



Ranhill



SUSTAINING GROWTH MOMENTUM

ANNUAL REPORT 2023

10TH ANNUAL GENERAL MEETING



25 June 2024, Tuesday,
2.30 p.m



Ballroom 1 & 2,
Intercontinental Kuala Lumpur,
165, Jalan Ampang,
50450 Kuala Lumpur.



For more information:
Scan the QR code to view our
AR2023
[https://ranhill.com.my/
investor-relations/reports-
presentations/](https://ranhill.com.my/investor-relations/reports-presentations/)

Our **BUSINESSES**

**WE ARE A RESPONSIBLE GLOBAL BUSINESS, ENSURING A SUSTAINABLE
BALANCE BETWEEN ENVIRONMENTAL PROTECTION, SOCIAL RESPONSIBILITY
AND PROFITABILITY IN ALL ASPECTS OF WHERE WE DO BUSINESS.**

Environment Sector



Treated Water Supply Services



Water, Wastewater Treatment &
Reclaimed Water Treatment

Energy Sector



Energy and Renewable Energy ("RE")

Engineering Services Sector



Engineering, Procurement and Construction
Management ("EPCM"), Engineering,
Procurement, Construction and Commissioning
("EPCC"), Project Management Consultancy
("PMC"), Operations and Maintenance ("O&M")



Non-Revenue Water Management ("NRW")

Cover **RATIONALE**



ANNUAL REPORT 2023 ("AR2023")

As a forward-thinking company, Ranhill Utilities Berhad ("Ranhill") continues to provide the world with the distinctive technologies and innovative thinking that enables a successful transition for industries and businesses towards a more sustainable future. The Group's ecosystem depicted by its Environment, Energy and Engineering Services sectors, deliver stellar solutions that enable businesses and industries to navigate a post pandemic, globalised business environment and to progressively transform and evolve and to remain relevant amidst a changing world. Ranhill's proven track record and distinctive business model is harnessed to chart a course of stellar prospects while navigating the challenges towards unlocking the full potential of companies and industries by providing a pathway towards embracing the future.

SUSTAINABILITY AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG")



Our ESG and sustainability agenda reflects our commitment to reducing the environmental impact of our business as a principal focus area. This is underpinned by excellence across our other ESG priorities.

As part of our commitment to protect the environment, this annual report is printed on FSC® certified mix paper.



Read more on Ranhill's global efforts on Sustainability by downloading our latest Sustainability Report here

What's Inside

1 BUSINESS OVERVIEW

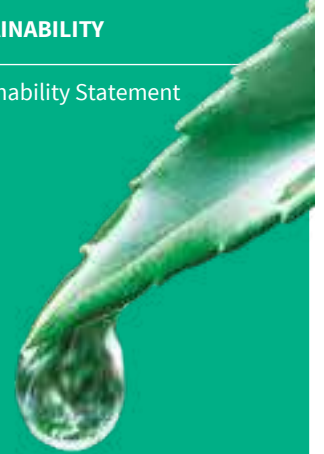
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CORPORATE PHILOSOPHY



OUR MISSION

TO BE A REGIONAL LEADER IN WATER, WASTEWATER AND ENERGY WITH EMPHASIS ON CIRCULAR ECONOMY AND A LEADER IN TRANSITION ENERGY ENGINEERING SOLUTIONS



OUR VISION

ENRICHING LIVES THROUGH SUSTAINABLE SOLUTIONS



OUR VALUES

1**RESPECT**

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

2**RESOURCEFUL**

Determination in sourcing and adopting innovative solutions.

3**RESULT**

Focussed on delivering growth and value to our stakeholders.

ENRICHING LIVES

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

SUSTAINABLE SOLUTIONS

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

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

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

RANHILL FACT SHEET

Provides Clean Water to
4 Million
Consumers in Johor,
Malaysia



99.8%
Water Supply Coverage
Rural / Urban
100%
Clean Water Supply
Coverage (Urban)

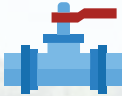
46
Water Treatment
Plants



724
Active Treated Water
Reservoirs



24,150 KM
Total Pipelines



3,623 KM
Mains Distribution

20,527 KM
Reticulation

Total Capacity
2,171 MLD
Treated Water

Ranhill had engineered:

- Over **800 MLD** Water Treatment Plants
- Over **601 KM** of Highways
- Over **200 KM** of Railway
- Over **20,000 Acres** of Landbank
- Over **4 Million sq.m** of Building Space



Total Capacity of Water, Wastewater & Reclaimed Water
Treatment Plant in International Footprint

Thailand:
117 MLD

China :
227 MLD



Provide Electricity
1.2 Million
People in Sabah,
Malaysia



Own and Operates Combined Cycle Gas
Turbine (CCGT)
Rugading: **190 MW** Teluk Salut: **190 MW**

Owns and Operates solar power plant
Bidor: **50 MW**

NRW Level
25.0%

Employees
4,203



Total Percentage Capacity of Water, Wastewater and Reclaimed
Water Treatment Plant
Local: **86.0%** International: **14.0%**

You can find more details on our website on www.ranhill.com.my



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



Participant of
**United Nation
Global Compact
(UNGC)** since 2008



The Edge ESG
Award 2022 (Gold)
Utilities Category

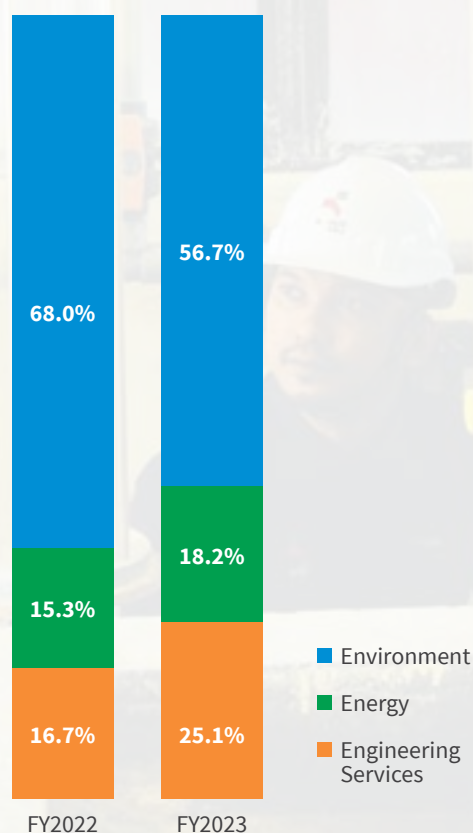


The Edge ESG
Award 2023 (Gold)
Utilities Category

GROUP CORPORATE PROFILE

RANHILL UTILITIES BERHAD
(“RANHILL” OR “THE GROUP”)
COMPRISES THREE MAIN BUSINESS
SECTORS: ENVIRONMENT, ENERGY
AND ENGINEERING SERVICES. THE
ENVIRONMENT SECTOR ACCOUNTS
FOR 56.7% OF RANHILL’S REVENUE,
WITH 18.2% COMING FROM THE
GROUP’S ENERGY SECTOR AND
25.1% FROM THE ENGINEERING
SERVICES SECTOR.

SECTOR REVENUE:



GROUP CORPORATE PROFILE



PEOPLE

Driven by the Sustainable Development Goals (“SDGs”), Ranhill continues to focus on creating value for local communities. These include talent development and socio-economic improvements through the provision of job opportunities, nurturing local supply chains, and infrastructure development.



CUSTOMER EXPERIENCE

Upholding operational excellence and prioritising quality and service responsibility, Ranhill continues to set new performance benchmarks for customer satisfaction and elevate standards to world-class levels.



GLOBALISATION

Harbouring ambitions of greater growth, Ranhill aims to further expand its presence on the international stage, bringing its proven track record of expertise, world-class capabilities, and long-standing experience to new markets across the world.

OUR BUSINESSES



Treated Water
Supply Services



Water, Wastewater
Treatment & Reclaimed
Water Treatment



Energy and
Renewable Energy



Multi Disciplinary EPCM,
PMC, O&M Services and
Consultancy Services



NRW Management

ENVIRONMENT SECTOR



Ranhill's Environment sector provides a complete source to tap solutions for the abstraction, treatment and supply of potable water, the treatment of wastewater and the production of reclaimed water. This includes the provision of technical services in the management and optimisation of water utility assets.

The sector's operations comprise the following operating companies: Ranhill SAJ Sdn Bhd (“Ranhill SAJ”), Ranhill Water (Hong Kong) Ltd. (“RWHK”), Ranhill Water Technologies (Thai) Ltd. (“RWTT”) and AnuRAK Water Treatment Facilities Co. Ltd. (“AnuRAK”). Customers include the public, governments, municipal authorities, industrial and commercial customers.

RANHILL SAJ SDN BHD

As Johor state's sole water operator, Ranhill SAJ undertakes raw water abstraction, treatment, distribution and sales, operating the entire water supply network in Johor. It operates 46 water treatment plants (“WTPs”) state-wide with a total treatment capacity of 2,171 million litres daily (“MLD”).

As at 31 December 2023, Ranhill SAJ's network comprises 724 reservoirs and 24,150 KM of pipelines that supply treated water to 4 million people in Johor as well as industries across the state. With a low NRW rating of 20.2 m³ / KM of Pipe / Day, the NRW percentage for Johor state was 25.0% in FY2023.

Working together with Ranhill Technologies Sdn Bhd (“Ranhill Technologies”), which specialises in NRW reduction and management, Ranhill SAJ has set a target of further reduction of Johor's NRW levels to 20.9% by 2025.

RANHILL WATER (HONG KONG) LTD.

On the international front, the Group owns a 40% share in RWHK, which owns 12 industrial wastewater treatment plants with a total design capacity of 227 MLD. Assets are operated based on Build-Operate-Transfer (“BOT”) and Transfer-Operate-Transfer (“TOT”) contracts.

Ranhill's 60% joint venture partner SIIC Environment Holdings Ltd., a China state-owned entity, has vast experience and a good rapport with local authorities, which provides a positive platform for negotiation and potential expansion.

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

RWTT and AnuRAK undertake water, wastewater and reclaimed water treatment assets, as well as operations and project maintenance of related assets. Most of these assets are operated based on BOT and Rehabilitate-Own-Transfer (“ROT”) contracts.

To date, the Group has achieved 344 MLD or 86.0% of its targeted 400 MLD for international water and wastewater operations.

GROUP CORPORATE PROFILE

ENERGY SECTOR



Effective August 2023, Energy sector consists of both power plants reflect RANHILL and Sabah Energy Corporation (“SEC”) in their name; RANHILL Sabah Energy I Sdn Bhd (“RSE I”), RANHILL Sabah Energy II Sdn Bhd (“RSE II”), RANHILL Sabah Energy O&M I Sdn Bhd (“RSE O&M I”) and Sabah Energy O&M II Sdn Bhd (“RSE O&M II”).

Through its Energy Sector, RANHILL owns and operates two 190 MW combined cycle gas turbine (“CCGT”) fired power plants in Kota Kinabalu, Sabah. The 190 MW Teluk Salut Power Station comes under the purview of RSE I while the 190 MW RSE II.

The Teluk Salut power station comprises four 30 MW gas turbines, four vertical heat recovery steam generators and two 35 MW steam turbines. The Rugading power station comprises two 65 MW gas turbines, two horizontal heat recovery steam generators and a 60 MW steam turbine.

Cumulatively, both power plants deliver up to 380 MW of energy, which is equivalent to approximately 40% of the total installed

capacity among independent power producers (“IPP”) in Sabah. This makes RANHILL the largest IPP player in the state.

On 29 August 2023, RANHILL incorporated RANHILL Sabah Energy III Sdn. Bhd. (“RSE III”) as a joint venture special purpose vehicle (“SPV”) between RANHILL Capital Sdn Bhd and Sabah Energy Corporation Sdn Bhd (“SEC”). RSE III has been established for the purpose of undertaking the 100 MW Gas Fired Combined Cycle Power Plant station at Kimanis, Sabah.

RSE O&M I and RSE O&M II are responsible for the operations and maintenance of RANHILL’s Teluk Salut and Rugading power plants respectively in Sabah.

In addition, RANHILL owns and operates the 50 MW Solar Farm in Bidor, Perak. The farm was secured during the tender under the large-scale solar phase 4@MENtARI (LSS4@MENtARI) programme. The Group operates said plant under a 25-year concession agreement with Tenaga Nasional Berhad (“TNB”).

ENGINEERING SERVICES SECTOR



RANHILL BERSEKUTU SDN BHD (“RBSB”)

RBSB is a multi-disciplinary engineering company services provider that specialises in comprehensive engineering solutions. These include design services for geotechnical, civil infrastructure, structural, mechanical, electrical, water resources, linear transportation, project management and EPCC solutions.

Since its inception five decades ago, RBSB has established a stellar track record of more than 2,300 successful projects for clients in Malaysia and overseas.

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

In 2023, project highlights include the completion of the National Sewerage Master Plan for the Integrated River Basin Management Catchment project and the Sarawak Metro KUTS design project.

Previous and ongoing projects include the design and construction of RANHILL’s 50 MW LSS farm, Audit for Gleneagles Hospital Sabah, Audit of the Petronas Twin Towers covering Structure, MEP and Facade and various other healthcare, transportation and infrastructure projects in Malaysia and Bangladesh.

RBSB’s distinctive edge is its Building Information Modelling (“BIM”) capabilities, which enable a more seamless, real-time collaborative approach to design, planning and construction of buildings. RBSB’s BIM capabilities facilitate faster and more precise development of designs, promote resource optimisation and waste reduction, and supports reduced carbon emissions and various other benefits including cost and resource efficiencies.

RANHILL WORLEY SDN BHD (“RW”)

RW is a well-regarded global brand name for professional project and asset services. It is excellently positioned as a carbon storage, decarbonisation and technology leader with the recent award of Malaysia Kasawari Carbon Capture Storage (“CCS”), the world’s largest offshore CCS, together with Environment, Social and Governance (“ESG”) solutions for the oil and gas industry.

GROUP CORPORATE PROFILE

For 29 years, RW via a solid partnership with Worley Ltd. global leader in Energy, Chemical and Resources (“ECR”), has provided engineering, design, management and consultancy services to the energy, chemicals and resource sectors. Over the course of that time, RW has demonstrated a credible track record for brilliance by delivering high-quality, value-driven solutions for complex requirements.

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

In addition, RW has ventured into the niche but highly in-demand sector of CCS solutions, particularly for the oil and gas sector. Among the projects secured include the world’s largest CCS project: the Malaysia Kasawari CCS project and Brazil P-82 Floating Production Storage and Offloading (“FPSO”).

RANHILL TECHNOLOGIES SDN BHD (“RANHILL TECHNOLOGIES”)

During the financial year, the operations of RWS and RWT have been integrated to form Ranhill Technologies Sdn Bhd (“Ranhill Technologies”).

The operations of both RWS and RWT now come under Ranhill Technologies. This includes NRW management of which the Group’s track record now stands at 774 MLD of treated water saved from projects undertaken in Malaysia and Saudi Arabia.

RWT’s operations that comprise varied water, wastewater and reclaimed water utility projects in Malaysia, Thailand and China (through associate companies) is also assumed by Ranhill Technologies.

Ranhill Technologies shall continue to undertake NRW projects nationwide by undertaking projects under Approach One and Approach Two of the National NRW Reduction programme under the 12th Malaysia Plan going forward.

Total MLD Saved Through NRW Activities:

State/Region	MLD
Johor	498
Melaka	59
Kedah	54
Saudi Arabia	54
Terengganu	50
Kelantan	43
Pahang	16



OUR PRESENCE



CHINA



THAILAND



MALAYSIA

WE ASPIRE TO LIFT THE QUALITY OF LIFE BY BEING AT THE FOREFRONT OF NATION
- BUILDING THROUGH **SUSTAINABLE ENVIRONMENT** AND
ENERGY SOLUTIONS USING INNOVATIVE AND
CLEAN TECHNOLOGY

OUR PRESENCE

MALAYSIA

Water Supply Services in Johor, Malaysia

- Exclusive licence to provide source to tap water supply services throughout the State of Johor
- 46 Water treatment plants
- The second largest water operations in the country with total design capacity of 2,171 MLD

Engineering and Infrastructure Solutions Specialist

- ExxonMobil Exploration and Production Malaysia Inc (“EMEPMI”) - Provision of Engineering, Procurement and Construction Management (“EPCM”) Services
- Develop the Kasawari Gas Development Project as part of the overall block SK316 development strategy off the coast of Sarawak
- Shell Rosmari & Marjoram Project Offshore Gas Plant
- Senai-Pasir Gudang-Desaru Expressway (with 500m main span cable-stayed bridge)
- Kuala Lumpur International Airport and KLCC
- The world's largest Carbon Capture Storage (“CCS”) project - the Malaysia Kasawari CCS in Sarawak

Power Business in Sabah, Malaysia

- The largest IPP in Sabah, Malaysia
- Owns and operates two 190 MW CCGT power plants in Kota Kinabalu Industrial Park
- 21-year PPA with SESB for the sale of up to 380 MW of electricity generating capacity
- Awarded the EPCC and operations for the 100 MW Kimanis CCGT power plant

NRW Specialist

- Ranhill has saved more than 774 MLD
- Developed 251 strategic and all mains' models with over 1 million total number of connections
- Designed and established over 1,196 District Metered Areas (“DMAs”)
- Over 258 KM of pipe works replaced

CHINA

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

THAILAND

- Total of 9 water, wastewater and reclaimed water treatment plants
- 100 MLD of total water and wastewater treatment capacity
- 17 MLD of reclaimed water treatment plant capacity

OTHER COUNTRIES

(Multi Disciplinary of Engineering Services)

- Engineering works for Santos WHP EPCI with Sapura Engineering, Western Australia
- Pre-FEED for HI Development Project, Nigeria
- Engineering Support to Sembcorp Marine under an EPCI contract awarded by North Oil Company (“NOC”) for Gallaf Batch 2 project, located field, off Qatar
- Block 15-1/05 Lac Da Vang Oil Development, Vietnam
- Neptune Deep Project, a FEED for gas de-hydration fixed platform (NNM CPP) in 120m of water in the Black Sea off the coast of Romania
- Zawtika M-9 Development Project, Offshore, Myanmar
- Marina Doha Residential Doha Office Tower, Qatar
- Built a 113.5 MLD potable water treatment plant for Haldia Development in West Bengal
- Bangladesh-Engineering for Public Sanitation Facility for 23 districts funded by the Islamic Development Bank
- First designed for float over project and detailed design, procurement support in Offshore Bombay, India for the B193 Development Project
- Detailed engineering and project management services of 10,800 residential in Tajura, Libya
- Provide project management services to Saudi Aramco, King Abdullah University of Science and Technology (“KAUST”)
- Provide management and construction services for King Saud University for Girls (“KSUG”) in Riyadh
- P-82 Floating Production Storage and Offloading (“FPSO”) contract, which will incorporate carbon capture and closed flare technology features in Brazil

CORPORATE INFORMATION

BOARD OF DIRECTORS

TAN SRI HAMDAN MOHAMAD

Chairman and Chief Executive
Non-Independent Executive Director

DATUK SERI PANGLIMA LIM HAW KUANG

Executive Director

DATUK ABDULLAH KARIM

Senior Independent Non-Executive
Director

YB DATO' HAJI RAMLEE A RAHMAN

Non-Independent Non-Executive
Director
(Appointed w.e.f. 29.05.2023)

MR LIM HUN SOON @ DAVID LIM

Independent Non-Executive Director

MS LEOW PEEN FONG

Independent Non-Executive Director

ENCIK ABU TALIB ABDUL RAHMAN

Independent Non-Executive Director

DR ARZU TOPAL

Independent Non-Executive Director

CIK ZURINA ABDUL RAHIM

Executive Director and
Chief Commercial Officer

CIK IMAAN AIYSHA HAMDAN

Non-Independent Executive Director
(Appointed w.e.f. 29.05.2023)

ENCIK JEFFREY BOSRA

Independent Non-Executive Director
(Appointment to be effected on
02.05.2024)

AUDIT COMMITTEE ("AC") MEMBERS

- 1. MR LIM HUN SOON @ DAVID LIM**
Chairman
Independent Non-Executive Director
- 2. DATUK ABDULLAH KARIM**
Member
Senior Independent Non-Executive
Director
- 3. ENCIK ABU TALIB ABDUL RAHMAN**
Member
Independent Non-Executive Director
- 4. ENCIK JEFFREY BOSRA**
Member
Independent Non-Executive Director
(Appointment to be effected on
02.05.2024)

GOVERNANCE AND RISK MANAGEMENT COMMITTEE ("GRMC") MEMBERS

- 1. MS LEOW PEEN FONG**
Chairman
Independent Non-Executive Director
- 2. TAN SRI HAMDAN MOHAMAD**
Member
Chairman and Chief Executive
Non-Independent Executive Director
- 3. DATUK SERI PANGLIMA
LIM HAW KUANG**
Member
Executive Director
- 4. ENCIK ABU TALIB ABDUL RAHMAN**
Member
Independent Non-Executive Director
- 5. DR ARZU TOPAL**
Member
Independent Non-Executive Director
- 6. CIK ZURINA ABDUL RAHIM**
Member
Executive Director and
Chief Commercial Officer

NOMINATING AND REMUNERATION COMMITTEE ("NRC") MEMBERS

- 1. DATUK ABDULLAH KARIM**
Chairman
Senior Independent Non-Executive
Director
- 2. ENCIK ABU TALIB ABDUL RAHMAN**
Member
Independent Non-Executive Director
- 3. MS LEOW PEEN FONG**
Member
Independent Non-Executive Director
- 4. DR ARZU TOPAL**
Member
Independent Non-Executive Director

LONG TERM INCENTIVE PLAN COMMITTEE ("LTIP") MEMBERS

- 1. DATUK ABDULLAH KARIM**
Chairman
Senior Independent Non-Executive
Director
- 2. ENCIK ABU TALIB ABDUL RAHMAN**
Member
Independent Non-Executive Director
- 3. MS LEOW PEEN FONG**
Member
Independent Non-Executive Director
- 4. DR ARZU TOPAL**
Member
Independent Non-Executive Director

Note: Encik Amran Awaluddin, Executive Director and the
Chief Operating Officer have resigned w.e.f 01.12.2023.

CORPORATE INFORMATION

COMPANY SECRETARIES

MS LAU BEY LING

Chartered Secretary
MAICSA 7001523
Practising Certificate No.: 201908004064

MS LEONG SHIAK WAN

Chartered Secretary
MAICSA 7012855
Practising Certificate No.: 202008002757

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AUDITORS

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PRINCIPAL BANKER

Malayan Banking Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

(Listed on 16.12.2015 and traded on 16.03.2016)

Stock Name : RANHILL
Stock Code : 5272

FORM OF LEGAL ENTITY

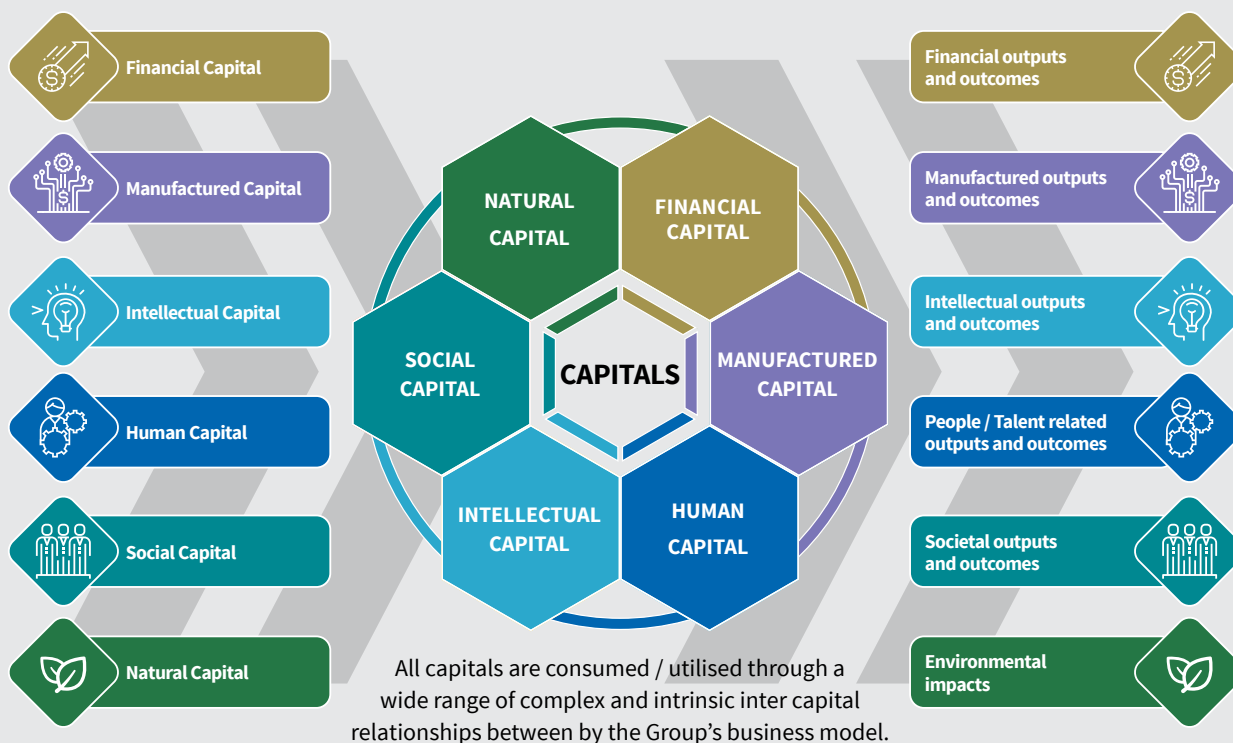
Incorporated on 28 April 2014 as a private limited liability company in Malaysia under the Companies Act 1965. On 24 October 2014, converted into a public company limited by shares under its name, Ranhill Holdings Berhad ("Ranhill"). Commenced its business on 16 December 2015 following the completion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

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

OUR APPROACH TO VALUE CREATION

RANHILL'S APPROACH TO VALUE CREATION BEGINS WITH THE REALISATION THAT VALUE IS DEFINED BY A MULTIPLE CAPITAL PERSPECTIVE, AS OPPOSED TO THE TYPICAL LIMITED, FINANCIAL CAPITAL APPROACH.

Conventional Value Creation Approach



Ranhill's multi-capital, integrated thinking approach to value creation

The aforementioned integrated perspective on value creation is driven by both financial and non-financial strategic considerations. A multi-capital and multi-value approach entails a greater focus on environmental and societal impacts (impact materiality). However, by adopting such thinking, it also enables the Group to clearly identify issues, risks, concerns and topics outside of the typical confines of corporate finance and capitalism. In essence, the multi-capital perspective facilitates an expanded strategic view that would enable the determination of

OUR APPROACH TO VALUE CREATION

financial materiality, that is a thorough assessment and understanding of how the Group's dependence on multiple capitals beyond financial capital inherently creates potential or actual risks, concerns, challenges as well as opportunity and potentials for the Group.

For example, Ranhill's water operations are dependent on the availability of sufficient water resources i.e. upstream rivers in Johor state, and the condition of these rivers to supply clean water in sufficient quantities. Clearly, the business model of Ranhill's water operation is dependent on natural capital. Hence, the preservation of the state's riverine system and ensuring its condition as well as managing finite water resources is key to continued financial value creation.

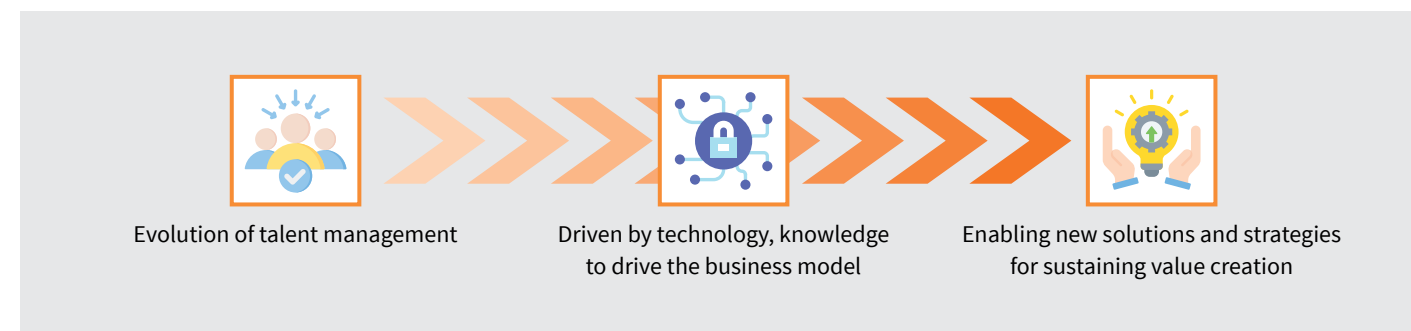


In the same vein, Ranhill's energy operations (as per many other energy providers globally and domestically), are cognisant of the need to decarbonise operations. The ongoing drive to decarbonise or uncouple the world's dependence on fossil fuels is driven by the growing urgency to combat climate change which is close to reaching an irreversible point where the negative impacts to our atmosphere, physical environment and way of life cannot be reversed.

Hence, as governments and stakeholders clamour for the development of "greener" energy and zero carbon pathways, energy players are compelled to also transition their business models, reducing and eliminating dependence on fossil fuel-based energy generation towards increasingly embracing RE alternatives.



Similarly, with more complex demands and requirements and the emergence of new technologies, the focus on attracting and retaining top talent grows in importance to the Group. Hence, the rethinking of talent and talent management, from being a pure administrative business function and the provision of human labour to undertake tasks, into a vital strategic component that ensures the effective execution of the business model and the implementation of strategies.

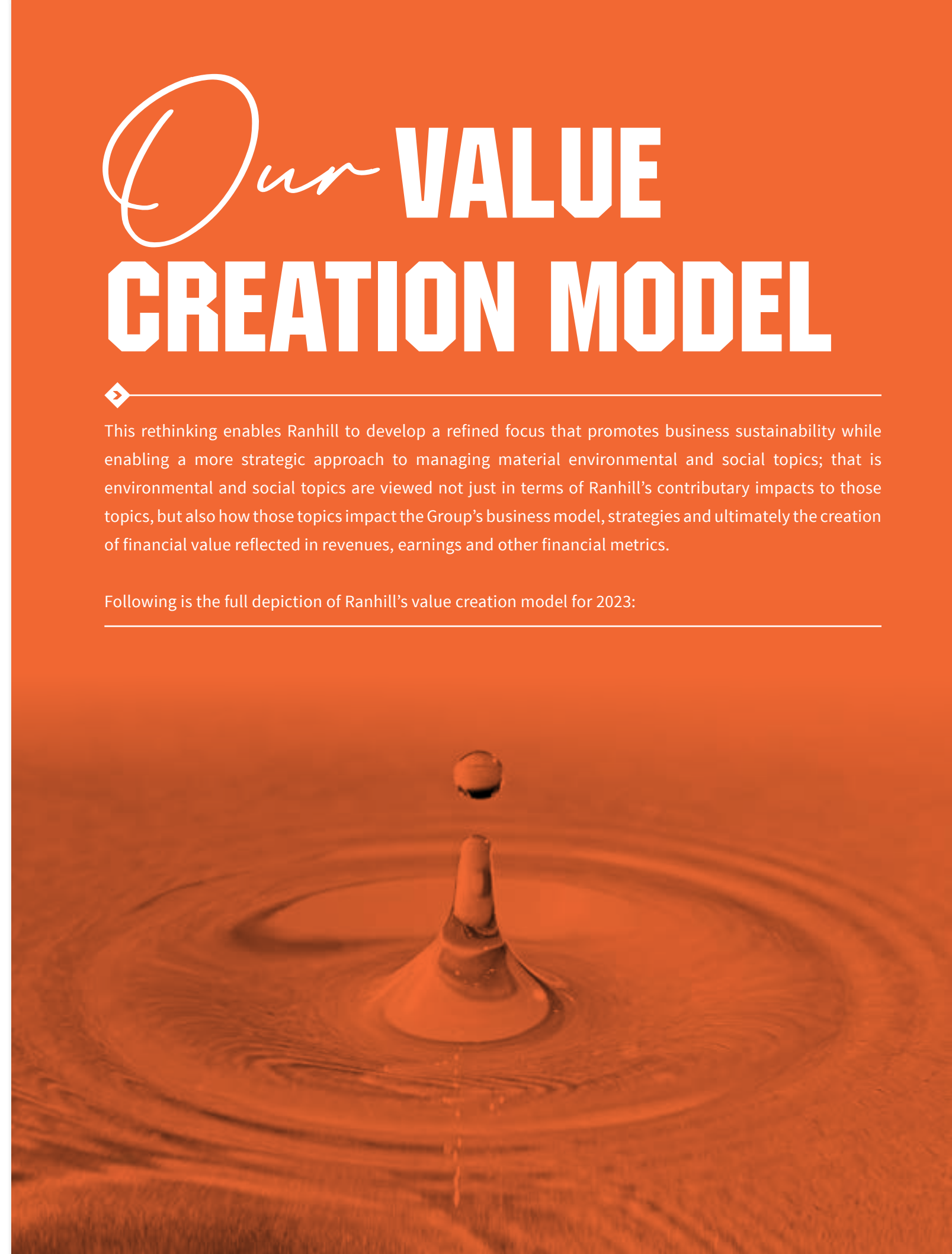


Our VALUE CREATION MODEL



This rethinking enables Ranhill to develop a refined focus that promotes business sustainability while enabling a more strategic approach to managing material environmental and social topics; that is environmental and social topics are viewed not just in terms of Ranhill's contributory impacts to those topics, but also how those topics impact the Group's business model, strategies and ultimately the creation of financial value reflected in revenues, earnings and other financial metrics.

Following is the full depiction of Ranhill's value creation model for 2023:



OUR VALUE CREATION MODEL

CAPITAL RESOURCES

FINANCIAL

Shareholders' equity, debt and reinvested capital, internally generated funds and borrowings used to fund capital expenditure ("CAPEX") and OPEX towards creating financial values and to deploy other forms of capital.

MANUFACTURED

Physical assets required for business operations such as WTPs and power plants as well as machinery, vehicles fleet and more utilised for the execution of the business model.

HUMAN & INTELLECTUAL

The cumulative skills, expertise and competencies of Senior management and staff as well as proprietary business processes, systems and relevant industry knowledge and experience.

SOCIAL

Harnessing existing relationships with various stakeholder groups to further the interest of RUB and its industries as well as stakeholders for mutual benefit.

NATURAL

Consumption of natural and other resources such as land, fossil fuels, water, gas, electricity to deploy and operate the business model.

