</b>	(96,750)	-	-
(Credited)/Charged to Other	<b>(68,497)</b>	55,747	-	-
Comprehensive Income *	<b>(7,943)</b>	30,518	-	-
At end of the financial year	<b>2,073,144</b>	2,144,181	<b>113</b>	113

\* This is in relation to re-measurement of post-employment benefit obligations.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income tax assets against income tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax provided are in respect of:-				
Deferred tax assets before offsetting				
Unutilised capital allowances	<b>(115,428)</b>	(63,653)	-	-
Retirement benefits	<b>(133,293)</b>	(116,542)	-	-
Unabsorbed tax losses	<b>(231,316)</b>	(27,458)	-	-
Provision	<b>(16,406)</b>	(5,911)	-	-
Others	<b>(20,637)</b>	(16,510)	-	-
	<b>(517,080)</b>	(230,074)	-	-
Offsetting	<b>517,080</b>	230,074	-	-
Deferred tax assets after offsetting	-	-	-	-

## Notes to the Financial Statements

- 30 June 2019

## 32. DEFERRED TAXATION (CONT'D.)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deferred tax provided are in respect of:-				
Deferred tax liabilities before offsetting				
Property, plant and equipment				
- capital allowances in excess of depreciation	<b>2,530,401</b>	2,308,708	<b>113</b>	113
Land held for property development	<b>37,892</b>	40,599	-	-
Others	<b>21,931</b>	24,948	-	-
	<b>2,590,224</b>	2,374,255	<b>113</b>	113
Offsetting	<b>(517,080)</b>	(230,074)	-	-
Deferred tax liabilities after offsetting	<b>2,073,144</b>	2,144,181	<b>113</b>	113

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2019 RM'000	2018 RM'000
Unabsorbed tax losses	<b>1,681,878</b>	1,355,652
Unutilised capital allowances	<b>2,251,985</b>	2,052,474
Deductible temporary differences	<b>77,406</b>	60,776
Taxable temporary differences - property, plant and equipment	<b>(1,188,767)</b>	(1,092,660)
	<b>2,822,502</b>	2,376,242

The unabsorbed tax losses and unutilised capital allowances are subject to agreement with the Inland Revenue Board. On the other hand, effective from year of assessment 2019 as announced in the Annual Budget 2019, the unused tax losses of the Group as at 31 December 2018 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed losses will be disregarded.

## Notes to the Financial Statements

- 30 June 2019

### 33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Defined contribution plan - Current</b>					
Malaysia	33(a)	<b>4,874</b>	4,677	<b>305</b>	273
<hr/>					
	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Defined benefit plan - Non-current</b>					
- Malaysia	33(b)	<b>55,346</b>	-	-	-
- United Kingdom	33(c)	<b>687,950</b>	671,629	-	-
- Indonesia	33(d)	<b>16,350</b>	13,880	-	-
		<b>759,646</b>	685,509	-	-

#### (a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

#### (b) Defined benefit plan - Malaysia

The defined benefit plan typically exposes the Group to actuarial risks such as longevity risk and salary risk.

##### (i) Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

##### (ii) Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out on 4 January 2019 by the external actuary.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

## Notes to the Financial Statements

- 30 June 2019

**33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)****(b) Defined benefit plan - Malaysia (cont'd.)**

The principal actuarial assumptions at the end of the reporting period are as follows:

	<b>Group</b>
	<b>2019</b>
	<b>%</b>
Discount rate	<b>5.1</b>
Future salary increase rate	<b>5.0</b>

Sensitivity analysis:

Significant actuarial assumption for the determination of the defined benefit obligation is the discount rate. The sensitivity analysis below has been determined based on reasonably possible change of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increase/(decrease) by 0.5%, the defined benefit obligation would decrease by RM2,373,490/increase by RM2,598,869.

The movements in the net liability recognised in the Statements of Financial Position are as follows:-

	<b>Group</b>
	<b>2019</b>
	<b>RM'000</b>
At beginning of the financial year	-
Acquisition of subsidiaries	<b>54,816</b>
Charge for the financial year	<b>530</b>
	<b>55,346</b>

The amounts recognised in the Statements of Financial Position are analysed as follows:-

	<b>Group</b>
	<b>2019</b>
	<b>RM'000</b>
Present value of unfunded obligation	<b>55,346</b>



## Notes to the Financial Statements

- 30 June 2019

### 33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)

#### (b) Defined benefit plan - Malaysia (cont'd.)

Reconciliation of the present value of unfunded obligation are as follows:-

	<b>Group</b>
	<b>2019</b>
	<b>RM'000</b>
At beginning of the financial year	-
Acquisition of subsidiaries	<b>54,816</b>
Current service cost	<b>304</b>
Interest cost	<b>226</b>
	<b>55,346</b>

The amounts recognised in the Income Statements are as follows:

	<b>Group</b>
	<b>2019</b>
	<b>RM'000</b>
Current service cost	<b>304</b>
Interest cost	<b>226</b>
	<b>530</b>

#### (c) Defined benefit plan - United Kingdom

A subsidiary of the Group operates final salary defined benefit plans for its employees in the United Kingdom, the assets of which are held in separate trustee-administered funds. The latest actuarial valuation of the plan was undertaken by a qualified actuary as at 30 September 2016. This valuation has been adjusted to the reporting date as at 30 June 2019 taking account of experience over the period since 30 September 2016, changes in market conditions, and differences in the financial and demographic assumptions by the qualified actuary.

##### (i) Profile of the scheme

The defined benefit obligations include benefits for current employees, former employees and current pensioners. Broadly, about 34% of the liabilities are attributable to current employees, 17% to former employees and 49% to current pensioners. The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the scheme as a whole, the duration is around 20 years reflecting the approximate split of the defined benefit obligation between current employees (duration of 25 years), deferred members (duration of 25 years) and current pensioners (duration of 15 years).

## Notes to the Financial Statements

- 30 June 2019

**33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)****(c) Defined benefit plan - United Kingdom (cont'd.)****(ii) Funding requirements**

UK legislation requires that pension schemes are funded prudently. The last funding valuation report, 30 September 2016 showed a deficit of GBP160.9 million (RM844.5 million). The subsidiary is paying deficit contributions of:

- GBP11.77 million (RM61.78 million) by 31 March 2020;
- GBP12.04 million (RM63.20 million) by 31 March 2021;
- GBP12.32 million (RM64.67 million) by 31 March 2022;
- GBP12.60 million (RM66.14 million) by 31 March 2023;
- GBP12.90 million (RM67.71 million) by 31 March 2024;
- GBP13.19 million (RM69.23 million) by 31 March 2025;
- GBP13.50 million (RM70.86 million) by 31 March 2026;

which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 31 March 2026.

The next funding valuation is due no later than 30 September 2019 at which progress towards full-funding will be reviewed.

The subsidiary also pays contributions of 21.7% of pensionable salaries in respect of current accrual and non-investment related expenses, with active members paying a further 7.3% of pensionable salaries on average. A contribution of GBP11.77 million (RM61.78 million) is expected to be paid by the subsidiary during the year ending on 30 June 2020.

**(iii) Risks associated with the scheme**

**Asset volatility** - The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The scheme holds a significant proportion of growth assets (equities, diversified growth fund and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the scheme's long term objectives.

**Changes in bond yields** - A decrease in corporate bond yields will increase the value placed on the scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the scheme's bond holdings.

**Inflation risk** - The majority of the scheme's benefit obligations are linked to inflation and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.

**Life expectancy** - The majority of the scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

## Notes to the Financial Statements

- 30 June 2019

### 33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)

#### (c) Defined benefit plan - United Kingdom (cont'd.)

##### (iii) Risks associated with the scheme (cont'd.)

The trustees insure certain benefits payable on death before retirement.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for some categories of member. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

The movements during the financial year in the amounts recognised in the Statements of Financial Position are as follows:-

	Group	
	2019 RM'000	2018 RM'000
At 1 July	671,629	1,099,962
Pension cost/(credit)	80,526	(98,524)
Contributions and benefits paid	(110,159)	(107,008)
Currency translation differences	(6,355)	(44,454)
Re-measurement gain/(loss)	52,309	(178,347)
At 30 June	<b>687,950</b>	671,629

The amounts recognised in the Statements of Financial Position are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Present value of funded obligations	4,081,555	3,922,374
Fair value of plan assets	(3,393,605)	(3,250,745)
Liability in the Statements of Financial Position	<b>687,950</b>	671,629

## Notes to the Financial Statements

- 30 June 2019

**33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)****(c) Defined benefit plan - United Kingdom (cont'd.)**

Changes in present value of defined benefit obligations are as follows:-

	Group	
	2019 RM'000	2018 RM'000
At 1 July	3,922,374	4,416,568
Exchange differences	(38,238)	(222,810)
Interest cost	111,022	113,593
Current service cost	56,506	67,202
Contributions by scheme participants	1,068	1,098
Past service cost	2,669	(197,006)
Net benefits paid	(147,852)	(130,056)
Re-measurement (gain)/loss:-		
- Actuarial gain arising from demographic assumptions	(146,250)	-
- Actuarial loss/(gain) arising from financial assumptions	327,729	(162,982)
- Actuarial (gain)/loss arising from experience adjustments	(7,473)	36,767
Present value of defined benefit obligations, at 30 June	<b>4,081,555</b>	3,922,374

Changes in fair value of plan assets are as follows:-

	Group	
	2019 RM'000	2018 RM'000
At 1 July	3,250,745	3,316,606
Exchange differences	(31,883)	(178,356)
Interest income	92,340	85,606
Contributions by employer	110,159	107,008
Contributions by scheme participants	1,068	1,098
Net benefits paid	(147,852)	(130,056)
Administration expenses	(2,669)	(3,293)
Re-measurement gain:-		
- Return on plan assets excluding interest income	121,697	52,132
Fair value of plan assets, at 30 June	<b>3,393,605</b>	3,250,745

## Notes to the Financial Statements

- 30 June 2019

### 33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)

#### (c) Defined benefit plan - United Kingdom (cont'd.)

The pension cost recognised is analysed as follows:-

	Group	
	2019 RM'000	2018 RM'000
Current service cost	56,506	67,202
Interest cost	18,682	27,987
Past service cost/(credit)*	2,669	(197,006)
Administration expenses	2,669	3,293
<b>Total charge/(credited) to Income Statements</b>	<b>80,526</b>	<b>(98,524)</b>

\* During previous financial year, following the latest actuarial valuation of the pension scheme, a consultation was held with members to discuss the future funding of the scheme. As part of that consultation, the subsidiary, trustees and members agreed that the measurement of inflation for future pension increases would change. From 2020 pension increases for active members will be measured using Consumer Price Index (CPI) rather than Retail Price Index (RPI). The impact of that change is RM180.5 million (GBP32.9 million), a reduction in the MFRS119 measurement of retirement benefit obligations, which has been shown in the Income Statement as a reduction in staff costs within cost of sales. A further change to the scheme in relation to death in service benefits payable to dependents of members came into effect during previous financial year. The effect of this change is an additional RM16.5 million (GBP3.0 million) reduction, making RM197.0 million (GBP35.9 million) in total. The RM197.0 million (GBP35.9 million) reduction in expenses generated a RM33.5 million (GBP6.1 million) deferred tax charge, a net exceptional credit of RM163.5 million (GBP29.8 million).

The charge to Income Statements was included in the following line items:-

	Group	
	2019 RM'000	2018 RM'000
Cost of sales	46,383	(94,883)
Administration expenses	15,461	(31,628)
Interest cost	18,682	27,987
<b>Total charge/(credited) to Income Statements</b>	<b>80,526</b>	<b>(98,524)</b>

## Notes to the Financial Statements

- 30 June 2019

**33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)****(c) Defined benefit plan - United Kingdom (cont'd.)**

The principal assumptions used in the actuarial calculations were as follows:-

	Group	
	2019 %	2018 %
Discount rate	<b>2.30</b>	2.80
Expected rate of increase in pension payment	<b>1.90-3.00</b>	2.20-3.10
Expected rate of salary increases	<b>1.70</b>	1.80-3.20
Price inflation - RPI	<b>3.10</b>	3.20
Price inflation - CPI	<b>2.10</b>	2.20

The Group determines the appropriate discount rate at the end of each financial year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximately the terms of the related pension liability.

