YTL Power
YTL GROUP

BUILDING THE RIGHT THING

The Journey Continues...

Annual Report **2020**

CONTENTS

CORPORATE REVIEW

YTL Power
YTL GROUP

YTL POWER INTERNATIONAL BERHAD
Company No. 199601034332 (406684-H)

FINANCIAL STATEMENTS

Chairman's Statement

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

The financial and operational performance of YTL Power International Berhad ("YTL Power") and its subsidiaries ("Group") for the year under review underscored the efficacy our strategy of investing in regulated utilities operating under long-term concessions. The benefits of these assets is that they are not subject to the vagaries of changing operating cycles and the year under review demonstrated the resilience of this business model.

The outbreak of the COVID-19 pandemic has not spared any country or industry, necessitating the closure of borders, the imposition of movement control orders and restrictions on the provision of non-essential services across the globe.

Our Group's utility businesses, however, provide essential services and, as such, continued to operate throughout the current control periods. We continued to provide water and sewerage services in the United Kingdom, power generation, transmission and other multi-utility services in Malaysia, Singapore, Indonesia and Australia, and telecommunications across Malaysia, which included free data and learning resources to support students, teachers and schools through our Learn from Home initiative.

The Malaysian economy registered lower gross domestic product (GDP) growth of 4.3% for the 2019 calendar year compared to 4.7% in 2018, impacted by weaker external demand and investment activity, as well as supply disruptions in the commodities sector. The economy contracted by 0.7% in the first quarter and 17.1% in the second quarter of 2020, resulting from the concurrent supply and demand shocks due to weak external conditions and the strict measures implemented to contain the COVID-19 pandemic *(sources: Ministry of Finance Malaysia, Bank Negara Malaysia updates & reports).*

Meanwhile, in other major economies in which the Group operates, the United Kingdom registered GDP growth of approximately 1.5% during 2019, with the economy contracting by an estimated 2.2% and 20.4%, respectively, in the first and second quarters of the 2020 calendar year. Singapore's economy showed growth of 0.7% in 2019, followed by contractions of 0.3% and 13.2%, respectively, in the first and second quarters of the 2020 calendar year *(sources: Ministry of Finance Malaysia, Singapore Ministry of Trade & Industry, UK Office for National Statistics updates & reports).*

YTL Power declared a distribution of 1 treasury share for every 16 ordinary shares held as at the entitlement date of 28 October 2020, representing a yield of approximately 6.3% based on the average share price for the financial year of RM0.67 per share. YTL Power has a consistent dividend track record and has declared dividends to shareholders for 23 consecutive years since listing on the Kuala Lumpur stock exchange in 1997.

This year, the fortitude we have built up in the Group through our long-term strategy of investing in regulated assets that provide essential services such as water and electricity provided the necessary stability, as it was designed to do, enabling us to continue to operate profitably during even the most difficult times, albeit at lower levels, and cushioning our Group from the impact of large scale external events.

Financial stability and business continuity remain the driving factors of our Group's strategy as we work to enhance our expertise across water, electricity, telecommunications and other key utilities in Malaysia, the UK, Singapore, Australia, Indonesia and Jordan.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING
PSM, KBE, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP

Managing Director's Review

OVERVIEW

YTL Power International Berhad ("YTL Power") and its subsidiaries ("Group") turned in a stable performance for the financial year ended 30 June 2020, recording revenue of RM10.6 billion, compared to RM11.7 billion for the last financial year ended 30 June 2019, and profit before tax of RM425.2 million this year, compared to RM753.4 million last year.

The events of 2020 further validated YTL Power's growth, development and operational strategies to date. Our businesses continued to operate during the most restrictive of social and economic shut-downs, and were able to do so as the operational procedures, technology and automation levels necessary to protect our manpower resources were already in place.

Whilst this year saw unprecedented interruptions in economic activity as countries across the globe implemented restrictions and other measures to control the outbreak of the COVID-19 pandemic, our businesses were largely unaffected as being utility in nature, are essential services that operated throughout this disruption.

FOCUSING ON GROWTH

YTL Power took the prudent step of declaring a 1-for-16 share dividend in respect of the financial year under review, representing a yield of about 6.3%. This share dividend ensures that shareholders are rewarded with healthy dividend yields, whilst enabling us to conserve cash to provide increased flexibility and options to optimally manage our existing businesses given the volatility of the current operating environment.

With cash reserves of RM8.9 billion as at 30 June 2020, should viable new opportunities for expansion arise, our Group will be able to move forward and invest to further grow our businesses.

In March this year, we entered into an agreement to acquire the power plant and associated assets of Tuaspring Pte Ltd in Singapore for a total purchase consideration of SGD331.45 million. The combined cycle power plant was commissioned in 2016 and is one of the most technologically advanced assets on Singapore's power generation grid.

Upon completion of this proposed acquisition, the plant will be integrated into our existing multi-utilities business, undertaken by wholly-owned YTL PowerSeraya Pte Limited in Singapore, enabling us to consolidate our power generation capacity. As Singapore's electricity market continues to face an oversupply of generation capacity, this acquisition should assist to partially redress the situation whilst concurrently achieving synergies across our portfolio of utility businesses.

The Group's water and sewerage segment, undertaken by wholly-owned Wessex Water Limited in the United Kingdom (UK), performed well, providing a business-as-usual service to all customers throughout the year.

In addition to consistent earnings and dividend income, Wessex Water has the added advantage of a regulated asset base ("RAB") that increases in value over time, thereby generating returns to YTL Power in terms of both dividends and asset growth.

Over the past 5 years, for example, Wessex Water's RAB value increased from RM15.1 billion (GBP2.8 billion) to RM17.8 billion (GBP3.3 billion). As Wessex Water carries out its capital expenditure plans and invests further, its RAB value is expected to increase to RM20.7 billion (GBP3.9 billion) by the end of the current regulatory pricing period in 2025.

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. YTL Power has an established track record in this area dating back to 1994 as Malaysia's first independent power producer, and the plant continues to operate at optimal efficiency.

In our telecommunications business, the national digital landscape saw highly positive developments with the launch in August 2020 of Jalinan Digital Negara (JENDELA), a plan to upgrade Malaysia's digital communications infrastructure formulated by the Government and the Malaysian Communications and Multimedia Commission (MCMC). Initial phases of the plan focus on expanding 4G mobile broadband coverage and increasing broadband speeds, with the aim of shutting down 3G by 2021. Unlike other telcos who face sunsetting legacy 3G infrastructure, our pure-4G YES network is ideally positioned to attract subscribers and deliver the future envisioned under JENDELA.

YTL Communications Sdn Bhd, our 60%-owned subsidiary undertaking our telecommunications business, was one of the first movers in rolling out a 4G network across the Peninsula. This investment in building the network for the future bodes well for our ability to meet the country's digital infrastructure needs going forward.

In the UK, we received the necessary planning approvals this year to proceed with YTL Arena at the Brabazon Hangars in Bristol. YTL Arena will be a premier live entertainment venue with a 17,080 capacity, making it the third largest arena in the UK after Manchester and London and putting Bristol on the international map as a top destination.

Managing Director's Review

The Group also broke ground on the first development of 278 homes in Brabazon, Bristol, during the financial year. Brabazon is a new mixed-use commercial and residential neighbourhood being developed on the Filton Airfield site, which we acquired in 2015 as a worthwhile opportunity to diversify YTL Power's investment portfolio.

The project is our first foray into the UK property sector and Bristol, being one of the most desirable cities in the UK in terms of quality of life, is an ideal location. YTL Power is highly familiar with the region, having been present there since 2002 when we acquired Wessex Water, which is headquartered a short distance away in Bath and encompasses Bristol as part of its operating area.

In Jordan, Attarat Power Company PSC, in which we hold a 45% stake, progressed with construction of its 554 megawatt oil shale-fired power generation project which has a 30-year power purchase agreement with the country's state-owned power utility, with an option for the utility to extend the operating period to 40 years.

However, restrictions imposed by the Government of Jordan following the outbreak of the pandemic have delayed the project and force majeure provisions under the power purchase agreement remain in effect at the present time.

We also continued to work towards financial close of our 80%-owned Tanjung Jati A venture, a 2x660 megawatt coal-fired power project in Indonesia, which has a 30-year power purchase agreement with Indonesia's state-owned electricity utility.

LOOKING AHEAD

YTL Power has worked diligently to mitigate the effects of the COVID-19 pandemic and will monitor ongoing developments in order to best manage the effects on our businesses, whilst continuing to seek out worthwhile growth opportunities.

Our Group's financial structure will continue to be safeguarded by our long-standing policy of maintaining cash reserves and financing acquisitions on a ring-fenced, non-recourse basis that underscores the stand-alone viability of the business.

This structure is further bolstered by our Group's regulated assets such as Wessex Water and ElectraNet which deliver RAB values that increase over time and optimise capital expenditure, in addition to flowing up dividends from operational activities.

Going forward, we remain committed to the prudent financial management and investment strategies that have formed the foundation of our Group, driven the growth of our businesses and enhanced our resilience and ability to weather exigent global events.

DATO' YEOH SEOK HONG
DSPN, JP

Corporate Events

13 OCTOBER 2019

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Conferred Knight Commander of The Most Excellent Order of the British Empire by HM Queen Elizabeth II

YTL Power International Berhad's Executive Chairman, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, was conferred an honorary Knight Commander of The Most Excellent Order of the British Empire (KBE) by Her Majesty Queen Elizabeth II for contributions to enhancing bilateral relations between Malaysia and the United Kingdom.

YTL Power International Berhad's substantial investments in the United Kingdom began in 2002 with its acquisition of Wessex Water Limited, consistently ranked amongst the country's top water and sewerage companies. The Group's newest ventures are YTL Arena and the Brabazon mixed residential and commercial project, being developed on the Filton Airfield site in Bristol.

The award was presented to Tan Sri Dato' (Dr) Francis Yeoh Sock Ping by His Royal Highness Prince Charles at his official residence at Clarence House on 13 October 2019.

19 NOVEMBER 2019

Attarat Power Company PSC Receives Power Project of the Year Award 2019

Attarat Power Company PSC (APCO), which is 45%-owned by YTL Power International Berhad, won the Power Project of the Year Award 2019 from the Petroleum Economist at its annual awards dinner event organised by Petroleum Economist Magazine in London.

Mr Jason Pok (second from left), Chief Executive Officer and Director of APCO, and Mr Mohammad Maaitah (third from left), Director of APCO, alongside the presenters of the awards

4 DECEMBER 2019

YTL Communications Sdn Bhd Wins Connectivity - Telecommunications Award

YTL Communications Sdn Bhd, a subsidiary of YTL Power International Berhad, won the Connectivity - Telecommunications award at the Malaysia Technology Excellence Awards for its Terragraph deployment in George Town, a gigabit wireless mesh network powering free public Wi-Fi hotspots and delivering wireless broadband service to 120 businesses and government offices in less than 3 months.

From left to right:- Representing YTL Communications Sdn Bhd, Mr Tang Mun Keong, Head of Core Network & Transport Engineering Department; Mr Jacob Yeoh Keong Yeow, Deputy Chief Executive Officer; Mr Wing K Lee, Chief Executive Officer; Mr Rahul Shrivastav, Lead Solution Architect; and Mr Avinash Pathak, Project Manager

Management Discussion & Analysis

GROUP OVERVIEW

OVERVIEW

The principal activities of YTL Power International Berhad ("YTL Power" or "Company") are those of an investment holding and management company. The key reporting segments of YTL Power and its subsidiaries ("YTL Power Group") are Power Generation (Contracted), Multi Utilities Business (Merchant), Water & Sewerage, Telecommunications Business and Investment Holding Activities.

The YTL Power Group is an international multi-utility group active across key segments of the utilities industry, with a strong track record in developing greenfield projects as well as in acquiring operational assets through competitive auctions. The YTL Power Group currently operates in Malaysia, Singapore, the United Kingdom (UK), Indonesia and Australia, with stakes in projects under development in Jordan and Indonesia.

YTL Power has been listed on Bursa Malaysia Securities Berhad ("Bursa Securities"), the Malaysian stock exchange, since 23 May 1997. YTL Power is listed on the Main Market of the exchange under the Gas, Water & Multi-Utilities sub-sector of the Utilities sector.

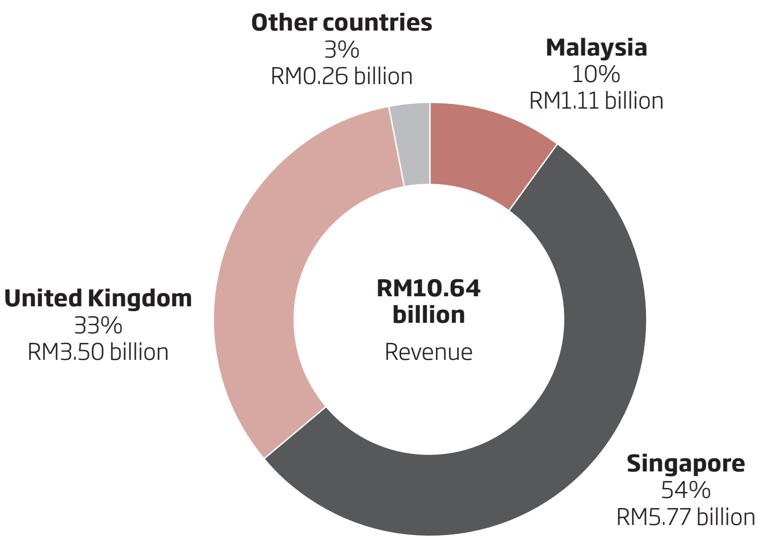
The YTL Power Group owns Wessex Water Limited ("Wessex Water"), a water and sewerage provider in the UK, YTL PowerSeraya Pte Limited ("YTL PowerSeraya"), which has a total licensed generation capacity of 3,100 megawatts ("MW") and multi-utility operations in Singapore, and YTL Power Generation Sdn Bhd ("YTLPG"), an independent power producer in Malaysia.

YTL Power also has minority stakes in PT Jawa Power ("Jawa Power"), the owner of a 1,220 MW coal-fired power plant in Indonesia, and ElectraNet Pty Ltd ("ElectraNet"), which owns and operates the power transmission grid for the state of South Australia, as well as a majority 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

GROUP OVERVIEW

Revenue by Country - FY2020



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 2x660 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. YTL Power also owns YTL Developments (UK) Limited ("YTL Developments") which is undertaking development of Brabazon, Bristol, a mixed-use residential and commercial property project in the UK.

Management Discussion & Analysis
GROUP OVERVIEW

OBJECTIVES & STRATEGIES

The YTL Power 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, with the goal of maximising stakeholder value and building and operating strong businesses that are viable and sustainable on a long-term basis.

The YTL Power Group derives the bulk 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 or changing operating conditions, both in Malaysia and globally.

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

- **Diversification and expansion of the Group's revenue base through both greenfield projects and strategic acquisitions overseas, particularly in the area of regulated utilities**

  The YTL Power Group pursues a strategy of acquiring regulated assets operating under long-term concessions. 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 Power Group's core businesses in Malaysia**

  The Group's strategy to continue to grow its businesses in Malaysia is to leverage its expertise in its core competencies, particularly in the areas of power generation, water and sewerage services, merchant multi-utilities and communications.

- **Development of superior asset quality with increasing regulatory asset value over time**

  The YTL Power Group's regulated assets such as Wessex Water and ElectraNet demonstrate ongoing growth, with the regulated asset value of these assets increasing over time. Wessex Water's regulatory capital value, for example, has grown from GBP1.3 billion (approximately RM7.0 billion) when it was acquired by YTL Power in 2002 to GBP3.3 billion (approximately RM17.8 billion) as at 30 June 2020, whilst ElectraNet's regulatory asset base (RAB) has grown from AUD0.75 billion (approximately RM2.2 billion) since acquisition in 2000 to AUD2.4 billion (approximately RM7.0 billion) in 30 June 2020.

- **Ongoing optimisation of the Group's capital structure**

  The YTL Power 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.

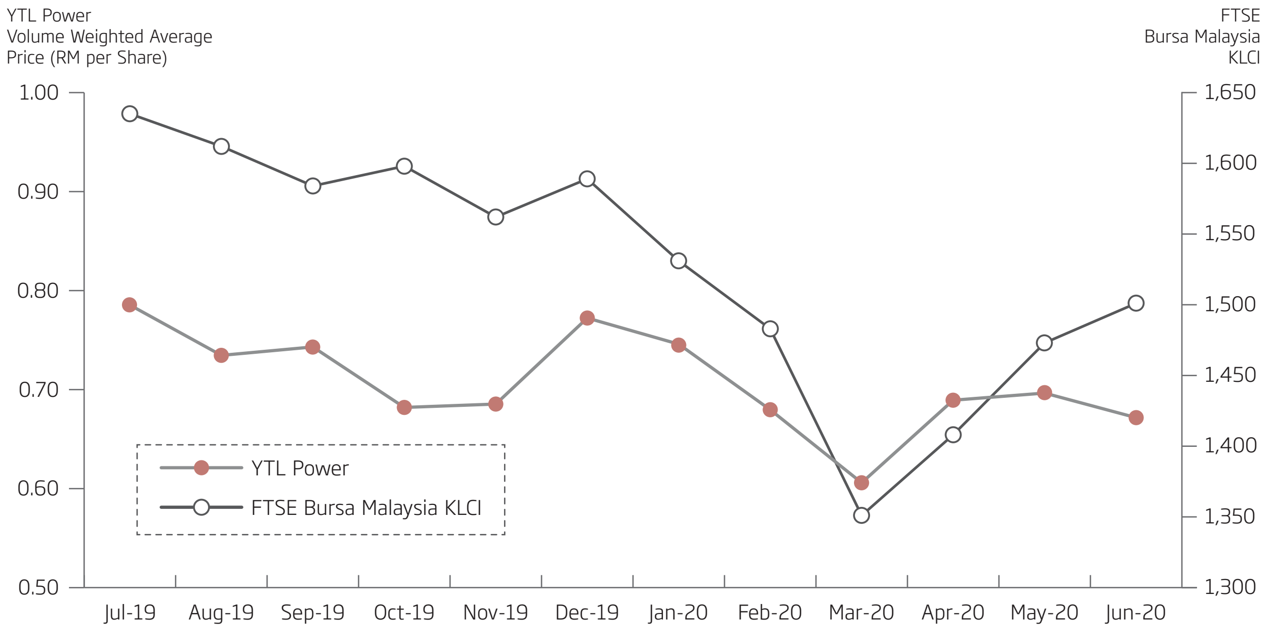
- **Enhancement of operational efficiencies to maximise returns from the Group's businesses and enhance services to its customer base**

  The Group believes that its utility assets 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, to ensure the delivery of efficient, high quality services to its customer base.

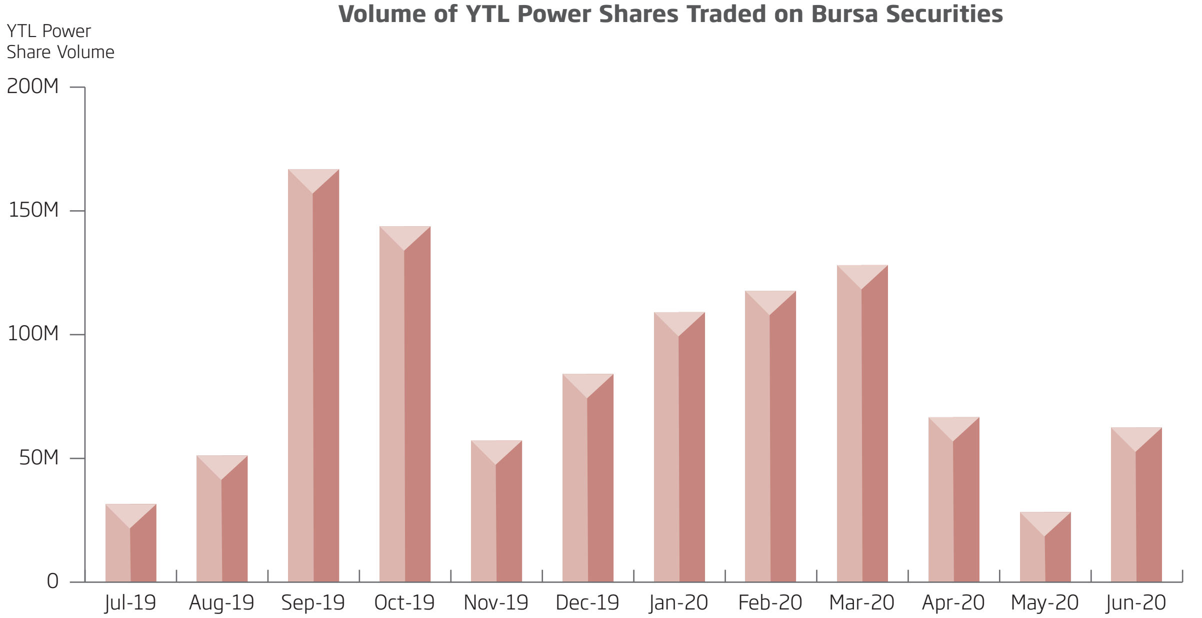
PERFORMANCE INDICATORS

The graph below illustrates the performance of YTL Power's share price compared with the FTSE Bursa Malaysia KLCI, the key component benchmark of Bursa Securities, during the financial year ended 30 June 2020.

Performance of YTL Power's Share Price vs FTSE Bursa Malaysia KLCI



Volume of YTL Power Shares Traded on Bursa Securities



Source: Bloomberg

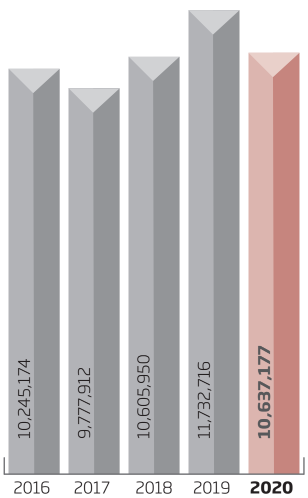
Management Discussion & Analysis

FINANCIAL REVIEW

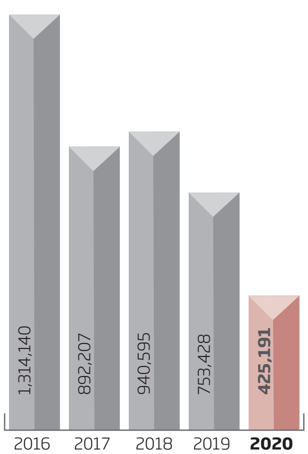
FINANCIAL HIGHLIGHTS

	2020	2019	2018 *(Restated)*	2017	2016
Revenue (RM'000)	**10,637,177**	11,732,716	10,605,950	9,777,912	10,245,174
Profit Before Taxation (RM'000)	**425,191**	753,428	940,595	892,207	1,314,140
Profit After Taxation (RM'000)	**127,704**	613,528	718,327	787,779	1,178,456
Profit for the Year Attributable to Owners of the Parent (RM'000)	**67,638**	476,751	619,685	693,813	1,061,850
Total Equity Attributable to Owners of the Parent (RM'000)	**12,018,989**	12,644,382	12,962,599	13,258,825	12,510,981
Earnings per Share (Sen)	**0.88**	6.20	7.88	8.96	14.06
Dividend per Share (Sen)	**-**	5.00	5.00	5.00	10.00
Total Assets (RM'000)	**47,138,135**	46,272,978	46,277,023	48,498,160	43,245,591
Net Assets per Share (RM)	**1.57**	1.65	1.65	1.71	1.62

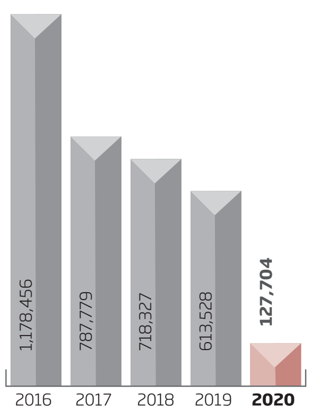
Revenue
(RM'000)



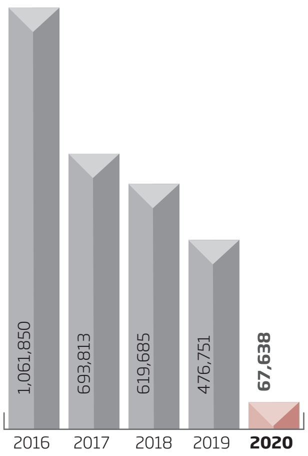
Profit Before Taxation
(RM'000)



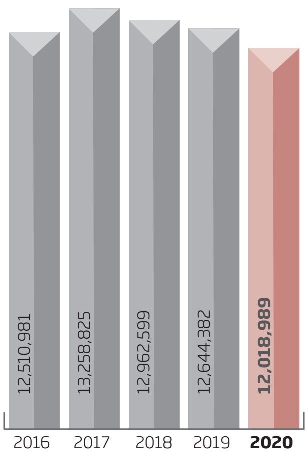
Profit After Taxation
(RM'000)



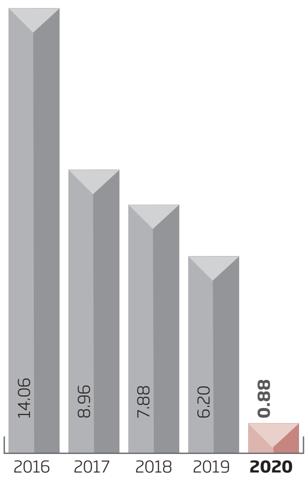
Profit for the Year Attributable to Owners of the Parent
(RM'000)



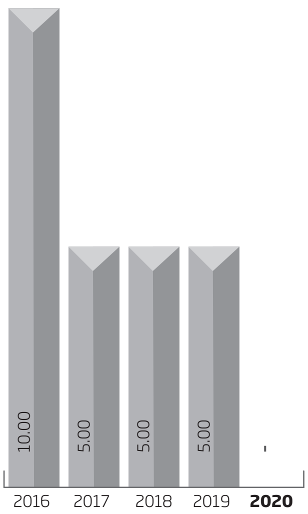
Total Equity Attributable to Owners of the Parent
(RM'000)



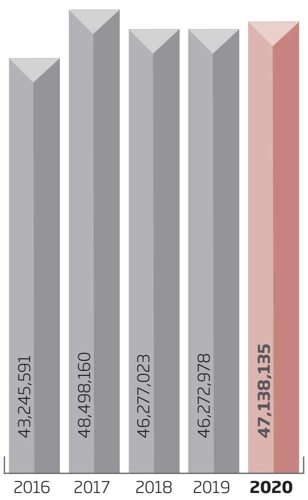
Earnings per Share
(Sen)



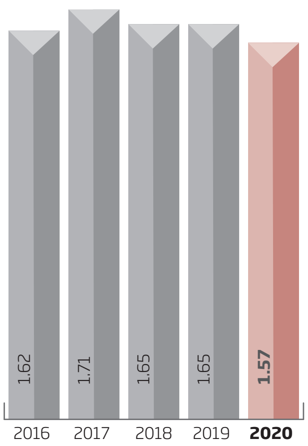
Dividend per Share
(Sen)



Total Assets
(RM'000)



Net Assets per Share
(RM)



Management Discussion & Analysis
FINANCIAL REVIEW

REVIEW OF FINANCIAL PERFORMANCE

Group Financial Performance

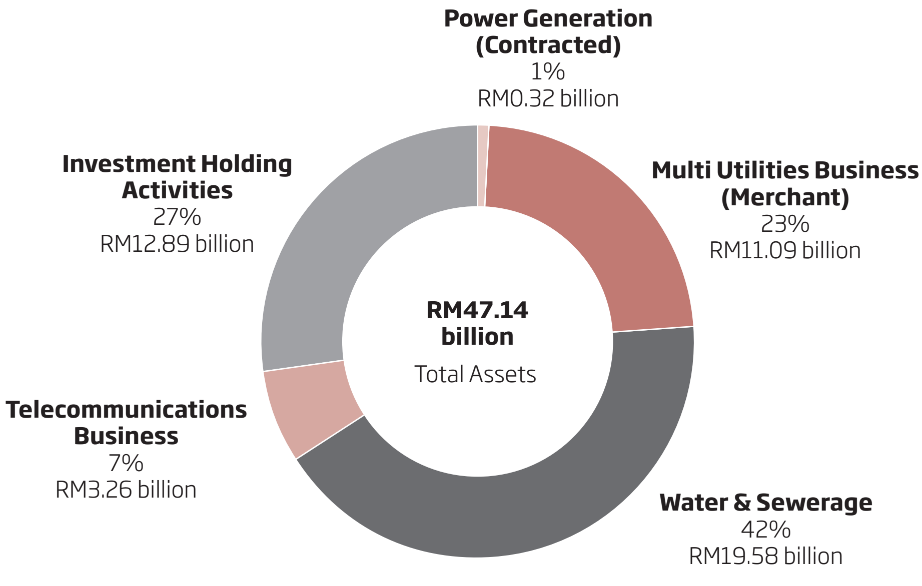
The YTL Power Group recorded a decrease in revenue to RM10,637.2 million for the financial year ended 30 June 2020 as compared to RM11,732.7 million for the previous financial year ended 30 June 2019. Profit before taxation for the current financial year under review decreased to RM425.2 million compared to RM753.4 million recorded in the previous financial year.

The lower profit before taxation was principally due to lower profit recorded in the Water & Sewerage segment and the loss recorded in the Telecommunications Business segment, partially offset by better performance in Multi Utilities Business (Merchant) segment.

The Group also recognised one-off deferred tax expenses of RM162.4 million due to the re-measuring of deferred tax balances as at 30 June 2020, which contributed to the lower profit after tax of RM127.7 million this year. These expenses arose from the increase in the UK corporation tax rate from 17% to 19% for 2020-21 after repeal of the previous legislation that had reduced the rate to 17%.

For the financial year ended 30 June 2020, YTL Power's overseas operations accounted for approximately 89.6% of the Group's revenue, compared to 85.6% for the financial year ended 30 June 2019, whilst operations in Malaysia contributed 10.4% of the Group's revenue in the current financial year compared to 14.4% for the previous financial year.

Total Assets by Segment - FY2020
(as at 30 June 2020)

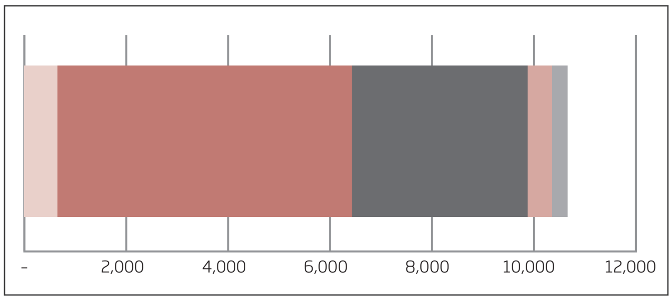


Segmental Financial Performance

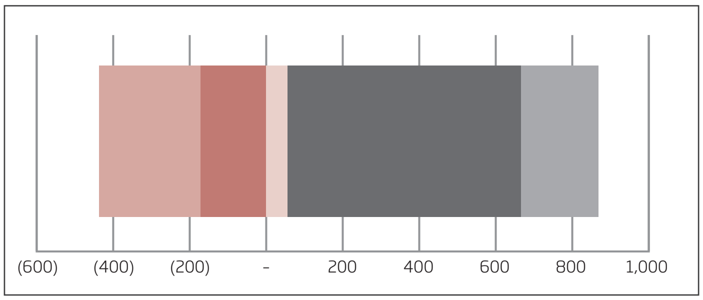
A comparison of the financial performance of each segment of the Group for the financial years ended 30 June 2020 and 30 June 2019 is set out in the following table:

	Segment Revenue		Segment Profit/(Loss) Before Taxation	
	2020 RM million	**2019 RM million**	**2020 RM million**	**2019 RM million**
Power Generation (Contracted)	**633.4**	798.5	**57.7**	51.4
Multi Utilities Business (Merchant)	**5,766.1**	6,274.0	**(172.4)**	(242.1)
Water & Sewerage	**3,483.5**	3,437.4	**610.1**	739.3
Telecommunications Business	**458.4**	871.9	**(264.8)**	2.4
Investment Holding Activities	**295.8**	350.9	**194.6**	202.4
	10,637.2	11,732.7	**425.2**	753.4

Breakdown of Revenue by Segment - FY2020
(RM million)



Breakdown of Profit/(Loss) Before Taxation by Segment - FY2020
(RM million)



Multi Utilities Business (Merchant) | Power Generation (Contracted) | Water & Sewerage | Telecommunications Business | Investment Holding Activities

Power Generation (Contracted)

The Power Generation (Contracted) segment recorded lower revenue of RM633.4 million and higher profit before taxation of RM57.7 million for the financial year ended 30 June 2020 compared to revenue of RM798.5 million and profit before taxation of RM51.4 million for the financial year ended 30 June 2019.

The decrease in revenue was primarily due to lower energy payments recorded, whilst the impact on profit before taxation was minimal as the plant operates under a guaranteed capacity payment regime.

Multi Utilities Business (Merchant)

The Multi Utilities Business (Merchant) segment recorded lower revenue of RM5,766.1 million and lower loss before taxation of RM172.4 million for the financial year ended 30 June 2020 compared to revenue of RM6,274.0 million and loss before taxation of RM242.1 million for the financial year ended 30 June 2019.

The lower revenue was mainly due to the decrease in fuel oil prices and lower generation of units sold, partially offset by higher sales of fuel oil. The reduction in loss before taxation was primarily due to the absence of a one-off charge for impairment of receivables recognised in the preceding year, lower finance costs recorded in the current year and higher retail and tank leasing margins.

Management Discussion & Analysis
FINANCIAL REVIEW

Water and Sewerage

The Water & Sewerage segment recorded higher revenue of RM3,483.5 million and lower profit before taxation of RM610.1 million for the financial year ended 30 June 2020 compared to revenue of RM3,437.4 million and profit before taxation of RM739.3 million for the financial year ended 30 June 2019.

The higher revenue was mainly due to the differing weather conditions leading to changes in supply volumes and partially offset by a decrease in price as determined by the regulator. However, the segment recorded a lower profit before taxation primarily due to the higher allowance for impairment of receivables of RM113.8 million (GBP21.5 million) as compared to RM70.1 million (GBP13.1 million) in 2019, resulting from a review of the potential impact of the COVID-19 pandemic on customers and decrease in price as determined by the regulator. It should be noted that once such impairments are realised, the regulatory regime allows for recovery against future tariffs.

Telecommunications Business

The Telecommunications Business segment recorded lower revenue of RM458.4 million and loss before taxation of RM264.8 million for the financial year ended 30 June 2020 compared to revenue of RM871.9 million and a profit before taxation of RM2.4 million for the financial year ended 30 June 2019.

The lower revenue and loss before taxation was mainly due to lower project revenues recorded, although, the EBITDA (earnings before interest, taxation, depreciation and amortisation) of this segment is positive.

Investment Holding Activities

The Investment Holding Activities segment recorded lower revenue of RM295.8 million and profit before taxation of RM194.6 million for the financial year ended 30 June 2020 compared to revenue of RM350.9 million and profit before taxation of RM202.4 million for the financial year ended 30 June 2019.

The decrease in revenue was mainly due to lower interest income, whilst the lower profit before taxation was primarily attributable to fair value changes on investment properties and the lower revenue recorded, partially offset by a higher share of profits from an associate company in Indonesia.

DIVIDENDS

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

	RM'000
In respect of the financial year ended 30 June 2019: - Interim dividend of 5 sen per ordinary share paid on 13 November 2019	**383,765**

Dividend Policy

The Board of Directors of YTL Power 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 Power and other factors, including the profit and cash flow position of the YTL Power Group, restrictions imposed by law or under credit facilities on the payment of dividends by members of YTL Power Group and the availability of funds.

Distribution of Treasury Shares

On 28 August 2020, YTL Power announced a distribution of treasury shares on the basis of one (1) treasury share for every sixteen (16) ordinary shares held. The book closure date for the distribution was 28 October 2020 and the treasury shares will be credited into the CDS account of entitled shareholders within 10 market days of the book closure date.

CAPITAL MANAGEMENT

The Group's objectives when managing its capital are to safeguard the ability of the Group to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are external debt covenants, such as gearing ratios applicable to the Group, which are not onerous and these obligations can be fulfilled. As part of its capital management, the Group rigorously monitors compliance with these covenants.

In addition, consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings, as shown in the Statement of Financial Position) less cash and bank balances. Total capital is calculated as equity, as shown in the Statement of Financial Position, plus net debt.

	Group		**Company**	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Total bonds and borrowings	**27,464,864**	26,713,760	**8,282,206**	9,043,586
Less: Cash and bank balances	**(7,484,725)**	(7,560,316)	**(16,563)**	(20,005)
Net debt	**19,980,139**	19,153,444	**8,265,643**	9,023,581
Total equity	**12,042,754**	12,870,662	**12,733,803**	12,567,880
Total capital	**32,022,893**	32,024,106	**20,999,446**	21,591,461
Gearing ratio	**62%**	60%	**39%**	42%

All borrowings of subsidiaries are undertaken on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company, which amounted to RM304,500,000 (2019: RM335,653,112). Further details are set out in *Note 27* of the *Financial Statements* in this Annual Report.

Under Practice Note 17 of the Main Market Listing Requirements of Bursa Securities ("MMLR"), the Company is required to maintain 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 with total consolidated equity attributable to owners of the parent as at 30 June 2020 of RM12.0 billion.

SIGNIFICANT CORPORATE DEVELOPMENTS

PROPOSED ACQUISITION OF THE POWER PLANT AND ASSOCIATED ASSETS OF TUASPRING PTE LTD ("TUASPRING')

On 12 March 2020, the Company and Taser Power Pte Ltd, entered into a put and call option agreement for the proposed acquisition of the power plant and associated assets of Tuaspring by YTL PowerSeraya Pte Ltd ("YTL PowerSeraya"), from the receivers and managers of Tuaspring for a total purchase consideration of SGD331.45 million to be settled as to SGD230.0 million in cash and SGD101.45 million comprising ordinary shares and loan notes amounting to 7.54% of the post-acquisition equity in YTL Utilities (S) Pte Ltd, the immediate holding company of YTL PowerSeraya ("Proposed Acquisition").

The approval for the Proposed Acquisition from the Energy Market Authority of Singapore was received on 20 May 2020. Completion is conditional, *inter alia*, on approval of the Public Utilities Board of Singapore and completion of financing.

ESTABLISHMENT OF NEW EMPLOYEES SHARE OPTION SCHEME ("ESOS")

On 29 April 2020, it was announced that the Company proposed to establish and implement a new ESOS for eligible employees and directors of the Company and/or its subsidiaries.

There is an existing ESOS in place by the Company that was implemented on 1 April 2011 with a duration of 10 years which will be expiring on 31 March 2021.

In accordance with the provisions of the MMLR, a listed issuer may implement more than one scheme provided that the aggregate number of new ordinary shares in the Company available under all schemes does not exceed 15% of the Company's total number of listed issued shares (excluding treasury shares) at any one time.

On 18 June 2020, Bursa Securities granted the Company an extension of time until 16 November 2020 to issue the circular in relation to the proposed ESOS. It is intended by the Company to convene the extraordinary general meeting for the proposed ESOS on the same day as its forthcoming annual general meeting.

SEGMENTAL REVIEW

POWER GENERATION (CONTRACTED)

SEGMENT OVERVIEW

YTLPG, a 100%-owned subsidiary of YTL Power, owns Paka Power Station in Terengganu, Malaysia, with an installed capacity of 808 MW.

Projects under development in the Group's contracted power generation segment comprise an 80% equity interest in Tanjung Jati Power in Indonesia and a 45% equity interest in APCO in Jordan.

OPERATIONAL REVIEW

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 Power's parent company, YTL Corporation Berhad.

Paka Power Station continued to fulfil all performance guarantees under the PPA and produced a net generation output of 2,146 gigawatt hours ("GWh") of electricity during the financial year ended 30 June 2020. For the period under review, the station's two generating blocks, GB1 and GB2, achieved reliability factors of 98.91% and 99.84% and load factors of 53.14% and 38.27%, respectively.

Management Discussion & Analysis
SEGMENTAL REVIEW

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 2x660 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. In February 2020, Tanjung Jati Power obtained a Business Viability Guarantee Letter from Indonesia's Ministry of Finance and is working towards achieving financial close.

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).

Construction has commenced on the project with the commercial operations for the first unit scheduled to commence in the middle of this year and the second unit in the last quarter of the year. However, the global COVID-19 pandemic has led to a delay in the project due to travel and movement restrictions imposed by the Government of Jordan. APCO has invoked the force majeure provisions under the power purchase agreement with NEPCO. As the effects of COVID-19 are still ongoing, the force majeure provisions are still in effect.

When it comes into operation, the 554 MW oil shale-fired power plant will be the first power plant in Jordan to utilise its indigenous oil shale resources 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.

APCO is indirectly owned by YTL Power (45%), Guangdong Energy Group of China (45%) and Eesti Energia AS of Estonia (10%).

MULTI UTILITIES BUSINESS (MERCHANT)

SEGMENT OVERVIEW

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.

OPERATIONAL REVIEW

For the financial year under review, YTL PowerSeraya sold 8,028 GWh of electricity, while generation market share saw a decrease of 2.5% as compared to the last financial year. In addition to intense competition due to an oversupply in generation capacity in the wholesale electricity market, Singapore had implemented 'Circuit Breaker' preventive measures in response to the COVID-19 pandemic from 7 April till 1 June this year. This saw Singapore's electricity demand take a dip, as public premises and workplaces for non-essential services faced closure to curb the spread of the infection.