INPUTS

- RM166.2 million in CAPEX
- RM389.0 million in cash and bank balances
- RM763.8 million in total equity
- RM3,261.7 million in total assets
- RM1,099.2 million in loans and borrowings
- RM1,439.0 million in share capital
- RM2,276.1 million OPEX

- 724 reservoirs
- 46 WTPs
- 24,150 KM pipeline network comprising mains distribution: 3,623 KM and reticulations: 20,527 KM
- In Thailand: 105 MLD for water and wastewater treatment and 2 reclaim water plants with 17 MLD capacity
- Two CCGT fired power plants with total capacity of 380 MW

- Long-standing industry knowledge, experience and expertise
- High employee satisfaction and morale
- Empowered organisational culture
- Talent development and retention programmes
- Succession planning
- New technology and innovation
- 341 internships provided
- 9 management trainee opportunities provided
- 165,599.25 training hours invested Groupwide
- RM351.6 million paid in salaries, bonuses, benefits and statutory payments to employees
- RM2.3 million spend on employee activities

- Proactive engagements with regulatory and other stakeholder groups. These include investors, the media, customers, and the community.
- Key focus areas include water conservation and NRW
- Exploration of JVs, strategic partnerships to penetrate new markets and tap new business opportunities
- Groupwide anti-corruption assessments
- 9.06 million manhours worked
- 2,599 total staff trained on OSH standards

- **Water consumption:**
Ranhill SAJ: 710,244,247 m³ total raw water abstraction
RWTT and AnuRAK: 10,273,372 m³
RSE I and RSE II: 151,132 m³
- **Energy consumption:**
Ranhill SAJ (direct energy): 37,841.51 GJ
Ranhill SAJ (indirect energy): 1,374,724.77 GJ
Ranhill SAJ (RE derived electricity generated): 293,628.07 kWh
- **Gas consumption:**
RSE I and RSE II: 10,814,679.18 litres of diesel
RSE I and RSE II: 22,333,813.62 MMBtu of gas

BUSINESS MODEL

Vision

Enriching Lives Through Sustainable Solutions

Core Values

- Respect
- Resourceful
- Result

Mission

To be a regional leader in water, wastewater and energy with emphasis on circular economy

REALISING GROUP ASPIRATIONS AND CREATING VALUES THROUGH



Environment Sector



Energy Sector



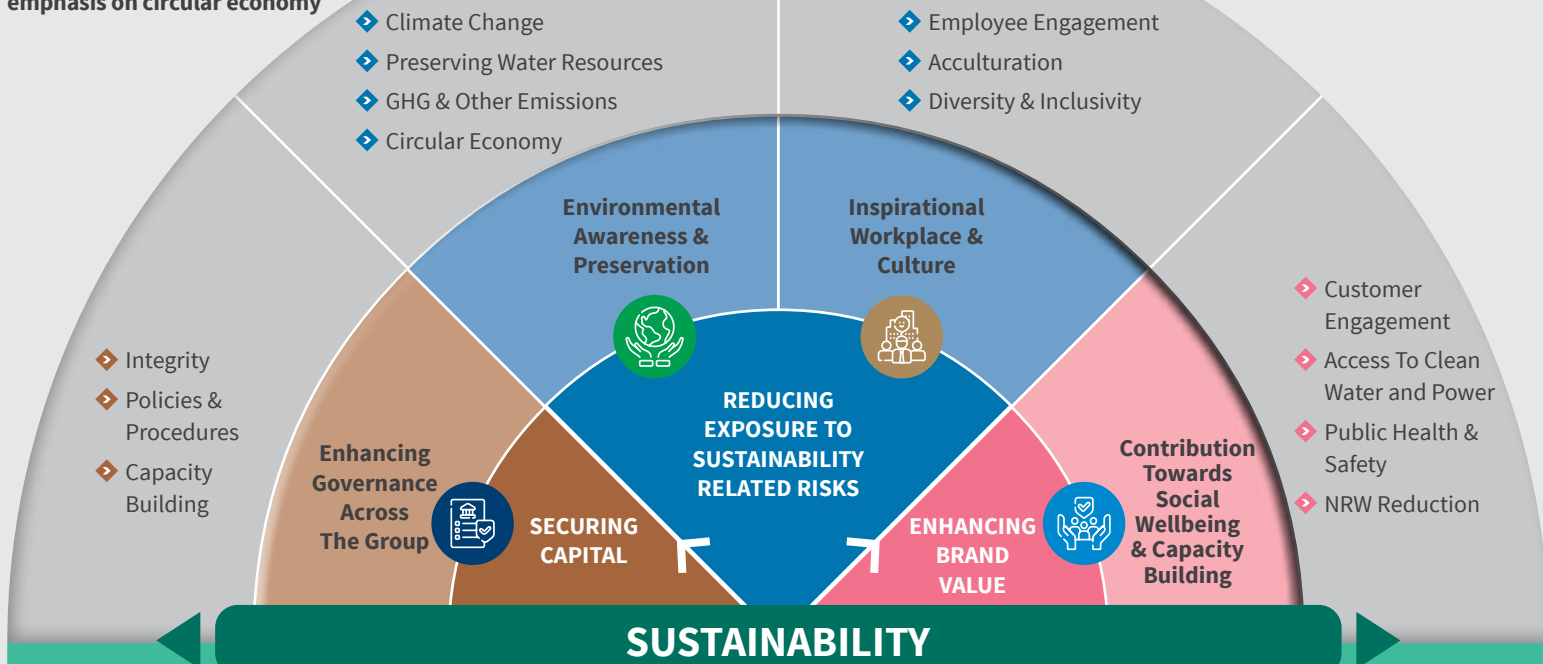
Engineering Services Sector

Financial Growth

Sustainable ESG Performance

Risk Mitigation

Future Ready



The Ranhill Value Creation Model further illustrates the aforementioned narrative on the interlinkages between capitals, the Group's dependencies on a wide range of capitals, including non-financial capitals and the various outputs and outcomes (values) produced in terms of a multi-capital perspective. Outputs are direct values produced and outcomes are indirect of derivative values produced by the Group's business model. Values can be both positive or negative, in that it benefits or negatively impacts the Group and/or its stakeholders. For example, wastes generated from the business model such as greenhouse gas ("GHG") emissions are negative in nature, or occupational health and safety ("OSH") incidents that would have ramifications on individuals, families and societies. Such negative value would ultimately erode financial value creation. Hence, the strategic rationale is to identify these values, establish the linkages to financial performance and effectively manage these values or material topics to sustain positive value creation and financial performance.

Similarly, the model enables the identification of positive values created, beyond financial values. It demonstrates how Ranhill, through its business model supports local procurement, creates a wide range of skilled and semi-skilled professional employment for local talents and also meets society's needs for basic amenities and infrastructure such as water and electricity. The model also provides the starting point for further integrated thinking in considering what are the critical material topics for continued and improved financial value creation.

OUR VALUE CREATION MODEL

OUTPUTS

- RM2,279.8 million in revenue
 - RM147.8 million in profit before taxes and zakat
 - RM261.3 million cash and bank balances
 - RM2,961.2 million in total assets
 - RM1,956.6 million in total liabilities
 - RM1,439.6 in share capital
 - RM999.5 million in borrowings
-
- 2,171 MLD total treatment capacity
 - 28 MLD in reclaimed water
 - 2,617 GWh of electricity generated for Sabah
 - High customer satisfaction levels for water supply services in Johor
 - NRW level of 25.0%
 - 76,823 kWh of solar energy generated
 - 216,805 kWh of mini-hydro energy generated
-
- 768 new hires, 204 women, 584 below 30 years old and one differently-abled staff
 - 4,203 workforce strength, 4.6% increase
 - 276 turnover, 5 % attrition rate
 - Development of leadership bench
 - Incorporation of new technologies into business processes
 - Zero fatalities, and LTIs
 - 2,640 UAUCs
 - 15 interns and 4 management trainees absorbed into Ranhill
 - 39.4 average training hours per employee
 - Seven Ranhill subsidiaries assesses for corruption risks
 - Zero cases of excessive working hours recorded
-
- Expansion into new sectors and geographic locations
 - Contribution to industry conducive policymaking
 - Improving relationships with the Government and industry regulators
 - RM0.75 million in water rebates to 2,726 hardcore and poor households
 - Implementation of new water tariffs
 - 49 SKM talents trained by Ranhill SAJ
 - 148 YWP participants
 - 100% local procurement spend
 - 100% of operations assessed for corruption-related risks
 - 100% complaints resolution rate for Ranhill SAJ
 - 98.5% aggregate customer satisfaction score for RSE I and RSE II
 - 99.3% bill collection rate for Ranhill SAJ
-
- Total 1,650,510.03 tCO₂e GHG emissions (Scope One and Two)
 - Establishment of net zero 2050 carbon milestone with supporting interim milestones
 - Significant reduction in total carbon intensity increase in solar energy generating capability
 - 93.74% of waste recycled
 - 222,570.10 Kg CO₂e in carbon emissions avoided

OUTCOMES

- RM19.3 million in dividend payout
 - Share price appreciation of 97.8% in FY2023
 - RM1,160.6 million market capitalisation as at end FY2023
 - RM52.8 million profit attributable to owners of the parent
 - RM315 million paid in salaries, bonuses and benefits
 - RM215.9 million repayment to financiers
 - RM35.5 million paid to employees' retirement funds
-
- Expansion of water system capacity and provision of reliable service
 - Compliance to SPAN KPIs
 - Continued reduction of NRW levels in various states in Malaysia
 - Ensuring grid stability and meeting the energy requirements of Sabah state
 - Fulfilling key role as the largest IPP in Sabah
 - Zero financial losses due to pollution caused WTP shutdowns
 - Significant decline in NRW levels, outperforming against SPAN's set target
-
- Continued cultivation of equality and gender and ethnic diversity
 - 14.9% increase in female managerial staff
 - High employee satisfaction scores ranging 70%-90%
 - Development of local talents, provision of high-paying jobs that uplift socio-economic status
 - Significant increases in both the number and hours of training allotted to employees. This includes both male and female employees
 - 63.1% of employees covered by collective bargaining agreements
 - 100% return to work rate post parental leave
 - 1:1 men to women salary ratio
 - 85.9% Average employee satisfaction score (Group)
-
- Providing access to clean water, a basic human right and enabling the realisation of SDG 6: Clean Water and Sanitation
 - Higher water tariffs support revenues and also sustainable water operations
 - Compliance to all regulators KPIs in relation to water quality and safety as well as provision of electricity and engineering / construction services
 - Zero incidents of social and environmental non-compliance
 - Zero data breaches and related customer complaints
 - 858 unique visitors to the Amata Learning Centre in Thailand

OUR BUSINESS MODEL

Ranhill's business model is centred on the provision of sustainable water, energy, and infrastructure development.



MEETING THE BASIC RIGHT OF ACCESS TO CLEAN WATER



As mentioned on page 5, Ranhill through subsidiary Ranhill SAJ is the sole source-to-tap water operator in the state of Johor.

The Group's Environment sector comprises the abstraction, treatment and supply of potable water to the state of Johor, Malaysia. Operations also include addressing non-revenue water ("NRW") loss management, of which Johor state has the lowest

NRW rate in Malaysia based on kilometres per day. The Environment sector also undertakes wastewater treatment and reclamation of wastewater in Thailand.

Given that a large portion of Ranhill's revenue is presently derived from environment sector revenues, it is evident that the Group's business is dependent on sustainable water supply from the state's rivers.

However, amidst increasing water consumption due to population growth and rapidly expanding industrial and commercial activity as well as economic development, together with climate change and other environmental impacts, rivers across the state continue to come under increased pressure.

Further details of the Group's plans in addressing its capital dependency on water are provided in the Message of the Executive Chairman and President as well as the Ranhill Sustainability Report 2023 ("SR2023").

A business that is dependent on water resources must focus on increased supply to meet growing consumption demand whilst safeguarding the ecosystem that supplies the water.

The capital dependency on natural resources is clear and while abstracting and selling more water equates to greater revenues, preserving the ability of the ecosystem to regenerate, eliminating wastages, and promoting improved consumption per capita go hand-in-hand and developing reclaimed water as a viable commercial alternative are equally, if not more vital than focussing on increased water supply and sales.



OUR BUSINESS MODEL

LONG-TERM SOLUTIONS

Developing alternative water sources through circular approaches, enabling existing rivers to replenish sufficiently

Tapping greywater for non-potable, industrial/commercial applications, encouraging rainwater harvesting in more developments, focusing on desalination and other alternatives.

MEDIUM TO LONG-TERM

Eliminating wastage, promoting efficiency, increasing capacity

Focussing on NRW loss reduction, promoting more efficient consumption practices by increasing tariffs, developing off-river storage, undertaking raw water transfer projects and promoting zero dependence on treated water purchased from Singapore.

SHORT TERM

Increased water supply and sales

Abstracting more water from river sources, developing and upgrading WTPs and the overall water network towards supplying and selling more water to meet present consumption demand.

MEETING THE WORLD'S NEEDS FOR CLEAN ENERGY



Energy and
Renewable Energy

Cleaner energy generation and adopting “green” infrastructure technologies directly address climate change, global warming, and societal development and are consistent with the United Nations SDG.

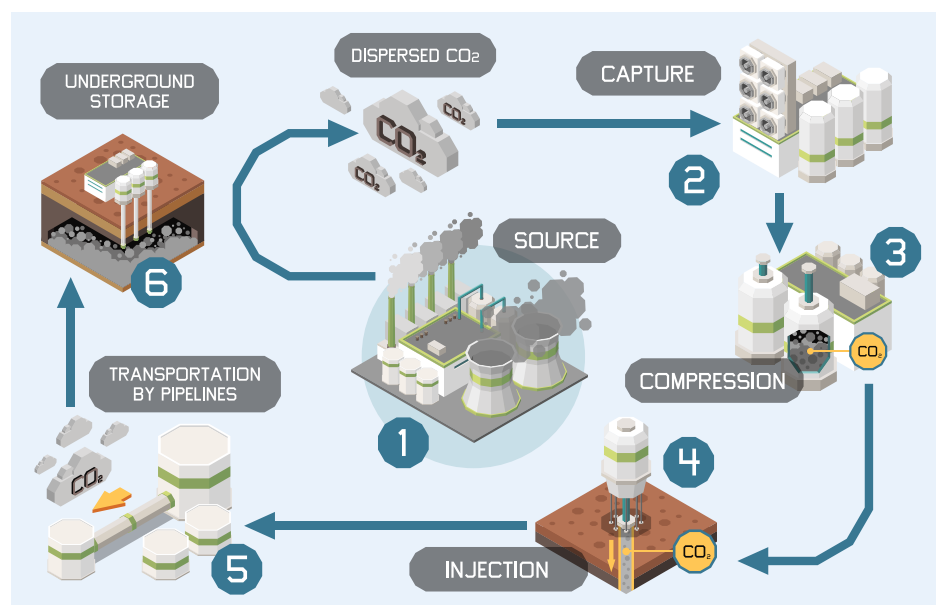
Likewise, with climate change, global warming and other physical effects, it is imperative that the world transitions to alternative sources for energy, beyond hydrocarbons.

Through its Energy and Engineering Services sector, Ranhill is designing and building as well as promoting the use of solar, hydro, geothermal and other renewable energy options to reshape Malaysia and the region’s future energy mix.

However, even as the world transitions to RE, certain hydrocarbons will remain integral to meeting global energy needs in the interim. Ranhill’s combined cycle gas turbine (“CCGT”) based power plants provide a viable solution as a significantly cleaner form of carbon-based energy generation.

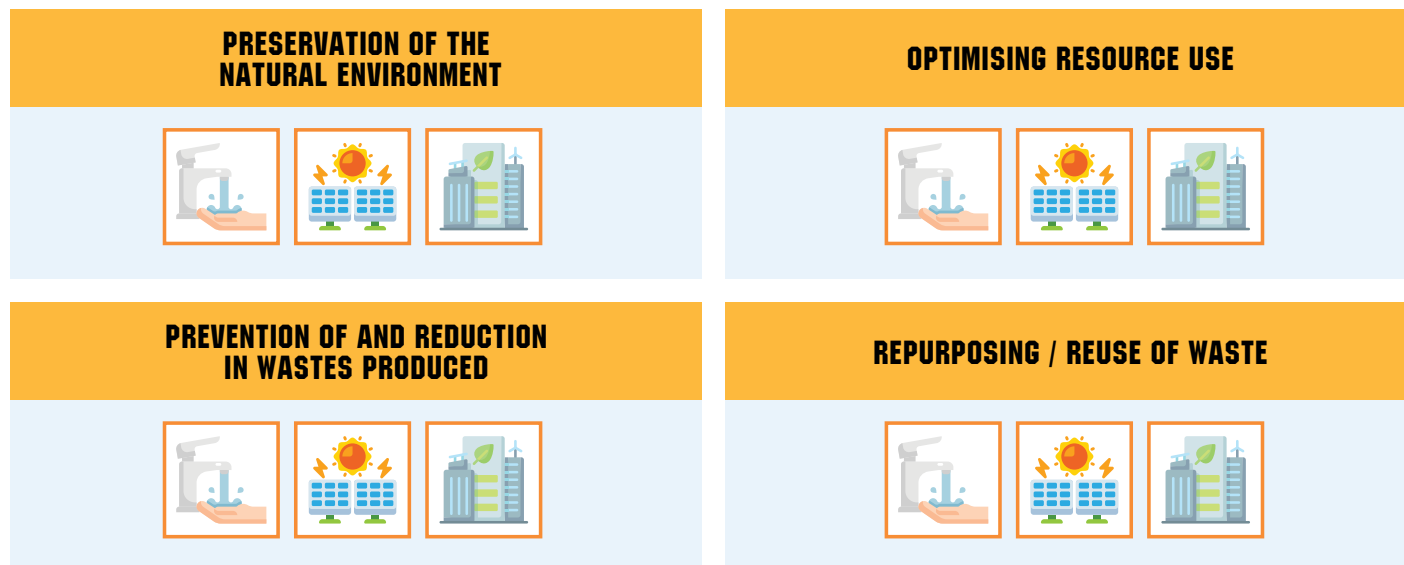
SUSTAINABLE INFRASTRUCTURE DEVELOPMENT

The Group’s Engineering Services sector continues to provide solutions for carbon capture and storage, design and build of RE facilities as well as flood mitigation projects. Other projects include hospitals towards meeting society’s increasing need for affordable, yet quality healthcare.



OUR BUSINESS MODEL

All of Ranhill's business sectors are consistent with the following circular economy model concepts:



Aside from assessing business, operational and financial risks (and opportunities), Ranhill continues to progressively include considerations of how ESG topics could potentially have a financial or business impact. The inclusion of ESG topics, which encompasses present and future trends and developments support a more comprehensive perspective of the Group's risks and opportunities going forward.

Hence, Ranhill has continued to focus on establishing financial materiality as part of its management approach; that is identifying and prioritising material topics based on the actual and potential impacts to business and operational performance. Other considerations include how Ranhill's business activities and strategies may impact the environment and society and what the Group's stakeholders perceive as being important.

Collectively, the three aforementioned perspectives enable Ranhill to develop a strategic view of what is material to the Group, which includes risks and opportunities.

Further information on the Group's approach towards the identification and prioritisation of material topics is provided on pages 72-73 of his report.

Following are Ranhill's preliminary identification of risks and opportunities arising from topics deemed to be financially material. The list will be continuously assessed and refined with Senior Management, reviewing and assessing topics to determine financial materiality.

The below list comprising preliminary disclosures will pave the way for the eventual adoption of IFRS S1 and S2 disclosures going forward.

Based on a financial materiality perspective, Ranhill has developed a concise perspective of the risks and opportunities associated with each significant material topic. The list of topics shall be reviewed going forward through a comprehensive materiality assessment exercise based on a double materiality approach.

Information on the Group's management approach towards identified impact material topics, including performance data and results achieved is provided in SR2023 in accordance with the disclosure requirements of Bursa Malaysia and the Global Reporting Initiative 2021 Standard.

OUR BUSINESS MODEL



ENERGY USAGE AND ENERGY EFFICIENCY

RELEVANT SECTOR



RISKS

The pursuit of decarbonisation and shifting to more sustainable energy solutions poses transition risks to the Group. These include legal and policy, technology, market and reputational risks.

Presently, rising energy costs, notably electricity costs and higher liquified natural gas (“LNG”) costs directly contribute to increased operating costs over going forward.

OPPORTUNITIES

The ongoing push for RE provides various business opportunities for Ranhill. These include opportunities to introduce RE to power its own operations (thus shifting away from fossil fuel-derived electricity) as well as undertaking EPCC works for RE projects for governments and corporations. Ranhill can also provide operations and maintenance services for RE projects.

Other opportunities include increasing opportunities to contribute to decarbonisation projects such as Carbon Capture Usage Storage (“CCUS”) as well as to develop “green” facilities such as data centres, thermal energy storage and district cooling systems.



WASTE (SOLID) AND WASTEWATER MANAGEMENT

RELEVANT SECTOR



RISKS

The increasing complexity of incoming wastewater compounds presents challenges faced in treating effluent. This may require additional financial allocation for upgrading of existing infrastructure or developing new facilities.

Infrastructure investments may require a longer-than-expected gestation period before optimum ROI is achieved.

Non-renewal of existing concession contracts through Ranhill’s exemplary operations and maintenance of all wastewater treatment plants reduces this risk considerably.

OPPORTUNITIES

Increasing wastewater volume provides additional revenue generation opportunities (from the treatment of such effluents).

In addition, rising costs of resources and water scarcity drive increased interest in tapping reclaimed water for non-potable, commercial/industrial applications. This provides opportunities for Ranhill to propose its greywater harvesting solutions for industrial parks and other locations, locally and abroad.

OUR BUSINESS MODEL



WATER SECURITY, ACCESSIBILITY AND TARIFF

RELEVANT SECTOR



RISKS

Various risks emanate from the continued challenge of meeting increasing consumption demand, while depending on finite water sources. Risks are divided into short, medium and long-term risks.

SHORT:

Financial costs associated with the development of necessary and additional infrastructure to abstract water and commercial water loss due to NRW.

Adverse weather effects such as droughts affect river water quantity and quality. This can necessitate water rationing activities which would impact revenues as well as customer satisfaction levels.

MEDIUM:

Fixed water tariffs limit revenue potential while material, operational and talent costs continue to rise annually.

LONG-TERM:

Inability to supply water due to dwindling, depleted or unusable water sources.

OPPORTUNITIES

To progressively engage industry stakeholders and to create greater awareness and action on the need to preserve water sources, to ensure sustainable tariffs and to leverage experience to provide a similar source to tap systems outside of Malaysia.

Climate change and other environmental-related impacts have led to greater awareness and urgency of action in addressing NRW and other issues faced by the water industry. These include expediting water infrastructure-related projects such as off-river storage ("ORS") facilities, repairs, upgrading and construction of pipelines and WTPs and also enabling new opportunities for business expansion across Malaysia.



SAFETY, HEALTH AND WELLBEING (EMPLOYEE AND PUBLIC)

RELEVANT SECTOR



RISKS

Adverse impacts from serious health and safety incidents such as injuries and fatalities would disrupt operations and therefore impact commercial revenues.

Other risks include the possibility of provision of compensation to affected stakeholders, negative impacts on brand reputation and censures from regulatory authorities due to non-compliance with KPIs.

OPPORTUNITIES

The importance of health and safety inherently drives constant focus on the Group's business operations and processes. This promotes improved efficiency, and productivity helps to eliminate potential health and safety incidents. The strong track record developed with regard to health and safety enhances overall brand credibility which can be leveraged when it comes to license/concession renewals or when bidding for new projects.

OUR BUSINESS MODEL



SUPPLY CHAIN MANAGEMENT AND RESPONSIBLE SOURCING

RELEVANT SECTOR



RISKS

Any inability of suppliers to supply products and services could impact day-to-day or longer-term business operations. supply chains can also be affected by rising costs or disruption in the availability of products leading to acute or chronic impacts, reflected in rising OPEX or impacted service levels.

In addition, issues of environmental and social regulatory non-compliance could also impact operational performance as well as lead to reputational risks.

OPPORTUNITIES

Opportunities for closer collaboration with suppliers to address risks may offer cost efficiencies, economies of scale and improved business partnerships that support productivity.

Focussing on the supply enables both diversification as well as increased use of local procurement, which often eliminates or reduces risks of delays in supply and cost fluctuations due to changes caused by a depreciating domestic currency.



ANTI-BRIBERY AND ANTI-CORRUPTION

RELEVANT SECTOR



RISKS

Risks include reputational loss, inability to recruit or retain high-performing talent, proliferation of inefficiency within the business and financial loss.

OPPORTUNITIES

By maintaining a continued zero-tolerance, no-compromise stance towards anti-corruption, Ranhill insulates its operations from a wide range of risks and continues to strengthen its reputation as a credible organisation.

This serves as a distinctive advantage when sourcing and tendering for projects, in attracting talent and in establishing business relationships.

In the Engineering Services sector, Ranhill Bersekutu has been ISO 37001 (Anti-bribery Management Systems) certified since 2022.



TECHNOLOGY AND DIGITALISATION

RELEVANT SECTOR



RISKS

Technology acquisition and implementation may entail significant CAPEX and OPEX and may not necessarily deliver the expected ROI due to inaccurate selection of technology and ineffective implementation.

Technology may also require a significant gestation, period, perhaps longer than expected to deliver desired results.

Other potential risks or negative impacts include costs related to support technology deployment i.e. costs related to training personnel, purchase of equipment and systems and more.

OPPORTUNITIES

Implementation of technology would enhance operational capabilities, enable or enhance competitive advantage, deliver cost and production efficiencies or effectively address issues such as identifying pollution incidents.

Technology also supports the delivery of solutions and improves existing competencies Improves existing competencies such as internal BIM capabilities.

Other benefits include reducing dependence on manual labour and human capital, which potentially provides insulation against rising labour costs.

OUR BUSINESS MODEL



CLIMATE CHANGE

RELEVANT SECTOR



RISKS

Risks associated with climate change including impacts on water sources (as explained above) as well as risks arising from flooding, rising temperatures and drought to operations, notably water operations.

OPPORTUNITIES

Opportunities associated with climate change, include acceleration of the decarbonisation process, government process, increased government and industry interest in adopting RE, reclaimed water and reclaimed water and various other circular economy or sustainability-driven approaches.



TALENT DEVELOPMENT AND RETENTION

RELEVANT SECTOR



RISKS

Business development and growth are intrinsically linked with talent and the inability to secure and retain high-performing employees can impact the realisation of KPIs and targets over the medium to long-term.

OPPORTUNITIES

Talent scarcity necessitates new approaches including rethinking conventional talent recruitment and management approaches.

These include developing internal talent and directly working with educational institutions to develop a sustainable talent pipeline.

The situation has propelled Ranhill to look internally towards meeting its requirements for technically proficient and skilled employees. This promotes cost savings and supports operational efficiencies.

OUR STRATEGIC SNAPSHOT



ENVIRONMENT SECTOR

Business Strategies / Focus Areas

- Sustaining a heightened operational tempo is imperative to consistently meet the Key Performance Indicators (“KPIs”) set by the industry regulator.
- A heightened emphasis on addressing NRW levels involves comprehensive measures, including pipe rehabilitation and replacement, meter replacement, and other strategic initiatives.
- The initiation of a chemical substitution programme at various WTPs has been launched, aiming to reduce operational expenditures.
- The incorporation of innovative technologies, such as AquaSMART, is underway to augment water yield, curtail costs, and enhance overall operational efficiencies.
- The expansion of existing facilities and the construction of new WTPs are in progress to meet escalating demands.
- The integration of renewable energy sources to power water operations is actively pursued.
- Persistent business development initiatives are targeted at the industrial water sector and potential non-revenue water (NRW) customers.
- The strategic leveraging of technology and innovation remains pivotal for sustained business growth.
- Focused efforts on talent development and retention are an ongoing priority.

Outputs, Performance Highlights & Achievements, Values Created

- Achieved revenues of RM 1,292.3 million.
- Realised profit before tax (“PBT”) of RM 153.3 million.
- Renewal of license by Suruhanjaya Perkhidmatan Air Negara (“SPAN”) for Operating Period 6 (2024 – 2026).
- Reduction of Johor’s NRW rate to 25.0%, surpassing SPAN’s target of 25.5%.
- Successfully met or exceeded almost all set by SPAN. Overall achievement is 98.77%.
- 1,196 district metered areas (“DMAs”) established in Johor achieving 95% coverage statewide.
- 180.2 km length of pipelines rehabilitated and replaced in 2023.
- Completion of the 15 MLD Air Panas C WTP (expansion) 2023.
- MoU signed with China Energy International Group Co Ltd for the Djuanda project in Indonesia.
- RM1.43 million savings in electricity costs achieved and 8,375.1 tonnes of carbon avoided through participation in the Green Energy Tariff (“GET”) programme.
- Implemented the first-ever pollutant removal system in Malaysia.

Potential Risks, Issues & Challenges

- Continued increase in costs, particularly energy costs.
- Depleting reserve margins in areas with intensive water consumption.
- Continued effects of climate change and environmental and manmade impacts on water sources.
- Delays in the roll-out of pipe rehabilitation and replacement plans as well as development and upgrading of infrastructure to ensure sufficient water supply statewide.
- Ongoing delays in reducing rental costs for leased assets from Pengurusan Aset Air Berhad (“PAAB”).
- Alterations in government regulations impacting operations.
- Deteriorating river water quality resulting in heightened treatment costs.
- Challenges in managing the quality of incoming water and wastewater.
- Diminishing supplies of river water, presenting sourcing challenges.
- Incidents of terrorism, security breaches, vandalism, and theft causing disruptions to WTP and WWTP operations.
- Shortage of skilled and specialised talents within the water industry.
- Variances in technology spending, whether overspending or underspending, and the allocation of technology budgets.

Opportunities

- The rising need for water underscores the stability of revenues, compelling the extension of constructing new water assets.
- Enhanced tariffs and CGPP contribute to the expansion of revenue and earnings.
- Negotiating successfully for reduced lease rental rates and imposing caps on maximum rental rates from PAAB will further bolster margins.
- Government backing for tackling NRW and the utilization of reclaimed water provides additional support.
- Introducing and facilitating novel business models and income streams through advanced technology.

OUR STRATEGIC SNAPSHOT



ENVIRONMENT SECTOR

Strategic Priorities

- Implementing measures to resume the decline in NRW by successfully concluding all Rehabilitation Packages.
- Accomplishing the expansion and upgrade of all WTPs, in addition to the construction of new WTPs.
- Advocating for more stringent penalties on polluters through active engagement with regulators and government authorities.
- Cultivating strategic partnerships with manufacturers of Original Equipment Manufacturer (“OEM”) products.
- Continuously investing in talent development, with a specific focus on nurturing specialised and niche skillsets.
- Establishing connections with technical resources to identify applicable and potential technology concepts, ensuring seamless integration into business operations.

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



ENERGY SECTOR

Business Strategies / Focus Areas

- Upholding a consistently high level of operational performance efficiency to ensure the ongoing accomplishment of industry regulators and Power Purchase Agreement (“PPA”) KPIs targets.
- Implementing measures to maintain high operational efficiency and reduce gas consumption, aimed at lowering emission levels and operational expenditures through effective heat rate management.
- Paving the way for new conventional power plant projects in Sabah (short-term), Peninsular Malaysia, and South East Asia (long-term).
- Intensifying efforts to explore the potential of RE both locally and internationally.

Outputs, Performance Highlights & Achievements, Values Created

- Generation of 50 MW of clean energy with the commencement of operations at the Large Scale Solar (“LSS”) photovoltaic power plant.
- Securing the 100 MW CCGT power plant project at Kimanis, Sabah.
- Contributed 2,617 GWh to the Sabah electricity grid.
- Met / surpassed the expectations outlined in the PPA for Equivalent Availability Factor/Availability Target (“EAF/AT”) and Force Outage Rate/Unplanned Outage Rate (“FOR/UOR”) KPIs.

Potential Risks, Issues & Challenges

- Absence of traditional plant-ups or RE initiatives in Sabah.
- Insufficient heavy industries to stimulate an increase in base load consumption demand.
- Subdued power dispatch during off-peak hours.
- Alterations in state government policies and regulations concerning the energy sector in Sabah.
- Non-renewal of PPAs.
- Unsuccessful outcomes in the RSE II IASS Tax appeal.
- The necessity for both Teluk Salut Power Station and Rugading Power Station to remain connected to the grid for extended periods due to the low Sabah Grid generating capacity reserve margin to meet peak demand, potentially disrupting scheduled maintenance activities.
- Fluctuations in currency exchange rates may lead to an escalation in project costs.

Opportunities

- Anticipated growth in power installations to alleviate Sabah’s low energy generation capacity.
- Foreseen rise in manufacturing-based investments in Sabah, providing added momentum to accelerate power plant installations.
- Ongoing favourable outlook for the demand in RE projects within Malaysia and Southeast Asia.
- Utilising the Group’s international presence to actively explore opportunities in Southeast Asia.
- East-West power transmission line to enable increased despatch of energy to Sabah’s East coast, thereby supporting increased sales and revenues.

Strategic Priorities

- Sustained engagement with stakeholders for initiatives like the LSS prospects, the 100 MW CCGT project in Sabah, and the Tawau geothermal power plant.
- Actively pursuing potential opportunities in hydro, mini-hydro, wind, and solar, both domestically and internationally.
- Consistently surpassing the EAF/AT and meeting the FOR/UOR requirements in the PPA through effective execution of scheduled and preventive maintenance.

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

OUR STRATEGIC SNAPSHOT



ENGINEERING SERVICES SECTOR

Business Strategies

Ranhill Bersekutu Sdn Bhd ("RBSB")

Outputs, Performance Highlights & Achievements, Values Created

- Secured Design Management Project from IRDA in February 2024 for a tender submitted in 2023.
- Achieved Commercial Operation Date ("COD") on the LSS4 Bidor, Perak project on 7 February 2024.
- Presently undertaking design works for hospital development, townships, and the KLIA baggage handling system project and all three packages of Package 2 Lingkaran Tengah Utama Expressway under construction.
- Completed scope of works for the Gleneagles Hospital Sabah, project.
- Secured a string of infrastructure projects from the water, road, building and various other sectors.

Potential Risks, Issues & Challenges

- Stiff market competition especially for Government Tenders with competitors large and small vying for the same bids.
- Increasing complexity of project requirements.
- Emergence of more international companies in Malaysia.

Opportunities & Strategic Priorities

- Successfully achieving the Scheduled Commercial Operation Date ("SCOD") for LSS 4 Bidor.
- Strengthening the order book by leveraging RBSB's core sectors in Water Resources, Transport, and Civil Infra, capitalising on existing client relationships with partners like PAAB, Ranhill SAJ, Genting and Sime Darby Property, TH Development and PNB Development.
- Seizing opportunities presented by the completed study for the National Sewerage Catchment Master Plan to bid for upcoming centralised sewerage plant projects.
- Increasing focus and building robust capabilities in renewable energy and power infrastructure projects.
- Active participation and support from the EPCC sector in the corporate group power programme as a Solar Project Developer.
- Continuing the development, retention of talent, and advancement of technology capabilities, such as Solar PV engineering, Digital Engineering, BIM, and 3D modelling.
- Pursuing projects in the data centre and industrial logistic hub sectors based on infrastructure experience. In 2024, RBSB has secured PMC role for a Data Center in KL.
- Expanding geographic presence to other markets, including Saudi Arabia, Bangladesh, and Indonesia. RBSB has been shortlisted for tender under Department of Public Health Engineering in Bangladesh. RBSB as the JV lead will be bidding against four other JVs from an originally submitted 29 bidders.

Business Strategies

Ranhill Worley ("RW")

Outputs, Performance Highlights & Achievements, Values Created

- Successful renewal of the order book through secured contracts in FY2023.
- Continued expansion and engagement in well rejuvenation projects, as well as ventures into marginal fields.
- Awarded the USD50 million contract for the NFPS COMP2, Qatar Energy, Compression Platform by Saipem Italy.
- RW achieved 20 million manhours worked without a loss time incident ("LTI").

Potential Risks, Issues & Challenges

- Increasing pressure on regulators and customers for supply chains to decarbonise and produce lower carbon products, notably post COP28.
- This situation presents significant challenges and opportunities for industry players. The development of new fields necessitates advanced technologies to minimise emissions, potentially increasing investment costs.

Opportunities & Strategic Priorities

- Pursuit of potential and emerging opportunities as outlined in the PETRONAS Activity Outlook.
- Targeting offshore projects in international markets, particularly those associated with the Detailed design of offshore facilities, and expansion contracts.
- Opportunities to tender for CCUS projects within Malaysia and the region, outside of the oil and gas sector.

OUR STRATEGIC SNAPSHOT



ENGINEERING SERVICES SECTOR

Business Strategies

Ranhill Technologies Sdn Bhd (“Ranhill Technologies”)

Outputs, Performance Highlights & Achievements, Values Created

- Successfully saved an additional 23 MLD through NRW projects in Johor, bringing the total NRW reduction achievement to 774 MLD.
- Established an additional 26 District Metered Areas (DMAs) to reach 1,196 DMAs in total with a 95% statewide connection coverage in Johor.
- Awarded a 3-year NRW Reduction contract for Johor valued at RM284 million.
- 100% physical completion of projects undertaken in both Pahang and Perlis.
- As of December 2023, the following pipeline rehabilitation and laying activities have been successfully completed:
 - Johor witnessed the rehabilitation of 46 KM pipeline.
 - In Kelantan, specifically in Kota Bharu Timur, Tanah Merah, Machang, and Kuala Krai, 72.5 KM of pipeline has been rehabilitated.
- At the TLDM Lumut Base in Perak, 15 KM of new pipeline has been laid.
- Secured the retender of the 2 MLD Desalination Plant in Forest City, Gelang Patah, Johor.

Potential Risks, Issues & Challenges

- Shortage of skilled and specialised industry talents posing a challenge.
- Limited availability of competent and qualified contractors and sub-contractors post the COVID-19 pandemic, creating potential bottlenecks.
- Shifts in policies related to wastewater management, particularly concerning reclaimed water in Thailand.
- Potential delays in construction completion attributed to the post-pandemic or other disruptive factors.
- Increased competition stemming from numerous existing players and new entrants to the market.
- Encountering challenges in managing the quality of incoming wastewater.

Opportunities & Strategic Priorities

- Prospects for proposing and implementing NRW loss management programs within Approach Two of the Matching Grant for Johor, Melaka, Selangor, Perak, Penang, and Terengganu.
- Focusing on engaging private sector entities and government agencies for NRW-related projects.
- Operate internal technologies to provide tailored solutions and specific facilities, presenting competitive value propositions.
- Make the most out of the established presence to explore opportunities in industrial parks in Malaysia and Thailand.
- Establish strategic partnerships with OEM product manufacturers to reinforce the supply chain and achieve cost efficiencies.
- Witness a rising interest (and demand) for the use of reclaimed water in non-potable applications.