Mortality assumptions:

The mortality assumptions are based upon the recent actual mortality experience of scheme members, and allow for expected future improvements in mortality rates.

	2019	2019	2018	2018
	Male Years	Female Years	Male Years	Female Years
Life expectancy - current age 60	<b>26.2</b>	<b>28.3</b>	27.1	29.2
Life expectancy - current age 40	<b>27.4</b>	<b>29.5</b>	28.3	30.4

The mortality table adopted is based upon 95% of standard tables S2P(M/F)A adjusted to allow for individual years of birth. Future improvements are assumed to be in line with the CMI 2018 core projection, with a long term improvement rate of 1.0% p.a. for all members.

## Notes to the Financial Statements

- 30 June 2019

### 33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)

#### (c) Defined benefit plan - United Kingdom (cont'd.)

##### Sensitivity analysis:

The key assumptions used for MFRS 119 are: discount rate, inflation and mortality. If different assumptions are used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions are set out below. For the purposes of these sensitivities, it has been assumed that the change in the discount rate and inflation has no impact on the value of scheme assets.

Key assumptions	Increase by RM'000	Scheme liabilities		Scheme deficit	
		Increase from RM'000	Increase to RM'000	Increase from RM'000	Increase to RM'000
A reduction in the discount rate of 0.1% (from 2.3% to 2.2%)	78,734	4,081,555	4,160,289	687,942	766,676
An increase in the inflation of 0.1% (from 2.1% to 2.2% for CPI and 3.1% to 3.2% for RPI)	67,711	4,081,555	4,149,266	687,942	755,653
An increase in life expectancy of 1 year	160,616	4,081,555	4,242,171	687,942	848,558

The plan assets are comprised as follow:-

	2019		2018	
	RM'000	%	RM'000	%
Equity instrument	<b>1,335,845</b>	<b>39.4</b>	1,347,856	41.5
Debt instrument	<b>1,802,472</b>	<b>53.1</b>	1,626,432	50.0
Property	<b>191,585</b>	<b>5.6</b>	205,489	6.3
Others	<b>63,711</b>	<b>1.9</b>	70,968	2.2
	<b>3,393,613</b>	<b>100.0</b>	3,250,745	100.0

	Group	
	2019 RM'000	2018 RM'000
Actual return on plan assets	<b>214,037</b>	137,738

## Notes to the Financial Statements

- 30 June 2019

**33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)****(d) Defined benefit plan - Indonesia**

Summary of obligations relating to employee benefits due under prevailing law and regulations as well as under the Indonesia subsidiary's regulations are as presented below:-

	Group	
	2019 RM'000	2018 RM'000
Obligation relating to post-employment benefits	14,021	11,916
Obligation relating to other long-term employee benefits	2,329	1,964
<b>Total</b>	<b>16,350</b>	13,880

A subsidiary of the Group has a defined contribution pension plan covering its qualified permanent national employees in Indonesia. The subsidiary's contribution is 6% of employee basic salary, while the employees' contribution ranges from 3% to 14%.

The contributions made to the defined contribution plan are acceptable for funding the post-employment benefits under the labour regulations.

The obligations for post-employment and other long term employee benefits were recognised with reference to actuarial reports prepared by an independent actuary. The latest actuarial report was dated 30 June 2019.

**(i) Post-employment benefit obligations**

The movements during the financial year in the amounts recognised in the Statements of Financial Position are as follows:-

	Group	
	2019 RM'000	2018 RM'000
At 1 July	11,916	13,251
Pension cost	1,689	1,656
Contributions and benefits paid	(537)	(666)
Currency translation differences	220	(1,530)
Re-measurement loss/(gain)	733	(795)
<b>At 30 June</b>	<b>14,021</b>	11,916



## Notes to the Financial Statements

- 30 June 2019

### 33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)

#### (d) Defined benefit plan - Indonesia (cont'd.)

##### (i) Post-employment benefit obligations (cont'd.)

The obligations relating to post-employment benefits recognised in the Statements of Financial Position are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Present value of obligations	14,021	11,916

Changes in present value of defined benefit obligations are as follows:-

	Group	
	2019 RM'000	2018 RM'000
At 1 July	11,916	13,251
Currency translation differences	220	(1,530)
Interest cost	911	823
Current service cost	778	833
Net benefits paid	(537)	(666)
Re-measurement loss/(gain):		
- Actuarial loss/(gain) arising from financial assumptions	779	(1,098)
- Actuarial (gain)/loss arising from experience adjustments	(46)	303
Present value of defined benefit obligations at 30 June	14,021	11,916

The pension cost recognised can be analysed as follows:-

	Group	
	2019 RM'000	2018 RM'000
Current service cost	778	833
Interest cost	911	823
Total charge to Income Statements	1,689	1,656

## Notes to the Financial Statements

- 30 June 2019

**33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)****(d) Defined benefit plan - Indonesia (cont'd.)****(ii) Other long term employee benefit obligations**

The obligations relating to other long-term employee benefits (i.e. long leave service benefits) recognised in the Statements of Financial Position are as follows:-

	<b>Group</b>	
	<b>2019</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>
Present value of obligations	<b>2,329</b>	1,964

The movements during the financial year in the amount recognised in the Statements of Financial Position are as follows:-

	<b>Group</b>	
	<b>2019</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>
At 1 July	<b>1,964</b>	2,299
Pension cost	<b>636</b>	359
Contributions and benefits paid	<b>(311)</b>	(429)
Currency translation differences	<b>40</b>	(265)
At 30 June	<b>2,329</b>	1,964

Changes in present value of defined benefit obligations are as follows:-

	<b>Group</b>	
	<b>2019</b> <b>RM'000</b>	<b>2018</b> <b>RM'000</b>
At 1 July	<b>1,964</b>	2,299
Currency translation differences	<b>40</b>	(265)
Current service cost	<b>636</b>	359
Net benefits paid	<b>(311)</b>	(429)
At 30 June	<b>2,329</b>	1,964

## Notes to the Financial Statements

- 30 June 2019

### 33. POST-EMPLOYMENTS BENEFIT OBLIGATIONS (CONT'D.)

#### (d) Defined benefit plan - Indonesia (cont'd.)

##### (ii) Other long term employee benefit obligations (cont'd.)

The amounts relating to other long-term employee benefits obligation recognised in the Income Statements are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Current service cost	636	359

The charge above was included in the cost of sales

The principal assumptions used in the actuarial calculations were as follows:-

	Group	
	2019 %	2018 %
Discount rate	7.3	8.0
Future salary increase rate	9.0	9.0

#### *Sensitivity analysis:*

Reasonably possible changes to the key assumptions, would have affected the defined benefit obligations by the amounts shown below:

	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	923	1,029
Future salary increase rate (1% movement)	1,339	1,224

This analysis provides an approximation of the sensitivity of the assumption shown, but does not take account of the variability in the timing of distribution of benefit payments expected under the plan.

## Notes to the Financial Statements

- 30 June 2019

## 34. PROVISION FOR LIABILITIES AND CHARGES

	Note	Affordable housing (a) RM'000	Rectification works (b) RM'000	Restructuring (c) RM'000	Damages claims (d) RM'000	Total RM'000
<b>Group - 2019</b>						
At beginning of the financial year (FRS)		40,331	8,132	35,382	102,491	186,336
Effect of adoption of MFRS 15		(40,331)	-	-	-	(40,331)
At beginning of the financial year (MFRS)		-	8,132	35,382	102,491	146,005
Currency translation differences		-	134	(79)	165	220
Charged to profit or loss	7	-	-	8,219	(699)	7,520
Payments		-	(1,738)	(3,619)	(775)	(6,132)
At end of the financial year		-	6,528	39,903	101,182	147,613
<b>Presented as follows:</b>						
Current		-	6,528	39,903	101,182	147,613

	Note	Affordable housing (a) RM'000	Rectification works (b) RM'000	Restructuring (c) RM'000	Damages claims (d) RM'000	Total RM'000
<b>Group - 2018</b>						
At beginning of the financial year (FRS)		40,331	5,828	35,035	107,155	188,349
Effect of adoption of MFRS 15		(40,331)	-	-	-	(40,331)
At beginning of the financial year (MFRS)		-	5,828	35,035	107,155	148,018
Currency translation differences		-	(268)	(12)	(4,328)	(4,608)
Charged to profit or loss	7	-	3,600	1,981	1	5,582
Payments		-	(1,028)	(1,622)	(337)	(2,987)
At end of the financial year		-	8,132	35,382	102,491	146,005
<b>Presented as follows:</b>						
Current		-	8,132	35,382	102,491	146,005

## Notes to the Financial Statements

- 30 June 2019

### 34. PROVISION FOR LIABILITIES AND CHARGES (CONT'D.)

**(a) Provision for affordable housing**

This represents a provision for foreseeable losses arising from the present obligation for construction of low cost houses.

**(b) Rectification works**

The provision relates to the estimated cost of rectification works for completed project.

**(c) Restructuring**

The provision for liabilities and charges relates to scaling down of operations, environmental liabilities and asset retirement obligation.

**(d) Damages claims**

The provision of damages claims relate to projects undertaken by subsidiaries and are recognised for expected damages claims based on the term of the applicable agreements.

### 35. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables	<b>2,011,355</b>	1,201,202	-	-
Other payables	<b>633,442</b>	495,244	<b>720</b>	18,520
Deferred income	<b>10,491</b>	135,227	-	-
Security deposits	<b>112,510</b>	130,863	-	-
Accruals	<b>917,254</b>	887,231	<b>16,768</b>	16,469
	<b>3,685,052</b>	2,849,767	<b>17,488</b>	34,989

The credit terms of trade payables granted to the Group vary from 30 days to 180 days (2018: 30 days to 180 days). Other credit terms are assessed and approved on a case-by-case basis.

## Notes to the Financial Statements

- 30 June 2019

### 36. FINANCIAL RISK MANAGEMENT

The Group's and the Company's operations are subject to foreign currency exchange risk, interest rate risk, price risk, credit risk and liquidity risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. It is not the Group's and the Company's policy to engage in speculative transactions.

The Board of Directors reviews and agrees policies and procedures for managing each of these risks and they are summarised below:-

#### (a) Foreign currency exchange risk

Foreign currency exchange 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 is exposed to risks arising from various currency exposures primarily with respect to the Great British Pounds ("GBP") and Singapore Dollars ("SGD"). The Group has investments in foreign operations whose net assets are exposed to foreign currency translation risk. Such exposures are mitigated through borrowings denominated in the respective functional currencies.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

There is no significant exposure to foreign currency exchange risk for the Group and the Company.

#### (b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arise primarily from their floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group and the Company manage their cash flow interest rate risk by using a mix of fixed and variable rate debts. Derivative financial instruments are used, where appropriate, to generate the desired interest rate profile.

## Notes to the Financial Statements

- 30 June 2019

### 36. FINANCIAL RISK MANAGEMENT (CONT'D.)

#### (b) Interest rate risk (cont'd.)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the reporting date, were:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Fixed rate instruments</b>				
Financial liabilities	<b>20,188,682</b>	20,800,281	<b>2,510,000</b>	2,500,000
<b>Variable rate instruments</b>				
Financial assets	<b>11,497,578</b>	11,386,131	<b>995,637</b>	1,278,064
Financial liabilities	<b>25,891,106</b>	20,986,231	<b>1,467,970</b>	1,467,833
	<b>37,388,684</b>	32,372,362	<b>2,463,607</b>	2,745,897

At the reporting date, if the interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit after tax would be higher/lower by approximately RM129.5 million (2018: RM104.9 million) and RM7.3 million (2018: RM7.3 million), respectively, as a result of lower/higher interest expense on borrowings.