Major milestones achieved by the division included the timely completion of the major and minor maintenance inspection activities on its combined cycle and co-generation power plant units. Overall plant performance for these units has shown significant improvements with higher reliability and availability percentage improvements of 0.7% and 1.4% as compared to the previous year. Reliability improvements will continue to be the key focus to ensure the generating units operate with high reliability.

The Group continued to emphasise the maintenance of high standards in quality, environmental, health and safety as well as cyber security management systems. Re-certifications of ISO9001, ISO14001, ISO45001 and ISO27001 were also successfully completed during the year.

Management Discussion & Analysis
SEGMENTAL REVIEW

To better prepare for future challenges and a rapidly evolving business climate, YTL PowerSeraya embarked on its transformation journey to foster a success-oriented and growth mindset throughout the organisation. Succession management continues to be the top leadership agenda as part of the company's workforce renewal plan over the next 10 years. In addition to building bench strength for senior leadership and management levels, efforts will be stepped up to build the pipeline to replace retiring engineering personnel, leveraging the government-funded SGIS scholarship, SkillsFuture Earn & Learn, internships and the latest SGUnited Traineeship programmes.

To ensure competency development of new hires and transfer of knowledge from retiring employees, a new Learning & Growth department has been set up to leverage in-house technical experts as trainers, which will drive the upskilling of the engineering workforce.

In addition, online training has been made readily available due to the pandemic. This global shift in education had enabled an influx of training and upskilling sessions to be facilitated remotely on digital platforms so that even as more employees had to work from home due to Singapore's Circuit Breaker preventive measures in place, training and development has seen an overall increase in terms of training hours per employee.

At the industry level, YTL PowerSeraya has also joined hands with other industry partners through the Singapore Institute of Power & Gas (SiPG) to optimise economies of scale in building up the technical competency of its workforce.

Retail

YTL PowerSeraya's retail arm, Geneco, held a market share of approximately 13.3% in the electricity retail market (calculated based on retail volume as a percentage over total system demand), comprising customers from the residential, commercial and industrial sectors, with a total sales volume of 6,581 GWh for the financial year ended 30 June 2020.

In addition to electricity retail, Geneco boasts multiple product offerings, which encompass gas and steam supply, to provide its commercial and industrial customers with a comprehensive business solution. The integrated energy retailer also continues to explore new business opportunities to complement the Group's revenue streams.

The Group's first solar project, housed in Pulau Seraya Power Station, supplied 100% locally generated solar power, further enabling Geneco to issue Renewable Energy Certificates (REC) to residential and commercial customers, helping them do their part for the environment. Together with its Verified Carbon Unit (VCU) offerings, Geneco is able to validate the use of green energy and offset greenhouse gas emissions for its customers. Since the launch of its green energy options, there has been a steady increase in the number of residential, commercial and industrial customers who chose Geneco to be their preferred sustainable energy provider.

Geneco remains committed to being more than just an electricity retailer, constantly seeking ways to equip its customers with industry trends and the latest energy solutions, and delivering excellent service and value to its consumers.

Trading & Fuel Management

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 and the COVID-19 pandemic.

The company handled 7.67 million metric tonnes of fuel oil and diesel. The number of berthings for bunkering and cargo vessels saw 656 vessels berthed at the terminal during the financial year, compared to 1,086 vessels last year, with an average berth utilisation rate of 33.2%.

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

Process & Innovation

This year, YTL PowerSeraya executed a planned migration to its new platform to better support staff collaboration and digitisation, encouraging increased digital adaption and virtual collaboration within the organisation. The new platform, which went live on 31 March 2020, also motivated staff contribution towards the adoption of the digital platform, and enabled the creation of the Generation Technology Information Library (GENTIL), a centralised library of power generation data.

Following the onset of the COVID-19 situation, employees adapted quickly and adopted the new technology platform to cope with the sudden need for remote working. The timely completion of the migration to the new platform enabled employees to collaborate and support each other effectively even while working from home during the Circuit Breaker period.

Going forward, the division will also look to focusing and amplifying employee adoption in the areas concerning digitisation and automation, as well as cybersecurity. Data analytics technologies to help enhance the company's value chain orchestration will also be a key focus, to be developed through the various groups, enabling employees to make more informed business decisions with higher efficiency and added precision.

Management Discussion & Analysis
SEGMENTAL REVIEW

WATER & SEWERAGE

SEGMENT OVERVIEW

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.

OPERATIONAL REVIEW

During the year under review, Wessex Water was again one of the top performers in the water sector for customer service, placing second of all the water and sewerage companies in Ofwat's new measure of customer experience (C-MeX) trial. The division retained its government Customer Service Excellence award, the British Standard for inclusive services provision (BS 18477), the Keep Me Posted award and the Louder than Words charter mark, as well as continuing with the Institute of Customer Service's ServiceMark with distinction.

Throughout the COVID-19 crisis, Wessex Water continued business-as-usual service to customers and helped those in need, in addition to providing rebates to more than 10,000 National Health Service (NHS) workers required to wash their uniforms more often. The company also continued to deliver initiatives within its strategy for customers in vulnerable circumstances, with a 9% increase in the number of low-income customers receiving support with their bills or debt and a 67% increase in the number registered for Priority Services.

Management Discussion & Analysis
SEGMENTAL REVIEW

This year, Wessex Water launched Trustpilot® to gather customers' views on its service, with 83% of customers so far giving its service a five-star rating. In its own feedback surveys, 98% of customers rated Wessex Water's service as good or very good.

Wessex Water still has the lowest number of complaints of the water and sewerage companies, delivering this year a 4% reduction in billing complaints and resolving 95% of complaints the first time. As part of its drive to ensure that customers are as satisfied with Wessex Water's service as they are with service from top household names, the division has set a target of being in the top 20 UK service providers by 2025 on the Institute of Customer Service survey.

Customer engagement this year included a Young People's Panel of sixth formers from schools and colleges, which has just completed its fourth year. This year, it focused on designing a smart home to identify innovative ways of encouraging customers to use water more efficiently and reduce sewer misuse.

Business customers have been able to choose their retailer for water and waste water services since 2016-17 and there are now 22 retailers active in Wessex Water's operating region. The company's wholesale services team remains focused on enhancing both the retailer and customer experience. Since market opening, Wessex Water has improved its performance each year in both operational and market performance standards and these now stand at more than 94%.

Wessex Water was rated as "leading" in the UK Environment Agency's annual environmental performance assessment (EPA), having reduced the number of pollution incidents to 76 and increased the level of self-reporting of incidents to 85%. This year, 96% of bathing waters passed strict environmental standards, with two beaches (Weston-super-Mare Uphill Slipway and Burnham Jetty) continuing to be assessed as having below standard water quality.

Wessex Water remains committed to providing the highest quality drinking water to customers and its overall compliance with drinking water standards in 2019 was 99.97%.

In 2019-20 the number of internal flooding incidents arising from issues not related to capacity was 146, compared to the division's target of 207. Despite the wettest February on record and the fifth wettest autumn in the UK, only two properties flooded internally due to a lack of hydraulic capacity. As such, Wessex Water's performance remains one of the best in the industry.

Construction work has begun on the GBP60 million Trym relief sewer, a 14km long tunnel providing additional capacity in West Bristol to tackle existing flooding issues as well as accommodating new developments. The work will be completed in 2023.

The company has invested GPB39 million in improvements in the area over the last five years including increased storage capacity in the sewerage network and advanced treatment (ultraviolet disinfection) at Cannington water recycling centre.

One of Wessex Water's sustainability goals is to achieve net zero operational carbon emissions by 2030. To these ends, net greenhouse gas emissions fell to 117,000 tonnes carbon dioxide equivalent in 2019-20 continuing a trend of reductions that began 10 years ago, and is the company's lowest annual operational carbon footprint since reporting began in 1997. This was achieved through a combination of energy efficiency improvements, renewable energy generation and the rapidly falling carbon dioxide intensity of UK grid electricity.

Management Discussion & Analysis
SEGMENTAL REVIEW

TELECOMMUNICATIONS BUSINESS

SEGMENT OVERVIEW

YTL Power owns a 60% stake in YTL Comms, which owns and operates the YES nationwide 4G LTE wireless broadband platform.

OPERATIONAL REVIEW

Since the launch of YES in late 2010, YTL Comms has carried the mantle of innovation leader in the Malaysian telecommunications industry, which started with building the right foundation as the first and only pure-IP pure-4G network in Malaysia. With the best 4G accessibility and best affordability for all, the YES network has levelled the playing field, enabling all Malaysians to join a new era of digital economy.

The Malaysian government's announcement of the National Digital Network (JENDELA), a national infrastructure plan to elevate the country's communications standards, has validated YTL Comms' vision and unique role as Malaysia's industry catalyst. A key directive under JENDELA is the sunset of the country's 3G networks by the end of 2021. While others will be busy sunsetting their legacy 3G networks, as the only pure-4G telecommunications operator in the nation, YTL Comms' future-ready YES network stands poised to serve the country's hunger for better connectivity and its need for digitisation today.

The onset of COVID-19 has disrupted lives globally. With the implementation of the MCO to stop the spread of infection, YTL Comms stepped up immediately to work with YTL Foundation to launch an unprecedented CSR programme to help Malaysians across the nation stay at home and learn from home. Based on feedback from the ground that many low-income families do not even have a device for their children, the division quickly followed on with a new phase in the programme to provide free smartphones complete with free data and telephony service to help the neediest of its fellow countrymen.

The Learn from Home programme has garnered tremendous traction and uplifted the lives of a whole future generation of young users. To date, YTL Comms has committed over 100,000 free 4G smartphones to empower them with a first-class digital learning experience using the YES network.

By positioning YTL Comms as the market leader in pricing affordability for the seventh year in a row, the division saw continuous net gains in its subscription base for 18 consecutive months, measuring in double digits.

The power of YTL Comms' pure-IP and pure-4G network has even more significance in its enterprise business. As the pace towards digitisation accelerates, YTL Comms enjoys a unique position as an end-to-end service provider with complete solution delivery capability to democratise next-generation Internet of Things (IoT) solutions nationally. A highly scalable and secure private cloud is essential for mission-critical IoT solutions, along with in-house device engineering and system development and integration capabilities. The division will focus on establishing itself as Malaysia's champion to help local businesses win in the age of Industrial Revolution 4.0.

As a brand that has always advocated the core belief that 'Amazing Things Happen When You Say Yes', YTL Comms will continue to play a crucial role in bridging the digital divide between rural and urban communities and a leading role in Malaysia's transformation into a full-fledged digital economy.

INVESTMENT HOLDING ACTIVITIES

SEGMENT OVERVIEW

The YTL Power Group has a 33.5% indirect investment in ElectraNet, which is the owner and operator of the South Australian electricity transmission network, and an effective interest of 20% in Jawa Power, which owns a 1,220 MW coal-fired power station in Java, Indonesia. The Group also has a 100% stake in YTL Developments, undertaking the Brabazon development in the UK.

OPERATIONAL REVIEW

ElectraNet

ElectraNet owns and operates the high voltage electricity transmission system throughout South Australia under a 200-year concession, transmitting 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 97 high-voltage substations and approximately 5,650 circuit kilometres of transmission lines covering a total area of 200,000 square kilometres.

ElectraNet is in the third 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 and New South Wales. The proposed 920-kilometre 330kV transmission line will deliver economic benefits to customers by better sharing of energy resources in the National Electricity Market (NEM). The AUD2.4 billion project, Project EnergyConnect, would be jointly delivered with TransGrid, the owner and operator of the New South Wales electricity 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 2021 and fully commissioned by late 2021.
- Building a new transmission line to improve reliability for customers on the Eyre Peninsula in South Australia's west coast. Construction work is expected to start in 2021.

Management Discussion & Analysis
SEGMENTAL REVIEW

ElectraNet is also 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 approximately 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.

In addition, ElectraNet is positioning itself to pursue potential contestable revenue investment opportunities which may include building, owning and operating new electricity transmission infrastructure.

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 84.5% for its financial year ended 31 December 2019 and 88.8% availability for the six months ended 30 June 2020. The station generated 8,029 GWh of electricity for its financial year compared to 8,748 GWh for its previous financial year, for its sole offtaker, PLN.

Brabazon

Situated on the former Filton Airfield, the Brabazon development spans a 354-acre brownfield site and will, upon completion, include residential homes, employment space, a mixed-use town centre, new schools, doctors' and dentists' surgeries, recreational spaces, sport and leisure facilities, a community centre and student housing. The Group acquired the Filton Airfield site in 2015 as an investment and embarked on the Brabazon development as its first foray into the UK property sector.

In March 2020, the Group received the necessary approvals to proceed with the 17,080-capacity YTL Arena to be situated in the Brabazon Hangars on Filton Airfield. Bristol City Council's planning committee voted to approve the application the arena and South Gloucestershire Council's planning committee approved applications to build a temporary 1,800 space car park, access for delivery vehicles from the north, across the former airfield and via West Way, and a new pedestrian bridge over the existing railway track, which will serve as the main entrance to the arena. Upon completion, targeted in 2023, YTL Arena is expected to be the third largest arena in the UK, putting Bristol on the world stage for live music and entertainment.

Construction also commenced in September 2019 on the first phase of 278 new residential properties of the Brabazon development. Designed by globally renowned local architects Feilden Clegg Bradley, the range of one- and two-bedroom apartments, and two, three- and four-bedroom homes feature generous rooms, over-sized windows and soaring double-height spaces in selected properties.

The project was shortlisted for the 2020 Housing Design Awards, which is the amongst the most prestigious awards for residential developments in the UK, and is supported by all major institutions for property professionals like The Royal Institute of Chartered Surveyors (RICS), The Royal Institute of British Architects (RIBA), Royal Town Planning Institute (RTPI), The Landscape Institute and The Chartered Institute of Architectural Technologists.

The site is located within a 10-minute drive from the M4 and M5 highways and Bristol Temple Meads train station, which connects passengers to London in an hour and 10 minutes. Brabazon will also be connected to Bristol by major new transport infrastructure, including a new rail station at Brabazon connecting to Bristol Temple Meads in less than 15 minutes, a MetroBus route linking to both Cribbs Causeway and the city centre, and a range of new walkways and cycle paths.

RISK MANAGEMENT

The overall risk management objective of the YTL Power Group is to ensure that adequate resources are available to create value for its shareholders. 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 Power regularly reviews these risks and approves the appropriate control environment frameworks.

FINANCIAL RISK MANAGEMENT

The 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 Group focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Further details on the Group's financial risk management can be found in *Note 35* of the *Financial Statements* in this Annual Report.

OPERATIONAL RISK MANAGEMENT

Concessions and key contracts

A number of the 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 an adverse effect on the financial condition and results of operations of certain subsidiaries of YTL Power and accordingly the 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

Industry risk

The YTL Power 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 Power is, to a significant extent, dependent on the abilities and continued efforts of the Board of Directors and senior management of YTL Power. The loss of any key member of the Board or senior management personnel could affect YTL Power's ability to compete in the sectors in which it operates.

The future success of YTL Power also depends 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, Australia, Jordan and other overseas markets in which the Group from time to time has operations could materially and adversely affect the financial and business prospects of the 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.

OUTLOOK

Global growth is expected to weaken in 2020, in light of the ongoing COVID-19 pandemic which has significantly dampened global growth prospects, with the outlook highly dependent on how successful countries across the world are in containing the pandemic. The Malaysian economy is projected to register between -2.0% and 0.5% growth for the full 2020 calendar year, impacted by the output loss, the effects of the MCO and commodities supply disruptions as a result of the pandemic *(source: Bank Negara Malaysia updates).*

Whilst electricity demand in Singapore has yet to recover to post-pandemic levels, fiscal stimulus packages launched by the Singapore government bode well for the recovery process.

Despite the challenges presented by the persistent generation oversupply situation in Singapore's wholesale electricity market, the Group has embarked on the proposed acquisition of Tuaspring's power plant and associated assets which, once completed, will be integrated into its existing businesses and expected to contribute positively to future earnings, in addition to alleviating some capacity issues.

In the UK, Wessex Water will continue to work towards investment commitments set for the 2020-2025 regulatory period which commenced on 1 April 2020. Whilst this next period will see a shift from current performance levels, 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 outlook for the Group's main operations in Malaysia remains 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.

In the Telecommunications division, with the launch of JENDELA and its existing network already in place, YTL Comms is well positioned to grow its subscriber base with innovative, competitive and affordable products and services. In addition, in view of the overwhelming response to its Learn from Home initiative, the division will work towards continuing to offer this underserved community affordable and attractive plans.

The Group will continue to work towards financial close for Tanjung Jati Power, whilst APCO's oil shale power generation project in Jordan will progress once the current COVID-19 restrictions have been resolved.

Meanwhile, with work having commenced on the first phase of homes in the Brabazon development in the UK, the project has made a good start on delivery of its master plan, and the Group will continue to ensure development proceeds in line with market demand.

Managing Sustainability

YTL Power International ("YTLPI" or "Company") is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") under the Gas, Water and Multi-Utilities sub-sector of the Utilities sector. YTLPI has a market capitalisation of approximately RM5.17 billion (as at 30 June 2020) and is an international multi-utility provider with operations, investments and projects under development in Malaysia, Singapore, the United Kingdom (UK), Indonesia, Jordan and Australia.

As sustainability issues are increasingly affecting communities, corporations have a duty to ensure that broader strategies for development and profitability are carried out in a sustainable manner. Driven by this commitment, we often exceed legislative requirements. We continue to impart this accountability into each of our subsidiaries as we strive to develop our businesses responsibly to protect the environment and the wider communities in which we operate.

SUSTAINABILITY COMMITMENT

YTLPI's sustainability focus is aligned with YTL Group's credo, ***'Making A Good Future Happen'***, and this is integrated into our business strategies, daily operations, management and stakeholder engagement. There is regular assessment, review and feedback of Environmental, Social and Governance (ESG) issues in line with YTL Group's practices.

We recognise that the planet provides limited resources, and as such the onus is on us to mitigate impacts on land, water and the air through the responsible use of natural resources and sustainable operations. Our future success and reputation is not only shaped and measured by our economic performance, but it is also influenced by the social and environmental consequences of our decisions and actions for all our stakeholders.

We continue to place a strong emphasis on managing our businesses responsibly and with integrity. Our sustainability commitment is ingrained in creating lasting value for all stakeholders. Our commitment to sustainable practices enables us to make progress towards achieving our growth objectives, balancing business opportunities and risks in the economic, environmental and social realms.

REPORTING PERIOD AND SCOPE

This sustainability statement covers YTLPI and wholly-owned subsidiaries, PT YTL Jawa Timur, YTL PowerSeraya Pte Limited and Wessex Water Limited for the reporting period from 1 July 2019 to 30 June 2020, aligned with YTLPI's financial year.

YTLPI and our subsidiaries are also part of the wider YTL Group under the umbrella of its parent company, YTL Corporation Berhad ("YTL Corp"). The sustainability initiatives, performance and achievements of YTLPI are outlined in greater detail in the consolidated ***YTL Group Sustainability Report 2020*** which is issued as a separate report. The report can be downloaded at www.ytl.com/sustainability.

Our subsidiaries have also produced their own reports, available on their official websites listed below, which provide more information about their sustainability matters.

PT YTL Jawa Timur – www.jawapower.co.id
YTL PowerSeraya Pte Limited – www.ytlpowerseraya.com.sg
Wessex Water Limited – www.wessexwater.co.uk

OUR APPROACH TO SUSTAINABILITY

We have aligned our sustainability commitments to YTL Group's four pillars – Environment, People, Communities and Marketplace. The following value-added Sustainability Framework forms the basis of our sustainable business practices.

Where applicable to YTLPI, we incorporate sustainability into the day-to-day management which is aligned with United Nations Sustainable Development Goals (SDGs), YTL Group Corporate Statements (Human Rights and Ethics, Environment, Health and Safety, and Commitment to Ethical Purchasing), Code of Conduct and Business Ethics, as well as Anti-Bribery and Corruption Policy.

YTL Group Sustainability Framework

Brand Values
Building the right thing

HONESTY | HARD WORK | MORAL RESPONSIBILITY | TOGETHERNESS | VITALITY

Sustainability Commitment
Making a good future happen

PROTECTION OF THE ENVIRONMENT | EMPOWERING OUR PEOPLE | ENRICHING COMMUNITIES | EMBRACING THE MARKETPLACE

Aligned to **Sustainable Development Goals**

4 QUALITY EDUCATION | 8 DECENT WORK AND ECONOMIC GROWTH | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER

Core

3 GOOD HEALTH AND WELL-BEING | 6 CLEAN WATER AND SANITATION | 7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 11 SUSTAINABLE CITIES AND COMMUNITIES | 15 LIFE ON LAND | 17 PARTNERSHIPS FOR THE GOALS

Peripheral

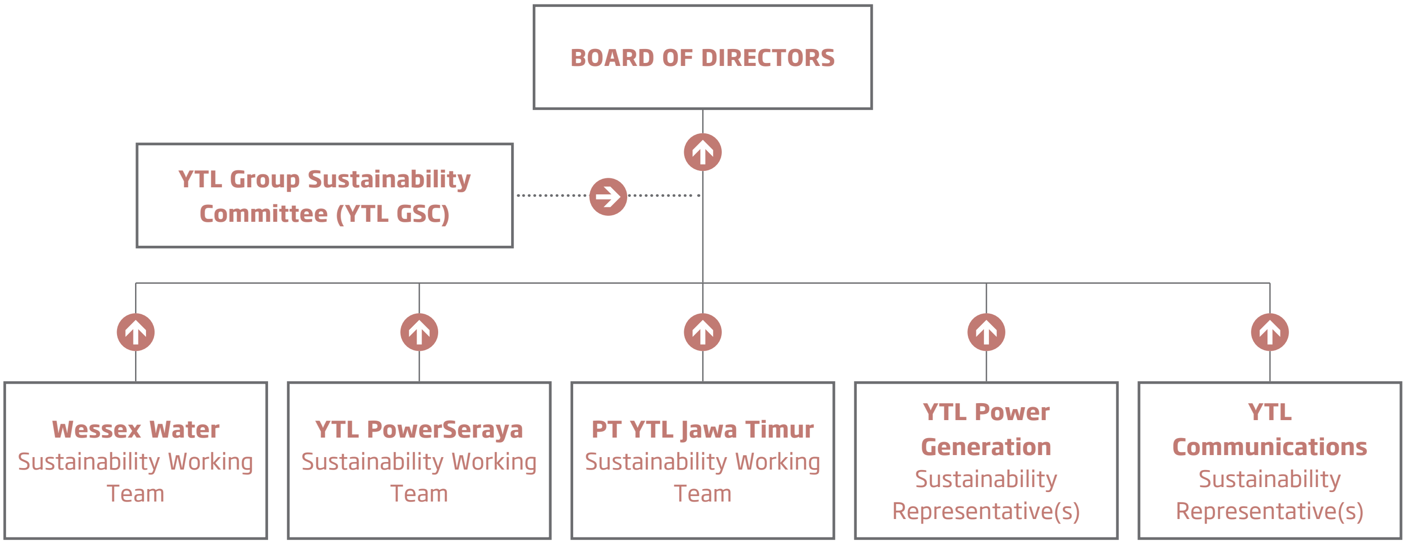
Managing Sustainability

SUSTAINABILITY GOVERNANCE

Driven by YTL Group's sustainability agenda, YTLPI's sustainability risks and opportunities are overseen and governed by the Board with support from YTLPI's Managing Director and Executive Chairman, YTL Group Sustainability Committee ("YTL GSC") and the sustainability teams from respective subsidiaries.

More information on our governance and internal control systems can be found in the ***Corporate Governance Overview Statement*** and the ***Statement on Risk Management and Internal Control*** set out separately in this Annual Report. The Annual Report and YTLPI's Corporate Governance Report 2020 can also be downloaded from our website at www.ytlpowerinternational.com, as well as the website of Bursa Malaysia at www.bursamalaysia.com.

YTL Group Sustainability Governance Structure



Board of Directors

YTL Group's sustainability strategy has been approved by the Board of Directors of YTL Corp, who have also outlined the conduct of responsible business operations across our value chain. Led by the Executive Chairman, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, YTLPI engages with the YTL GSC every six to 12 months to deliberate and strategise regarding economic, environmental, governance and social issues, and reviews progress surrounding our operations in Malaysia, Singapore, Indonesia and the UK.

YTL Group Sustainability Committee

Guided by YTL Group Sustainability Framework and Corporate Statements, YTL GSC is responsible for reviewing, monitoring and providing a strategic approach in managing sustainability issues impacting our stakeholders, the environment, businesses and society at large across our value chain.

Sustainability Working Team/Representative(s)

The designated representatives or teams spanning our operations play a significant role in aligning the sustainability agenda with business practices on the ground. Their roles include managing and monitoring sustainability issues and performance.

MATERIALITY

In identifying material issues, we are able to prioritise which issues to improve on and optimise as part of our sustainability management, and through various engagement channels, we seek to understand the views of stakeholders, to communicate effectively with them and to respond to their concerns. Stakeholders are groups, individuals, organisations and resources that may be significantly impacted by the business and those with a vested interest in our operations. As a publicly listed entity, YTLPI's key stakeholders are our employees, customers, suppliers, shareholders, investors, regulators, the environment and communities where we operate.

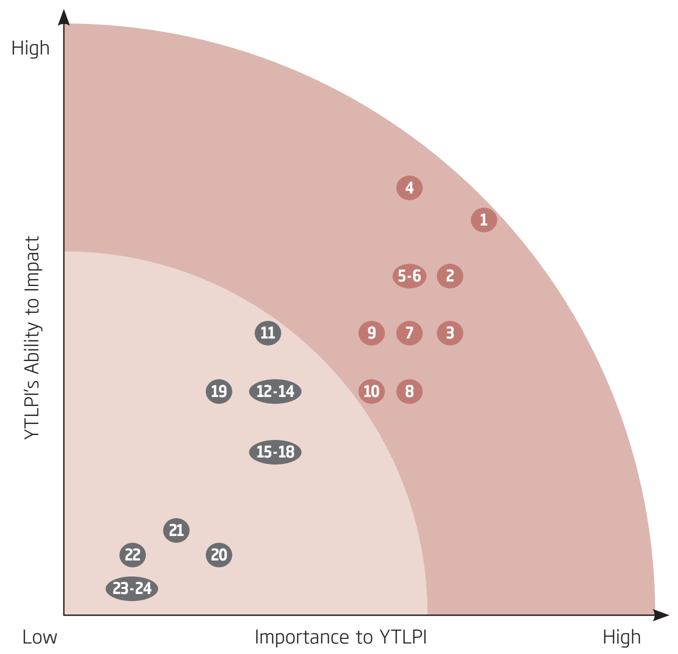
To ensure the continued relevance of our material issues, we conduct a formal materiality assessment biennially. Following our last review in 2017, we conducted a new materiality review this year. The sustainability team works with the relevant business units to identify and review material issues that are most relevant and significant to our stakeholders. Priorities are ranked based on the potential impacts of issues affecting business continuity and development. The final list of material issues was reviewed and approved by the Board.

Based on the assessment, the materiality matrix generated a total of 24 material sustainability matters, of which ten were selected and deemed as important material issues to the Company. These are ethical business and compliance, customer privacy, financial sustainability, health and safety, governance and transparency, anti-bribery and corruption, customer satisfaction, risk management, diversity and anti-discrimination as well as products and services.

MOVING FORWARD

We will continue to look for ways to strengthen and broaden our commitment to all aspects of sustainability. In the process we regularly review the progress we have made, continue to improve our policies, systems, and performance, and work to protect the environment and enrich the lives of communities where we operate.

YTL Power International Materiality Matrix



Highly material		Material	
1	Ethical business and compliance	11	Employee engagement
2	Customer privacy	12	Water efficiency
3	Financial sustainability	13	Scheduled waste disposal
4	Health and safety	14	Training and education
5	Governance and transparency	15	Climate and energy
6	Anti-bribery and corruption	16	Employee benefits
7	Customer satisfaction	17	Local community
8	Risk management	18	Education
9	Diversity and anti-discrimination	19	Sustainable supply chain
10	Products and services	20	Innovation and technology
		21	Biodiversity
		22	Air emission
		23	Waste management
		24	Arts and culture

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT that the Twenty-Fourth Annual General Meeting of YTL Power International Berhad ("the Company") will be held on Tuesday, the 1st day of December, 2020 at 10.00 a.m. and will be conducted as a **fully virtual** meeting through live streaming from the broadcast venue at the Town Hall, 8th Floor, Menara YTL, 205 Jalan Bukit Bintang, 55100 Kuala Lumpur, Wilayah Persekutuan, Malaysia **("Broadcast Venue")** 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 2020 together with the Reports of the Directors and Auditors thereon. **Please refer Explanatory Note A**

2. To re-elect the following Directors who retire pursuant to Article 86 of the Company's Constitution:-

   (i) Dato' Yeoh Seok Kian **Resolution 1**

   (ii) Dato' Sri Michael Yeoh Sock Siong **Resolution 2**

   (iii) Dato' Mark Yeoh Seok Kah **Resolution 3**

3. To approve the payment of fees to Non-Executive Directors amounting to RM861,640 for the financial year ended 30 June 2020. **Resolution 4**

4. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director for the period from January 2021 to December 2021. **Resolution 5**

5. To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS:-

6. **PROPOSED AUTHORITY TO ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016**

   "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 twenty per centum (20%) 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." **Resolution 7**

7. **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 2019, 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 retained profits of the Company at the time of purchase by the Company of its own shares; 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 dividends 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;

Notice of Annual General Meeting

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 8**

8. **PROPOSED RENEWAL OF SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE**

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into recurrent related party transactions from time to time with related parties as specified in section 2.3 of the Circular to Shareholders dated 30 October 2020 ("Related Parties") subject to the following:-

(i) the transactions are of a revenue or trading in nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholder mandate in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements;

THAT the mandate given by the shareholders of the Company shall continue to be in force 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 to be held pursuant to Section 340(2) of the Companies Act, 2016 (the "Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); unless revoked or varied by Ordinary Resolution of the shareholders of the Company in general meeting, whichever is the earlier;

AND THAT the Directors of the Company be authorised to complete and do such acts and things as they may consider expedient or necessary to give full effect to the shareholder mandate." **Resolution 9**

By Order of the Board,

HO SAY KENG
Company Secretary

Kuala Lumpur
30 October 2020

Notes:-

REMOTE PARTICIPATION AND VOTING

1. *The Annual General Meeting ("AGM") will be conducted on a virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities provided by the appointed share registrar and poll administrator for the AGM, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIIH Online website at https://tiih.online. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at http://ytlpowerinternational.com/meetings to register, participate, speak (in the form of real time submission of typed texts) and vote remotely via the RPV facilities.*

BROADCAST VENUE

2. *The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairperson of the meeting to be at the main venue of the meeting. Members/proxies/ representatives are not allowed to be physically present at the Broadcast Venue on the day of the AGM.*

PROXY

3. *A member (including an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via the RPV facilities.*
4. *Where a member is an Exempt Authorised Nominee as defined under the SICDA, 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.*
5. *A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
6. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised in writing.*
7. *The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor not less than 48 hours before the time appointed for holding the AGM i.e. no later than* ***29 November 2020 at 10:00 a.m.****:*

   (i) In hardcopy form ***[applicable for all members]***

   The original Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,

   or alternatively,

   at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) By Tricor Online System (TIIH Online) ***[applicable only for members who are individuals]***

   The Form of Proxy can be electronically lodged with Tricor via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.
8. *For the purpose of determining a member who shall be entitled to attend the AGM via the RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 59 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 23 November 2020. Only a depositor whose name appears on the General Meeting Record of Depositors as at 23 November 2020 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote in his stead.*

REPRESENTATIVE FROM CORPORATE MEMBER

9. *For a corporate member who has appointed an authorized representative, please deposit the original certificate of appointment of corporate representative with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,*

   or alternatively,

   at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment proposes to vote.

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.

Retirement of Director

Tan Sri Datuk Dr. Aris Bin Osman @ Othman, an Independent Non-Executive Director, has via a letter dated 12 May 2020 informed the Board of Directors of the Company that he does not wish to seek re-election pursuant to Article 86 of the Company's Constitution. Hence, he will retire at the conclusion of the Twenty-Fourth AGM.

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 5 is passed, the meeting attendance allowance will be payable for such period at the quantum specified.

Explanatory Notes to Special Business –

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

Resolution 7, if passed, will give the Directors authority to allot and issue ordinary shares at any time up to a maximum of 20% of the total number of issued shares of the Company ("20% General Mandate") for such purposes as the Directors consider expedient and in the best interest of the Company. This authority will expire at the next AGM of the Company unless revoked or varied by the Company at a general meeting.

The 20% limit is the increased limit (from the 10% limit prescribed in the Listing Requirements) accorded to listed issuers by Bursa Malaysia Securities Berhad vide its letter dated 16 April 2020 as part of its interim relief measures to help listed issuers raise funds quickly and efficiently during this challenging time as a result of the pandemic.

The Board of Directors of the Company is of the view that the 20% General Mandate will provide the Company the flexibility to raise capital in a fast and timely manner for funding future investment project(s), working capital and/or acquisitions or strategic opportunities involving equity deals such as but not limited to placement of shares. The cost and delay involved in convening a general meeting to approve such issuance of shares will be eliminated. As such, the Board of Directors considers the 20% General Mandate proposal to be in the best interest of the Company and its shareholders.

As at the date of this Notice, the Company has not issued any new shares pursuant to the mandate given to the Directors of the Company at the Twenty-Third Annual General Meeting held on 12 December 2019, which will lapse at the conclusion of this AGM.

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

For Resolution 8, further information on the Share Buy-Back is set out in Part A of the Statement to Shareholders dated 30 October 2020 which is dispatched together with the Company's Annual Report 2020.

Resolution pertaining to the Recurrent Related Party Transactions

For Resolution 9, further information on the Recurrent Related Party Transactions is set out in Part B of the Circular to Shareholders dated 30 October 2020 which is dispatched together with the Company's Annual Report 2020.

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 Twenty-Fourth 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 Twenty-Fourth 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 Hong
DSPN, JP
BEng (Hons) Civil & Structural Engineering, FFB

Directors
Tan Sri Datuk Dr. Aris Bin Osman @ Othman
PSM, PJN, KMN
PhD (Development Economics), MA (Development Economics), BA (Hons) (Analytical Economics)

Datuk Seri Long See Wool
SMW
Bachelor of Arts (Hons) Degree, Diploma in Public Administration

Datuk Loo Took Gee
PJN, DMSM, JSM
Master Degree in Policy Science, Bachelor of Arts (Honours) Degree, Diploma in Public Administration

Dato' Yeoh Seok Kian
DSSA
BSc (Hons) Bldg, MCIOB, FFB

Dato' Yeoh Soo Min
DSPN, DPMP, DIMP
BA (Hons) Accounting

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)

Syed Abdullah Bin Syed Abd. Kadir
BSc (Engineering Production), BCom (Economics)

Faiz Bin Ishak
Fellow of the Association of Chartered Certified Accountants

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2038 0888
Fax : 603 2038 0388

BUSINESS OFFICE

34th Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2038 0770
Fax : 603 2038 0790

REGISTRAR

YTL Corporation Berhad
33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2038 0888
Fax : 603 2038 0388

AUDIT COMMITTEE

Faiz Bin Ishak
(Chairman and Independent Non-Executive Director)

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Independent Non-Executive Director)

Datuk Seri Long See Wool
(Independent Non-Executive Director)

NOMINATING COMMITTEE

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Chairman and Independent Non-Executive Director)

Datuk Loo Took Gee
(Independent Non-Executive Director)

Faiz Bin Ishak
(Independent Non-Executive Director)

REMUNERATION COMMITTEE

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Chairman and Independent Non-Executive Director)

Datuk Seri Long See Wool
(Independent Non-Executive Director)

Datuk Loo Took Gee
(Independent Non-Executive Director)

Faiz Bin Ishak
(Independent Non-Executive Director)

AUDITORS

PricewaterhouseCoopers PLT
(LLP0014401 – LCA & AF 1146)
Chartered Accountants

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market (23.5.1997)

Profile of the Board of Directors

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 66, was appointed to the Board on 18 October 1996 as an Executive Director and has been the Managing Director of the Company 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 and Starhill Global Real Estate Investment Trust.

He was the Managing Director of YTL Corporation 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, 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 Executive Chairman of YTL Cement Berhad and Pintar Projek Sdn Bhd, the manager for 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 of 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 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 Officiale of the Order of the Star of Italy.

DATO' YEOH SEOK HONG

Malaysian, male, aged 61, was appointed to the Board on 18 October 1996 as an Executive Director. Dato' was redesignated to the position of Managing Director on 29 June 2018. He serves as Executive Director of YTL Corporation Berhad and Malayan Cement 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 Pembenaan 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 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.

TAN SRI DATUK DR. ARIS BIN OSMAN @ OTHMAN

Malaysian, male, aged 76, was appointed to the Board on 12 June 2006 as an Independent Non-Executive Director. He is the Chairman of the Nominating Committee and Remuneration Committee. He is also a member of the Audit Committee. Tan Sri Datuk Dr. Aris holds a PhD in Development Economics and a MA in Political Economy from Boston University, a MA in Development Economics from Williams College, Massachusetts, U.S.A., and a Bachelor of Arts (Hons) in Analytical Economics from University of Malaya.

Tan Sri Datuk Dr. Aris had served in various positions in the Economic Planning Unit, Prime Minister's Department from 1966 to 1986. He was seconded to Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad), Kuala Lumpur as Chief General Manager (Corporate Planning, Financial Subsidiaries, Treasury, Human Resources) from 1986 to 1989. From 1989 to 1999, Tan Sri Datuk Dr. Aris was with the Ministry of Finance during which he served as Executive Director (South-East Asia Group) of the World Bank, Washington D.C. from 1991 to 1994 and Secretary General to the Treasury from 1998 to mid-1999. This was followed by an illustrious career in banking where he held the positions of Executive Chairman and Managing Director/Chief Executive Officer of Bank Pembangunan dan Infrastruktur Malaysia Berhad. He was the Chairman of Malaysia Airports Holdings Berhad until his retirement in June 2012. He retired from his positions as director of AMMB Holdings Berhad and AmInvestment Bank Berhad in August 2015. He is currently a member of the board of trustees of YTL Foundation.

DATUK SERI LONG SEE WOOL

Malaysian, male, aged 65, was appointed to the Board on 28 December 2018 as an Independent Non-Executive Director. He is also a member of the Audit Committee and Remuneration Committee. He graduated with a Bachelor of Arts (Hons) Degree from University of Malaya and holds a Diploma in Public Administration from the National Institute of Public Administration (INTAN).

Datuk Seri Long See Wool served more than 34 years in the Ministry of Transport ("MOT") where he specialised in aviation. During his time with the MOT, he served as Assistant Secretary (Air Transport) and Principal Assistant Secretary (Airport Development) of Aviation division, MOT. He was subsequently appointed as Under Secretary of the Aviation Division, MOT from 16 May 2002 to 1 November 2006 and was appointed as the Deputy Secretary-General (Planning). He was the Secretary-General of MOT before his retirement in November 2014.

He was involved in the bilateral and multilateral negotiations of air traffic rights, planning and development of public transport infrastructure and air transport economics.

He has been a commissioner of Malaysia Aviation Commission ("MAVCOM") since 2016. He is the chairman of the Licensing and Air Traffic Rights Committee and the Consumer Protection Committee, as well as a member of the Competition and Economics Committee, all of which are held under MAVCOM.

Profile of the Board of Directors

DATUK LOO TOOK GEE

Malaysian, female, aged 64, was appointed to the Board on 28 December 2018 as an Independent Non-Executive Director. She is also a member of Nominating Committee and Remuneration Committee. She holds a Master Degree in Policy Science from Saitama University, Japan, a postgraduate Diploma in Public Administration from National Institute of Public Administration (INTAN) and Bachelor of Arts (Honours) Degree from University of Malaya.

Datuk Loo Took Gee served the Federal Government of Malaysia for 37 years as an officer of the Administrative and Diplomatic Service (ADS). She was appointed as the Secretary-General of the Ministry of Energy, Green Technology and Water, Malaysia, from 1 August 2010 until her retirement on 4 August 2016. Subsequently, she was appointed as the Advisor to Minister of Energy, Green Technology and Water, Malaysia, for one year from 1 September 2016 until 30 September 2017. One of her principal tasks as the Advisor was her secondment to Astana, Kazakhstan to take charge of the Malaysia Pavilion at the Future Energy Expo from June 2017 until 15 September 2017.

Her previous positions include Deputy Secretary-General (2), Ministry of Energy, Water and Communications, Malaysia from 9 April 2007 to July 2010; Undersecretary (International and Sustainable Energy), Energy Division, Ministry of Energy, Water and Communications, Malaysia from 1 January 2006 to 8 April 2007; Undersecretary (Policy and Industry Development), Energy Division, Ministry of Energy, Water and Communications, Malaysia from August 2002 to 31 December 2005; Principal Assistant Secretary (Energy), Ministry of Energy, Communications and Multimedia, Malaysia from October 1999 to August 2002; Principal Assistant Secretary, Ministry of Works, Malaysia from November 1990 to October 1999; Principal Assistant Director, Public Services Department, Malaysia from February 1983 to September 1988; and Assistant Director, Public Services Department, Malaysia from November 1979 to February 1983.

She is currently the Chairman of the Malaysia-Kazakhstan Business Council and also a board member of Hartalega Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. She sits on the boards of a few private companies.

DATO' YEOH SEOK KIAN

Malaysian, male, aged 63, was appointed to the Board on 21 October 1996 as an Executive Director. 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 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 Corporation 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 these companies. He is also an Executive Director of Malayan Cement 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' YEOH SOO MIN

Malaysian, female, aged 64, has been appointed to the Board on 2 June 1997 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 Corporation 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.