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

Note: On 3 December 2023, RWT and RWS completed their merger forming Ranhill Technologies Sdn Bhd (“Ranhill Technologies”).

AWARDS AND RECOGNITION

2023

ARC AWARDS INTERNATIONAL 2023

Traditional Annual Report
Service Provision Company

RANHILL UTILITIES BERHAD'S REMARKABLE ACHIEVEMENT AT THE 2023 LAW

Spearheading Workplace
Diversity, Equity, and
Inclusion

Outstanding Practices
Talent Development
category

ASEAN RENEWABLE ENERGY PROJECT AWARDS

Off-Grid Power Category
(1st Runner Up)-
Ranhill SAJ Sdn Bhd

Micro Hydro Application
at Gunung Ledang Water
Treatment Plant, Tangkak,
Johor Darul Takzim

NATIONAL ENERGY AWARDS (NEA) 2023

Renewable Energy Category:
Off-Grid Power-
Ranhill SAJ Sdn Bhd

Micro Hydro Application
at Gunung Ledang Water
Treatment Plant, Tangkak,
Johor Darul Takzim

The Edge ESG Awards 2023 EQUITIES CATEGORY

Utilities Sector
Gold Awards

CONSULTANT TOP PERFORMANCE AWARD

Integrated Development
(Mechanical & Electrical)

BEST DAM SAFETY TOWARDS COMMUNITY AWARD

During the 2nd International Conference
on Dam Safety Management and
Engineering 2023 by Malaysia Committee
on Large Dam (MYCOLD)

MALAYSIA BOOK OF RECORDS

for being the first water operator to
obtain HACCP certification for 44 WTPs

BEST WATER OPERATOR AWARD 2023

by Suruhanjaya
Perkhidmatan Air Negara (SPAN)

BEST INDUSTRY INNOVATION AWARD 2023

by Suruhanjaya
Perkhidmatan Air Negara (SPAN)

2022

ARC AWARDS INTERNATIONAL 2022

Traditional Annual Report:
Service Provision Company

CONSULTANT RECOGNITION 2022

Civil & Structural (Infrastructure)
Township Development

MYHIJAU MARK CERTIFICATION 2022

issued by
Malaysia Green Technology and Climate
Change Corporation

BEST IN-HOUSE LEARNING ACADEMY

by Human Resources Employee Experience
Awards 2022

The Edge ESG Awards 2022 EQUITIES CATEGORY

Utilities Sector

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

TAN SRI HAMDAN MOHAMAD

Chairman and Chief
Executive



**DEAR STAKEHOLDERS,
I AM PLEASED
TO PRESENT THE
PROGRESS MADE BY
RANHILL UTILITIES
BERHAD ("RANHILL"
OR "THE GROUP") IN
THE FINANCIAL YEAR
ENDED 31 DECEMBER,
2023 ("FY2023").**

THE YEAR IN REVIEW

Certainly, the operating backdrop in FY2023 was a challenging one with various external factors and developments disrupting global and domestic economic growth. However, Malaysia's economy continued to maintain a positive growth trajectory as evident in the continued recovery of key economic sectors such as the construction, services, manufacturing and other industries in the country.

In FY2023, there was an increased demand for water, energy, oil and gas and project management and infrastructure design services. Ranhill looked to implement its strategies to capitalise on the ongoing recovery.

While challenges such as delays in approvals and changes in regulations had impacted the commencement of projects or (necessitated renegotiations of changes to design and build requirements). Ranhill continued to register significant progress on most of its projects across all business divisions which are the Environment, Energy and Engineering Services sectors.

In Johor, where Ranhill is the sole supplier of potable water for the state, overall water consumption demand had risen by 3.7% with non-domestic consumption in particular, recording a 5.2% in 2023. In Sabah, where the Group's Energy Sector CCGT operations are based, close to 2,617 GWh of energy was despatched to the Sabah energy grid, a 9% increase from FY2022.

In FY2023, Group revenue grew by 32.1% year-on-year to stand at RM2,279.8 million (FY2022: RM1,726.3 million). Revenue was higher on the back of improved contributions from all of our three business divisions – the Environment, Energy and Engineering Services sectors. In particular, the strong growth in our Engineering Services sector, driven by revenues from Ranhill Worley Sdn Bhd ("RW") was a primary contributor to higher turnover.

Apart from increased water sales, Ranhill SAJ's income was enhanced due to the acknowledgement of NRW incentives. This recognition stemmed from Ranhill SAJ's achievement of successfully reducing Johor's NRW level to 25.0% in FY2023, surpassing the previous year's achievement of 26.3%. The NRW savings is equivalent to 16.3 MLD of water saved and has also surpassed SPAN's target set for FY2023.

The incentives for accomplishing objectives allow Ranhill SAJ to recoup 50% of the reimbursement from the overall expenditure spent in 2023 on NRW reduction activities, as part of the NRW Reduction Program Approach Two (upon receiving approvals from the Malaysian Ministry of Energy Transition and Water Transformation). The

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

HIGHLIGHT

REVENUE (RM'000):



**ENVIRONMENT
SECTOR
RM1,292.3**



**ENERGY SECTOR
RM414.3**



**ENGINEERING
SERVICES SECTOR
RM573.2**

TARGETS:

- **3,000 MLD**
WATER,
WASTEWATER
AND RECLAIMED
WATER TREATMENT
CAPACITY BY 2027
- **1,000 MW**
CONTINUE TO
PURSUE ENERGY
TARGET CAPACITY
- **10% NRW**
REDUCTION BY 2028

reimbursement is for costs incurred for undertaking related NRW works including pipe rehabilitation and replacement work under the various pipe rehab programmes established by SPAN.

Aside from NRW, Ranhill SAJ has well met almost all of KPIs set by SPAN. These include KPIs for water quality, service levels, infrastructure leakage index ("ILI") and various others.

On the back of increased operational costs and the absence of a one-off contribution to earnings, Group profitability in FY2023 had declined year-on-year, overall earnings performance remains healthy. Profit before tax was reduced by 27.3%, while profit after tax saw a reduction of 31.4%. The increase in revenues operational expenditures were higher in FY2023 on the back of rising labour and electricity costs. The latter came into effect with the upward revision of the Imbalance Cost Past Through ("ICPT") tariff on 1 January 2023.

In 2023, Ranhill secured the 100 MW CCGT West Coast plant (Kimanis) project. The Kimanis project was awarded to a Ranhill-SEC consortium. Ranhill continues to engage the state government on obtaining the necessary approvals and we remain confident of design and construction works commencing within FY2024. The project will have

a revised COD and Ranhill will sign a 21-year PPA with the off-taker. The project will be funded via 20% equity and 80% borrowings.

On a related note, EPCC works on our 50 MW Large Scale Solar 4 ("LSS 4") @MENtARI LSS solar farm, located in Ladang Bikam, Perak was completed with COD achieved in February 2024.

On a separate note, Ranhill was selected as the Gold Winner in the Utilities Sector of The Edge Malaysia ESG Awards 2023. This accolade is noteworthy as it recognises our company's role of ensuring sustainable water supply and the continued pursuit of delivering clean energy solutions. It acknowledges the sustained efforts made by Ranhill in not just meeting water and energy needs, but in prioritising environmental preservation through the adoption of circular economy approaches across our business operations.

I am also pleased to share that the Group was also recognised for its continued efforts in leveraging RE. At the 2023 National Energy Awards, spearheaded by the Ministry of Energy Transition and Water Transformation, Ranhill SAJ was well recognised for its innovative use of solar and mini hydro to power the Gunung Ledang WTP.



Ranhill Utilities Berhad has emerged as the gold winner in the utilities sector of The Edge Malaysia ESG Awards 2023

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

We also continued to be a leader in talent management with Ranhill securing the Outstanding Practices in Talent Development Initiatives Award at the 2023 Life At Work awards ceremony, under the auspices of TalentCorp.

REWARDING SHAREHOLDERS WITH CONSISTENT DIVIDENDS

In continuing to reward our shareholders, the Board of Directors declared its first and final dividend of 1.5 sen which was duly paid out to shareholders on 30 June 2023.

The total dividend declared in respect of FY2023 was based on 1,288,638,058 ordinary shares. This is equivalent to a total dividend payout of RM19.3 million, or 36.6% of the Group's FY2023 profit after tax and minority interest ("PATAMI").

OUTLOOK AND PROSPECTS

On 11 December 2023, Ranhill SAJ secured a three-year licence renewal from SPAN. This renewal reaffirms our position as the exclusive provider of source-to-tap water in Johor, responsible for raw water abstraction, treatment, distribution, and sale. It also marks our sixth consecutive operational licence renewal, reflecting our continued benchmark performance. The renewed licence, issued under the Water Services Industry Act 2006 (Act 655), is effective from 1 January 2024 to 31 December 2026.

In addition, we welcome the decision by SPAN on 10 January 2024 to raise and standardise the average domestic water tariff rates at 22 sen per cubic metre (m³) across Peninsular Malaysia and in Labuan, effective 1 February 2024. This is the first tariff hike in nine years and is timely in enabling water operators commence business plans and guarantee optimum performance. Since then, almost all state governments have announced adjustments to the water tariff rates for domestic

consumers. The tariff hike will contribute to increased revenues and earnings, enabling the execution of necessary infrastructure works. This includes effective action in addressing NRW and ensuring a continued high level of service to customers.

The costs of infrastructure development and maintenance are substantial and continue to increase progressively over time. Therefore, the implementation of a revised tariff with a sustainable adjustment mechanism is essential to make certain that the best water supply services can be provided going forward.

We are committed to playing our role as the state's sole water operator in ensuring water security for Johor. This includes implementing proactive and effective measures to address the effects of climate change, water scarcity, insufficient reserve margins and other issues.

Johor is the second most populous state in terms of population and water production, after Selangor, with a daily production of up to 2,000 MLD. Consumption demand in Johor is expected to rise at a compounded rate of 3% per annum driven by increased industrial and commercial activities and population growth.

This would place increasing pressure on existing water resources and infrastructure, but we remain resolute and committed to playing our part, together with other stakeholders in concertedly addressing all challenges. Ranhill SAJ has undertaken, and will continue to execute a variety of initiatives, including the development of new water treatment plants, upgrading the existing abstraction and distribution system, reducing NRW and commencing on other projects (with the support of stakeholders) such as undertaking off-river storage and raw water transfer projects.



Sg Layang Dam serves as the raw water source for Sg Layang WTP, providing treated water to residents in Johor Bahru, Johor

MESSAGE FROM CHAIRMAN AND CHIEF EXECUTIVE

We also look forward to our participation in the Djuanda source-to-water Water Supply System Proposal. Our Memorandum of Understanding (“MoU”) with China Energy International Group Co Ltd paves the way for additional expertise and technological capabilities to be brought to the project, which we hope to see register progress in FY2024.

Pertaining to our Energy sector, with our LSS plant achieving COD on 7 February 2024, Ranhill is now supplying 50 MW of clean energy to the TNB grid.

This will boost our total energy generation capacity to 430 MW and also provide additional revenues generated from electricity sales. The PPA for the Ladang Bikam plant, signed with the off-taker is for a fixed period of 25 years.

The Group shall continue to focus on adding more RE-based energy capacity to its power asset portfolio. Our strategy will be to pursue opportunities both locally and abroad – initiating detailed studies at potential locations, and determining to venture through strategic partnerships or to bid on our own. The ongoing expansion of RE within Malaysia and abroad offers promising prospects for Ranhill as we aim to achieve our target of generating 1000 MW of energy.

On 3 December 2023, operations between RWS and RWT Malaysia were consolidated, resulting in the emergence of Ranhill Technologies Sdn Bhd (“Ranhill Technologies”). The operational consolidation of RWS and RWT Malaysia strengthens Ranhill’s ability to venture into new niche segments, as well as to offer integrated offerings by leveraging the synergistic capabilities of the new Ranhill Technologies.

Among the segments targeted are water network management services, NRW management including design and construction of civil works related to NRW,



FY2023 also saw the commencement of operations at the newly developed 50 MW Large Scale Solar (“LSS”) in Bidar, Perak.

training and capacity building, water treatment process systems, EPCC works for RE projects hydrogen and others.

The emergence of Ranhill Technologies is timely and strategic as it enables economies of scale, cost efficiencies, more synergistic operations and increased exposure to a wider range of commercial opportunities.

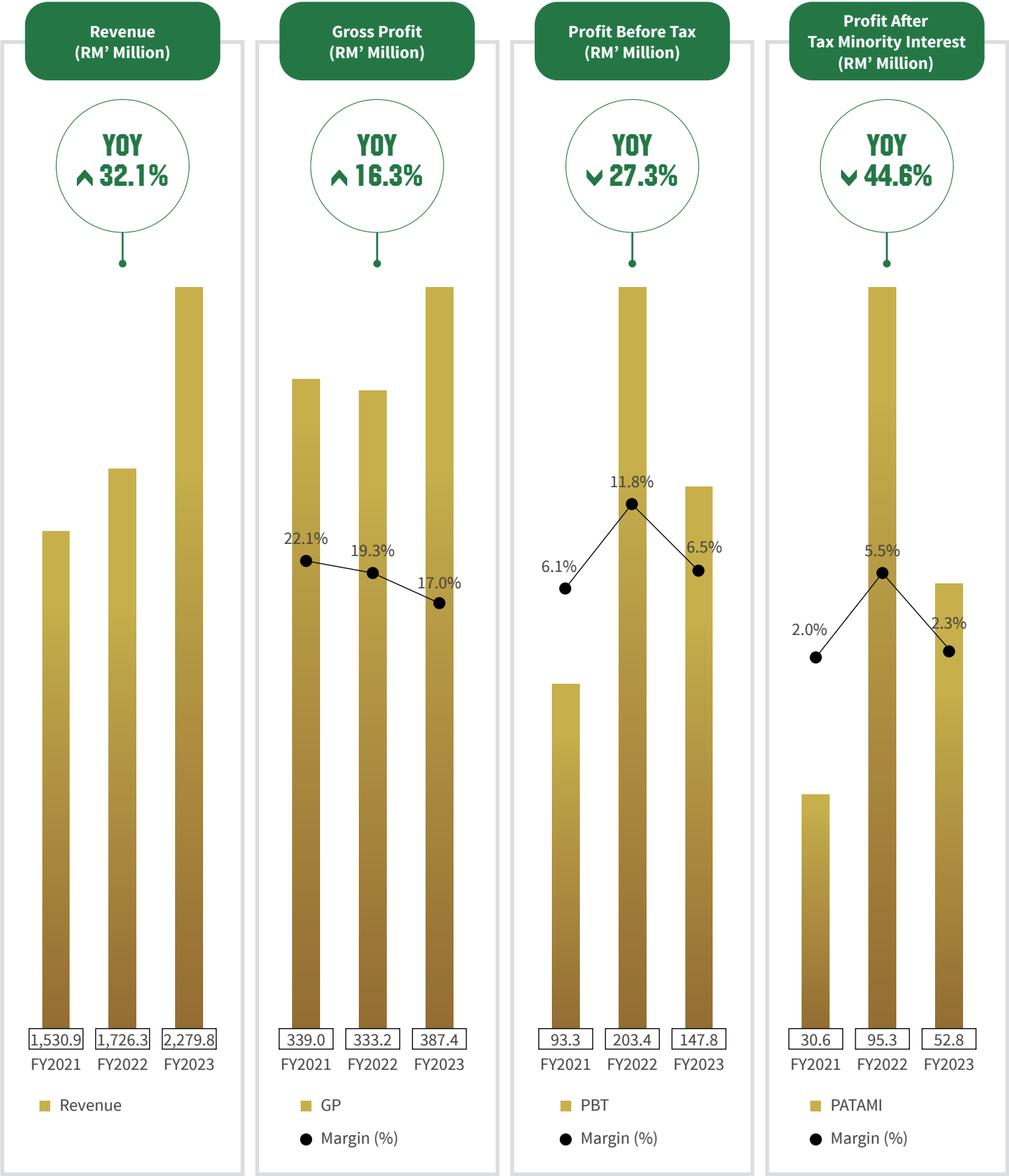
A NOTE OF THANKS

As we recall our progress in FY2023, it is befitting that we acknowledge our many stakeholders who have contributed to our achievements. Firstly, I express the appreciation of the Board and the Executive to all Ranhill employees who have continued to contribute immensely to the Group. I also wish to extend our thanks to the many government ministries, agencies and industry regulators for their engagement and support; our bankers, investors and shareholders and to all other stakeholders who have played a role in our continued growth.

Ranhill shall continue to face a turbulent operating environment, but one that offers opportunities and promising potential. As we are cognisant of the risks and challenges, we are also motivated by the various potentials that await us. We will continue to adapt, remain flexible, strengthen our internal capabilities, and resolve to stay ready, nimble and agile to sustain and enhance value creation for all stakeholders.

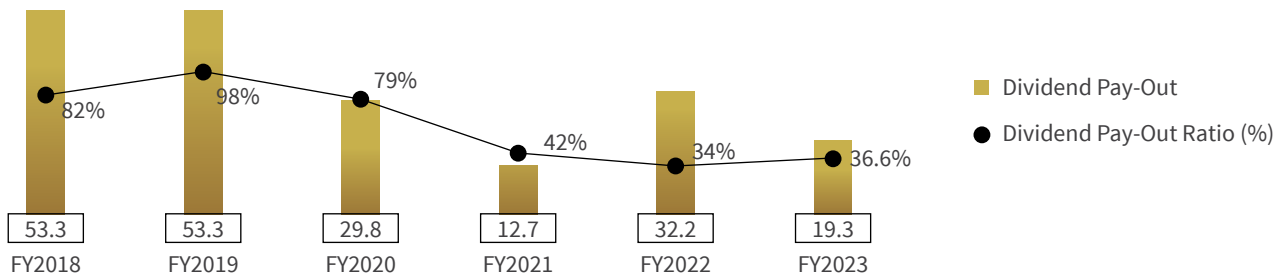
Tan Sri Hamdan Mohamad
Chairman and Chief Executive

GROUP FINANCIAL HIGHLIGHTS

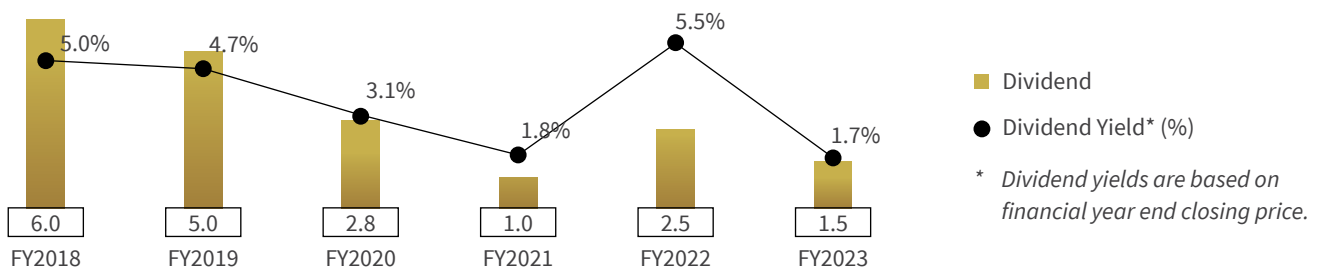


GROUP FINANCIAL HIGHLIGHTS

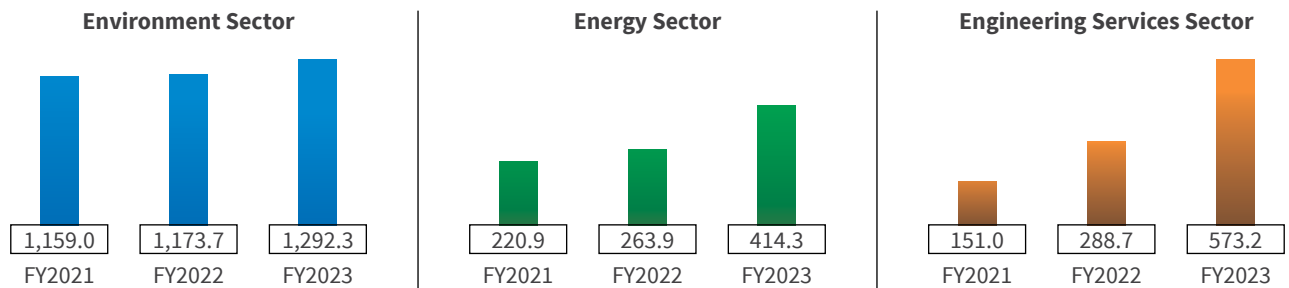
Dividend Pay Out (RM' Million)



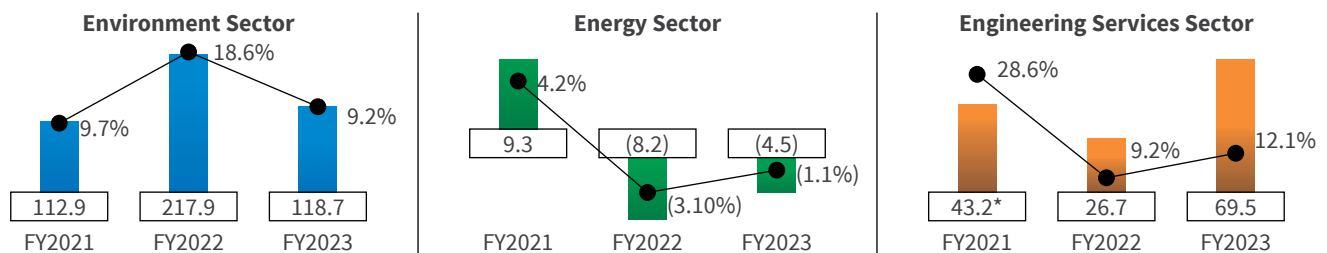
Dividend per Share and Dividend Yield



Revenue By Business Sector (RM' Million)



Segmental Profit and Margin By Business Sector (RM' Million)



MANAGEMENT DISCUSSION & ANALYSIS

REVENUE CONTRIBUTORS



Environment sector:
RM1,292.3 million
 (FY2022: RM1,173.7 million)
 10.1% increased



Energy sector:
RM414.3 million
 (FY2022: RM263.9 million)
 57.0% increased



Engineering Services Sector:
RM573.2 million
 (FY2022: RM288.7 million)
 98.5% increased

> FINANCIAL PERFORMANCE

GROUP FINANCIAL PERFORMANCE

	FY2021	FY2022	FY2023	2023 VS 2022
Financial Indicators				
Revenue (RM' Million)	1,530.9	1,726.3	2,279.8	32.1%
Profit Before Tax ("PBT") (RM' Million)	93.3	203.4	147.8	(27.3%)
Profit After Tax ("PAT") (RM' Million)	66.1	142.2	97.6	(31.4%)
Profit Attributable to Owners of the Parent (RM' Million)	30.6	95.3	52.8	(44.6%)
EBITDA (includes amortisation of services concession assets)	490.6	602.3	570.6	(5.3%)
Earnings Before Interest and Tax	111.6	216.3	160.2	(25.9%)
Net Dividend Payout / Proposed (sen)	0.99	2.5	1.5	(40.0%)
Earnings Per Share (sen) Attributable to Owners of the Parent (Sen)	2.62	7.39	4.10	(44.6%)

CASHFLOW

	FY2021	FY2022	FY2023
Cash at banks and on hand (RM' Million)	197.9	314.7	138.1
Short-term deposits with licensed banks (RM' Million)	141.9	74.3	123.2
Total deposits, cash and bank balances (RM' Million)	339.8	389.0	261.3
Net cash from operating activities (RM' Million)	230.8	124.9	215.1
Net cash from investing activities (RM' Million)	2.6	(50.7)	(66.6)
Net cash from financing activities (RM' Million)	(155.9)	(32.1)	(292.4)
Net increase / (decrease) in cash balance (RM' Million)	77.5	42.1	(143.9)

ASSETS AND LIABILITIES

	FY2021	FY2022	FY2023	2023 VS 2022
Non-Current assets (RM' Million)	2,251.5	1,958.9	1,808.0	(7.7%)
Current assets (RM' Million)	1,029.7	1,302.8	1,150.6	(11.7%)
Total asset held for sale (RM' Million)	-	-	2.5	-
Total assets (RM' Million)	3,281.2	3,261.7	2,961.2	(9.2%)

MANAGEMENT DISCUSSION & ANALYSIS

GROUP EARNINGS PERFORMANCE

Profit from Group operations:

RM142.5 million

(FY2022: RM200.6 million)



DIVIDENDS DECLARED

1.5 sen per share with total dividend payout of RM19.3 million
(FY2022: 2.5 sen per share with total dividend payout of RM32.2 million)

ASSETS AND LIABILITIES

	FY2021	FY2022	FY2023	2023 VS 2022
Share Capital (RM' Million)	1,439.0	1,439.0	1,439.6	-
Total Equity Attributable to Owners of the Company (RM' Million)	680.8	763.8	776.1	1.6%
Non-Current Liabilities (RM' Million)	1,567.2	1,293.9	1,208.8	(6.6%)
Current Liabilities (RM' Million)	854.1	1,012.7	747.8	(26.2%)
Total Liabilities (RM' Million)	2,421.3	2,306.6	1,956.6	(15.2%)
Total Equity and Liabilities (RM' Million)	3,281.2	3,261.7	2,961.2	(9.2%)

SECTORAL FINANCIAL PERFORMANCE

	FY2022			FY2023		
	REVENUE (RM' MILLION)	PBT (RM' MILLION)	PAT (RM' MILLION)	REVENUE (RM' MILLION)	PBT (RM' MILLION)	PAT (RM' MILLION)
Environment	1,173.7	261.6	217.9	1,292.3	153.3	118.7
Energy	263.9	(0.7)	(8.2)	414.3	(0.4)	(4.5)
Services	288.7	35.6	26.7	573.2	81.5	69.5

SUBSIDIARIES' PERFORMANCE

	FY2022			FY2023		
	REVENUE (RM' MILLION)	PBT (RM' MILLION)	PAT (RM' MILLION)	REVENUE (RM' MILLION)	PBT (RM' MILLION)	PAT (RM' MILLION)
Ranhill SAJ	1,154.9	244.5	201.0	1,292.3	153.3	118.7
RWS*	102.0	1.7	1.2	-	-	-
RWT*	19.6	(1.7)	(3.1)	-	-	-
Ranhill Technologies	-	-	-	200.9	10.8	7.1
RP I	127.0	-	(0.4)	-	-	-
RP II	120.1	1.8	(5.4)	-	-	-
RSE I**	-	-	-	148.7	(3.0)	(3.5)
RSE II**	-	-	-	122.4	(2.1)	(5.8)
RBSB	53.3	13.2	11.8	189.5	6.3	4.2
RW	209.7	16.4	12.5	456.5	52.5	48.3

* On 3 December 2023, RWT and RWS completed their merger forming Ranhill Technologies Sdn Bhd ("Ranhill Technologies"). This merger marks a significant milestone in company's growth and expansion.

** Effective August 2023, both power plants (RP I and RP II) reflect Ranhill and Sabah Energy Corporation in their name; Ranhill Sabah Energy I Sdn Bhd ("RSE I"), Ranhill Sabah Energy II Sdn Bhd ("RSE II").

MANAGEMENT DISCUSSION & ANALYSIS

► BUSINESS AND OPERATIONAL REVIEW

At THE GLOBAL LEVEL, GDP GROWTH STOOD AT 3.1%, IMPACTED BY PREVAILING GEOPOLITICAL AND SOCIO-ECONOMIC TRENDS. THESE INCLUDED THE PROTRACTED RUSSIA-UKRAINE CONFLICT, TRADE TENSIONS BETWEEN THE US AND CHINA, A SIGNIFICANTLY STRONGER US DOLLAR AND A HIGH-INTEREST RATE ENVIRONMENT. THE LATTER PART OF 2023 ALSO SAW HEIGHTENED TENSIONS IN THE MIDDLE EAST. CUMULATIVELY, THESE AND OTHER FACTORS SUCH AS A SLOWER-THAN-EXPECTED RECOVERY OF CHINA'S ECONOMY HAD LED TO BELOW FORECASTED PACE FOR GLOBAL ECONOMIC GROWTH.

Consistent with global trends, Malaysia's GDP growth was also lower than predicted at just 3.7%. Domestic growth moderated (2022: 8.7%) amid a challenging external environment, attributed to reduced global trade, a significant global tech downcycle, geopolitical tensions and tighter monetary policies.

Amidst a challenging operating backdrop, Ranhill Utilities Berhad ("Ranhill" or "the Group") continued to pursue its business and operational objectives. The Group's Environment, Energy and Engineering Services sectors have continued to focus on precise execution of strategies while continuing to navigate a challenging and dynamic macro-operating environment.

The Group's approach has yielded positive results, reflected in its improved revenue performance for FY2023 as well as the many project wins and other positive achievements realised during the financial year. The positive performance is attributed to the increased competitive ability in bidding for and securing contracts, expanding beyond Malaysia, meeting key performance indicators ("KPIs") set by industry regulators and continuously enhancing operational performance and pursuing further cost efficiencies across the value chain.

FINANCIAL PERFORMANCE

In FY2023, Group revenue registered a 32.1% improvement year-on-year to RM 2,279.8 million (FY2022: RM 1,726.3 million). Group turnover was higher on the back of stronger topline contribution from all business divisions.

In FY2023, Environment sector revenues were higher by 10.1% year-on-year on the back of higher topline performance of RM 1,292.3 million ("FY2022: RM 1,173.7 million), notably attributed to higher contributions from Ranhill SAJ Sdn Bhd ("Ranhill SAJ"). On the back of increased water sold, revenue for Ranhill SAJ improved by 10.2%, year-on-year to RM1,273.2 million (FY2022: RM1,154.9 million).

The Energy sector, which contributed close to 18.2% of Group revenue, also recorded higher turnover. On the back of increased energy despatched to the Sabah electricity grid, revenues were 17.0% (RSE I) / 1.9% (RSE II) higher, year-on-year at RM 148.7 million (RSE I) / RM 122.4 million (RSE II) (FY2022: RM 127.0 million (RSE I) / RM 120.1 million (RSE II)).

The Engineering Services sector provided the balance of Group revenues at RM 573.2 million, 98.5% higher year-on-year (FY2022: RM 288.7 million). Revenue growth was underpinned by higher revenue recognition achieved during the year including stronger contribution from RW's oil and gas projects.

However, while revenues had improved, rising energy and labour costs as well as other factors, including the absence of one-off earnings had led to a year-on-year reduction in pre and post-tax earnings.

In FY2023, profit before tax ("PBT") stood at RM 147.8 million (FY2022: RM 203.4 million), while profit after tax ("PAT") stood at RM97.6 million (FY2022: RM 142.2 million). PBT and PAT had decreased by 27.3%.



MANAGEMENT DISCUSSION & ANALYSIS

In terms of earnings, the Environment sector saw its PBT and PAT reduced by 41.4% and 45.5% respectively to stand at RM153.3 million (FY2022: RM 261.6 million), and RM118.7 million (FY2022: RM 217.9 million). The Energy sector saw its loss before tax ("LBT") and loss after tax ("LAT") improve to RM 0.4 million (FY2022: RM 0.7 million) and RM 4.5 million (FY2022: RM 8.2 million), a 42.9% and 45.1% rise respectively vis-à-vis FY2022. The Engineering Services sector contributed RM 81.5 million (FY2022: RM 35.6 million) and RM 69.5 million (FY2022: RM 26.7 million), in PBT and PAT respectively. Both PBT and PAT had improved by 128.9% and 160.3% respectively, year-on-year.



ENVIRONMENT SECTOR

Ranhill's Environment sector comprises the Group's water operations in Malaysia, Thailand and China. The operations primarily consist of the abstraction, treatment and distribution of potable water as well as treatment of wastewater and conversion of wastewater into reclaimed water. The operating companies under the Environment sector are as follows:

Ranhill SAJ Sdn Bhd
("Ranhill SAJ")

Ranhill Water
(Hong Kong) Ltd. ("RWHK")

Ranhill Water Technologies
(THAI) Ltd. ("RWTT")

AnuRAK Water Treatment
Facilities Co. Ltd. ("AnuRAK")

RANHILL SAJ



Total pipelines:
24,150 KM

Distribution:
3,623 KM
Reticulation:
20,527 KM



Reservoirs:
724



WTPs:
46



NRW Rating:
25.0%
1.3% NRW reduction equivalent to 16.3 MLD of water saved



Treatment Capacity:
2,171 MLD

INTERNATIONAL OPERATIONS

Thailand Operation:
100 MLD total treatment capacity for water and wastewater treatment plant

2 reclaimed water treatment plants with **17 MLD** for total treatment capacity

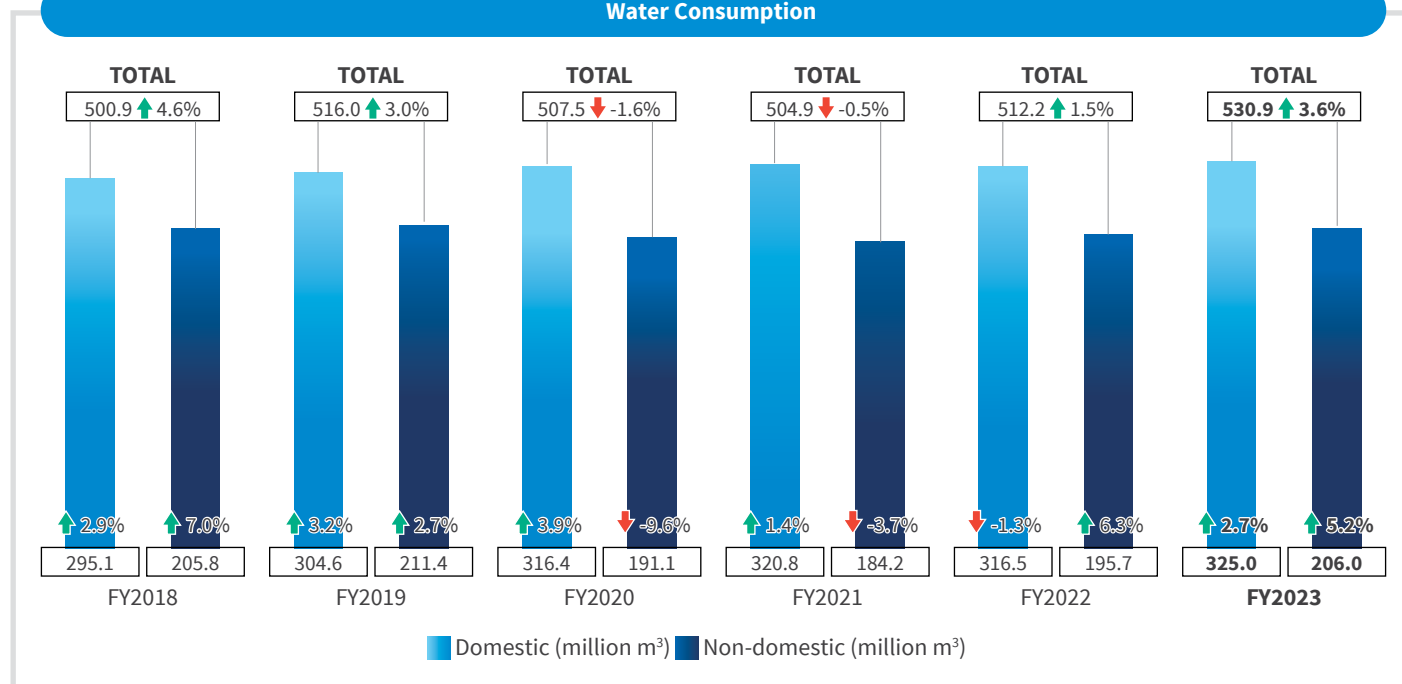
China Operation:
Together with local partner, SIIC, RWHK operates **12 wastewater** treatment plants on BOT and TOT basis.

Total capacity: **227 MLD**

Achieved **344 MLD**, or **86%** of Ranhill's targeted **400 MLD** for international water, waste water and reclaimed water operations

MANAGEMENT DISCUSSION & ANALYSIS

Water Consumption



FY2023 ALSO SAW THE IMPLEMENTATION OF THE REVISED WATER TARIFFS, NOTABLY FOR THE NON-DOMESTIC SEGMENTS. INCREASING WATER SALES TOGETHER WITH HIGHER TARIFFS CONTRIBUTED TO AN IMPROVED REVENUE PERFORMANCE FOR RANHILL SAJ IN FY2023.

Revenue for the financial year stood at RM1,273.2 million, 10.2% higher year-on-year (FY2022: RM1,154.9 million).

In FY2023, Ranhill has continued to meet its obligations to PAAB for lease rental payments. Negotiations continue to proceed between Ranhill SAJ and PAAB towards converting the federal loan provided into a grant.