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect their profit after tax.

The excess funds of the Group and the Company are invested in bank deposits and other short term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income of the Group and the Company for the financial year would increase/decrease by RM11.5 million (2018: RM11.4 million) and RM1.0 million (2018: RM1.3 million), respectively.

#### (c) Price risk

##### **Equity price risk**

The Group's and the Company's exposure to equity price risk arise primarily from their investments in quoted securities.

To manage their price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

At the reporting date, the Group's and the Company's exposure to quoted equity investments at fair value are RM1,542,868,000 (2018: RM2,715,327,000) and RM10,503,000 (2018: RM12,586,000), respectively.

The following table demonstrates the indicative effects on the Group's and the Company's equity applying reasonably foreseeable market movements in the quoted market prices at the reporting date, assuming all other variables remain constant.

## Notes to the Financial Statements

- 30 June 2019

## 36. FINANCIAL RISK MANAGEMENT (CONT'D.)

## (c) Price risk (cont'd.)

*Equity price risk (cont'd.)*

	Carrying amounts RM'000	Increase/ Decrease in quoted market price %	Effect on equity RM'000
<b>Group - 2019</b>			
Local equities	647,391	+/- 10	64,739
Foreign equities	895,477	+/- 10	89,548
<b>Group - 2018</b>			
Local equities	1,899,254	+/- 10	189,925
Foreign equities	816,073	+/- 10	81,607
<b>Company - 2019</b>			
Local equities	4,155	+/- 10	416
Foreign equities	6,348	+/- 10	635
<b>Company - 2018</b>			
Local equities	5,292	+/- 10	529
Foreign equities	7,294	+/- 10	729

**Fuel commodity price risk**

The Group hedges its fuel commodity price risk by the use of derivative instruments against fluctuations in fuel oil prices which affect the cost of fuel.

The Group has contracts for the sale of electricity to the Singapore electricity pool at prices that are fixed in advance every three months and to retail customers (those meeting a minimum average monthly consumption) at prices that are either fixed in amount or in pricing formula for periods up to a number of years. The fixing of the prices under the contracts is based largely on the price of fuel oil required to generate the electricity. The Group enters into fuel oil swaps to hedge against adverse price movements of fuel oil prices. The Group typically enters into a swap to pay a fixed price and receive a variable price indexed to a benchmark fuel price index.

Exposure to price fluctuations arising from the purchase of fuel oil and natural gas are substantially managed via swaps where the price is indexed to a benchmark fuel price index, for example 180 CST fuel oil and Dated Brent. The Group's exposure to the fluctuation of forward price curve is immaterial.



## Notes to the Financial Statements

- 30 June 2019

### 36. FINANCIAL RISK MANAGEMENT (CONT'D.)

#### (d) Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle their obligations to the Group and the Company.

The Group's exposure to credit risk arises primarily from trade and other receivables. Meanwhile, the Company's exposures to credit risk arise from other receivables. For other financial assets (including investment securities, cash and cash equivalents and derivative financial instruments), the Group and the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

#### ***Concentration of credit risk***

Due to the nature of the Group's business, customers are mainly segregated according to business segments. In the Group's power generation business in Malaysia, trade receivables are solely from its off taker, a national electricity utility company and the counter party risk is considered to be minimal. As for the Group's power generation business in Singapore, credit reviews are performed on all customers with established credit limits and generally supported by collateral in the form of guarantees. For the Group's water and sewerage business, the credit risk of receivables is mitigated through strict collection procedures. The Directors are of the view that credit risk arising from these businesses is limited due to the large customer base.

#### ***Trade receivables and contract assets***

The Group applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are determined based on 1 year to 13 years of historical ageing profile and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. Some of the factors which the Group has identified include unemployment rate, economic trends, and annual Gross Domestic Product ("GDP") growth and has adjusted the historical loss rates based on expected changes in such factors.

## Notes to the Financial Statements

- 30 June 2019

## 36. FINANCIAL RISK MANAGEMENT (CONT'D.)

## (d) Credit risk (cont'd.)

On that basis, the loss allowance as at 30 June 2019 (on first adoption of MFRS 9) was determined as follows for trade receivables, contract assets and related parties:-

	----- Past due -----				Total RM'000
	Current RM'000	1 - 90 days RM'000	91 - 120 days RM'000	120 days RM'000	
<b>Group - 2019</b>					
Gross carrying amount					
- Trade receivables	1,794,997	327,834	16,322	660,924	2,800,077
- Contract assets	208,806	-	-	-	208,806
	<b>2,003,803</b>	<b>327,834</b>	<b>16,322</b>	<b>660,924</b>	<b>3,008,883</b>
Allowance for impairment					
- Trade receivables	(66,343)	(15,971)	(5,824)	(402,979)	(491,117)
- Contract assets	(388)	-	-	-	(388)
	<b>(66,731)</b>	<b>(15,971)</b>	<b>(5,824)</b>	<b>(402,979)</b>	<b>(491,505)</b>
<b>Net carrying amount</b>	<b>1,937,012</b>	<b>311,863</b>	<b>10,498</b>	<b>257,945</b>	<b>2,517,378</b>

At the reporting date, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the Statement of Financial Position, except for trade receivables on electricity sales and physical fuel transactions where collaterals of RM90.3 million (2018 : RM68.2 million) are held in the form of security deposits from customers and banker's guarantees.

**Cash and bank balances**

The Group and the Company place its cash and bank balances with a number of creditworthy financial institutions. The Group's and the Company's policy limit the concentration of financial exposure to any single financial institution. While cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

**Derivative financial instruments**

Transactions involving derivative financial instruments are allowed only with counterparties that are of high credit quality. As such, management does not expect any counterparties to fail to meet their obligations. The Group and the Company consider the risk of material loss on the event of non-performance by a financial counter party to be unlikely.

## Notes to the Financial Statements

- 30 June 2019

### 36. FINANCIAL RISK MANAGEMENT (CONT'D.)

#### (d) Credit risk (cont'd.)

##### **Other receivables**

The Group and the Company use the 3-stages approach for the ECL on the other receivables and amount due from related parties. The 3-stages approach reflects their receivables' credit risk and how the loss allowance is determined for each of those categories.

A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

<b>Category</b>	<b>Group's and Company's definition of category</b>	<b>Basis for recognising ECL</b>
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows.	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime ECL
Non-performing	Debtors and repayments are more than 365 days past due	Lifetime ECL
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount.	Asset is written off

Based on the above, loss allowance is measured on either 12 month ECL or lifetime ECL using a PD x LGD x EAD methodology where:

- PD ('probability of default') - the likelihood that the debtor would not be able to repay during the contractual period;
- LGD ('loss given default') - the percentage of contractual cash flows will not be collected if default happens; and
- EAD ('exposure at default') - the outstanding amount that is exposed to default risk.

In deriving the PD and LGD, the Group and the Company consider historical data by each debtor by category and adjusts for forward-looking macroeconomic data. The Group and the Company have identified the industry and geographical area which the debtor operates in to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. Loss allowance is measured at a probability-weighted amount that reflects the possibility that a credit loss occurs and the possibility that no credit loss occurs. No significant changes to estimation techniques or assumptions were made during the reporting period.

The maximum credit risk exposure of the financial assets of the Group and the Company are approximately their carrying amounts as at the end of the reporting period.

## Notes to the Financial Statements

- 30 June 2019

## 36. FINANCIAL RISK MANAGEMENT (CONT'D.)

## (d) Credit risk (cont'd.)

**Other receivables (cont'd.)**

Movement on the Group and the Company's loss allowances is as follows:

	Trade receivables RM'000	Contract assets RM'000	Related parties RM'000	Other receivables RM'000	Total RM'000
<b>Group - 2019</b>					
At 1 July 2018, as previously reported	328,846	-	-	7,344	336,190
Adjustments from adoption of MFRS 9	161,163	445	-	76,765	238,373
At 1 July 2018, restated	490,009	445	-	84,109	574,563
Arising from acquisition	6,625	-	-	-	6,625
Allowance for impairment of receivables	89,128	-	34	76,001	165,163
Write back of impairment of receivables	(9,605)	(57)	-	(390)	(10,052)
Written off during the financial year as uncollectible	(80,916)	-	-	-	(80,916)
Exchange differences	(4,124)	-	-	860	(3,264)
<b>At 30 June 2019</b>	<b>491,117</b>	<b>388</b>	<b>34</b>	<b>160,580</b>	<b>652,119</b>

	Related parties RM'000	Other receivables RM'000	Total RM'000
<b>Company - 2019</b>			
At 1 July 2018, as previously reported	-	-	-
Adjustments from adoption of MFRS 9	116,859	1,765	118,624
At 1 July 2018, restated	116,859	1,765	118,624
<b>At 30 June 2019</b>	<b>116,859</b>	<b>1,765</b>	<b>118,624</b>

## (e) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's objective are to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

## Notes to the Financial Statements

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### 36. FINANCIAL RISK MANAGEMENT (CONT'D.)

#### (e) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:-

	On demand or within 1 year RM'000	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
<b>Group - 2019</b>				
<b>Non-derivative:</b>				
Trade and other payables	3,674,378	272,645	-	3,947,023
Bonds and borrowings	16,906,218	19,411,741	26,676,237	62,994,196
Related parties	16,007	-	-	16,007
	<b>20,596,603</b>	<b>19,684,386</b>	<b>26,676,237</b>	<b>66,957,226</b>
<b>Derivative:</b>				
Net - interest rate swaps	19,182	17,559	-	36,741
Gross - fuel oil swaps	39	13,501	771	14,311
Gross - currency forwards	9,633	1,885	309	11,827
Gross - currency options contract	668	2,665	-	3,333
	<b>29,522</b>	<b>35,610</b>	<b>1,080</b>	<b>66,212</b>
<b>Company - 2019</b>				
<b>Non-derivative:</b>				
Trade and other payables	17,488	-	-	17,488
Bonds and borrowings	4,105,268	2,911,767	2,053,777	9,070,812
Related parties	5,546	-	-	5,546
	<b>4,128,302</b>	<b>2,911,767</b>	<b>2,053,777</b>	<b>9,093,846</b>

## Notes to the Financial Statements

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## 36. FINANCIAL RISK MANAGEMENT (CONT'D.)

## (e) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:- (cont'd.)

	<b>On demand or within 1 year RM'000</b>	<b>1 to 5 years RM'000</b>	<b>Over 5 years RM'000</b>	<b>Total RM'000</b>
<b>Group - 2018</b>				
<b>Non-derivative:</b>				
Trade and other payables	2,819,581	229,991	-	3,049,572
Bonds and borrowings	7,396,418	24,003,969	29,297,566	60,697,953
Related parties	9,105	-	-	9,105
	10,225,104	24,233,960	29,297,566	63,756,630
<b>Derivative:</b>				
Net - interest rate swaps	8,733	9,569	-	18,302
Gross - fuel oil swaps	10,076	-	-	10,076
Gross - currency forwards	6,045	2,498	-	8,543
	24,854	12,067	-	36,921
<b>Company - 2018</b>				
<b>Non-derivative:</b>				
Trade and other payables	34,989	-	-	34,989
Bonds and borrowings	1,882,730	1,569,077	1,428,650	4,880,457
Related parties	127,224	-	-	127,224
	2,044,943	1,569,077	1,428,650	5,042,670

## Notes to the Financial Statements

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### 37. FINANCIAL INSTRUMENTS

#### (a) Categories of financial instruments

The table below provides an analysis of financial instruments as at 30 June 2019 categorised under MFRS 9 as follows:-

		Financial Assets				
		Amortised cost	Fair value through profit or loss	Derivatives used for hedging	FVOCI	Total
		RM'000	RM'000	RM'000	RM'000	RM'000
	Note					
<b>Group - 2019</b>						
<b>Non-current</b>						
Investments	17	-	346,510	-	63,461	409,971
Trade and other receivables	19	273,480	871,752	-	-	1,145,232
Derivative financial instruments	20	-	-	18,722	-	18,722
<b>Current</b>						
Investments	17	-	2,352,947	-	-	2,352,947
Derivative financial instruments	20	-	945	64,077	-	65,022
Trade and other receivables	19	2,927,984	-	-	-	2,927,984
Amount due from related parties	24	31,131	-	-	-	31,131
Fixed deposits	25	10,635,496	-	-	-	10,635,496
Cash and bank balances	25	1,171,006	-	-	-	1,171,006
<b>Total</b>		<b>15,039,097</b>	<b>3,572,154</b>	<b>82,799</b>	<b>63,461</b>	<b>18,757,511</b>

## Notes to the Financial Statements

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## 37. FINANCIAL INSTRUMENTS (CONT'D.)