Profile of the Board of Directors

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, male, aged 60, was appointed to the Board on 21 October 1996 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 YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as Managing Director of Malayan Cement Berhad and Executive Director of YTL Corporation 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.

DATO' YEOH SOO KENG

Malaysian, female, aged 57, was appointed to the Board on 2 June 1997 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 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 Corporation Berhad and Malayan Cement 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 boards of the World Scout Foundation and YTL Foundation.

DATO' MARK YEOH SEOK KAH

Malaysian, male, aged 55, was appointed to the Board on 21 October 1996 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 Corporation Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an Executive Director and Chief Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He is 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.

Profile of the Board of Directors

SYED ABDULLAH BIN SYED ABD. KADIR

Malaysian, male, aged 66, was appointed to the Board on 18 February 1997 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 Corporation Berhad which is listed on Bursa Malaysia Securities Berhad, and YTL e-Solutions Berhad.

FAIZ BIN ISHAK

Malaysian, male, aged 62, was appointed to the Board on 26 November 2015 as an Independent Non-Executive Director. He is the Chairman of Audit Committee. He is also a member of Nominating Committee and Remuneration Committee. He became a graduate member of the Association of Chartered Certified Accountants (ACCA), United Kingdom, in 1982. He was admitted to Associateship and Fellowship of ACCA in 1993 and 1999, respectively.

He served in various roles related to finance in The New Straits Times Press (M) Berhad ("NSTP") from 1982 and his last appointment with NSTP was as Managing Director, which he held from 1999 to 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. He presently serves on the boards of YTL Corporation Berhad and Transocean Holdings Bhd, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also an entrepreneur in the retail food and beverages industry.

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 Hong	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	6
Datuk Seri Long See Wool	6
Datuk Loo Took Gee	6
Dato' Yeoh Seok Kian	6
Dato' Yeoh Soo Min	6
Dato' Sri Michael Yeoh Sock Siong	5
Dato' Yeoh Soo Keng	5
Dato' Mark Yeoh Seok Kah	5
Syed Abdullah Bin Syed Abd. Kadir	6
Faiz Bin Ishak	6

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 75, 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.

JOHN NG PENG WAH

Singaporean, male, aged 61, was appointed to the board of Director 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). He also serves as a board member of the Public Utilities Board.

LEE WING KUI

American, male, aged 53, 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.

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.

Notes:

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 2020, 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, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

Audit Committee Report

COMPOSITION

Faiz Bin Ishak
(Chairman/Independent Non-Executive Director)

Tan Sri Datuk Dr. Aris Bin Osman @ Othman
(Member/Independent Non-Executive Director)

Datuk Seri Long See Wool
(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference of the Audit Committee can be found under the "Governance" section on the Company's website at www.ytlpowerinternational.com.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 5 Audit Committee Meetings were held and the details of attendance are as follows:-

	Attendance
Faiz Bin Ishak	5
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	5
Datuk Seri Long See Wool	5

SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The Audit Committee carried out the following work during the financial year ended 30 June 2020 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 2019, and the annual audited financial statements for the financial year ended 30 June 2019 at the Audit Committee meetings held on 29 August 2019 and 25 September 2019, respectively;
- First, second and third quarters of the quarterly results for the financial year ended 30 June 2020 at the Audit Committee meetings held on 25 November 2019, 20 February 2020 and 16 June 2020, respectively.

(b) At the Audit Committee meetings, the Treasurer cum Departmental Head (Accounts) presented the Financial Reports wherein the following matters were reviewed and confirmed, with clarifications and/or additional information provided wherever required by the Managing 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 on goodwill, investment, property, plant and equipment and trade receivables, capitalisation policy of infrastructure assets in property, plant and equipment 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");
- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

2. External Audit

(a) Reviewed with the external auditors, PricewaterhouseCoopers PLT ("PwC"):-

- their status report, and final report on the audit of the financial statements for financial year ended 30 June 2019 setting out their comments and conclusions on the significant audit and accounting matters highlighted and adequacy of disclosures in the financial statements. The review also covered the report on the IT General Controls review conducted on YTL Communications Sdn Bhd and an update on the prior financial year's findings, and internal control matters highlighted by the external auditors that arose during the course of their audit;
- the audit plan for the financial year ended 30 June 2020 outlining, amongst others, their scope of work, areas of audit emphasis, multi-location audit, and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/audit committee members and auditors.

(b) Reviewed the audit fees proposed by PwC together with management and recommended the fees agreed with PwC to the Board of Directors for approval.

(c) Had discussions with PwC twice on 29 August 2019 and 25 September 2019, without the presence of management, to apprise on matters in regard to the audit and financial statements. The Audit Committee also enquired about the assistance and co-operation given by management to PwC.

(d) Reviewed the profiles of the audit engagement team from PwC Malaysia, specialised audit support (taxation, advisory, and IT risk assurance), and component auditors from Singapore, Indonesia, Jordan and The Netherlands to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process. PwC also provided written confirmation of their independence in all of the reports presented to the Audit Committee. The Audit Committee also reviewed on a regular basis, the nature and extent of the non-audit services provided by PwC and was satisfied with the suitability, performance, independence and objectivity of PwC.

(e) Assessed performance of PwC for the financial year ended 30 June 2019 and recommended to the Board of Directors that shareholders' approval be sought for PwC's re-appointment at the annual general meeting held on 12 December 2019.

3. Internal Audit

(a) 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. Also took note of the salient findings set out in the internal audit reports reviewed by the audit committees of Wessex Water Limited group;

(b) Reviewed and adopted the internal audit risk analysis reports for 2020. 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. Risk management and internal control reports of the significant associated corporations, P.T. Jawa Power and ElectraNet Pty Ltd were also submitted to the Audit Committee;

(c) Reviewed and adopted the risk-based internal audit plan for financial year ending 30 June 2021 to ensure sufficient scope and coverage of activities of the Company and the Group;

(d) 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")**

   (a) 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;

   (b) 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;

   (c) Reviewed the 2019 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. **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 2019 Annual Report.

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 Malaysian Code on Corporate Governance, 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.

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 recommended 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 RM1,192,817 were incurred in relation to the internal audit function for the financial year ended 30 June 2020.

Nominating Committee Statement

for the financial year ended 30 June 2020

NOMINATING COMMITTEE ("NC")

The NC assists the Board of Directors of YTL Power International 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 Power Group").

The terms of reference of the NC can be found under the "*Governance*" section on the Company's website at www.ytlpowerinternational.com.

Members of the NC are as follows:-

- Tan Sri Datuk Dr. Aris Bin Osman @ Othman *(Chairman)*
- Datuk Loo Took Gee
- Faiz Bin Ishak

The NC met twice during financial year ended 30 June 2020, attended by all members.

ACTIVITIES OF THE NC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

(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.

- **Review of Directors proposed for re-election**

  In accordance with Article 86 of the Company's Constitution ("Article 86"), 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 2020, based on the results of the assessment undertaken for the financial year, the NC resolved to recommend to the Board that Dato' Yeoh Seok Kian, Dato' Sri Michael Yeoh Sock Siong and Dato' Mark Yeoh Seok Kah who are due to retire pursuant to Article 86 at the Twenty-Fourth Annual General 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.

  The NC also reported to the Board of the decision of Tan Sri Datuk Dr. Aris Bin Osman @ Othman ("Tan Sri Datuk Aris"), who is due to retire pursuant to Article 86 at the AGM, not to stand for re-election and that he will therefore retire at the conclusion of the AGM. Concurrent with Tan Sri Datuk Aris's retirement, he will cease to be the chairman of the NC and Remuneration Committee, and a member of the Audit Committee of the Company. The Board extends its thanks and appreciation to Tan Sri Datuk Aris for his many years of invaluable contribution, commitment and support to the Company.

(b) Annual assessment

In May 2020, 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/their 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 2020 and reported to the Board by the Chairman of the NC. No evident weakness or shortcoming was identified which require mitigating measure. The Board and the Board Committees continue to operate effectively and the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the year ended 30 June 2020 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 the evaluation criteria in the assessment forms and resolved that the same be maintained as they remained relevant and consistent with the Malaysian Code on Corporate Governance and Bursa Malaysia Securities Berhad Main Market Listing Requirements.

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, three of the Company's Directors are women and 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.

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 Power Group as well as an ongoing reference. Visits to the YTL Power Group's operational sites and meetings with senior management may also be arranged as practicable and appropriate.

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.

Nominating Committee Statement

for the financial year ended 30 June 2020

During the financial year ended 30 June 2020, the following two in-house training programmes were organised for the Directors:

- YTL Leadership Conference 2019;
- Integrated Reporting for Directors of Public Listed Companies.

All the Directors have undergone training programmes during the financial year ended 30 June 2020. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
Corporate Governance ("CG")/Risk Management and Internal Controls/ Anti-Corruption/Financial	
Bursa Malaysia's Sustainability Advocacy Programme: Recommendation of the Task Force on Climate-Related Financial Disclosure (9 July 2019)	Datuk Loo Took Gee Faiz Bin Ishak
Bursa Malaysia – "Integrated Reporting: Communicating Value Creation" Programme (16 October 2019)	Syed Abdullah Bin Syed Abd. Kadir
Bursa Malaysia – Session on Corporate Governance & Anti-Corruption (31 October 2019)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman Dato' Yeoh Soo Min
Bursa Malaysia's Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009 (5 November 2019)	Syed Abdullah Bin Syed Abd. Kadir
Malaysian Institute of Corporate Governance – Related Party Transactions: Conflict of Interest – Implications to the Board of Directors, Audit Committee and Management (18 November 2019)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman
The Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees (22 November 2019)	Faiz Bin Ishak
Malaysian Institute of Corporate Governance – Board Evaluation & Effectiveness Assessment (3 December 2019)	Faiz Bin Ishak
Integrated Reporting for Directors of Public Listed Companies (12 March 2020)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Tan Sri Datuk Dr. Aris Bin Osman @ Othman Datuk Seri Long See Wool Datuk Loo Took Gee Dato' Yeoh Soo Min Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Soo Keng Dato' Mark Yeoh Seok Kah Faiz Bin Ishak

Nominating Committee Statement
for the financial year ended 30 June 2020

Seminars/Conferences/Training	Attended by
Corporate Governance/Risk Management and Internal Controls/ Anti-Corruption/Financial (Cont'd.)	
YTL Anti-Bribery & Corruption Online Training (June 2020)	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 Syed Abdullah Bin Syed Abd. Kadir
Trade/Economic Development/Investment/Technology	
Beyond Paradigm Summit 2019 (17 & 18 July 2019)	Syed Abdullah Bin Syed Abd. Kadir
Demystifying the Diversity Conundrum: The Road to Business Excellence (14 August 2019)	Datuk Loo Took Gee
Financing the Sustainable Development Goals: Malaysian Private Sector Role in Bridging the Gap from Goals to Actions (11 September 2019)	Faiz Bin Ishak
Malaysian Dutch Business Council – Sustainability by Design: Practical Steps for Malaysian Businesses (17 September 2019)	Syed Abdullah Bin Syed Abd. Kadir
Organisation for Economic Co-operation and Development – Asian Public Governance Forum on Gender Quality and Mainstreaming (12 & 13 December 2019)	Dato' Yeoh Soo Min
World Bank Group – Launch of 21st edition of the Malaysia Economic Monitor – "Making Ends Meet" (9 December 2019)	Datuk Loo Took Gee
YTL Foundation Online Dialogue: Education in an age of uncertainty (12 June 2020)	Dato' Yeoh Soo Min Dato' Yeoh Soo Keng
Leadership and Business Management/Corporate Responsibility/Sustainability	
ZafigoX 2019 Forum (21 & 22 September 2019)	Dato' Yeoh Soo Min
The 25th World Route Development Forum 2019 (21 to 24 September 2019)	Datuk Seri Long See Wool
Bursa Malaysia's Thought Leadership Series – Sustainability Inspired Innovations: Enablers of the 21st Century (23 September 2019)	Tan Sri Datuk Dr. Aris Bin Osman @ Othman
YTL Leadership Conference 2019 (15 November 2019)	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping Tan Sri Datuk Dr. Aris Bin Osman @ Othman Datuk Seri Long See Wool Datuk Loo Took Gee 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 Syed Abdullah Bin Syed Abd. Kadir Faiz Bin Ishak

Corporate Governance Overview Statement

for the financial year ended 30 June 2020

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

The YTL Power 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 Power 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 2020 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 2020 is available at the Company's website at www.ytlpowerinternational.com and has been released via the website of Bursa Securities at www.bursamalaysia.com in conjunction with the Annual Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Responsibilities of the Board

YTL Power 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 Power Group's operations. This broad spectrum of skills and experience ensures the YTL Power 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 Power Group.

Key elements of the Board's stewardship responsibilities include:

- Reviewing and adopting strategic plans for the YTL Power Group to ensure long-term, sustainable value creation for the benefit of its stakeholders;
- Overseeing the conduct of the YTL Power 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 Power 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 Hong, 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 the vision, management philosophy and business strategy to employees, and keeping the Board informed of salient aspects and issues concerning the Group's operations.

The Managing Director and Executive Directors are accountable to the Board for the profitability and development of the YTL Power 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 Power 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 Power 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 Power 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 Power Group. Further information on the YTL Power Group's sustainability activities can be found in the Managing Sustainability section in 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 Power 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 2020.

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 Power 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 Power 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.

Corporate Governance Overview Statement

for the financial year ended 30 June 2020

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' 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.ytlpowerinternational.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 Power has an established track record for good governance and ethical conduct and is also guided by the corporate culture of its parent company, YTL Corporation Berhad ("YTL Corp").

The Code of Conduct and Business Ethics, which also sets out the whistleblowing policy and procedures, was formalised by the YTL Group of Companies during the last financial year 30 June 2019 and further updated during the current financial year under review, following the adoption and implementation of the YTL Group's Anti-Bribery and Corruption Policy, as detailed in the following section. A copy of the Code of Conduct and Business Ethics can be found on the Company's website at www.ytlpowerinternational.com.

Anti-Bribery and Corruption Policy ("ABC Policy")

During the financial year under review, the ABC Policy was formalised for the YTL Group. The objective of the ABC Policy is to further enforce the YTL Group's Code of Conduct and Business Ethics in order to ensure that all Directors and employees understand their responsibilities in compliance with the YTL Group's zero tolerance for bribery and corruption within the organisation. This is in line with the new corporate liability provision in Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act") which came into force on 1 June 2020.

The ABC Policy was deliberated and approved by the Board on 20 February 2020. It outlines the YTL Group's strategies in identifying, preventing and managing bribery and corruption issues. The policies and procedures put in place are guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of MACC Act. The ABC Policy applies to all Directors, managers and employees of the Company in dealing with external parties in the commercial context. The policy will be reviewed at least once every three years to ensure that it continues to remain relevant, appropriate and effective to enforce the principles highlighted therein and to ensure continued compliance with the prevailing law. A copy of the ABC Policy can be found on the Company's website at www.ytlpowerinternational.com.

A comprehensive implementation plan has been established to communicate and disseminate the ABC Policy throughout the YTL Group through online training modules and other communication methods. Previously planned town hall sessions have been substituted with more electronic communications in compliance with the physical distancing guidelines implemented in response to the COVID-19 pandemic.

All directors and employees of the YTL Group are required to read and understand the ABC Policy and the Code of Conduct and Business Ethics, successfully complete the online training modules to reinforce their understanding of the policy and sign the YTL Group's Integrity Pledge in acknowledgement of their obligations and responsibilities.

Compliance with the ABC Policy will be monitored closely, both on an ongoing basis and in conjunction with the annual assessment of the Group's corruption risks. The annual risk assessment is carried out to identify the corruption risks to which the Group is exposed and the appropriateness of the mitigation measures established to minimise the exposure to these risks.

Composition of the Board

The Board currently has 12 Directors, comprising 8 executive members and 4 independent non-executive members. The Independent Directors comprised 33.3% of the Board, providing an effective check and balance in the functioning of the Board, and 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.

YTL Power is 55.21%-owned by YTL Corp, which is in turn 50.02%-owned by Yeoh Tiong Lay & Sons Holdings Sdn Bhd (as at 30 June 2020). The Executive Directors are appointed by the major shareholder in accordance with its rights under the Companies Act 2016 and the Constitution of the Company. The interests of the major shareholder are fully aligned with those of all shareholders of the Company.

YTL Power is majority-owned by a single shareholder, unlike other listed companies that may have a dispersed shareholder base which enables a shareholder to exercise control despite holding a minority stake.

The expertise and experience in both the day-to-day running of the Group's businesses and the determination and setting of its broader strategy, lies with the Executive Directors in order to ensure the ongoing ability to fulfil their roles and responsibilities as stewards of the Group's businesses.

Nevertheless, the Company has in place appropriate and rigorous governance structures and internal controls necessary to safeguard the assets of the Group and protect shareholder value. There is robust oversight in the form of the Board's Audit, Remuneration and Nominating committees, all of which are chaired by and comprise solely Independent Non-Executive Directors.

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.

Tan Sri Datuk Dr. Aris Bin Osman @ Othman, having served as an Independent Non-Executive Director for around 14 years, will not be seeking re-election when he retires as a Director during the forthcoming Annual General Meeting ("AGM").

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.ytlpowerinternational.com.

Corporate Governance Overview Statement

for the financial year ended 30 June 2020

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, with due regard for diversity, taking into account the required mix of skills, experience, age, gender, ethnicity, background and perspective of members of the Board before submitting its recommendation to the Board for decision. The Nominating Committee is chaired by and comprises solely Independent Non-Executive Directors.

Whilst it has, to date, not been necessary to do so given the expertise of the Independent Non-Executive Directors, 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, gender, ethnicity, background and perspective, 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 on the Board comprising 25% of the Board and, therefore, whilst the Board has not met the target of 30% women directors set out in the Code, it will continue to seek Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the YTL Power 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.ytlpowerinternational.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 Power Group successfully. In general, the remuneration of the Directors is reviewed against the performance of the individual and the YTL Power 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.

During the financial year under review, a Remuneration Committee was established to implement the policies and procedures on remuneration of Directors and to make recommendations to the Board on matters relating to the remuneration of Directors. The Remuneration Committee will begin reporting on its activities in the next financial year ending 30 June 2021.

Details of the Directors' remuneration categorised into appropriate components can be found in *Note 6* in the *Notes to the Financial Statements* in this Annual Report. Meanwhile, as regards the remuneration of the YTL Power 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 Power Group due to confidentiality and the competitive nature of the industries in which the YTL Power 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 time are focused on the affairs of the YTL Power 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.ytlpowerinternational.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

The Company has in place an Audit Committee which comprises solely Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code, namely En Faiz Bin Ishak, Tan Sri Datuk Dr. Aris Bin Osman @ Othman and Datuk Seri Long See Wool. The Chairman of the Audit Committee is En Faiz Bin Ishak, in accordance with the recommendations of 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 Power 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 5 times during the financial year ended 30 June 2020. 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.ytlpowerinternational.com.

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

The Audit Committee has established formal policies to assess the suitability, objectivity and independence of the external auditors. 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 of the Audit Committee members were formerly audit partners of YTL Power's external auditors.

Corporate Governance Overview Statement

for the financial year ended 30 June 2020

Details of the audit and non-audit fees paid/payable to PwC Malaysia and its affiliates for the financial year ended 30 June 2020 are as follows:-

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to:-		
- PwC Malaysia	**717**	**777**
- Affiliates of PwC Malaysia*	**-**	**722**
Total	**717**	**1,499**
Non-audit fees paid/payable to:-		
- PwC Malaysia	**127**	**183**
- Affiliates of PwC Malaysia*	**-**	**1,450**
Total	**127**	**1,633**

* *Member firms of an organisation which are separate and independent legal entities from PwC Malaysia*

The non-audit fees incurred related mainly to advisory services on matters including merger and acquisition transactions, pension schemes, filing of tax returns, other general tax services and a regulatory audit in the jurisdictions in which the Group operates.

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 Power 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 Power 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 Power's internal audit function is carried out by the Internal Audit department within the YTL Corp Group ("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 37 years of internal and external audit experience.

YTLIA comprises 9 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 Power 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 Power 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 Power 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.ytlpowerinternational.com and the YTL Corp Group's community website at 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 Power Group's financial results but to provide updates on strategies and new developments to ensure better understanding of the YTL Power Group's operations and activities. Presentations based on permissible disclosures are made to explain the YTL Power 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 Power Group is not disclosed to any party until after the prescribed announcement to Bursa Securities has been made.

Corporate Governance Overview Statement

for the financial year ended 30 June 2020

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 Power Group, the resolutions being proposed and the business of the YTL Power 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 Power 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 Power 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 Power 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.

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.

In view of the ongoing COVID-19 pandemic, the forthcoming 24th AGM will be held on a fully virtual basis, the details of which can be found in the *Notice of Annual General Meeting* in this Annual Report.

The rights of shareholders, including the right to demand a poll, are found in the Constitution of the Company. At the 23rd AGM of the Company, held on 12 December 2019, 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 30 September 2020.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2020

During the financial year under review, YTL Power International Berhad ("YTL Power" or "Company") and its subsidiaries ("YTL Power Group") continued to enhance the YTL Power 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 Power 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 Power 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 Power 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 Power 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 POWER 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 Power Group and its staff conduct themselves. The principal features which formed part of the YTL Power Group's system of internal control can be summarised as follows:-

- **Authorisation Procedures:** The YTL Power 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 Power 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 Power Group has delegated authority levels for major tenders, capital expenditure projects, acquisitions and disposals of businesses and other significant transactions to the Managing Director/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 Power 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 2020

- **Internal Compliance:** The YTL Power 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 Power 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 POWER 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 Power Group's internal audit function is carried out by the Internal Audit department within the YTL Corporation Berhad Group ("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.ytlpowerinternational.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.

Similarly, the companies of the YTL PowerSeraya Pte Limited group ("YTL PowerSeraya") 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 to a reputable professional firm which reports to its audit committee and its findings are also presented to the 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 Power Group is effective to safeguard its interests.

- **Executive Board/Senior Management Meetings:** The YTL Power Group conducts regular meetings of the executive board/senior management which comprise the Executive Chairman/Managing Directors/Executive Directors and divisional heads/senior managers. These meetings are convened to deliberate and decide upon urgent company matters and to review, identify, discuss and resolve significant financial and treasury matters and to monitor the financial standing of the YTL Power Group. They also serve to ensure that any new financial developments and/or areas of concern are highlighted early and can be dealt with promptly. Decisions can then be effectively communicated to all relevant staff levels in a timely manner. From these meetings, the executive board/management is able to identify significant operational and financial risks of the business units concerned.

- **Site Visits:** The Managing Director/Executive Directors undertake site visits to production and operating units 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 Managing Director/Executive Directors maintain a transparent and open channel of communication for effective operation.

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

The YTL Power 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 Power Group's strategy of acquiring regulated assets and financing acquisitions on a non-recourse basis. These include 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 Power Group's business activities involve some degree of risk. The YTL Power 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 Power Group's operations in order to enhance shareholder value.

The Board assumes overall responsibility for the YTL Power Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the YTL Power 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 Power Group and report these findings to the Audit Committee. During the financial year under review, the Board's functions within the risk management framework were exercised primarily by the Managing Director/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 Power 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 Power Group's overall financial risk management objective is to ensure that the YTL Power Group creates value for its shareholders. The YTL Power 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 Power 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 Power Group's risk management is contained in the *Management Discussion & Analysis* in this Annual Report.

Management is responsible for creating a risk-aware culture within the YTL Power 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

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2020

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 Power 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

As required under Paragraph 15.23 of the Listing Requirements, the external auditors, PricewaterhouseCoopers PLT, have reviewed this Statement on Risk Management & Internal Control. Their review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants. Based on their review, they have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in reviewing the adequacy and integrity of internal control and risk management of the YTL Power Group. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the YTL Power Group.

CONCLUSION

The Board is of the view that the system of risk management and internal control being instituted throughout the YTL Power 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 Power 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 Power and has provided assurance to the Board that the YTL Power 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 Power Group's assets.

This statement was approved by the Board of Directors on 28 August 2020.

Analysis of Shareholdings

as at 21 September 2020

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#	%
Less than 100	5,900	13.48	207,400	0.00
100 - 1,000	4,544	10.38	2,170,489	0.03
1,001 - 10,000	22,165	50.65	85,170,184	1.11
10,001 - 100,000	9,684	22.13	276,867,184	3.61
100,001 to less than 5% of issued shares	1,468	3.35	2,232,983,571	29.09
5% and above of issued shares	5	0.01	5,077,900,198	66.16
Total	**43,766**	**100.00**	**7,675,299,026**	**100.00**

Excluding 482,909,712 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	YTL Corporation Berhad	3,168,929,699	41.29
2	YTL Corporation Berhad	565,849,050	7.37
3	Cornerstone Crest Sdn Bhd	494,999,998	6.45
4	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	435,697,049	5.68
5	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	412,424,402	5.37
6	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	295,353,625	3.85
7	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Yeoh Tiong Lay & Sons Holdings Sdn Bhd	289,680,000	3.77
8	HSBC Nominees (Asing) Sdn Bhd - Credit Suisse (Hong Kong) Limited	238,513,255	3.11
9	Amanahraya Trustees Berhad - Amanah Saham Malaysia 2 - Wawasan	117,791,696	1.53
10	Dato' Yeoh Seok Hong	103,720,821	1.35
11	Amanahraya Trustees Berhad - Amanah Saham Malaysia	93,748,400	1.22
12	Citigroup Nominees (Tempatan) Sdn Bhd - Urusharta Jamaah Sdn Bhd (1)	49,017,630	0.64
13	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 3 - Didik	29,164,732	0.38
14	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AFFIN-HWG)	26,853,273	0.35
15	Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	23,803,162	0.31
16	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Asset Management Sdn Bhd for Malayan Banking Berhad (N14011200618)	23,310,965	0.30

Analysis of Shareholdings

as at 21 September 2020

	Name	No. of Shares	%
17	Dato' Yeoh Seok Hong	22,307,398	0.29
18	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (SHF)	21,435,200	0.28
19	Kumpulan Wang Persaraan (Diperbadankan)	21,248,089	0.28
20	Dato' Yeoh Soo Min	17,199,678	0.22
21	HSBC Nominees (Asing) Sdn Bhd - TNTC for International Monetary Fund Staff Retirement Plan	15,302,700	0.20
22	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Hasil Mayang Sdn Bhd	14,336,235	0.19
23	Dato' Yeoh Soo Keng	13,939,576	0.18
24	Alliancegroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Goh Leng Pheow (MU006)	12,915,000	0.17
25	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LBF)	11,975,700	0.16
26	Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	11,715,443	0.15
27	Citigroup Nominees (Tempatan) Sdn Bhd - Manulife Insurance Berhad (OL PAR)	11,523,400	0.15
28	HSBC Nominees (Asing) Sdn Bhd - Exempt An for Credit Suisse (SGBR-TST-ASING)	11,330,242	0.15
29	Dato' Mark Yeoh Seok Kah	11,415,718	0.15
30	Yeoh Tiong Lay & Sons Holdings Sdn Bhd	11,103,080	0.14
	Total	**6,576,605,216**	**85.68**

SUBSTANTIAL SHAREHOLDERS

(as per register of substantial shareholders)

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Cornerstone Crest Sdn Bhd	494,999,998	6.45	-	-
YTL Corporation Berhad	3,742,729,828	48.76	495,102,838(1)	6.45
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	755,671,605	9.85	4,237,832,666(2)	55.21
Yeoh Tiong Lay & Sons Family Holdings Limited	-	-	4,993,504,271(3)	65.06
Yeoh Tiong Lay & Sons Trust Company Limited	-	-	4,993,504,271(4)	65.06
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	23,803,162	0.31	4,993,504,271(5)	65.06
Employees Provident Fund Board	445,177,675	5.80	-	-

(1) *Deemed interests by virtue of interests held through YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

(2) *Deemed interests by virtue of interests held through YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*

(3) *Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Holdings Sdn Bhd.*

(4) *Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest 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.*

(5) *Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power Services Sdn Bhd and Cornerstone Crest 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 21 September 2020

THE COMPANY

YTL Power International Berhad

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	20,113,596	0.26	290,780[(1)]	*
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	-	-	107,701[(1)]	*
Datuk Seri Long See Wool	-	-	47,217[(1)]	*
Dato' Yeoh Seok Kian	10,612,987	0.14	12,909,578[(1)]	0.17
Dato' Yeoh Soo Min	17,944,778	0.23	4,687,077[(1)(2)]	0.06
Dato' Yeoh Seok Hong	126,028,219	1.64	5,115,520[(1)]	0.07
Dato' Sri Michael Yeoh Sock Siong	-	-	17,047,448[(1)(3)]	0.22
Dato' Yeoh Soo Keng	16,039,576	0.21	185,818[(1)]	*
Dato' Mark Yeoh Seok Kah	11,415,718	0.15	1,443,626[(1)]	0.02
Syed Abdullah Bin Syed Abd. Kadir	2,429,425	0.03	561[(1)]	*

	No. of Share Options	
Name	**Direct**	**Indirect**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	17,000,000	-
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	1,000,000	-
Dato' Yeoh Seok Kian	15,000,000	-
Dato' Yeoh Soo Min	13,000,000	-
Dato' Yeoh Seok Hong	10,000,000	4,500,000[(1)]
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	-

HOLDING COMPANY

YTL Corporation Berhad

	No. of Shares Held			
Name	**Direct**	**%**	**Indirect**	**%**
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	145,011,239	1.36	500,000[(1)]	*
Datuk Seri Long See Wool	-	-	293,690[(1)]	*
Dato' Yeoh Seok Kian	56,621,344	0.53	13,447,566[(1)]	0.13
Dato' Yeoh Soo Min	53,421,290	0.50	2,414,960[(1)(2)]	0.02
Dato' Yeoh Seok Hong	52,425,780	0.49	24,020,752[(1)]	0.23
Dato' Sri Michael Yeoh Sock Siong	-	-	75,092,727[(1)(3)]	0.71
Dato' Yeoh Soo Keng	56,213,386	0.53	773,378[(1)]	0.01
Dato' Mark Yeoh Seok Kah	21,932,775	0.21	4,085,708[(1)]	0.04
Syed Abdullah Bin Syed Abd. Kadir	9,592,215	0.09	20,034[(1)]	*

Statement of Directors' Interests

in the Company and Related Corporations as at 21 September 2020

Name	No. of Share Options	
	Direct	Indirect
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	17,000,000	12,000,000(1)
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	–	50,000(1)
Dato' Yeoh Seok Kian	15,000,000	6,000,000(1)
Dato' Yeoh Soo Min	15,000,000	2,000,000(1)
Dato' Yeoh Seok Hong	15,000,000	12,000,000(1)
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	–

RELATED CORPORATIONS

Malayan Cement Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	–	–	500,000(1)	0.06
Dato' Sri Michael Yeoh Sock Siong	–	–	2,100(1)	*

Syarikat Pelancongan Seri Andalan (M) Sdn Bhd§ (In Members Voluntary Winding-Up)

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

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

	No. of Shares Held	
Name	**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

Samui Hotel 2 Co. Ltd

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

* *Negligible*
§ *Commenced winding-up on 22.11.2019*
(1) *Deemed interests by virtue of interests held by spouse and/or children pursuant to Section 59(11)(c) of the Companies Act, 2016.*
(2) *Deemed interests by virtue of interests held by Tan & Yeoh Properties Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.*
(3) *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 2020

Location	Tenure	Land Area (sq. m.)	Description and Existing Use	Built up Area (sq. m.)	Approximate Age of Building (years)	Lease Expiry Date	Net Book Value as at 30 June 2020 RM'000	Date of Acquisition
Filton Airfield, Filton, Bristol	Freehold	1,416,400	Disused Airfield & Hangars	-	-	-	559,644	1.12.2015
Avonmouth WRC, Kings Weston Lane, Avonmouth, Bristol BS11 0YS	Freehold	394,600	Water Recycling Centre	-	-	-	418,128	21.5.2002
W-S-Mare WRC, Accomodation Road, Bleadon, Weston Super Mare, BS24 0AP	Freehold	157,500	Water Recycling Centre	-	-	-	203,675	21.5.2002
Poole WRC, Cabot Lane, Poole, Dorset, BH17 7BX	Freehold	91,800	Water Recycling Centre	-	-	-	193,497	21.5.2002
Ham Lane WRC, Creech St. Michael, Taunton, Somerset TA3 5NU	Freehold	120,000	Water Recycling Centre	-	-	-	173,430	21.5.2002
Trowbridge WRC, Bardford Road, Trowbridge, West Wilts, BA14 9 AX	Freehold	60,000	Water Recycling Centre	-	-	-	165,911	21.5.2002
Operations Centre, Claverton Down Road, Claverton Down, Bath BA2 7WW	Freehold	27,100	Head Office	5,640	18	-	128,447	21.5.2002
Maundown Water Treatment Works, Maundown, Wiveliscombe, Taunton, TA4 2UN	Freehold	68,500	Water treatment works	-	-	-	111,113	21.5.2002
Sutton Bingham WTW, Sutton Bingham, Yeovil, South Somerset, BA22 9QL	Freehold	21,000	Water treatment works	-	-	-	91,104	21.5.2002
Berry Hill, Watery Lane, Throop, Bournemouth BH8 0AJ	Freehold	41,300	Sludge Recycling Centre	-	-	-	90,867	21.5.2002

FINANCIAL STATEMENTS

Directors' Report

for the financial year ended 30 June 2020

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 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities and information of the subsidiaries are set out in Note 14 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and the subsidiaries during the financial year.

FINANCIAL RESULTS

	Group	Company
	RM'000	RM'000
Profit for the financial year	**127,704**	**571,263**
Attributable to:		
- Owners of the parent	67,638	571,263
- Non-controlling interests	60,066	-
	127,704	571,263

DIVIDENDS

The dividend paid by the Company since the end of the last financial year was as follows:

	RM'000
In respect of the financial year ended 30 June 2019:	
- Interim dividend of 5 sen per ordinary share paid on 13 November 2019	383,765

The Board of Directors do not recommend any dividend to be paid for the financial year ended 30 June 2020.

Directors' Report

for the financial year ended 30 June 2020

RESERVES AND PROVISIONS

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

SHARE CAPITAL

The issued and fully paid up share capital of the Company is 8,158,208,738 ordinary shares. There were no new shares issuance during the financial year.

TREASURY SHARES

The shareholders of the Company, by way of a resolution passed in the 23rd Annual General Meeting held on 12 December 2019, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

On 28 August 2020, the Board of Directors declared a distribution of treasury shares on the basis of one (1) treasury share for every sixteen (16) ordinary shares held. The book closure date for the distribution is on 28 October 2020 and will be credited to entitled shareholders within 10 market days of the book closure date.

Details of treasury shares are set out in Note 25(b) to the financial statements.

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") for employees and Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation is governed by the by-laws approved by the shareholders of the Company at an Extraordinary General Meeting 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 24(a) to the financial statements.

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 30.6.2020**
Key management personnel	**13.64%***	**-**

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

Directors' Report
for the financial year ended 30 June 2020

EMPLOYEES' SHARE OPTION SCHEME (CONT'D.)

Details of options granted to Non-Executive Directors of the Company are as follows:

	Number of share options over ordinary shares in the Company			
Name of Director	**At 1 July 2019**	**Granted**	**Exercised**	**At 30 June 2020**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	1,000,000	–	–	**1,000,000**

DIRECTORS

The Directors who have held office during the financial year until the date of this report are as follows:

Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE
Tan Sri Datuk Dr. Aris Bin Osman @ Othman
Datuk Seri Long See Wool
Datuk Loo Took Gee
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
Syed Abdullah Bin Syed Abd. Kadir
Faiz Bin Ishak

DIRECTORS OF SUBSIDIARIES

The names of directors of the subsidiaries are not disclosed in this Report as a relief order under Section 255(1) of the Companies Act, 2016 (the "Act") has been granted by the Companies Commission of Malaysia relieving the Directors of the Company from full compliance with the requirements of Section 253(2) of the Act. The names of these Directors are set out in the respective subsidiaries' financial statements, where applicable.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of the Directors who held office at the end of the financial year in shares of the Company and its related corporations are as follows:

	Number of ordinary shares in the Company			
	At 1 July 2019	Acquired	Disposed	At 30 June 2020
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	20,013,596	100,000	-	**20,113,596**
Dato' Yeoh Seok Kian	10,612,987	-	-	**10,612,987**
Dato' Yeoh Soo Min	17,199,678	745,100	-	**17,944,778**
Dato' Yeoh Seok Hong	102,945,219	23,083,000	-	**126,028,219**
Dato' Yeoh Soo Keng	15,939,576	100,000	-	**16,039,576**
Dato' Mark Yeoh Seok Kah	9,575,718	1,740,000	-	**11,315,718**
Syed Abdullah Bin Syed Abd. Kadir	2,429,245	-	-	**2,429,245**
Deemed interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	90,780(1)	200,000	-	**290,780(1)**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	107,701(1)	-	-	**107,701(1)**
Datuk Seri Long See Wool	47,217(1)	-	-	**47,217(1)**
Dato' Yeoh Seok Kian	9,409,578(1)	3,500,000	-	**12,909,578(1)**
Dato' Yeoh Soo Min	3,829,577(1)(2)	857,500	-	**4,687,077(1)(2)**
Dato' Yeoh Seok Hong	5,115,520(1)	-	-	**5,115,520(1)**
Dato' Sri Michael Yeoh Sock Siong	17,047,448(1)(3)	-	-	**17,047,448(1)(3)**
Dato' Yeoh Soo Keng	185,818(1)	-	-	**185,818(1)**
Dato' Mark Yeoh Seok Kah	1,443,626(1)	-	-	**1,443,626(1)**
Syed Abdullah Bin Syed Abd. Kadir	561(1)	-	-	**561(1)**

Directors' Report
for the financial year ended 30 June 2020

DIRECTORS' INTERESTS (CONT'D.)

	Number of share options over ordinary shares in the Company			
	At 1 July 2019	Granted	Exercised	At 30 June 2020
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	17,000,000	-	-	**17,000,000**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	1,000,000	-	-	**1,000,000**
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**
Deemed interest				
Dato' Yeoh Seok Hong	4,500,000[(1)]	-	-	**4,500,000[(1)]**

	Number of ordinary shares			
Immediate Holding Company YTL Corporation Berhad	At 1 July 2019	Acquired	Disposed	At 30 June 2020
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	142,661,239	2,350,000	-	**145,011,239**
Dato' Yeoh Seok Kian	56,591,526	29,818	-	**56,621,344**
Dato' Yeoh Soo Min	52,833,890	587,400	-	**53,421,290**
Dato' Yeoh Seok Hong	52,425,780	-	-	**52,425,780**
Dato' Yeoh Soo Keng	56,164,966	48,420	-	**56,213,386**
Dato' Mark Yeoh Seok Kah	20,482,775	1,450,000	-	**21,932,775**
Syed Abdullah Bin Syed Abd. Kadir	9,592,215	-	-	**9,592,215**
Deemed interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	-	500,000	-	**500,000[(1)]**
Datuk Seri Long See Wool	293,690[(1)]	-	-	**293,690[(1)]**
Dato' Yeoh Seok Kian	13,447,566[(1)]	-	-	**13,447,566[(1)]**
Dato' Yeoh Soo Min	1,914,408[(1)(2)]	500,552	-	**2,414,960[(1)(2)]**
Dato' Yeoh Seok Hong	24,020,752[(1)]	-	-	**24,020,752[(1)]**
Dato' Sri Michael Yeoh Sock Siong	75,092,727[(1)(3)]	-	-	**75,092,727[(1)(3)]**
Dato' Yeoh Soo Keng	773,378[(1)]	-	-	**773,378[(1)]**
Dato' Mark Yeoh Seok Kah	4,085,708[(1)]	-	-	**4,085,708[(1)]**
Syed Abdullah Bin Syed Abd. Kadir	20,034[(1)]	-	-	**20,034[(1)]**

DIRECTORS' INTERESTS (CONT'D.)

Immediate Holding Company YTL Corporation Berhad	Number of share options over ordinary shares At 1 July 2019	Granted	Exercised	At 30 June 2020
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	17,000,000	-	-	**17,000,000**
Dato' Yeoh Seok Kian	15,000,000	-	-	**15,000,000**
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**
Deemed interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	12,000,000(1)	-	-	**12,000,000(1)**
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	50,000(1)	-	-	**50,000(1)**
Dato' Yeoh Seok Kian	6,000,000(1)	-	-	**6,000,000(1)**
Dato' Yeoh Soo Min	2,000,000(1)	-	-	**2,000,000(1)**
Dato' Yeoh Seok Hong	12,000,000(1)	-	-	**12,000,000(1)**

Related Company YTL Land & Development Berhad ^	Number of ordinary shares At 1 July 2019	Acquired	Disposed	At 30 June 2020
Direct interests				
Dato' Yeoh Seok Kian	61,538	-	(61,538)	**-**
Dato' Yeoh Soo Keng	100,000	-	(100,000)	**-**
Deemed interest				
Dato' Yeoh Soo Min	625,582(2)	-	(625,582)	**-**

Related Company YTL Land & Development Berhad ^	Number of Irredeemable Convertible Unsecured Loan Stocks 2011/2021 At 1 July 2019	Acquired	Converted/ Disposed	At 30 June 2020
Direct interests				
Dato' Yeoh Seok Kian	37,000	-	(37,000)	**-**
Dato' Yeoh Soo Keng	60,000	-	(60,000)	**-**

Directors' Report
for the financial year ended 30 June 2020

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares			
Related Company **Malayan Cement Berhad**	**At** **1 July 2019**	**Acquired**	**Disposed**	**At** **30 June 2020**
Deemed interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	–	500,000	–	**500,000[(1)]**
Dato' Sri Michael Yeoh Sock Siong	2,100[(1)]	–	–	**2,100[(1)]**

	Number of ordinary shares			
Related Company **Syarikat Pelancongan Seri Andalan (M) Sdn. Bhd.** **(In Members' Voluntary Winding-Up)**	**At** **1 July 2019**	**Acquired**	**Disposed**	**At** **30 June 2020**
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	1	–	–	**1**

	Number of ordinary shares of £0.25 each			
Related Corporation *** YTL Corporation (UK) Plc.**	**At** **1 July 2019**	**Acquired**	**Disposed**	**At** **30 June 2020**
Direct interest				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	1	–	–	**1**

	Number of ordinary shares of THB100 each			
Related Corporation **+ YTL Construction (Thailand) Limited**	**At** **1 July 2019**	**Acquired**	**Disposed**	**At** **30 June 2020**
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, 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**

DIRECTORS' INTERESTS (CONT'D.)