A notable factor was the increased energy costs, electricity costs post the implementation of the revised Imbalance Cost Past-Through ("ICPT") tariff effective

1 January 2023. The new ICPT rate was 20 sen per kWh, a increase which led to higher operational costs. The rate was revised downwards on 1 June 2023 to 0.037 sen per kWh, still higher than when compared to 2022. The Group's largest consumption of electricity is Ranhill SAJ's water treatment plants - located statewide.

Continuous efforts to address rising energy costs were pursued in 2023. Other cost control measures continued to be implemented including controlling labour and payroll costs and expanding the existing chemical substitution programme to more WTPs.

Ranhill SAJ continued to undertake necessary CAPEX for various projects towards ensuring the integrity and sustainability of the water supply system and infrastructure in Johor. This included NRW-related projects such as pipe rehabilitation and replacement works and water treatment plant upgrades and construction of new WTPs.

OPERATIONAL HIGHLIGHTS

NRW

In FY2023, Johor's NRW rate declined to 25.0% (FY2022: 26.3%). The 1.3% NRW reduction is equivalent to 16.3 MLD of water saved. The performance achieved surpasses the FY2023 target of 25.5% stipulated in SPAN's OP5 and with that, Ranhill SAJ has qualified for SPAN's Matching Grant for a 50% reimbursement from the overall NRW Reduction Program.

Ranhill SAJ was successful in meeting all NRW targets in FY2023 with the exception of Kluang, Pontian and Segamat. In addition, to the SPAN NRW target, Ranhill SAJ also met SPAN's KPIs for physical and commercial losses and for ILI. In FY2023, ILI decreased from 9.0 in Year 2022 to 8.6 in Year 2023.

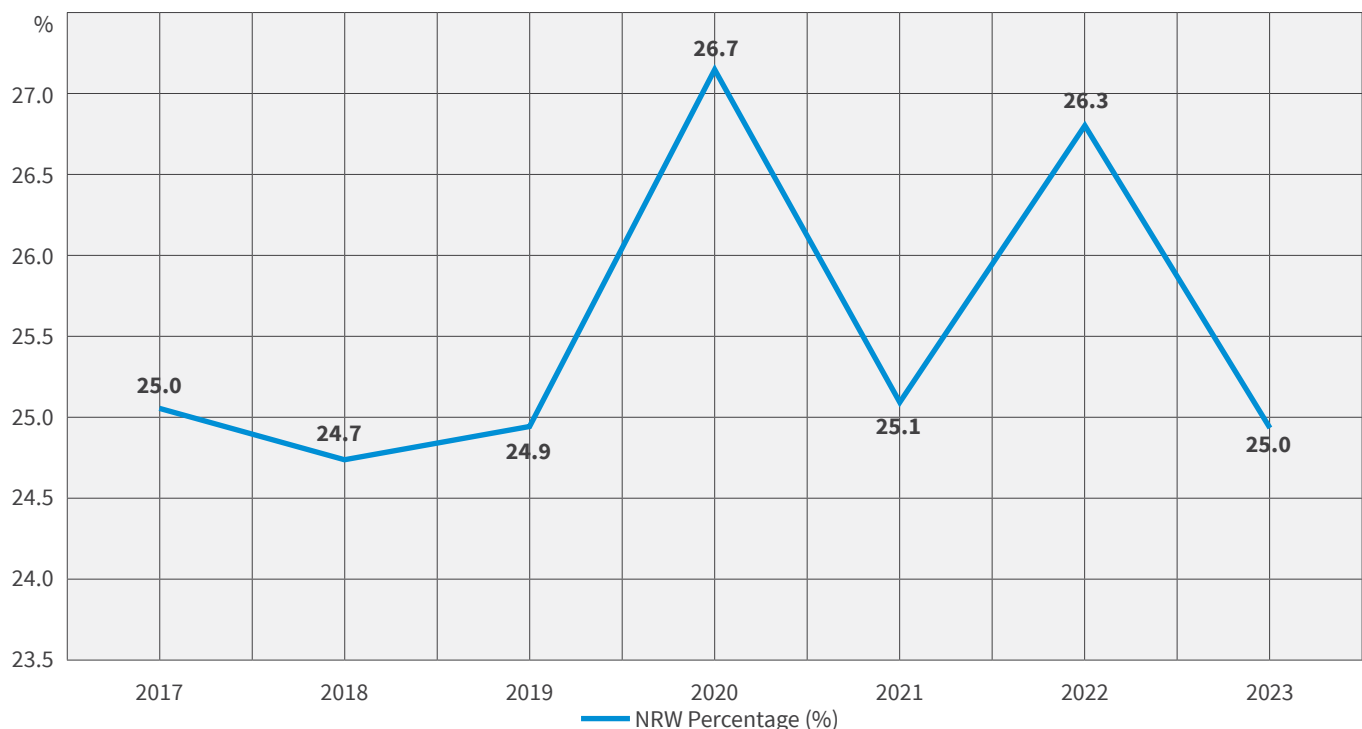
MANAGEMENT DISCUSSION & ANALYSIS

NRW KPI OP5 for Year 2023

NRW KPI - Business Plan OP5 for Year 2023

	Target	Achievement	Difference
a) NRW Level Percentage (%)			
Johor State	25.5%	25.0%	0.5%
Johor Bahru	23.5%	20.5%	3.0%
Batu Pahat	37.0%	34.5%	2.5%
Muar	29.8%	29.4%	0.4%
Kluang	28.2%	29.9%	-1.7%
Kota Tinggi	27.8%	24.0%	3.8%
Segamat	33.2%	37.0%	-3.8%
Pontian	25.5%	28.6%	-3.1%
Mersing	22.5%	22.5%	0.0%
b) Physical Losses (litre / connection / day)	303	303	0
c) Commercial Losses (Number of faulty meter)	0.2%	0.2%	0.0%
d) Infrastructure Leakage Index (ILI)	8.7	8.6	0.1

NRW Percentage Trending 2017-2023



NRW reduction was effective in FY2023 due to the timely undertaking of necessary pipe rehabilitation and replacement works (“Pipe Rehab plans”) under Operating Plan 5 (“OP5”) as set out by SPAN. Previous pipe rehab programmes that were delayed or saw slow progress due to lack of regulatory approvals and qualified contractors and other factors were expedited swiftly in FY2023. This enabled an effective arrest of ILI and ultimately, contributed to a significant NRW reduction.

MANAGEMENT DISCUSSION & ANALYSIS

Beyond reducing water losses, NRW reduction contributes to reduced operational stress on WTPs (as less production is required to ensure sufficient water supply), as well as supports reduced maintenance and lower energy consumption as there is less requirement for WTPs to abstract and treat water. NRW reduction also contributes towards ensuring sufficient water reserve margin, notably at high-consumption demand locations. In terms of regulatory compliance, Ranhill SAJ has registered a high compliance level – meeting almost all of SPAN's KPIs in FY2023.

No.	Performance Measure	Key Performance Indicator ("KPI")	SPAN KPI Target	Achievement
1	Water Services Performance			
1.1	Water Supply Coverage	a) Urban Areas (%)	100	100
		b) Rural Areas (%)	99.5	99.8
1.2	Treated Water Quality Compliance Rate	Water quality tests that meet the National Drinking Water Quality ("NDWQ") Standards (%)		
		a) Residual Chlorine	99.00	99.99
		b) E-Coli	99.90	100
		c) Res.Chlorine & E.Coli	99.95	100
		d) Turbidity	99.70	99.88
		e) Aluminium	95.00	97.06
1.3	Continuity of Water Supply	a) Communication pipe failures to be repaired within 24 hours (for cases where services are affected) (%)	95.00	100
		b) Pipe repair and restoration of supply for pipe below 200 MM diameter to be within 24 hours (%)	95.00	100
		c) Pipe repair and restoration of supply for pipe size 200 MM up to 600 MM diameter to be within 36 hours (%)	95.00	100
		d) Pipe repair and restoration of supply for mains exceeding 600 MM diameter to be within 48 hours (%)	95.00	100
1.4	Water Pressure Compliance	Minimum pressure of 10 meter at meter point to be maintained for all premise types (%)	99.00	99.82
2	Customer Services			
2.1	Water Supply Complaints	Response time to complaint (%)		
		a) Responded within 24 hours	99.50	99.01
		b) Response and resolution of complaints	99.30	99.95
		c) Telephone (responded within 10 seconds) - Excluding at event crisis (beyond control)	92.00	94.30
3	Operational and Economic Performance			
3.1	Non-Revenue Water ("NRW")	NRW Level for Johor State (%)	25.5	25.0
		a) Physical losses volume: Litre / Connection / Day (l / con / day)	303	303.48
		b) Commercial loss: Number of meters not functioning or stop (%)	0.2	0.19
		c) Infrastructure Leakage Index ("ILI")	8.7	8.6
3.2	Operating Cost	a) Operating cost per 1000 accounts	639,354	639,818
		b) Operating cost per cubic meter produced: RM/m3	1.10	1.16

MANAGEMENT DISCUSSION & ANALYSIS

PIPE REHABILITATION AND REPLACEMENT WORKS

In FY2023, outstanding pipe replacement works under SPAN's Pipe Rehab 2018 / 2019 were completed. The total length of pipelines rehabilitated and replaced under Rehab 2018 / 2019 stood at 180.2 KM.

Works under Rehab 2020 were hampered due to late permit approval from local authorities and insufficient qualified contractors to undertake works. However, these issues have been addressed and all projects under Rehab 2020 remain on track for scheduled completion by the end of 2024. With this, an additional 153.2 KM of pipelines will be refurbished by the end of 2024.

REHAB 2018 / 2019

No.	Package	Status	KM
1.	Program Penggantian Paip Lama Di Negeri Johor Pakej 1 – Daerah Johor Bahru	Completed on 31 August 2023	47.9
2.	Program Penggantian Paip Lama Di Negeri Johor Pakej 2 – Daerah Johor Bahru, Pontian, Kulai, Kota Tinggi Dan Muar	Completed on 25 August 2023	132.3

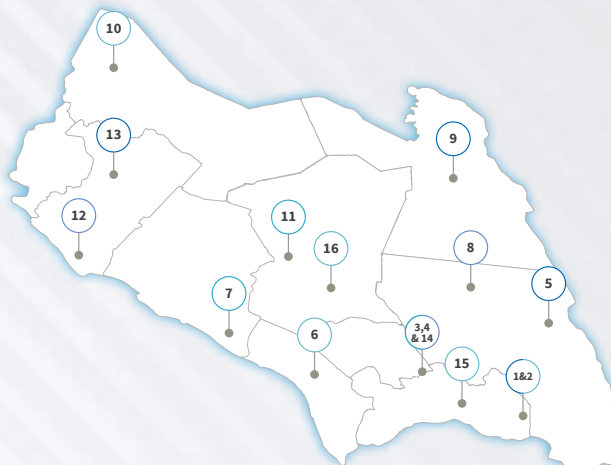
REHAB 2020

No.	Package	Status	KM
1	Program Penggantian Paip Lama Di Negeri Johor Pakej 1 – Daerah Johor Bahru	Progress level as of 31 December 2023: 35.1%. Completion expected by end of December 2024.	18.4 KM (December 2023) / 44 KM (Overall)
2	Program Penggantian Paip Lama Tahun 2018 / 2019 Di Negeri Johor Pakej 2 – Daerah Johor Bahru, Pontian, Kulai, Kota Tinggi Dan Muar	Progress level as of 31 December 2023: 11.1%. Completion expected by end of December 2024.	39.1 KM (December 2023) / 85 KM (Overall)
3	Program Penggantian Paip Lama Di Negeri Johor Pakej 3 – Daerah Batu Pahat, Muar, Segamat Dan Kluang	Progress level as of 31 December 2023: 35.1%. Completion expected by end of December 2024.	72.3 KM (December 2023) / 154 KM (Overall)

In FY2024, Ranhill SAJ will rehabilitate and replace up to 276.8 KM of pipeline funded by SPAN's allocation of RM302.5 million under Rehab 2020 and Rehab 2021. Among the key projects earmarked for FY2024 include the construction and relaying of the 1400 MM MS x 23 KM pipeline, which is being funded by PAAB. The project is currently at the design stage and entails rezoning of the Johor Bahru water supply system ("WSS"). Another major pipeline project which has been planned is the construction of 1,200 MM x 23 KM pipeline from Semangar WTP to Bukit Kulai. The project will deliver water to support the ongoing development of the Sedenak Tech Park.

MANAGEMENT DISCUSSION & ANALYSIS

DEVELOPMENT OF NEW WTPS AND UPGRADING WORKS IN JOHOR



1. LAYANG 2 WTP PROJECT, PASIR GUDANG (PHASE 1)

CAPACITY Additional 160 MLD

SUPPLY AREA Pasir Gudang and parts of Johor Bahru

ESTIMATED COMPLETION April 2024

2. LAYANG 2 WTP PROJECT, PASIR GUDANG (PHASE 2)

CAPACITY Additional 160 MLD

SUPPLY AREA Johor Bahru

ESTIMATED COMPLETION 4th Quarter 2026

3. SEMANGAR WTP PROJECT, KOTA TINGGI (PACKAGE PLANT)

CAPACITY Additional 50 MLD

SUPPLY AREA Johor Bahru and Kulai

ESTIMATED COMPLETION First Half 2025

4. SEMANGAR 3 WTP PROJECT, KOTA TINGGI

CAPACITY Additional 200 MLD

SUPPLY AREA Johor Bahru and Kulai

ESTIMATED COMPLETION 2030

5. SG SEDILI BESAR WTP PROJECT, KOTA TINGGI

CAPACITY 600 MLD

SUPPLY AREA Johor Bahru and Kota Tinggi

ESTIMATED COMPLETION 2030

6. KAYU ARA PASONG PROJECT, PONTIAN (PHASE 1)

CAPACITY 30 MLD

SUPPLY AREA 30 MLD

ESTIMATED COMPLETION 2030

7. YONG PENG WTP UPGRADE, BATU PAHAT

CAPACITY Additional 28 MLD

ESTIMATED COMPLETION 2028

8. GEMBUT WTP UPGRADE PROJECT, KOTA TINGGI

CAPACITY Additional 10 MLD

SUPPLY AREA Kota Tinggi (Gembut, Tanjung Sedili, FELDA Bukit Aping)

ESTIMATED COMPLETION 2027

9. TENGLU WTP UPGRADE PROJECT, MERSING

CAPACITY Additional 10 MLD

SUPPLY AREA Mersing (Bandar Mersing, Tenglu)

ESTIMATED COMPLETION 2028

10. KG TENGAH WTP UPGRADE PROJECT, SEGAMAT

CAPACITY Additional 12 MLD

SUPPLY AREA Segamat (Bandar Segamat)

ESTIMATED COMPLETION 2028

11. KAHANG BARU WTP UPGRADE PROJECT, KLUANG

CAPACITY Additional 3 MLD

SUPPLY AREA Kluang (Kahang 22nd and 24th miles)

ESTIMATED COMPLETION 2028

12. GOMBANG UPGRADE PROJECT, MUAR

CAPACITY Additional 3 MLD

SUPPLY AREA Muar

ESTIMATED COMPLETION 2028

13. PAGOH WTP UPGRADE PROJECT, MUAR

CAPACITY Additional 40 MLD

SUPPLY AREA Muar, (Pagoh, Bandar Muar, Parit Jawa, Parit Bakar)

ESTIMATED COMPLETION 2028

14. SEMANGAR WTP PROJECT

CAPACITY 300 MLD

ESTIMATED COMPLETION 2030

15. SG JOHOR WTP PROJECT

CAPACITY 300 MLD

ESTIMATED COMPLETION 2030

16. NEW KAHANG WTP PROJECT

CAPACITY 40 MLD

ESTIMATED COMPLETION Works completed. Presently undergoing testing and commissioning. Estimated to commence operations in June 2024.

MANAGEMENT DISCUSSION & ANALYSIS

Aside from NRW-related works, Ranhill SAJ continues to expand the capacity of WTPs as well as construct new WTPs towards ensuring sufficient water supply statewide and reserve margins.

Specifically, WTP-related works are undertaken in areas where water consumption demand is the highest. These are typically developed, urban locations as well as industrial and commercial areas.

The 160 MLD Sultan Iskandar 2 WTP (Phase One) WTP continues to near its COD with 97% of work completed during the financial year. Full project completion and COD is expected by the first quarter of FY2024. The completion of the Sultan Iskandar 2 WTP (Phase One) will boost the Johor Bahru reserve margin from 5% to 17%. Tendering of Phase Two will commence, post completion of Phase One.

The Semangar WTP has reached the design stage and the Semangar package plant has been approved for tendering of construction works. Likewise, tendering is to commence in FY2024 on the Sg Sedili raw water transfer project.

The 15 MLD Air Panas C WTP was completed in August 2023 and with the plant's operations

commencing, reserve margins at the Segamat area have been shored up to a healthier 20% from the previous 8%. Other locations benefitting from the increased capacity of Air Panas C WTP are Pekan Tenang, Felda Moakil, Pekan Bekok, Pancha Jaya, Pekan Chaah, Sg. Berlian and surrounding areas.

Works for the 50 MLD package plant comprise the installation of a new 800 MM raw water pipeline and treated water pipeline, all related civil, mechanical and engineering (M&E) works, interconnection works and project management and pre-development costs including land acquisition costs.

Works for the 30 MLD Kayu Ara Pasong WTP entails the development of the 30 MLD raw water intake, 30 MLD WTP structure, a new 7 MLD balancing tank and pump house, development of the auxiliary system (M&E and piping works), laying of 700 MM pipelines for raw water and treated water pipelines.

The Semangar and Sg Johor WTPs, both with a 300 MLD capacity will address the increasing consumption demand from the Johor Bahru district and surrounding areas.

The 40 MLD New Kahang WTP is presently at the testing and commissioning phase and is

expected to commence operations by June 2024. The plant will provide additional potable water supply to Kluang.

The 18 MLD Sg Sedili raw water transfer project will provide the necessary raw water to cater to the increased capacity of the Sg. Gembut WTP, towards ensuring sufficient water supply and reserve margins for the location. The completion of the 160 MLD Layang 2 Phase 2 WTP will reduce dependence on the treated water supply provided by the Public Utilities Board of Singapore ("PUB") as it would double treatment capacity to 320 MLD (cumulative treatment capacity from Layang Phase One and Phase Two).

Shortage of raw water yield in Sg. Johor poses challenges as this limits the development of new WTPs. In addressing this issue, plans for 260 MLD of raw water transfer from Sg. Sedili Besar to Seluyut Dam and from Seluyut Dam to Upper Layang Dam would ensure sufficient capacity to shore up reserve margins and meet daily consumption demand.

The construction of the Sg. Pontian Besar barrage and ORS has been approved by the government under the RMK-12 RP4.

WATER TREATMENT PLANT AND INFRASTRUCTURE WORKS APPROVED BY PAAB IN JOHOR

WTP	Capacity (MLD)	Status	Purpose of Plant
Sultan Iskandar 2 WTP (Phase One)	160	97% of works completed in 2023, with full completion and COD expected in the first quarter of 2024	Boost the Johor water reserve margin to 17%
Sultan Iskandar 2 WTP (Phase Two)	160	PAAB to commence with the tender process post completion of phase 1	Ensure continuity of supply in Johor Bahru, including Iskandar Puteri, Kulai and Pasir Gudang areas as well as providing sufficient reserve margin for supply security. Besides that, the completion of Phase 2 will assist in Ranhill SAJ's Zero-D program
Semangar WTP	200	At design stage with consultant to undertake design and concept development concurrently with the Sg. Lebak ORS project by the Ministry of Natural Resources, Environment and Climate Change ("NRECC")	Ensure continuity of supply in Johor Bahru, including Iskandar Puteri, Kulai and Pasir Gudang area as well as providing sufficient reserve margin for supply security

MANAGEMENT DISCUSSION & ANALYSIS

WTPS / INFRASTRUCTURE WORKS APPROVED BY PAAB in JOHOR

WTP	Capacity (MLD)	Status	Purpose of Plant
Semangar Package Plant	50	Approved by NRECC with PAAB to commence the tender process	Ensure continuity of supply in Johor Bahru, including Iskandar Puteri, Kulai and Pasir Gudang area as well as providing sufficient reserve margin for supply security
Sg Ulu Sedili Besar raw water transfer project	600	Tendering stage expected to commence in the first quarter of 2024. Tender process managed by NRECC	Construction of 500 MM MS pipe x 22 KM length of pipeline to supply 18 MLD of raw water from Sg Sedli to the Sg. Gembut Intake
Kayu Ara Pasong WTP	30	In progress for design by consultant concurrent with the implementation of water resource works (Barrage and ORS) by Ministry as approved in RMK-14 RP-4	Ensure continuity of supply in Pontian area as well as providing sufficient reserve margin for supply security
Yong Peng WTP Upgrade, Batu Pahat	Additional 28 MLD capacity increase to achieve a total of 28 MLD	In preliminary engineering design stage	Increase Batu Pahat reserve margin supply area : Parit Raja & surrounding
Tenglu WTP Upgrade Project	Additional 10 MLD capacity increase to achieve a total of 15 MLD to 25 MLD	In concept design stage	Supply Area: Mersing (Bandar Mersing, Tenglu) Estimated Completion: 2028
Kg Tengah WTP Upgrade Project	Additional 12 MLD capacity increase to achieve a total of 13 MLD to 25 MLD	Approved by SPAN in OP6. To proceed with proposal for PAAB's approval	Supply Area: Segamat (Bandar Segamat) Estimated Completion: 2028
Kahang Baru WTP Upgrade Project	Additional 3 MLD capacity increase to achieve a total of 3.18 MLD to 6 MLD	Approved by SPAN in OP6. To proceed with proposal for PAAB's approval	Supply Area: Kluang (Kahang 22 nd and 24 th miles) Estimated Completion: 2028
Gombang WTP Upgrade Project	Additional 3 MLD capacity increase to achieve a total of 3.18 MLD to 6 MLD	Approved by SPAN in OP6. To proceed with proposal for PAAB's approval	Supply Area: Muar
Pagoh WTP Upgrade Project	Additional 40 MLD capacity increase to achieve a total of 40 MLD to 80 MLD	Approved by SPAN in OP6. To proceed with proposal for PAAB's approval	Supply Area: Muar, (Pagoh, Bandar Muar, Parit Jawa, Parit Bakar) Estimated Completion: 2028

Another highlight is the 2 MLD Desalination plant project at Forest City, Gelang Patah. This is Malaysia's first desalination plant by a private water operator and further exemplifies the strong internal expertise and technical capabilities of the Ranhill Group. Further details of Forest City, Gelang Patah project are provided under the RWT disclosures of this Management Discussion and Analysis on page 60.

MANAGEMENT DISCUSSION & ANALYSIS

ADDRESSING ENVIRONMENTAL AND OTHER CHALLENGES

While Ranhill SAJ continues to upgrade and expand the state's water infrastructure to meet existing and future requirements, the challenge remains in ensuring sufficient water resources (to meet growing consumption demand) even as existing water resources continue to be affected by pollution, climate change and other existing or emerging issues.

In particular, changing weather patterns, brought on or exacerbated by climate change and global warming, have affected rainfall levels at various locations across Johor. This in turn affects the overall level of water available in rivers and dams.

Notably, the Sembrong dam was considerably affected by drought for several weeks, leading to dam water levels falling to critical levels.

Mitigation action taken included rezoning activities to replenish dam water levels. Other longer-term measures are also being considered towards developing longer-term solutions in addressing future occurrences of drought which could affect Sembrong dam and / or other dams in Johor.

Nevertheless, the need for a multi-strategic approach that not only focuses on water abstraction and supply is necessary to meet future requirements. Calls for continued preservation of water resources, and further progress in eliminating wastages (through continuous NRW reduction) while also utilising existing resources with efficiency, which includes being able to divert additional water capacity in specific catchment areas to locations that have low reserve margins.

Another strategy is WSS rezoning. Rezoning activities were implemented in FY2023 to include WSS with excess reserve margin into areas with lower quantities. Rezoning has

been effective in ensuring an uninterrupted supply of potable water even when WTPs break down as other interconnected WTPs can supply water to address any interruption or shortage in supply, especially during periods of high demand or low supply.

Water contamination and pollution incidents were on a downtrend in FY2023, largely due to strong vigilance and monitoring by Ranhill SAJ and stringent enforcement by relevant authorities such as Badan Kawalselia Air Johor ("BAKAJ") and the Department of Environment ("DOE").

The collaboration between all parties has enabled stronger, more comprehensive oversight and timely action in apprehending polluters. In 2023, the number of WTP production hours affected by pollution reduced significantly by 71.7% year-on-year, from 197.08 hrs in 2022 to 55.83 hrs in 2023.

A total of nine cases were recorded in 2023, mostly due to excessive amounts of ammonia, causing affected WTPs to shutdown or operate at reduced treatment capacity for limited periods of time. Beyond dumping of effluents or channeling of untreated (or inadequately treated) chemicals and waste, sand mining is also a notable cause of pollution. The latter, in particular increases the turbidity of river water.

Apart from working closely with enforcement authorities, Ranhill SAJ continues to undertake close surveillance of potential polluters, especially in areas where pollution incidents are known to occur. Measures introduced include using drone technology, installing remote monitoring systems for quicker detection of pollutants in river water (in close proximity to WTPs) and other measures.

Ranhill SAJ has also initiated legal action against polluters. In 2023, Ranhill SAJ secured a favourable judgment for its legal case against a company for pollution. The courts awarded Ranhill SAJ, as the

plaintiff RM100,000 in damages and another RM100,000 in cost.

The utilisation of technology has enabled more effective oversight of water catchment areas and upstream rivers. Among technologies deployed in FY2023 include Unmanned Aerial Vehicles ("UAV") and various others.

Beyond enforcement, Ranhill SAJ continues to undertake regular awareness-based engagement with premises as prevention through education is a more cost and time-effective approach as opposed to enforcement. Inculcating an environmentally conscious mindset among factory operators and other business and commercial operations near rivers would contribute to self-regulation and ultimately support the reduction or prevention of pollution incidents. In FY2023, several engagement sessions were held with state, federal and local authorities, trade associations, government agencies and individual premises.

Internationally, a key highlight for Ranhill's Environment sector was the Group's involvement in the USD860 million Ir. H. Djuanda project. FY2023 saw a notable development with the MoU signing between China Energy International Group Co Ltd ("CEIG") and Ranhill. The MoU paves the way for both parties to collaborate and jointly pursue the proposed public-private partnership project for the development of the source-to-tap drinking water supply project for Sistem Penyediaan Air Minum ("SPAM") Ir. H. Djuanda Water Supply (Jatiluhur II) Project and to co-develop and cooperate on other potential projects in the Southeast Asia region.

CEIG is a unit of China Energy Engineering Corp Ltd, a company jointly listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange. The Ir. H. Djuanda / Jatiluhur II project comprises the construction of the intake, transmission pipeline, water

MANAGEMENT DISCUSSION & ANALYSIS



In FY2023, Ranhill saw a notable development with the MoU signing between China Energy International Group Co Ltd ("CEIG") to pursue the proposed public-private partnership project for the development of the source-to-tap drinking water supply project

treatment plant and main development network. The project is to be 30% funded by equity and 70% debt. It carries a concession period of 30 years.

Ranhill SAJ remains cognisant of its environmental footprint, notably in terms of energy consumption, where a significant amount of electricity is required to power WTPs.

Presently, subscription to the Green Energy Tariff ("GET") mechanism at both the Semangar & Sg. Johor WTPs has enabled a notable RM1.43 million savings in electricity costs while reducing Scope 2 carbon emissions by 8,375.11 tonnes. Ranhill SAJ's efforts were also acknowledged when it was named the winner of the Renewable Energy (off-grid) category at the NEA 2023 and the first runner-up at the ASEAN Energy Awards 2023.

OUTLOOK AND PROSPECTS

Water consumption demand is expected to continue increasing in tandem with a robust economic growth outlook for Johor. The

state is expected to enter a high growth phase going forward, spurred by robust growth in the state's manufacturing, services, tourism, construction and infrastructure sectors.

Several catalytic projects have been announced that are expected to have significant multiplier effects on the local economy while attracting domestic and foreign investments. These include the highly anticipated Johor-Singapore Special Economic Zone (JS-SEZ) and Special Financial Zone (SFZ). Infrastructure game-changers include the high-speed rail ("HSR"), the Light Rail Transit ("LRT") network and the Johor Bahru-Singapore Rapid Transit System ("RTS").

These and other notable developments will provide further economic stimuli, accelerating the injection of investments and spurring business activities.

The expected robust economic growth will translate into increase in water demand going into FY2024 and beyond. The expected rise in demand coupled with higher tariffs that will come into effect in FY2024 augur well for revenues going forward.

However, challenges persist. Johor is the second most populous state in terms of population and given present socio-economic development scenarios, water consumption demand is expected to increase in annual compounded rate of 3%. This would place further pressure on finite resources while necessitating increased abstraction of water and increased operational demand on WTPs and the entire existing water infrastructure.

Hence, the focus going forward, remains on pursuing operational and cost efficiencies, while continuing to focus on preserving water resources and promoting sustainable practices, within existing operations as well as in promoting more sustainable water consumption among customers.

The injection of investments and economic growth is a positive development for Johor and the expected increase in consumption demand augurs well from a commercial perspective. At the same time, it is imperative that existing and new measures be expedited and implemented to meet the requirements of water intensive sectors.

The emergence of Johor as a preferred destination for data centres is one example. Data centres are typically heavy consumers of water. Several mid to large scale data centres are under construction and are expected to commence operations within the year. This is in addition to existing data centres within the state. Ranhill SAJ is undertaking an additional 600 MLD WTP upgrade project along Sungai Johor to meet growth in expected consumption demand.

Again, this is a positive challenge faced by all stakeholders. It can provide the impetus for increased use of recycled water for instance, but at the same, it is essential that the infrastructure investments needed to expand existing treated water capacity is given increased priority. Other considerations include introducing more

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One of the wastewater and reclaimed water treatment plant facilities at the Amata Industrial Estate in Thailand

RANHILL WATER TECHNOLOGIES (THAI) LTD (“RWTT”) and ANURAK WATER TREATMENT FACILITIES CO. LTD (“AnuRAK”)

Ranhill Water Technologies (Thai) Ltd. (“RWTT”) and AnuRAK operate 9 water, wastewater and reclaimed water treatment plant facilities at the Amata Industrial Estate (“Amata”) in Amata City, Chonburi and Rayong, Thailand.

The total capacity of these plants is 117 MLD, 100 MLD is for water and wastewater and 17 MLD is for reclaimed water. The latter is derived from the 10 MLD capacity at the Amata City Chonburi Industrial Estate and the remaining 7 MLD from the Amata City Rayong Concession Industrial Estate.

In FY2023, total incoming wastewater recorded an 8.5% year-on-year growth on the back of increased industrial activities, notably at the Amata City Rayong Industrial Estate WWTP. The increase is attributed to growing awareness of environmental sustainability, regulatory compliance and water conservation practices among industrial players. In terms of water sales, both RWTT and AnuRAK registered increases resulting in a 15.2% year-on-year, cumulative increase to THB 217.46 million.

competitive commercial rates for water intensive sectors.

Efforts will continue to be focussed on reducing NRW through necessary pipe rehabilitation and replacement works as well as WTP construction and upgrading works.

Ranhill SAJ will also continue to engage authorities on key strategic priorities such as the conversion of the existing loan to a grant which will enable reduced asset rental costs, to focus on RE usage to off-lay rising electricity costs, and to continue pursuing relevant projects such as Off-River Storage (“ORS”) development and raw water transfer projects.

Where feasible, alternative water sources such as groundwater will also be tapped.

Specifically on NRW, the Malaysian government has allocated RM535 million for Approach One of the National NRW Program and another RM1,370 million for Approach Two (Matching Grant Programme) under the 12th Malaysia Plan. This will assist water operators including Ranhill SAJ to strive towards meeting SPAN’s NRW KPI as doing so would automatically qualify the company to be reimbursed under the Matching Grant annually.

Total Incoming Wastewater		Year			
Plant		2020	2021	2022	2023
		Volume (m ³ /000)	Volume (m ³ /000)	Volume (m ³ /000)	Volume (m ³ /000)
WWTP, Amata City Chonburi Industrial Estate	24 MLD	3,605	3,724	3,893	3,484
WWTP, Amata City Rayong Industrial Estate	9.6 MLD	2,588	2,881	3,139	2,686
WWTP, Amata City Rayong Industrial Estate	15 MLD (FY2022) 20 MLD (FY2023)	3,549	3,773	3,942	5,776
AIT	1.5 MLD	0.4	0.5	156	133
Total Wastewater (Incoming)		9,743	10,339	11,130	12,079

MANAGEMENT DISCUSSION & ANALYSIS

Water Sales	Year			
Plant	2020 (THB million)	2021 (THB million)	2022 (THB million)	2023 (THB million)
RWTT	27.62	30.99	31.46	36.44
AnuRAK	150.89	161.45	157.39	181.02
Total	178.51	192.44	188.85	217.46

Only two of the nine plants have concession periods that would expire in the next five years and given the exemplary track record for operational performance, the concession period for both the 10.5 MLD Amata City Chonburi Industrial Estate WTP2-CB Stage 2 and the 24 MLD Amata City Chonburi Industrial Estate WWTP1-CB, 24 MLD stand in good stead for renewal. The other seven plants have varying concession periods stretching to 2032 till 2043.

Negotiations for renewal of the O&M contract for another 5-year concession period are presently underway.

No.	Description	Company	Capacity (MLD)	Concession Type	Expiration of Concession / License
1	Amata City Chonburi Industrial Estate WTP2-CB Stage 2, 10.5 MLD	AnuRAK	10.5	Potable Water / BOT	2028
2	Amata City Chonburi Industrial Estate WWTP1-CB, 24 MLD	AnuRAK	24	Wastewater / BOT	2028
3	Amata City Chonburi Industrial Estate WRTP1-CB, 10 MLD	AnuRAK	10	Reclaim Water / BOT	2033
4	Amata City Rayong Industrial Estate WTP1/2-RY, 15 MLD	AnuRAK	15	Potable Water / BOT	2032
5	Amata City Rayong Concession (Industrial Estate) WWTP4-RY, 20 MLD	AnuRAK	20	Wastewater / BOT	2043
6	Amata City Rayong Concession Industrial Estate WRTP2-RY, 7 MLD	AnuRAK	7	Reclaim Water / BOT	2039
7	Amata City Rayong Industrial Estate WTP2-RY, 10.5 MLD	RWTT	10.5	Potable Water / BOT	2039
8	Amata City Rayong Industrial Estate WWTP2-RY, 9.6 MLD	RWTT	9.6	Wastewater / BOT	2039
9	Amata City Chonburi Industrial Estate WTP2-CB Stage 1, 10.5 MLD	RWTT	10.5	Potable Water / BOT	2041
TOTAL MLD:			117.1		

MANAGEMENT DISCUSSION & ANALYSIS

In China, through Ranhill's 40% interest in Ranhill Water Hong Kong Limited, Ranhill operates 12 waste water treatment plants, with an aggregate capacity of 226.5 MLD.

No.	Description	Capacity (MLD)	Concession Type	Expiration of Concession / License
1	Xiaolan Wastewater Treatment Plant (Phase I)	25.0	Wastewater / BOT	2038
2	Xiaolan Wastewater Treatment Plant (Phase II)	50.0	Wastewater / BOT	2040
3	Yingkou Wastewater Treatment Plant	30.0	Wastewater / BOT	2046
4	Hefei Wastewater Treatment Plant	30.0	Wastewater / BOT	2036
5	Yihuang Wastewater Treatment Plant (Phase I)	5.0	Wastewater / BOT	2050
6	Yihuang Wastewater Treatment Plant (Phase II)	10.0	Wastewater / BOT	2050
7	Wanzai Wastewater Treatment Plant (Phase I)	5.0	Wastewater / BOT	2047
8	Wanzai Wastewater Treatment Plant (Phase II)	7.5	Wastewater / BOT	2047
9	Chongren Wastewater Treatment Plant	10.0	Wastewater / BOT	2047
10	Yongxin Wastewater Treatment Plant	10.0	Wastewater / BOT	2048
11	Yongfeng Wastewater Treatment Plant	10.0	Wastewater / BOT	2048
12	Fengxin Wastewater Treatment Plant	34.0	Wastewater / TOT & BOT	2048
TOTAL MLD:		226.5		

Ranhill's strategic partner in China is Shanghai Industrial Investment Corporation ("SIIC"), a state owned enterprise of the Shanghai Municipal Government. SIIC is listed on the Shanghai and Singapore stock exchanges. All 12 WTPs in China have comparatively longer concessions periods of 25-30 years. In 2023, all WTPs continued to operate at high standards in compliance with regulatory standards.

OUTLOOK AND PROSPECTS

With incoming wastewater expected to be on an uptrend, the outlook appears positive for RWTT and AnuRAK. However, the focus is not to solely rely on industry trends to drive revenues, but to actively pursue commercial opportunities to offer wastewater treatment services to other industrial estates in Thailand and also in other countries.