## (a) Categories of financial instruments (cont'd.)

		Financial Liabilities			
	Note	Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Amortised cost RM'000	Total RM'000
<b>Group - 2019</b>					
<b>Non-current</b>					
Long term payables	28	-	-	272,645	272,645
Bonds	29	-	-	18,961,666	18,961,666
Borrowings	30	-	-	11,760,855	11,760,855
Derivatives financial instruments	20	9,782	44,334	-	54,116
<b>Current</b>					
Trade and other payables	35	-	-	3,674,561	3,674,561
Derivatives financial instruments	20	-	63,491	-	63,491
Amount due to related parties	24	-	-	16,006	16,006
Bonds	29	-	-	520,024	520,024
Borrowings	30	-	-	14,837,243	14,837,243
<b>Total</b>		<b>9,782</b>	<b>107,825</b>	<b>50,043,000</b>	<b>50,160,607</b>



## Notes to the Financial Statements

- 30 June 2019

### 37. FINANCIAL INSTRUMENTS (CONT'D.)

#### (a) Categories of financial instruments (cont'd.)

		Financial Assets			
		Amortised cost	Fair value through profit or loss	FVOCI	Total
		RM'000	RM'000	RM'000	RM'000
	Note				
<b>Company - 2019</b>					
<b>Non-current</b>					
Investments	17	-	34,968	9,477	44,445
<b>Current</b>					
Trade and other receivables	19	12,982	-	-	12,982
Amount due from related parties	24	1,014,435	-	-	1,014,435
Investments	17	-	797,277	-	797,277
Fixed deposits	25	198,360	-	-	198,360
Cash and bank balances	25	122,948	-	-	122,948
Total		1,348,725	832,245	9,477	2,190,447

		Financial Liabilities	
		Amortised cost	Total
		RM'000	RM'000
	Note		
<b>Company - 2019</b>			
<b>Non-current</b>			
Bonds	29	2,500,000	2,500,000
Borrowings	30	550	550
<b>Current</b>			
Trade and other payables	35	17,488	17,488
Amount due to related parties	24	5,546	5,546
Bonds	29	10,000	10,000
Borrowings	30	1,467,420	1,467,420
Total		4,001,004	4,001,004

## Notes to the Financial Statements

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## 37. FINANCIAL INSTRUMENTS (CONT'D.)

## (a) Categories of financial instruments (cont'd.)

The table below provides an analysis of financial instruments as at 30 June 2018 categorised under MFRS 139 as follows:-

	Note	Financial Assets				Total RM'000
		Loans and receivables RM'000	Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Available- for-sale RM'000	
<b>Group - 2018</b>						
<b>Non-current</b>						
Investments	17	-	790,067	-	346,708	1,136,775
Trade and other receivables	19	952,884	-	-	-	952,884
Derivative financial instruments	20	-	-	49,860	-	49,860
<b>Current</b>						
Investments	17	766,448	1,883,669	-	-	2,650,117
Derivative financial instruments	20	-	1,802	196,603	-	198,405
Trade and other receivables	19	2,430,838	-	-	-	2,430,838
Amount due from related parties	24	36,254	-	-	-	36,254
Fixed deposits	25	10,619,683	-	-	-	10,619,683
Cash and bank balances	25	1,014,971	-	-	-	1,014,971
<b>Total</b>		<b>15,821,078</b>	<b>2,675,538</b>	<b>246,463</b>	<b>346,708</b>	<b>19,089,787</b>

## Notes to the Financial Statements

- 30 June 2019

### 37. FINANCIAL INSTRUMENTS (CONT'D.)

#### (a) Categories of financial instruments (cont'd.)

The table below provides an analysis of financial instruments as at 30 June 2018 categorised under MFRS 139 as follows:- (cont'd.)

	Note	Financial Liabilities			Total RM'000
		Fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	
<b>Group - 2018</b>					
<b>Non-current</b>					
Long term payables	28	-	-	229,991	229,991
Bonds	29	-	-	17,512,946	17,512,946
Borrowings	30	-	-	18,035,360	18,035,360
Derivatives financial instruments	20	22,115	12,193	-	34,308
<b>Current</b>					
Trade and other payables	35	-	-	2,714,540	2,714,540
Derivatives financial instruments	20	-	19,817	-	19,817
Amount due to related parties	24	-	-	9,105	9,105
Bonds	29	-	-	2,708,701	2,708,701
Borrowings	30	-	-	3,529,505	3,529,505
<b>Total</b>		<b>22,115</b>	<b>32,010</b>	<b>44,740,148</b>	<b>44,794,273</b>

## Notes to the Financial Statements

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## 37. FINANCIAL INSTRUMENTS (CONT'D.)

## (a) Categories of financial instruments (cont'd.)

The table below provides an analysis of financial instruments as at 30 June 2018 categorised under MFRS 139 as follows:- (cont'd.)

	Note	Financial Assets		Total RM'000
		Loans and receivables RM'000	Available- for-sale RM'000	
<b>Company - 2018</b>				
<b>Non-current</b>				
Investments	17	-	42,186	42,186
<b>Current</b>				
Trade and other receivables	19	11,693	-	11,693
Amount due from related parties	24	1,180,987	-	1,180,987
Investments	17	766,448	-	766,448
Fixed deposits	25	511,616	-	511,616
Cash and bank balances	25	3,502	-	3,502
Total		2,474,246	42,186	2,516,432
<b>Financial Liabilities</b>				
			<b>Other financial liabilities at amortised cost</b>	<b>Total</b>
	<b>Note</b>		<b>RM'000</b>	<b>RM'000</b>
<b>Company - 2018</b>				
<b>Non-current</b>				
Bonds		29	2,000,000	2,000,000
Borrowings		30	200,172	200,172
<b>Current</b>				
Trade and other payables		35	34,989	34,989
Amount due to related parties		24	127,224	127,224
Bonds		29	500,000	500,000
Borrowings		30	1,267,661	1,267,661
Total			4,130,046	4,130,046

## Notes to the Financial Statements

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### 37. FINANCIAL INSTRUMENTS (CONT'D.)

#### (b) Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:-

- (i) Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the reporting date, the Group and the Company held the following financial instruments carried at fair value on the Statements of Financial Position:-

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group - 2019</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	945	-	945
- Income/equity funds	-	2,377,412	307,902	2,685,314
- Equity investments	10,503	3,640	-	14,143
- Receivables from a joint venture	-	-	871,752	871,752
Derivatives used for hedging	-	82,799	-	82,799
Financial assets at fair value through other comprehensive income	42,072	45	21,344	63,461
<b>Total</b>	<b>52,575</b>	<b>2,464,841</b>	<b>1,200,998</b>	<b>3,718,414</b>
<b>Liabilities</b>				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	3,333	-	-	3,333
- Trading derivatives	-	6,449	-	6,449
Derivative used for hedging	-	107,825	-	107,825
<b>Total</b>	<b>3,333</b>	<b>114,274</b>	<b>-</b>	<b>117,607</b>

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## 37. FINANCIAL INSTRUMENTS (CONT'D.)

## (b) Fair value measurement (cont'd.)

At the reporting date, the Group and the Company held the following financial instruments carried at fair value on the Statements of Financial Position:- (cont'd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group - 2018</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	1,802	-	1,802
- Income/equity funds	-	2,669,903	-	2,669,903
- Equity investments	-	3,833	-	3,833
Derivatives used for hedging	-	246,463	-	246,463
Available-for-sale financial assets	45,424	-	301,284	346,708
<b>Total</b>	<b>45,424</b>	<b>2,922,001</b>	<b>301,284</b>	<b>3,268,709</b>

**Liabilities**

Financial liabilities at fair value through profit or loss:

- Currency options contracts	18,579	-	-	18,579
- Trading derivatives	-	3,536	-	3,536
Derivative used for hedging	-	32,010	-	32,010
<b>Total</b>	<b>18,579</b>	<b>35,546</b>	<b>-</b>	<b>54,125</b>

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Company - 2019</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss	<b>10,503</b>	-	<b>24,465</b>	<b>34,968</b>
Financial assets at fair value through other comprehensive income	<b>5</b>	-	<b>9,472</b>	<b>9,477</b>
<b>Total</b>	<b>10,508</b>	<b>-</b>	<b>33,937</b>	<b>44,445</b>

**Company - 2018****Assets**

Available-for-sale financial assets	12,586	-	29,600	42,186
<b>Total</b>	<b>12,586</b>	<b>-</b>	<b>29,600</b>	<b>42,186</b>

During the current financial year, there were no transfers between Level 1 and Level 2 fair value measurements.

## Notes to the Financial Statements

- 30 June 2019

### 38. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

#### (a) Significant related party transactions

- (i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

Entity	Relationship	Type of transactions	Group	
			2019 RM'000	2018 RM'000
Business & Budget Hotels (Kuantan) Sdn. Bhd.	Associated company	Management fee, incentive fee and software maintenance cost	<b>1,225</b>	1,234
		Lease rental of investment property	<b>6,300</b>	6,300
Commercial Central Sdn. Bhd.	Subsidiary of holding company	Rental of office and car park	<b>2,735</b>	2,850
Corporate Promotions Sdn. Bhd.	Subsidiary of holding company	Advertising & promotion expenses	<b>3,025</b>	5,254
Express Rail Link Sdn. Bhd.	Associated company	Progress billings related to civil engineering & construction works	<b>26,577</b>	30,662
East West Ventures Sdn. Bhd.	Subsidiary of holding company	Lease rental of investment property	<b>21,626</b>	21,626
		Hotel accommodation & lease rental of equipment	<b>3,647</b>	3,934
Oriental Place Sdn. Bhd.	Subsidiary of holding company	Rental of premises expenses	<b>7,975</b>	8,156
Shorefront Development Sdn. Bhd.	Joint venture company	Progress billing relates to construction works	-	6,226

## Notes to the Financial Statements

- 30 June 2019

## 38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

## (a) Significant related party transactions (cont'd.)

## (i) In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions. (cont'd.)

Entity	Relationship	Type of transactions	Group	
			2019 RM'000	2018 RM'000
Syarikat Pelancongan Pangkor Laut Sendirian Berhad	Subsidiary of holding company	Lease rental of investment property	8,820	8,820
		Hotel accommodation	2,754	6,892
		Management fees & data processing fees & royalty income	2,173	2,389
		Sale of property, plant and equipment	5,529	-
Thunder Match Technology Sdn. Bhd.	Subsidiary of associated company	Commission, incentives and/or reimbursement of bundle device sold	4,475	5,325
Xchanging Malaysia Sdn. Bhd.	Joint venture company	IT Consultancy & related services expenses	42,093	37,158
Yeoh Tiong Lay & Sons Holdings Sdn. Bhd.	Holding company	Progress billings for sale of properties	-	3,646