	Number of ordinary shares of THB10 each			
Related Corporation **+ Samui Hotel 2 Co., Ltd.**	**At** **1 July 2019**	**Acquired**	**Disposed**	**At** **30 June 2020**
Direct interests				
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	1	–	–	**1**
Dato' Mark Yeoh Seok Kah	1	–	–	**1**

* *Incorporated in England and Wales.*

\+ *Incorporated in Thailand.*

^ *Securities removed from the Official List of Bursa Malaysia Securities Berhad on 21 October 2019.*

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

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

(3) *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, the Directors who held office at the end of the financial year did not have interests in shares of the Company or its related corporations during the financial year.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

A Directors' and Officers' liability insurance against any legal liability incurred by the Directors and Officers in the discharge of their duties while holding office for the Group and the Company is maintained on a group basis under YTL Corporation Berhad, the immediate holding company of YTL Power International Berhad. The Directors and Officers shall not be indemnified by such insurance for any negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 6 to the financial statements) by reason of a 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than the ESOS.

Directors' Report

for the financial year ended 30 June 2020

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amounts 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 would 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 when they fall due.

At the date of this report, the Directors 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 the opinion of the Directors:

(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.

Directors' Report

for the financial year ended 30 June 2020

ULTIMATE HOLDING COMPANY

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

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

Details of auditors' remuneration are set out in Note 6 to the financial statements.

This report was approved by the Board of Directors on 30 September 2020.

Signed on behalf of the Board of Directors:

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, KBE, CBE, FICE
Director

DATO' YEOH SEOK HONG
Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE and Dato' Yeoh Seok Hong, two of the Directors of YTL Power International Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 98 to 242 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and financial performance of the Group and of the Company for the financial year ended 30 June 2020 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 30 September 2020.

TAN SRI DATO' (DR) FRANCIS YEOH SOCK PING, KBE, CBE, FICE
Director

DATO' YEOH SEOK HONG
Director

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Dato' Yeoh Seok Hong, the Director primarily responsible for the financial management of YTL Power International Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 98 to 242 are, to the best of my knowledge and belief, 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.

DATO' YEOH SEOK HONG
Director

Subscribed and solemnly declared by the abovenamed
Dato' Yeoh Seok Hong
at Kuala Lumpur on 30 September 2020.

Before me:

TAN SEOK KETT
Commissioner for Oaths

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 199601034332 (406684-H))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of YTL Power International Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 30 June 2020 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 242.

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 opinion.

Independence and other ethical responsibilities

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

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 199601034332 (406684-H))

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

Key audit matters

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

Key audit matters	How our audit addressed the key audit matters
Impairment review of goodwill *Refer to Note 2(d)(ii) – significant accounting policies, Note 3(a) – critical accounting estimates and judgements, and Note 13 – intangible assets*	
The Group recorded goodwill of RM8,172.3 million as at 30 June 2020, primarily allocated to the multi utilities business segment in Singapore and water and sewerage segment in the United Kingdom. The goodwill for these segments comprises 97.7% of total goodwill. The recoverable amounts of the cash generating units ("CGU") are determined based on value-in-use ("VIU") calculations. Based on the annual impairment test performed, the Directors concluded that no impairment is required for goodwill. The key assumptions and sensitivities are disclosed in Note 13(a)(i) and 13(a)(ii) to the financial statements. We focused on this area as the estimation of the recoverable amounts 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.	We performed the following audit procedures: • 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 and assessed the potential impact of Covid-19 outbreak to the VIU cash flows; • Checked the reasonableness of the discount rates and terminal growth rates with the assistance of our valuation expert by benchmarking to the respective industries which included the impact of Covid-19 outbreak as at year end; • Compared historical forecasting for the current financial year to actual results achieved to ascertain the reasonableness of management's estimates; 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. Based on the procedures performed, no material exceptions were noted.

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Capitalisation policy on infrastructure assets of the water and sewerage segment *Refer to Note 2(b) – significant accounting policies, Note 3(b) – critical accounting estimates and judgements, and Note 10 – property, plant and equipment ("PPE")* As at 30 June 2020, the net book value of infrastructure assets of the water and sewerage segment of RM7,888.9 million comprised capital expenditure incurred by the segment to meet the development and regulatory requirements of the business, employee and overhead costs that are directly attributable to the construction of the assets. 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").	We performed the following audit procedures: • Tested the operating effectiveness of the controls over authorisation of selected projects' infrastructure assets and identification of capital expenditures attributable to the infrastructure assets; • 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 discussed and corroborated with management; and • Understood the nature of costs incurred in relation to employee and overhead costs through discussion with management and corroborated with supporting information provided and checked whether the costs incurred met the capitalisation criteria in accordance with MFRS 116. Based on the procedures performed, no material exceptions were noted.

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 199601034332 (406684-H))

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Expected credit losses assessment on trade receivables of the Group's water and sewerage segment *Refer to Note 2(m)(iv) - significant accounting policies, Note 3(d) - critical accounting estimates and judgements and Note 18 - receivables, deposits and prepayments*	
Trade receivables of the water and sewerage segment of RM448.6 million is net of expected credit losses charges of RM244.8 million as at 30 June 2020. As this segment operates in the United Kingdom ("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 expected credit losses 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 expected credit losses for trade receivables.	We performed the following audit procedures: • Tested the operating effectiveness of the key IT systems used for generating billings and cash collection data used for the expected credit losses assessment and the controls over assessment of expected credit losses of trade receivables; • Obtained the historical cash collection trends of each ageing bracket of the trade receivables and payment methods and compared against the percentage of expected credit losses used by management against each ageing bracket and payment methods; • Checked the appropriateness of the forward-looking forecasts assumptions used to determine the expected credit losses, which included management's scenario analysis of the impact of Covid-19 outbreak; and • Compared the level of expected credited losses charged against similar companies within the industry in the UK. Based on the procedures performed, no material exceptions were noted.

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Assumptions used in determining the present value of the funded defined benefit obligations of the water and sewerage segment *Refer to Note 2(x)(ii) - significant accounting policies, Note 3(f) - critical accounting estimates and judgements, and Note 29 - post-employment benefit obligations*	
The water and sewerage segment of the Group recorded RM869.2 million of post-employment benefit obligations as at 30 June 2020, net of fair value of planned assets. 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 29(b) to the financial statements. We focused to 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.	We performed the following audit procedures: • Understood and assessed the scope of work by the external actuary engaged by the management; • Assessed the competencies, objectivity and capabilities of the 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; • Assessed the fair value of the scheme assets by obtaining the valuation from the relevant fund managers as at balance sheet date and corroborated with independent sources; • Evaluated the impact of Covid-19 outbreak on the valuation of assets held within the pension scheme; and • Checked the disclosures in respect of the sensitivity of the carrying amounts of the post-employment benefit obligations to changes in key assumptions, performed by the actuary. Based on the procedures performed, no material exceptions were noted.

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 199601034332 (406684-H))

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Metered income accrual *Refer to Note 2(m) and Note 2(v)(ii) – significant accounting policies, Note 3(g) – critical accounting estimates and judgements, Note 4 – revenue and Note 18 – receivables, deposits and prepayments*	
The Group has recorded a metered income accrual of RM486.1 million as at 30 June 2020 relating to revenue from the provision of water services to customers on water meters that had not been read at the year-end date. Revenue recognition in respect of the accrued income is particularly judgemental. It arises in relation to the unbilled income accrual from metered water services. This income accrual requires an estimation of the amount of unbilled charges at the period end. It is calculated using system generated information based on previous customer volume usage. Given the range of factors underlying the estimate, there is a risk that the metered income accrual and revenue could be misstated.	We performed the following audit procedures: • Obtained an understanding of the process for the supply of measured services, meter reading and related billing; • Tested the key controls linked to system generated information and around the estimation process for measured revenue; • Compared the accrued income to bills raised post year end and compared management's history of estimating the accrued income balance to bills raised in the subsequent year to assess the accuracy of accrual income balance; and • Recomputed the accrued income based on customers' historical usage data; • Perform analytical procedures by comparing revenue balances for the year against expectation and obtaining support for significant variances; • Corroborated the key assumptions and estimates made by management in recognising revenue, by obtaining internal and external data on factors that influence demand from customers; • Tested contract terms and conditions were met and revenue recognised at the correct; and • Performed journal testing over targeted manual entries related to revenue, particularly those recorded close to the year end. Based on the procedures performed, no material exceptions were noted.

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment and investment in the subsidiary of the Group *Refer to Note 2(b) and 2(g) – significant accounting policies, Note 3(c) – critical accounting estimates and judgements, Note 10 – PPE and Note 14 – investment in subsidiaries*	
a) Impairment assessment of property, plant and equipment ("PPE") The Group has PPE related to its telecommunications business segment with aggregate carrying values of RM2,243 million as at 30 June 2020. The Group performed an impairment assessment on the carrying values of the PPE as part of a CGU due to the losses recorded by the segment 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. Based on the annual impairment test performed, the Directors concluded that no impairment of PPE is required.	a) Impairment assessment of PPE We performed the following audit procedures: • Agreed the FVLCD cash flows of the CGU to the financial budgets approved by the Directors, adjusted to reflect market's participants assumptions; • Checked the assumptions used, in particular average revenue growth rate and useful life of the assets and benchmarked against the comparable companies within the industry, including assessing the impact of the Covid-19 outbreak using industry data; • 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.

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 199601034332 (406684-H))

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

Key audit matters (cont'd.)

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of property, plant and equipment and investment in the subsidiary of the Group (cont'd.) b) Impairment assessment on cost of investment in the separate financial statements of the Company The cost of investment of the telecommunications business segment of the Group in the separate financial statement of the Company as at 30 June 2020 amounted to RM2,933.3 million. Given the impairment indicator as described above, the Group has performed an impairment assessment and estimated the recoverable amount based on FVLCD cash flows and the Directors have concluded that no impairment on the cost of investment is required. We focused on (a) and (b) above as the estimation of the recoverable amounts is inherently uncertain and requires significant judgement on the future cash flows, terminal growth rate and the discount rate applied to the calculation of the FVLCD.	b) Impairment assessment on cost of investment in the separate financial statements of the Company In addition to the procedures performed on the cash flows from the underlying PPE of the subsidiary as described above, we have performed the following audit procedures: • Checked that the FVLCD cash flows of the underlying PPE had been adjusted for financing and tax cash flows; • Assessed the reasonableness of the discount rate which reflects the specific risk relating to the investment in the subsidiary based on inputs that are publicly available with the assistance of our valuation expert; • Checked the reasonableness of the terminal growth rate with the assistance of our valuation expert by benchmarking to industry reports, including assessing the impact of the Covid-19 outbreak using industry data; and • Checked sensitivity analysis performed by management on terminal growth rate and discount rate used in deriving the FVLCD. Based on the procedures performed in (a) and (b) above, no material exceptions were noted.

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 199601034332 (406684-H))

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

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 Chairman's Statement, Management Discussion & Analysis, Managing Sustainability, Corporate Information, Managing Director's Review, Audit Committee Report, Nominating Committee Statement, Corporate Governance Overview Statement, Statement on Risk Management & Internal Control, and Directors' Report, which we obtained prior to the date of this auditors' report, and other sections in 2020 Annual Report, which is expected to be made available to us after that date. Other information 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 on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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.

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 199601034332 (406684-H))

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

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:

(a) 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.

(b) 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.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(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 or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) 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.

Independent Auditors' Report

to the members of YTL Power International Berhad
(Incorporated in Malaysia) (Company No. 199601034332 (406684-H))

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

Auditors' responsibilities for the audit of the financial statements (cont'd.)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 14 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

IRVIN GEORGE LUIS MENEZES
02932/06/2022 J
Chartered Accountant

Kuala Lumpur
30 September 2020

Income Statements

for the financial year ended 30 June 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	4	**10,637,177**	11,732,716	**1,107,416**	798,911
Cost of sales		**(9,131,216)**	(9,705,562)	**-**	-
Gross profit		**1,505,961**	2,027,154	**1,107,416**	798,911
Other operating income		**131,875**	143,185	**4,203**	21,961
Administrative expenses		**(529,246)**	(558,246)	**(56,081)**	(64,006)
Other operating expenses		**(53,954)**	(128,936)	**(51,551)**	(7,792)
Finance cost		**(1,083,661)**	(1,130,885)	**(432,251)**	(427,510)
Share of profits of investments accounted for using the equity method	15	**454,216**	401,156	**-**	-
Profit before taxation	6	**425,191**	753,428	**571,736**	321,564
Taxation	7	**(297,487)**	(139,900)	**(473)**	(637)
Profit for the financial year		**127,704**	613,528	**571,263**	320,927
Attributable to:					
- Owners of the parent		**67,638**	476,751	**571,263**	320,927
- Non-controlling interests		**60,066**	136,777	**-**	-
		127,704	613,528	**571,263**	320,927
Earnings per share for profit attributable to the owners of the parent:					
- Basic (sen)	8	**0.88**	6.20		
- Diluted (sen)	8	**0.88**	6.19		

The accompanying notes form an integral part of the financial statements.

Statements of Comprehensive Income

for the financial year ended 30 June 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit for the financial year		**127,704**	613,528	**571,263**	320,927
Other comprehensive income/(loss):					
Items that will not be reclassified subsequently to income statement:					
- financial assets at fair value through other comprehensive income ("FVOCI")	25(a)	**(26,699)**	(34,891)	**(26,706)**	(34,891)
- re-measurement of post-employment benefit obligations		**(182,169)**	(50,742)	**-**	-
- subsidiaries		**(181,506)**	(43,965)	**-**	-
- associates and joint ventures		**(663)**	(6,777)	**-**	-
Items that may be reclassified subsequently to income statement:					
- cash flow hedges	25(a)	**(164,022)**	(348,621)	**-**	-
- subsidiaries		**(157,396)**	(206,004)	**-**	-
- associates and joint ventures		**(6,626)**	(142,617)	**-**	-
- currency translation differences		**114,535**	235,100	**-**	-
- subsidiaries		**50,100**	203,503	**-**	-
- associates and joint ventures		**64,435**	31,597	**-**	-
Other comprehensive loss for the financial year, net of tax		**(258,355)**	(199,154)	**(26,706)**	(34,891)
Total comprehensive (loss)/income for the financial year		**(130,651)**	414,374	**544,557**	286,036
Attributable to:					
- Owners of the parent		**(215,189)**	260,271	**544,557**	286,036
- Non-controlling interests		**84,538**	154,103	**-**	-
		(130,651)	414,374	**544,557**	286,036

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 30 June 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	**21,880,462**	21,631,567	**1,311**	1,545
Investment properties	12	**467,208**	477,749	**-**	-
Project development costs	17	**248,617**	228,952	**-**	-
Intangible assets	13	**8,641,718**	8,278,649	**-**	-
Right-of-use assets	11	**621,765**	-	**-**	-
Investment in subsidiaries	14	**-**	-	**17,984,521**	18,022,521
Investments accounted for using the equity method	15	**2,215,451**	2,188,956	**-**	-
Investments	16	**215,369**	242,100	**211,689**	238,395
Derivative financial instruments	20	**10,585**	18,722	**-**	-
Receivables, deposits and prepayments	18	**1,384,457**	1,102,127	**-**	-
Amounts owing by subsidiaries	22	**-**	-	**1,365,437**	871,752
		35,685,632	34,168,822	**19,562,958**	19,134,213
Current assets					
Inventories	19	**311,910**	416,006	**-**	-
Investments	16	**1,389,043**	1,490,865	**476,102**	631,707
Receivables, deposits and prepayments	18	**2,157,654**	2,556,442	**2,057**	1,791
Derivative financial instruments	20	**74,259**	63,388	**-**	-
Amounts owing by immediate holding company and ultimate holding company	21	**11**	14	**-**	-
Amounts owing by subsidiaries	22	**-**	-	**1,398,788**	1,898,279
Amounts owing by fellow subsidiaries	34	**34,901**	17,125	**-**	33
Cash and bank balances	23	**7,484,725**	7,560,316	**16,563**	20,005
		11,452,503	12,104,156	**1,893,510**	2,551,815
Total assets		**47,138,135**	46,272,978	**21,456,468**	21,686,028

The accompanying notes form an integral part of the financial statements.

Statements of Financial Position

as at 30 June 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	24	**7,038,587**	7,038,587	**7,038,587**	7,038,587
Reserves		**4,980,402**	5,605,795	**5,695,216**	5,529,293
Equity attributable to owners of the parent		**12,018,989**	12,644,382	**12,733,803**	12,567,880
Non-controlling interests		**23,765**	226,280	**-**	-
Total equity		**12,042,754**	12,870,662	**12,733,803**	12,567,880
Liabilities					
Non-current liabilities					
Deferred taxation	26	**2,029,692**	1,872,441	**80**	74
Borrowings	27	**20,153,160**	19,071,117	**7,426,206**	8,215,061
Lease liabilities	28	**454,145**	-	**-**	-
Post-employment benefit obligations	29	**888,898**	704,080	**-**	-
Grants and contributions	30	**596,668**	560,828	**-**	-
Derivative financial instruments	20	**15,401**	19,131	**-**	2,665
Payables	31	**1,280,697**	1,154,792	**-**	-
		25,418,661	23,382,389	**7,426,286**	8,217,800
Current liabilities					
Payables and accrued expenses	32	**1,943,312**	2,158,743	**61,918**	67,844
Derivative financial instruments	20	**174,944**	48,906	**-**	668
Provision for liabilities and charges	33	**28,417**	39,903	**-**	-
Post-employment benefit obligations	29	**655**	1,408	**-**	634
Amounts owing to immediate holding company and ultimate holding company	21	**3,210**	376	**-**	142
Amounts owing to subsidiaries	22	**-**	-	**378,400**	2,332
Amounts owing to fellow subsidiaries	34	**76,029**	78,685	**31**	55
Taxation		**3,695**	49,263	**30**	148
Borrowings	27	**7,311,704**	7,642,643	**856,000**	828,525
Lease liabilities	28	**134,754**	-	**-**	-
		9,676,720	10,019,927	**1,296,379**	900,348
Total liabilities		**35,095,381**	33,402,316	**8,722,665**	9,118,148
Total equity and liabilities		**47,138,135**	46,272,978	**21,456,468**	21,686,028

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 30 June 2020

		<---------- Attributable to Owners of the Parent						---------->		
		Share Capital	Merger Reserve	Currency Translation Reserve	Other Reserves	Treasury Shares	Retained Earnings	Total	Non-controlling Interests	Total Equity
Group	**Note**	RM'000 (Note 24)	RM'000	RM'000	RM'000 (Note 25(a))	RM'000 (Note 25(b))	RM'000	RM'000	RM'000	RM'000
At 30 June 2019, as previously reported		7,038,587	(2,138,533)	485,673	56,448	(708,259)	7,910,466	12,644,382	226,280	12,870,662
Adjustments from adoption of MFRS 16	39	-	-	-	-	-	(31,570)	(31,570)	(20,791)	(52,361)
At 1 July 2019, as restated		7,038,587	(2,138,533)	485,673	56,448	(708,259)	7,878,896	12,612,812	205,489	12,818,301
Profit for the financial year		-	-	-	-	-	67,638	67,638	60,066	127,704
Other comprehensive income/(loss) for the financial year		-	-	90,052	(190,721)	-	(182,158)	(282,827)	24,472	(258,355)
Total comprehensive income/(loss) for the financial year		-	-	90,052	(190,721)	-	(114,520)	(215,189)	84,538	(130,651)
Transactions with owners										
Dividends paid		-	-	-	-	-	(383,765)	(383,765)	(266,262)	(650,027)
Share option expenses	25(a)	-	-	-	5,133	-	-	5,133	-	5,133
Share option lapsed	25(a)	-	-	-	(628)	-	628	-	-	-
Share repurchased	25(b)	-	-	-	-	(2)	-	(2)	-	(2)
Exchange differences	25(a)	-	-	4,878	(4,878)	-	-	-	-	-
At 30 June 2020		7,038,587	(2,138,533)	580,603	(134,646)	(708,261)	7,381,239	12,018,989	23,765	12,042,754

The accompanying notes form an integral part of the financial statements.

		<------ Attributable to Owners of the Parent					------>		
		Share Capital	Merger Reserve	Currency Translation Reserve	Other Reserves	Treasury Shares	Retained Earnings	Total	Non-controlling Interests	Total Equity
Group	**Note**	**RM'000 (Note 24)**	**RM'000**	**RM'000**	**RM'000 (Note 25(a))**	**RM'000 (Note 25(b))**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 July 2018		7,038,587	(2,138,533)	276,185	427,472	(509,634)	7,867,151	12,961,228	110,700	13,071,928
Profit for the financial year		-	-	-	-	-	476,751	476,751	136,777	613,528
Other comprehensive income/(loss) for the financial year		-	-	217,769	(383,512)	-	(50,737)	(216,480)	17,326	(199,154)
Total comprehensive income/(loss) for the financial year		-	-	217,769	(383,512)	-	426,014	260,271	154,103	414,374
Transactions with owners										
Acquisition of a subsidiary		-	-	-	-	-	-	-	53	53
Changes in composition of the Group		-	-	-	-	-	(80)	(80)	112	32
Dividends paid		-	-	-	-	-	(383,765)	(383,765)	(38,688)	(422,453)
Share option expenses	25(a)	-	-	-	5,353	-	-	5,353	-	5,353
Share option lapsed	25(a)	-	-	-	(1,146)	-	1,146	-	-	-
Share repurchased	25(b)	-	-	-	-	(198,625)	-	(198,625)	-	(198,625)
Exchange differences	25(a)	-	-	(8,281)	8,281	-	-	-	-	-
At 30 June 2019		7,038,587	(2,138,533)	485,673	56,448	(708,259)	7,910,466	12,644,382	226,280	12,870,662

The accompanying notes form an integral part of the financial statements.

Statements of Changes in Equity

for the financial year ended 30 June 2020

Company	Note	Share Capital RM'000 (Note 24)	Other Reserves RM'000 (Note 25(a))	Treasury Shares RM'000 (Note 25(b))	Retained Earnings* RM'000	Total RM'000
At 1 July 2019		**7,038,587**	**129,387**	**(708,259)**	**6,108,165**	**12,567,880**
Profit for the financial year		**-**	**-**	**-**	**571,263**	**571,263**
Other comprehensive loss for the financial year		**-**	**(26,706)**	**-**	**-**	**(26,706)**
Total comprehensive (loss)/ income for the financial year		**-**	**(26,706)**	**-**	**571,263**	**544,557**
Transactions with owners						
Dividend paid	9	**-**	**-**	**-**	**(383,765)**	**(383,765)**
Share option expenses	25(a)	**-**	**5,133**	**-**	**-**	**5,133**
Share option lapsed	25(a)	**-**	**(628)**	**-**	**628**	**-**
Share repurchased	25(b)	**-**	**-**	**(2)**	**-**	**(2)**
At 30 June 2020		**7,038,587**	**107,186**	**(708,261)**	**6,296,291**	**12,733,803**
At 1 July 2018		7,038,587	160,071	(509,634)	6,169,857	12,858,881
Profit for the financial year		-	-	-	320,927	320,927
Other comprehensive loss for the financial year		-	(34,891)	-	-	(34,891)
Total comprehensive (loss)/ income for the financial year		-	(34,891)	-	320,927	286,036
Transactions with owners						
Dividend paid	9	-	-	-	(383,765)	(383,765)
Share option expenses	25(a)	-	5,353	-	-	5,353
Share option lapsed	25(a)	-	(1,146)	-	1,146	-
Share repurchased	25(b)	-	-	(198,625)	-	(198,625)
At 30 June 2019		7,038,587	129,387	(708,259)	6,108,165	12,567,880

* *There are no restrictions on the distribution of retained earnings.*

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
Profit for the financial year		**127,704**	613,528	**571,263**	320,927
Adjustments for:					
Allowance for impairment of associates		**316**	-	**-**	-
Allowance for impairment of a subsidiary		**-**	-	**38,000**	-
Allowance for impairment of inventories		**910**	4,582	**-**	-
Allowance for impairment of property, plant and equipment		**2,953**	4,347	**-**	-
Allowance for impairment of receivables (net of reversals)		**120,559**	146,089	**-**	-
Amortisation of contract costs		**7,842**	11,569	**-**	-
Amortisation of deferred income		**(5,209)**	(4,579)	**-**	-
Amortisation of grants and contributions		**(15,166)**	(15,973)	**-**	-
Amortisation of intangible assets		**66,689**	9,859	**-**	-
Bad debts recovered		**(1,879)**	(4,122)	**-**	-
Depreciation of property, plant and equipment		**973,596**	1,075,234	**248**	269
Depreciation of right-of-use assets		**127,036**	-	**-**	-
Fair value gain on derivatives		**(3,357)**	(15,590)	**(3,357)**	(15,590)
Fair value gain on investments		**(21,011)**	(32,753)	**(631)**	(3,222)
Fair value loss/(gain) on investment properties		**5,606**	(53,016)	**-**	-
Interest expense		**1,083,661**	1,130,885	**432,251**	427,510
Interest income		**(12,980)**	(8,077)	**-**	-
Net gain on disposal of property, plant and equipment		**(8,442)**	(4,462)	**-**	(26)
Property, plant and equipment written off		**7,463**	22,291	**-**	-
Provision for post-employment benefit		**63,277**	63,962	**-**	-
Share of profits of investments accounted for using the equity method		**(454,216)**	(401,156)	**-**	-
Share option expenses		**5,010**	5,294	**4,026**	4,056
Taxation		**297,487**	139,900	**473**	637
Unrealised loss/(gain) on foreign exchange		**3,267**	(313)	**5,925**	(2,011)
Write back of impairment of amounts owing by subsidiaries (net of reversals)		**-**	-	**(215)**	-
(Write back of)/Provision for liabilities and charges		**(4,437)**	8,219	**-**	-
		2,366,679	2,695,718	**1,047,983**	732,550

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Changes in working capital:					
Inventories		**154,486**	27,931	**-**	-
Receivables, deposits and prepayments		**11,737**	(645,384)	**(20,029)**	(30,160)
Payables and accrued expenses		**(134,762)**	410,541	**(1,847)**	(4,758)
Subsidiaries		**-**	-	**(480,084)**	(98,889)
Fellow subsidiaries		**(23,272)**	46,491	**9**	(102)
Holding company		**2,831**	227	**(142)**	142
Cash flows from operations		**2,377,699**	2,535,524	**545,890**	598,783
Interest paid		**(958,969)**	(992,328)	**(391,426)**	(427,168)
Payment for provision and liabilities		**(7,093)**	(3,619)	**-**	-
Payment to post-employment benefit obligations		**(126,853)**	(111,007)	**-**	-
Tax paid		**(162,998)**	(180,170)	**(585)**	(583)
Net cash flows from operating activities		**1,121,786**	1,248,400	**153,879**	171,032
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired		**-**	519	**-**	-
Additional investments accounted for using the equity method		**(316)**	-	**-**	-
Development expenditure incurred on investment properties		**(51,400)**	(15,558)	**-**	-
Dividends received		**406,472**	385,772	**-**	-
Grants received		**49,342**	29,432	**-**	-
Increase in deposits maturing more than 90 days		**(519,204)**	-	**-**	-
Interest received		**12,479**	7,614	**-**	-
Maturities of income funds		**176,000**	1,285,382	**176,000**	1,285,382
Net repayment from/(advances to) subsidiaries		**-**	-	**922,586**	(38,109)
Prepayment for land acquisition		**(3,867)**	(12,133)	**-**	-
Proceeds from disposal of property, plant and equipment		**12,106**	10,113	**-**	91
Purchase of intangible assets		**(173,920)**	(4,215)	**-**	-
Purchase of property, plant and equipment		**(1,330,998)**	(1,489,209)	**(14)**	(53)
Shareholder loans		**(94,651)**	(60,305)	**-**	-
Net cash flows (used in)/from investing activities		**(1,517,957)**	137,412	**1,098,572**	1,247,311

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from financing activities					
Dividend paid		**(383,765)**	(383,765)	**(383,765)**	(383,765)
Dividends paid to non-controlling interests		**(266,262)**	(38,688)	**-**	-
Proceeds from borrowings		**1,686,220**	2,490,134	**-**	1,300,000
Upfront fees on borrowings		**-**	(1,950)	**-**	(1,950)
Repayment of borrowings		**(1,189,880)**	(3,134,668)	**(872,000)**	(2,200,139)
Repayment of lease liabilities		**(174,387)**	-	**(127)**	-
Repurchase of own shares		**(2)**	(198,625)	**(2)**	(198,625)
Net cash flows used in financing activities		**(328,076)**	(1,267,562)	**(1,255,894)**	(1,484,479)
Net changes in cash and cash equivalents		**(724,247)**	118,250	**(3,443)**	(66,136)
Effects of exchange rate changes		**108,115**	116,350	**1**	1
Cash and cash equivalents:					
- At beginning of the financial year		**7,539,691**	7,305,091	**20,005**	86,140
- At end of the financial year	23	**6,923,559**	7,539,691	**16,563**	20,005
The principal non-cash transactions of property, plant and equipment are disclosed as below:					
Interest expense paid/payable		**18,554**	8,348	**-**	-
Transfer from prepayments		**58,733**	-	**-**	-
Transfer of assets from customers		**91,836**	56,766	**-**	-
Other payables and accrued expenses		**7,190**	2,444	**-**	-
		176,313	67,558	**-**	-

The accompanying notes form an integral part of the financial statements.

Statements of Cash Flows

for the financial year ended 30 June 2020

Reconciliation of liabilities arising from financing activities:

1. Borrowings

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 July, as previously reported		**26,713,760**	27,070,948	**9,043,586**	9,872,918
Adjustments from adoption of MFRS 16	39	**(42,641)**	-	**(125)**	-
At 1 July, as restated		**26,671,119**	27,070,948	**9,043,461**	9,872,918
Changes from financing cash flows					
Proceeds from borrowings		**1,686,220**	2,490,134	**-**	1,300,000
Upfront fees on borrowings		**-**	(1,950)	**-**	(1,950)
Repayment of borrowings		**(1,189,880)**	(3,134,668)	**(872,000)**	(2,200,139)
Other changes in borrowings					
Amortisation of issuance cost/ Unwinding of premium		**118,277**	137,650	**5,313**	5,795
Bank overdrafts		**24,607**	(12,120)	**-**	-
Foreign exchange movement		**154,521**	163,766	**105,432**	66,962
At 30 June		**27,464,864**	26,713,760	**8,282,206**	9,043,586

2. Lease liabilities

		Group	Company
	Note	2020 RM'000	2020 RM'000
At 1 July, as previously reported		**-**	**-**
Adjustments from adoption of MFRS 16	39	**706,981**	**125**
At 1 July, as restated		**706,981**	**125**
Changes from financing cash flows			
Repayment of lease liabilities		**(174,387)**	**(127)**
Other changes in lease liabilities			
Additions		**29,203**	**-**
Interest expenses		**27,355**	**2**
Termination		**(420)**	**-**
Foreign exchange movement		**167**	**-**
At 30 June		**588,899**	**-**

The accompanying notes form an integral part of the financial statements.

Notes to the Financial Statements

for the financial year ended 30 June 2020

1. GENERAL INFORMATION

The principal activities of the Company are investment holding and the provision of administrative and technical support services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements.

The immediate holding company is YTL Corporation Berhad and the ultimate holding company is Yeoh Tiong Lay & Sons Family Holdings Limited, companies incorporated in Malaysia and Jersey respectively. YTL Corporation Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is as follows:

33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur

The address of the principal place of business of the Company is as follows:

34th Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur

2. SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of preparation

The financial statements of the Group and the Company have been prepared under the historical cost convention (unless stated otherwise in the significant accounting policies below).

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

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting 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 revenues and expenses during the reported period. It also requires the Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

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

(i) Standards and amendments to published standards that are effective and applicable for the Group's and the Company's financial year beginning on or after 1 July 2019 are as follows:

	Effective for financial periods beginning on or after
MFRS 16 'Leases'	1 January 2019
Amendments to MFRS 3 'Business Combinations – Previously Held Interest in a Joint Operation'	1 January 2019
Amendments to MFRS 9 'Prepayment Features with Negative Compensation'	1 January 2019
Amendments to MFRS 11 'Joint Arrangements – Previously Held Interest in a Joint Operation'	1 January 2019
Amendments to MFRS 112 'Income Taxes – Income Tax Consequences of Payments on Financial Instruments Classified as Equity'	1 January 2019
Amendments to MFRS 119 'Plan Amendment, Curtailment or Settlement'	1 January 2019
Amendments to MFRS 123 'Borrowing Costs – Borrowing Costs Eligible for Capitalisation'	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

The adoption of the above applicable new standards, IC Interpretations, annual improvements and amendments to published standards have not given rise to any material impact on the financial statements of the Group and the Company, except for changes arising from the adoption of MFRS 16 as disclosed in Note 39 to the financial statements.

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective

a) Financial year beginning on/after 1 July 2020

- Amendments to References to the Conceptual Framework in MFRS Standards (MFRS 2, 3, 6, 101, 108, 134, 137, 138 & IC Interpretations 12, 19, 20, 22 and 132)

  The Amendments to References to the Conceptual Framework in MFRS Standards (effective from 1 January 2020) comprise a comprehensive set of concepts for financial reporting. Built on the previous version of the Conceptual Framework for Financial Reporting issued in 2011, the changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wording to give more prominence to the importance of providing information needed to assess management's stewardship of an entity's economic resources. Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd.)

a) Financial year beginning on/after 1 July 2020 (cont'd.)

- Amendments to MFRS 3 'Definition of a Business' (effective from 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments provide guidance to determine whether an input and a substantive process are present, including situation where an acquisition does not have outputs. To be a business without outputs, there will now need to be an organised workforce. It is also no longer necessary to assess whether market participants are capable of replacing missing elements or integrating the acquired activities and assets. In addition, the revised definition of the term 'outputs' is narrower, focusses on goods or services provided to customers, generating investment returns and other income but excludes returns in the form of cost savings. The amendments introduce an optional simplified assessment known as 'concentration test' that, if met, eliminates the need for further assessment. Under this concentration test, if substantially all of the fair value of gross assets acquired is concentrated in a single identifiable asset (or a group of similar assets), the assets acquired would not represent a business. The amendments shall be applied prospectively.

- Amendments to MFRS 9 'Financial Instruments', MFRS 139 'Financial Instruments: Recognition and Measurement' and MFRS 7 'Financial Instruments: Disclosures' (effective from 1 January 2020) – Interest Rate Benchmark Reform. The Interest Rate Benchmark Reform amends some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the interbank offered rates reform. In applying the amendments, companies would continue to apply those hedge accounting requirements assuming that the interest rate benchmark associated with the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. Applying the amendments, companies are not required to apply the MFRS 139 retrospective assessment, but continue to apply hedge accounting to a hedging relationship for which effectiveness is outside of the 80-125% range during the period of uncertainty arising from the reform. The amendments shall apply to financial statements of annual periods beginning on or after 1 January 2020. Earlier application is permitted.

- Amendments to MFRS 16 'Leases' (effective from 1 June 2020). The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021.

- Amendments to MFRS 101 'Presentation of Financial Statements' and MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors' (effective from 1 January 2020). The amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information. Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the amendments align the definition of material across MFRS Standards and other publications. The amendments shall be applied prospectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(a) Basis of preparation (cont'd.)

(ii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (cont'd.)

b) *Financial year beginning on/after 1 July 2022*

- Amendments to MFRS 1 'First-time Adoption of Malaysian Financial Reporting Standards' (effective from 1 January 2022). The amendments simplify the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2022). The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.
- Amendments to MFRS 9 'Financial Instruments' (effective from 1 January 2022). The amendments clarify the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Amendments to MFRS 116 'Property, Plant and Equipment' (effective from 1 January 2022). The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company shall recognise such sales proceeds and related cost in profit or loss.
- Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets' (effective from 1 January 2022). The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

c) *Financial year beginning on/after 1 July 2023*

- Amendments to MFRS 101, 'Classification of Liabilities as Current or Non-current' (effective from 1 January 2023) clarify that a liability is classified as non-current if an entity has a substantive right at the end of the reporting period to defer settlement for at least 12 months after the reporting period. A liability is classified as current if a condition is breached at or before the reporting date and waiver is obtained after the reporting date. A loan is classified as non-current if a covenant is breached after the reporting date. The amendments shall be applied retrospectively.

d) *Effective date yet to be determined by Malaysian Accounting Standards Board*

- Amendments to MFRS 10 and MFRS 128, 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' resolve a current inconsistency between MFRS 10 and MFRS 128. The accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business'. Full gain or loss shall be recognised by the investor where the non-monetary assets constitute a 'business'. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor to the extent of the other investors' interests. The amendments will only apply when an investor sells or contributes assets to its associate or joint venture. They are not intended to address accounting for the sale or contribution of assets by an investor in a joint operation.

The Group and the Company have started a preliminary assessment on the effects of the above standards, amendments to published standards and IC Interpretations and the impact is still being assessed, except for those have been updated above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Cost also includes borrowing costs incurred for assets under construction. The cost of certain property, plant and equipment includes the costs of dismantling, removal and restoration, the obligation 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 Company 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 Income Statement during the financial period in which they are incurred.

Where items of property, plant and equipment are transferred to the Group from customers/developers, the fair value of the assets transferred is recognised as property, plant and equipment in the Statement of Financial Position. Where the transfer is exchanged for connection to the network and no further obligation is required, the corresponding credit is revenue. Where the transfer is linked to the provision of ongoing services, the corresponding entry is deferred income as disclosed in Note 31 and released to the Income Statement over the expected useful lives of the assets.

Infrastructure assets comprise eight components whose weighted average life is 108 years: impounding reservoirs 150 years, raw water mains 100 years, treated water mains 100 years, communication pipes 60 years, sewers 125 years, sewage pumping stations 60 years, combined sewer overflows 80 years and sea outfalls 60 years.

Freehold land is not depreciated as it has an infinite life.

Accounting policies applied from 1 July 2019

From 1 July 2019, leased assets (including leasehold land) are presented as a separate line item in the Statements of Financial Position. See accounting policy Note 2(c)(i)b) to the financial statements on right-of-use ("ROU") assets.

Accounting policies applied until 30 June 2019

Until 30 June 2019, leased assets (including leasehold land) under lease arrangement classified as finance lease (refer to accounting policy Note 2(c)(i) to the financial statements on finance leases applied until 30 June 2019) are amortised in equal instalments over its lease period of respective lease that ranges from 18 to 30 years.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Property, plant and equipment (cont'd.)

All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over its estimated useful lives, summarised as follows:

	Years
Buildings	10-80
Plant and machinery	3-30
Mains and lines	20
Equipment, furniture and fittings	3-10
Motor vehicles and aircraft	5-10
Telecommunications equipment	5-30

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. Depreciation on property, plant and equipment under construction commences when the property, plant and equipment are ready for their intended use. Depreciation of property, plant and equipment ceases at the earlier of derecognition and classification as held-for-sale.

At each reporting date, the Group and the Company assess whether there is any indication of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amounts exceed the recoverable amounts. See accounting policy Note 2(f) to the financial statements on impairment of non-financial assets.

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised in the Income Statement.

(c) Leases

(i) Accounting by lessee

Accounting policies applied from 1 July 2019

From 1 July 2019, leases are recognised as right-of-use ("ROU") asset and a corresponding liability at the date on which the leased asset is available for use by the Group and the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Group and the Company allocate the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

a) Lease term

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Leases (cont'd.)

(i) Accounting by lessee (cont'd.)

Accounting policies applied from 1 July 2019 (cont'd.)

a) Lease term (cont'd.)

The Group and the Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and the Company and affects whether the Group and the Company are reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy (refer to d) below) on reassessment of lease liabilities.

b) ROU assets

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group and the Company are reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

ROU assets are presented as a separate line item in the Statement of Financial Position.

c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- The exercise price of extension options if the Group and the Company are reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group and the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Leases (cont'd.)

(i) Accounting by lessee (cont'd.)

Accounting policies applied from 1 July 2019 (cont'd.)

c) *Lease liabilities (cont'd.)*

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group and the Company present the lease liabilities as a separate line item in the Statement of Financial Position. Interest expense on the lease liability is presented within the finance cost in the Income Statement.

d) *Reassessment of lease liabilities*

The Group and the Company are also exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is remeasured and adjusted against the ROU assets.

Lease liabilities are also remeasured if there is a change in the Group's and the Company's assessment of whether it will exercise an extension option and there are modifications in the scope or the consideration of the lease that was not part of the original term.

e) *Short-term leases and leases of low-value assets*

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. Payments associated with short-term leases of equipment and all leases of low-value assets are recognised on a straight-line basis as an expense in Income Statement.