Beyond wastewater treatment, the goal is to create greater awareness and interest among industrial players to transition to using reclaimed water for non-potable industrial and commercial applications. While environmental considerations such as preservation of existing water resources can play a role in persuading management of companies, it is imperative that sustainability perspectives are combined with compelling cost-benefits analysis scenarios. Hence, the focus is on continuing to demonstrate the prospect of rising commercial and industrial tariffs for potable water and the potential cost savings from shifting to reclaimed water, notably over the medium and long term.

Growing the top line will be supported by continued measures to shore up earnings margins through cost-efficiency strategies and improving overall productivity. Both RWTT and AnuRAK continue to engage with a wide range of stakeholders such as technology providers, academia and others to derive potential cost savings as well as new breakthroughs and innovations that will enable a more cost-competitive and efficient operation going forward.

As RWTT continues to evaluate potentials for growth in Thailand and Indochina, the company remains committed to operate its existing 12 plants in China. Opportunities for expansion will continue to be assessed, with considerations of risks as well as financial opportunities.

MANAGEMENT DISCUSSION & ANALYSIS



ENERGY SECTOR

Ranhill Sabah Energy I Sdn Bhd (“RSE I”)



380 MW power
generating capacity from
two CCGT fired power plants



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



Provides electricity to
1.2 million population
in Sabah

Ranhill Solar I

50 MW clean energy generating capacity via solar

Ranhill’s Energy sector comprises Ranhill Sabah Energy I Sdn Bhd (formerly known as Ranhill Powertron Sdn. Bhd) and Ranhill Sabah Energy II Sdn Bhd (formerly known as Ranhill Powertron II Sdn. Bhd)*. RSE I and RSE II manage the operations of the Group’s 190 MW Teluk Salut and 190 MW Rugading combined cycle gas turbine (“CCGT”) power plants respectively located in Kota Kinabalu, Sabah.

In FY2023, both power plants in Sabah continued to meet all performance KPIs set by Sabah Electricity Sdn Bhd (“SESB”) as stipulated in their respective Power Purchase Agreements (“PPA”). This attests to the operational efficiency and professional management of both power plants. Both plants maintained a high availability of the Combined Cycle operation; exceeding 90% and 94%, respectively. A cumulative 2,617 GWh was despatched to the grid to meet Sabah’s energy consumption demand.

RSE I	FY2021	FY2022	FY2023	SESB’s KPI
Equivalent Availability Factor rolling (“EAFr”) (%)	92.54	90.25	93.25	87
Forced Outage Rate (“FOR”) (%)	1.65	4.08	1.02	4

RSE II	FY2021	FY2022	FY2023	SESB’s KPI
Average Available Target average (“ATav”) (%)	97.59	90.64	92.47	94
Contract Year Block AT (%)	94.56	94.69	94.35	94
Unplanned Outage Rate (“UOR”) (%)	1.77	2.67	1.70	4

At Rugading, ATav was at 92.47%, slightly lower than SESB’s KPI due to the need to undertake scheduled maintenance to ensure optimum operating conditions and plant capabilities. However, the Contract Year Block AT of 94.35% and the UOR of 1.70% met SESB’s KPIs and hence, performance was on par for FY2023. The Contract Year Block is calculated using a three-year average while Average AT is calculated based on a single year.

The ATav KPI is calculated and assessed on a 3-year basis (also known as 3-year blocks). The ATav in 2023 was lower than the 94% KPI as the main maintenance works for the entire 3-year block of 2023-2025 were scheduled during the year. However, the expected ATav on a 3-year basis for 2023-2025 is expected to exceed the 94% KPI.

A cumulative 2,617 GWh was despatched to the grid to meet Sabah’s energy consumption demand (1,338GWh from RSE I / Teluk Salut and 1,351GWh from RSE II / Rugading).

* Both companies’ name change effective date 30 August 2023.

MANAGEMENT DISCUSSION & ANALYSIS

The lack of installed energy capacity in Sabah often necessitates that Ranhill's power plants are required by SESB to operate for extended periods of time. This can affect the operational capability of plants. Hence, scheduled maintenance is necessary to be undertaken.

A notable development is the renaming of both CCGT power plants to reflect the long and close relationship between Ranhill and the state entity Sabah Energy Corporation Sdn Bhd ("SEC").

Effective August 2023, both power plants reflect Ranhill and SEC in their name; Ranhill Sabah Energy I Sdn Bhd ("RSE I"), Ranhill Sabah Energy II Sdn Bhd ("RSE II"), Ranhill Sabah Energy O&M I Sdn Bhd ("RSE O&M I") and Sabah Energy O&M II Sdn Bhd ("RSE O&M II").

As in previous years, management focussed on optimising plant output and cost and operational efficiencies. These included refurbishment of the turbine blades, upgrading of obsolete/ageing systems and

equipment for the gas turbines and asset prolonging activities such as implementing a Rotor Life Extension refurbishment programme and also undertaking various other asset enhancement initiatives. The latter included upgrading the Gas Turbine Generator Excitation Systems and Power System Stabilizers. Total CAPEX invested into RSE I and RSE II were RM10.34 million and RM5.19 million respectively.

On 4 April 2023, Ranhill's bid through a consortium comprising Ranhill Capital Sdn Bhd and SEC was selected as the winning bid for the development of a 100 MW CCGT power plant on the west coast of Sabah (Kimanis). The project involves the design, construction, ownership, operation and maintenance of a 100 MW CCGT power plant on a build, own, operate and transfer ("BOT") basis.

Ranhill holds 60% interest in the project while SEC holds the remaining 40%. The new CCGT plant will expand Ranhill's generation capacity in Sabah to 480 MW, sealing its position as the largest IPP in the state with

nearly 40% of the state generation capacity. The PPA is for a 21-year period, to commence from the project COD, estimated to be in 2026. Given the importance of the plant in meeting Sabah's growing need for sufficient installed capacity and reserve margin, the Group looks forward to the project seeing progress in FY2024.

FY2023 also saw the commencement of operations at the newly developed 50 MW LSS in Bidor, Perak. The plant achieved completion and COD on 7 February 2024, thus increasing the total installed energy capacity of Ranhill Energy to 430 MW. The EPCC works of the plant were undertaken by RBSB. The plant further strengthens Ranhill's credentials in the design and development of RE projects. This augurs well for the Group in tendering for similar projects, both locally and abroad.

Ranhill's Energy Sector has continued to pursue regional opportunities, both for conventional and RE projects.



Ranhill Energy continues to ensure its excellent operation adopting quality management systems and practice

MANAGEMENT DISCUSSION & ANALYSIS

With regard to the deferred tax appeal for RSE II, engagement with the Ministry of Energy and Natural Resources (“NRECC”) – now the Ministry of Energy Transition and Water Transformation (“PETRA”) – continues. Several meetings have been held and the matter remains under discussion. RSE II is resolute in pursuing the matter and is confident of a positive outcome going forward.

OUTLOOK AND PROSPECTS

The National Energy Transition Roadmap (“NETR”) offers optimism for Malaysia’s renewable energy sector. Beyond providing clear direction on the country’s journey for decarbonisation the NETR also provides visibility on the future of the industry, including upcoming opportunities for energy-related infrastructure development.

Moving the nation’s installed energy capacity from being fossil fuel dependent is a long-term plan that would require a significant increase in RE-based energy supply. Hence, a ramp-up of RE projects i.e. solar, mini-hydro, wind and geothermal is vital towards realising the aspirations of the NETR towards Net Zero Carbon Emission by 2050.

Ranhill’s Energy Sector is well-placed to pursue suitable opportunities. The division has proven its capabilities with the successful, long-standing operations of its CCGT power plants and the successful delivery of its maiden LSS solar plant. This strengthens the Group’s credentials in to participate in any upcoming LSS projects announced by the government.

The Kimanis and LSS solar plants will bring Ranhill closer to its goal of producing 1,000 MW of energy.

Given the Energy Sector’s established presence in Sabah, Ranhill will continue to focus on further expanding its presence in the state. Sabah’s energy sector offers promising growth prospects given the unique energy conundrum that the state faces.



Ranhill Energy will continue to maintain its focus on RE projects in Malaysia

Sabah presently has a low reserve margin, due to a lack of installed capacity, resulting in a higher number of outages, notably in the eastern part of the state. In addition, Sabah is dependent on diesel or coal-based power plants which produce higher emissions compared to gas or geothermal-powered plants or RE alternatives.

Hence, there is an urgent need for plant-ups and the Kimanis plant would be a welcome addition in enabling Sabah to progressively achieve the required installed energy capacity in the state, as well as drive the transition towards cleaner energy generation in line with the national decarbonisation agenda.

The Kimanis plant, together with Ranhill’s existing two CCGT power plants, can despatch energy to the eastern parts of Sabah with the upgraded West-East transmission line. The transmission line enables up to 400 MW of

electricity to be channelled from Sabah’s west coast to the east. This would facilitate additional electricity to be despatched and thus support increasing revenues.

Aside from the Kimanis project, Ranhill will also consider other potentials such as peaking power plants in Sabah as well as the untapped potential of wind and geothermal energy in the state.

The Energy sector, leveraging the internal expertise and capabilities of the Ranhill Group is also exploring the development of solar power plants to supply clean energy exclusively for the operations of Ranhill SAJ’s WTPs. The goal is to enable the decarbonisation of the latter’s WTP operations by designing and developing solar power plants for self consumption, including the infrastructure for supply and distribution of produced power.

MANAGEMENT DISCUSSION & ANALYSIS



ENGINEERING SERVICES SECTOR

Ranhill's Engineering Services sector comprises the following companies: Ranhill Water Services Sdn Bhd ("RWS"), Ranhill Water Technologies Sdn Bhd ("RWT"), Ranhill Bersekutu Sdn Bhd ("RBSB"), Ranhill Worley Sdn Bhd ("RW") and Ranhill Sabah Energy O&M I Sdn. Bhd ("RSE O&M I") & Ranhill Sabah Energy O&M II Sdn. Bhd ("RSE O&M II").

Ranhill Water Services Sdn Bhd	Ranhill Water Technologies Sdn Bhd	Ranhill Bersekutu Sdn Bhd	Ranhill Worley Sdn Bhd	Ranhill Power O&M Sdn Bhd	Ranhill Power II O&M Sdn Bhd
RM553 million total value New Projects	RM862 million Order Book	RM1,523 million Tender Book			

ENGINEERING SECTOR ORDER BOOK (RM' MILLION)

	FY2022	FY2023
RW	265.0	248.0
RBSB	367.0	241.1
RWS	192.0	344.0
RWT	38.0	10.3

RANHILL WORLEY ("RW")



World class organisational culture, global operating standards and global operations hub for offshore related oil and gas works for the Worley Group



Over **30 years** track record for engineering, design, management and consultancy services to the energy, chemicals, and resource sectors



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

In 2023, RW continued to record phenomenal growth. RW also has seen its workforce progressively expand to 1,200 strong while seeing foreign derived income rise to 50% of total revenues in 2023. RW has also emerged as one of the most technically proficient Worley offshore centres globally, with a low operating cost base. This attests to the competitive capability of RW and its ability to undertake complex and challenging domestic and international contracts, including several that are pioneering or breakthrough projects at the global level.

In FY2023, international projects secured were the Qatar North Field Production Sustainability ("NFPS") Offshore Compression Complexes Project and the ISDN China contract. This is in addition to the notable projects secured in the previous financial year such as the Brazil P-82 Floating Production Storage and Offloading ("FPSO") project and the Kasawari Carbon Capture Storage ("CCS") project.

MANAGEMENT DISCUSSION & ANALYSIS

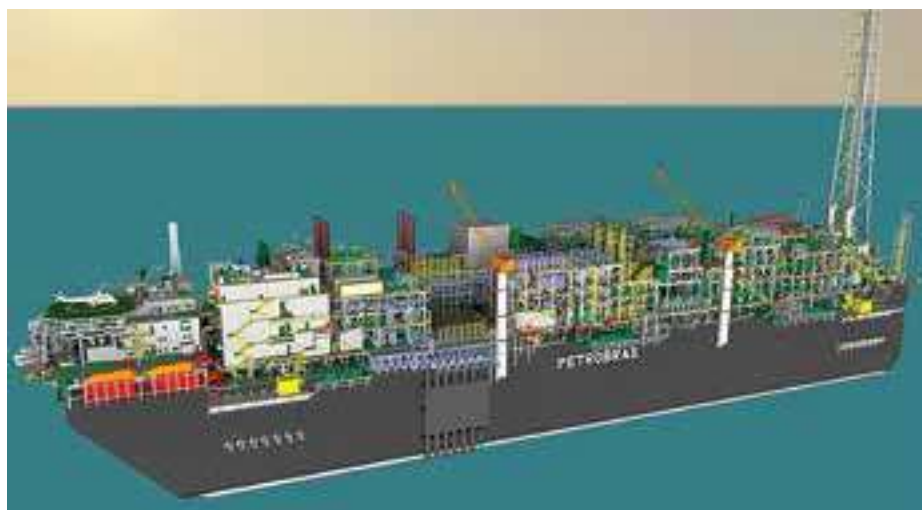
All projects have achieved varying stages of progress as provided in the following table:

Project	Status	RM' Million
Brazil P-82 Floating Production Storage and Offloading ("FPSO")	70% progress achieved. Completion by June 2024.	190.0 inclusive of variation order
Petronas Kasawari	Completed engineering design and fabrication works have commenced. RW continue to provide support consultancy for fabrication portion of project to client.	50.0
Lang Lebah	FEED design completed. Progressing to bidding stage for detailed design phase of the project.	50.0
Rosmary	Completed Detailed Design with MMHE.	40.0
Majoram	Completed Detailed Design with MMHE.	15.0
Qatar North Field Production Sustainability ("NFPS")	75% completed. Completion by July 2024.	200.0
ISND China	45% progress achieved. Completion by October 2024.	120.0

RW's scope of works for the Brazil P-82 Floating Production Storage and Offloading ("FPSO") consists of topside process and utility modules design. The contract was awarded by Sembcorp Marine Integrated Yard Pte Ltd. The P-82 FPSO vessel is for Brazilian state-owned oil and gas producer, Petroleo Brasileiro S.A and is expected to be one of the largest offshore vessels deployed in the ultra-deepwater Buzios oil and gas field, spanning more than 853 KM². P-82 will be equipped with CCUS and geological storage of CO₂.

P-82 is part of Petrobras' new generation of production facilities, characterised by high production capacity and by state-of-the-art technologies to reduce CO₂ emissions. The unit will also be equipped with a water injection capacity of 250,000 barrels per day and a storage capacity of two million barrels of oil.

The Kasawari project, once completed, will capture up to 3 million tonnes of carbon dioxide ("CO₂") per annum. RW's scope of work includes the CO₂ technology specification, evaluation and selection, along with the design and engineering development of the platform, jacket, bridge and pipeline.



Model of the Brazil P-82 FPSO

Business development aside, RW has maintained efforts to trim costs and improve operational efficiency and existing capabilities. Technologies such as artificial intelligence ("AI"), the Internet of Things ("IoT"), and automation were leveraged to harness operational efficiency and expedite project works while improving overall quality. This supported the deployment of a more strategic and focused approach to projects towards addressing specific focus areas or challenges with greater precision and improved outcomes.

RW has continued to invest in talent development and retention given the importance of the capabilities of its workforce to drive the business model. Hence, the provision of training opportunities and upskilling was a key feature of RW's activities in FY2023.

A noteworthy hallmark was RW charting up to 20 million manhours without a loss time incident ("LTI") as of the end of FY2023. RW's last LTI was recorded on 30 June 2022.

MANAGEMENT DISCUSSION & ANALYSIS



Illustration of the Qatar NFPS project



Illustration of the Kasawari CCS project



RW project of ISND, China

OUTLOOK AND PROSPECTS

The outlook for the oil and gas sector remains positive fuelled by continued economic growth and recovery. In Malaysia, the outlook is also positive as provided in the PETRONAS Activity Outlook (“PAO”) report for 2024-2026.

The PAO highlights opportunities in the niche sectors of identified engineering concepts and FEED works for four greenfield projects and ten brownfield projects. Demand for facilities improvement projects remains robust, with over 300 projects identified.

RW will continue to pursue suitable opportunities both locally and abroad. In Malaysia, the objective is to concentrate on facilities improvement projects that will enable the expansion of RW’s satellite offices in Kerteh, Miri, and Kota Kinabalu. In terms of overseas expansion, the focus is to further diversify investments and to

redouble business development efforts in Brazil, the Middle East, China, and Korea.

Another area of high-potential is CCUS. The requirements for CCUS solutions continue to expand from traditional sectors such as the oil and gas sector to other energy-intensive and high-emissions sectors such as manufacturing and power. This also bodes positively for RW, given its experience in the Petronas Kasawari and P-82 Floating projects, both of which involve CCUS design and build components.

Medium-term prospects involve investments in technology, further embedding ESG considerations into the business model and strategically positioning the company and its capabilities through aggressive brand and book-building activities, particularly in evolving markets for heightened competitiveness and growth. Long-term strategic focus will revolve around strategic investments in innovation, technology, and market diversification to equip RW with

the ability to seamlessly navigate industry shifts and evolving market demands, thus ensuring sustained relevance and continued competitive capability.

Even as the ongoing journey to decarbonise gains momentum at both national and global levels, the world remains at a transitional stage between hydrocarbon dependence and renewable energy alternatives (in fuelling continued economic growth). However, the use of new technologies such as CCUS and more spur a more sustainable approach where the impacts of oil and gas production can be reduced. This present period of transition presents significant opportunities for companies, given especially the significant underinvestment in technologies that would enable a reduced carbon footprint. RW will aim to capitalise on the opportunities within this transitional period while looking at alternative energy solutions such as hydrogen, offshore, wind and others.

MANAGEMENT DISCUSSION & ANALYSIS

RANHILL BERSEKUTU SDN BHD (“RBSB”)



Multi-disciplinary engineering
firm with a proven
50-year track record



Projects in more than
21 countries
throughout Asia, the Middle East
and Africa

ISO 9001:2015

(Quality Management System)

ISO 14001:2015

(Environment Management System)

ISO 45001:2018

(Occupational Health and Safety Management System)

ISO 37001:2016

(Anti-Bribery Management System)

In FY2023, despite initially encountering delays in piling and installation works, RBSB successfully expedited works to achieve completion of its LSS plant with COD achieved on 7 February 2024.

Other notable project highlights include the completion of the National Sewerage Master Plan for the Integrated River Basin Management Catchment project. Also completed was the Sarawak Metro KUTS design project (tender document provided to the project owner). All other major projects continued to register a steady pace of progress throughout FY2023.

Among the notable projects secured by RBSB in FY2023 were distribution improvement works for water supply from Semangar WTP to the Bukit Kulai reservoir, detail design for remaining infrastructure works for the Elmina East project, AVISENA Cyberjaya Specialist Hospital, Technical Audit for PETRONAS KLCC Twin Towers and Independent Checking Engineer for SILK Phase 2 project.

A notable project was RBSB being awarded by KLCC Holdings to perform a full audit of the Petronas Twin Towers, including an audit of mechanical and electrical, civil and structural aspects of the building as well as the external facade.

Ranhill Bersekutu had designed the Petronas Twin Towers. Three decades later, RBSB provides its expertise once again towards ensuring the posterity of an iconic Malaysian building project. RBSB's involvement on the KLCC project further attests to the technical capabilities of RBSB as well as the confidence of the project owners in entrusting the audit to Ranhill.

Project	Client / Project Owner	RBSB's Work Scope	Value (RM' Million)	Status
National Sewerage Master Plan on the Integrated River Basin Management Catchment	SPAN	Sewerage Catchment Masterplan Study	1.08	Completed.
Elmina West Phase 3 (6444)	Sime Darby	Earthwork, infrastructure Civil and structure works and MET Planning, Detailed Design & Construction	4.715 Phase 1&2	40% completed. Full completion expected in Year 2028.
Principal Consultant to Carry out Detailed Design and Supervision for Tok Bali Industrial Park (6446)	ECERDC	Earthwork & Infrastructure C&S and MET Master Planning, Detailed Design & Construction	7.27 Phase 1&2	Detailed design stage almost completed. Phase 1A construction started in January 2024.
AVISENA Cyberjaya Specialist Hospital	AVISENA East Sdn Bhd	M&E consultancy	1.86	Under design stage and Development Order (DO) submitted.

MANAGEMENT DISCUSSION & ANALYSIS

Project	Client / Project Owner	RBSB's Work Scope	Value (RM' Million)	Status
AVISENA Shah Alam Hospital Building Expansion	AVISENA Healthcare Sdn Bhd	M&E consultancy	1.68	Has reach tender stage.
KPJ's Puteri hospital expansion	KPJ Puteri Specialist Sdn Bhd	M&E consultancy	0.56	Under construction stage.
KLIA Baggage Handling System (BHS) replacement	T7 Global Sdn Bhd	M&E consultancy	3	Phase 1 under construction stage. Phase 2 and 3 design in progress.
BIM and Interface Management for BHS KLIA project	T7 Global Sdn Bhd	BIM and Interface Management	3.28	Phase 1 under construction stage. Phase 2 and 3 design in progress.
Genting Highland Midhill water resources development	Aliran Tunas Sdn Bhd	Detailed design for water supply system including intake, WTP, pipeline and reservoir.	1.7	Under design stage.
PETRONAS KLCC Twin Tower Technical Audit	KLCC Holdings Sdn Bhd	Full technical audit including architectural, structural, mechanical and electrical services	0.5	Final draft report submitted.
Semanggar WTP to Bukit Kulai	Ranhill SAJ	Detailed design for water distribution improvement works for supply to Kulai and Sedenak areas.	7.22	Preliminary engineering design.
SILK Phase 2 project	Turnpike Synergy Sdn Bhd	Independent Consulting Engineer (ICE)	1.73	Construction stage.
Sedusun Tech Valley	Arkitek Urbanisma	M&E consultancy	0.4	Preliminary design stage.
Elmina East	Sime Darby Property	Earthwork, infrastructure Civil and structure works and MET Detailed Design & Construction	4.05	Recently awarded project. Under planning and preliminary design stage.
Gleneagles Hospital Sabah	Gleneagles Hospital, Kota Kinabalu	Technical Due Diligence	0.22	Completed.
Bangladesh sanitation design project	Department Public Health Engineering, Bangladesh	Sewerage Design Consultancy	2.7	90% overall project completion.

In Sabah and Sarawak, RBSB's team continues to undertake road safety audits for both states. On a separate note, all three packages of the Lingkar Tengah Highway in Gua Musang, Kelantan totalling 60 KM in highway length awarded by JKR to RBSB have been contracted for construction. Similarly, the Tok Bali project awarded by the East Coast Economic Region Development Council ("ECERDC") to RBSB has been contracted out with works commencing in December 2023.

MANAGEMENT DISCUSSION & ANALYSIS

Through the adoption of BIM, RBSB continues to improve operational productivity through the development of more collaborative workflows and increased multi-disciplinary team contribution in real time. BIM implementation has yielded a 20% reduction in project delivery time, while enabling greater integration of multiple software solutions for design and model collaboration, including the creation of a Common Data Environment (“CDE”) and improved clash detection and elimination of design conflicts. This has resulted in improved project efficiency, reduced human errors and streamlined workflows.

The implementation of BIM and centralised drawing production has culminated in the establishment of a dedicated Digital Delivery Unit (“DDU”) unit within RBSB. The establishment of the DDU comprising 27 members, has significantly eased the sharing of drawings and model deliveries across RBSB and with other parties. DDU collaboration via Cloud enables seamless work processes and multi-party real-time engagement and collaboration across diverse disciplines, amplifying collective efforts within the team.

The availability of BIM capabilities and the establishment of the DDU unit has enabled RBSB to secure several contracts such as the KLIA BIM contract and 3D modelling contract. BIM and DDU ultimately further solidify RBSB’s market positioning as an industry leader, with cutting-edge technological capabilities and the expertise to undertake complex of technically demanding infrastructure projects. Importantly, it clearly distinguishes RBSB as being ready for IR4.0.

RBSB’s Klang Gate Dam Break Analysis Study for Air Selangor received the ‘Best Dam Safety Towards Community Award’ during the 2nd International Conference on Dam Safety Management and Engineering 2023 by Malaysia Committee on Large Dam (MYCOLD). The award was given due to the strong stakeholder engagement workshops

conducted with the use of state-of-the-art 1D/2D and 3D modelling and visualization. RCSB has also won the Best Paper for SCOPUS and UTM Journal Award for the paper “Application of Industrial Revolution 4.0 Technologies for Flood, Water, and Sewerage Management, Planning and Design in Malaysia” in the National Water Innovation Conference and Exhibition 2022 (NWICE) by NAHRIM, KASA, JPP. Another accolade achieved in FY2023 was from client Sime Darby Property for RBSB’s mechanical and electrical engineering work on the former’s mixed developments.

FY2023 saw several MoUs signed with local firms in both Indonesia and Bangladesh. This paves the way for future joint ventures or strategic partnerships towards exploring potentials and securing additional projects in Bangladesh and Indonesia. Beyond MOUs, RBSB has submitted several projects bids for infrastructure projects in Bangladesh, with the results of the bids to be announced in the second quarter of FY2024.

RBSB continued with its certification of ISO 9001 with 18 years of zero non-compliance record (“NCR”) and has also implemented an Anti-Bribery Management System (“ABMS”) complying with ISO 37001: 2016.

OUTLOOK AND PROSPECTS

The Malaysian construction market is projected to average an annual growth rate (“AAGR”) of more than 5% during 2024-2027. The growth is attributed to large-scale investments in transport, industrial and RE projects. This is in addition to the government’s aim of establishing the Public Private Partnership (“PPP”) 3.0 model, which is a specialised mechanism to fund infrastructure projects under the 12th Malaysia plan between 2021 and 2025.

Budget 2024 alludes to the revival of key infrastructure projects under the 12th Malaysia Plan. These include the 5G rollout, the East Coast Highway 3, flood mitigation projects, the West Coast Expressway, the

East Coast Rail Link, the Central Spine Road, Mass Rapid Transit 3 (“MRT3”), Bayan Lepas Light Rail Rapid Transit (“BLLRT”) in Penang, the remaining Pan Borneo Highway and the Johor-Singapore Rapid Transit System.

The push for increased RE installed capacity in line with the objectives of the NETR, also provides a conducive environment for the development of solar, mini-hydro, wind and other RE plant-ups. Ranhill, through RBSB’s expertise, will continue to actively bid for suitable tenders announced by the government.

Alternatively, proposals can also be submitted to RE-related projects in the peninsular or East Malaysia.

On the whole, the outlook appears positive though not without risks and challenges. These rising material costs labour shortages as well as embedding sustainability practices and new technology which entails upskilling and knowledge transfer.

In terms of overseas markets, RBSB will continue to explore Indonesia and Bangladesh. Indonesia is a key focus for expansion. The country’s large population size and underdeveloped water infrastructure situation provide ample opportunities going forward. Focus areas include water supply, drainage, wastewater treatment and management, roads and rail infrastructure, conventional and RE power plant-ups and more. Another prospect is the TRSS Phase II (Trans South – South Java Project), Project Management Supervision.

RBSB is working towards adopting full digitalisation solutions. Specifically, the unique digital capabilities in relation to flood mitigation and water resources management hold RBSB in good stead going forward. Integration of digital capabilities has been earmarked as a requisite by the Malaysian government with regard to flood alleviation and management of water resources.

MANAGEMENT DISCUSSION & ANALYSIS



Showcasing RBSB Team's creative flair to design wall graphics that adorned their new workspace.

In identifying gaps in terms of technical capabilities and resources, RBSB is looking to leverage further within the group as well as consider potential acquisitions.

RBSB continues to be aware of the competitive nature of engineering services with ever-present demands for more competitive fees and high-quality services. Finding and maintaining a capable technical team along with continued emphasis on QMS is critical while optimising OPEX.

RANHILL WATER SERVICES ("RWS")

RWS is a leader in NRW management, having undertaken a wide range of NRW-related projects in Malaysia and abroad. RWS integrated capabilities encompass in-depth technical consultation, tailored NRW management activities and NRW-related civil works including pipe rehabilitation works. In essence, RWS provides a complete solution to effectively arresting NRW. Its competencies and capabilities are augmented by the company's internally developed NRW management systems such as AquaSMART, which was developed in-house by RWS.

In FY2023, RWS completed the PR1JB (Pipe Rehab) contract with the certificate of Practical completion ("CPC") received from Ranhill SAJ on 31 August 2023. Over 46km of pipeline in the state was successfully rehabilitated. The pipe rehabilitation works, together with the NRW Reduction contract for the Johor state were pivotal in reducing NRW to 25% in 2023, below the SPAN target of 25.5%. As of the end FY2023, total NRW saved by RWS now stands at 774 MLD with the addition of another 23 MLD compared to FY2022.

Other than Johor, RWS had also successfully replaced 15 KM of pipelines in TLDM Naval Base, Lumut, Perak and 72.5 KM of pipelines in Kelantan, respectively. This was achieved through two different contracts by JKR (TLDM) and PAAB (Kelantan).

Under the National NRW Program Approach One, RWS achieved 100% physical completion of projects undertaken in both Pahang and Perlis. Both locations faced significant challenges. Among these were obtaining client's confirmation on the output of the system and specifically in Perlis, the difficulties posed by the ageing and

complex water supply network and system. However, these issues are being effectively addressed through constant engagement with stakeholders.

RWS has started work on design and building of a new water supply system at TLDM naval base. The scope of work includes the rehabilitation and repair of existing reservoirs, as well as the construction of new infrastructure such as a pump house, guard house, and TLDM substation. The most significant work is laying approximately 52 kilometers of new mild steel distribution pipelines through out the base to enhance water distribution capabilities.

RWS had also involved in developing Ranhill SAJ Command Centre Dashboard. It is a state-of-the-art system that enables comprehensive coverage of Johor's entire water system and related infrastructure.

The Command Centre Dashboard for Phase 1 has been successfully completed, and Phase 2 implementation is targeted for completion within the second half of 2024. The expansion will provide better insights into the entire water supply system, from the raw water extraction to the customer (source to tap).

Pertaining to AquaSMART, in FY2023 the system was further upgraded in stages with the major works being the comprehensive overhaul of the entire system. This included adding enhanced security features as part of the re-engineering process.

As of the end of FY2023, 1,196 district metered areas ("DMAs") were established in Johor (FY2022: 1,184 DMAs) with a connection coverage of 95%. The DMA network or system enables more effective coverage and oversight of water losses within the water supply system, where losses can be localised and water supply improvement prioritised.

In FY2023, RWS was awarded the NRW reduction contract for the state of Johor valued at RM284 million. This is a 3-year

MANAGEMENT DISCUSSION & ANALYSIS

contract that will keep RWS busy whilst providing revenue and earnings visibility going forward. The contract will also pave the way for further NRW reduction for Johor going forward.

OUTLOOK AND PROSPECTS

Both Approach One and Approach Two of the Matching Grant Scheme continue to provide opportunities for NRW specialists such as RWS to approach water operators with comprehensive NRW programmes. RWS, given its proven track record for successfully undertaking NRW projects (under Approaches One and Two) holds Ranhill in good stead to secure additional contracts.

Challenges remain arising primarily from various on-ground issues. However, RWS continues to develop strategies to address the issues.

Beyond water operators, RWS will also look at other NRW potentials such as government institutions, industrial centres and more. The experience with the TLDM Lumut base attests to RWS' capabilities in undertaking specific NRW or water infrastructure projects.

On a separate note, the ongoing collaboration with PETRONAS has yielded encouraging results with RWS assessing the viability of adopting ProAssure™ Aqua leak repair technology. ProAssure™ Aqua features composite repair technology, which enables online leak repair. This novel crossover of oil and gas technologies into the water sector further augments RWS's capabilities.

RANHILL WATER TECHNOLOGIES ("RWT")

In 2023, RWT secured a total of RM11.1 million in new contracts and successfully completed existing projects in hand. Key highlights include the resecuring of the Forest City, Gelang Patah desalination project.

Another project highlight was RWT's appointment as sub-consultant for the Condition Assessment of Water Treatment Plant for Johor State for WTPs in Kluang district. Awarded by RBSB for end-client Ranhill SAJ, this contract entails an assessment of the intake, raw water pipelines and the balancing reservoir. Stage one of the project comprises an assessment of existing conditions while stage two entails developing the preparation of needs statement and recommended scope of services. As of December 2023, 75% of work has been completed with the remaining portion of works to be concluded by July 2024.

OUTLOOK AND PROSPECTS

The financial year, saw the merger of RWS and RWT into a new combined entity Ranhill Technologies Sdn Bhd ("Ranhill Technologies"), which would provide integrated services that would enable a more strategic and competitive positioning in targetting new project potentials.

Ranhill Technologies enables synergistic capabilities to be leveraged tapping the inherent expertise and experience within to deliver innovative and market-oriented solutions with regard to water network

management services, NRW management, the undertaking of civil works related to NRW and more. The creation of Ranhill Technologies is driven by market sentiments towards capitalising on the growing need for an integrated approach in the design, build and operation of water infrastructure and other related projects.

Ranhill Technologies' strategic priorities are to complete all projects on hand within the stipulated timeframes, while further building its order book via active tendering activities. This includes submitting proposals and participating in tenders called by state water operators nationwide and also working with the drainage and irrigation department of Malaysia on sewage treatment plant ("STP") development.

Ranhill Technologies also shall source for projects from non-traditional clients, notably in developing customised water and wastewater treatment systems and for NRW management.

MANAGEMENT DISCUSSION & ANALYSIS

RISKS AND MITIGATION

Ranhill has identified pertinent business, operational, financial as well as ESG risks (i.e. climate change, etc.) and has developed a comprehensive risk management approach including mitigation strategies to address all identified risks and related impacts.

Comprehensive information on the Group's risk management framework and its internal and processes and controls is provided in the Statement of Risk Management and Internal Controls on pages 134-136 of this report. The following is a concise disclosure of significant risks and the Group's devised and deployed mitigation strategies for each of its business divisions and principal operating companies.



ENVIRONMENT SECTOR

Risks	Mitigation Strategies
Shortage of raw water quantity	Continued focus on increasing extraction ability through undertaking of related infrastructure projects. This includes the ongoing raw water transfer project to supply 18 MLD of raw water from Sg. Sedili Besar to Sg. Gembut.
Inability to supply adequate treated water	<p>A combination of arresting and reducing NRW over time towards the desired level of 20.9% by 2025. This is to be achieved by undertaking active pipe rehabilitation and replacement plans under the respective Operations. Key to the efforts is addressing ILI.</p> <p>Ranhill SAJ will also continue to focus on the construction of new WTPs such as the Sungai Layang 2 (Phase 1) WTP. In addition, existing WTPs, where necessary continue to be upgraded towards increasing treatment capacity.</p>
Raw water contamination and pollution	Continued efforts at monitoring pollution hotspots and working closely with enforcement authorities to take necessary action on polluters. Continuous efforts at education and awareness together with enforcement have been effective in reducing the number of pollution cases.
Change in policies with regard to wastewater management, especially reclaimed water (Thailand)	<p>Growing interest and demand for reclaimed water use of non-potable applications (industrial/commercial use) remained positive in line with Thailand Water Resources Management Master Plan 2018-2037 to increase treatment efficiency and control of wastewater discharge into the environment.</p> <p>Ensuring wastewater discharge is treated in accordance with the applicable standards and regulations.</p> <p>Risks are mitigated to large extent by long concession periods, minimum offtake and provision of comprehensive clauses that allow for changes as stipulated in contract management from related parties.</p>
Inability to run operation of WTP, WWTPs and WRTPs effectively due internal or external factors such as pandemic, business interruption etc	<p>Continued talent development especially for specialised and niche skillsets in plant operation.</p> <p>Develop strategic partnerships with product manufacturers, and technical and services providers to strengthen the supply chain and drive cost efficiencies.</p> <p>Ensuring the operation of WTP, WWTP and WRTPs comply with applicable laws and regulations enforced by the Industrial Estate Authority of Thailand, Provincial Waterworks Authority etc.</p> <p>Good monitoring and evaluation mechanisms to track progress towards business objectives/policies, assess the effectiveness of implemented measures and identify areas for improvement.</p>

MANAGEMENT DISCUSSION & ANALYSIS

Risks	Mitigation Strategies
Intensified competition due to many players and new market entrants	<p>Leverage established presence to pursue potential in other industrial parks in Thailand.</p> <p>Robust stakeholder engagement through participation in water sustainability programs such as Thai Water Expo 2023 Thailand's International Exhibition and Conference on Water Resource Management and Wastewater Technology.</p> <p>Developed engagement with technical resources for identification of applicable and potential technology ideas to adapt to business operations.</p>
Challenging incoming water and wastewater quality	Leverage internal technologies to offer customised solutions and specialised facilities that offer competitive value propositions and plant performance.