Entity	Relationship	Type of transactions	Company	
			2019 RM'000	2018 RM'000
Autodome Sdn. Bhd.	Subsidiary	YTL Platinum Plus Expenses	-	1,336
YTL Majestic Hotel Sdn. Bhd.	Subsidiary	Other interest income	-	912
YTL Land & Development Berhad	Subsidiary	ICULS interest income	21,511	17,618
Suri Travel & Tours Sdn. Bhd.	Subsidiary	Travelling expenses	1,290	1,219
Star Hill Hotel Sdn. Bhd.	Subsidiary	Hotel accommodation & related expenses	705	2,080



## Notes to the Financial Statements

- 30 June 2019

### 38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

#### (a) Significant related party transactions (cont'd.)

(ii) The following significant transactions which have been transacted with close family members of key management personnel and entities controlled by key management personnel and close family members are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Progress billings related to purchase of properties	<b>43,602</b>	25,403

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

#### (b) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Key management personnel of the Group and the Company includes the Directors of the Company.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors' and key management personnel's remuneration				
- short term employee benefits	<b>76,373</b>	98,975	<b>997</b>	723
- defined contribution plans	<b>6,334</b>	8,920	<b>12</b>	-
- benefit in kind	<b>772</b>	961	-	-
- share option expenses	<b>7,909</b>	2,308	<b>4,735</b>	1,381
	<b>91,388</b>	111,164	<b>5,744</b>	2,104

## Notes to the Financial Statements

- 30 June 2019

**38. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)****(c) Significant related party balances**

In addition to the information disclosed in Note 24 to the financial statements, the outstanding balances due from the related parties as at reporting date are as follows:-

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Key management personnel and close family members				
- Progress billings related to sale of properties	-	5,236	-	-

**39. COMMITMENTS****(a) Capital commitments**

	Group	
	2019 RM'000	2018 RM'000
Authorised but not contracted for	795,078	647,493
Contracted but not provided for	2,517,419	1,267,913

The above commitments mainly comprise purchase of spare parts and property, plant and equipment.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Capital commitments in relation to addition investment	72,880	101,807	-	-

## Notes to the Financial Statements

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### 39. COMMITMENTS (CONT'D.)

#### (b) Operating lease commitments - as lessee

##### (i) The Group as lessee

The Group leases land, offices and warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. Except for a few long-term leases in land, the Group's leases generally range from one to five years. None of the leases included contingent rentals.

Future minimum lease payables under non-cancellable operating leases at the reporting date are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Not later than 1 year	193,993	158,557
Later than 1 year and not later than 5 years	366,051	384,489
Later than 5 years	473,658	289,802
	<b>1,033,702</b>	832,848

##### (ii) The Group as lessor

The future minimum lease receivables under non-cancellable operating leases at the reporting date are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Not later than 1 year	594,941	603,917
Later than 1 year and not later than 5 years	1,525,156	1,664,321
Later than 5 years	672,479	1,059,893
	<b>2,792,576</b>	3,328,131

Except for one long term lease, the Group's leases for its retail properties generally range from one to five years. The future minimum lease payments receivable relating to retail properties from non-related parties are approximately RM3.3 billion (2018: RM2.4 billion). The Group leases out its hotel properties under operating leases for the lease term of fifteen years. All lease arrangements are provided with a step-up rate of 5% every five years and an option to grant the respective lessees to renew the lease for a further term similar to the original lease agreements. The future minimum lease payments receivable relating to hotel properties from non-related parties are approximately RM334 million (2018: RM781 million).

## Notes to the Financial Statements

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**39. COMMITMENTS (CONT'D.)****(b) Operating lease commitments - as lessee (cont'd.)****(ii) The Group as lessor (cont'd.)**

In addition, the payments receivable under the power purchase agreement ("PPA") which are classified as operating lease are as follows:-

	Group	
	2019 RM'000	2018 RM'000
Not later than 1 year	60,779	60,747
Later than 1 year and not later than 5 years	65,821	117,936

**40. SEGMENTAL INFORMATION**

The Group has seven reportable segments as described below:-

- (a) Construction
- (b) Information technology & e-commerce related business
- (c) Hotel operations
- (d) Cement manufacturing & trading
- (e) Management services & others
- (f) Property investment & development
- (g) Utilities

Management has determined the operating segments based on the reports reviewed by the chief operating decision-maker ("CODM") that are used to make strategic decisions.

The CODM receives separate reports for power generation (contracted), Multi utilities business (merchant), water and sewerage and mobile broadband network, they have been aggregated into one reportable segments (Utilities) as they have similar economic characteristics and those detail segments information disclosed in YTL Power International Berhad's annual report which available for public use.

Although the construction and information technology & e-commerce related business segments do not meet the quantitative thresholds required by MFRS 8 for reportable segments, management has concluded that those segments should be reported, as they are closely monitored by CODM as important segments.

The CODM considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in the three primary geographic areas: Malaysia, United Kingdom and Singapore. The details of the geographical segments are disclosed in the below note of the financial statements.

## Notes to the Financial Statements

- 30 June 2019

### 40. SEGMENTAL INFORMATION (CONT'D.)

The segment information provided to the CODM for the reportable segments is as follows:-

	Construction	Information technology & e-commerce related business	Hotel operations	Cement manufacturing & trading	Management services & others	Property investment & development	Utilities	Total
2019	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>								
Total revenue	1,360,876	84,375	1,239,796	2,681,555	737,473	1,343,209	11,381,864	18,829,148
Inter-segment revenue	(141,377)	(80,553)	(16,415)	(7,303)	(281,427)	(239,913)	(14,632)	(781,620)
External revenue	1,219,499	3,822	1,223,381	2,674,252	456,046	1,103,296	11,367,232	18,047,528
<b>Results</b>								
Interest income	9,536	8,431	1,691	27,410	20,657	11,080	7,911	86,716
Finance costs	(16)	-	(23,943)	(78,097)	(641,134)	(291,481)	(712,828)	(1,747,499)
Share of results of associated companies and joint ventures	-	-	7,326	14,799	(12,424)	854	400,540	411,095
Segment profit before tax	80,497	2,560	93,851	145,473	14,887	73,900	625,339	1,036,507
<b>Segment assets</b>								
Investment in associated companies and joint ventures	-	-	40,777	487,495	92,052	28,047	2,196,978	2,845,349
Other segment assets	1,082,207	102,704	2,607,860	9,485,356	13,442,398	16,568,410	30,592,809	73,881,744
<b>Segment liabilities</b>								
Bonds and borrowings	15,259	-	799,770	4,884,144	14,943,993	7,766,445	17,670,177	46,079,788
Other segment liabilities	791,269	5,742	364,346	1,191,630	766,283	596,667	6,036,827	9,752,764
<b>Other segment information</b>								
Capital expenditure	33,716	163	150,087	118,949	35,682	753,064	1,569,080	2,660,741
Impairment/(write back)	-	81	(203)	6,290	1,020	2,470	149,856	159,514
Depreciation and amortisation	9,877	660	84,682	236,554	17,195	99,211	1,067,802	1,515,981

## Notes to the Financial Statements

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## 40. SEGMENTAL INFORMATION (CONT'D.)

The segment information provided to the CODM for the reportable segments is as follows:- (cont'd.)

2018	Construction RM'000	Information technology & e-commerce related business RM'000	Hotel operations RM'000	Cement manufac- turing & trading RM'000	Management services & others RM'000	Property investment & development RM'000	Utilities RM'000	Total RM'000
<b>Revenue</b>								
Total revenue	613,471	84,482	1,110,855	2,628,339	779,258	1,228,867	10,305,462	16,750,734
Inter-segment revenue	(227,004)	(80,021)	(13,562)	(9,641)	(277,635)	(236,720)	(16,004)	(860,587)
External revenue	386,467	4,461	1,097,293	2,618,698	501,623	992,147	10,289,458	15,890,147
<b>Results</b>								
Interest income	5,363	7,341	2,885	25,548	13,170	13,300	8,408	76,015
Finance costs	(17)	-	(20,518)	(54,684)	(640,071)	(278,327)	(650,956)	(1,644,573)
Share of results of associated companies and joint ventures	-	-	6,248	4,104	(17,682)	1,960	404,244	398,874
Segment profit before tax	40,291	2,291	7,221	174,150	(284,246)	341,297	1,054,736	1,335,740
<b>Segment assets</b>								
Investment in associated companies and joint ventures	-	-	34,463	90,883	104,093	47,742	2,145,969	2,423,150
Other segment assets	556,807	156,888	2,159,794	5,341,138	14,885,103	15,916,251	29,905,249	68,921,230
<b>Segment liabilities</b>								
Bonds and borrowings	175	-	845,055	1,181,288	15,258,451	7,303,511	17,198,032	41,786,512
Other segment liabilities	252,390	3,502	202,478	603,268	629,522	539,092	5,767,179	7,997,431
<b>Other segment information</b>								
Capital expenditure	18,213	469	196,753	103,463	43,696	147,205	1,858,652	2,368,451
Impairment/(write back)	-	898	(42)	3,115	958	18,071	13,949	36,949
Depreciation and amortisation	10,041	671	60,861	245,684	17,280	100,024	1,120,440	1,555,001

## Notes to the Financial Statements

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### 40. SEGMENTAL INFORMATION (CONT'D.)

#### (a) Geographical information

The Group's seven business segments operate in four main geographical areas:-

- (i) Malaysia
  - Construction
  - Information technology & e-commerce related business
  - Hotel operations
  - Cement manufacturing & trading
  - Management services & others
  - Property investment & development
  - Utilities
- (ii) United Kingdom
  - Utilities
  - Hotel operations
- (iii) Singapore
  - Utilities
  - Cement manufacturing & trading
  - Property investment & development

	Revenue		Non-current assets	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	<b>5,764,796</b>	4,782,616	<b>10,608,467</b>	10,373,318
United Kingdom	<b>3,648,577</b>	3,567,561	<b>17,934,854</b>	17,172,606
Singapore	<b>7,447,068</b>	6,375,068	<b>17,718,828</b>	16,902,856
Other countries	<b>1,187,087</b>	1,164,902	<b>3,865,355</b>	769,608
	<b>18,047,528</b>	15,890,147	<b>50,127,504</b>	45,218,388

Non-current assets information presented above consist of the followings items as presented in the Statements of Financial Position.

	Non-current assets	
	2019 RM'000	2018 RM'000
Property, plant and equipment	<b>30,759,493</b>	28,111,233
Investment properties	<b>10,217,573</b>	10,003,889
Development expenditures	<b>1,127,238</b>	1,127,391
Intangible assets	<b>8,023,200</b>	5,975,875
	<b>50,127,504</b>	45,218,388

## Notes to the Financial Statements

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## 40. SEGMENTAL INFORMATION (CONT'D.)

## (b) Major customers

The following is the major customer with revenue equal or more than 10 per cent of the Group's revenue:-

	2019 RM'000	2018 RM'000	Segment
Energy Market Company	<b>3,184,498</b>	2,883,229	Utilities

## 41. CAPITAL MANAGEMENT

The primary objectives of the Group's and the Company's capital management are to ensure that it maintains healthy capital ratios in order to support its existing business and maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's and the Company's approach to capital management during the year.

The Group and the Company monitors capital using a debt-to-equity ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, total borrowings less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

	Note	Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bonds	29	<b>19,481,690</b>	20,221,647	<b>2,510,000</b>	2,500,000
Borrowings	30	<b>26,598,098</b>	21,564,865	<b>1,467,970</b>	1,467,833
Bonds and borrowings		<b>46,079,788</b>	41,786,512	<b>3,977,970</b>	3,967,833
Less: Cash and cash equivalents	25	<b>(11,806,502)</b>	(11,634,654)	<b>(321,308)</b>	(515,118)
Net debt		<b>34,273,286</b>	30,151,858	<b>3,656,662</b>	3,452,715
Equity attributable to owners of the parent		<b>13,262,686</b>	14,041,932	<b>6,228,889</b>	6,807,396
Capital and net debt		<b>47,535,972</b>	44,193,790	<b>9,885,551</b>	10,260,111
Debt-to-equity ratio (%)		<b>72</b>	68	<b>37</b>	34

Under the requirement of Bursa Malaysia Securities Berhad Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.