Accounting policies applied until 30 June 2019

Finance leases

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the inception of the leases at the lower of the present value of the minimum lease payments and the fair value of the leased assets. The corresponding rental obligations, net of finance charges, are included in borrowings.

Each lease payment is allocated between the reduction of the liability and finance charges so as to achieve a periodic constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Income Statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(c) Leases (cont'd.)

(i) Accounting by lessee (cont'd.)

Accounting policies applied until 30 June 2019 (cont'd.)

Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the lease period.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial period in which termination takes place.

(ii) Accounting by lessor

Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the Statement of Financial Position. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Lease income (net of any incentives given to lessees) is recognised on the straight line basis over the lease term.

Separating lease and non-lease components

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

(d) 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(f) to the financial statements on impairment of non-financial assets.

(ii) Goodwill

Goodwill arises on the acquisitions of subsidiaries and it represents the excess of the cost of the acquisition over the Group's share of the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree at the date of acquisition. If the fair value of consideration transferred, the amount of non-controlling interest and the fair value of previously held interest in the acquiree are less than the fair value of the net identifiable assets of the acquiree, the resulting gain is recognised in the Income Statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Intangible assets (cont'd.)

(ii) Goodwill (cont'd.)

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired in a business combination is allocated to cash-generating units for the purpose of impairment testing and is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. The carrying value of goodwill is compared to the recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. Any impairment is recognised immediately as an expense and is not subsequently reversed. See accounting policy Note 2(f) to the financial statements on impairment of non-financial assets.

(iii) Software assets

Software assets comprise in-house computer software development and specialised computer software. Software assets are amortised over 5 to 10 years and are assessed at each reporting date whether there is any indication that the software assets may be impaired. See accounting policy Note 2(f) to the financial statements on impairment of non-financial assets.

(iv) Other intangible assets

Other intangible assets comprise customer lists. Other intangible assets 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(f) to the financial statements on impairment of non-financial assets.

(e) 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 subsequent at fair value with any change therein recognised in Income Statement 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 become 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 cost 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 of the asset is recognised in Income Statement in the period in which the item is derecognised. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Investment properties (cont'd.)

Transfer are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property/inventories, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date change in use.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or as and when events or circumstances occur indicating that an impairment may exist. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 costs 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

The impairment loss is charged to the Income Statement unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in the Income Statement unless it reverses impairment loss on a revalued asset in which case it is taken to revaluation surplus.

(g) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Subsidiaries are consolidated using the acquisition method of accounting except for subsidiaries that were consolidated prior to 1 July 2002 in accordance with Malaysian Accounting Standard 2 'Accounting for Acquisitions and Mergers', the generally accepted accounting principles prevailing at that time.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The gain or loss on disposal of a subsidiary is the difference between the net disposal proceeds and the Group's share of the subsidiary's net assets as of the date of disposal, including the cumulative amount of any exchange differences that relate to that subsidiary and is recognised in the Income Statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Subsidiaries (cont'd.)

(i) Acquisition method

Under the acquisition method of accounting, subsidiaries are fully consolidated from the date on which control is transferred to the Group and are deconsolidated from the date that control ceases. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the fair value of net identifiable assets acquired and liabilities assumed is recorded as goodwill. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in the Income Statement (refer to significant accounting policies Note 2(d)(ii) on goodwill).

(ii) Merger method

Acquisition of a subsidiary, YTL Power Generation Sdn. Bhd., was accounted for using merger accounting principles.

Under the merger method of accounting, the results of subsidiaries are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the difference between the carrying values of the investment in the subsidiary over the nominal value of the shares acquired is taken to merger reserve.

On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

(iii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Subsidiaries (cont'd.)

(iv) Change in control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other component of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Income Statement. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as equity accounted investee or as financial asset depending on the level of influence retained.

(h) Associates

Associates are entities in which the Group exercises significant influence, but which it does not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Significant influence is the power to participate in the financial and operating policy decisions of the associates but not control over those policies.

Investments in associates are accounted for in the consolidated financial statements by using the equity method of accounting and are initially recognised at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of post-acquisition profit or loss is recognised in the Income Statement and its share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying value of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured obligations, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The results of associates are taken from the most recent financial statements of the associates' concerned, made up to dates not more than three months prior to the end of the financial year of the Group.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates; unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of the associates to ensure consistency of accounting policies with those of the Group.

When the Group losses significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the Income Statement. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as a financial asset. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

Notes to the Financial Statements

for the financial year ended 30 June 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(i) 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 ventures 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.

Joint ventures

The Group's interest in a joint venture is accounted for in the financial statements by using the equity method of accounting. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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 of an impairment of the asset transferred. Where necessary, in applying the equity method, adjustments are made to the financial statements of the joint ventures to ensure consistency of accounting policies with those of the Group.

(j) Investments in subsidiaries, joint arrangements and associates

Investments in subsidiaries, joint arrangements and associates are stated at cost less accumulated impairment losses if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount.

On disposal of investments in subsidiaries, joint arrangements and associates, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the Income Statement.

(k) Development expenditure

Development expenditure is generally expensed when incurred otherwise it 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 benefit will flow to the enterprise.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Inventories comprise primarily of raw material, work-in-progress, fuel and spare parts. The cost of work-in-progress comprises raw materials, direct labour, other direct costs and related overheads. It excludes borrowing costs. 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.

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.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(m) Financial assets and financial liabilities

Financial assets

(i) Classification

The Group and the Company classify its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Group and the Company reclassify debt investments when and only when its business model for managing those assets changes.

The Group and the Company irrevocably elected to present fair value gains and losses on equity investments in OCI. The Group and the Company consider this classification to be more relevant as these instruments are strategic investments of the Group and the Company and not held for trading purposes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

(iii) Measurement

At initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the Income Statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ("SPPI").

a) *Debt instruments*

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Group and the Company classify its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in the Income Statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the Income Statement and presented in other operating income/(expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the Income Statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the Income Statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other operating income/(expenses). Interest income from these financial assets is included in the Income Statement using the effective interest rate method. Foreign exchange gains and losses are presented in other operating income/(expenses) and impairment expenses are presented as separate line item in the Income Statement.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Group and the Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in the Income Statement and presented net within other operating income/(expenses) in the period which it arises.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

(iii) Measurement (cont'd.)

b) Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Where the Group's and the Company's management have elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the Income Statement when the Group's and the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other operating income/(expenses) in the Income Statement as applicable.

(iv) Impairment

The Group and the Company assess on a forward-looking basis the expected credit loss ("ECL") associated with its debt instruments carried at amortised cost and at FVOCI and financial guarantee contracts issued. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group has six types of financial instruments that are subject to the ECL model:

- Trade receivables
- Unbilled receivables
- Contract assets
- Other receivables (including deposits, interest receivables and receivables from associate/joint venture)
- Amounts owing by related companies (fellow subsidiaries, immediate holding company and ultimate holding company)
- Financial guarantee contracts

The Company has three types of financial instruments that are subject to the ECL model:

- Other receivables (including deposits and interest receivables)
- Amounts owing by related companies (fellow subsidiaries, immediate holding company, ultimate holding company and subsidiaries)
- Financial guarantee contracts

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

(iv) Impairment (cont'd.)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to the contracts and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument. For financial guarantee contracts, the ECL is the difference between the expected payments to reimburse the holder of the guaranteed debt instrument less any amounts that the Group and the Company expect to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

a) *General 3-stage approach for other receivables and financial guarantee contracts issued*

At each reporting date, the Group and the Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required. Note 35(b) sets out the measurement details of ECL.

b) *Simplified approach for trade receivables, unbilled receivables, contract assets and amounts owing by related companies which is trade in nature*

The Group applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables, unbilled receivables, contract assets and amounts owing by related companies which is trade in nature. Note 35(b) sets out the measurement details of ECL.

Significant increase in credit risk

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportable forward-looking information.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

(iv) Impairment (cont'd.)

Significant increase in credit risk (cont'd.)

The following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the Group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

Definition of default and credit-impaired financial assets

The Group and the Company define a financial instrument as default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

a) Quantitative criteria

The Group and the Company define a financial instrument as default, when the counterparty fails to make contractual payment within 80 and 365 days of when they fall due.

b) Qualitative criteria

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group and the Company consider the following instances:

- the debtor is in breach of financial covenants
- concessions have been made by the lender relating to the debtor's financial difficulty
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on individual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial assets (cont'd.)

(iv) Impairment (cont'd.)

Groupings of instruments for ECL measured on collective basis

a) *Collective assessment*

To measure ECL, trade receivables, unbilled receivables, contract assets and amounts owing by related companies which is trade in nature have been grouped based on shared credit risk characteristics of customer's behaviour and the days past due. The unbilled receivables, contract assets relate to unbilled amounts and amounts owing by related companies which is trade in nature have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the unbilled receivables, contract assets and amounts owing by related companies which is trade in nature.

b) *Individual assessment*

Trade receivables, unbilled receivables, contract assets, other receivables and amounts owing by related companies which are in default or credit-impaired are assessed individually.

(v) Write-off

a) *Trade receivables, unbilled receivables, contract assets and amounts owing by related companies which is trade in nature*

Trade receivables, unbilled receivables, contract assets and amounts owing by related companies which is trade in nature are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, uneconomic collection and court orders.

Impairment losses are presented within 'cost of sales' in the Income Statement. Subsequent recoveries of amounts previously written off are credited against the same line item.

b) *Other receivables and amounts owing by related companies*

The Group write-off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on unavailability of debtor's sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(m) Financial assets and financial liabilities (cont'd.)

Financial liabilities

Financial liabilities are recognised in the Statement of Financial Position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's financial liabilities include trade payables, other payables and borrowings (see Note 2(r)). The Company's financial liabilities include other payables and borrowings (see Note 2(r)). These are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Income Statement.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement 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.

(n) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date the 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 its hedges as cash flow hedges. Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in Income Statement when the changes arise.

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives designated as hedging instruments are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative financial instruments used for hedging purposes are disclosed in Note 20 to the financial statements. Movements on the hedging reserve in shareholders' equity are shown in Note 25(a) to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the 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. The fair value of a trading derivative is classified as a current asset or liability.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(n) Derivative financial instruments and hedging activities (cont'd.)

The fair value changes on the effective portion of the derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement.

Amounts accumulated in equity are reclassified to Income Statement in the financial periods when the hedged item affects Income Statement (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 Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(o) 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.

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.

Financial guarantee contracts are subsequently measured 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.

(p) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand, cash at bank and deposits held at call with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the Statement of Financial Position.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(q) Share capital

Ordinary shares and non-redeemable preference shares with discretionary dividends are classified as equity. Other shares are classified as equity and/or liability according to the substance of the contractual arrangement of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

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.

Purchase of own 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.

(r) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequently, borrowings are carried at amortised cost using the effective interest method; any difference between proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the term of the borrowings.

Interest relating to a financial instrument classified as a liability is reported within finance cost in the Income Statement.

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.

(s) 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 Income Statement over the expected economic useful lives of the related assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(t) Deferred income

The deferred income comprise assets transferred from customers in respect of services which are yet to be provided and shareholder loan interest revenue. Such amounts are recorded as liabilities in the Statement of Financial Position and are amortised to the Income Statement over the expected economic useful lives of the related assets.

(u) Provisions

The Group and the Company recognise 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 of the amount 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 and the Company's current best estimate.

(v) Revenue recognition

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.

(i) 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 the sale of electricity is recognised over time as customers simultaneously receive and consume the benefits provided by the Group's performance when electricity is delivered based on contractual terms stipulated in respective agreements with customers.

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 Group has adopted the practical expedient available in MFRS 15 where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months.

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 receivables and is reversed the following month when actual billings occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

(ii) Supply of clean water and treatment and disposal of waste water

The Group, under the license granted by the 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 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. Revenue represents income receivable in the ordinary course of business, excluding Value Added Tax, for services provided. Revenue is recognised to the extent that its is probable that economic benefits will flow to the Group.

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 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 wastewater mains.

The developer is also required to pay infrastructure charges being a contribution to network reinforcement.

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 as the Group has adopted the practical expedient available in MFRS 15 where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

(iii) Telecommunications business

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 Stand-alone 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.

a) 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 Statement 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.). As the services are separately identifiable and the customers can benefit from each of the services on its own, each service is accounted for as a separate 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 devices.

b) Sale of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

(iii) Telecommunications business (cont'd.)

b) Sale of devices (cont'd.)

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. 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 a 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 within receivables and payables respectively in the Statement 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 payments are due.

(iv) 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 Group has adopted the practical expedient available in MFRS 15 where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months.

(v) Investment income

Investment income earned by the Group and the Company are recognised on the following bases:

Dividend income	– When the shareholders' right to receive payment is established.
Interest income	– On an effective interest basis.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(v) Revenue recognition (cont'd.)

(vi) Others

Other income earned by the Group is recognised on the following bases:

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 Group has adopted the practical expedient available in MFRS 15 where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months.
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 Group has adopted the practical expedient available in MFRS 15 where the interval between transfer of the promised goods or services and payment by the customer is expected to be less than 12 months.
	-	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.
Tank leasing fees	-	Tank leasing fees from operating leases are recognised on a straight line basis over the lease term.
Management, operation and maintenance fees	-	Management, operation and maintenance fees are recognised over the period in which the services are rendered.
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.
Hotel operations	-	Hotel room revenue is recognised over time during the period of stay for the hotel guests. Revenue from food, beverage and other ancillary services are generally recognised at the point in time when the services are rendered.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(w) Contracts with Customers

(i) Contract assets

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 assets are presented within "Receivables, deposits, and prepayments" of the statement of financial position.

(ii) Contract liabilities

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 the services under the contract. Contract liabilities are presented within "Payables and accrued expenses" and "Payables" of the statement of financial position.

(iii) Contract cost assets

The Group capitalises sales commissions as cost to obtain a contract with a customer when they are incremental and expected to be recovered 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.

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.

An impairment loss is recognised to the Income Statement to the extent that the carrying amount of the contract cost asset recognised exceeds the remaining amount of considerations that the Group expects to receive for the specific contract that the cost relates to less additional costs required to complete the specific contract.

(x) Employee benefits

(i) Short-term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the financial period in which the associated services are rendered by employees of the Group and the Company.

(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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(x) Employee benefits (cont'd.)

(ii) Post-employment benefits (cont'd.)

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 pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis 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 financial periods.

The Group's and the Company's contributions to defined contribution plan are charged to the Income Statement in the financial 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.

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 Group operates an 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 Income Statement 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 Income Statement, with a corresponding adjustment to equity. For options granted to subsidiaries, 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(y) Income taxes

Current tax expense is determined according to the tax laws of each jurisdiction in which the Group operates and includes all taxes based upon the taxable profits, including withholding taxes payable by a foreign subsidiary, associated company or joint venture on distributions of retained earnings to companies in the Group.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed 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 other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised 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 recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

The Group's share of income taxes of joint ventures and associates are included in the Group's share of profits of investments accounted for using the equity method.

Deferred tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or deferred tax liability is settled.

(z) Foreign currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities 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 the Company's functional and presentation currency.

(ii) Transactions and balances

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 financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(z) Foreign currencies (cont'd.)

(iii) Group companies

The results and financial position of all the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the 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 Statement are translated at average exchange rates; and
- all resulting exchange differences are recognised as a separate component 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 off or sold, exchange differences that were recorded in shareholders' equity are recognised in the Income Statement 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.

(aa) 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 the occurrence or non-occurrence of one or more 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 or it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more 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.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(ab) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Director primarily responsible for the financial statements of the Group.

Transactions between segments are carried out on mutually agreed basis. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

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) Impairment 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 value-in-use calculations. These calculations require the use of significant judgements and estimates as set out in Note 13 to the financial statements.

Management has factored in the potential impact with respect to the Covid-19 outbreak within the impairment assessments based on the best estimate on the trajectory of recovery from the Covid-19 outbreak. Significant judgement is involved as there may be potential uncertainties on the full extent of impact as a result of Covid-19.

(b) Capitalisation policy of infrastructure assets in property, plant and equipment

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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(c) Impairment assessment of property, plant and equipment ("PPE") and investment

The Group assesses impairment of the assets or cash-generating units ("CGUs") whenever the events or changes in circumstances indicate that the carrying amount of an asset or CGU may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less costs of disposal ("FVLCD") for that asset or CGU and its value-in-use ("VIU"). Projected future cash flows used in impairment testing of the assets or CGUs are based on Group's estimates calculated using historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

The recoverable amounts of the asset or CGUs are determined based on VIU or FVLCD calculations. These calculations require the use of estimates. The calculations are inherently judgemental and susceptible to change from period to period because they require the Group to make assumptions about revenue growth rate, discount rate and terminal multiple.

The assumptions used and results of the impairment assessment of investment in a subsidiary and PPE are disclosed in Note 14(c) and Note 10 to the financial statements, respectively.

(d) Assessment on allowance for impairment of trade receivables of water and sewerage segment

The expected credit loss on outstanding receivables is a key estimate under MFRS 9. The Group estimate of recoverability by grouping customers into similar economic profiles and applying a percentage loss rate based on forward-looking judgements on the future collection rates that are likely to be achieved. In particular for the financial year ended 30 June 2020, this has included additional considerations of the possible impact of the Covid-19 pandemic on the expected collection rates of outstanding receivables.

(e) Estimated useful lives of property, plant and equipment ("PPE")

The Group reviews the useful lives of its PPE at each reporting date and any adjustments are made on a prospective basis as changes in accounting estimates. The useful lives of the telecommunications equipment are assessed periodically based on the conditions of the equipment, market conditions and other regulatory requirements. During the financial year, the Group has reviewed the operational conditions of the equipment in telecommunications business segment and revised the estimated useful lives of certain telecommunications equipment from 7-25 years to 10-30 years with effect from 1 July 2019 to better reflect the economic useful lives.

(f) 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 29 to the financial statements. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D.)

(g) 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.

(h) Leases

The measurement of the "right-of-use" asset and lease liability for leases where the Group is a lessee requires the use of significant judgements and assumptions, such as lease term and incremental borrowing rate.

In determining the lease term, the Group and the Company consider all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is exercised (or not exercised) or the Group and the Company become obligated to exercise (not to exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurred, which affect this assessment, and that is within the control of the lessee.

In determining the incremental borrowing rate, the Group and the Company first determine the closest borrowing rate before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environmental of the respective leases.

4. REVENUE

(a) Revenue comprises the following:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Revenue from contracts with customers	**10,347,438**	11,442,669	**-**	-
Revenue from other sources	**289,739**	290,047	**1,107,416**	798,911
Total revenue	**10,637,177**	11,732,716	**1,107,416**	798,911

Notes to the Financial Statements

for the financial year ended 30 June 2020

4. REVENUE (CONT'D.)

(a) Revenue comprises the following: (cont'd.)

(i) Disaggregation of revenue from contracts with customers and other sources:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Power generation (Contracted)				
- Sale of electricity	**633,435**	798,480	**-**	-
Multi utilities business (Merchant)				
- Sale of electricity	**5,204,805**	5,908,123	**-**	-
- Sale of steam	**171,900**	211,048	**-**	-
- Others	**389,427**	154,830	**-**	-
	5,766,132	6,274,001	**-**	-
Water and sewerage				
- Supply of clean water and treatment and disposal of waste water	**3,483,523**	3,437,435	**-**	-
Telecommunications business				
- Sale of devices	**9,227**	16,166	**-**	-
- Telecommunication services	**398,404**	810,392	**-**	-
- Telecommunication infrastructure business	**50,802**	45,389	**-**	-
	458,433	871,947	**-**	-
Investment holding activities				
- Investment income	**153,402**	188,130	**1,100,042**	795,577
- Management, operation and maintenance fees	**91,598**	93,516	**4,800**	-
- Others	**50,654**	69,207	**2,574**	3,334
	295,654	350,853	**1,107,416**	798,911
	10,637,177	11,732,716	**1,107,416**	798,911

4. REVENUE (CONT'D.)

(a) Revenue comprises the following: (cont'd.)

(ii) Timing of revenue recognition for revenue from contracts with customers:

	Group	
	2020 RM'000	2019 RM'000
– at a point in time	**249,879**	178,590
– over time	**10,097,559**	11,264,079
	10,347,438	11,442,669

(b) Contract assets and liabilities related to contracts with customers

		Group	
	Note	2020 RM'000	2019 RM'000
Non-current			
Contract assets	18	**540**	2,486
Contract cost assets	18	**1,165**	3,129
Contract liabilities	31	**(31,326)**	(26,264)
Current			
Contract assets	18	**154,326**	156,080
Contract cost assets	18	**26,151**	33,592
Contract liabilities	32	**(310,812)**	(287,789)

(i) Significant changes in contract assets and liabilities

	Group	
	2020 RM'000	2019 RM'000
Contract assets		
At 1 July	**158,566**	78,171
Exchange differences	**-**	15
Additions due to revenue recognised during the financial year	**2,771**	157,263
Transfer to trade receivables	**(6,749)**	(76,495)
Write back of/(Allowance for) impairment of contract assets	**278**	(388)
At 30 June	**154,866**	158,566

Notes to the Financial Statements

for the financial year ended 30 June 2020

4. REVENUE (CONT'D.)

(b) Contract assets and liabilities related to contracts with customers (cont'd.)

(i) Significant changes in contract assets and liabilities (cont'd.)

	Group	
	2020 RM'000	**2019 RM'000**
Contract liabilities		
At 1 July	**314,053**	322,096
Exchange differences	**847**	(2,872)
Revenue recognised that was included in the contract liability balance at the beginning of the financial year	**(313,562)**	(319,806)
Increases due to cash received, excluding amounts recognised as revenue during the financial year	**340,800**	314,635
At 30 June	**342,138**	314,053

(ii) 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 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 "Receivables, deposits, and prepayments" in the statement of financial position.

	Group	
	2020 RM'000	**2019 RM'000**
At 1 July	**36,721**	39,353
Exchange differences	**131**	(264)
Assets recognised from costs to obtain or fulfil a contract during the financial year	**27,975**	35,889
Amortisation recognised during the financial year	**(7,842)**	(11,569)
Charged to cost of sales during the financial year	**(29,669)**	(26,688)
At 30 June	**27,316**	36,721

The closing balances of contract cost assets consist of:

	Group	
	2020 RM'000	**2019 RM'000**
Contract acquisition costs	**111**	597
Contract fulfilment costs	**27,205**	36,124
At 30 June	**27,316**	36,721

4. REVENUE (CONT'D.)

(b) Contract assets and liabilities related to contracts with customers (cont'd.)

(iii) Unsatisfied performance obligations

As at 30 June 2020, the aggregate amount of the transaction price allocated to unsatisfied performance obligations resulting from contracts with customers is RM357.2 million (2019: 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 (2019: 1 to 15 years).

The Group applied the practical expedient in MFRS 15 and did not disclose information about unsatisfied performance obligations for certain contracts, where the transaction price corresponds directly with the Group's level of performance in the future.

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES

Key management personnel comprise the Directors and Senior Management who have the authority and responsibility for planning, directing and controlling the activities of the Group or the Company. The key management compensation is disclosed below:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Key management compensation:				
- Wages, salaries and bonus	**30,150**	39,746	**20,266**	27,356
- Defined contribution plan	**2,398**	3,289	**2,370**	3,234
- Fees	**860**	743	**860**	743
- Share options expenses	**3,181**	3,181	**3,181**	3,181
- Other emoluments*	**206**	273	**52**	46
- Estimated money value of benefits in kind	**553**	604	**365**	419

* *Other emoluments include socso, meeting allowances, etc.*

Key management compensation includes the Directors' remuneration (whether executive or otherwise) as disclosed in Note 6 to the financial statements.

Whenever exist, related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any key management personnel or their close family members.

Notes to the Financial Statements

for the financial year ended 30 June 2020

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONT'D.)

In addition to related party transactions and balances mentioned elsewhere in the financial statements, set out below are significant related party transactions and balances which were carried out on terms and conditions negotiated amongst the related parties. Fellow subsidiaries are subsidiaries of immediate holding company and ultimate holding company of the Company.

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Sale of goods and services:				
- Fellow subsidiaries	**66,435**	16,058	**-**	-
Dividend income:				
- Subsidiaries	**-**	-	**942,466**	647,090
- Fellow subsidiaries	**3,511**	3,511	**3,511**	3,511
Interest income:				
- Subsidiaries - in respect of loan and advances	**-**	-	**133,066**	110,721
Other income:				
- Fellow subsidiaries	**2,574**	3,334	**2,574**	3,334
Interest expense:				
- Subsidiaries - in respect of loan and advances	**-**	-	**41,401**	9,452
Purchases of goods and services from fellow subsidiaries:				
- Advertising and promotion	**773**	970	**-**	-
- Building infrastructure	**61**	4,789	**-**	-
- Hotel and accommodation	**2,140**	3,675	**360**	595
- Operating and maintenance	**57,830**	54,332	**-**	-
- Telecommunications related charges	**520**	75,535	**-**	-
Purchases of goods and services from joint venture companies:				
- Information technology consultancy and related services	**26,694**	26,552	**-**	-
Purchases of goods and services from subsidiary of associated company of immediate holding company:				
- Commission, incentives and/or reimbursement of bundle device sold	**1,675**	4,475	**-**	-
Expenses paid on behalf of:				
- Subsidiaries	**-**	-	**6,719**	5,942
- Fellow subsidiaries	**132**	132	**132**	121

5. SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES (CONT'D.)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Expenses paid on behalf by:				
- Subsidiaries	**-**	-	**1,057**	80,655
- Fellow subsidiaries	**1,453**	1,208	**450**	575
- Immediate holding company and ultimate holding company	**5,144**	4,868	**460**	464
Year-end balances owing by:				
- Subsidiaries	**-**	-	**2,764,225**	2,770,031
- Fellow subsidiaries	**34,901**	17,125	**-**	33
Year-end balances owing to:				
- Subsidiaries	**-**	-	**(378,400)**	(2,332)
- Fellow subsidiaries	**(76,029)**	(78,685)	**(31)**	(55)

The movement in advances to/(from) subsidiaries during the financial year is as follows:

	Company	
	2020 RM'000	**2019 RM'000**
Advances to/(from) subsidiaries		
At 1 July	**2,744,916**	2,321,866
Net (repayment)/advances (from)/to subsidiaries		
- Advances	**(107,616)**	(28,265)
- Repayment of principals	**(814,970)**	158,298
- Payment of interests	**(81,725)**	(91,924)
	(1,004,311)	38,109
Foreign currency translation	**100,498**	69,903
Write back of impairment of amounts owing by a subsidiary	**2,000**	-
Capitalisation of advances to a subsidiary (Note 14(e))	**-**	(166,231)
Capital reduction in a subsidiary (Note 14(d))	**-**	380,000
Net of interest income and expenses	**91,665**	101,269
At 30 June	**1,934,768**	2,744,916

Notes to the Financial Statements

for the financial year ended 30 June 2020

6. PROFIT BEFORE TAXATION

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation is stated after charging/(crediting):				
Allowance for impairment of associates	**316**	-	**-**	-
Allowance for impairment of a subsidiary	**-**	-	**38,000**	-
Allowance for impairment of inventories	**910**	4,582	**-**	-
Allowance for impairment of property, plant and equipment	**2,953**	4,347	**-**	-
Allowance for impairment of receivables (net of reversals)				
Amortisation of contract costs	**120,559**	146,089	**-**	-
Amortisation of deferred income	**7,842**	11,569	**-**	-
Amortisation of grants and contributions	**(5,209)**	(4,579)	**-**	-
Amortisation of intangible assets	**(15,166)**	(15,973)	**-**	-
Auditors' remuneration	**66,689**	9,859	**-**	-
- Statutory audit fees payable/paid to PwC Malaysia - current financial year	**777**	757	**717**	697
- Statutory audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**722**	725	**-**	-
- Statutory audit fees payable/paid to other audit firms	**3,375**	2,826	**-**	-
- Non-audit fees payable/paid to PwC Malaysia	**183**	65	**127**	24
- Non-audit fees payable/paid to member firms of an organisation which are separate and independent legal entities from PwC Malaysia	**1,450**	649	**-**	-
Bad debts recovered	**(1,879)**	(4,122)	**-**	-
Cash flow hedges, reclassified from hedging reserve to cost of sales	**154,819**	(144,316)	**-**	-
Cost of fuel, raw materials and consumable	**5,996,783**	6,843,189	**-**	-
Depreciation of property, plant and equipment	**973,596**	1,075,234	**248**	269
Depreciation of right-of-use assets	**127,036**	-	**-**	-
Development expenditure	**1,708**	1,248	**1,708**	1,248
Directors' remuneration	**27,462**	35,286	**26,729**	34,560
Fair value gain on derivatives	**(3,357)**	(15,590)	**(3,357)**	(15,590)
Fair value gain on investments	**(21,011)**	(32,753)	**(631)**	(3,222)
Fair value loss/(gain) on investment properties	**5,606**	(53,016)	**-**	-
Infrastructure maintenance expenses	**110,728**	122,231	**-**	-

6. PROFIT BEFORE TAXATION (CONT'D.)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense – borrowings	**1,040,412**	1,112,203	**432,249**	427,510
Interest expense – lease liabilities	**27,355**	–	**2**	–
Interest expense – post-employment benefit obligations	**15,894**	18,682	**-**	–
Interest income	**(12,980)**	(8,077)	**-**	–
Net gain on disposal of property, plant and equipment	**(8,442)**	(4,462)	**-**	(26)
Operating lease income	**(139,548)**	–	**-**	–
Property, plant and equipment written off	**7,463**	22,291	**-**	–
Realised loss/(gain) on foreign exchange	**458**	7,698	**-**	(1,111)
Rates	**133,510**	141,446	**-**	–
Rental of land and building	**-**	145,335	**-**	360
Rental of plant, equipment and machinery	**-**	8,250	**-**	–
Short-term leases/leases of low-value assets/ variable lease payments	**58,039**	–	**360**	–
Staff costs:				
– Wages, salaries and bonus	**570,059**	629,850	**19,655**	19,511
– Defined contribution plan	**55,753**	49,798	**1,985**	1,960
– Defined benefit plan – net pension cost	**63,277**	63,962	**-**	–
– Share option expenses	**1,829**	2,113	**845**	875
Unrealised loss/(gain) on foreign exchange	**3,267**	(313)	**5,925**	(2,011)
Write back of impairment of amounts owing by subsidiaries (net of reversals)	**-**	–	**(215)**	–
(Write back of)/Provision for liabilities and charges	**(4,437)**	8,219	**-**	–

Notes to the Financial Statements

for the financial year ended 30 June 2020

6. PROFIT BEFORE TAXATION (CONT'D.)

Details of the total remuneration of each Director of the Company received from YTL Power International Berhad Group of Companies, categorised into appropriate components for the financial year ended 30 June 2020 and 30 June 2019, are as follows:

2020 Group	Salaries RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Share option expenses RM'000	Others* RM'000	Estimated money value of benefits in kind RM'000	Total RM'000
Executive Directors								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	**3,216**	**-**	**1,206**	**531**	**448**	**-**	**146**	**5,547**
Dato' Yeoh Seok Kian	**1,608**	**-**	**603**	**265**	**448**	**-**	**28**	**2,952**
Dato' Yeoh Soo Min	**2,504**	**-**	**939**	**413**	**448**	**-**	**35**	**4,339**
Dato' Yeoh Seok Hong	**3,421**	**-**	**1,146**	**504**	**448**	**2**	**34**	**5,555**
Dato' Sri Michael Yeoh Sock Siong	**-**	**-**	**-**	**-**	**448**	**-**	**-**	**448**
Dato' Yeoh Soo Keng	**2,420**	**-**	**908**	**399**	**448**	**1**	**1**	**4,177**
Dato' Mark Yeoh Seok Kah	**1,741**	**-**	**516**	**227**	**448**	**2**	**41**	**2,975**
Syed Abdullah Bin Syed Abd. Kadir	**648**	**-**	**120**	**31**	**45**	**1**	**80**	**925**
Non-Executive Directors								
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	**-**	**220**	**-**	**-**	**-**	**14**	**-**	**234**
Faiz Bin Ishak	**-**	**220**	**-**	**-**	**-**	**14**	**-**	**234**
Datuk Loo Took Gee	**-**	**210**	**-**	**-**	**-**	**9**	**-**	**219**
Datuk Seri Long See Wool	**-**	**210**	**-**	**-**	**-**	**12**	**-**	**222**
	15,558	**860**	**5,438**	**2,370**	**3,181**	**55**	**365**	**27,827**
2019								
Group								
Executive Directors								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	4,824	-	1,206	724	448	1	180	7,383
Dato' Yeoh Seok Kian	2,412	-	603	362	448	1	69	3,895
Dato' Yeoh Soo Min	3,756	-	939	563	448	1	41	5,748
Dato' Yeoh Seok Hong	4,947	-	1,146	688	448	1	35	7,265
Dato' Sri Michael Yeoh Sock Siong	-	-	-	-	448	-	-	448
Dato' Yeoh Soo Keng	3,630	-	908	545	448	1	1	5,533
Dato' Mark Yeoh Seok Kah	2,427	-	516	310	448	1	13	3,715
Syed Abdullah Bin Syed Abd. Kadir	648	-	120	42	45	1	80	936
Non-Executive Directors								
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	-	220	-	-	-	14	-	234
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	55	-	-	-	5	-	60
Dato' Yusli Bin Mohamed Yusoff	-	39	-	-	-	2	-	41
Faiz Bin Ishak	-	217	-	-	-	11	-	228
Datuk Loo Took Gee	-	106	-	-	-	3	-	109
Datuk Seri Long See Wool	-	106	-	-	-	4	-	110
	22,644	743	5,438	3,234	3,181	46	419	35,705

6. PROFIT BEFORE TAXATION (CONT'D.)

Details of the total remuneration of each Director of the Company received from YTL Power International Berhad, categorised into appropriate components for the financial year ended 30 June 2020 and 30 June 2019, are as follows:

2020 Company	Salaries RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Share option expenses RM'000	Others* RM'000	Estimated money value of benefits in kind RM'000	Total RM'000
Executive Directors								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	**3,216**	**-**	**1,206**	**531**	**448**	**-**	**146**	**5,547**
Dato' Yeoh Seok Kian	**1,608**	**-**	**603**	**265**	**448**	**-**	**28**	**2,952**
Dato' Yeoh Soo Min	**2,504**	**-**	**939**	**413**	**448**	**-**	**35**	**4,339**
Dato' Yeoh Seok Hong	**3,056**	**-**	**1,146**	**504**	**448**	**-**	**34**	**5,188**
Dato' Sri Michael Yeoh Sock Siong	**-**	**-**	**-**	**-**	**448**	**-**	**-**	**448**
Dato' Yeoh Soo Keng	**2,420**	**-**	**908**	**399**	**448**	**1**	**1**	**4,177**
Dato' Mark Yeoh Seok Kah	**1,376**	**-**	**516**	**227**	**448**	**1**	**41**	**2,609**
Syed Abdullah Bin Syed Abd. Kadir	**648**	**-**	**120**	**31**	**45**	**1**	**80**	**925**
Non-Executive Directors								
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	**-**	**220**	**-**	**-**	**-**	**14**	**-**	**234**
Faiz Bin Ishak	**-**	**220**	**-**	**-**	**-**	**14**	**-**	**234**
Datuk Loo Took Gee	**-**	**210**	**-**	**-**	**-**	**9**	**-**	**219**
Datuk Seri Long See Wool	**-**	**210**	**-**	**-**	**-**	**12**	**-**	**222**
	14,828	**860**	**5,438**	**2,370**	**3,181**	**52**	**365**	**27,094**

2019 Company	Salaries RM'000	Fees RM'000	Bonus RM'000	Defined contribution plan RM'000	Share option expenses RM'000	Others* RM'000	Estimated money value of benefits in kind RM'000	Total RM'000
Executive Directors								
Tan Sri Dato' (Dr) Francis Yeoh Sock Ping, KBE, CBE, FICE	4,824	-	1,206	724	448	1	180	7,383
Dato' Yeoh Seok Kian	2,412	-	603	362	448	1	69	3,895
Dato' Yeoh Soo Min	3,756	-	939	563	448	1	41	5,748
Dato' Yeoh Seok Hong	4,584	-	1,146	688	448	1	35	6,902
Dato' Sri Michael Yeoh Sock Siong	-	-	-	-	448	-	-	448
Dato' Yeoh Soo Keng	3,630	-	908	545	448	1	1	5,533
Dato' Mark Yeoh Seok Kah	2,064	-	516	310	448	1	13	3,352
Syed Abdullah Bin Syed Abd. Kadir	648	-	120	42	45	1	80	936
Non-Executive Directors								
Tan Sri Datuk Dr. Aris Bin Osman @ Othman	-	220	-	-	-	14	-	234
Tan Sri Dato' Lau Yin Pin @ Lau Yen Beng	-	55	-	-	-	5	-	60
Dato' Yusli Bin Mohamed Yusoff	-	39	-	-	-	2	-	41
Faiz Bin Ishak	-	217	-	-	-	11	-	228
Datuk Loo Took Gee	-	106	-	-	-	3	-	109
Datuk Seri Long See Wool	-	106	-	-	-	4	-	110
	21,918	743	5,438	3,234	3,181	46	419	34,979

* *Others include socso, meeting allowances, etc.*

Notes to the Financial Statements
for the financial year ended 30 June 2020

7. TAXATION

Taxation charge for the financial year:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Current tax:				
- Malaysian income tax	**18,673**	12,735	**467**	660
- Foreign income tax	**82,457**	106,241	**-**	-
Deferred taxation (Note 26)	**196,357**	20,924	**6**	(23)
	297,487	139,900	**473**	637
Current tax:				
- Current year	**112,900**	120,671	**507**	708
- Over provision in prior years	**(11,770)**	(1,695)	**(40)**	(48)
Deferred taxation:				
- Originating and reversal of temporary differences	**196,357**	20,924	**6**	(23)
	297,487	139,900	**473**	637

The explanation of the relationship between taxation and profit before taxation is as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Numerical reconciliation between taxation and the product of accounting profit multiplied by the Malaysian tax rate				
Profit before taxation	**425,191**	753,428	**571,736**	321,564
Taxation calculated at the Malaysian tax rate of 24% (2019: 24%)	**102,046**	180,823	**137,217**	77,175
Tax effects of:				
- Share of profits of investments accounted for using the equity method	**(109,012)**	(96,277)	**-**	-
- Different tax rates in other countries including re-measurement of deferred tax ^	**152,721**	(27,126)	**-**	-
- Non-deductible expenses	**203,356**	158,751	**125,608**	102,951
- Income not subject to tax	**(65,433)**	(68,078)	**(262,312)**	(179,441)
- Temporary differences not recognised/(utilised)*	**25,579**	(6,498)	**-**	-
- Over provision in prior years in relation to current tax	**(11,770)**	(1,695)	**(40)**	(48)
Taxation	**297,487**	139,900	**473**	637

7. TAXATION (CONT'D.)

^ The re-measurement of deferred tax during the financial year of RM162.4 million was due to an increase in the United Kingdom corporation tax rate from 17% to 19% (effective from 1 April 2020) following the March 2020 Budget in United Kingdom. This will increase the subsidiary's future current tax charge accordingly. The deferred tax liability at 30 June 2020 has been calculated based on the rate of 19% substantively enacted at the financial year ended 30 June 2020.

* 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.

	2020 RM'000	2019 RM'000
- Property, plant and equipment	**223,834**	197,619
- Unutilised tax losses	**224,924**	224,924

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment after the end of pioneer period. Expiry date of the Group's tax losses is summarised below:

	2020 RM'000	2019 RM'000
Year of assessment 2025	**3,932**	3,932
Year of assessment 2028	**220,992**	220,992

The tax effects of temporary differences not recognised in respect of other subsidiaries are as follows:

	2020 RM'000	2019 RM'000
- Property, plant and equipment	**9,945**	10,461
- Unutilised tax losses	**841**	961
- Others	**4,464**	4,464

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses with no expiry period will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward from year of assessment 2018 can be carried forward for another 7 consecutive years of assessment. Expiry date of the Group's tax losses is summarised below:

	2020 RM'000	2019 RM'000
Year of assessment 2025	**841**	961

Notes to the Financial Statements

for the financial year ended 30 June 2020

8. EARNINGS PER SHARE ("EPS")

(a) Basic EPS

	Group	
	2020	**2019**
Profit attributable to owners of the parent (RM'000)	**67,638**	476,751
Weighted average number of ordinary shares in issue ('000)	**7,675,301**	7,686,411
Basic EPS (sen)	**0.88**	6.20

Basic EPS of the Group is calculated by dividing the net profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year, excluding the number of ordinary shares purchased by the Company and held as treasury shares.

(b) Diluted EPS

	Group	
	2020	**2019**
Profit attributable to owners of the parent (RM'000)	**67,638**	476,751
Profit used to determine diluted EPS (RM'000)	**67,638**	476,751
Weighted average number of ordinary shares in issue ('000)	**7,675,301**	7,686,411
Adjustment for ESOS ('000)	**-**	12,268
Weighted average number of ordinary shares for diluted earnings per share ('000)	**7,675,301**	7,698,679
Diluted EPS (sen)	**0.88**	6.19

For the diluted EPS calculation, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares.

9. DIVIDENDS

	Group and Company 2020		Group and Company 2019	
	Gross dividend per share Sen	**Amount of dividend RM'000**	**Gross dividend per share Sen**	**Amount of dividend RM'000**
Dividend paid in respect of the financial year ended 30 June 2019:				
- Interim dividend of 5 sen per ordinary share paid on 13 November 2019	**5**	**383,765**	-	-
Dividend paid in respect of the financial year ended 30 June 2018:				
- Interim dividend of 5 sen per ordinary share paid on 13 November 2018	**-**	**-**	5	383,765
	5	**383,765**	5	383,765

The Board of Directors do not recommend any dividend to be paid for the financial year ended 30 June 2020.

10. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are as follows:

Group 2020	Land and buildings RM'000	Infrastructure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Equipment, furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munications equipment RM'000	Assets under construction RM'000	Total RM'000
Cost									
At 1 July 2019, as previously reported	5,083,192	8,168,014	15,418,781	22,699	925,793	181,645	3,123,217	2,588,405	35,511,746
Adjustments from adoption of MFRS 16	(99,838)	-	-	-	-	-	(86,695)	-	(186,533)
At 1 July 2019, as restated	4,983,354	8,168,014	15,418,781	22,699	925,793	181,645	3,036,522	2,588,405	35,325,213
Exchange differences	19,305	26,337	31,826	-	2,848	(1,126)	-	14,418	93,608
Additions	690	6,211	35,956	-	2,581	641	2,349	1,458,883	1,507,311
Disposals	-	-	(561)	-	(1,050)	(25,067)	(741)	-	(27,419)
Written off	(10,591)	(740)	(228,033)	-	(28,672)	(83)	(1,202)	-	(269,321)
Reclassification	-	-	(244,484)	-	-	244,484	-	-	-
Transfer to intangible assets *	-	-	(274,571)	-	(26,528)	-	(56,635)	(390)	(358,124)
Transfer on commissioning	343,500	444,389	1,471,848	-	60,395	15,198	104,400	(2,439,730)	-
At 30 June 2020	5,336,258	8,644,211	16,210,762	22,699	935,367	415,692	3,084,693	1,621,586	36,271,268
Accumulated depreciation and impairment									
At 1 July 2019, as previously reported	2,204,218	661,350	9,440,044	22,699	453,859	79,909	1,018,100	-	13,880,179
Adjustments from adoption of MFRS 16	(63,282)	-	-	-	-	-	(16,349)	-	(79,631)
At 1 July 2019, as restated	2,140,936	661,350	9,440,044	22,699	453,859	79,909	1,001,751	-	13,800,548
Exchange differences	23,236	16,737	(6,488)	-	1,598	(711)	-	-	34,372
Charge for the financial year	88,652	77,333	609,270	-	30,566	35,589	132,186	-	973,596
Disposals	-	-	(517)	-	(1,040)	(21,981)	(217)	-	(23,755)
Impairment	-	-	2,953	-	-	-	-	-	2,953
Reclassification	-	-	(135,097)	-	-	135,097	-	-	-
Transfer to intangible assets *	-	-	(71,634)	-	(14,531)	-	(48,885)	-	(135,050)
Written off	(6,500)	(130)	(225,788)	-	(28,644)	(83)	(713)	-	(261,858)
At 30 June 2020	2,246,324	755,290	9,612,743	22,699	441,808	227,820	1,084,122	-	14,390,806
Net book value									
At 30 June 2020	3,089,934	7,888,921	6,598,019	-	493,559	187,872	2,000,571	1,621,586	21,880,462

* *During the financial year, the Group decided to refine its analysis of assets and identify elements of its asset stock that could be classified as intangible assets. Following this exercise, those assets that met the definition were transferred from property, plant and equipment to intangible assets.*

Borrowing cost of RM18,554,448 (2019: RM8,348,457) at an interest rate of 4.3% (2019: 4.4%) was capitalised during the financial year 2020.

The Group has revised the useful lives of certain property, plant and equipment during the financial year 2020. 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 2020 has decreased by RM65,380,133.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

The details of property, plant and equipment are as follows: (cont'd.)

Group 2019	Land and buildings RM'000	Infrastructure assets RM'000	Plant and machinery RM'000	Mains and lines RM'000	Equipment, furniture and fittings RM'000	Motor vehicles and aircraft RM'000	Telecom-munications equipment RM'000	Assets under construction RM'000	Total RM'000
Cost									
At 1 July 2018	5,029,563	8,181,336	15,205,722	22,699	887,188	153,885	2,795,672	1,903,406	34,179,471
Exchange differences	(25,166)	(74,053)	95,778	-	(6,213)	(654)	-	(29,861)	(40,169)
Additions	105,089	60,731	165,529	-	50,365	60,773	14,589	1,099,691	1,556,767
Disposals	-	-	(12,194)	-	(5,549)	(31,737)	-	-	(49,480)
Written off	(11,878)	-	(97,149)	-	(740)	(622)	(10,044)	(14,410)	(134,843)
Transfer on commissioning	(14,416)	-	61,095	-	742	-	323,000	(370,421)	-
At 30 June 2019	5,083,192	8,168,014	15,418,781	22,699	925,793	181,645	3,123,217	2,588,405	35,511,746
Accumulated depreciation and impairment									
At 1 July 2018	2,121,310	591,039	8,864,433	22,699	429,136	65,301	834,396	-	12,928,314
Exchange differences	(7,240)	(5,410)	44,054	-	(2,597)	(142)	-	-	28,665
Charge for the financial year	96,951	75,721	634,701	-	33,403	41,424	193,034	-	1,075,234
Disposals	-	-	(11,624)	-	(5,548)	(26,657)	-	-	(43,829)
Impairment	-	-	4,347	-	-	-	-	-	4,347
Written off	(6,803)	-	(95,867)	-	(535)	(17)	(9,330)	-	(112,552)
At 30 June 2019	2,204,218	661,350	9,440,044	22,699	453,859	79,909	1,018,100	-	13,880,179
Net book value									
At 30 June 2019	2,878,974	7,506,664	5,978,737	-	471,934	101,736	2,105,117	2,588,405	21,631,567

Borrowing cost of RM8,348,457 (2018: RM13,803,447) at an interest rate of 4.4% (2018: 4.1%) was capitalised during the financial year 2019.

The Group has revised the useful lives of certain property, plant and equipment during the financial year 2019. 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 by RM75,496,203.

Notes to the Financial Statements

for the financial year ended 30 June 2020

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

The details of land and buildings of the Group are as follows:

Group 2020	Leasehold land RM'000	Freehold land RM'000	Buildings RM'000	Total RM'000
Cost				
At 1 July 2019, as previously reported	**99,838**	**117,478**	**4,865,876**	**5,083,192**
Adjustments from adoption of MFRS 16	**(99,838)**	**-**	**-**	**(99,838)**
At 1 July 2019, as restated	**-**	**117,478**	**4,865,876**	**4,983,354**
Exchange differences	**-**	**915**	**18,390**	**19,305**
Additions	**-**	**-**	**690**	**690**
Written off	**-**	**-**	**(10,591)**	**(10,591)**
Transfer on commissioning	**-**	**8,013**	**335,487**	**343,500**
At 30 June 2020	**-**	**126,406**	**5,209,852**	**5,336,258**
Accumulated depreciation				
At 1 July 2019, as previously reported	**63,282**	**-**	**2,140,936**	**2,204,218**
Adjustments from adoption of MFRS 16	**(63,282)**	**-**	**-**	**(63,282)**
At 1 July 2019, as restated	**-**	**-**	**2,140,936**	**2,140,936**
Exchange differences	**-**	**-**	**23,236**	**23,236**
Charge for the financial year	**-**	**-**	**88,652**	**88,652**
Written off	**-**	**-**	**(6,500)**	**(6,500)**
At 30 June 2020	**-**	**-**	**2,246,324**	**2,246,324**
Net book value				
At 30 June 2020	**-**	**126,406**	**2,963,528**	**3,089,934**
2019				
Cost				
At 1 July 2018	96,777	132,543	4,800,243	5,029,563
Exchange differences	3,061	(492)	(27,735)	(25,166)
Additions	-	667	104,422	105,089
Written off	-	-	(11,878)	(11,878)
Transfer on commissioning/(Reclassification)	-	(15,240)	824	(14,416)
At 30 June 2019	99,838	117,478	4,865,876	5,083,192
Accumulated depreciation				
At 1 July 2018	55,618	-	2,065,692	2,121,310
Exchange differences	1,726	-	(8,966)	(7,240)
Charge for the financial year	5,938	-	91,013	96,951
Written off	-	-	(6,803)	(6,803)
At 30 June 2019	63,282	-	2,140,936	2,204,218
Net book value				
At 30 June 2019	36,556	117,478	2,724,940	2,878,974

The net book value of assets of the Group held under finance lease during the previous financial year was amounted RM94,986,716.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

Impairment assessment for property, plant and equipment ("PPE") of a subsidiary

The recoverable amount of the PPE assessed as part of a cash generating unit ("CGU") is determined based on the fair value less costs of disposal ("FVLCD") calculation.

The following are the key assumptions applied in the FVLCD calculation for impairment assessment of PPE of a subsidiary in the telecommunications business segment:

	2020	2019
Discount rate	**7.7%**	8.2%
Average revenue growth rate	**20.7%**	21.4%

The discount rate applied to the cash flow projections are derived from the cost of capital at the date of the assessment.

The cash flow projections used in the FVLCD calculation were based on approved financial budgets and forecasts covering a 5 year period, adjusted to reflect market's participants assumptions. Cash flows beyond the 5 year period were extrapolated a further 15 years representing the estimated useful lives of the PPE of the subsidiary, using the estimated long-term growth rate of 2.5% (2019: 2.5%).

Fair value is held within Level 3 in fair value hierarchy disclosures.

The carrying amount of the CGU is RM2.7 billion (2019: RM2.2 billion). No impairment charge was recognised as the recoverable amount of the CGU was in excess of its carrying amount.

The subsidiary was awarded contract during the financial year and is expected to be continued in the coming years. If the contract value decrease by 24.7%, the recoverable amount of the CGU will be equal to the corresponding carrying amount in 2020.

If the discount rate increase by 1%, the carrying value will be reduced by approximate RM90 million. And, if the average revenue growth rate decrease by 0.5%, the carrying value will be reduced by approximate RM100 million.

Notes to the Financial Statements

for the financial year ended 30 June 2020

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D.)

The property, plant and equipment of the Company are as follows:

Company 2020	Equipment, furniture and fittings RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 July 2019	**554**	**2,187**	**2,741**
Additions	**14**	**-**	**14**
At 30 June 2020	**568**	**2,187**	**2,755**
Accumulated depreciation			
At 1 July 2019	**454**	**742**	**1,196**
Charge for the financial year	**37**	**211**	**248**
At 30 June 2020	**491**	**953**	**1,444**
Net book value			
At 30 June 2020	**77**	**1,234**	**1,311**
2019			
Cost			
At 1 July 2018	501	2,482	2,983
Additions	53	-	53
Disposals	-	(295)	(295)
At 30 June 2019	554	2,187	2,741
Accumulated depreciation			
At 1 July 2018	419	738	1,157
Charge for the financial year	35	234	269
Disposals	-	(230)	(230)
At 30 June 2019	454	742	1,196
Net book value			
At 30 June 2019	100	1,445	1,545

The net book value of assets of the Company held under finance lease during the previous financial year was amounted RM330,882.

11. RIGHT-OF-USE ASSETS

Group 2020	Telecom-munications network site and equipment RM'000	Land RM'000	Buildings RM'000	Plant and machinery RM'000	Others RM'000	Total RM'000
At 1 July 2019, as previously reported	-	-	-	-	-	-
Adjustments from adoption of MFRS 16	**666,780**	**39,258**	**4,772**	**8,071**	-	**718,881**
At 1 July 2019, as restated	**666,780**	**39,258**	**4,772**	**8,071**	-	**718,881**
Exchange differences	-	**87**	**105**	**50**	**8**	**250**
Additions	**11,885**	-	**17,919**	-	**260**	**30,064**
Depreciation charges for the financial year	**(114,136)**	**(5,857)**	**(3,033)**	**(3,979)**	**(31)**	**(127,036)**
Expiry/Termination	**(394)**	-	-	-	-	**(394)**
At 30 June 2020	**564,135**	**33,488**	**19,763**	**4,142**	**237**	**621,765**

12. INVESTMENT PROPERTIES

The details of investment properties are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
At 1 July	**477,749**	452,112
Exchange differences	**1,585**	(4,530)
Additions	**51,400**	15,558
Transfer to property, plant and equipment	**(6,133)**	(15,182)
Transfer to inventories	**(51,787)**	(23,225)
Fair value (loss)/gain	**(5,606)**	53,016
At 30 June	**467,208**	477,749

Notes to the Financial Statements
for the financial year ended 30 June 2020

12. INVESTMENT PROPERTIES (CONT'D.)

(a) Amounts recognised in Income Statement for investment properties

	Group	
	2020 RM'000	**2019 RM'000**
Rental income	**5,745**	4,250
Direct operating expenses generating rental income	**(5,745)**	(4,204)
Direct operating expenses that did not generate rental income	**(11,168)**	(20,373)
Fair value (loss)/gain recognised in other operating (expenses)/income	**(5,606)**	53,016

(b) Measuring investment properties at fair value

The Group's investment properties consist of land at Filton Airfield, Bristol and the Brabazon Hangars.

As at 30 June 2020, the fair values of the properties are based on valuations performed by Savills (UK) Limited, an accredited independent valuer. Savills (UK) Limited is a specialist in valuing these types of investment properties.

			Range	
	Valuation technique	**Significant unobservable inputs**	**2020**	**2019**
Hangars	Capitalised income	Estimated rental value per sq-ft per annum	**£1.50 - £3.00**	£1.75 - £2.25
		Net yield percentage	**9.1%**	11%
		Void periods	**12 - 24 months**	12 months
Airfield	Transaction prices	Unit density per acre	**18-28**	18-28

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 International 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.

In arriving at their valuation, the valuers have acknowledged the impact of Brexit but believe at a local level sentiment amongst developers and demand for both residential and commercial development land appears to be very strong.

Management have noted the valuation prepared by Savills (UK) Limited includes a material uncertainty clause relating to the market uncertainties created by the Covid-19 pandemic. The inclusion of the 'material valuation uncertainty' declaration does not however mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation. Taking into consideration the existing and anticipated effects of the outbreak on the UK property market, and using all information at its disposal, management are satisfied that the valuation reflected in these statements is reasonable.

12. INVESTMENT PROPERTIES (CONT'D.)

(b) Measuring investment properties at fair value (cont'd.)

In making this assessment, management have reviewed the estimated cash flows for the development and the future rent roll which continue to support the valuation presented within the financial statements. Management are constantly monitoring market data which shows conditions have been strong since the Covid-19 lockdown has been loosened, further justifying the valuation included in these statements.

Fair value is held within Level 3 in fair value hierarchy disclosures for investment properties.

(c) Contractual obligations

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

13. INTANGIBLE ASSETS

The details of intangible assets are as follows:

Group 2020	Contract rights RM'000	Goodwill on consolidation RM'000	Software assets RM'000	Others RM'000	Total RM'000
At 1 July 2019	**119,375**	**8,142,456**	**-**	**16,818**	**8,278,649**
Exchange differences	**3,284**	**29,840**	**(1,843)**	**35**	**31,316**
Transfer from property, plant and equipment*	**-**	**-**	**223,074**	**-**	**223,074**
Additions	**13,266**	**-**	**162,102**	**-**	**175,368**
Amortisation charge for the financial year	**(8,883)**	**-**	**(55,230)**	**(2,576)**	**(66,689)**
At 30 June 2020	**127,042**	**8,172,296**	**328,103**	**14,277**	**8,641,718**

Group 2019	Contract rights RM'000	Goodwill on consolidation RM'000	Others RM'000	Total RM'000
At 1 July 2018	120,104	7,889,968	19,493	8,029,565
Exchange differences	2,339	248,957	(99)	251,197
Acquisition of a subsidiary	–	3,531	–	3,531
Additions	4,215	–	–	4,215
Amortisation charge for the financial year	(7,283)	–	(2,576)	(9,859)
At 30 June 2019	119,375	8,142,456	16,818	8,278,649

* *During the financial year, the Group decided to refine its analysis of assets and identify elements of its asset stock that could be classified as intangible assets. Following this exercise, those assets that met the definition were transferred from property, plant and equipment to intangible assets.*

13. INTANGIBLE ASSETS (CONT'D.)

(a) Impairment test for goodwill

The Group undertakes an annual test for impairment of its cash-generating units ("CGUs").

Goodwill is allocated for impairment test to the individual entity which is also the CGUs identified according to the respective companies.

The following CGUs, being the lowest level of asset for which there are separately identifiable cash flows, have carrying amounts of goodwill that are considered significant in comparison with the Group's total goodwill:

	Group	
	2020 RM'000	**2019 RM'000**
Multi utilities business segment ("Singapore")	**7,542,999**	7,515,005
Water and sewerage segment (United Kingdom ("UK"))	**440,700**	440,700
Others	**188,597**	186,751
Total goodwill	**8,172,296**	8,142,456

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.

(i) Key assumptions used in the value-in-use calculations

The following assumptions have been applied in the value-in-use calculation:

	2020		2019	
	Singapore %	**UK %**	**Singapore %**	**UK %**
Discount rate	**6.3**	**2.1**	6.3	4.2
Terminal growth rate	**2.0**	**(0.8)**	2.0	2.7
Revenue growth rate	**3.8**	**1.0**	4.0	(0.9)

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management.

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.

13. INTANGIBLE ASSETS (CONT'D.)

(a) Impairment test for goodwill (cont'd.)

(i) Key assumptions used in the value-in-use calculations (cont'd.)

For multi utilities business segment ("Singapore"), cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a five-year period. 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 water and sewerage segment ("UK"), cash flow projections used in the value-in-use calculation were based on approved financial budgets and forecasts covering a one year period, to conform the final determinations approved by OFWAT, the economic regulator of the water sector in England and Wales.

(ii) Impact of possible change in key assumptions

Changing the assumptions selected by management used in the cash flow projections could significantly affect the Group's result. The Group's review includes performing sensitivity analysis of key assumptions.

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:

	2020		**2019**	
	Singapore %	**UK %**	**Singapore %**	**UK %**
Discount rate	**7.4**	**46.3**	7.7	30.6
Terminal growth rate	**0.7**	**(1.9)**	0.3	2.5
Revenue growth rate	**1.9**	**(6.7)**	2.0	(88.0)

No impairment charge for the goodwill was recognised for the financial year ended 30 June 2020 (2019: Nil) as the recoverable amount of the CGUs was in excess of its carrying amount.

Notes to the Financial Statements

for the financial year ended 30 June 2020

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2020 RM'000	**2019 RM'000**
Unquoted shares, at cost	**23,267,554**	23,267,554
Accumulated impairment losses	**(5,283,033)**	(5,245,033)
	17,984,521	18,022,521

Details of the subsidiaries are as follows:

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	Principal activities
Subsidiaries held by the Company:				
Equinox Solar Farm Sdn. Bhd.*	Malaysia	**100**	-	Development, ownership, operation and maintenance of solar photovoltaic power plants and related engineering, procurement, construction and commissioning services
Geneco EV (S) Pte. Ltd.*	Singapore	**100**	100	Electric vehicle charging station
Global Infrastructure Assets Sdn. Bhd.*	Malaysia	**100**	100	Investment holding
Suria Solar Farm Sdn. Bhd.*	Malaysia	**100**	-	Development, ownership, operation and maintenance of solar photovoltaic power plants and related engineering procurement, construction and commissioning services
Sword Bidco (Holdings) Limited[§]	England and Wales	**-**	100	Dormant
Sword Bidco Limited[§]	England and Wales	**-**	100	Dormant
Sword Holdings Limited[¥]	Cayman Islands	**-**	100	Dormant
Sword Midco Limited[§]	England and Wales	**-**	100	Dormant
SIPP Power Sdn. Bhd.*	Malaysia	**70**	70	Dormant
Wessex Water International Limited^	Cayman Islands	**100**	100	Dormant
YTL Communications Sdn. Bhd.*[Ω]	Malaysia	**60**	60	Provision of wired line and wireless broadband access and other related services
YTL Energy Holdings Sdn. Bhd.*	Malaysia	**100**	100	Investment holding

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	Principal activities
Subsidiaries held by the Company: (cont'd.)				
YTL Finance (Cyprus) Limited[†]	Cyprus	**100**	-	Financial services
YTL Infrastructure Holdings Sdn. Bhd.*	Malaysia	**100**	100	Investment holding
YTL Infrastructure Limited^	Cayman Islands	**100**	100	Investment holding
YTL Jawa O & M Holdings Limited*	Cyprus	**100**	100	Investment holding
YTL Jawa Power Holdings Limited*	Cyprus	**100**	100	Investment holding & financing activities
YTL Jordan Power Holdings Limited*	Cyprus	**100**	100	Investment holding & financing activities
YTL Jordan Services Holdings Limited*	Cyprus	**100**	100	Investment holding
YTL Power Resources Sdn. Bhd.*	Malaysia	**100**	100	Investment holding
YTL Power Australia Limited*	Cayman Islands	**100**	100	Investment holding
YTL Power Finance (Cayman) Limited^	Cayman Islands	**100**	100	Dormant
YTL Power Generation Sdn. Bhd.	Malaysia	**100**	100	Developing, constructing, completing, maintaining and operating power plants
YTL Power Holdings Sdn. Bhd.*	Malaysia	**100**	100	Dormant
YTL Power International Holdings Limited^	Cayman Islands	**100**	100	Investment holding
YTL Power Investments Limited*	Cayman Islands	**100**	100	Investment holding
YTL PowerSeraya Pte. Limited**	Singapore	**100**	100	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)
YTL Power (Thailand) Limited^	Cayman Islands	**100**	100	Dormant
YTL Power Trading (Labuan) Ltd.*	Malaysia	**100**	100	Dormant
YTL Seraya Limited*	Cayman Islands	**100**	100	Investment holding
YTL SIPP Power Holdings Sdn. Bhd.*	Malaysia	**70**	70	Investment holding
YTL Utilities Holdings (S) Pte. Limited*	Singapore	**100**	100	Investment holding

Notes to the Financial Statements
for the financial year ended 30 June 2020

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	Principal activities
Subsidiaries held by the Company: (cont'd.)				
YTL Utilities (S) Pte. Limited*	Singapore	**100**	100	Investment holding
YTL Utilities Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 2 Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities Finance 3 Limited^	Cayman Islands	**100**	100	Financial services
YTL Utilities Finance 4 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance 5 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance 6 Limited^	Cayman Islands	**100**	100	Financial services
YTL Utilities Finance 7 Limited^	Cayman Islands	**100**	100	Inactive
YTL Utilities Finance Limited^	Cayman Islands	**100**	100	Financial services
YTL Utilities Holdings Limited*	Cayman Islands	**100**	100	Investment holding
YTL Utilities (UK) Limited*	England and Wales	**100**	100	Investment holding
Subsidiaries held by YTL Utilities (UK) Limited:				
Wessex Water Limited*	England and Wales	**100**	100	Investment holding
YTL Events Limited*	England and Wales	**100**	100	Concert promotion
YTL Land and Property (UK) Ltd*	England and Wales	**100**	100	Investment holding
Subsidiaries held by YTL Land and Property (UK) Ltd:				
YTL Developments (UK) Limited*	England and Wales	**100**	100	Housing development
YTL Homes Ltd*	England and Wales	**100**	100	Housing development
YTL Places Limited^	England and Wales	**100**	100	Dormant
YTL Property Holdings (UK) Limited*	England and Wales	**100**	100	Housing development
Brabazon Estates Limited†	England and Wales	**100**	-	Dormant

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	Principal activities
Subsidiaries held by Wessex Water Limited:				
Albion Water Limited*	England and Wales	**51**	51	Water supply and waste water services
Enterprise Laundry Services Limited*	England and Wales	**100**	100	Laundry services
Flipper Limited*	England and Wales	**65**	65	Utility switching services
Geneco Limited*	England and Wales	**100**	100	Food waste treatment
Geneco (South West) Limited*	England and Wales	**100**	100	Food waste treatment
SC Technology GmbH*	Switzerland	**100**	100	Investment holding
SC Technology Nederland B.V.*	Netherlands	**100**	100	Waste treatment
SC Technology Deutschland GmbH*	Germany	**100**	100	Waste treatment
Water 2 Business Limited*	England and Wales	**70**	70	Non-household water retailer
Wessex Concierge Limited*	England and Wales	**100**	100	Investment holding
Wessex Electricity Utilities Limited#	England and Wales	**-**	100	Dormant
Wessex Engineering & Construction Services Limited*	England and Wales	**100**	100	Engineering services
Wessex Logistics Limited#	England and Wales	**-**	100	Dormant
Wessex Promotions Limited#	England and Wales	**-**	100	Dormant
Wessex Property Services Limited#	England and Wales	**-**	100	Dormant
Wessex Spring Water Limited#	England and Wales	**-**	100	Dormant
Wessex Utility Solutions Limited*	England and Wales	**100**	100	Engineering services
Wessex Water Commercial Limited#	England and Wales	**-**	100	Dormant
Wessex Water Engineering Services Limited^	England and Wales	**100**	100	Dormant
Wessex Water Enterprises Limited*	England and Wales	**100**	100	Power generation and waste treatment
Wessex Water Pension Scheme Trustee Limited^	England and Wales	**100**	100	Dormant
Wessex Water Services Finance Plc.*	England and Wales	**100**	100	Issue of bonds
Wessex Water Services Limited*	England and Wales	**100**	100	Water supply and waste water services

Notes to the Financial Statements
for the financial year ended 30 June 2020

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	Principal activities
Subsidiaries held by Wessex Water Limited: (cont'd.)				
Wessex Water Trustee Company Limited^	England and Wales	**100**	100	Dormant
YTL Engineering Limited^	England and Wales	**100**	100	Dormant
YTL Services Limited^	England and Wales	**100**	100	Dormant
Subsidiaries held by YTL Communications Sdn. Bhd.:				
Cellular Structures Sdn. Bhd.*	Malaysia	**60**	60	Inactive
Extiva Communications Sdn. Bhd.*	Malaysia	**60**	60	Inactive
KJS Alunan Sdn. Bhd.*	Malaysia	**42**	42	Investment holding
Konsortium Jaringan Selangor Sdn. Bhd.*	Malaysia	**60**	60	Planning, implementation and maintenance of telecommunication towers and telecommunication related services
Yakin Telesel Sdn. Bhd.*	Malaysia	**29.4**	29.4	Planning, implementation and maintenance of telecommunications infrastructure and telecommunication related services
YesLinc Sdn. Bhd.*	Malaysia	**60**	60	Provision of solution and services relating to Internet of Things (IoT) initiative
YTL Broadband Sdn. Bhd.*	Malaysia	**48**	48	Provision of wired line and wireless broadband access and other related services
YTL Communications International Limited^	Cayman Islands	**60**	60	Investment holding
YTL Communications (S) Pte. Ltd.*	Singapore	**60**	60	Computer systems integration activities and system integration services
YTL Digital Sdn. Bhd.*	Malaysia	**60**	60	Inactive
YTL Global Networks Limited^	Cayman Islands	**60**	60	Dormant

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	Principal activities
Subsidiaries held by YTL Jawa O & M Holdings Limited:				
P.T. YTL Jawa Timur*	Indonesia	**99**	99	Construction management, consultancy services and power station operation services
P.T. YTL Power Services Indonesia^	Indonesia	**95**	95	Dormant
YTL Jawa O & M Holdings B.V.*	Netherlands	**100**	100	Investment holding
Subsidiaries held by YTL Jawa Power Holdings Limited:				
Bel Air Den Haag Beheer B.V.*	Netherlands	**100**	100	Investment holding
B.V. Hotel Bel Air Den Haag*	Netherlands	**100**	100	Hotel business
P.T. Tanjung Jati Power Company**	Indonesia	**80**	80	Design and construction of a coal-fired power generating facility
YTL Jawa Energy B.V.*	Netherlands	**100**	100	Investment holding and financing activities
YTL Jawa Power B.V.*	Netherlands	**57.1**	57.1	Investment holding
YTL Jawa Power Finance Limited*	Cayman Islands	**100**	100	Financial services
YTL Jawa Power Holdings B.V.*	Netherlands	**57.1**	57.1	Investment holding
Subsidiaries held by YTL Power Investments Limited:				
FrogAsia Sdn. Bhd.*	Malaysia	**100**	100	License reseller focused on providing virtual learning educational platform
Frog Education Group Limited*	England and Wales	**68.9**	68.9	Investment holding
Frog Education Limited*	England and Wales	**68.9**	68.9	Sales into the education market and further development of the web environment product
Frog Education Sdn. Bhd.*	Malaysia	**68.9**	68.9	License reseller focused on providing virtual learning educational platform

Notes to the Financial Statements

for the financial year ended 30 June 2020

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	Principal activities
Subsidiaries held by YTL Power Investments Limited: (cont'd.)				
Granite Investments (Cayman Islands) Limited^	Cayman Islands	**100**	100	Dormant
YTL Education (UK) Limited^	England and Wales	**100**	100	Dormant
Subsidiaries held by YTL PowerSeraya Pte. Limited:				
PetroSeraya Pte. Ltd.**	Singapore	**100**	100	Oil trading and oil tank leasing
Seraya Energy and Investment Pte. Ltd.**	Singapore	**100**	100	Investment holding
Seraya Energy Pte. Ltd.**	Singapore	**100**	100	Sale of electricity
Taser Power Pte. Ltd.†	Singapore	**100**	-	Own and operate energy facilities and services (full value chain of electricity generation including trading of physical fuel and fuel related derivative instruments, and sale of by-products from the electricity generation process)

* *Audited by a firm other than a member firm of PricewaterhouseCoopers International Limited.*

** *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT, Malaysia.*

^ *Entities are either exempted or not statutorily required to be audited.*

† *First audited financial statements in 2021.*

These subsidiaries had been struck-off the register of the Companies House in United Kingdom on 30 July 2019.

§ *These subsidiaries had been struck-off the register of the Companies House in United Kingdom on 6 August 2019.*

¥ *This subsidiary had been struck-off the Companies Register in Cayman Islands on 31 March 2020.*

Ω *The Company owns RM3.5 billion of Redeemable Cumulative Convertible Preference Shares ("RCCPS") of YTL Communications Sdn. Bhd. ("YTL Comms") which is classified as equity in the financial statements of YTL Comms. The Company has the preferential right to receive dividend and preference over holders of the ordinary shares on the return of capital upon liquidation for an amount equal to the amount paid plus any premium.*

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(a) Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interest ("NCI") are as follows:

Group	NCI percentage of ownership interest and voting interest	Profit allocated to NCI RM'000	Carrying amount of NCI RM'000
2020			
YTL Jawa Power Holdings B.V.	**42.9%**	**160,388**	**705,611**
YTL Communications Sdn. Bhd.	**40.0%**	**(105,128)**	**(715,245)**
		55,260	**(9,634)**
2019			
YTL Jawa Power Holdings B.V.	42.9%	135,712	786,600
YTL Communications Sdn. Bhd.	40.0%	(7,232)	(588,750)
		128,480	197,850

The remaining non-controlling interests of the Group are individually immaterial.

(b) Summarised financial information before inter-company elimination is set out below:

	YTL Jawa Power Holdings B.V.		YTL Communications Sdn. Bhd.	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-current assets	**1,701,289**	1,552,582	**2,880,275**	2,365,440
Current assets	**3,806**	300,361	**310,330**	536,827
Non-current liabilities	**(17,885)**	(17,309)	**(437,919)**	(19,528)
Current liabilities	**(716)**	(167)	**(1,052,838)**	(866,577)
Net assets	**1,686,494**	1,835,467	**1,699,848**	2,016,162
Revenue	**5,434**	2,995	**449,478**	856,946
Profit/(Loss) for the financial year	**374,253**	316,673	**(262,894)**	(17,860)
Total comprehensive income/(loss)	**429,585**	356,270	**(264,336)**	(18,754)
Cash flow (used in)/from operating activities	**(29,889)**	2,075	**237,076**	101,220
Cash flow from/(used in) investing activities	**310,362**	385,772	**(117,225)**	(102,546)
Cash flow (used in)/from financing activities	**(581,589)**	(89,890)	**(158,905)**	33,748
Net (decrease)/increase in cash and cash equivalents	**(301,116)**	297,957	**(39,054)**	32,422
Dividends paid to NCI	**266,094**	38,523	**-**	-

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(c) Impairment assessment for investment in a subsidiary

The recoverable amount of the investment in a subsidiary is determined based on the fair value less costs of disposal ("FVLCD") calculation.

The following are the key assumptions applied in the FVLCD calculation for impairment assessment of a subsidiary in the telecommunications business segment:

	2020	2019
Discount rate	**8.1%**	8.2%
Terminal multiple	**21.0x**	14.5x
Average revenue growth rate	**20.4%**	21.2%

The discount rate applied to the cash flow projections are derived from the cost of equity at the date of the assessment of the investment in the subsidiary. The cash flow projections used in the FVLCD calculation were based on approved financial budgets and forecasts by management, adjusted to reflect market's participants assumptions.

Fair value is held within Level 3 in fair value hierarchy disclosures.

The circumstances where a change in key assumptions will result in the recoverable amount of investment in subsidiary to equal the corresponding carrying amount assuming no change in the other variables are as follows:

	2020	2019
Discount rate	**13.4%**	14.5%
Terminal multiple	**16.4x**	9.8x
Average revenue growth rate	**19.4%**	19.6%

The carrying amount of the subsidiary is RM2.9 billion (2019: RM2.9 billion). No impairment charge was recognised as the recoverable amount was in excess of its carrying amount.

(d) Capital reduction of ordinary shares by a subsidiary

During the previous financial year, the issued and paid-up ordinary share capital of YTL Power Generation Sdn. Bhd. ("YTLPG"), a wholly owned subsidiary of the Company had reduced from RM665,790,000 comprising 3,060,000,000 ordinary shares and 1 special share in YTLPG to RM285,790,000 comprising 1,313,676,470 ordinary shares and 1 special share. This reduction of share capital was effected by returning paid up capital of RM380,000,000 to the Company.

14. INVESTMENT IN SUBSIDIARIES (CONT'D.)

(e) Capitalisation of advances to a subsidiary

During the previous financial year, the Company capitalises the advances to YTL Jordon Power Holdings Limited of RM166,231,364.

(f) Impairment for investment in a subsidiary

During the financial year, an impairment charge of RM38,000,000 was made for the cost of investment in YTL Power Generation Sdn. Bhd. as the carrying amount was in excess of its recoverable amount.

The recoverable amount of the cash generating unit ("CGU") is determined based on value-in-use ("VIU") calculation by applying discount rate of 10.3%.

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investment in joint ventures

	Group	
	2020 RM'000	**2019 RM'000**
Unquoted shares, at cost	**232,383**	224,488
Group's share of post-acquisition reserves	**(125,231)**	(8,886)
Group's share of net assets	**107,152**	215,602

Details of the joint venture companies are as follows:

		Group's effective interest		
Name	**Country of incorporation**	**2020 %**	**2019 %**	**Principal activities**
Attarat Mining Company B.V.	Netherlands	**45.0**	45.0	Mining & supply of oil shale
Attarat Operation and Maintenance Company B.V.	Netherlands	**45.0**	45.0	Operation & maintenance of Power Plant
Attarat Power Holding Company B.V.	Netherlands	**45.0**	45.0	Investment holding and financing activities
Bristol Wessex Billing Services Limited	England and Wales	**50.0**	50.0	Billing services
Xchanging Malaysia Sdn. Bhd.	Malaysia	**30.0**	30.0	Mobile internet and cloud-based technology solutions

Notes to the Financial Statements

for the financial year ended 30 June 2020

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

(a) 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:

(i) Summarised financial information:

	Attarat Power Holding Company B.V.		Attarat Mining Company B.V.	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-current assets	**8,049,694**	6,484,153	**9,290**	3,251
Current assets	**61,145**	31,528	**337,590**	354,220
Non-current liabilities	**(7,880,832)**	(5,731,014)	**-**	-
Current liabilities	**(310,466)**	(578,558)	**(132,650)**	(125,313)
Net assets	**(80,459)**	206,109	**214,230**	232,158
(Loss)/Profit for the financial year	**(35,117)**	(20,135)	**16,844**	107,234
Other comprehensive loss	**(253,294)**	(198,096)	**-**	-
Total comprehensive (loss)/income	**(288,411)**	(218,231)	**16,844**	107,234
Included in total comprehensive income is:				
Revenue	**-**	-	**357,960**	475,499
Other information:				
Dividend received from joint venture	**-**	-	**18,930**	9,278
Cash and cash equivalents	**32,457**	26,135	**26,633**	73,868
Shareholders loan and related interest	**(2,464,519)**	(1,936,891)	**-**	-
Bank borrowings	**(4,976,577)**	(3,625,914)	**-**	-
Derivative financial instruments	**(431,520)**	(168,208)	**-**	-

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

(a) Investment in joint ventures (cont'd.)

(ii) Reconciliation of net assets to carrying amount:

	Attarat Power Holding Company B.V.		Attarat Mining Company B.V.		Total	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Opening net assets, 1 July	**206,109**	59,245	**232,158**	141,524	**438,267**	200,769
Increase in equity*	**-**	362,924	**-**	-	**-**	362,924
(Loss)/Profit for the financial year	**(35,117)**	(20,135)	**16,844**	107,234	**(18,273)**	87,099
Other comprehensive loss	**(253,294)**	(198,096)	**-**	-	**(253,294)**	(198,096)
Dividend paid	**-**	-	**(42,067)**	(20,617)	**(42,067)**	(20,617)
Foreign exchange differences	**1,843**	2,171	**7,295**	4,017	**9,138**	6,188
Closing net assets, 30 June	**(80,459)**	206,109	**214,230**	232,158	**133,771**	438,267
Interest in joint ventures	**45.0%**	45.0%	**45.0%**	45.0%		
Group's interest	**(36,207)**	92,749	**96,404**	104,471	**60,197**	197,220
Unrecognised share of net assets	**36,207**	-	**-**	-	**36,207**	-
Carrying amount	**-**	92,749	**96,404**	104,471	**96,404**	197,220
Cumulative share of losses	**(36,207)**	-	**-**	-	**(36,207)**	-

* *During the previous financial year, joint venture shareholders of Attarat Power Holding Company B.V. made share premium contribution on its shares in Attarat Power Holding Company B.V. for consideration of RM362.9 million; settlement by way of offsetting the loans owing to the respective joint venture shareholders.*

The individually immaterial joint ventures' carrying amount is RM10.7 million (2019: RM18.4 million), Group's share of profit is RM30.2 million (2019: RM6.1 million) and the Group's share of total comprehensive income is RM30.8 million (2019: RM6.1 million).

(b) Investment in associates

	Group	
	2020 RM'000	**2019 RM'000**
Unquoted shares, at cost	**1,042,433**	1,013,442
Group's share of post-acquisition reserves	**1,129,443**	1,021,129
Accumulated impairment losses	**(63,577)**	(61,217)
Group's share of net assets	**2,108,299**	1,973,354

Notes to the Financial Statements

for the financial year ended 30 June 2020

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

(b) Investment in associates (cont'd.)

Details of the associates are as follows:

Name	Country of incorporation	Group's effective interest 2020 %	Group's effective interest 2019 %	Principal activities
P.T. Jawa Power	Indonesia	**20.0***	20.0*	Operating a coal-fired thermal power station
Enefit Jordan B.V.	Netherlands	**30.0**	30.0	Investment holding
ElectraNet Pty. Ltd.	Australia	**33.5**	33.5	Principal electricity transmission

* *The subgroup's direct interest in P.T. Jawa Power is 35%.*

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:

(i) Summarised financial information:

	P.T. Jawa Power		ElectraNet Pty. Ltd.	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current assets	**4,543,425**	4,446,818	**10,879,751**	9,670,335
Current assets	**1,048,472**	1,074,410	**147,284**	127,112
Non-current liabilities	**(562,414)**	(815,962)	**(8,769,136)**	(7,087,636)
Current liabilities	**(282,964)**	(269,317)	**(923,519)**	(1,453,774)
Net assets	**4,746,519**	4,435,949	**1,334,380**	1,256,037
Profit for the financial year	**1,159,080**	899,088	**79,229**	122,925
Other comprehensive loss	**-**	-	**(21,757)**	(179,855)
Total comprehensive income/(loss)	**1,159,080**	899,088	**57,472**	(56,930)
Included in total comprehensive income is:				
Revenue	**2,296,168**	2,365,529	**1,088,992**	1,150,574
Other information:				
Dividends received from associate	**349,682**	385,772	**-**	-

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONT'D.)

(b) Investment in associates (cont'd.)