ENERGY SECTOR

Risks	Mitigation Strategies
Inability to Complete Kimanis Project on Time	<p>Tight construction period of 24 months with liquidated damages payable for delays and a Longstop Date (Termination) at only six months after scheduled COD.</p> <p>The time for construction is effectively only 24 months with Liquidated Damages payable for delay and the Longstop Date (Termination) at only six months after the scheduled COD.</p> <p>Continued engagement with all parties, notably regulatory bodies to expedite necessary approvals.</p>
FOREX Risks	Continued hedging against a basket of currencies, use of locked-in rates for stipulated time periods, incorporation of cost pass through mechanisms in contracts, where feasible.
Limitation of Investment Tax Allowance	<p>Management has approached the Finance Ministry and NRECC on the Investment Tax Allowance and discussion remains ongoing.</p> <p>Maintain high plant availability to achieve high load factor and implement proper ERP for all necessary circumstances.</p>

MANAGEMENT DISCUSSION & ANALYSIS



ENGINEERING SECTOR

RBSB

Risks	Mitigation Strategies
Inability to replenish order book	Continued business development activities include active tendering for suitable projects locally and abroad. Hiring competent staff to ensure prime capacity and ability to develop competitive bids and compelling value propositions to secure jobs.
Potential design claims	Benchmarking with established quality standards and the establishment of a DDU unit will ensure that high-quality deliverables can be produced. Additionally, continuous training and development of staff are provided to maintain quality levels.
Loss of capable staff	Continued recruitment of staff based on the principle of merit in ensuring a competent talent pool of professionals. Recruitment strategies are supported by active professional development activities for staff, primarily the provision of training opportunities to ensure staff possess the necessary competencies and qualifications to execute jobs accordingly.

RW

Risks	Mitigation Strategies
Volatile oil prices and market demand fluctuations	Diversification of client base to include international clients and long-term service contracts for local clients.
Project risks	RW runs comprehensive risk-based models on all projects to ascertain risks and risk levels. These include identifying special risks and addressing risks of non-favourable contract terms, negative cash flow, client's reputation, country risk profiles, etc.
Delays in collections	The budget is estimated at early of the year for development, capex and OPEX. Development is identified using appraisal assessment and job requirements identified by each departmental head.

RANHILL TECHNOLOGIES*

Risks	Mitigation Strategies
Stiff market competition	Continued focus on cost efficiency, including collaboration with potential partners during tendering to develop stronger value propositions.
Competition from small players	Offered small packages instead of holistic approach.
Differing interpretations of contract terms & conditions and stringent targets imposed by clients	Clearly managing client expectations from the commencement of a project, ensuring the inclusion of variation clauses and caveats due to force majeure or any developments beyond Ranhill Technologies' control. Renegotiating terms where feasible or necessary.
Material price escalation	Implement provision for contingency in pricing. These include, where possible pass through mechanisms or options to revise material costs based on agreed contract terms. Other strategies include diversifying the supplier base and increasing the inclusion of OEM manufacturers to reduce dependence on overseas sourced materials.

* On 3 December 2023, RWT and RWS completed their merger forming Ranhill Technologies Sdn Bhd ("Ranhill Technologies").

SUSTAINABILITY STATEMENT



RANHILL SUSTAINABILITY STATEMENT 2023 IS A CONCISE NARRATIVE, PROVIDING DISCLOSURES ON THE GROUP'S ESG PERFORMANCE AND HIGHLIGHTS FOR THE FINANCIAL YEAR. THIS STATEMENT IS A SUMMARY OF THE STANDALONE RANHILL SUSTAINABILITY REPORT 2023 ("SR2023"), WHICH PROVIDES A DETAILED ACCOUNT OF THE GROUP'S SUSTAINABILITY DISCLOSURES IN ACCORDANCE WITH THE DISCLOSURE REQUIREMENTS OF BURSA MALAYSIA FOR SUSTAINABILITY PERFORMANCE, AS WELL AS IN ACCORDANCE WITH THE DISCLOSURE REQUIREMENTS OF VARIOUS INTERNATIONAL FRAMEWORKS. SR2023 CAN BE VIEWED HERE:

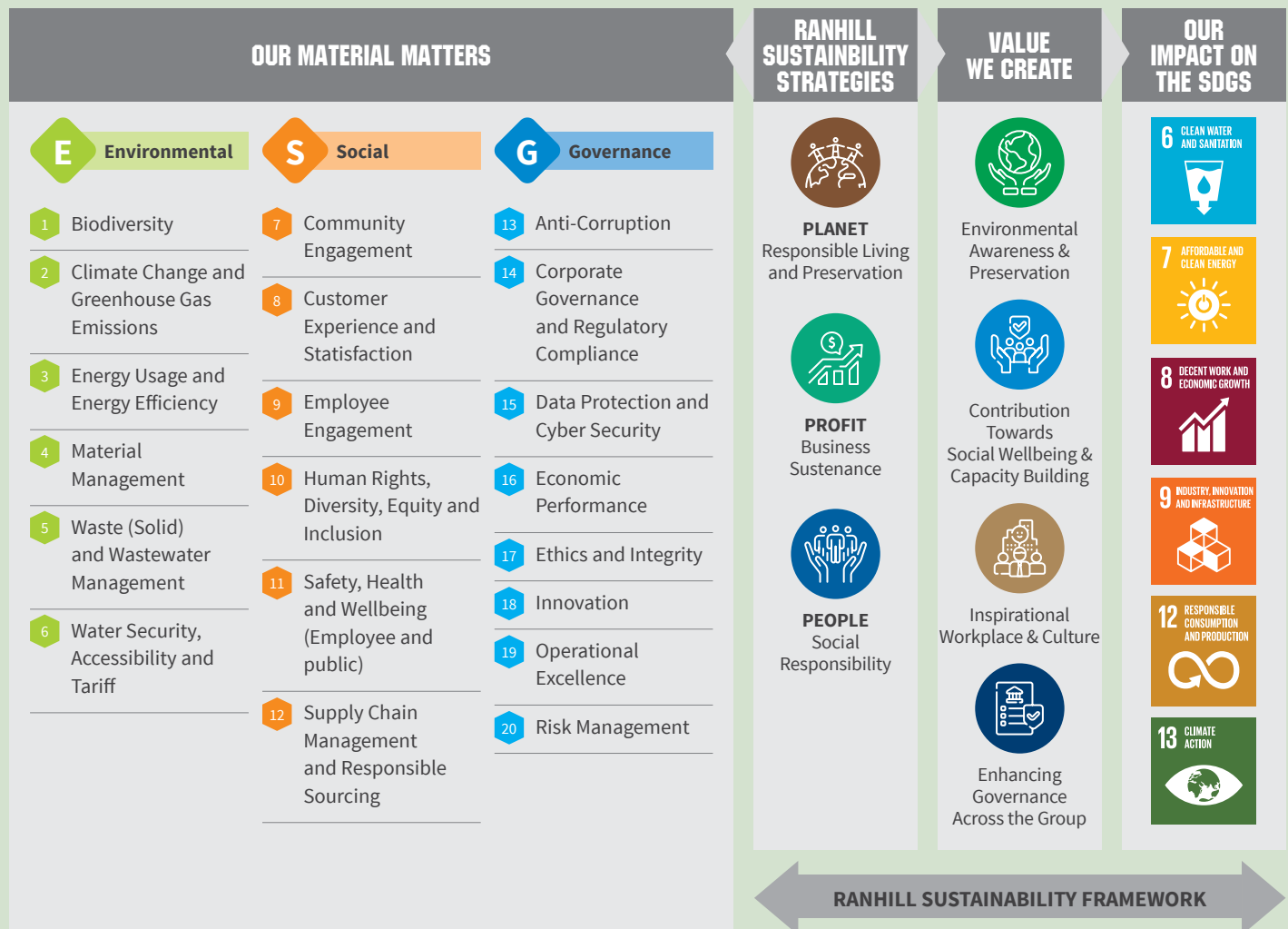


<https://ranhill.com.my/sustainability/sustainability-reports/>

SUSTAINABILITY STATEMENT

MANAGEMENT'S APPROACH TO SUSTAINABILITY

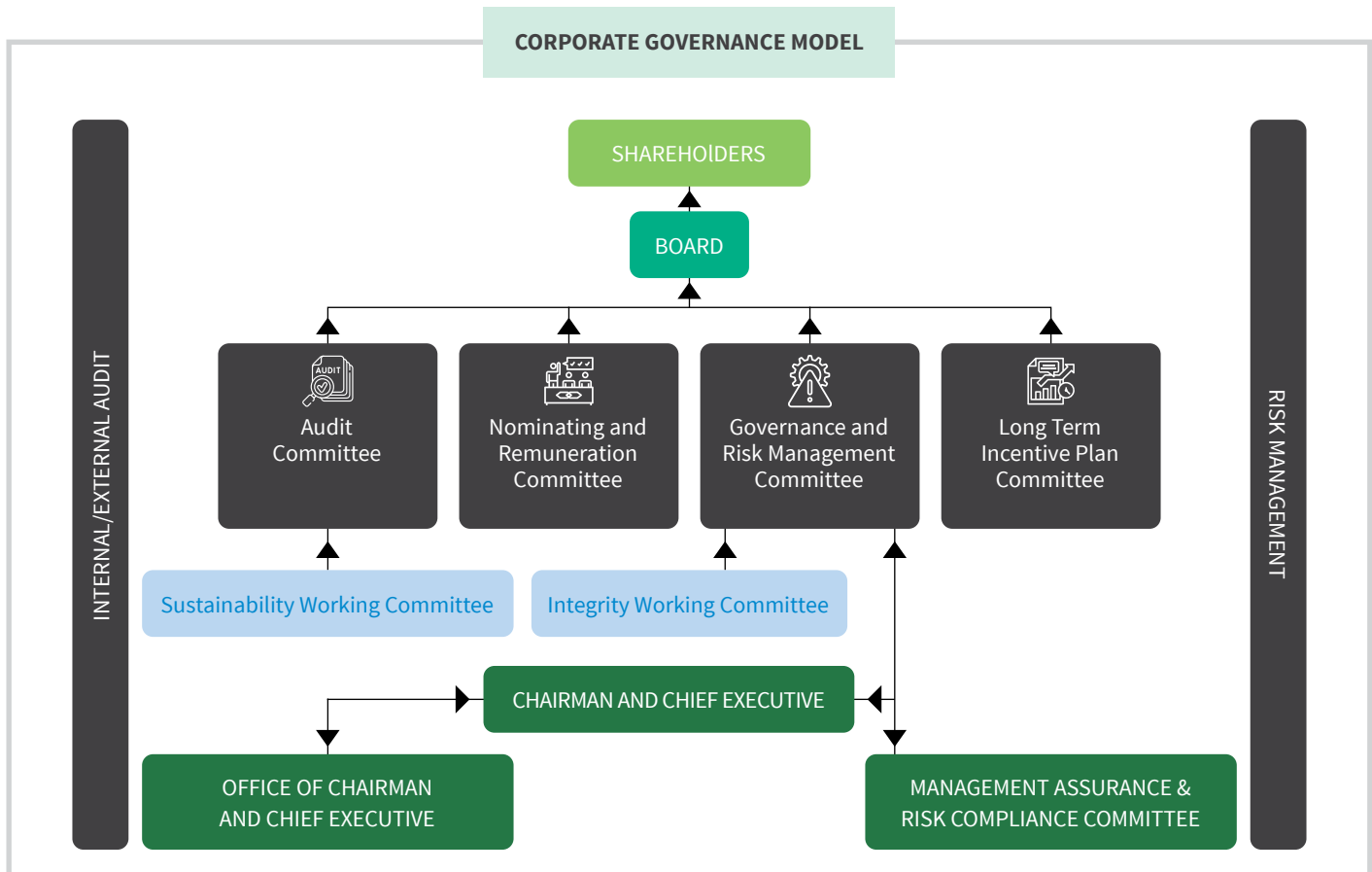
Ranhill has established the Ranhill Sustainability Framework which serves to progressively embed sustainability into the mainstream of the Group's strategic thinking and business model. The framework serves as the bridge in linking business and operational considerations with material ESG matters, towards developing an integrated approach to value creation.



The framework enables Ranhill to actively contribute to the betterment of the environment and society while ensuring the robustness of the business model. This includes contributing to the realisation of specific United Nations Sustainability Development Goals ("SDGs") and the three pillars of people, planet and profit.

SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE STRUCTURE



The Ranhill Governance structure enables an effective management approach and necessary oversight on all material ESG matters. Setting the appropriate tone from the top is the Board of Directors who hold the ultimate responsibility and oversight on corporate governance. The Governance and Risk Management Committee (“GRMC”) enables comprehensive coverage of risks, including ESG risks. The GRMC is supported by the management-level Integrity Working Committee (“IWC”) and the Board Audit Committee (“BAC”).

The governance structure operationalises sustainability enabling comprehensive oversight on material ESG matters and the implementation of action plans towards realising respective KPIs and targets. The governance structure is leveraged with regard to managing and addressing climate change, human and labour rights, occupational safety and health and other material topics. A key aspect of the structure is the existence of two-way communication where information or directives are conveyed from the Board in a top-down manner, while feedback, results and data is disseminated from operational levels to the leadership.

The IWC comprises the Head of Group Legal & Compliance as the Chairperson and representatives from Ranhill’s key subsidiaries: Ranhill SAJ, Ranhill Energy, Ranhill Water Services, Ranhill Water Technologies, Ranhill Bersekutu Sdn Bhd, Ranhill Worley as well as representatives from the Group Human Resources Division, Group Corporate Secretarial and Group Corporate Assurance Division (“GCAD”).

IWC’s role is to ensure a high level of integrity across the Group which includes ensuring regulatory and procedural compliance. However, beyond compliance, the IWC is tasked as promoting awareness, undertaking educational activities and also serving as the first line of investigating any whistleblowing or corruption cases as well as any reports or incidents of breach of ethics and non-compliance.

The management-level Sustainability Working Committee (“SWC”) comprising a cross-functional working team from across the Group reports to the BAC. The SWC is tasked to develop sustainability programmes and action plans. The Management Assurance Risk & Compliance Committee (“MARCC”) comprises Senior Management and Department Heads across the Group’s organisational structure.

SUSTAINABILITY STATEMENT

BOARD REMUNERATION AND SUSTAINABILITY TARGETS

Ranhill has linked the achievement of sustainability targets with the remuneration of senior executives within the Group. At several of the Group's subsidiaries, the remuneration of Senior Management has been linked to the level of regulatory compliance achieved against the Key Performance Indicators ("KPI") set by industry regulators. These include environmental and social performance considerations.

SUBSIDIARY	DESIGNATION	KPIS LINKED TO REMUNERATION
RSE	CEO, Head of Plant and the Safety and Health Officer	Occupational Safety and Health ("OSH")
Ranhill SAJ	CEO	Water quality as well as customer satisfaction KPIs as prescribed by Suruhanjaya Perkhidmatan Air Negara ("SPAN")

STRONG ANTI-CORRUPTION STANCE

Ranhill continues to adopt a zero-tolerance approach to all forms of corruption. Ranhill's Code of Conduct and Business Ethics defines what constitutes corrupt acts. These include bribery, favouritism, kickbacks, the receiving and giving of gifts, favours, hospitality and more.

Beyond the Board, Senior Management and employees, Ranhill's no-compromise stance on anti-corruption also covers any individual and organisation that has dealing with the Group. Ranhill SAJ requires all employees to sign an anti-corruption declaration as a pre-requisite for recruitment. Ranhill SAJ has implemented best practice based on ISO 37001: Anti-Bribery Management System standard and complied to Integrity Framework for Licensee and Certification Agency issued by Suruhanjaya Perkhidmatan Air Negara ("SPAN") on 10th July 2019.

In 2023, all managerial and operational staff have received information on anti-corruption and bribery. This includes a mandatory 2-hour briefing on the Ranhill anti-corruption Policy & Procedures. The same materials are made available to staff at all times via the Intranet. The Board, Management and staff have received at least two hours of anti-corruption training.

All tender documents, and requests for proposals ("RFPs") come attached with the Group's anti-corruption requirements. Suppliers must acknowledge their understanding of the anti-corruption documents and provide written affirmation to be free from corrupt practices and will remain as such throughout their business dealings with the Group.

Where relevant, audits or background checks may be conducted on suppliers, prior to the awarding of contracts. Any supplier who is found to have engaged in corrupt practices will be reprimanded accordingly. Action taken can range from immediate contract termination to reporting the offender to the authorities for legal action. Reminder memos are sent to all suppliers on a periodic basis reminding suppliers to continue adopting a zero-tolerance stance on corruption, including bribery.

In 2023, there were zero cases of non-compliance within the CCBE and zero confirmed cases of corruption.

ASSESSMENT OF OPERATIONS AT HIGHER RISK TO CORRUPTION

As in previous years, Ranhill has continued to assess its operations for potential corruption risks or vulnerabilities. This includes identifying any aspects of the Group's operations which may be more prone to corruption. Findings indicated that no parts of the operation, subsidiary companies or aspects of operations were deemed to be of high risk. Findings were derived after assessing the present level of anti-corruption controls and internal processes put in place.

SUSTAINABILITY STATEMENT

Description	2021	2022	2023
Total number of operation accessed for risk related to corruption	5 out of 5 operations assessed for risks related to corruption.	Ranhill through its Group Legal and Compliance had assessed for risk related to corruption.	Seven (7) Ranhill subsidiaries were assessed for the annual corruption risk assessment.
Percentage of operations assessed for risks related to types of corruption	The Group Level: 100% Subsidiaries Level: 80%	Subsidiaries Level : 100%	100%
Number of corruption risk assessments based on types of corruption, including bribery	Bribery Risk Analysis presented to MARCC and reported to Board of Directors.	Nil	Each subsidiary underwent risk assessments in six areas: Gifts, Entertainment, and Hospitality; Procurement and Tendering; Donation, Sponsorship, and Political Contributions; Dealing with Government Officials / Authorities and Revolving Door; Hiring Practices / Recruitment and Promotion; and Facilitation Payments.
Significant risks related to corruption identified through the risk assessment	Nil	Nil	Nil

DATA PRIVACY AND SECURITY

Ranhill adheres to the Personal Data Protection Act (“PDPA 2010”) with regard to the management of data. Several of the group’s subsidiaries, namely Ranhill SAJ, collect and store a wide range of customer data. The company has implemented policies and procedures to safeguard personal data, obtain consent for data processing, and provide individuals with the right to access and correct their personal information.

Data is collected with the consent of data owners at all times and is stored and protected through the use of sophisticated IT systems including firewalls and dedicated servers. Data is used only for the intended purposes and by relevant parties only with the full consent of the data owner obtained prior to dissemination and use. Data is not made available to 3rd parties without the prior consent of data owners or unless officially requested by law enforcement of government agencies.

2023 saw zero complaints received pertaining to data breaches.

Description	2021	2022	2023
No. of Data Breach Cases and Complaints Received	0	0	0

SUSTAINABILITY STATEMENT


STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an essential aspect of the Group's operations. Engagement is vital towards enabling Ranhill to better gauge what stakeholders want or deem important and to align accordingly with these expectations.

Importantly, the “voice” of stakeholders are growing in significance. Regulatory bodies, investors even local communities are increasingly more vocal in demanding that businesses take a stronger interest and concerted action with regard to environmental and social matters and in safeguarding stakeholders' interests.

Ranhill defines stakeholders as individuals, groups or entities that have the potential to influence or impact Ranhill's operations. Individuals or groups who are, or may be potentially impacted by the Group's presence or business operations are also regarded as stakeholders. Following is a snapshot of the Group's stakeholder engagement activities for the financial year:

STAKEHOLDER ENGAGEMENT TABLE

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
 Employees	<i>Kindly refer to Appendix Six for specific engagement activities</i>	Activities that are designed to provide employees with opportunities to bond and build stronger relationships among themselves.	Improved staff morale, higher awareness and understanding of the Group's business plans, reduced attrition rates, improved organisational culture and a greater sense of belonging to the Ranhill brand among staff.
	Let's Talk Value Management Townhall Session Ranhill SAJ 2023	Employee engagement forum to provide staff with a channel to voice their concerns and aspirations to Management.	
	Signing Ceremony Collective Agreement (“CA”)	Renewal of the ongoing collective bargaining agreement between Ranhill SAJ and entitled employees, towards ensuring the continued wellbeing and welfare of workers.	Successful renewal of the CA for mutual benefit of both parties and the continued assurance of a harmonious and positive working environment and relationship between Management and the employee union.
	MWA Conference 2023	One of Malaysia's leading water industry events with Ranhill's participation represented by relevant subsidiary companies. The objective of participation is to showcase the latest industry technologies, successes achieved over the past year and to engage in industry dialogue and exchange views with other industry players.	Further establishment of Ranhill as a leading water industry player, strengthening of brand recognition and credibility, exposure to new technologies and methodologies and generation of leads for business development.
	Hari Alam Sekitar: Edmi Electronics Sdn Bhd	To continue collaborating with external parties towards promoting awareness and driving concerted action on mitigating environmental impact and to undertake programmes that deliver environmental benefits such as e-waste recycling, employee and community awareness and more.	A successful collaborative effort that achieved intended objectives. These included creating greater awareness and driving concerted action for environmental preservation among targeted stakeholders.

SUSTAINABILITY STATEMENT

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
 Employees	SKM	Development of skilled, technical water talents for the industry.	Development of 591 SKM talents in 2023.
	Virtual R-CARE H+ Program: Malaysian Corporate Team Marathon <ul style="list-style-type: none"> - Online Group Workout - Outdoor Team Building - Monthly sharing session - R-Care Fun Day 2023 	Ranhill prioritises the mental and emotional wellness of its employees.	Employees maintained positive morale and good health throughout the pandemic year. Participation in R-care programs continued to rise.
 Frontliners, Operators, Receptionist and Customer Service Staff	Customer Service Efficiency Blueprint	Improving skills and service levels of frontliners such as operators, receptionists and front desk staff.	Improved customer service levels which lead to customer satisfaction.
	Exhibition	Water Conservation Demonstration.	Consumer behavioural change requires long-term effort. Through this programme, the practices of water conservation were successfully shared with the public.
	Website, social media and SAJ Info Centre	Information on planned and unplanned water disruption and issues on water supply.	Faster and efficient notification to customers, which reduces concern and frustration. Contributes to reduced complaints during water disruptions and water supply issues.
 Financial Community	9 th Annual General Meeting	Open communication with shareholders, analysts and investors beyond key events of the corporate calendar. This includes platforms such as domestic and international roadshows, seminars and conferences.	Our shareholder engagement programme provides a direct avenue for shareholders, investors or clients to access information and engage with the company.
	Stakeholder Engagement <ul style="list-style-type: none"> • Kurma Gift 2023 • Iftar Ranhill SAJ Bersama Media 		
 Government and Regulators	Briefings and Presentations <ul style="list-style-type: none"> • Comm 2 Comm: Pengurusan Aset Air Berhad • Water Safety Plan 2023 	Briefing on Ranhill SAJ matters to EXCO Johor State, Parliament and ADUN. Presentation at Iskandar Malaysia Ecolife Challenge organised by Iskandar Regional Development Authority and Johor Education Department on water consumption and conservation awareness.	One of the recommended ways to advertise to a target market and create brand awareness and also for operational efficiency.
	Working Visit <ul style="list-style-type: none"> • Lawatan Kerja Pengurusan Air Pahang Berhad (Paip) • Lawatan Kerja YB Menteri Sumber Asli, Alam Sekitar Dan Perubahan Iklim & Perasmian Command Centre Ranhill SAJ • Lawatan Kerja Syarikat Air Melaka Berhad (SAMB) • Lawatan Tapak Projek Naik Taraf WTP PT Sulong 	Business development, partnership building, problem-solving, project implementation.	The Group is complying with various regulatory requirements set by our regulators and clients.

SUSTAINABILITY STATEMENT

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
 Government and Regulators	Exhibitions <ul style="list-style-type: none"> Asia Pacific Climate Week 2023 Pameran Program Sayangi Sg Johor Pameran Hari Alam Sekitar Peringkat Kebangsaan 	Displaying information on operational and services.	One of the recommended ways to advertise to a target market and create brand awareness and also for operational efficiency.
	Events <ul style="list-style-type: none"> Majlis Perasmian Tangki Air Baharu Benut 4 Meet & Greet: Adun Iskandar Puteri Lawatan Timbalan Ketua Menteri Sabah Jelajah Bermotor MR CEO 2023 Malaysia International Water Convention 2023 	Regulatory compliance, policy formation, stakeholder engagement.	The Group is complying with various regulatory requirements set by our regulators and clients.
 Local Communities	<ul style="list-style-type: none"> Community Engagement Program Back To School 2023 Misi Pasca Banjir Negeri Johor 2023 Kongsi Berkat Ramadhan 2023 Walkabout Bazar Ramadhan 2023 Iftar Ranhill SAJ With Asnaf & Anak Yatim 2023 IMELC: PPD Pasir Gudang at SK Taman Rinting Let's Save Water Together Program at Horizon Hill Development Sdn Bhd IMELC: PPD Pontian at SK Melayu Raya Pontian Ceramah Jimat Air SK Kota Jaya (Sekoja) Kota Tinggi Jom Cekap Jom Jimat SK Nusantara IMELC: Lawatan Kelestarian Akses Bekalan Air Percuma Keluarga En Zainal Generasi Jimat Air Negeri Johor SMK Convent BP Launching a clean water and green energy programme at Kg Sudak, Gerik, Perak. 	Contribution of groceries and other necessary items to underprivileged families and individuals through various CSR programmes. Installing water filtration systems, providing solar power, and educating the local Orang Asli community on basic hygiene and healthcare.	Creating brand awareness and giving back to the community.

SUSTAINABILITY STATEMENT

STAKEHOLDER	ENGAGEMENT METHOD	FOCUS AREA	RESULT / OUTCOME
 Media	Events <ul style="list-style-type: none"> • MPI Sponsorship • The Malaysia Book Of Record Award Press Conference	Malam Wartawan Malaysia.	Dissemination of information through mainstream media.
 NGOs	Briefings, presentations and collaborations	Collaboration with Kloth Malaysia on fabric waste initiative.	Support from NGOs is important to influence public opinion towards the Company.
 Suppliers / Vendors	Regular supplier and vendor meetings, tender briefings and tender site visits	Engagement with suppliers is important to ensure that proper transparency and governance are being practised in procuring their services.	A fair, transparent and win-win relationship with our vendors and suppliers.

ASSESSING AND PRIORITISING MATERIAL TOPICS

Ranhill's President and Chief Executive had reviewed the previous year's materiality matrix (and topics) and post internal deliberation with the CEOs of operating companies, had called for a management reassessment. This was intended at providing greater clarity on the positioning of the topics, to establish a clearer context of how topics were deemed significant while ensuring that on-ground business and operational realities were given due consideration in the materiality assessment process.

This led to an in-depth reassessment, which saw the participation of the CEOs of operating companies, who shared their strategic views based on the extent of importance (materiality) of each of the identified 20 topics. Materiality was defined as in the actual and / or potential business impacts of said topic to their respective business operations. An additional consideration was how important a specific topic was / is to key stakeholder groups. These included regulators, customers, investors, employees and others.

The views of the CEOs were supplemented by the Group CFO, who considered the materiality of topics from the perspective of financial materiality. The presence of an Independent, Non-Executive Director ("INED") enabled an external perspective, drawing from the experience and approaches of other companies as well as the said director's expertise and experience. The INED also played an additional role, in asking specific questions and seeking clarification on the views and decisions of the CEOs and the CFO.

Also lending their strategic perspectives were representatives from Group Corporate Communications and Group Sustainability. The session was moderated by an external sustainability guidance and advisory consultant, who offered support in terms of industry practices and approaches, as well as providing explanations on the definition of topics for the benefit of all participants.

The outcome achieved from the management review and reassessment exercise was a more reflective and business relevant matrix. The Management Matrix developed provides a launchpad for a more expansive materiality assessment exercise, involving external stakeholders to be undertaken in 2024.

SUSTAINABILITY STATEMENT

RANHILL'S MATERIALITY MATRIX



FOCUS AREA - MATERIALITY

E Environmental

- 1 Biodiversity
- 2 Climate Change and Greenhouse Gas Emissions
- 3 Energy Usage and Energy Efficiency
- 4 Material Management
- 5 Waste (Solid) and Wastewater Management
- 6 Water Security, Accessibility and Tariff

S Social

- 7 Community Engagement
- 8 Customer Experience and Satisfaction
- 9 Employee Engagement
- 10 Human Rights, Diversity, Equity and Inclusion
- 11 Safety, Health and Wellbeing (Employee and public)
- 12 Supply Chain Management and Responsible Sourcing

G Governance

- 13 Anti-Corruption
- 14 Corporate Governance and Regulatory Compliance
- 15 Data Protection and Cyber Security
- 16 Economic Performance
- 17 Ethics and Integrity
- 18 Innovation
- 19 Operational Excellence
- 20 Risk Management

SUSTAINABILITY STATEMENT

SUPPORTING LOCAL PROCUREMENT

Ranhill as much as possible aims to procure locally for its business requirements, with local being defined as in local as in where the Group operates. Local procurement is preferred as it enables shorter supply chains (thus improving the time taken for receipt of goods, materials and services, enables reduced environmental impact and also contributes to local employment and local job creation and entrepreneurship opportunities. The exception to local procurement is when goods or services are unavailable locally or are unavailable at a compelling value proposition. In such instances, the Group may choose to procure from foreign or overseas suppliers.

Where relevant, suppliers must also have all necessary regulatory certifications and qualifications to undertake the jobs they're bidding for. These include being registered with the Registrar of Companies and also with the relevant regulatory authorities or industry bodies such as CIDB, Ministry of Finance ("MoF") and SPAN, Registrar of Companies ("ROC") and other relevant authorities. 100% of new suppliers were screened for social criteria in 2023.

	2021	2022	2023
Suppliers Screened Using Social Criteria (%)	Nil	Nil	100

PROPORTION OF SPENDING ON LOCAL PROCUREMENT

Percentage of Proportion Spending on Local Procurement	2021	2022	2023
Ranhill SAJ	100	100	100
RWS	100	100	100
RWT Malaysia	93.75	97.92	99.07
RSE	100	100	100
RBSB	93	100	100
RW	100	100	100



ENVIRONMENTAL AWARENESS AND PRESERVATION

Guided by the International Water Association's ("IWA") guideline, "Water Utility Pathways in a Circular Economy", Ranhill's adoption of the circular economy approach is exemplified in the Group's reclaim water treatment operations and its 50 MW large scale solar ("LSS") plant. At Ranhill SAJ's Sultan Iskandar WTP, solar panels provide 63 kWp of clean energy while at the Gunung Ledang WTP, the mini hydro installation generates 73 kWp of clean energy.

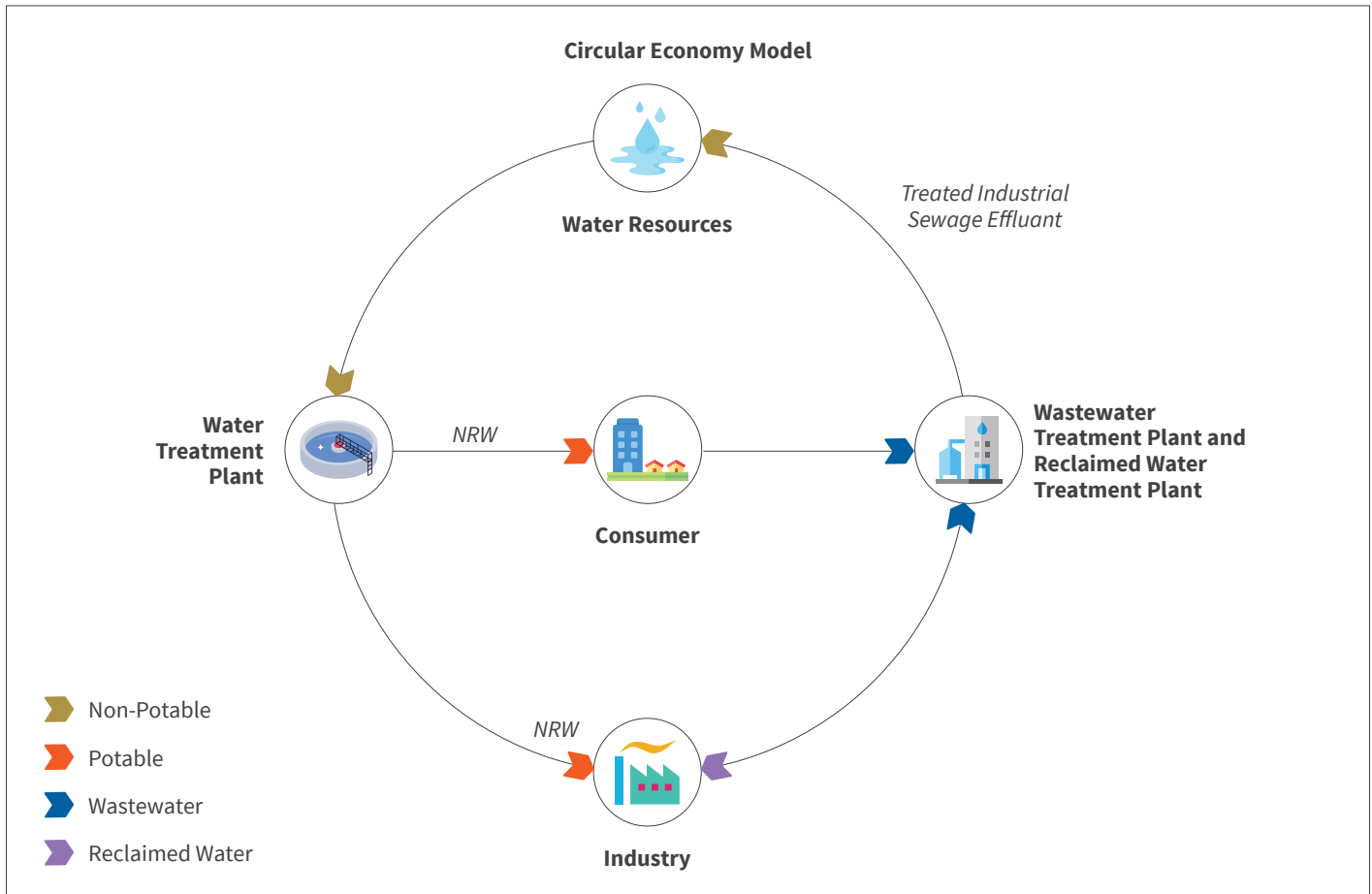


Ranhill's 54 kWp Solar PV System at the 20 MLD Sultan Iskandar WTP Extension Project



Micro Hydro Application at Gunung Ledang Water Treatment Plant, Tangkak, Johor

SUSTAINABILITY STATEMENT



RENEWABLE ENERGY GENERATION

Ranhill SAJ taps RE, namely solar and hydro derived electricity from its Sultan Iskandar and Gunung Ledang WTPs.

	2021	2022	2023
Sultan Iskandar WTP (solar) (kWh)	48,397.00	25,605.00	76,823.10
Gunung Ledang WTP (hydro) (kWh)	64,822.00	109,026.00	216,805.00
Total RE (kWh)	113,219.00	134,631.00	293,628.10
Carbon avoided (kgCO ₂ e)	85,820.0	102,050.3	222,570.1

Through RWT, Ranhill has brought a circular economy approach to the management of wastewater in Malaysia and Thailand located at the Amata Industrial Park in Rayong and Chonburi, Thailand and Forest City, Johor, Malaysia.

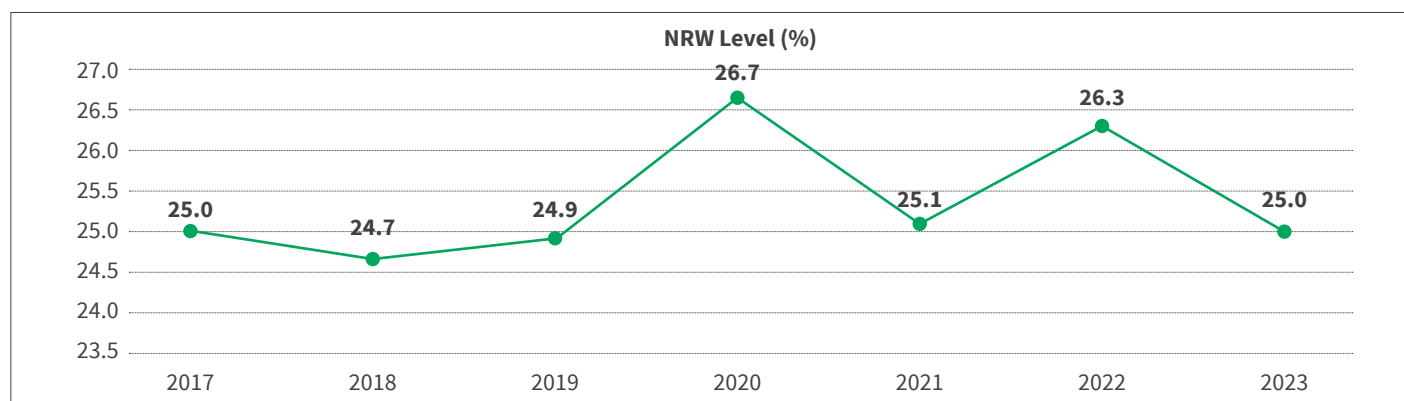
RWTT's and AnuRAK WWTPs provide a zero-discharge solution at Amata Industrial Park both in Rayong and Chonburi, Thailand. The same concept of zero discharge solution also applied in Malaysia through the Forest City STP4 project in Johor.