## Notes to the Financial Statements

- 30 June 2019

### 42. SIGNIFICANT EVENTS

- (a) On 6 December 2018, YTL Hotels & Properties Sdn Bhd (“Buyer”) entered into a sale and purchase agreement (“SPA”) with KKH Property Investors, S.L.U. (“Seller”) to acquire:
- (i) 548,000 ordinary shares of EUR1.00 nominal each representing the entire share capital of SOL HTL Project, S.L.U. (“SOL HTL”), a company incorporated in Madrid, Spain; and
  - (ii) Loans owing by SOL HTL to the Seller or its affiliates on completion date.

for an aggregate consideration of EUR220 million (equivalent to RM1,038 million, based on Bank Negara Malaysia’s published middle rate of EUR1:RM4.7180 as at close of business on 6 December 2018), which is subject to adjustments (“Proposed Acquisition”). The Company is also a party to the SPA, namely as the guarantor of the Buyer’s obligations.

SOL HTL owns a property which will be refurbished and converted into a 200-room hotel to be operated under the EDITION brand of Marriott International, Inc group (“Proposed Hotel”). The property is located at Plaza de Celenque no. 2, 28013 Madrid, Spain, which is registered in the Madrid Property Registry number 4, volume 2879, book 195, folio 1, and with property registration no. 56,167. This property forms part of a building which also houses Fundación Obra Social y Monte de Piedad de Madrid.

The completed Proposed Hotel will comprise:

- (i) the registered plot (finca registral) registered with the Land Registry of Madrid no. 4 (Section 2B), no. 56,167 comprising the plot of land located at Plaza de Celenque no. 2, 28013 Madrid, Spain and building ownership rights to the building located at Plaza de Celenque no. 2, 280 Madrid, Spain;
- (ii) all easements or other rights appurtenant thereto; and
- (iii) all furniture, fixtures and other equipment, fixed assets and inventories as described in the SPA.

Completion of the Proposed Acquisition will take place after satisfaction of certain conditions to completion as set out in the SPA, which includes, among others, the opening of the Proposed Hotel as an EDITION hotel (“Opening Date”). The Opening Date is targeted for before 31 December 2020.

- (b) On 13 June 2019, Maybank Investment Bank Berhad (“Maybank IB”) announced on behalf of the Company, as the offeror, a conditional share exchange offer in accordance with the Malaysian Code on Take-Overs and Mergers 2016 and the Rules on Take-Overs, Mergers and Compulsory Acquisitions, to acquire the following securities in YTL Land & Development Berhad (“YTL Land”) to be satisfied through the issuance of new ordinary shares in the Company (“YTL Corp Shares”) at an issue price of RM1.14 each (“Consideration Shares”):-
- (i) all the remaining ordinary shares (excluding treasury shares) in YTL Land (“YTL Land Shares”) and such number of new YTL Land Shares to be issued pursuant to the conversion of any outstanding 10-year 3.0% stepping up to 6.0% irredeemable convertible unsecured loan stocks 2011/2021 with a nominal value of RM0.50 issued by YTL Land (“YTL Land ICULS”) prior to the close of the Offer (as defined below) not already owned by the Company (collectively, “Offer Shares”) at an offer price of RM0.36 for each Offer Share, which translates to an exchange ratio of approximately 0.32 Consideration Share for each Offer Share (“Shares Offer”); and

## Notes to the Financial Statements

- 30 June 2019

### 42. SIGNIFICANT EVENTS (CONT'D.)

- (b) (ii) all the outstanding YTL Land ICULS not already owned by the Company ("Offer ICULS") at an offer price of RM0.32 for each Offer ICULS, which translates to an exchange ratio of approximately 0.28 Consideration Share for each Offer ICULS ("ICULS Offer").

(The Offer Shares and Offer ICULS are collectively referred to as "Offer Securities" and the Shares Offer and ICULS Offer are collectively referred to as the "Offer").

On 20 June 2019 and 24 June 2019, the following approvals were obtained from Bursa Securities:-

- (i) Waiver from having to comply with Paragraphs 6.04(c)(i) and 6.06(1) of the Main Market Listing Requirements of Bursa Securities in respect of the requirement for the Company to seek shareholders' approval for the allotment and issuance of the Consideration Shares to certain Directors and major shareholders of the Company and persons connected with them; and
- (ii) Additional listing of and quotation for the Consideration Shares on the Main Market of Bursa Securities.

On 24 June 2019, the Offer became unconditional upon all the conditions of the Offer having been fulfilled.

On 4 July 2019, the Offer Document was despatched to the holders of the Offer Securities or their designated agents and the first closing date for the Offer was fixed at 5.00 p.m. on 30 August 2019.

On 27 August 2019, Maybank IB announced on behalf of the Company that the closing date and time for acceptance of the Offer had been extended from 5:00 p.m. on 30 August 2019 to 5:00 p.m. on 20 September 2019. Subsequently, on 17 September 2019, Maybank IB announced on behalf of the Company that the closing date and time for acceptance of the Offer had been extended from 5.00 p.m. on 20 September 2019 to 5.00 p.m on 7 October 2019, being the final closing date for the Offer.

### 43. MATERIAL LITIGATIONS

- (a) In 2015, a foreign subsidiary of the Group commenced proceedings in court against two customers to recover monies due to the subsidiary under contract, following termination of their electricity retail contracts. The trial was heard at the end of 2017 followed by a further hearing in November 2018. On 2 January 2019, the High Court ruled in favour of the subsidiary but awarded damages on a different basis from that claimed. This resulted in nominal damages being paid to the subsidiary. The foreign subsidiary's legal counsel has advised that there are real merits to appeal against the High Court's decision on the issue of damages. Accordingly, the subsidiary has filed an appeal against the decision and the appeal hearing is to be fixed by November 2019.

Notwithstanding the outcome of the appeal, the subsidiary has recognised a provision for the sum of RM70.5 million (SGD23.4 million) in the quarter ended 31 December 2018 based on the decision of the court.

## Notes to the Financial Statements

- 30 June 2019

### 43. MATERIAL LITIGATIONS (CONT'D.)

- (b) In an award received in 2017, Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. ("SPYTL") succeeded in its arbitration ("Arbitration") against Sunway City Sdn. Bhd. (previously known as Sunway City Berhad) ("Sunway City") for the outstanding sums due and owing to SPYTL together with damages in respect of the main building contract works for Sunway City Palazzio project. SPYTL was awarded a total final sum of Ringgit Malaysia Seventy Five Million Five Thousand Seven Hundred Sixty Four and Sen Seventy Five (RM75,005,764.75) only plus 4% per annum simple interest ("Award") from 24 June 2017 until actual full payment thereof and costs.

Sunway City however applied to High Court to set aside the Award and on 5.12.2017, the Judge allowed Sunway City's application and ordered the Award to be set aside and remitted the case back to the Arbitrator for reconsideration (the "Order"). SPYTL thereafter filed an appeal to Court of Appeal against the Order and on 1.8.2018, the Court of Appeal set aside the Order with costs.

Sunway City filed an application for leave to appeal to Federal Court ("Sunway's Application") against the Court of Appeal's decision and on 21.05.2019, the Federal Court dismissed Sunway's Application with costs.

- (c) Two subsidiaries of the Group have contingent liabilities in respect of a claim for damages for allegations of non-purchase of goods.

In respect of the said matter, a notice of arbitration was filed on 25 May 2018 ("Notice of Arbitration") with the Singapore International Arbitration Centre ("SIAC") in Singapore claiming for damages for alleged failure to perform obligations to purchase goods contained in a document that has not been signed by the claimant and respondents. A response to the Notice of Arbitration has been filed by the respondents with the SIAC on 8 June 2018 ("Response") wherein the respondents deny all allegations made in the Notice of Arbitration as there is no valid agreement and without prejudice to the respondents' jurisdictional objection(s) and denials in the Response, the respondents agree to the appointment of a sole arbitrator to determine the matter. As at date of report, the arbitral tribunal has yet to be constituted.

### 44. RESTATEMENT OF COMPARATIVES

#### (a) First time adoption of MFRS Framework

As disclosed in Note 2(b), the financial statements of the Group and the Company for the financial year ended 30 June 2019 are the first set of financial statements prepared in accordance with MFRSs, including MFRS 1 "First-time adoption of MFRS". Aside from the short-term exemption on first-time application of MFRS 9 and certain transition elections as disclosed below, the Group and the Company have consistently applied the same accounting policies in its opening MFRS statement of financial position as at 1 July 2017, being the transition date, and throughout all years presented, as if these policies had always been in effect. These policies comply with each MFRS effective as at 30 June 2019, including MFRS 15 "Revenue from Contracts with Customers". The financial statements for the financial year ended 30 June 2018 was prepared based on FRS. Accordingly, the comparative figures for 2018 in these financial statements have been restated to give effect to these changes.

## Notes to the Financial Statements

- 30 June 2019

**44. RESTATEMENT OF COMPARATIVES (CONT'D.)****(a) First time adoption of MFRS Framework (cont'd.)**

The effects of the Group transition to MFRSs including adoption of MFRS 9 and MFRS 15 are as follows:

**(i) MFRS 1 exemption options***a) Exemption for business combinations*

The Group has elected to apply MFRS 3 "Business Combinations" prospectively to business combinations that occurred after to 1 July 2017. Business combination that occurred to 1 July 2017 have not been restated. In addition, the Group has also applied MFRS 10 "Consolidated Financial Statements" on the same date as FRS 3.

*b) Exemption for property, plant and equipment*

In accordance with the exemption in MFRS 1, the Group has elected to continue to measure all its property, plant and equipment at cost in accordance with MFRS.

*c) MFRS 9 "Financial Instruments"*

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application. The Group continues to apply FRS 139 "Financial Instruments : Recognition and Measurement" and FRS 7 "Financial Instruments : Disclosures" for the comparative information. Any adjustments to align the carrying amounts of financial assets and financial liabilities under the previous FRS 139 with MFRS 9 are recognised in retained earnings and other reserves as at 1 July 2018. The impact of the adoption of MFRS 9 is shown in Note 2(r).

*d) MFRS 15 "Revenue from Contracts with Customers"*

The Group has elected the exemption in MFRS 1 which allows the Group not to restate any contracts that are completed as at the date of transition of 1 July 2017. The impact of the adoption of MFRS 15 is shown in Note 44(a)iii).

*e) Assets and liabilities of subsidiaries, joint ventures and associates*

The assets and liabilities of subsidiaries, joint ventures and associates which have adopted the MFRS or IFRS earlier than the Group shall remain at the same carrying amounts as in the financial statements of these subsidiaries, joint ventures and associates, after adjusting for consolidation adjustments.

*f) Borrowing costs*

MFRS 1 permits the application of the requirements of MFRS 123 'Borrowing costs' from the transition date or from a date earlier than the effective date of MFRS 123. The Group and the Company elected to apply this exemption on 1 July 2017. Accordingly, the Group and the Company:

- had not restate the borrowing cost components that were capitalised under FRS and that were included in the carrying amount of assets at that date; and
- accounts for borrowing costs incurred on or after that date in accordance with MFRS 123, including those borrowing costs incurred on or after that date on qualifying assets already under construction.

## Notes to the Financial Statements

- 30 June 2019

### 44. RESTATEMENT OF COMPARATIVES (CONT'D.)

#### (a) First time adoption of MFRS Framework (cont'd.)

The optional exemptions elected by the Group that have an impact on the reported financial positions prepared in accordance with FRSs have been applied in the opening MFRS statement of financial position as at 1 July 2017 and throughout all periods presented in the financial statements. There is no adjustment made to the separate financial statements of the Company.