(ii) Reconciliation of net assets to carrying amount:

	P.T. Jawa Power		ElectraNet Pty. Ltd.		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Opening net assets, 1 July	**4,435,949**	4,524,039	**1,256,037**	1,347,235	**5,691,986**	5,871,274
Profit for the financial year	**1,159,080**	899,088	**79,229**	122,925	**1,238,309**	1,022,013
Other comprehensive loss	**-**	-	**(21,757)**	(179,855)	**(21,757)**	(179,855)
Foreign exchange differences	**150,581**	115,027	**20,871**	(34,268)	**171,452**	80,759
Dividend paid	**(999,091)**	(1,102,205)	**-**	-	**(999,091)**	(1,102,205)
Closing net assets, 30 June	**4,746,519**	4,435,949	**1,334,380**	1,256,037	**6,080,899**	5,691,986
Interest in associates	**35.0%**	35.0%	**33.5%**	33.5%		
Carrying amount	**1,661,282**	1,552,582	**447,017**	420,772	**2,108,299**	1,973,354

16. INVESTMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Financial assets at fair value through profit or loss	**3,607**	3,640	**-**	-
Financial assets at fair value through other comprehensive income*	**211,762**	238,460	**211,689**	238,395
	215,369	242,100	**211,689**	238,395
Current				
Financial assets at fair value through profit or loss	**1,389,043**	1,490,865	**476,102**	631,707

* *The investments are represented primarily by the Group's and the Company's investment in YTL Cement Berhad.*

Notes to the Financial Statements

for the financial year ended 30 June 2020

16. INVESTMENTS (CONT'D.)

(a) Financial assets at fair value through other comprehensive income

The investments are in relation to the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity investments				
Quoted in Malaysia	**49,644**	63,394	**49,644**	63,394
Quoted outside Malaysia	**27**	20	**-**	-
Unquoted outside Malaysia	**46**	45	**-**	-
Unquoted in Malaysia	**162,045**	175,001	**162,045**	175,001
	211,762	238,460	**211,689**	238,395
Fair value loss recognised in other comprehensive income during the financial year	**(26,699)**	(34,891)	**(26,706)**	(34,891)

(b) Financial assets at fair value through profit or loss

The investments are in relation to the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income funds*				
Quoted in Malaysia	**476,102**	631,707	**476,102**	631,707
Quoted outside Malaysia	**912,941**	859,158	**-**	-
Equity investment				
Unquoted outside Malaysia	**3,607**	3,640	**-**	-
	1,392,650	1,494,505	**476,102**	631,707
Fair value gain recognised in the Income Statement during the financial year	**21,011**	32,753	**631**	3,222

* *Financial assets at fair value through profit or loss consist of investment in income funds placed with licensed financial institutions. The income funds are highly liquid and readily convertible to cash.*

17. PROJECT DEVELOPMENT COSTS

The details of project development costs are as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 July	**228,952**	196,891
Exchange differences	**7,835**	5,167
Additions	**11,830**	26,894
At 30 June	**248,617**	228,952

Project development costs consist of land acquisition costs, capitalised interest, professional fees and related costs. The land acquisition costs relating to the construction of the power plant by P.T. Tanjung Jati Power Company ("TJPC") 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. In February 2020, TJPC obtained the Business Viability Guarantee Letter from the Ministry of Finance of the Republic of Indonesia and is working towards achieving financial close.

18. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group	
	Note	2020 RM'000	2019 RM'000
Non-current			
Contract assets	4(b)	**540**	2,486
Prepayments		**56,809**	3,200
Contract cost assets	4(b)	**1,165**	3,129
Receivables from associate[#]		**220,314**	220,204
Deposits		**1,363**	1,356
Receivables from a joint venture[Ω]		**1,104,266**	871,752
		1,384,457	1,102,127

\# *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.*

Ω *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). 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 loans was included a conversion option to equity and was measured at FVTPL in 2019. The conversion option was waived during the financial year which represent a significant modification of contract term. Therefore, the shareholder loans at FVTPL has been derecognised and it is now recognised at fair value and subsequently measured at amortised cost.*

18. RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D.)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Trade receivables		**950,842**	1,256,721	**-**	-
Less: Allowance for impairment of trade receivables	35(b)	**(252,722)**	(234,809)	**-**	-
Total trade receivables (net)		**698,120**	1,021,912	**-**	-
Other receivables		**232,805**	200,031	**1,978**	1,692
Less: Allowance for impairment of other receivables*	35(b)	**(72,411)**	(71,923)	**-**	-
Total other receivables (net)		**160,394**	128,108	**1,978**	1,692
Unbilled receivables		**766,106**	962,863	**-**	-
Less: Allowance for impairment of unbilled receivables	35(b)	**(7,568)**	-	**-**	-
Total unbilled receivables (net)		**758,538**	962,863	**-**	-
Contract assets	4(b)	**154,326**	156,080	**-**	-
Deposits		**148,513**	34,784	**76**	75
Interest receivable		**2,233**	7,364	**3**	24
Prepayments		**209,379**	211,739	**-**	-
Contract cost assets	4(b)	**26,151**	33,592	**-**	-
		2,157,654	2,556,442	**2,057**	1,791

* *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) was recognised during previous financial year ended 30 June 2019 based on the decision of the High Court on 2 January 2019.*

The fair value of receivables approximate their carrying amounts.

Expected Credit Loss ("ECL") movement analysis is disclosed in Note 35(b) to the financial statements.

19. INVENTORIES

	Group	
	2020 RM'000	**2019 RM'000**
Finished goods	**8,727**	15,135
Freehold land held for property development*	**74,381**	22,839
Fuel	**59,734**	207,225
Spare parts	**139,969**	148,028
Raw materials	**21,291**	18,339
Work in progress	**7,808**	4,440
	311,910	416,006

* *Freehold land held for property development comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle. These are measured at the lower of cost and net realisable value. The net realisable value is assessed by considering the expected future revenues and the total costs to complete the development.*

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to RM192 million (2019: RM68 million).

20. DERIVATIVE FINANCIAL INSTRUMENTS

The Group's and the Company's derivative financial instruments are analysed as follows:

Group 2020	**Contract/ Notional amount RM'000**	**Fair value Assets RM'000**	**Fair value Liabilities RM'000**
Cash flow hedges:			
- Fuel oil swaps	**1,343,133**	**51,469**	**171,622**
- Currency forwards	**1,427,691**	**24,663**	**5,148**
Fair value through profit or loss:			
- Fuel oil swaps	**92,613**	**8,712**	**13,388**
- Currency forwards	**4,740**	**-**	**187**
		84,844	**190,345**
Current portion		**74,259**	**174,944**
Non-current portion		**10,585**	**15,401**
		84,844	**190,345**

Notes to the Financial Statements

for the financial year ended 30 June 2020

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

The Group's and the Company's derivative financial instruments are analysed as follows: (cont'd.)

Group 2019	Contract/ Notional amount RM'000	Fair value Assets RM'000	Fair value Liabilities RM'000
Cash flow hedges:			
- Fuel oil swaps	1,657,600	74,701	47,972
- Currency forwards	1,830,909	6,464	10,283
Fair value through profit or loss:			
- Fuel oil swaps	273,138	657	4,942
- Currency forwards	213,439	288	1,507
- Currency options contracts*	1,656,800	-	3,333
		82,110	68,037
Current portion		63,388	48,906
Non-current portion		18,722	19,131
		82,110	68,037
Company			
2019			
Fair value through profit or loss:			
- Currency options contracts*	1,656,800	-	3,333
Current portion		-	668
Non-current portion		-	2,665
		-	3,333

* *The Company 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.*

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

Hedging instruments used in the Group's hedging strategy:

Group	Contractual notional amount	Carrying amount		Changes in fair value used for calculating hedge ineffectiveness		Hedge ineffectiveness recognised in profit or loss	Weighted average hedged rate	Maturity date
		Assets/ (Liabilities)	Financial statement line item	Hedging instrument	Hedged item			
2020	**RM'000**	**RM'000**		**RM'000**	**RM'000**	**RM'000**		
Cash flow hedges								
Fuel oil price risk								
- Fuel oil swap to hedge highly probable transactions ("HSFO")	**1,163,143**	**(130,493)**	**Derivative financial instruments**	**(371,407)**	**371,407**	**-**	**RM1,199.5 per metric ton**	**July 2020 - January 2023**
- Fuel oil swap to hedge highly probable transactions ("LNG")	**179,990**	**10,340**	**Derivative financial instruments**	**11,993**	**(11,993)**	**-**	**RM151.0 per bbl**	**July 2020 - June 2022**
Foreign exchange risk								
- Forward contracts to hedge highly probable transactions	**1,427,691**	**19,515**	**Derivative financial instruments**	**47,199**	**(47,199)**	**-**	**RM4.2 : USD1.00**	**July 2020 - March 2023**
2019								
Cash flow hedges								
Fuel oil price risk								
- Fuel oil swap to hedge highly probable transactions ("HSFO")	1,573,146	27,329	Derivative financial instruments	(55,116)	55,116	-	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	(1,073)	1,073	-	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	(5,499)	5,499	-	RM4.1 : USD1.00	July 2019 - January 2022

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D.)

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 31 months (2019: 29 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 fuel 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 fuel.

The fair value of fuel oil swaps is determined using a benchmark fuel price index at the reporting date.

(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 33 months (2019: 31 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 fuel 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 fuel.

For those currency forwards used to hedge highly probable forecast foreign currency payments of purchases of property, plant and equipment, the gains and losses are included in the cost of the assets and recognised in the Income Statement 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 the Income Statement over the period of the contracts.

The fair value of forward currency contracts is determined using quoted forward currency rates at the reporting date.

21. AMOUNTS OWING BY/(TO) IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING COMPANY

The amounts owing by/(to) the immediate holding company and ultimate holding company relate to expenses paid on behalf by/of the Group and the Company. The outstanding amounts are unsecured, repayable on demand and are interest-free.

22. AMOUNTS OWING BY/(TO) SUBSIDIARIES

The amounts payable within 12 months are in respect of advances and operational expense payments made by a subsidiary on behalf of the Company.

22. AMOUNTS OWING BY/(TO) SUBSIDIARIES (CONT'D.)

The amounts owing by/(to) subsidiaries within 12 months are interest free, unsecured, and repayable on demand except for net advances of RM569,339,263 (2019: RM1,873,164,069) which bear interests at rates ranging from 1.25% to 8.59% (2019: 3.27% to 4.51%). In addition, the amounts receivable within 12 months are also in respect of interests receivable on advances and operational expense payments made on behalf of subsidiaries.

The amounts owing by subsidiaries exceeding 12 months bears interest rate ranging from 4.76% to 15% (2019: 15%) per annum.

Details of the measurement of ECL is similar as other receivables are disclosed in Note 35(b) to the financial statements.

As at 30 June 2020, the Company has given corporate guarantees of RM95,588,423 (2019: RM73,718,642) to financial institutions for trade related financing facilities utilised by its subsidiaries.

23. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the Statements of Cash Flows comprise the following:

		Group		Company	
	Note	**2020 RM'000**	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Deposits with licensed banks		**6,952,762**	7,184,832	**14,775**	19,287
Cash and bank		**531,963**	375,484	**1,788**	718
Cash and bank balances		**7,484,725**	7,560,316	**16,563**	20,005
Bank overdrafts	27(a)	**(45,147)**	(20,625)	**-**	-
Deposits with maturity 90 days and more		**(516,019)**	-	**-**	-
Cash and cash equivalents		**6,923,559**	7,539,691	**16,563**	20,005

The range of interest rates of deposits that was effective as at the reporting date is as follows:

	Group		Company	
	2020 %	**2019 %**	**2020 %**	**2019 %**
Deposits with licensed banks	**0.01 - 2.80**	0.25 - 3.95	**2.00 - 2.60**	3.05 - 3.35

Deposits of the Group and the Company have maturity ranging from 1 day to 90 days (2019: 1 day to 90 days) except for certain term deposits with maturity 90 days and more.

Bank balances are deposits held at call with banks.

The Group and the Company seek to invest cash and cash equivalents safely and profitably with creditworthy local and offshore licensed banks. The local and offshore licensed banks have a credit rating of P1 as rated by RAM Rating Services Bhd. and Moody's Investors Service, Inc., respectively.

Notes to the Financial Statements
for the financial year ended 30 June 2020

24. SHARE CAPITAL

	Group and Company	
	2020 RM'000	**2019 RM'000**
Issued and fully paid:		
At 1 July and 30 June:		
- 8,158,208,738 (2019: 8,158,208,738) ordinary shares	**7,038,587**	7,038,587

As at 30 June 2020, the Company holds 482,908,712 (2019: 482,906,712) shares as treasury shares. The number of ordinary shares in issue and fully paid after offsetting treasury shares are 7,675,300,026 (2019: 7,675,302,026).

(a) Employees' Share Option Scheme 2011 ("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 valid for a period of ten (10) years and is for 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 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.

(ii) 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 (as defined in the By-Laws) 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.

(iii) The subscription price for shares under the ESOS shall be determined by the Board of Directors of the Company 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 (as defined in the By-Laws) 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 Malaysia Securities Berhad, or any other relevant authorities as amended from time to time.

24. SHARE CAPITAL (CONT'D.)

(a) Employees' Share Option Scheme 2011 ("ESOS") (cont'd.)

(iv) Subject to By-Law 13, 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 financial 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 By-Laws 10 and 11, 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.

(v) 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.

(vi) The person to whom the option has been granted has no right to participate by virtue of the option in any share of any other company.

The movement during the financial year in the number of share options of the Company is as follows:

			Number of share options				
Grant date	**Expiry date**	**Exercise price RM/share**	**At start of the financial year '000**	**Granted '000**	**Exercised '000**	**Lapsed '000**	**At end of the financial year '000**
01.06.2012	31.03.2021	1.38	73,486	-	-	(2,373)	71,113
01.06.2012	31.03.2021	1.65	35,884	-	-	(627)	35,257
14.03.2018	31.03.2021	0.97	120,453	-	-	(2,528)	117,925
			229,823	**-**	**-**	**(5,528)**	**224,295**

The fair value of options granted in which MFRS 2 applies, were determined using the Trinomial Valuation model.

Notes to the Financial Statements

for the financial year ended 30 June 2020

24. SHARE CAPITAL (CONT'D.)

(a) Employees' Share Option Scheme 2011 ("ESOS") (cont'd.)

Value of employee services received for issue of share options:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Share option expenses	**5,133**	5,353	**5,133**	5,353
Allocation to subsidiaries	**-**	-	**(978)**	(1,231)
Allocation to related companies	**(129)**	(66)	**(129)**	(66)
Total share option expenses	**5,004**	5,287	**4,026**	4,056

The principal valuation assumptions used in respect of the Group's and Company's employees' share option scheme were as follows:

Weighted average share price at date of grant (per share)	RM1.06 - RM1.63
Expected volatility	20.62% - 21.21%
Expected dividend yield	5.56% - 6.20%
Expected option life	3 years
Risk-free interest rate per annum (based on Malaysian securities bonds)	3.14% - 3.40%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

The options granted to employee on 1 June 2012 vested on 1 June 2015, while the options granted to employee on 14 March 2018 will vest on 14 March 2021.

25. RESERVES

(a) Other reserves

Group	Capital redemption reserve[(2)] RM'000	Capital reserve RM'000	FVOCI reserve RM'000	Hedging reserve RM'000	Statutory reserve[(1)] RM'000	Share option reserve RM'000	Total other reserves RM'000
At 1 July 2019	**52,200**	**(8,006)**	**100,345**	**(152,519)**	**35,369**	**29,059**	**56,448**
Exchange differences	**-**	**(267)**	**-**	**(5,789)**	**1,178**	**-**	**(4,878)**
Fair value loss	**-**	**-**	**(26,699)**	**(318,841)**	**-**	**-**	**(345,540)**
Reclassification to Income Statement	**-**	**-**	**-**	**154,819**	**-**	**-**	**154,819**
Share option expenses	**-**	**-**	**-**	**-**	**-**	**5,133**	**5,133**
Share option lapsed	**-**	**-**	**-**	**-**	**-**	**(628)**	**(628)**
At 30 June 2020	**52,200**	**(8,273)**	**73,646**	**(322,330)**	**36,547**	**33,564**	**(134,646)**
At 1 July 2018	52,200	(7,806)	135,236	188,505	34,485	24,852	427,472
Exchange differences	-	(200)	-	7,597	884	-	8,281
Fair value loss	-	-	(34,891)	(204,305)	-	-	(239,196)
Reclassification to Income Statement	-	-	-	(144,316)	-	-	(144,316)
Share option expenses	-	-	-	-	-	5,353	5,353
Share option lapsed	-	-	-	-	-	(1,146)	(1,146)
At 30 June 2019	52,200	(8,006)	100,345	(152,519)	35,369	29,059	56,448

Company	FVOCI reserve RM'000	Share option reserve RM'000	Total other reserves RM'000
At 1 July 2019	**100,328**	**29,059**	**129,387**
Fair value loss	**(26,706)**	**-**	**(26,706)**
Share option expenses	**-**	**5,133**	**5,133**
Share option lapsed	**-**	**(628)**	**(628)**
At 30 June 2020	**73,622**	**33,564**	**107,186**
At 1 July 2018	135,219	24,852	160,071
Fair value loss	(34,891)	-	(34,891)
Share option expenses	-	5,353	5,353
Share option lapsed	-	(1,146)	(1,146)
At 30 June 2019	100,328	29,059	129,387

Note:

(1) *This represents reserves which need to be set aside pursuant to local statutory requirement of foreign associates.*

(2) *This relates to non-distributable capital redemption reserve of a subsidiary.*

25. RESERVES (CONT'D.)

(b) Treasury shares

The shareholders of the Company, by way of a resolution passed in the 23rd Annual General Meeting held on 12 December 2019, approved the Company's plan to repurchase its own shares. The Directors of the Company are committed to enhance the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased 2,000 (2019: 168,189,300) of its issued share capital from the open market. The average price paid for the shares repurchased was RM0.76 per share (2019: RM1.18 per share). The repurchase transactions were financed by internally generated funds. The repurchased shares are being held as treasury shares in accordance with Section 127(6) of the Companies Act 2016.

On 28 August 2020, the Board of Directors declared a distribution of treasury shares on the basis of one (1) treasury share for every sixteen (16) ordinary shares held. The book closure date for the distribution is on 28 October 2020 and will be credited to entitled shareholders within 10 market days of the book closure date.

26. DEFERRED TAXATION

The following amounts, determined after appropriate offsetting, are shown in the Statements of Financial Position:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Deferred tax liabilities, net	**2,029,692**	1,872,441	**80**	74

The gross movement on the deferred income tax account is as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
At 1 July	**1,872,441**	1,860,648	**74**	97
Exchange differences	**10,207**	(3,585)	**-**	-
Acquisition of a subsidiary	**-**	3,531	**-**	-
Charged/(Credited) to Income Statement				
- Property, plant and equipment	**190,670**	20,771	**6**	(23)
- Retirement benefits	**8,883**	4,700	**-**	-
- Provision	**1,021**	(423)	**-**	-
- Tax losses	**(2,917)**	(3,239)	**-**	-
- Leases	**(423)**	-	**-**	-
- Others	**(877)**	(885)	**-**	-
	196,357	20,924	**6**	(23)
Credited to Other Comprehensive Income*	**(49,313)**	(9,077)	**-**	-
At 30 June	**2,029,692**	1,872,441	**80**	74

* *This is in relation to re-measurement of post-employment benefit obligations.*

26. DEFERRED TAXATION (CONT'D.)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Subject to income tax				
Deferred tax assets before offsetting:				
- Retirement benefits	**168,980**	119,932	**-**	-
- Provision	**4,622**	5,632	**-**	-
- Tax losses	**19,213**	16,209	**-**	-
- Leases	**423**	-	**-**	-
- Others	**826**	677	**-**	-
	194,064	142,450	**-**	-
Offsetting	**(194,064)**	(142,450)	**-**	-
Deferred tax assets after offsetting	**-**	-	**-**	-
Deferred tax liabilities before offsetting:				
- Property, plant and equipment	**2,206,084**	1,993,666	**80**	74
- Others	**17,672**	21,225	**-**	-
	2,223,756	2,014,891	**80**	74
Offsetting	**(194,064)**	(142,450)	**-**	-
Deferred tax liabilities after offsetting	**2,029,692**	1,872,441	**80**	74

Notes to the Financial Statements

for the financial year ended 30 June 2020

27. BORROWINGS

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Current					
Bank overdrafts	27(a), 23	**45,147**	20,625	**-**	-
Finance lease	27(c)	**-**	27,888	**-**	125
Revolving credit	27(d)	**304,500**	727,009	**-**	-
Term loans	27(e)	**6,962,057**	6,867,121	**856,000**	828,400
		7,311,704	7,642,643	**856,000**	828,525
Non-current					
Bonds	27(b)	**16,065,822**	14,624,478	**6,062,819**	6,061,962
Finance lease	27(c)	**-**	14,753	**-**	-
Revolving credit	27(d)	**573,129**	405,935	**299,850**	298,858
Term loans	27(e)	**3,514,209**	4,025,951	**1,063,537**	1,854,241
		20,153,160	19,071,117	**7,426,206**	8,215,061
Total					
Bank overdrafts	27(a), 23	**45,147**	20,625	**-**	-
Bonds	27(b)	**16,065,822**	14,624,478	**6,062,819**	6,061,962
Finance lease	27(c)	**-**	42,641	**-**	125
Revolving credit	27(d)	**877,629**	1,132,944	**299,850**	298,858
Term loans	27(e)	**10,476,266**	10,893,072	**1,919,537**	2,682,641
		27,464,864	26,713,760	**8,282,206**	9,043,586

All borrowings of the subsidiaries are unsecured and on a non-recourse basis to the Company save and except for borrowings totalling RM304,500,000 (2019: RM335,653,112), for which the Company has provided corporate guarantees to the financial institutions.

The weighted average effective interest rate of the borrowings of the Group and the Company as at reporting date is as follows:

	Group 2020 %	Group 2019 %	Company 2020 %	Company 2019 %
Bank overdrafts	**1.10**	1.75	**-**	-
Bonds	**4.40**	4.82	**4.84**	4.84
Finance lease	**-**	1.60	**-**	2.45
Revolving credit	**2.65**	2.94	**3.22**	4.43
Term loans	**1.56**	3.05	**1.32**	3.56

27. BORROWINGS (CONT'D.)

The financial periods in which the borrowings of the Group attain maturity are as follows:

Group	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2020				
Bank overdrafts	**45,147**	**-**	**-**	**45,147**
Bonds	**-**	**4,989,298**	**11,076,524**	**16,065,822**
Revolving credit	**304,500**	**573,129**	**-**	**877,629**
Term loans	**6,962,057**	**2,845,769**	**668,440**	**10,476,266**
	7,311,704	**8,408,196**	**11,744,964**	**27,464,864**
At 30 June 2019				
Bank overdrafts	20,625	-	-	20,625
Bonds	-	3,852,157	10,772,321	14,624,478
Finance lease	27,888	14,753	-	42,641
Revolving credit	727,009	405,935	-	1,132,944
Term loans	6,867,121	2,451,822	1,574,129	10,893,072
	7,642,643	6,724,667	12,346,450	26,713,760

The financial periods in which the borrowings of the Company attain maturity are as follows:

Company	Not later than 1 year RM'000	Later than 1 year but not later than 5 years RM'000	Later than 5 years RM'000	Total RM'000
At 30 June 2020				
Bonds	**-**	**2,970,000**	**3,092,819**	**6,062,819**
Revolving credit	**-**	**299,850**	**-**	**299,850**
Term loans	**856,000**	**1,063,537**	**-**	**1,919,537**
	856,000	**4,333,387**	**3,092,819**	**8,282,206**
At 30 June 2019				
Bonds	-	2,270,000	3,791,962	6,061,962
Finance lease	125	-	-	125
Revolving credit	-	298,858	-	298,858
Term loans	828,400	1,854,241	-	2,682,641
	828,525	4,423,099	3,791,962	9,043,586

27. BORROWINGS (CONT'D.)

The carrying amounts of borrowings of the Group and the Company at the reporting date approximated their fair values except for the bonds.

The fair value of the bonds of the Group and the Company as at the reporting date is as set out below:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Medium Term Notes	**6,754,413**	6,338,620	**6,754,413**	6,338,620
3.52% Retail Price Index Guaranteed Bonds	**292,651**	301,271	**-**	-
5.75% Guaranteed Unsecured Bonds	**2,763,282**	2,661,429	**-**	-
5.375% Guaranteed Unsecured Bonds	**1,364,607**	1,335,425	**-**	-
1.75% Index Linked Guaranteed Bonds	**1,735,032**	1,728,881	**-**	-
1.369% and 1.374% Index Linked Guaranteed Bonds	**1,743,250**	1,737,755	**-**	-
1.489%, 1.495% and 1.499% Index Linked Guaranteed Bonds	**1,737,765**	1,730,838	**-**	-
2.186% Index Linked Guaranteed Bonds	**424,060**	424,696	**-**	-
4% Guaranteed Unsecured Bonds	**1,635,886**	1,671,827	**-**	-
1.5% Guaranteed Unsecured Bonds	**1,327,959**	-	**-**	-
	19,778,905	17,930,742	**6,754,413**	6,338,620

The fair values are within Level 1 of the fair value hierarchy.

(a) Bank overdrafts

Bank overdrafts of RM45,147,150 (GBP8,574,143) (2019: RM20,625,421 (GBP3,929,475)) are unsecured borrowings of Wessex Water Limited and its subsidiary companies. The overdrafts are repayable in full on demand. All bank overdrafts bear interest rate of 1.10% (2019: 1.75%) per annum.

(b) Bonds

(i) Medium Term Notes ("MTN")

The MTN of the Company were issued pursuant to a Medium Term Notes programme of up to RM5,000,000,000 constituted by a Trust Deed and MTN Agreement, both dated 11 August 2011. The facility bears interest rates ranging from 4.49% to 4.99% (2019: 4.35% to 4.99%) per annum.

27. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

(ii) Islamic Medium Term Notes ("Sukuk Murabahah")

The Islamic MTN of the Company 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% (2019: 5.05%) per annum.

(iii) 3.52% Retail 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 2020 is 5.77% (2019: 6.71%) 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.

(iv) 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 2020 GBP346,532,441 (2019: GBP346,358,915) 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.

(v) 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 GBP198,830,197 (2019: GBP198,708,230) remained outstanding as at 30 June 2020, 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.

27. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

(vi) 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 2020 is 4.00% (2019: 4.94%) 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.

(vii) 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 2020 is 3.62% (2019: 4.56%) 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.

(viii) 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 2020 is 4.12% (2019: 3.93%) 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.

27. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

(ix) 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 2020 is 2.74% (2019: 2.54%) per annum. The ILG Bonds will be redeemed in full by the Issuer on 1 June 2039 at their indexed value together with all accrued interest.

(x) 4% 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 GBP199,667,155 (2019: GBP199,400,879) remained outstanding as at 30 June 2020, 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.

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 GBP101,090,703 (2019: GBP102,025,593) remained outstanding as at 30 June 2020, net of amortised fees and premium. 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.

27. BORROWINGS (CONT'D.)

(b) Bonds (cont'd.)

(xi) 1.5% Guaranteed Unsecured Bonds

On 17 September 2019, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, issued GBP250,000,000 nominal value 1.50% Guaranteed Unsecured Bonds due 2029 (retaining GBP50,000,000) ("1.5% GU Bonds") unconditionally and irrevocably guaranteed by Wessex Water Services Limited ("Guarantor"), a subsidiary of the Group. The 1.5% GU Bonds are constituted under a Trust Deed dated 17 September 2019. The nominal value of 1.5% GU Bonds issued amounted to GBP200,000,000, of which GBP198,438,600 remained outstanding as at 30 June 2020, net of amortised fees and discount. The net proceeds of the 1.5% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

On 15 June 2020, Wessex Water Services Finance Plc. ("Issuer"), a subsidiary of the Group, sold the retained GBP50,000,000 nominal value 1.5% Guaranteed Unsecured Bonds due 2029. The nominal value of 1.5% GU Bonds issued amounted to GBP50,000,000, of which GBP49,231,124 remained outstanding as at 30 June 2020, net of amortised fees and discount. The net proceeds of the 1.5% GU Bonds were used for refinancing of existing financial indebtedness and for general corporate purposes.

The Bonds bear interest at 1.50% per annum, payable annually on 17 September of each year. The Bonds will be redeemed in full by the Issuer on 17 September 2029 at their nominal value together with all accrued interest.

(c) Finance lease

Finance lease liabilities were included in borrowings until 30 June 2019 and were reclassified to lease liabilities on 1 July 2019 upon the adoption of MFRS 16. For the impact of the changes in accounting policy for leases and adjustments recognised on adoption of MFRS 16 on 1 July 2019, please refer to Note 39 to the financial statements.

The Group's and Company's finance lease is repayable in instalments until 27 February 2022 and 9 May 2020, respectively. The Group's finance lease bears interest rates ranging from 1.56% to 4.97% per annum and the Company's finance lease bears interest rate at 2.45% per annum.

Minimum lease payments at the end of the previous financial year were as follows:

	Group	Company
	2019 RM'000	**2019 RM'000**
Not later than 1 year	29,143	127
Later than 1 year but not later than 5 years	14,967	-
Future finance charges on finance lease	(1,469)	(2)
Present value of finance lease	42,641	125

27. BORROWINGS (CONT'D.)

(d) Revolving credit

(i) Revolving credit denominated in Ringgit Malaysia

RM300,000,000 Revolving Credit

Revolving credit facilities of RM300,000,000 was obtained by the Company, of which RM299,849,574 (2019: RM298,857,591) remained outstanding as at 30 June 2020, net of amortised fees. The borrowing bears interest rates ranging from 3.22% to 4.32% (2019: 4.32% to 4.53%) per annum.

RM4,500,000 Revolving Credit

Revolving credit facilities of RM4,500,000 was obtained by Konsortium Jaringan Selangor Sdn. Bhd., a subsidiary of the Group which is joint guaranteed by the Company. The borrowing bears interest rates ranging from 3.35% to 4.04% (2019: 4.04% to 4.28%) per annum and are renewable on a monthly basis.

RM300,000,000 Revolving Credit

Revolving credit facilities of RM300,000,000 (2019: RM290,000,000) was obtained by YTL Communications Sdn. Bhd., a subsidiary of the Group which is guaranteed by the Company. The borrowing bears interest rates ranging from 3.07% to 3.32% (2019: 4.17% to 4.42%) per annum and are renewable on a monthly basis.

(ii) Revolving credit denominated in Great British Pounds

GBP18,500,000 Revolving Credit

Revolving credit facilities of RM97,411,750 (GBP18,500,000) (2019: RM86,606,850 (GBP16,500,000)) is an unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.32% to 1.57% (2019: 1.25% to 1.65%) per annum and is repayable in full on 1 September 2021.

GBP22,400,000 Revolving Credit

Revolving credit facilities of RM117,947,200 (GBP22,400,000) (2019: RM117,575,360 (GBP22,400,000)) is an unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 1.18% to 1.70% (2019: 1.51% to 1.81%) per annum and is repayable in full on 27 February 2023.

GBP5,500,000 Revolving Credit

Revolving credit facilities of RM28,960,250 (GBP5,500,000) (2019: RM20,470,710 (GBP3,900,000)) is an unsecured loan of Wessex Water Limited. The borrowing bears interest rates ranging from 0.82% to 1.53% (2019: 1.38% to 1.52%) per annum and is repayable in full on 25 February 2022.

GBP60,000,000 Revolving Credit

Revolving credit facilities of RM314,934,000 (GBP60,000,000) of previous financial year was an unsecured loan of Wessex Water Services Limited. The borrowing bears interest rates of 1.21% (2019: 1.18% to 1.35%) per annum and was fully repaid during the financial year.

Notes to the Financial Statements
for the financial year ended 30 June 2020

27. BORROWINGS (CONT'D.)

(d) Revolving credit (cont'd.)

(ii) Revolving credit denominated in Great British Pounds (cont'd.)

GBP5,500,000 Revolving Credit

Revolving credit facilities of RM28,960,250 (GBP5,500,000) is an unsecured loan of YTL Utilities (UK) Limited. The borrowing bears interest rates ranging from 1.53% to 2.15% per annum and is repayable in full on 9 January 2023.

(e) Term loans

(i) Term loans denominated in Great British Pounds

GBP75,000,000 Unsecured Term Loan

The term loans of RM394,912,500 (GBP75,000,000) (2019: RM393,667,500 (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 1.21% to 1.27% (2019: 1.05% to 1.50%) per annum and are repayable in full on 22 July 2021.

GBP200,000,000 Unsecured Term Loan

The term loans of RM1,053,100,000 (GBP200,000,000) (2019: RM1,049,780,000 (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% (2019: 2.16%) per annum, the second loan of GBP50,000,000 was drawn down on 9 March 2015 bears interest rates ranging from 1.27% to 1.41% (2019: 1.15% to 1.42%) per annum, the third loan of GBP50,000,000 was drawn down on 9 April 2015 bears an interest rate of 1.99% (2019: 1.99%) per annum, and the fourth loan of GBP50,000,000 was drawn down on 25 May 2016 bears interest rates ranging from 1.65% to 1.76% (2019: 1.49% to 1.77%) per annum. All the loans are repayable in full between 30 January 2024 and 27 May 2025.

GBP200,000,000 Unsecured Term Loan

The term loans of RM1,053,100,000 (GBP200,000,000) (2019: RM734,846,000 (GBP140,000,000)) was drawn down by Wessex Water Services Limited of which RM1,044,436,968 (GBP198,354,756) (2019: RM728,262,084 (GBP138,745,658)) remained outstanding as at 30 June 2020, net of amortised fees. The loans bear interest rates ranging from 1.81% to 2.03% (2019: 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 Dollar

USD200,000,000 Unsecured Term Loan

The term loan of RM828,400,000 (USD200,000,000) of previous financial year was drawn down by the Company on 28 May 2015 and was fully repaid during the financial year. The borrowing bears interest rates ranging from 3.06% to 3.71% (2019: 3.63% to 4.04%) per annum.

27. BORROWINGS (CONT'D.)

(e) Term loans (cont'd.)

(ii) Term loans denominated in US Dollar (cont'd.)

USD200,000,000 Unsecured Term Loan

The term loan of RM856,000,000 (USD200,000,000) (2019: RM828,400,000 (USD200,000,000)) was drawn down by the Company on 17 December 2015 and repayable on 17 December 2020. The borrowing bears interest rates ranging from 1.25% to 3.36% (2019: 3.36% to 3.74%) per annum.

USD250,000,000 Unsecured Term Loan

The term loan of RM1,070,000,000 (USD250,000,000) (2019: RM1,035,500,000 (USD250,000,000)) was drawn down by the Company on 31 March 2017 of which RM1,063,537,133 (USD248,489,984) (2019: RM1,025,841,237 (USD247,668,092)) remained outstanding as at 30 June 2020, net of amortised fees. The borrowing bears interest rates ranging from 1.37% to 3.60% (2019: 3.27% to 3.72%) per annum and is repayable on 31 March 2022.

(iii) Term loans denominated in Singapore Dollar

SGD1,995,000,000 Unsecured Term Loan

The term loan of RM6,064,279,851 (SGD1,974,177,958) (2019: RM6,038,721,474 (SGD1,973,180,458)) was drawn down by YTL PowerSeraya Pte. Limited on 14 September 2017 and repayable in full on 12 September 2022. The borrowing is an unsecured loan and bears interest rates ranging from 1.55% to 3.16% (2019: 2.83% to 3.44%) per annum.

The bank borrowings are subject to loan covenant clauses stipulated in the loan agreement. As at 30 June 2020, the Group did not meet the requirement of a certain loan covenants and as a result, the borrowings have been classified as a current liability in the Statement of Financial Position of the Group. On 23 September 2020, the Group received a waiver from the consortium of banks on the requirement to comply with the above loan covenants as at 30 June test date. The waiver effectively extended the loan covenants compliance requirements to 30 November 2020. The extension provides the Group with the opportunity to meet two key requirements namely completion of the securitisation documentation and Tuaspring Pte. Ltd. ("Tuaspring") acquisition.

Notes to the Financial Statements
for the financial year ended 30 June 2020

28. LEASE LIABILITIES

	Group
	2020 **RM'000**
Current	
Lease liabilities	**134,754**
Non-current	
Lease liabilities	**454,145**
Total	
Lease liabilities	**588,899**

The Group leases telecommunication network sites, equipment, fiber core, retail outlets, plant and machinery, vehicles, land, office buildings and other equipment. Rental contracts duration is typically between 1 to 30 years with extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group's maturity profile of lease liabilities are disclosed in Note 35(c) to the financial statements.

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS

	Group		Company	
	2020 **RM'000**	**2019** **RM'000**	**2020** **RM'000**	**2019** **RM'000**
Defined contribution plan - Current				
Malaysia	**655**	1,408	**-**	634
Defined benefit plan - Non-current				
Overseas				
- United Kingdom	**869,244**	687,942	**-**	-
- Indonesia	**19,654**	16,138	**-**	-
	888,898	704,080	**-**	-

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the national defined contribution plan. Once the contributions have been paid, the Group has no further payment obligations.

(b) 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 2019. This valuation has been adjusted to the reporting date as at 30 June 2020 taking account of experience over the period since 30 September 2019, 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 27% of the liabilities are attributable to current employees, 16% to former employees and 57% 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 17-18 years reflecting the approximate split of the defined benefit obligation between current employees (duration of 24 years), deferred members (duration of 24 years) and current pensioners (duration of 13 years).

(ii) Funding requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation report, 30 September 2019 showed a deficit of GBP157.0 million (RM826.7 million). The subsidiary is paying deficit contributions of:

- GBP13.04 million (RM68.6 million) by 1 August 2020;
- GBP14.80 million (RM77.9 million) by 1 July 2021;
- GBP16.60 million (RM87.4 million) by 1 July 2022;
- GBP18.40 million (RM96.9 million) by 1 July 2023;
- GBP20.20 million (RM106.4 million) by 1 July 2024;
- GBP22.00 million (RM115.8 million) by 1 July 2025;
- GBP23.80 million (RM125.3 million) by 1 April 2026;

which, along with investment returns from return-seeking assets, is expected to make good this shortfall by 1 April 2026.

The next funding valuation is due no later than 30 September 2022 at which progress towards full-funding will be reviewed.

The subsidiary also pays contributions of 21.7%, increasing to 24.6% from 1 April 2021, of pensionable salaries in respect of current accrual and non-investment related expenses, with active members paying a further 7.4% of pensionable salaries on average. A contribution of GBP13.04 million (RM68.6 million) is expected to be paid by the subsidiary during the year ending on 30 June 2021.

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

(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 including a diversified growth fund and a 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.

The trustees insure certain benefits payable on death before retirement.

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2020 RM'000	**2019 RM'000**
At 1 July	**687,942**	671,629
Exchange differences	**1,070**	(6,363)
Pension cost	**76,778**	80,526
Contributions and benefits paid	**(125,949)**	(110,159)
Re-measurement loss	**229,403**	52,309
At 30 June	**869,244**	687,942

The amounts recognised in the Statement of Financial Position are analysed as follows:

	2020 RM'000	**2019 RM'000**
Present value of funded obligations	**4,424,366**	4,081,555
Fair value of plan assets	**(3,555,122)**	(3,393,613)
Liability in the Statement of Financial Position	**869,244**	687,942

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan - United Kingdom (cont'd.)

Changes in present value of defined benefit obligations are as follows:

	2020 RM'000	2019 RM'000
At 1 July	**4,081,555**	3,922,374
Exchange differences	**9,610**	(38,238)
Interest cost	**95,364**	111,022
Current service cost	**57,175**	56,506
Contributions by scheme participants	**530**	1,068
Past service cost	**-**	2,669
Net benefits paid	**(143,046)**	(147,852)
Re-measurement (gain)/loss:		
- Actuarial gain arising from demographic assumptions	**(73,643)**	(146,250)
- Actuarial loss arising from financial assumptions	**321,589**	327,729
- Actuarial loss/(gain) arising from experience adjustments	**75,232**	(7,473)
Present value of defined benefit obligations, at 30 June	**4,424,366**	4,081,555

Changes in fair value of plan assets are as follows:

	2020 RM'000	2019 RM'000
At 1 July	**3,393,613**	3,250,745
Exchange differences	**8,540**	(31,875)
Interest income	**79,470**	92,340
Contributions by employer	**125,949**	110,159
Contributions by scheme participants	**530**	1,068
Net benefits paid	**(143,046)**	(147,852)
Administration expenses	**(3,709)**	(2,669)
Re-measurement gain:		
- Return on plan assets excluding interest income	**93,775**	121,697
Fair value of plan assets, at 30 June	**3,555,122**	3,393,613

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

The pension cost recognised is analysed as follows:

	2020 RM'000	2019 RM'000
Interest cost	**15,894**	18,682
Current service cost	**57,175**	56,506
Past service cost	**-**	2,669
Administration expenses	**3,709**	2,669
Total charged to Income Statement	**76,778**	80,526

The charge to Income Statement was included in the following line items:

	2020 RM'000	2019 RM'000
Cost of sales	**45,663**	46,383
Administrative expenses	**15,221**	15,461
Interest cost	**15,894**	18,682
Total charged to Income Statement	**76,778**	80,526

The principal assumptions used in the actuarial calculations were as follows:

	2020 %	2019 %
Discount rate	**1.60**	2.30
Expected rate of increase in pension payment	**1.90-2.60**	1.90-3.00
Expected rate of salary increases	**1.80**	1.70
Price inflation – RPI	**2.70**	3.10
Price inflation – CPI	**2.20**	2.10

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan - United Kingdom (cont'd.)

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.

	2020	2020	2019	2019
	Male Years	Female Years	Male Years	Female Years
Life expectancy - current age 60	**25.9**	**28.3**	26.2	28.3
Life expectancy - current age 40	**47.0**	**49.5**	47.4	49.5

The mortality table adopted is based upon 105% of standard tables S3P(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.

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.

		Scheme liabilities		Scheme deficit	
Key assumptions	**Increase by RM'000**	**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 1.6% to 1.5%)	80,036	4,424,366	4,504,402	869,244	949,280
An increase in the inflation assumption of 0.1% (from 2.2% to 2.3% for CPI and 2.7% to 2.8 for RPI)	70,558	4,424,366	4,494,924	869,244	939,802
An increase in life expectancy of 1 year	182,713	4,424,366	4,607,079	869,244	1,051,957

Notes to the Financial Statements
for the financial year ended 30 June 2020

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(b) Defined benefit plan – United Kingdom (cont'd.)