The circular economy approach is also practised at the operations of Ranhill's two CCGT power plants in Kota Kinabalu, Sabah. RSE's CCGT plants can operate in a combined cycle mode – producing electricity from gas fuel as well as from the steam generated from the production process. This enables reduced consumption of fossil fuels to generate the same quantity of electricity. According to the American Gas Association, natural gas emits 90,000 fewer pounds of CO₂ per billion British Thermal Unit ("BTU") than coal.

SUSTAINABILITY STATEMENT

REDUCING NON-REVENUE WATER LOSS

In 2023, Ranhill has further reduced NRW loss in Johor to 25.0%, outperforming SPAN's set target of 25.5%. This equates to additional savings of 16.3 MLD and further entrenches Johor state's position as having the lowest NRW rates in Malaysia. In terms of monetary savings.



Financial Impacts

- Reduced revenue lost.
- Contributes to reduced CAPEX and OPEX.

Supply Impacts

- Reduces need to abstract additional water from rivers.
- Reduces requirements for additional infrastructure i.e. WTPs and etc.
- Alleviates issues of low reserve margins, particularly in high water consumption locations.

Environmental Impacts

- Reduces energy consumption, particular electricity as there is less requirement to abstract additional water.

RESPONDING PROACTIVELY TO CLIMATE CHANGE

Ranhill remains cognisant of its physical and transition climate risks and at the same time, continues to take necessary climate action to prevent, reduce and manage its contribution to climate change impacts. The management approach to climate change is driven from a business and operational perspective, as well as consideration for environmental and social impacts. A snapshot of physical and transition risks has been provided as follows.

CLIMATE CHANGE CONSIDERATIONS

Physical Risks

Transition Risks

DOUBLE MATERIALITY PERSPECTIVE

Impacts to Environment and Society

Financial Impacts

IDENTIFIED IMPACTS

Lack of water supply affects abstraction capability and thus revenues

Increased maintenance, CAPEX and OPEX costs

Lack of water supply to meet growing consumption demand

Implications arising from potential carbon tax imposition

Increased urgency to decarbonise operations

SUSTAINABILITY STATEMENT

In 2023, Ranhill commenced collaboration with the Malaysia Green Technology and Climate Change Corporation ("MGTC") and has implemented a progressive adoption of the recommendations made under the Taskforce on Climate Related Disclosures ("TCFD") framework. Working together with MGTC, Ranhill was able to develop a comprehensive carbon baseline for the Group and a Net Zero 2050 Roadmap.

The roadmap covers the operations of Ranhill's major subsidiaries based in Malaysia, under its Energy and Water business based on a 2022 base year figure of 1,932,031 tCO₂eq. These subsidiaries are Ranhill SAJ, RWS, RWT, RSE, Ranhill Sabah Energy O&M I Sdn Bhd ("RSE O&M I"), Ranhill Sabah Energy O&M II Sdn Bhd ("RSE O&M II"), RBSB and RW.

Ranhill Net Zero Roadmap Summary

● SHORT-TERM TARGETS

Energy Business

- Emission per electricity generated (tCO₂eq/MWh): 25% reduction
- RE share: 10% of Ranhill generation capacity
- Renewable energy generation capacity: 0.2GW

Water Business

- Emission (tCO₂eq): 30% reduction

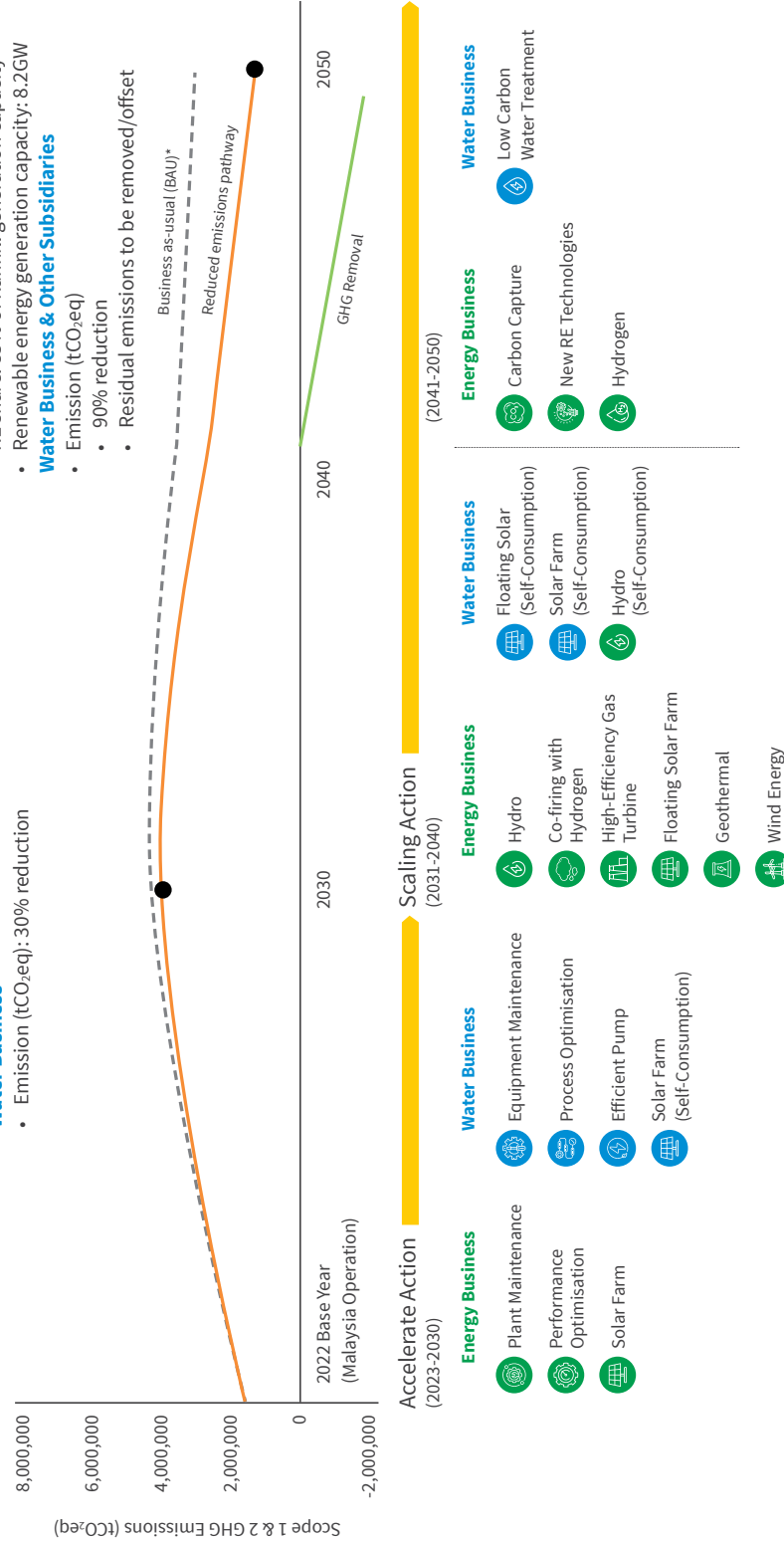
● LONG-TERM TARGETS

Energy Business

- Emission per electricity generated (tCO₂eq/MWh):
- 90% reduction
- Residual emissions to be removed
- RE share: 85% of Ranhill generation capacity
- Renewable energy generation capacity: 8.2GW

Water Business & Other Subsidiaries

- Emission (tCO₂eq)
- 90% reduction
- Residual emissions to be removed/offset



Group-wide Initiatives

• Decarbonising the Value Chain • Leading the Low Carbon Market • Normalising Low Carbon Practices • GHG Management and Governance • Carbon Removals/Offsets

Note:

* Business-as-usual (BAU) is assuming three new CCGT extended the Power Purchase Agreement (PPA) and still operated by Ranhill Utilities Berhad.

SUSTAINABILITY STATEMENT

There is the possibility of Ranhill realising its net zero goal well before 2050. The process could be expedited if relevant projects were to materialise sooner than expected. These include the development of RE power plants for self-consumption, which could power Ranhill SAJ's WTPs. Such projects could be pure self-consumption plantups or for the purpose of self-consumption as well as commercial production. If such strategies are realised, then a 2040 net zero target is feasible.

The goal is to reduce Scope 1 and Scope 2 emission levels as compared to its 2022 base year by 90% as early as 2050. The balance of residual emissions will be addressed through carbon removal or offset solutions. The roadmap shall also address the measurement and reduction of Scope 3 emissions. All seven (7) greenhouse gases¹ will be addressed in this roadmap, ensuring comprehensive coverage. As for short-term targets, by 2030, Ranhill is committed to a 25% reduction in emissions per electricity generated in our Energy Business and a 30% emissions reduction in its Water business.

The energy business will pivot to focus on renewables by expanding its portfolio of utility-scale solar farms while also exploring the potential of geothermal and wind energy. With regards to the CCGT operations, Ranhill shall continue pursuing optimal operational efficiencies and going forward, explore carbon capture and storage technologies.

For Ranhill's water operations, namely the operations of Ranhill SAJ, the Group shall seek to displace its electricity consumption from the grid with RE alternatives via electricity sourced from our solar farms while energy efficiency and optimisation of operations will revolve around replacement of less efficient motors as well as pump scheduling regimes respectively for "Source-to-Tap" operations.

The largest consumers of energy within the Group are Ranhill SAJ and RSE. These two businesses account for close to 99% of the energy consumed and contribute 99.6% of the group's total emissions. The former consumes both direct and indirect energy sources energy to power the operations of WTPs. Electricity is by far, the largest energy source relied on to power the operations of 46 WTPs in Johor. Diesel and petrol are typically used to power company vehicles as well as machinery and diesel gensets in cases of disruption to grid-sourced electricity.

Ranhill SAJ's approach to energy management is driven by adherence to its ISO 50001 certified Energy Management System Certification ("EnMS"). Ranhill SAJ also ensures adherence to the Efficient Electric Power Management Regulations 2008 ("EMEER2008").

For RSE, natural gas is consumed as the primary fuel source for the Teluk Salut and Rugading power stations. LNG is a cleaner fossil fuel compared to diesel and other hydrocarbon fuels typically used for combustion at power plants. RSE adheres to the Grid Code For Sabah and Labuan (Amendments) 2017. The company continues to seek opportunities to reduce energy consumption by focussing on operational efficiency – ensuring the turbines and all related assets, machinery and equipment ("AME") are operating in optimum condition. Scheduled maintenance is performed in a timely manner to ensure AME is fit for purpose and does not consume excessive energy as intended.

GROUP ENERGY CONSUMPTION

Total energy consumed has increased due to increased consumption demand for water and electricity in 2023. However, from an energy intensity perspective as in energy consumed against revenues generated, the Group continues to register an improvement in terms of consumption efficiency.

Total Energy Consumption	GROUP		
	2021*	2022	2023**
Direct Energy Consumption Diesel (litres)	1,615,311.30	11,115,682.84	11,997,626.97
Direct Energy Consumption Diesel (kWh)	16,637,706.39	114,491,533.29	123,575,557.80
Direct Energy Consumption Diesel (GJ)	59,766.52	411,280.27	443,912.20
Direct Energy Consumption Petrol (litres)		329,032.20	356,912.64
Direct Energy Consumption Petrol (kWh)		2,533,547.96	2,748,227.34
Direct Energy Consumption Petrol (GJ)		9,114.19	9,886.48
Direct Energy Consumption Natural Gas (mmbtu)	10,131,129.20	21,561,653.88	22,333,813.62
Direct Energy Consumption Natural Gas (kWh)	2,969,433,968.52	6,319,720,752.84	6,546,040,771.70
Direct Energy Consumption Natural Gas (GJ)	10,690,367.53	22,751,857.18	23,566,640.13
Indirect Energy Consumption (kWh)	321,100,678.80	374,144,126.01	375,764,074
Indirect Energy Consumption (GJ)	1,155,962.44	1,346,918.85	1,352,750.67

SUSTAINABILITY STATEMENT

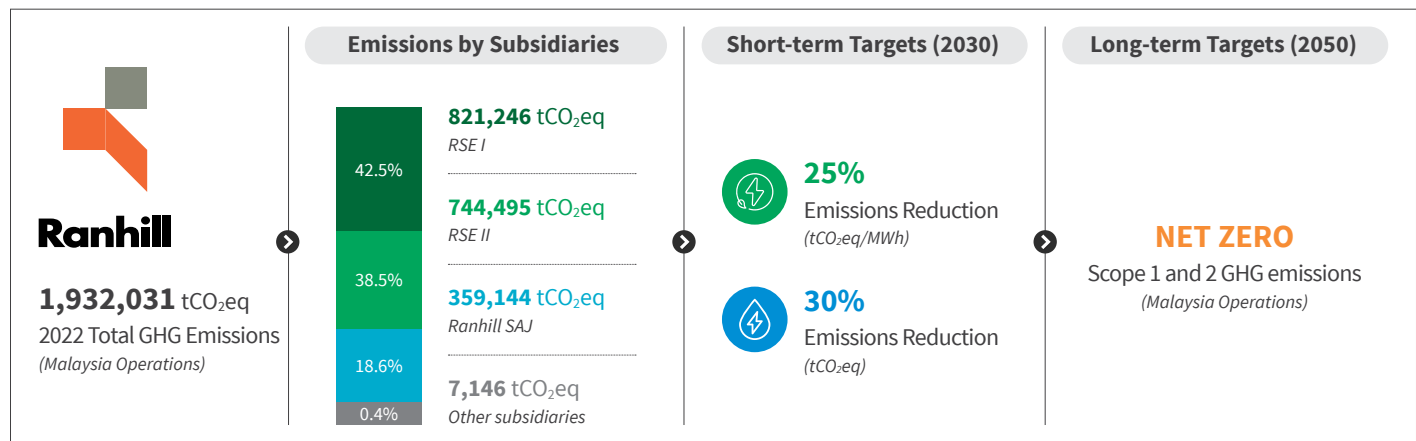
	GROUP		
	2021*	2022	2023**
Total Energy Consumption			
Solar Derived Electricity Generated (kWh)	113,219.00	134,631.00	293,628.07
Solar Derived Electricity Generated (GJ)	407.59	484.67	1,057.06
Total Energy Consumed (kWh)	3,307,285,572.71	6,811,024,591.10	7,048,425,371.92
Total Energy Consumed (GJ)	11,906,504.08	24,519,655.16	25,374,257.74
Energy Intensity (kWh / revenue RM' Million)	2,160,353.76	3,945,446.67	3,090,328.95
Energy Intensity (GJ / revenue RM' Million)	7,777.45	14,203.59	11,125.16

* The 2021 energy consumption data may seem unusual due to a change in the reporting boundary, which now includes the entire Group starting from 2022.

** Data for Ranhill SAJ, RSE I and RSE II are assured by Deloitte PLT.

GHG AND CARBON EMISSIONS

Scope 1 and Scope 2 GHG emissions contributed the bulk of Ranhill's emissions which mainly came from RSE I and RSE II gas-fired power plants.



	2021	2022	2023*
Group Scope One (tCO ₂ eq)	349,204.70	1,309,266.62	1,357,602.92
Group Scope Two (tCO ₂ eq)	187,843.90	291,556.49	292,907.11
Group Scope Three (tCO ₂ eq)	15,941.87	331,155.13	453,290.06
Total (tCO ₂ eq)	555,011.47	1,931,978.24	2,103,800.09

* Data for Ranhill SAJ, RSE I and RSE II are assured by Deloitte PLT for Scope 1 and Scope 2.

Intensity Carbon Emissions (Tonnes CO ₂ e) / Revenue (RM'000)	2021	2022	2023
Revenues (RM'000)	1,530,900.00	1,726,300.00	2,280,800.00
Scope One Intensity	0.2	0.8	0.6
Scope Two Intensity	0.1	0.2	0.1
Scope Three Intensity	0.01	0.2	0.2
Total Carbon Intensity	0.3	1.2	0.9

Note:

The increase in total carbon emissions and emissions intensity between 2021 and 2022 is due to the expansion of the GHG inventory boundary to include the entire Group in the latter year. 2021's boundary was primarily set to Ranhill SAJ's carbon footprint analysis data.

SUSTAINABILITY STATEMENT

Full disclosure including detailed carbon footprint analysis is provided on pages 37-43 and 103-104 in SR2023, available at: <https://ranhill.com.my/sustainability/sustainability-reports/>

PRESERVING WATER RESOURCES

Safeguarding water resources is vital in ensuring sufficient water supply for the state of Johor. However, finite water resources in the state, namely upstream rivers, continue to face issues, namely pollution.

Causes of pollution include a high level of untreated effluents discharged into rivers, primarily industrial effluent. Other pollutants include agricultural waste, domestic discharge as well as untreated sewerage. Most of these originate from illegal factory operations or illegal farms and farming activities. Sand mining, construction and rock-blasting activities create sediment that is then typically washed into rivers by rain or by washing activities undertaken on work sites.

If effluent/discharge levels exceed the permissible threshold, then WTPs must be shut down. Shutting down WTPs is the only option to prevent contaminated water from being distributed through the network and to consumers. The shutdown of WTPs leads to reduced water being supplied and sold and consequently, revenue losses. The revenue loss incurred corresponds to the duration of the shutdown, which can stretch from one hour to several days.

In recent years, strict enforcement and close collaboration between Ranhill SAJ and regulatory authorities have led to the number of pollution cases dwindling.

TOTAL NO. OF WATER POLLUTION INCIDENTS AND WTP SHUTDOWNS

	2021	2022	2023
Interruptions due to Contamination* in Raw Water (No. of Cases)	2	1	0
Total Hours of Shutdown	16.2	52	0
Financial Losses (RM' Million)	0.04	0.006	0

Note:

Data includes all types of interruption including ammonia contamination.

ADDRESSING AND PREVENTING WATER POLLUTION THROUGH TECHNOLOGY



Pollutant Removal System, Simfang Renggam, Johor

Ranhill has been proactive in combatting river water pollution. These include the deployment of a RM7.0 million Pollutant Removal System (“PRS”) at the Simfang Renggam WTP to reduce ammonia levels to below 10 ppm.

Ranhill also employs remote-operated drones and high-tech probes to undertake surveillance on potential polluters or to verify pollution incidents. These methods also enable more effective gathering of samples which can be used to produce evidence in the event polluters are tried in court.

SUSTAINABILITY STATEMENT

WATER QUALITY

Ranhill SAJ and RWT continue to adhere to all KPIs set by the water industry regulator SPAN in Malaysia. RWTT and AnuRAK adhere to the Thai equivalent for its operations in Thailand.

WATER CONSUMPTION

On the back of meeting increased consumption demand Ranhill SAJ saw increased abstraction of water in 2023. This led to an overall higher consumption level for the Group year-on-year.

	2021	2022	2023*
Group Water Consumption (m ³)	692,885,527	696,194,816	720,668,751

* Data for Ranhill SAJ, RSE I and RSE II are assured by Deloitte PLT.

WASTE MANAGEMENT

All hazardous and non-hazardous waste is managed and disposed of, in accordance with regulatory requirements set by DOE. These include DOE's Environment Act 1974 Effluent Standard A and Effluent Standard B and Scheduled Waste Order 2005. In Thailand, sludge is managed in accordance with the Notification of the Ministry of Industry Re: Industrial Waste Management and Disposal, B.E.2548 (2005). Waste is managed and disposed of by DOE licensed third-party contractors at government-approved landfill sites. The waste disposal process adopted by Ranhill's companies is as follows:



Among the key waste products produced by Ranhill's operation is sludge. Sludge is produced from water and wastewater treatment operations, in Malaysia and Thailand. Sludge is sent to designated areas within the confines of the respective WTP area. In Malaysia, sludge is treated and managed according to the DOE's Environment Act 1974 Effluent Standard A and Effluent Standard B and Scheduled Waste Order 2005.

SLUDGE PRODUCTION (Ranhill SAJ)

	2021	2022	2023
Total (kg)	91,935,416	93,788,980	96,025,961
Monthly Average (kg)	7,661,285	7,815,748	8,002,163

SUSTAINABILITY STATEMENT

HAZARDOUS WASTE

	2021	2022	2023
Ranhill SAJ (MT)	Nil	Nil	Nil
RSE (MT)	88.2	86.6	37.5
RBSB (MT)	0.5	Nil	Nil

WASTE DIRECTED TO DISPOSAL

	2021	2022	2023
RSE (tonnes)	100.9	86.6	37.5
RBSB (tonnes)	0.5	Nil	0.5

WASTE RECYCLED

	2021	2022	2023
Recycled Waste (tonnes)	Nil	Nil	36.0
Non-Recycled Waste Generation (tonnes)	Nil	Nil	1.5
Percentage of Recycled Waste (recycling rate)	Nil	Nil	93.8%
Percentage of Non-Recycled Waste	Nil	Nil	6.3%

EFFLUENT MANAGEMENT AND DISCHARGE

All effluents discharged have been treated in accordance with standards set by the authorities such as the Standard B, 5th & 8th Schedule Environmental Quality (Industrial Effluents) Regulation 2009 issued by the DOE. There were zero cases of non-compliance recorded in 2023. Thus far, all discharge, effluents and emissions from operations remain within the permissible levels as stipulated by the DOE and other regulatory bodies.

	2021	2022	2023
RSE (m ³)	12,629.37	11,558.37	11,354

RECYCLING INITIATIVES

Collaborating with Kloth Malaysia, Ranhill has established the Ranhill Re-bin initiative, which is aimed at collecting old or unwanted clothing.

	2022	2023
Waste Cloth Collected (kg)	1,189	2,693.7
Carbon Emissions Avoided (kgCO ₂ e)	2,187	6,021

SUSTAINABILITY STATEMENT

E-WASTE INITIATIVE

Ranhill, together with Electronic Recycling Through Heroes (“ERTH”) has established an e-waste collection and recycling programme. The programme enables safe disposal of unwanted computers, mobile phones, peripherals and other forms of electronic waste and the recycling of the same. The total amount collected for recycling for 2023 stood at 250 kg.



Ranhill's ESG Hub, located at Headquarters, to share Sustainability Insights on ESG

700.65 kg GHG Emissions Reduced



1.04 kg Toxic Metals Diverted



0.45 kg of Lead



0.59 kg of Arsenic



122.25 kg Total (Metals)



0.01 kg of Gold



8.35 kg of Copper



18.15 kg of Aluminum



95.73 kg of Steel



ENSURING ENVIRONMENTAL REGULATORY COMPLIANCE

At the operational level, all of Ranhill's operations, including those of subsidiaries comply with the necessary regulations for environmental performance. These include regulations stipulated by the Department of Environment (“DOE”), SPAN, CIDB and others. In addition, the Group's operating subsidiaries are certified to various ISO standards which set best practices for environmental operations. In 2023, Ranhill has continued to maintain an exemplary compliance track record with zero non-compliance cases recorded for the financial year.

NON-COMPLIANCE TRACK RECORD

	2021	2022	2023
Ranhill SAJ	0	0	0
RSE	0	0	0
RWT	0	0	0
RWS	0	0	0
RBSB	0	0	0
RW	0	0	0

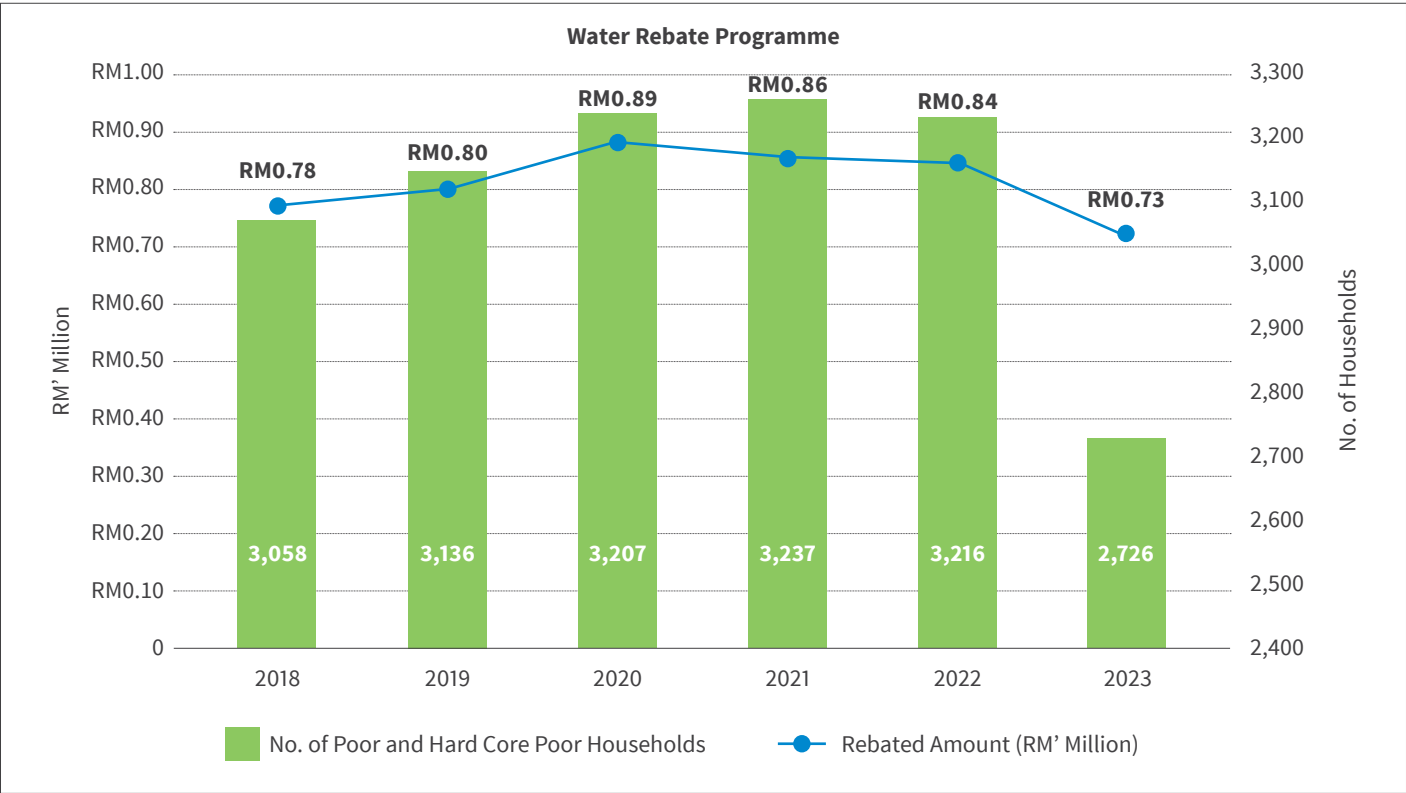
SUSTAINABILITY STATEMENT



CONTRIBUTIONS TOWARDS SOCIAL WELLBEING & CAPACITY BUILDING

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

In support of SDG 6: Clean Water and Sanitation, Ranhill SAJ in 2023, has provided rebates amounting to RM0.73 million for water bills to 2,726 poor and hardcore poor households across Johor. The recipients of rebates were selected based on the Johor State’s e-kasih programme list, which is a register of urban and rural poor and hardcore poor households.



SERVING SABAH’S NEEDY – RSE

For 2023, RSE has continued to focus on undertaking social empowerment and upliftment activities around Sabah. The total worth of RSE’s CSR contributions was numbered at RM23,500 for 2023.

A RM5,000 donation to build Surau Mangkaladom for the local community	Donation of electrical appliances worth RM1,500 to Tabika Kemas Kampung Kebayau, Telipok
Undertaking electrical wiring work worth RM5,000 to install ceiling fans and lighting at the open hall of SMK Tebobon	RM2,000 contribution for the roofing repairs at Sekolah Kebangsaan Pekan Papar
RM2,000 donation to build a mortuary room at Kampung Bandulan, Menggatal	RM5,000 contribution for the carpeting of Surau Ar-Rahman, Kampung Rampayan Menggatal
RM2,000 worth laptop and printer to Sekolah Agama Rakyat Kampung Sinulihan Baru, Keningau	

SUSTAINABILITY STATEMENT

YOUNG WATER PROFESSIONAL

In 2023, 148 participants were selected for Ranhill's Young Water Professional ("YWP") programme. The goal of the programme is to progressively train a pipeline of water industry professionals to meet the needs of a fast-expanding sector.

	2021	2022	2023
YWP Participants	112	121	148

INSPIRATIONAL WORKPLACE & CULTURE

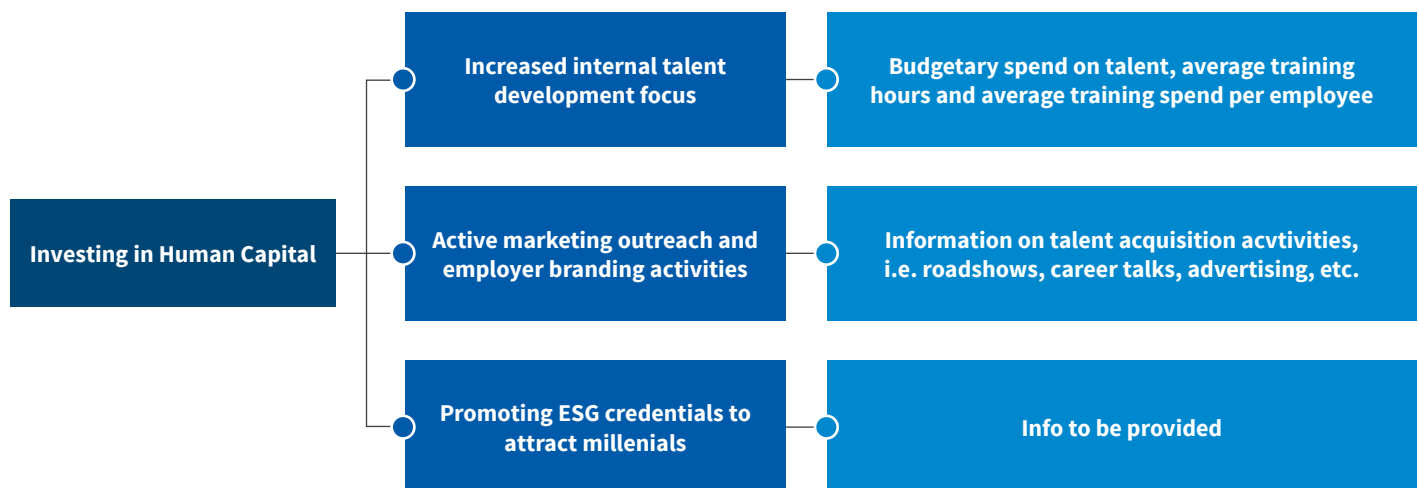
TALENT MANAGEMENT AND DEVELOPMENT

The focus on human capital is driven by both impact and financial materiality perspectives. The first centres on considerations of creating a wide range of local employment opportunities ranging from highly skilled, knowledge-based jobs as well as manual or unskilled work. The jobs created have a multiplier effect in supporting local families, improving quality of life, enabling households to stay above the poverty line or even achieve social mobility.

At the same time, the recruitment, retention as well as training of a skilled workforce supports operational efficiency and contributes to improved productivity, improved better decision-making, enhances technical capabilities and develops leaders across Ranhill.

Given the importance of talent to the Group, the matter of talent management and development comes under the purview of the Board of Directors of the Group, specifically the Nominating & Remuneration Committee ("NRC") supported by Group Human Resources ("GHR").

Ranhill employs the Balanced Scorecard system to measure employee and business productivity towards identifying best practices and enhancing management techniques. Each subsidiary adopts distinct approaches, reflecting its commitment to efficiency and continuous improvement.



SUSTAINABILITY STATEMENT

ADHERENCE TO LOCAL LABOUR LAWS AND INTERNATIONAL CONVENTIONS

Ranhill adheres to the Malaysian Employment Act 1955, the Sabah Labour Ordinance and Employment Act 1955 and its equivalent in Thailand. The Group also has aligned to the statutes stipulated by the International Labour Organisation (“ILO”), the Universal Declaration of Human Rights and the following UN Global Compact 10 Principles:

- Human rights, labour, environment and anti-corruption
- UN Guiding Principles on Business and Human Rights
- International Labour Law
- Prohibiting child and forced labour
- Ensuring non-discrimination and equal opportunity
- Supporting a harassment-free and violence-free workplace
- Prohibiting retaliation or any form of physical and mental disciplinary practice
- Respecting worker’s right to freedom of association
- Ensuring compliance with laws governing working hours and wages
- The rights of workers have been reinforced with the establishment and implementation of the following policies and procedures:

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

In 2023, Ranhill has continued to see zero confirmed reported cases of non-compliance or complaints from employees of unfair or discriminatory treatment, harassment in all forms, as well as complaints of forced labour, excessive working hours and human rights infringements or violations. The findings were obtained from a labour risk assessment conducted in 2023. The assessment was conducted as part of the procedures for the Business Continuity Management System (“BCMS”).

EQUAL OPPORTUNITY WORKPLACE (DIVERSITY & INCLUSIVITY)

Ranhill subscribes to the principle of equality, diversity and inclusivity (“EDI”). GHR continues to champion meritocracy as well as diversity and inclusivity with talents coming from all major ethnic groups in Malaysia, including East Malaysia (Sabah and Sarawak).

EDI ensures that Ranhill is able to have access to the best possible talent and importantly, ensures that it complies with its strong corporate beliefs in upholding human and labour rights. Championing diversity also ensures that marginalised and under-represented groups have access to employment opportunities.

The Group strictly forbids any discrimination in the hiring, rewarding, remunerating of, and promotion as well as training of employees based on race, gender, religious background or any other socio-cultural and demographic factors.

SUSTAINABILITY STATEMENT

GROUP EMPLOYEE DEMOGRAPHICS

General Workforce Data	2021	2022	2023
Total Workforce	3,909	4,018	4,203
Male Employees	3,114	3,162	3,271
Female Employees	795	856	932
Malaysian Employees	3,485	3,990	4,043
Foreign Nationals	115	28	160
Malay Employees	3,347	3,622	3,735
Chinese Employees	142	123	120
Indian Employees	77	77	65
Others	251	162	283

GENDER DIVERSITY BY EMPLOYEE CATEGORY

	2021	2022	2023
Number of Female Managerial Staff	72	94	108
Number of Male Managerial Staff	173	252	306
Number of Female Executive Staff	236	318	358
Number of Male Executive Staff	596	782	587
Number of Female Operational Staff	368	435	448
Number of Male Operational Staff	1,777	2,137	1,984

AGE DIVERSITY BY EMPLOYEE CATEGORY

	2021	2022	2023
Number of Managerial Staff Aged 30 and Below	Nil	3	2
Number of Managerial Staff Aged 31-50	Nil	181	223
Number of Managerial Staff Aged 51-65	Nil	154	183
Number of Managerial Staff Aged 65 and Above	Nil	8	6
Number of Executive Staff Aged 30 and Below	Nil	234	320
Number of Executive Staff Aged 31-50	Nil	704	513
Number of Executive Staff Aged 51-65	Nil	155	104
Number of Executive Staff Aged 65 and Above	Nil	7	8
Number of Operational Staff Aged 30 and Below	Nil	603	763
Number of Operational Staff Aged 31-50	Nil	1,490	1,614
Number of Operational Staff Aged 51-65	Nil	478	464
Number of Operational Staff Aged 65 and Above	Nil	1	3

SUSTAINABILITY STATEMENT

ETHNIC DIVERSITY BY EMPLOYEE CATEGORY

Ethnicity Breakdown	2021	2022	2023
Number of Managerial Staff with Malay Ethnicity	Nil	282	309
Number of Managerial Staff with Chinese Ethnicity	Nil	33	34
Number of Managerial Staff with Indian Ethnicity	Nil	11	17
Number of Managerial Staff with Others Ethnicity	Nil	19	53
Number of Executive Staff with Malay Ethnicity	Nil	882	753
Number of Executive Staff with Chinese Ethnicity	Nil	89	73
Number of Executive Staff with Indian Ethnicity	Nil	40	22
Number of Executive Staff with Others Ethnicity	Nil	89	97
Number of Operational Staff with Malay Ethnicity	Nil	2,475	2,264
Number of Operational Staff with Chinese Ethnicity	Nil	12	13
Number of Operational Staff with Indian Ethnicity	Nil	28	24
Number of Operational with Others Ethnicity	Nil	58	131

RECRUITMENT & SELECTION

Vacancies are published or communicated widely to ensure the best possible reach and that a wider net of talents can apply for the position. Candidates are selected based on their professional qualifications, work experience, competencies and expertise and other relevant employment conditions such as willingness to work irregular hours, overtime and more. Considerations pertaining to socio-demographic factors such as ethnicity, gender, age, marital status and political affiliations cannot be used as criteria when selecting candidates for interviews or when hiring talents.