#### (ii) MFRS 9 : Financial Instruments (“MFRS 9”)

MFRS 9 replaces MFRS 139 and amends the previous requirements in three main areas: (i) classification and measurement of financial assets; (ii) impairment of financial assets, mainly by introducing a forward looking expected loss impairment model; and (iii) hedge accounting including removing some of the restrictions on applying hedge accounting in MFRS 139. The impact of MFRS 9 adoption are described below:

##### a) *Classification and measurement*

Under MFRS 9, financial assets are classified according to their cash flow characteristics and the business model which they are managed. The Group has categorised its financial assets as financial assets measured at amortised cost, FVTPL and FVOCI.

The Group has made an irrevocable election to classify RM346.7 million of the Group's equity investments previously classified as AFS at FVOCI on 1 July 2018. Fair value changes on equity investments at FVOCI are presented in OCI and are not subsequently transferred to profit or loss. Upon sale of equity investments at FVOCI, the cumulative gain or loss in OCI is reclassified to retained earnings.

Other available-for-sale investments in equity are classified as financial assets at FVTPL. Certain available-for-sale investments in debt instruments and income funds that do not meet the criteria for classification either as FVOCI or at amortised cost have been classified as FVTPL. Accordingly, RM342.9 million has been reclassified as financial assets at FVTPL and their related fair value losses of RM14.6 million were transferred from fair value reserves to retained earnings on 1 July 2018.

The other financial assets held by the Group include:

- equity investments currently measured at FVTPL will continue to be measured on the same basis under MFRS 9; and
- debt instruments currently classified as loans and receivables and measured at amortised cost meet the conditions to be classified at amortised cost under MFRS 9.

There is no impact on the Group for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have such liabilities.

## Notes to the Financial Statements

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**44. RESTATEMENT OF COMPARATIVES (CONT'D.)****(a) First time adoption of MFRS Framework (cont'd.)****(ii) MFRS 9 : Financial Instruments ("MFRS 9") (cont'd.)***b) Impairment*

MFRS 9 changes the recognition of impairment provision for financial assets by introducing an ECL model. Upon the adoption of MFRS 9, the Group has revised its impairment methodology which depends on whether there has been a significant increase in credit risk. The Group assesses possible increase in credit risk for financial assets measured at amortised cost, contract assets and lease receivables at the end of each reporting period. The impairment provision is estimated at an amount equal to a 12 months ECL at the current reporting date if there has not been a significant increase in credit risk. The assessment has resulted in a decrease of RM225.8 million in retained earnings and RM2.2 million in non-controlling interests with a corresponding adjustment to trade receivables as at 1 July 2018.

*c) Hedge accounting*

The Group applied hedge accounting retrospectively. At the date of initial application, all of the Group's existing hedging relationships were eligible to be treated as continuing hedging relationships.

The Group has elected the exemption in MFRS 1 which allows the Group not to restate comparative information in the year of initial application of MFRS 9.

**(iii) MFRS 15 : Revenue from Contracts with Customers ("MFRS 15")**

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

MFRS 15 has resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements.

The new accounting policies are set out in Note 2(d)i). The main changes are explained below:

*a) Utilities segment**i) Sale of device as part of bundled telecommunication service package*

MFRS 15 requires devices which the Group promises to transfer as part of a bundled package with network service plans to be considered distinct and thus accounted for as a separate performance obligation. As a result, total consideration received from such packages are allocated to the service and device based on relative stand-alone selling prices. This results in an allocation and early recognition of a portion of telecommunication service revenue as device revenue, and a corresponding reduction in service revenue throughout the contract period. Loss on device sale which was previously capitalised as customer acquisition cost within intangible assets is now expensed to the Income Statement when the device sale occurs, resulting in an earlier recognition of expenses. For devices sold separately, the consideration is received in full at the point of sale. The amount of revenue recognised is measured at the consideration specified in the contract.

## Notes to the Financial Statements

- 30 June 2019

### 44. RESTATEMENT OF COMPARATIVES (CONT'D.)

#### (a) First time adoption of MFRS Framework (cont'd.)

##### (iii) MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd.)

###### a) Utilities segment (cont'd.)

###### i) Sale of device as part of bundled telecommunication service package (cont'd.)

A contract asset is recognised when the Group delivers the devices before the payment is due. If the payment happens before the delivery of device, then a contract liability is recognised. Contract assets and contract liabilities are presented within receivables and payables respectively in the statement of financial position.

###### ii) Costs incurred to obtain or fulfil a contract

Under MFRS 15, the Group capitalises sales commissions as costs to obtain a contract with a customer when they are incremental and expected to be recovered over more than a year. Sales commissions are amortised consistently over the term of the specific contract to which the cost related to. Previously, the sales commissions were capitalised as intangible assets and amortised over the contractual period on a straight-line method.

In addition, the Group also capitalises expenditure on assets such as water mains/sewers or new connections relating to contracts as they are incurred to fulfil the contract. The expenditure on assets are treated as cost of sales when the contract is complete. Previously, the expenditure on assets were classified as inventories (work in progress).

Arising from the changes mentioned in Note 44(a)iii)a.i) the de-recognition of intangible assets have resulted in a decrease in net cash outflows for investing activities, and a corresponding decrease in net cash inflows from operating activities.

In accordance with the transitional provisions in MFRS 15, the Group has elected to adopt the full retrospective approach, requiring the restatement of the comparative period presented in the financial statements. The adjustments made to the comparative figures are set out in Note 44.

In applying MFRS 15 retrospectively, the Group has applied following practical expedients as allowed by the standard. For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised are not disclosed.

###### b) Property segment

###### i) Multiple promises from the sale of development properties

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. Currently, the Group accounts for the bundled sales as one deliverable and recognises revenue over time. Under MFRS 15, revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. The sale of development properties and the multiple promises are separate deliverables of bundled sales. The transaction price will be allocated to each performance obligation based on the stand-alone selling prices. If these are not directly observable, they are estimated based on expected cost-plus margin.

## Notes to the Financial Statements

- 30 June 2019

**44. RESTATEMENT OF COMPARATIVES (CONT'D.)****(a) First time adoption of MFRS Framework (cont'd.)****(iii) MFRS 15 : Revenue from Contracts with Customers ("MFRS 15") (cont'd.)***b) Property segment (cont'd.)*

## i) Multiple promises from the sale of development properties (cont'd.)

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

## ii) Cost incurred in fulfilling a contract

Under the current standards, the Group expensed off sales commissions as this costs does not qualify for recognition as an asset under any of the other accounting standards. However, the sales commissions relate directly to contracts and are expected to be recovered through future fees for the services to be provided. Accordingly, under MFRS 15, these costs will be eligible for capitalisation and recognised as property development costs and contract sales respectively.

## iii) Recognition of provision for foreseeable losses for low cost housing

Under the current standards, the Group recognised upfront the provision for foreseeable losses for anticipated losses to be incurred on the development of involuntary low cost housing as required by approving authorities. The application of the above is in accordance to FRSIC Consensus 17 : Development of Affordable Housing ("FRSIC 17") issued by Malaysia Institute of Accountants ("MIA").

MFRS 15 requires the accounting to be done on a contract basis. On 7 March 2018, MIA has withdrawn FRSIC 17 and stated that FRSIC 17 is no longer relevant for the adoption of MFRS framework. This has resulted in the retrospective reversal of the provision for affordable housing previously provided for in the financial statements of the Group.

*c) Operation and maintenance*

The Group has reassessed the revenue recognition in accordance with MFRS 15, whereby revenue arising from the operation and maintenance services provided to the customer is considered based on the customer's ability and intention to pay that amount of consideration when it is due. This is an additional recognition criteria in the new standard.



## Notes to the Financial Statements

- 30 June 2019

### 44. RESTATEMENT OF COMPARATIVES (CONT'D.)

#### (a) First time adoption of MFRS Framework (cont'd.)

##### (iv) Acquisition accounting and consolidation elimination restatements

During the financial year, it was noted that RM335.4 million (GBP60.0 million) of infrastructure assets had been under depreciated. This under depreciation was with effect from 1 July 2014. The continuance of the depreciation resulted in a charge of RM10.4 million (GBP1.9 million) to the retained earnings brought forward at 1 July 2017. In addition, it was also identified that no deferred tax was recognised on the recognition of these assets and therefore a deferred tax liability has been recognised on the prior year brought forward net book value of the assets with a corresponding impact to the retained earnings brought forward at 1 July 2017 of RM51.0 million (GBP9.1 million).

It was further identified that no deferred tax was recognised in respect of non-qualifying assets recognised on the 2002 historical business combination in the consolidation. This has resulted in a charge of RM21.0 million (GBP3.8 million) to the retained earnings brought forward at 1 July 2017.

Finally, it was noted that RM34.3 million (GBP6.1 million) of intra-group profit on the transfer of assets between group companies had not been correctly depreciated in accordance with the underlying assets transferred. As these assets have substantially reached the end of their useful lives the whole amount has been recognised in the brought forward balances of 1 July 2017. This has resulted in a RM2.5 million (GBP0.5 million) increase in the brought forward cost of property, plant and equipment at 1 July 2017 and a RM31.8 million (GBP5.6 million) reduction in accumulated depreciation and impairment of property, plant and equipment at 1 July 2017. The adjustments have a corresponding impact to retained earnings brought forward at 1 July 2017 of RM34.3 million (GBP6.1 million). The unrealised intra-group profit arising from the transfer of assets was eliminated appropriately. The above restatements did not have a material impact to the Income Statement of 30 June 2018.

The Group adopts the new standards on the required effective date using the full retrospective method. The affected areas upon the application of the new standards are as follow:

## Notes to the Financial Statements

- 30 June 2019

## 44. RESTATEMENT OF COMPARATIVES (CONT'D.)

## (a) First time adoption of MFRS Framework (cont'd.)

## Consolidated Statement of Financial Position as at 30 June 2018

Group	As previously stated under FRSs	Effects of adoption of MFRS 15	Acquisition accounting and consolidation elimination restatement	As restated under MFRSs 30.06.2018	Effects of adoption of MFRS 9	As restated under MFRSs 01.07.2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 30 June 2018</b>						
<b>Non-current assets</b>						
Property, plant and equipment	28,087,322	-	23,911	28,111,233	-	28,111,233
Development expenditures	1,161,417	(34,026)	-	1,127,391	-	1,127,391
Investment in associated companies	2,275,515	-	-	2,275,515	(18)	2,275,497
Investment in joint ventures	151,646	(4,011)	-	147,635	-	147,635
Intangible assets	5,986,886	(11,011)	-	5,975,875	-	5,975,875
Investments	1,136,775	-	-	1,136,775	(27,753)	1,109,022
Contract cost assets	-	4,653	-	4,653	-	4,653
Contract assets	-	1,472	-	1,472	-	1,472
<b>Current assets</b>						
Inventories	2,838,059	(29,343)	-	2,808,716	-	2,808,716
Trade and other receivables	3,456,646	137,758	-	3,594,404	(237,928)	3,356,476
Other current assets	299,683	(299,683)	-	-	-	-
Contract assets	-	89,843	-	89,843	(445)	89,398
Contract cost assets	-	34,700	-	34,700	-	34,700
<b>Equity</b>						
Retained earnings	10,123,292	(68,128)	(25,986)	10,029,178	(225,802)	9,803,376
Non-controlling interest	7,540,331	284	(22,110)	7,518,505	(2,220)	7,516,285
Other reserves	1,009,646	139	-	1,009,785	(37,908)	971,877
<b>Non-current liabilities</b>						
Long term payables	908,127	(6,614)	-	901,513	-	901,513
Contract liabilities	-	6,618	-	6,618	-	6,618
Deferred tax liabilities	2,073,201	(1,027)	72,007	2,144,181	(214)	2,143,967
Provision for liabilities and charges	7,077	(7,077)	-	-	-	-
<b>Current liabilities</b>						
Trade and other payables	3,187,256	(337,489)	-	2,849,767	-	2,849,767
Other current liabilities	124,135	(124,135)	-	-	-	-
Contract liabilities	-	461,686	-	461,686	-	461,686
Provision for liabilities and charges	179,259	(33,254)	-	146,005	-	146,005
Income tax liabilities	186,403	(651)	-	185,752	-	185,752