The plan assets comprise the following:

	2020		2019	
	RM'000	**%**	**RM'000**	**%**
Equity instrument	**1,142,087**	**32.1**	1,335,845	39.4
Debt instrument	**1,948,235**	**54.8**	1,802,472	53.1
Property	**193,770**	**5.5**	191,585	5.6
Others	**271,030**	**7.6**	63,711	1.9
	3,555,122	**100.0**	3,393,613	100.0

	2020 RM'000	2019 RM'000
Actual return on plan assets	**173,245**	214,037

(c) 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 presented as below:

	2020 RM'000	2019 RM'000
Obligation relating to post-employment benefits	**17,261**	14,021
Obligation relating to other long-term employee benefits	**2,393**	2,117
	19,654	16,138

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 obligation for post-employment and other long-term employee benefits were recognised with reference to actuarial report prepared by an independent actuary. The latest actuarial report was dated 30 June 2020.

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan - Indonesia (cont'd.)

(i) Post-employment benefit obligations

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2020 RM'000	2019 RM'000
At 1 July	**14,021**	11,916
Exchange differences	**533**	220
Pension cost	**1,924**	1,689
Contributions and benefits paid	**(633)**	(537)
Re-measurement loss	**1,416**	733
At 30 June	**17,261**	14,021

The obligations relating to post-employment benefits recognised in the Statement of Financial Position are as follows:

	2020 RM'000	2019 RM'000
Present value of obligations	**17,261**	14,021

Changes in present value of defined benefit obligations are as follows:

	2020 RM'000	2019 RM'000
At 1 July	**14,021**	11,916
Exchange differences	**533**	220
Interest cost	**1,013**	911
Current service cost	**911**	778
Net benefits paid	**(633)**	(537)
Re-measurement loss/(gain):		
- Actuarial loss arising from demographic assumptions	**1,699**	-
- Actuarial loss arising from financial assumptions	**-**	779
- Actuarial gain arising from experience adjustments	**(283)**	(46)
Present value of defined benefit obligations, at 30 June	**17,261**	14,021

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan – Indonesia (cont'd.)

(i) Post-employment benefit obligations (cont'd.)

The pension cost recognised can be analysed as follows:

	2020 RM'000	2019 RM'000
Interest cost	**1,013**	911
Current service cost	**911**	778
Total charge to Income Statement	**1,924**	1,689

(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 Statement of Financial Position are as follows:

	2020 RM'000	2019 RM'000
Present value of obligations	**2,393**	2,117

The movements during the financial year in the amounts recognised in the Statement of Financial Position are as follows:

	2020 RM'000	2019 RM'000
At 1 July	**2,117**	1,964
Exchange differences	**78**	35
Pension cost	**469**	429
Contributions and benefits paid	**(271)**	(311)
At 30 June	**2,393**	2,117

Changes in present value of defined benefit obligations are as follows:

	2020 RM'000	2019 RM'000
At 1 July	**2,117**	1,964
Exchange differences	**78**	35
Current service cost	**469**	429
Net benefits paid	**(271)**	(311)
At 30 June	**2,393**	2,117

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)

(c) Defined benefit plan - Indonesia (cont'd.)

(ii) Other long-term employee benefit obligations (cont'd.)

The amounts relating to other long-term employee benefit obligations recognised in the Income Statement are as follows:

	2020 RM'000	2019 RM'000
Current service cost	**469**	429

The charge above was included in the cost of sales.

The principal assumptions used in the actuarial calculations were as follows:

	2020 %	2019 %
Discount rate	**7.3**	7.3
Future salary increase rate	**9.0**	9.0

Sensitivity analysis:

Reasonably possible changes to the key assumptions, would have affected the defined benefit obligations at the reporting date by the following amounts:

	2020		2019	
	RM'000 Increase	RM'000 Decrease	RM'000 Increase	RM'000 Decrease
Discount rate (1% movement)	**1,172**	**1,303**	923	1,029
Future salary increase rate (1% movement)	**1,701**	**1,562**	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.

30. GRANTS AND CONTRIBUTIONS

	Group	
	2020 RM'000	**2019 RM'000**
At 1 July	**560,828**	548,493
Exchange differences	**1,664**	(1,124)
Received during the financial year	**49,342**	29,432
Amortisation	**(15,166)**	(15,973)
At 30 June	**596,668**	560,828

Grants and contributions represents government grant in foreign subsidiaries in respect of specific qualifying expenditure on infrastructure assets and a cogeneration plant.

31. PAYABLES (NON-CURRENT)

		Group	
	Note	**2020 RM'000**	**2019 RM'000**
Contract liabilities	4(b)	**31,326**	26,264
Deposits		**41,826**	53,390
Deferred income		**1,087,304**	958,773
Payables to non-controlling interest		**120,241**	116,365
		1,280,697	1,154,792

Deposits comprise amount collected from retail customers in relation to the provision of electricity. 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.

32. PAYABLES AND ACCRUED EXPENSES (CURRENT)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables		**528,142**	779,844	**-**	-
Duties and taxes payable		**34,635**	31,537	**-**	-
Accrued expenses *		**661,585**	673,750	**61,896**	66,869
Other payables		**323,708**	309,802	**22**	975
Deposits		**84,430**	76,021	**-**	-
Contract liabilities	4(b)	**310,812**	287,789	**-**	-
		1,943,312	2,158,743	**61,918**	67,844

* *Accrued expenses mainly comprise interest payables, regulatory costs and capital expenditure.*

33. PROVISION FOR LIABILITIES AND CHARGES

	Group	
	2020 RM'000	2019 RM'000
At 1 July	**39,903**	35,382
Exchange differences	**44**	(79)
(Credit)/Charge during the financial year	**(4,437)**	8,219
Payment	**(7,093)**	(3,619)
At 30 June	**28,417**	39,903

The provision for liabilities and charges relate to scaling down of operations and asset retirement obligation.

34. AMOUNTS OWING BY/(TO) FELLOW SUBSIDIARIES

The amounts owing by/(to) fellow subsidiaries are unsecured, interest-free and repayable on demand. The amounts owing by/(to) fellow subsidiaries principally relate to operational expenses and expenses paid on behalf by/of the Group and the Company.

35. FINANCIAL RISK MANAGEMENT

The Group's and the Company's activities expose it to a variety of financial risks, including market risk (comprising of foreign currency exchange risk, interest rate risk and price risk), credit risk, liquidity risk and capital risk. The Group's and the Company's overall financial risk management objective is to ensure that adequate resources are available to create value for its shareholders. The Group and the Company focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company.

Financial risk management is carried out through regular risk review analysis, internal control systems and adherence to Group and the Company financial risk management policies. The Board regularly reviews these risks and approves the appropriate control environment frameworks.

(a) Market risk

(i) 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.

(ii) Interest rate risk

Interest rate exposure arises from the Group's and the Company's borrowings, deposits, short-term investments and interest-bearing advances to subsidiaries of the Company. This exposure is managed through the use of fixed and floating rate debts, as well as through derivative financial instruments, where appropriate, to generate the desired interest rate profile.

Borrowings issued at variable rates expose the Group's and the Company's cash flows to interest rate risk. However, this is partially offset by the interest income accruing on fixed deposits and income funds.

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Market risk (cont'd.)

(ii) Interest rate risk (cont'd.)

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the reporting date, were:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Fixed rate instruments				
Financial assets	**225,976**	225,784	**1,413,545**	962,252
Financial liabilities	**16,592,372**	15,191,814	**6,385,752**	6,062,086
Variable rate instruments				
Financial assets	**8,341,805**	8,675,697	**1,411,627**	2,459,799
Financial liabilities	**10,872,492**	11,521,946	**2,269,037**	2,981,500

At the reporting date, if annual interest rates had been 50 basis points higher/lower respectively, with all other variables in particular foreign exchange rates and tax rates being held constant, the Group's and the Company's profit after tax will be lower/higher by RM54.4 million (2019: RM57.6 million) and RM11.3 million (2019: RM14.9 million), respectively as a result of increase/decrease in interest expense on these variable rate borrowings.

The Group and the Company manage their liquidity risks by placing excess funds of the Group and the Company in bank deposits and other highly liquid investments to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income for the Group and the Company for the financial year would increase/decrease by RM8.3 million (2019: RM8.7 million) and RM1.4 million (2019: RM2.5 million), respectively.

(iii) Price risk

Investments

The Group and the Company are exposed to equity securities price risk arising from investments held which are classified on the Statement of Financial Position as financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group and the Company diversify their portfolio.

The Group's and the Company's investments are measured at fair value. The Group's and Company's exposure to the fluctuation of fair value is not significant.

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(a) Market risk (cont'd.)

(iii) Price risk (cont'd.)

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 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 price index, for example 180 CST fuel oil and Dated Brent. The Group's exposure to the fluctuation of forward price curve is immaterial.

(b) Credit risk

Credit risk is the potential financial loss resulting from the failure of a counter party to settle their obligations to the Group and the Company.

The Group's exposures to credit risk arise primarily from trade receivables, unbilled receivables, contract assets and other receivables. Meanwhile, the Company's exposures to credit risk arise primarily from other receivables and amounts owing by related companies. For other financial assets (including short-term investment securities, fixed deposits and derivative financial instruments), the Group and the Company minimise credit risk by dealing with creditworthy counterparties.

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 counterparty 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, unbilled receivables, contract assets and amounts owing by related companies

The Group applies the MFRS 9 simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables, unbilled receivables, contract assets and amounts owing by related companies which is trade in nature. To measure the ECL, trade receivables, unbilled receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due.

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

The expected loss rates are determined based on between 1 to 13 years of historical ageing profiles and the corresponding historical credit losses experienced within this period as applicable. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of customers to settle the receivables. Some of the factors which the Group has identified include unemployment rates, economic trends, and annual Gross Domestic Product ("GDP") growth. The Group has adjusted the historical loss rates based on expected changes in such factors.

On that basis, the loss allowance was determined for trade receivables, unbilled receivables, contract assets and amounts owing by related companies as follows:

		Past due			
Group **30 June 2020**	**Current** **RM'000**	**1-90 days** **RM'000**	**91-120 days** **RM'000**	**> 120 days** **RM'000**	**Total** **RM'000**
Expected loss rate (%)[(1)]	**0 - 11.4**	**0.1 - 16.9**	**3.9 - 75.7**	**48.5 - 100**	
Gross carrying amount					
- Trade receivables	**379,264**	**74,659**	**24,711**	**472,208**	**950,842**
- Unbilled receivables	**766,106**	**-**	**-**	**-**	**766,106**
- Contract assets	**154,976**	**-**	**-**	**-**	**154,976**
- Related companies	**31,947**	**-**	**-**	**-**	**31,947**
	1,332,293	**74,659**	**24,711**	**472,208**	**1,903,871**
Allowance for impairment					
- Trade receivables	**(10,905)**	**(7,000)**	**(4,567)**	**(230,250)**	**(252,722)**
- Unbilled receivables	**(7,568)**	**-**	**-**	**-**	**(7,568)**
- Contract assets	**(110)**	**-**	**-**	**-**	**(110)**
- Related companies	**(3,639)**	**-**	**-**	**-**	**(3,639)**
	(22,222)	**(7,000)**	**(4,567)**	**(230,250)**	**(264,039)**
Net carrying amount	**1,310,071**	**67,659**	**20,144**	**241,958**	**1,639,832**

Notes to the Financial Statements

for the financial year ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

Group 30 June 2019	Current RM'000	Past due 1-90 days RM'000	Past due 91-120 days RM'000	Past due > 120 days RM'000	Total RM'000
Expected loss rate (%)[(1)]	0 - 17.4	0.1 - 3.5	2.9 - 94.0	9.8 - 95.7	
Gross carrying amount					
- Trade receivables	780,484	137,504	1,420	337,313	1,256,721
- Unbilled receivables	962,863	-	-	-	962,863
- Contract assets	158,954	-	-	-	158,954
- Related companies	14,291	-	-	-	14,291
	1,916,592	137,504	1,420	337,313	2,392,829
Allowance for impairment					
- Trade receivables	(61,003)	(1,749)	(913)	(171,144)	(234,809)
- Contract assets	(388)	-	-	-	(388)
- Related companies	(637)	-	-	-	(637)
	(62,028)	(1,749)	(913)	(171,144)	(235,834)
Net carrying amount	1,854,564	135,755	507	166,169	2,156,995

Note:

(1) *The expected loss rate comprises of customers with different risk profiles.*

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 in the event of non-performance by a financial counter party to be unlikely.

Other receivables and amounts owing by related companies

The Group and the Company use the 3-stages approach for ECL on other receivables and amounts owing by related companies. The 3-stages approach reflects their receivables' credit risk and how the loss allowance is determined for each of those categories.

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

A summary of the assumptions underpinning the Group's and the Company's ECL model is as follows:

Category	Group's and Company's definition of category	Basis for recognising ECL
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 or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Debtors and repayments are more than 80 to 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 that 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.

Notes to the Financial Statements

for the financial year ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

Group	Expected credit loss rate	Basis for recognition of expected credit loss provision	Estimated gross carrying amount at default RM'000	Loss allowance RM'000	Net carrying amount RM'000
30 June 2020					
Other receivables					
Performing	**-**	**12 month ECL**	**1,619,621**	**-**	**1,619,621**
Underperforming	**99.6%**	**Lifetime ECL**	**72,702**	**(72,411)**	**291**
Related companies					
Performing	**-**	**12 month ECL**	**6,604**	**-**	**6,604**
Company					
30 June 2020					
Other receivables					
Performing	**-**	**12 month ECL**	**2,057**	**-**	**2,057**
Related companies					
Performing	**-**	**12 month ECL**	**2,764,225**	**-**	**2,764,225**
Underperforming	**100.0%**	**Lifetime ECL**	**3,785**	**(3,785)**	**-**
Group					
30 June 2019					
Other receivables					
Performing	-	12 month ECL	1,254,877	-	1,254,877
Underperforming	99.6%	Lifetime ECL	72,214	(71,923)	291
Related companies					
Performing	-	12 month ECL	3,485	-	3,485
Company					
30 June 2019					
Other receivables					
Performing	-	12 month ECL	1,791	-	1,791
Related companies					
Performing	-	12 month ECL	2,770,064	-	2,770,064
Underperforming	100.0%	Lifetime ECL	4,000	(4,000)	-

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

Movement on the Group's and the Company's loss allowances are as follows:

Group	Trade receivables RM'000	Unbilled receivables RM'000	Contract assets RM'000	Related companies RM'000	Other receivables RM'000	Total RM'000
2020						
At 1 July 2019	**234,809**	**-**	**388**	**637**	**71,923**	**307,757**
Exchange differences	**624**	**(47)**	**-**	**-**	**271**	**848**
Written off during the financial year as uncollectible	**(92,714)**	**-**	**-**	**-**	**-**	**(92,714)**
Allowance for/(Write back of) impairment of receivables (net of reversals)	**110,003**	**7,615**	**(278)**	**3,002**	**217**	**120,559**
At 30 June 2020	**252,722**	**7,568**	**110**	**3,639**	**72,411**	**336,450**

Group	Trade receivables RM'000	Contract assets RM'000	Related companies RM'000	Other receivables RM'000	Total RM'000
2019					
At 1 July 2018	241,174	445	25	75	241,719
Exchange differences	(4,140)	-	-	875	(3,265)
Written off during the financial year as uncollectible	(76,786)	-	-	-	(76,786)
Allowance for/(Write back of) impairment of receivables (net of reversals)	74,561	(57)	612	70,973	146,089
At 30 June 2019	234,809	388	637	71,923	307,757

Company	Related companies RM'000
2020	
At 1 July 2019	**4,000**
Write back of impairment of receivables (net of reversals)	**(215)**
At 30 June 2020	**3,785**
2019	
At 1 July 2018	4,000
At 30 June 2019	4,000

Notes to the Financial Statements

for the financial year ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

At the reporting date, the maximum exposure to credit risk of the financial assets of the Group and the Company are represented by the carrying amounts in the Statement of Financial Position, except for Group's trade receivables on electricity and steam sales where the Group will assess each customer individually and typically require collateral in the form of bankers' guarantees or deposits from selected customers.

(c) Liquidity risk

Liquidity risk management implies maintaining sufficient bank deposits and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group and the Company aim at maintaining flexibility by keeping committed credit lines available.

The table below summarises the maturity profile of the Group's financial liabilities as at the reporting date based on undiscounted contractual payments:

Group	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
2020				
Non-derivative financial liabilities				
Bonds and borrowings	**8,236,555**	**10,654,963**	**20,958,322**	**39,849,840**
Lease liabilities	**156,719**	**344,865**	**178,093**	**679,677**
Trade and other payables	**1,421,034**	**162,067**	**-**	**1,583,101**
Derivative financial liabilities				
Fuel oil swaps	**171,711**	**13,299**	**-**	**185,010**
Currency forwards	**3,233**	**2,102**	**-**	**5,335**
	9,989,252	**11,177,296**	**21,136,415**	**42,302,963**
2019				
Non-derivative financial liabilities				
Bonds and borrowings	8,993,930	10,161,096	22,738,037	41,893,063
Trade and other payables	1,669,582	169,755	-	1,839,337
Derivative financial liabilities				
Fuel oil swaps	38,642	14,272	-	52,914
Currency forwards	9,596	2,194	-	11,790
Currency options contracts	668	2,665	-	3,333
	10,712,418	10,349,982	22,738,037	43,800,437

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(c) Liquidity risk (cont'd.)

The table below summarises the maturity profile of the Company's financial liabilities as at the reporting date based on undiscounted contractual payments:

Company	Less than 1 year RM'000	Between 1 and 5 years RM'000	Over 5 years RM'000	Total RM'000
2020				
Non-derivative financial liabilities				
Bonds and borrowings	**1,171,771**	**5,272,056**	**3,453,794**	**9,897,621**
Trade and other payables	**378,940**	**-**	**-**	**378,940**
Financial guarantee contracts	**718,283**	**-**	**-**	**718,283**
	2,268,994	**5,272,056**	**3,453,794**	**10,994,844**
2019				
Non-derivative financial liabilities				
Bonds and borrowings	1,231,806	5,559,970	4,327,444	11,119,220
Trade and other payables	4,825	-	-	4,825
Financial guarantee contracts	703,590	-	-	703,590
Derivative financial liabilities				
Currency options contracts	668	2,665	-	3,333
	1,940,889	5,562,635	4,327,444	11,830,968

(d) Capital risk

The objectives of the Group and the Company when managing capital are to safeguard the ability of the Group and the Company to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There are external debt covenants, such as gearing ratio applicable to the Group and the Company, which are not onerous and these obligations can be fulfilled. As part of its capital management, the Group rigorously monitors compliance with these covenants. In addition, consistent with others in the industry, the Group and the Company monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the Statement of Financial Position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the Statement of Financial Position plus net debt.

Notes to the Financial Statements

for the financial year ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(d) Capital risk (cont'd.)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Total bonds and borrowings (Note 27)	**27,464,864**	26,713,760	**8,282,206**	9,043,586
Less: Cash and bank balances	**(7,484,725)**	(7,560,316)	**(16,563)**	(20,005)
Net debt	**19,980,139**	19,153,444	**8,265,643**	9,023,581
Total equity	**12,042,754**	12,870,662	**12,733,803**	12,567,880
Total capital	**32,022,893**	32,024,106	**20,999,446**	21,591,461
Gearing ratio	**62%**	60%	**39%**	42%

To strengthen the capital structure of the Company, all borrowings of subsidiaries are undertaken on a non-recourse basis to the Company save and except for those borrowings guaranteed by the Company as set out in Note 27 to the financial statements.

As at 30 June 2020, the Group did not meet the requirement of a certain loan covenants. Refer to Note 27(e)(iii) for further details.

(e) Fair value measurement

The Group and the Company measure fair value using the following fair value hierarchy that reflects the significance of the input used in making the measurements:

(a) Level 1 – quoted price (unadjusted) in active market for identical assets or liabilities;

(b) Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices); and

(c) Level 3 – inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs).

In previous financial year, the financial assets included in the Level 3 of the fair value hierarchy for which its valuation is based on actual performance of the investee entity. The Group and the Company had used valuation model in projecting expected share price of the investment by using share price of companies in similar industry and adjusted for marketability factor.

Although the Group and the Company believe that estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value. For fair value measurement in Level 3, if the discount rate used in the marketability factor is to differ by 10% from management's estimates, the carrying amount of financial assets at fair value through other comprehensive income would be approximately RM20.6 million lower or higher.

The Group and the Company had changed the valuation method during the financial year due to unavailability of comparable information in similar industry. The Group and the Company used last transacted price in arriving at the fair value of the investment.

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(e) Fair value measurement (cont'd.)

The following table presents the Group's assets and liabilities that are measured at fair value as at the reporting date:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	**-**	**8,712**	**-**	**8,712**
- Income funds	**-**	**1,389,043**	**-**	**1,389,043**
- Equity investments	**-**	**3,607**	**-**	**3,607**
Financial assets at fair value through other comprehensive income	**49,671**	**46**	**162,045**	**211,762**
Derivatives used for hedging	**-**	**76,132**	**-**	**76,132**
Total assets	**49,671**	**1,477,540**	**162,045**	**1,689,256**
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Trading derivatives	**-**	**13,575**	**-**	**13,575**
Derivatives used for hedging	**-**	**176,770**	**-**	**176,770**
Total liabilities	**-**	**190,345**	**-**	**190,345**
2019				
Assets				
Financial assets at fair value through profit or loss:				
- Trading derivatives	-	945	-	945
- Income funds	-	1,490,865	-	1,490,865
- Equity investments	-	3,640	-	3,640
- Receivables from a joint venture	-	-	871,752	871,752
Financial assets at fair value through other comprehensive income	63,414	45	175,001	238,460
Derivatives used for hedging	-	81,165	-	81,165
Total assets	63,414	1,576,660	1,046,753	2,686,827
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	3,333	-	-	3,333
- Trading derivatives	-	6,449	-	6,449
Derivatives used for hedging	-	58,255	-	58,255
Total liabilities	3,333	64,704	-	68,037

Notes to the Financial Statements

for the financial year ended 30 June 2020

35. FINANCIAL RISK MANAGEMENT (CONT'D.)

(e) Fair value measurement (cont'd.)

The following table presents the Company's assets and liabilities that are measured at fair value as at the reporting date:

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Assets				
Financial assets at fair value through profit or loss:				
- Income funds	**-**	**476,102**	**-**	**476,102**
Financial assets at fair value through other comprehensive income	**49,644**	**-**	**162,045**	**211,689**
Total assets	**49,644**	**476,102**	**162,045**	**687,791**
2019				
Assets				
Financial assets at fair value through profit or loss:				
- Income funds	-	631,707	-	631,707
Financial assets at fair value through other comprehensive income	63,394	-	175,001	238,395
Total assets	63,394	631,707	175,001	870,102
Liabilities				
Financial liabilities at fair value through profit or loss:				
- Currency options contracts	3,333	-	-	3,333

36. FINANCIAL INSTRUMENTS BY CATEGORY

The table below provides an analysis of the Group's financial instruments category:

Group	At amortised cost RM'000	Assets at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Assets at FVOCI RM'000	Total RM'000
2020					
Assets as per Statement of Financial Position					
Assets at fair value through profit or loss	**-**	**1,392,650**	**-**	**-**	**1,392,650**
Assets at fair value through other comprehensive income	**-**	**-**	**-**	**211,762**	**211,762**
Derivative financial instruments	**-**	**8,712**	**76,132**	**-**	**84,844**
Trade and other receivables[1]	**3,111,482**	**-**	**-**	**-**	**3,111,482**
Cash and bank balances	**7,484,725**	**-**	**-**	**-**	**7,484,725**
	10,596,207	**1,401,362**	**76,132**	**211,762**	**12,285,463**
2019					
Assets as per Statement of Financial Position					
Assets at fair value through profit or loss	-	1,494,505	-	-	1,494,505
Assets at fair value through other comprehensive income	-	-	-	238,460	238,460
Derivative financial instruments	-	945	81,165	-	82,110
Trade and other receivables[1]	2,385,330	871,752	-	-	3,257,082
Cash and bank balances	7,560,316	-	-	-	7,560,316
	9,945,646	2,367,202	81,165	238,460	12,632,473

Notes to the Financial Statements

for the financial year ended 30 June 2020

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Group's financial instruments category: (cont'd.)

Group	Liabilities at fair value through profit or loss RM'000	Derivatives used for hedging RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
2020				
Liabilities as per Statement of Financial Position				
Bonds and borrowings	**-**	**-**	**27,464,864**	**27,464,864**
Derivative financial instruments	**13,575**	**176,770**	**-**	**190,345**
Trade and other payables[2]	**-**	**-**	**1,839,171**	**1,839,171**
	13,575	**176,770**	**29,304,035**	**29,494,380**
2019				
Liabilities as per Statement of Financial Position				
Bonds and borrowings excluding finance lease liabilities	-	-	26,671,119	26,671,119
Derivative financial instruments	9,782	58,255	-	68,037
Trade and other payables[2]	-	-	2,088,233	2,088,233
	9,782	58,255	28,759,352	28,827,389

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Company's financial instruments category:

Company	At amortised cost RM'000	Assets at fair value through profit or loss RM'000	Assets at FVOCI RM'000	Total RM'000
2020				
Assets as per Statement of Financial Position				
Assets at fair value through profit or loss	**-**	**476,102**	**-**	**476,102**
Assets at fair value through other comprehensive income	**-**	**-**	**211,689**	**211,689**
Other receivables[1]	**2,766,282**	**-**	**-**	**2,766,282**
Cash and bank balances	**16,563**	**-**	**-**	**16,563**
	2,782,845	**476,102**	**211,689**	**3,470,636**
2019				
Assets as per Statement of Financial Position				
Assets at fair value through profit or loss	-	631,707	-	631,707
Assets at fair value through other comprehensive income	-	-	238,395	238,395
Other receivables[1]	2,771,855	-	-	2,771,855
Cash and bank balances	20,005	-	-	20,005
	2,791,860	631,707	238,395	3,661,962

36. FINANCIAL INSTRUMENTS BY CATEGORY (CONT'D.)

The table below provides an analysis of the Company's financial instruments category: (cont'd.)

Company	Liabilities at fair value through profit or loss RM'000	Other financial liabilities at amortised cost RM'000	Total RM'000
2020			
Liabilities as per Statement of Financial Position			
Bonds and borrowings	**-**	**8,282,206**	**8,282,206**
Other payables[2]	**-**	**440,349**	**440,349**
	-	**8,722,555**	**8,722,555**
2019			
Liabilities as per Statement of Financial Position			
Bonds and borrowings excluding finance lease liabilities	-	9,043,461	9,043,461
Derivative financial instruments	3,333	-	3,333
Other payables[2]	-	70,373	70,373
	3,333	9,113,834	9,117,167

Note:

[1] *Prepayments, contract cost assets, contract assets and tax recoverable are excluded from the trade and other receivables balance, as this analysis is required only for financial instruments.*

[2] *Statutory liabilities, contract liabilities and deferred income are excluded from the trade and other payables balance, as this analysis is required only for financial instruments.*

37. COMMITMENTS

(a) Capital commitments

	Group	
	2020 RM'000	**2019 RM'000**
Contracted, but not provided for	**1,050,970**	1,244,143
Authorised, but not contracted for	**751,097**	749,378

The above commitments comprise purchase of property, plant and equipment.

37. COMMITMENTS (CONT'D.)

(b) Operating lease arrangements

(i) The Group as lessee

The future minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are analysed as follows:

	Group
	2019 **RM'000**
Lease rental on sublease of office space:	
– Not later than 1 year	148,724
– Later than 1 year but not later than 5 years	271,950
– Later than 5 years	187,637

(ii) The Group as lessor

The Group leases out its PPE assets which comprise net book value of land and building of RM10.3 million, telecommunications equipment of RM31.8 million and plant and machinery of RM16.5 million. The Group classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table sets out the maturity schedule of undiscounted lease payments to be received after the reporting date.

	Group
	2020 **RM'000**
Within 1 year	**112,120**
In the 2nd year	**50,488**
In the 3rd year	**49,237**
In the 4th year	**48,054**
In the 5th year	**47,020**
Later than 5 years	**9,962**
Total undiscounted lease payments to be received	**316,881**

37. COMMITMENTS (CONT'D.)

(b) Operating lease arrangements (cont'd.)

(ii) The Group as lessor (cont'd.)

The future minimum lease payments receivable under non-cancellable operating leases contracted for as at the reporting date but not recognised as receivables are analysed as follows:

	Group
	2019 RM'000
Lease rental income:	
– Not later than 1 year	28,431
– Later than 1 year but not later than 5 years	673

In addition, payments receivable under the PPA which are classified as operating lease are as follows:

	Group	
	2020 RM'000	2019 RM'000
Not later than 1 year	**55,874**	60,779
Later than 1 year but not later than 5 years	**9,839**	65,821

38. SEGMENTAL INFORMATION

The Group has five reportable segments as described below:

(i) Power generation (Contracted)
(ii) Multi utilities business (Merchant)
(iii) Water and sewerage
(iv) Telecommunications business
(v) Investment holding activities

38. SEGMENTAL INFORMATION (CONT'D.)

Management monitors the operating results of operating segments separately for the purpose of making decisions about resources to be allocated and of assessing performance.

	Power generation (Contracted) RM'000	Multi utilities business (Merchant)# RM'000	Water and sewerage RM'000	Telecom-munications business* RM'000	Investment holding activities RM'000	Group RM'000
At 30 June 2020						
Revenue						
Total revenue	633,435	5,766,132	3,483,523	459,754	352,834	10,695,678
Inter-segment elimination	-	-	-	(1,321)	(57,180)	(58,501)
External revenue	633,435	5,766,132	3,483,523	458,433	295,654	10,637,177
Results						
Share of profits of investments accounted for using the equity method	-	-	-	1,001	453,215	454,216
Interest income	4,177	1,609	5,881	1,156	157	12,980
Finance cost	64	165,339	488,791	38,593	390,874	1,083,661
Segment profit/(loss)	57,657	(172,359)	610,109	(264,772)	194,556	425,191
Other segment items						
Capital expenditures	916	98,064	1,225,348	174,731	8,252	1,507,311
Depreciation and amortisation	19,231	251,082	599,084	273,817	11,574	1,154,788
Impairment	2,953	2,060	113,801	5,636	288	124,738
Segment assets						
Investments accounted for using the equity method	-	-	1	14,611	2,200,839	2,215,451
Other segment assets	323,338	11,092,766	19,580,280	3,246,774	10,679,526	44,922,684
	323,338	11,092,766	19,580,281	3,261,385	12,880,365	47,138,135
Segment liabilities						
Borrowings	-	6,064,280	12,813,878	304,500	8,282,206	27,464,864
Other segment liabilities	105,153	1,231,447	4,697,075	983,293	613,549	7,630,517
	105,153	7,295,727	17,510,953	1,287,793	8,895,755	35,095,381

Notes to the Financial Statements

for the financial year ended 30 June 2020

38. SEGMENTAL INFORMATION (CONT'D.)

	Power generation (Contracted) RM'000	Multi utilities business (Merchant)# RM'000	Water and sewerage RM'000	Telecom-munications business* RM'000	Investment holding activities RM'000	Group RM'000
At 30 June 2019						
Revenue						
Total revenue	798,480	6,274,001	3,437,435	875,105	417,308	11,802,329
Inter-segment elimination	-	-	-	(3,158)	(66,455)	(69,613)
External revenue	798,480	6,274,001	3,437,435	871,947	350,853	11,732,716
Results						
Share of profits of investments accounted for using the equity method	-	-	-	1,887	399,269	401,156
Interest income	3,000	1,237	551	3,123	166	8,077
Finance cost	27	193,826	505,081	13,894	418,057	1,130,885
Segment profit/(loss)	51,389	(242,055)	739,298	2,390	202,406	753,428
Other segment items						
Capital expenditures	490	104,721	1,318,262	106,582	26,712	1,556,767
Depreciation and amortisation	18,668	232,928	589,379	217,818	17,317	1,076,110
Impairment	4,347	71,982	70,060	8,519	110	155,018
Segment assets						
Investments accounted for using the equity method	-	-	1	13,610	2,175,345	2,188,956
Other segment assets	373,475	11,380,037	18,616,358	2,969,513	10,744,639	44,084,022
	373,475	11,380,037	18,616,359	2,983,123	12,919,984	46,272,978
Segment liabilities						
Borrowings	353	6,038,721	11,294,633	336,467	9,043,586	26,713,760
Other segment liabilities	109,531	1,255,167	4,395,991	344,504	583,363	6,688,556
	109,884	7,293,888	15,690,624	680,971	9,626,949	33,402,316

This segment encompasses a large portion of the value chain involved in the generation of electricity. This includes the generation and sale of electricity to both wholesale and retail markets, as well as oil trading and oil tank leasing.

* *This segment includes telecommunication services and infrastructure business which have same economic characteristic.*

38. SEGMENTAL INFORMATION (CONT'D.)

Geographical information

Revenue and non-current assets information based on geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	**1,109,321**	1,693,405	**3,015,244**	2,452,834
Singapore	**5,766,132**	6,274,001	**9,906,908**	10,016,039
United Kingdom	**3,498,899**	3,461,407	**18,301,863**	17,482,082
Other countries	**262,825**	303,903	**694,269**	674,777
	10,637,177	11,732,716	**31,918,284**	30,625,732

Non-current assets information presented above consist of the following items as presented in the Statement of Financial Position.

	Non-current assets	
	2020 RM'000	2019 RM'000
Property, plant and equipment	**21,880,462**	21,631,567
Right-of-use assets	**621,765**	-
Investment properties	**467,208**	477,749
Project development costs	**248,617**	228,952
Intangible assets	**8,641,718**	8,278,649
Contract assets	**540**	2,486
Contract cost assets	**1,165**	3,129
Prepayments	**56,809**	3,200
	31,918,284	30,625,732

Major customers

The following is the major customer with revenue equal or more than 10 per cent of Group's revenue:

	Revenue		
	2020 RM'000	2019 RM'000	Segment
- Energy Market Company	**2,452,877**	3,184,498	Multi utilities business (Merchant)

39. CHANGES IN ACCOUNTING POLICIES

The Group and the Company changed its accounting policies on leases upon adoption of MFRS 16 from 1 July 2019 (effective from 1 January 2019). The Group and the Company have elected to use the simplified retrospective transition method and to apply a number of practical expedients as provided in MFRS 16. The new accounting policies under MFRS 16 have been disclosed in Note 2(c) to the financial statements.

Under the simplified retrospective transition method, the 2019 comparative information was not restated and the cumulative effects of initial application of MFRS 16 where the Group and the Company are lessee were recognised as an adjustment to the opening balance of retained earnings as at 1 July 2019. The comparative information continued to be reported under the previous accounting policies governed under MFRS 117 "Leases" ("MFRS 117") and IC Interpretation 4 "Determining whether an Arrangement Contains a Lease" ("IC Int.4").

The Group as a lessor

The Group is not required to make any adjustment on transition, except for the reassessment of existing operating subleases at the date of initial application ("DIA").

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases.

The Group and the Company as a lessee

(a) Leases classified as operating leases under MFRS 117

On adoption of MFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of MFRS 117. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted-average lessee's incremental borrowing rate applied is ranging from 1.23% to 4.50%.

On a lease-by-lease basis, the Group measures the associated right-of-use ("ROU") assets on a retrospective basis either at its carrying amount as if the new rules had always been applied or at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the Statement of Financial Position as at 30 June 2019.

On the Income Statements, expenses which previously included operating lease rentals within Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"), are replaced by interest expense on lease liabilities (included within "finance cost") and depreciation of ROU assets.

On the Statements of Cash Flows, operating lease rental outflows previously recorded within "net cash flows from operating activities" are now classified under "net cash flows used in financing activities" for repayment of the principal and interest of lease liabilities.

39. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

The Group and the Company as a lessee (cont'd.)

(a) Leases classified as operating leases under MFRS 117 (cont'd.)

In applying MFRS 16 for the first time, the Group and the Company have applied the following practical expedients permitted by the standards:

- the use of exemption not to apply MFRS 16 on leases of low-value assets;
- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the ROU asset at the DIA; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(b) Leases classified as finance leases under MFRS 117

For leases previously classified as finance leases and presented as a part of 'property, plant and equipment', the Group and the Company recognised the carrying amount of the lease asset and lease liability immediately before transition which were measured applying MFRS 117 as the carrying amount of the ROU asset and the lease liability at the DIA.

Reconciliation of operating lease commitments as at 30 June 2019 to the opening balance of lease liabilities as at 1 July 2019 is as follows:

	Group
	RM'000
Operating lease commitments disclosed as at 30 June 2019	**608,311**
(Less): short-term leases recognised on a straight-line basis as expenses	**(10,659)**
(Less): contracts reassessed as service agreements	**(268,317)**
	329,335
Discounted using the lessee's incremental borrowing rates at the date of initial application	**257,999**
Add: finance lease liabilities as at 30 June 2019	**42,641**
Add: existing contracts as at 30 June 2019 previously assessed as operating lease	**64,584**
Add: adjustments as a result of a different treatment of extension and termination options	**341,757**
Lease liabilities as at 1 July 2019	**706,981**
Of which are:	
Current lease liabilities	**146,685**
Non-current lease liabilities	**560,296**
	706,981

Notes to the Financial Statements

for the financial year ended 30 June 2020

39. CHANGES IN ACCOUNTING POLICIES (CONT'D.)

Impact on the financial statements

The following tables show the adjustments recognised in financial statements for each individual financial statements line item as a result of the adoption of MFRS 16.

Reconciliation of financial position and equity

Group	30.6.2019 As previously reported RM'000	Effects of MFRS 16 RM'000	1.7.2019 As restated RM'000
Assets			
Non-current assets			
Property, plant and equipment	21,631,567	(106,902)	21,524,665
Right-of-use assets	-	718,881	718,881
Equity and liabilities			
Capital and reserves			
Reserves	5,605,795	(31,570)	5,574,225
Non-controlling interests	226,280	(20,791)	205,489
Non-current liabilities			
Borrowings	19,071,117	(14,753)	19,056,364
Lease liabilities	-	560,296	560,296
Current liabilities			
Borrowings	7,642,643	(27,888)	7,614,755
Lease liabilities	-	146,685	146,685
Company			
Current liabilities			
Borrowings	828,525	(125)	828,400
Lease liabilities	-	125	125

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 30 September 2020.

Form of Proxy

YTL Power
YTL GROUP

[Company No. 199601034332 (406684-H)]
(Incorporated in Malaysia)

CDS Account No.	
(only for nominee companies)	
Number of shares held	

I/We *(full name in block letters)* ____

____ Tel. No. ______________

NRIC *(new & old)*/Passport/Company No. ______________________________

of *(full address)* ____

____

being a member of **YTL Power International Berhad** hereby appoint

Full name of proxy in block letters	*NRIC (new & old)/Passport No. of proxy*	*Proportion of shareholdings to be represented*	
		No. of shares	*%*

* and/or *(delete as appropriate)*

Full name of proxy in block letters	*NRIC (new & old)/Passport No. of proxy*	*Proportion of shareholdings to be represented*	
		No. of shares	*%*

or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company which will be conducted as a **fully virtual** meeting through live streaming from the broadcast venue at the Town Hall, 8th Floor, Menara YTL, 205 Jalan Bukit Bintang, 55100 Kuala Lumpur, Malaysia **("Broadcast Venue")** on Tuesday, 1 December 2020 at 10:00 a.m. and at any adjournment thereof.

My/Our proxy is to vote as indicated below:

NO.	RESOLUTIONS	FOR	AGAINST
1.	Re-election of Dato' Yeoh Seok Kian		
2.	Re-election of Dato' Sri Michael Yeoh Sock Siong		
3.	Re-election of Dato' Mark Yeoh Seok Kah		
4.	Approval of the payment of fees to the Non-Executive Directors		
5.	Approval of the payment of meeting attendance allowance to the Non-Executive Directors		
6.	Re-appointment of PricewaterhouseCoopers PLT as Auditors of the Company		
7.	Proposed authorisation for Directors to allot and issue shares		
8.	Proposed renewal of share buy-back authority		
9.	Proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature		

Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this ______________ day of ______________________ 2020.

____
Signature(s)/Common Seal of Member

IMPORTANT NOTICE

Pursuant to Section 327(2) of the Companies Act, 2016, the Chairman of the Meeting will be present at the Broadcast Venue, being the main venue of the meeting. Members/proxies/representatives will not be allowed to be physically present at the Broadcast Venue on the day of the meeting. Members are to participate, speak (in the form of real time submission of typed texts) and vote remotely via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIIH Online website at https://tiih.online.

Fold this flap for sealing

Notes:-

1. *A member (including an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the Annual General Meeting ("AGM") via the RPV facilities.*
2. *Where a member is an Exempt Authorised Nominee as defined under the SICDA, 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.*
3. *A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised in writing.*
5. *The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor not less than 48 hours before the time appointed for holding the AGM i.e. no later than* **29 November 2020 at 10:00 a.m.***:*

   (i) *In hard copy form* ***[applicable for all members]***

   The original Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (ii) *By Tricor Online System (TIIH Online)* ***[applicable only for members who are individuals]***

   The Form of Proxy can be electronically lodged with Tricor via TIIH Online at https://tiih.online. Please follow the procedures set out in the Administrative Guide.
6. *Only members whose names appear on the General Meeting Record of Depositors as at 23 November 2020 shall be entitled to attend the AGM via the RPV facilities or appoint proxy(ies) to attend and/or vote in his stead.*
7. *For a corporate member who has appointed an authorised representative, please deposit the original certificate of appointment of corporate representative with Tricor at either of the addresses stated in note 5(i) above, not less than 48 hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment proposes to vote.*

Then fold here

AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for the 24th Annual General Meeting of
YTL Power International Berhad
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

First fold here

YTL Power
YTL GROUP

YTL POWER INTERNATIONAL BERHAD
199601034332 (406684-H)

33rd Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Malaysia

Tel • 603 2038 0888
Fax • 603 2038 0388

www.ytlpowerinternational.com
www.ytlcommunity.com