## Notes to the Financial Statements

- 30 June 2019

### 44. RESTATEMENT OF COMPARATIVES (CONT'D.)

#### (a) First time adoption of MFRS Framework (cont'd.)

##### Consolidated Statement of Financial Position as at 30 June 2018 (cont'd.)

Group	As previously stated under FRSs	Effects of adoption of MFRS 15	Acquisition accounting and consolidation elimination restatements	As restated under MFRSs
	RM'000	RM'000	RM'000	RM'000
<b>As at 1 July 2017</b>				
<b>Non-current assets</b>				
Property, plant and equipment	28,518,586	-	23,911	28,542,497
Development expenditures	1,060,293	(34,026)	-	1,026,267
Investment in joint ventures	78,432	(2,141)	-	76,291
Intangible assets	6,386,034	(32,994)	-	6,353,040
Contract assets	-	1,969	-	1,969
Contract cost assets	-	712	-	712
<b>Current assets</b>				
Inventories	799,825	(37,380)	-	762,445
Property development costs	2,475,214	47,100	-	2,522,314
Trade and other receivables	3,392,338	58,295	-	3,450,633
Other current assets	423,857	(423,857)	-	-
Contract assets	-	286,053	-	286,053
Contract cost assets	-	56,501	-	56,501
<b>Equity</b>				
Retained earnings	10,606,817	(47,206)	(25,755)	10,533,856
Non-controlling interest	8,051,734	11,631	(22,341)	8,041,024
<b>Non-current liabilities</b>				
Long term payables	932,394	(1,964)	-	930,430
Contract liabilities	-	1,964	-	1,964
Deferred tax liabilities	2,068,379	10,506	72,007	2,150,892
Provision for liabilities and charges	7,077	(7,077)	-	-
<b>Current liabilities</b>				
Trade and other payables	3,304,385	(291,635)	-	3,012,750
Contract liabilities	-	349,837	-	349,837
Other current liabilities	72,078	(72,078)	-	-
Provision for liabilities and charges	181,272	(33,254)	-	148,018
Income tax liabilities	210,474	(492)	-	209,982

## Notes to the Financial Statements

- 30 June 2019

## 44. RESTATEMENT OF COMPARATIVES (CONT'D.)

## (a) First time adoption of MFRS Framework (cont'd.)

## Income statements for the financial year ended 30 June 2018

Group	As previously stated under FRSs	Effects of adoption of MFRS 15	As restated under MFRSs
	RM'000	RM'000	RM'000
<b>Financial year ended 30 June 2018</b>			
Revenue	15,904,731	(14,584)	15,890,147
Cost of sales	(11,374,507)	(28,759)	(11,403,266)
<b>Gross profit</b>	4,530,224	(43,343)	4,486,881
Other operating income	275,872	(1,210)	274,662
Selling and distribution costs	(358,615)	-	(358,615)
Administrative expenses	(1,363,894)	6,998	(1,356,896)
Other operating expenses	(464,593)	-	(464,593)
Finance costs	(1,640,005)	(4,568)	(1,644,573)
Share of results of associated companies and joint ventures, net of tax	400,745	(1,871)	398,874
<b>Profit before tax</b>	1,379,734	(43,994)	1,335,740
Income tax expense	(376,593)	11,725	(364,868)
<b>Profit after tax</b>	1,003,141	(32,269)	970,872
<b>Attributable to:-</b>			
Owner of the parent	362,217	(21,218)	340,999
Non-controlling interests	640,924	(11,051)	629,873
	1,003,141	(32,269)	970,872
<b>Earnings per share (sen)</b>			
Basic/diluted EPS (sen)	3.44		3.24

## Notes to the Financial Statements

- 30 June 2019

### 44. RESTATEMENT OF COMPARATIVES (CONT'D.)

#### (a) First time adoption of MFRS Framework (cont'd.)

##### Statement of Comprehensive income for the financial year ended 30 June 2018

Group	As previously stated under FRSs	Effects of adoption of MFRS 15	As restated under MFRSs
	RM'000	RM'000	RM'000
<b>Financial year ended 30 June 2018</b>			
Profit for the year	1,003,141	(32,269)	970,872
<b>Other comprehensive (loss)/income:</b>			
Items that will not be reclassified subsequently to income statement:			
- re-measurement of post-employment benefit obligations	150,319	-	150,319
- foreign currency translation	(700,783)	-	(700,783)
Items that will be reclassified subsequently to income statement:			
- available-for-sale financial assets	13,383	-	13,383
- cash flow hedges	317,664	-	317,664
- foreign currency translation	(705,388)	-	(705,388)
<b>Other comprehensive (loss)/income for the year, net of tax</b>	<b>(924,805)</b>	<b>-</b>	<b>(924,805)</b>
<b>Total comprehensive income for the year</b>	<b>78,336</b>	<b>(32,269)</b>	<b>46,067</b>
<b>Attributable to:-</b>			
Owner of the parent	(69,476)	(21,218)	(90,694)
Non-controlling interests	147,812	(11,051)	136,761
	78,336	(32,269)	46,067

## Notes to the Financial Statements

- 30 June 2019

**44. RESTATEMENT OF COMPARATIVES (CONT'D.)****(a) First time adoption of MFRS Framework (cont'd.)**

The Company has adopted the new standard retrospectively from 1 July 2018, in line with the transition provision permitted under the standards. Comparatives for financial year ended 2018 are not restated and the Company has recognised any difference between the carrying amounts at 30 June 2018 and 1 July 2018 in the opening retained earnings. The accounting policies for financial instruments under MFRS 9 are disclosed in Note 2(r).

**(a) Equity investments reclassified from Available-for-sale ("AFS") to Fair Value through Other Comprehensive Income ("FVOCI")**

The Company has elected to recognise changes in fair values of all its equity investments not held for trading and previously classified as AFS, in other comprehensive income. As a result, "Financial assets, available-for-sale" of RM2,359,000 were reclassified to "Financial assets, at FVOCI" on 1 July 2018.

**(b) Equity investments reclassified from Available-for-sale to Fair Value through Profit or Loss ("FVPL")**

The Company has elected to recognise changes in fair values of all its equity investments not held for trading and previously classified as AFS, in other comprehensive income. As a result, "Financial assets, available-for-sale" of RM9,968,000 were reclassified to "Financial assets, at FVPL" on 1 July 2018.

**(c) Redeemable Preference Shares ("RPS") reclassified from Investment in subsidiaries to Financial assets, at Fair Value through Profit or Loss ("FVPL")**

Investment in certain preference shares amounting to RM219,247,000 were reclassified from the "investment in subsidiaries" category to "other investments - FVPL".

**(d) Impairment of financial assets**

The Company has the following financial assets subject to the expected credit loss impairment model under MFRS 9:

- Trade receivables
- Amount due from related parties

The impairment methodology under MFRS for each of these classes of financial assets are different. The impairment methodology for each of these classes of financial assets under MFRS 9 is as disclosed in Note 2(s).

## Notes to the Financial Statements

- 30 June 2019

### 44. RESTATEMENT OF COMPARATIVES (CONT'D.)

#### (a) First time adoption of MFRS Framework (cont'd.)

#### (e) The effect on adoption of MFRS 9 are as follows:

	Investment in subsidiary	Amount due from related parties	Trade and other receivables	Investment at FVOCI	Investment at FVPL	Investment at AFS	AFS reserve	Fair value reserve	Retained earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balances at 30 June 2018 before adoption of MFRS 9	8,172,710	1,180,987	12,059	-	-	42,186	12,327	-	3,742,991
Reclassification:									
Reclassify investment from AFS to investment at FVPL	-	-	-	-	35,345	(35,345)	(12,327)	-	12,327
Reclassify investment from AFS to investment at FVOCI and fair value adjustments	-	-	-	9,200	-	(6,841)	-	2,359	-
Reclassify investment in subsidiaries to other investment at FVPL	(219,247)	-	-	-	219,247	-	-	-	-
Allowance for expected credit losses of financial assets	-	(116,859)	(1,765)	-	(219,247)	-	-	-	(337,871)
Balances at 1 July 2018 after adoption of MFRS 9	7,953,463	1,064,128	10,294	9,200	35,345	-	-	2,359	3,417,447

### 45. AUTHORISED FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 26 September 2019.

# Form of Proxy

YTL Corporation  
Berhad



I/We (full name as per NRIC/company name in block letters) \_\_\_\_\_

NRIC/Company No. (New) \_\_\_\_\_ (Old) \_\_\_\_\_

CDS Account No. (for nominee companies only) \_\_\_\_\_ Tel. No. \_\_\_\_\_

of (full address) \_\_\_\_\_

being a member of **YTL Corporation Berhad** hereby appoint (full name as per NRIC in block letters)

NRIC No. (New) \_\_\_\_\_ (Old) \_\_\_\_\_

of (full address) \_\_\_\_\_

or failing him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the 36th Annual General Meeting of the Company to be held at Majestic Ballroom, Level 2, The Majestic Hotel Kuala Lumpur, 5 Jalan Sultan Hishamuddin, 50000 Kuala Lumpur on Thursday, 12 December 2019 at 12.45 p.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato' Mark Yeoh Seok Kah		
2.	Re-election of Dato' Yeoh Soo Keng		
3.	Re-election of Syed Abdullah Bin Syed Abd. Kadir		
4.	Re-election of Dato' Ahmad Fuaad Bin Mohd Dahalan		
5.	Re-election of Raja Noorma Binti Raja Othman		
6.	Approval of the payment of Directors' fees		
7.	Approval of the payment of meeting attendance allowance to Non-Executive Directors		
8.	Re-appointment of HLB Ler Lum PLT as Company Auditors		
9.	Approval for Dato' Cheong Keap Tai to continue in office as Independent Non-Executive Director		
10.	Authorisation for Directors to Allot and Issue Shares		
11.	Proposed renewal of share buy-back authority		
12.	Proposed adoption of new Constitution		

Number of shares held

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature \_\_\_\_\_



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**Notes:-**

1. A member entitled to attend and vote at the meeting may appoint a proxy to vote in his stead. A proxy may but need not be a member of the Company. A member other than an Authorised Nominee shall not be entitled to appoint more than one proxy to attend and vote at the same meeting and where such member appoints more than one proxy to attend and vote at the same meeting, such appointment shall be invalid. Where a member of the Company is an Exempt Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
2. This original form of proxy and the Power of Attorney or other authority (if any) under which it is signed or notarially certified copy thereof must be lodged at the office of the appointed share registrar for the Annual General Meeting, Tricor Investor and Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting. Facsimile transmission of such documents will not be accepted.
3. In the case of a corporation, this form of proxy should be executed under its Common Seal or under the hand of some officer of the corporation duly authorised in writing on its behalf.
4. Unless voting instructions are indicated in the spaces provided above, the proxy may vote as he thinks fit.
5. For the purpose of determining a member who shall be entitled to attend the Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 60(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a General Meeting Record of Depositors as at 5 December 2019. Only a depositor whose name appears on the General Meeting Record of Depositors as at 5 December 2019 shall be entitled to attend the said meeting or appoint proxy to attend and/or vote in his stead.

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AFFIX  
STAMP

**Tricor Investor & Issuing House Services Sdn Bhd**  
Share Registrar for YTL Corporation Berhad's 36th AGM  
Unit 32-01, Level 32, Tower A, Vertical Business Suite  
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

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**YTL Corporation  
Berhad**



**YTL CORPORATION BERHAD**

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