In certain instances, physical disability may be a consideration for certain jobs that require able-bodied persons, especially onsite or physically demanding jobs. Nonetheless, where possible, Ranhill and all subsidiaries provide equal opportunities to physically challenged individuals for suitable positions.

Turnover	2021	2022	2023
Turnover (Male)	206	211	204
Turnover (Female)	33	73	72
Total Turnover	239	284	276

Turnover	2021	2022	2023
Turnover Aged 30 and Below	145	76	72
Turnover Aged 31-50	73	115	107
Turnover Aged 51-65	21	89	95
Turnover Aged 65 and Above	0	4	2
Total Turnover	239	284	276

SUSTAINABILITY STATEMENT

EMPLOYEES' COMPETENCY AND CAREER DEVELOPMENT (TRAINING)

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

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

RANHILL GROUP: EMPLOYEE TRAINING DATA

	2021	2022	2023
General Training Data			
Training Hours as a Company	69,035.2	90,586.4	165,599.3
Total Training Days as a Company	Nil	18,022	21,087
Total Training Spend as a Company	2,264,436.4	2,045,845.6	3,927,709.0
Total Training Hours (Male)	Nil	101,824.0	125,894.8
Total Training Hours (Female)	Nil	27,894.6	34,808.5
Total Training Days (Male)	Nil	14,162	16,362.7
Total Training Days (Female)	Nil	3,860	6,382.6
Average Training Hours Per Employee	17.7	32.3	39.4
Average Training Days Per Employee	3.4	4.5	5.0
Average Training Spend Per Employee	579.3	586.3	934.5
Average Training Hours by Gender			
Average Training Hours Per Employee (Male)	31.6	32.2	38.5
Average Training Hours Per Employee (Female)	30.4	32.6	37.4

SUSTAINABILITY STATEMENT



ENHANCING GOVERNANCE ACROSS THE GROUP

OCCUPATIONAL SAFETY AND HEALTH

Occupational safety and health (“OSH”) is of primary importance as any OSH incident can have varying ramifications on operations as well as stakeholders. Incidents of injuries, damages or even fatalities can significantly disrupt operations, lead to financial impacts as well as cause serious impacts to individuals, families and society. Consequences to brand image can also be tangible and ultimately erode overall confidence among key stakeholders such as regulatory bodies, investors and local communities.

Given its importance, Ranhill adopts a no-compromise approach to OSH. OSH comes under direct oversight of the Board and Senior Management of the Group and relevant subsidiaries. In reinforcing Management’s role, The CEO of each subsidiary has been designated the management-level champion of OSH with OSH performance indicators included in their performance review and linked to remuneration.

Ranhill has developed its OSH Management approach based on industry best practices and the Group’s own Ranhill’s Rules of Life (“ROL”). The Group-wide OSH Policy covers all stakeholders including employees, visitors and 3rd party workers. Most of Ranhill’s subsidiaries are ISO 45001 certified. RSE has also committed to ensuring the high OSH standards as stipulated in its Environment Policy Statement. All subsidiaries have established their respective policies and procedures with regard to OSH. OSH has been included in the Ranhill Risk Register.

HEALTH AND SAFETY RELATED TRAINING

The vigilance on OSH is supported through continuous training. Staff throughout the year, attend a wide range of OSH training programmes based on the respective subsidiaries’ operational requirements.

TOTAL NUMBER OF EMPLOYEES TRAINED TO OSH STANDARDS

	2021	2022	2023**
Ranhill SAJ	741	1,348	883
RWS	336	83	55
RWT	0	0	Nil*
RSE	0	92	90
RW	Nil	Nil	635
TOTAL	1,077	1,523	1,663

* On 3 December 2023, RWT and RWS completed their merger forming Ranhill Technologies Sdn Bhd (“Ranhill Technologies”).

** Data for Ranhill SAJ, RSE I and RSE II are assured by Deloitte PLT.

SUSTAINABILITY STATEMENT

HEALTH AND SAFETY PERFORMANCE

Performance is tracked using monthly performance reports, internal audits, DOSH and DOE audits, workplace inspections, safety observation reports and UAUC reports. Performance is also benchmarked against industry standards as set by the regulator based on an HSE Performance Index.

OSH GROUP

	2021	2022	2023
Manhours	7,375,209	8,040,468	9,056,784
Company Fatalities	0	0	0
Contractor Fatalities	0	0	0
No. of Loss Time Injuries	4	2	2
LTIFR	0.54	0.25	0.22*
LTIF	0.11	0.05	0.04
No. of Workers Undergoing Health Surveillance (Long-Term Convalescence)	0	0	0
Unsafe Act Unsafe Conditions	889	1,487	2,640
Absenteeism Rate – Day**	7.69	6.15	0.35
Absenteeism Rate – Headcount**	0.1	0.06	0.02

* The assurance of the data is provided by Deloitte PLT.

** Absenteeism rate: “Measure of actual absentee days lost, expressed as a percentage of total days scheduled to be worked by workers for the same period”.

SUSTAINABILITY STATEMENT

BURSA ESG PERFORMANCE DATA TABLE

Topic	Indicators	2021	2022	2023
Common Indicators				
Anti-corruption	Percentage of employees who have received training on anticorruption by employee category			Managerial: 7.2% Executive: 66.2% Operational: 26.6%
	Percentage of operations assessed for corruption-related risks	The Group Level: 100% Subsidiaries Level: 80%	Subsidiaries Level : 100%	100%
	Confirmed incidents of corruption and action taken	0	0	0
Community / Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	860,000	840,000	748,500
	Total number of beneficiaries of the investment in communities	3237 poor and hardcore households across Johor	3216 poor and hardcore households across Johor	2726 poor and hardcore poor households across Johor & 7 educational institutes, religious organisations and buildings
Diversity	Percentage of employees by gender:			
	- Managerial staff	Male: 2.2% Female: 5.4%	Male: 6.3% Female: 2.3%	Male: 7.14% Female: 2.5%
	- Executive staff	Male: 18.5% Female: 7.3%	Male: 7.9% Female: 19.5%	Male: 13.82% Female: 7.85%
	- Operational staff	Male: 55.2% Female: 11.4%	Male: 53.2% Female: 10.8%	Male: 56.86% Female: 11.82%
	Percentage of employees by age group:			
	- Managerial staff		< 30: 0.1% 31-50: 4.5% > 50: 4%	< 30: 0.07% 31-50: 5.31% > 50: 4.26%
	- Executive staff		< 30: 5.8% 31-50: 17.5% > 50: 4.1%	< 30: 7.66% 31-50: 11.71% > 50: 2.31%
	- Operational staff		< 30: 15% 31-50: 37.1% > 50: 11.9%	< 30: 18.44% 31-50: 38.97% > 50: 11.28%
	Percentage of directors by gender	Male: 66.67% Female: 33.33%	Male: 86% Female: 14%	Male: 60% Female: 40%
	Percentage of directors by age group		< 30: 0% 31-50: 11.11 > 50: 88.89%	< 30: 10% 31-50: 10% > 50: 80%

SUSTAINABILITY STATEMENT

Topic	Indicators	2021	2022	2023
Energy management	Total energy consumption (GJ)	11,906,504.08	24,519,655.16	25,374,257.74
Health and safety	Number of work-related fatalities	0	0	0
	Lost time incident rate	0.54	0.25	0.22
	Number of employees trained on health and safety standards	1,077	1,523	1,663
Labour practices and standards	Total hours of training by employee category		Managerial: 11,057.7 Executive: 20,164.3 Operational: 66,314.2	Managerial: 18,022.25 Executive: 41,804 Operational: 100.46
	Percentage of employees that are contractors or temporary staff	20.50%	25%	18.40%
	Total number of employee turnover by employee category			Managerial: 41 Executive: 108 Operational: 127
	Number of substantiated complaints concerning human rights violations			0
Supply chain management	Proportion of spending on local suppliers	100%	100%	100%
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0
Water	Total volume of water used (Megalitres)	692,885.53	708,531.21	720,668.75

Note:

A grey cell indicates that due to the recent implementation of ESG reporting requirements by Bursa Malaysia in 2023, some of the data for the years 2021 and 2022 are not available.

BOARD OF DIRECTORS



**TAN SRI
HAMDAN MOHAMAD**

GRMC



**DATUK SERI PANGLIMA
LIM HAW KUANG**

GRMC



**DATUK
ABDULLAH KARIM**

NRC

LTIP

AC



**YB DATO' HAJI
RAMLEE A RAHMAN**



**LIM HUN SOON
@ DAVID LIM**

AC



Leadership

TEAM DETAIL BREAKDOWN FY2023/2024

> NATIONALITY



> GENDER



BOARD OF DIRECTORS



**LEOW
PEEN FONG**

GRMC NRC LTIP



**ABU TALIB
ABDUL RAHMAN**

AC GRMC NRC LTIP



**DR ARZU
TOPAL**

GRMC NRC LTIP



**ZURINA
ABDUL RAHIM**

GRMC



**IMAAAN
AIYSHA HAMDAN**



**JEFFREY
BOSRA**

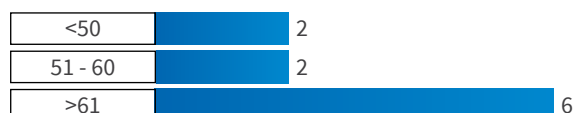
AC

(Appointment to be effected on 02.05.2024)

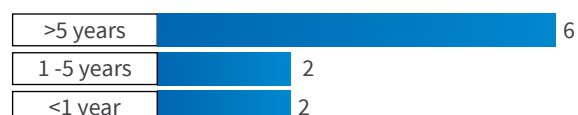
> RACE / ETHNICITY



> AGE GROUP



> SERVICE DURATION



AC Audit Committee
GRMC Governance and Risk Management Committee
NRC Nominating And Remuneration Committee
LTIP Long Term Incentive Plan Committee

BOARD OF DIRECTORS' PROFILE



68 Years Old



Male



Malaysian



TAN SRI HAMDAN MOHAMAD

Chairman and Chief Executive
Non-Independent Executive Director

Board Meetings
Attendance

7/7

APPOINTMENT TO THE BOARD:

- Appointed as Executive Director, President and Chief Executive on 1 December 2015
- Appointed as Chairman and redesignated as Executive Chairman, President and Chief Executive on 26 February 2022
- Redesignated as Chairman and Chief Executive on 14 April 2022

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

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

BOARD COMMITTEE MEMBERSHIPS:

- Governance and Risk Management Committee (Member)

SKILLS AND EXPERIENCE:

Tan Sri Hamdan Mohamad started his career as a structural engineer at the engineering consulting firm of Rankine & Hill Pty Ltd in Perth, Western Australia, and subsequently at Ranhill Bersekutu Sdn Bhd ("RBSB") in 1981. He took a sabbatical leave in 1985 to pursue his Masters Degree from Imperial College of Science and Technology, University of London. Upon his return to Malaysia after completing his Masters Degree, he was appointed as Director of RBSB in 1988 and eventually became the President and Chief Executive Officer of RBSB in 1995. On 15 November 2000, he became Executive Director and the President and Chief Executive of Ranhill Berhad ("RB") where he spearheaded RB and the RB Group's expansion from an engineering and consulting based firm to a full-fledged organisation that engineers, constructs, owns and operates facilities in diverse segments including the infrastructure, environment, power and oil and gas segments. On 1 December 2015, he was appointed as the Executive Director, and as President and Chief Executive of Ranhill. On 26 February 2022, he was appointed the Chairman of Ranhill and as of 14 April 2022, was redesignated as Chairman and Chief Executive of Ranhill.

Tan Sri Hamdan also sits on the board of the subsidiaries of Ranhill and other private limited companies.

Tan Sri Hamdan is the sole beneficiary of Hamdan (L) Foundation, a major shareholder of the Company.

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- Nil

Other Public Companies:

- Senai-Desaru Expressway Berhad
- Ranhill Berhad Group

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND / OR MAJOR SHAREHOLDER:

- Yes
His daughter, Cik Imaan Aiysha Hamdan, Executive Director of Ranhill.

BOARD OF DIRECTORS' PROFILE



70 Years Old



Male



Malaysian



DATUK SERI PANGLIMA LIM HAW KUANG
Executive Director

Board Meetings
Attendance

7/7

APPOINTMENT TO THE BOARD:

Appointed to our Board as Executive Director on 1 September 2014

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

- Bachelor of Science (Computing Science) degree from Imperial College, University of London (1978)
- Master of Business Administration Degree in International Management from IMD Switzerland (formerly known as International Management Institute, Geneva) (1986)

BOARD COMMITTEE MEMBERSHIPS:

- Governance and Risk Management Committee (Member)

SKILLS AND EXPERIENCE:

Datuk Seri Panglima Lim Haw Kuang worked for Royal Dutch Shell (“Shell”) for 34 years and held various senior executive positions including Executive Chairman of Shell Companies in China from 2005 to 2013; Vice President of Corporate Strategy and Planning for Shell International; President Oil Products for Asia Pacific and Middle East; Chairman of Shell Malaysia, Managing Director of Shell Malaysia Exploration and Production; Senior Corporate Adviser, Asia Pacific for Shell International; and Business Development Manager for former Soviet Union and Sakhalin for Shell International Gas. In 2011, the Beijing Municipal Government honoured him with the “Great Wall Friendship Award” for his contributions to the city. From 2011 to 2016, he was an international council member of the China Council for International Cooperation on Environment and Development. He was previously the President of the Malaysia Business Council for Sustainable Development and a director of the China Business Council for Sustainable Development. He has been awarded state honours by the Malaysian Government. He is an honorary citizen of Texas and the City of Houston, United States of America.

Datuk Seri Panglima Lim holds the position as Technical Adviser to the Sabah State Government and Chairman of the Executive Committee of SMJ Energy Sdn. Bhd. (the Sabah state oil and gas company) respectively since January 2022. He was conferred the award Seri Panglima Darjah Kinabalu (SPDK) from His Excellency Governor of Sabah in conjunction with His Excellency’s official birthday on 1 October 2022. On 1 July 2023, Datuk Seri Panglima Lim was appointed to the Board

of Sabah Development Bank Bhd and Sabah Development Berhad.

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies (“PLC”):

- Century Energy International Holdings Limited (formerly known as China Oil Gangran Energy Group Holdings Limited), a company listed on Hong Kong Stock Exchange.

Other Public Companies:

- PETRONAS Group
- Sabah Development Berhad
- Sabah Development Bank Bhd

Director of Ranhill Group of Companies:

- Ranhill Worley Sdn. Bhd. (Chairman)
- Ranhill Bersekutu Sdn. Bhd.
- Ranhill Water (Hong Kong) Limited

PAST DIRECTORSHIPS:

- Independent non-executive director from August 2010 to November 2017 and senior independent non-executive director from December 2017 to November 2019 of Sime Darby Berhad (“Sime Darby”) a listed Company. He was also a director in the subsidiaries of Sime Darby namely, Sime Darby Overseas (Hong Kong) Limited (Chairman) since April 2016 and Sime Darby Logistics Sdn Bhd since December 2010 until his resignation in these subsidiaries in August 2022 and October 2022 respectively;
- Non-executive director of BG Group Limited, United Kingdom from 2013 to 2016;
- Independent non-executive director from March 2013 to March 2014 and non-executive director from March 2014 to April 2016 respectively in ENN Energy Holdings Limited, China, a listed Company;
- Independent non-executive director of Jinxin Fertility Group Limited, China, a listed Company from June 2019 to August 2021;
- Non-executive director of Wison Group, Shanghai from June 2019 to May 2022; and
- Independent non-executive member of Bank Negara Malaysia (Central Bank of Malaysia) and completed his tenure of directorship for the period from March 2015 to February 2022.

BOARD OF DIRECTORS' PROFILE



71 Years Old



Male



Malaysian



DATUK ABDULLAH KARIM

Senior Independent Non-Executive Director

Board Meetings
Attendance

6/7

APPOINTMENT TO THE BOARD:

Appointed to our Board as Independent Non-Executive Director on 31 March 2017 and had been re-designated as Senior Independent Non-Executive Director on 13 November 2018

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

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

BOARD COMMITTEE MEMBERSHIPS:

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

SKILLS AND EXPERIENCE:

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

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

In 1999, he became the MD/CEO of Malaysia LNG Group of Companies, responsible for the marketing of LNG and the operations of PETRONAS LNG Complex in Bintulu. During his tenure, the Company successfully built the third LNG Plant in the Complex (MLNG 3).

He was also Vice President ("VP"), Exploration & Production Business (2004), before being appointed in 2007 as MD/CEO and in 2010 as President/CEO of PETRONAS Carigali, a wholly-owned subsidiary of PETRONAS involved in O&G exploration, development and production in Malaysia as well as in 23 countries worldwide.

He was appointed as VP and Venture Director of Domestic LNG projects in 2012 and retained this position until his retirement on 1 July 2016. He was also responsible for overseeing the construction and completion of the additional LNG Plant, Train-9 in the PETRONAS LNG Complex, Bintulu and PFLNG1 (PETRONAS floating liquefied natural gas 1) projects. PFLNG1 was the world first owner-operator floating facility for the production of LNG. Both PETRONAS and Datuk Abdullah received a Distinguished Achievement Award and Special Citation respectively for the groundbreaking PFLNG1 project at OTC Asia in Kuala Lumpur in March 2018. On August 2018, he was appointed as Chairman of UZMA Berhad, a position which is held till current.

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- UZMA Berhad (Chairman)
- Icon Offshore Berhad
- Yinson Holdings Berhad

Other Public Companies:

- Nil

Director of Ranhill Group of Companies:

- Ranhill Bersekutu Sdn. Bhd. (Chairman)
- Ranhill Worley Sdn. Bhd.
- Ranhill Sabah Energy I Sdn. Bhd. (formerly known as Ranhill Powertron Sdn. Bhd.)
- Ranhill Sabah Energy II Sdn. Bhd. (formerly known as Ranhill Powertron II Sdn. Bhd.)
- Ranhill Sabah Energy O&M II Sdn. Bhd. (formerly known as Ranhill Power II O&M Sdn. Bhd.)

In addition, he also serves in the following organisation:

- Board of Trustees (PETRONAS Abandonment Cess Fund)
- Board of Trustees (Dana Asy-Syakirin, PETRONAS)

BOARD OF DIRECTORS' PROFILE



57 Years Old



Male



Malaysian



YB DATO' HAJI RAMLEE A RAHMAN
Non-Independent Non-Executive Director

Board Meetings
Attendance

3/3

APPOINTMENT TO THE BOARD:

Appointed to our Board as Non-Independent Non-Executive Director on 29 May 2023

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

- Masters in Science Land Administration and Development, University Technology Malaysia (2000)
- Bachelor of Public Administration (Hons), Universiti Utara Malaysia (1991)
- High-Performance Leadership Programme, University of Oxford, United Kingdom (2013)
- Negotiation Strategies: Building Agreement Across Boundaries, Harvard Kennedy School, University of Harvard, United States of America (2023)

BOARD COMMITTEE MEMBERSHIPS:

- Nil

SKILLS AND EXPERIENCE:

Yang Berhormat (YB) Dato' Haji Ramlee Bin A Rahman is the Chief Executive (Group) of Permodalan Darul Ta'zim Sdn. Bhd. ("PDT") since 1 September 2021, with over 30 years of extensive experience in both the public and private sectors. Prior to his appointment as the Chief Executive (Group) of PDT, he had held leadership roles in various Johor State Government-linked companies (GLCs) involved in diverse industries such as property investment, real estate, construction, agriculture, manufacturing, oil and gas, utilities, and infrastructure development.

Starting his career as a civil servant in April 1992, YB Dato' Haji Ramlee's responsibilities included Human Resources, Administration and Services, as well as expertise in Land Administration. His impressive performance led him to hold various positions in Municipal Council, Land, and District Offices. Due to his vast experience and proven track record, he was appointed to lead the Johor Deputy State Secretary (Development) for the Johor State Economic Planning Division, which is one of the imperative sectors of the government. YB Dato' Haji Ramlee's expertise in the water industry also earned him an invitation to lead the Johor State Delegation to the US for Water Environment

Federations Technical Exhibition and Conference (WEFTEC) in 2021 where he was honored as one of the events' speakers. He also led the Johor State Delegation for Singapore International Water Week in 2022.

In recognition of his many contributions to the field of Public Administration and Corporate Management, the Faculty of Management, University of Technology Malaysia has recently appointed YB Dato' Haji Ramlee as an Adjunct Professor.

YB Dato' Haji Ramlee has also been entrusted with the role of Chief Executive Officer of Johor Biotechnology and Biodiversity Corporation since 2022.

He is the Board representative of PDT, a major shareholder of Ranhill.

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- Nil

Other Public Companies:

- Khazanah Nasional Berhad Group

BOARD OF DIRECTORS' PROFILE



68 Years Old



Male



Malaysian



LIM HUN SOON @ DAVID LIM
Independent Non-Executive Director

Board Meetings
Attendance

7/7

APPOINTMENT TO THE BOARD:

Appointed on our Board as an Independent Non-Executive Director on 1 December 2015

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

- Bachelor of Arts in Economics from the University of Leeds (1978)
- Member of the Chartered Institute of Taxation, United Kingdom (1978)
- Member of the Institute of Chartered Accountants in England and Wales (1982)
- Member of the Malaysian Institute of Accountants (“MIA”) (1982)
- Member of the Malaysian Institute of Certified Public Accountants (“MICPA”) (1984)

BOARD COMMITTEE MEMBERSHIPS:

- Audit Committee (Chairman)

SKILLS AND EXPERIENCE:

Lim Hun Soon @ David Lim started his career with KPMG (previously Peat Marwick Mitchell) in the United Kingdom in 1978. He returned to Malaysia in 1982 to continue with KPMG. He had a 33-year-long career at KPMG, where he was admitted as Partner (April 1990), and served in the Management Committee (1997-2001) and in KPMG's Partnership Supervisory Council (2002-2010). He was also the Asian Anchor Practice representative for Marketing (2000-2001), where he gained extensive knowledge and insights from KPMG Global counterparts worldwide. He retired from KPMG in 2011. In 2006, he was tasked to start up the Audit Committee Institute, Malaysia, which is a virtual worldwide initiative sponsored by KPMG to assist independent directors in enhancing their awareness and ability to implement effective board processes.

David Lim has been an examiner for company law examinations conducted by MICPA for over 10 years. From 2002 to 2004, he was Chairman of MICPA Code of Ethics Committee and a member of the Malaysian Institute of Accountants Code of Ethics Committee. In May 2013, he was appointed as Council member of The Institute of Chartered Accountants in England and Wales (“ICAEW”). This was the first time that ICAEW, in its illustrious history had granted Malaysia a seat in the Council.

The position was for a term of two (2) years till June 2015. He was reappointed for a further two terms till March 2019 (being the maximum permitted tenure).

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies (“PLC”):

- Kawan Food Berhad
- Press Metal Aluminium Holdings Berhad
- TSA Group Berhad

Other Public Companies:

- Rockwills Trustee Berhad (Chairman)
- Public Investment Bank Berhad

Director of Ranhill Group of Companies:

- Ranhill SAJ Sdn. Bhd. (appointed on 17 April 2023)

Past Directorships:

He has been an Independent Non-Executive Director of the following companies:-

- Ann Joo Resources Berhad (Listed Company) - May 2013 to May 2018
- Sasbadi Holdings Berhad (Listed Company) - May 2013 to July 2020
- Affin Hwang Investment Bank Berhad - April 2014 and retired in March 2021
- Manulife Holdings Berhad and Manulife Insurance Berhad - July 2012 and retired in July 2021
- Fairview Schools Berhad - January 2017 to March 2022
- Affin Investment Berhad (In Members' Voluntary Winding-Up since December 2015) - April 2012 to February 2024
- Starcrest Education Limited (Listed Company on the London Stock Exchange) - April 2022 to June 2023

BOARD OF DIRECTORS' PROFILE



66 Years Old



Female



Malaysian



LEOW PEEN FONG

Independent Non-Executive Director

Board Meetings
Attendance

7/7

APPOINTMENT TO THE BOARD:

Appointed on our Board as an Independent Non-Executive Director on 2 March 2018

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

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

BOARD COMMITTEE MEMBERSHIPS:

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

SKILLS AND EXPERIENCE:

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

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

(KPIs) for water services and sewerage services licensees;

- integrate the water and sewerage services;
- develop and standardize rules and regulations to guide developers, contractors and licensees towards high-quality service delivery; and
- enforce the related laws and regulations.

Before she joined SPAN, she held various positions in the Ministry of Finance (MOF) of Malaysia from 1988 to 2007. With her vast experience in the public financial sector, she was tasked with restructuring the corporate debt of several privatized projects during the Asian financial crisis of 1997/1998. The major restructuring exercise that she had completed at the height of the financial crisis included the debt restructuring of highways, telecommunication and the takeover and merger of the light rail transit companies. She has also been placed in the Economics Division which is responsible for macro-economic scenario planning and forecasting as well as preparation of the Annual Economic Reports. The Economic Reports focused on the performance of the economy for the year as well as the outlook for the following year.

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

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- Eupe Corporation Berhad

Other Public Companies:

- Nil

Director of Ranthill Group of Companies:

- Ranthill SAJ Sdn. Bhd.

BOARD OF DIRECTORS' PROFILE



70 Years Old



Male



Malaysian



ABU TALIB ABDUL RAHMAN
Independent Non-Executive Director

Board Meetings
Attendance

6/7

APPOINTMENT TO THE BOARD:

Appointed to our Board as Independent Non-Executive Director on 1 December 2015

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

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

BOARD COMMITTEE MEMBERSHIPS:

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

SKILLS AND EXPERIENCE:

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

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

In 1991, he founded with several other lawyers the firm of Abu Talib Shahrom (formerly known as Messrs Abu Talib Shahrom, Kamil & Zahari) ("ATS"). His area of legal expertise encompasses corporate law, corporate secretarial, corporate finance and banking, commercial contracts, construction and private finance initiative projects with the Government of Malaysia. He is a former director of United Engineers Malaysia Berhad. From January 2017, he took a sabbatical and served as a Managing Director of a public listed company until his return to ATS to continue his legal practice from 1st January 2020. Upon his retirement as a partner of ATS in 2022, Encik Abu Talib continues to serve as a Consultant of ATS.

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- Nil

Other Public Companies:

- Nil

Director of Ranhill's Group of Companies:

- Ranhill Sabah Energy I Sdn Bhd (formerly known as Ranhill Powertron Sdn. Bhd.)
- Ranhill Sabah Energy II Sdn Bhd (formerly known as Ranhill Powertron II Sdn. Bhd.)
- Ranhill Sabah Energy O&M I Sdn Bhd (formerly known as Ranhill Power O&M Sdn. Bhd.)
- Ranhill Sabah Energy O&M II Sdn Bhd (formerly known as Ranhill Power II O&M Sdn. Bhd.)

In addition, he also serves in the following organisation:

- Yayasan Saad

BOARD OF DIRECTORS' PROFILE



60 Years Old



Female



Turkish



DR ARZU TOPAL

Independent Non-Executive Director

Board Meetings
Attendance

7/7

APPOINTMENT TO THE BOARD:

Appointed to our Board as Independent Non-Executive Director on 15 April 2022

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

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

BOARD COMMITTEE MEMBERSHIPS:

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

SKILLS AND EXPERIENCE:

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

Dr Arzu is a Director with 30 years of experience in projects and portfolio development and program management for global corporate real estate and facilities. Her professional experience includes:-

- Real Estate Development Planning and Management, Project Management Offices (PMO), and Portfolio Management for Capital Projects representing clients for all aspects of program lifecycle;
- Research, due diligence and negotiations management;
- Global and remote, multi-stakeholder project delivery and management;
- Completed a multi-stakeholder US\$100 million budget design & construction of a Federal Government Corporate Head Office, Abu Dhabi;
- Managed a portfolio of a total of US\$300 million Global Real Estate & Facilities delivery plan from inception to handover; and
- Implemented internal audit and quality models.

During her career, she held senior positions in the United Arab Emirates ("UAE"):-

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

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- Nil

Other Public Companies:

- Nil

BOARD OF DIRECTORS' PROFILE



42 Years Old



Female



Malaysian



ZURINA ABDUL RAHIM

Executive Director and Chief Commercial Officer

Board Meetings
Attendance

7/7

APPOINTMENT TO THE BOARD:

Appointed to our Board as Executive Director on 15 April 2022

ACADEMIC / PROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

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

BOARD COMMITTEE MEMBERSHIPS:

- Governance and Risk Management Committee (Member)

SKILLS AND EXPERIENCE:

Zurina Abdul Rahim was appointed as Chief Commercial Officer of Ranhill on 1 October 2021 and is currently heading the Commercial Division consisting of numerous departments overseeing Business Development, Corporate Finance, Contract / Commercial and Project Control and Risk Departments.

She was previously the Senior Vice-President, Group Legal & Compliance Division ("GLC") of Ranhill with around 18 years of experience under her belt in corporate matters/exercises such as mergers, take-overs, restructuring of group of companies, reverse takeover, IPO, due diligence exercises and submission to authorities, financing exercises such as project financing for power projects, trade financing, term loans, issuance of paper debts such as sukuk and USD notes and negotiations of contracts including project agreements under the private finance initiative model involving government agencies. She is also experienced in offshore wealth management matters such as the setting up of a private non-charitable foundation and supervising thereafter. She headed the GLC Division of Ranhill with responsibilities that ranges from contract matters (local and international), corporate exercises, financing, project

documents negotiations, governance, compliance and risk.

On 9 September 2016, she became a member of the International Academy of Business and Financial Management (IABFM) and was certified as Certified Compliance Professional. She obtained a Masters at Law (Corporate Law) from Universiti Teknologi Mara (UiTM) in Shah Alam in 2011.

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

She sits on the board of Ranhill as a board representative of Hamdan (L) Foundation, a major shareholder of the Company.

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

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- Nil

Other Public Companies:

- Nil

BOARD OF DIRECTORS' PROFILE



28 Years Old



Female



Malaysian



IMAAN AIYSHA HAMDAN
Non-Independent Executive Director

Board Meetings
Attendance

3/3

APPOINTMENT TO THE BOARD:

Appointed to our Board as Non-Independent Executive Director on 29 May 2023

ACADEMIC / DPROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

- Bachelor of Arts (Business and Management), Oxford Brookes University, United Kingdom (2018)

BOARD COMMITTEE MEMBERSHIPS:

- Nil

SKILLS AND EXPERIENCE:

Imaan Aiysha Hamdan is currently General Manager, Business Development Water and Wastewater Business, Group Commercial Division of Ranhill.

She has contributed towards Ranhill's vision of operating sustainably and enhancing the circular economy such as Ranhill's Large Scale Solar 4 (LSS4), Waste-to-Energy (WTE), Ranhill SAJ Sdn Bhd's solar project, implementation of electric vehicles (EV) for Ranhill SAJ meter readers, non-revenue water (NRW) reduction programme, combined cycle gas turbine (CCGT). She was also involved with Ranhill's collaboration with external stakeholders such as Malaysian Green Technology and Climate Change Corporation (MGTC) and Pantas Software Sdn Bhd in reducing Ranhill's carbon footprint, whilst simultaneously ensuring Ranhill is recognized for its efforts in augmenting a cleaner & greener environment which has led to Ranhill being awarded Gold winner in the utilities category by The Edge Malaysia ESG Awards in 2022 and 2023. She has been revamping Ranhill's brand image including increasing Ranhill's social media presence, websites and annual reports, and participating in stakeholder engagement activities.

Furthermore, she has played a critical part in major client management and strategic stakeholder engagement, with her responsibilities going far beyond coordination and interfacing with renowned multinational

offshore EPC contractors and operators. Some of which include Petrobras, Shell, Qatar Energy, Petronas, MMHE, and Seatrium. As a consequence, she engaged in high-level communication and negotiations, requiring thorough awareness of various corporate cultures and procedures. This was not limited to nurturing existing client relationships but to also actively engage potential clients, a key catalyst in expanding Ranhill's regional and global portfolio.

She was previously Special Officer to the Chief Operating Officer's Office at Ranhill. Prior to this, she was a Business Analyst at Ranhill SAJ Sdn. Bhd., where she reviewed and audited the water network of all the water treatment plants, wastewater and water reclamation plants in Johor, Thailand and China, as well as providing mitigating solutions to water disruption, that aim to maximize the business value to all stakeholders and carry out a cost-benefit analysis of unanticipated water disruptions.

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- Nil

Other Public Companies:

- Nil

Director of Ranhill Group of Companies:

- Ranhill Bersekutu Sdn. Bhd. (appointed on 15 June 2023)

FAMILY RELATIONSHIP WITH ANY DIRECTOR AND / OR MAJOR SHAREHOLDER:

- Yes
Her father, Tan Sri Hamdan Mohamad, the Chairman and Chief Executive and a major Shareholder of Ranhill.

BOARD OF DIRECTORS' PROFILE



56 Years Old



Male



Malaysian



JEFFREY BOSRA

Independent Non-Executive Director

Board Meetings
Attendance

N/A

On 1 August 2008, he was appointed as Independent Non-Executive Director of MKH Berhad and on 9 March 2022, he was re-designated as Non-Independent Non-Executive Director.

PRESENT DIRECTORSHIP(S) IN OTHER PUBLIC COMPANIES:

Public Listed Companies ("PLC"):

- MKH Berhad

Other Public Companies:

- Nil

APPOINTMENT TO THE BOARD:

Appointment to our Board as Independent Non-Executive Director to be effected on 2 May 2024

ACADEMIC / DPROFESSIONAL QUALIFICATION(S) OR MEMBERSHIP(S):

- Bachelor of Arts (Hons) Accounting with Management Science, University of Kent at Canterbury, United Kingdom (1991)

BOARD COMMITTEE MEMBERSHIPS:

- Audit Committee
(Appointment to be effected on 2 May 2024)

SKILLS AND EXPERIENCE:

Encik Jeffrey Bosra graduated from the University of Kent at Canterbury United Kingdom with a Bachelor of Arts (Hons) Accounting with Management Science in 1991. He started his professional career with Arthur Andersen & Co. focusing on external audits and business advisory works. He later joined Peremba Group of Companies, an established commercial group as the Financial Manager from 1996 to 2000. He then joined Ernst & Young as the Senior Manager specialising in corporate governance, risk management, internal audits, special investigation and turnaround management related service. He left Ernst & Young in 2004 and started his own audit firm. He is currently a partner in Jeffrey Suffian, a firm of chartered accountants located in Kuala Lumpur.

He obtained his certificate and was admitted as Chartered Accountant of the Malaysian Institute of Accountants in 2001. He is also a member of The Malaysian Institute of Certified Public Accountants.

Save as disclosed, the above Directors have no:-

- any family relationships with any directors and/or major shareholders of the Company;
- any conflict of interest or potential conflict of interest, including interest in any competing business with the Company or its subsidiaries saved as disclosed in the related party transactions of the Annual Report and Circular to Shareholders dated 2 May 2024; and
- been convicted of any offence within the past 5 years (other than traffic offences, if any) and have not been imposed any public sanctions and/or penalties by the relevant regulatory bodies during the financial year ended 31 December 2023.

KEY SENIOR MANagements' PROFILE



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

Refer to
Board of Directors'
Profile on page 96



68 Years Old



Male



Malaysian

DATE OF APPOINTMENT:

1 December 2015



ZURINA ABDUL RAHIM
Executive Director and
Chief Commercial Officer

Refer to
Board of Directors'
Profile on page 104



42 Years Old



Female



Malaysian

DATE OF APPOINTMENT:

15 April 2022

KEY SENIOR MANAGERMENTS' PROFILE

CHOO CHEE KEEN

Chief Financial Officer



➤ Date of Appointment: **1 June 2016**

QUALIFICATION(S):

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

WORKING EXPERIENCE:

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

Choo has more than 20 years of experience covering various financial and taxation roles. He is also sit on the board of various subsidiaries of Ranhill.

Present Directorship(s):

DIRECTORSHIP IN PUBLIC COMPANIES

Nil

DIRECTORSHIP IN RANHILL GROUP

- Ranhill Capital Sdn Bhd
- Ranhill Management Services Sdn Bhd
- Ranhill Technologies Sdn Bhd (formerly known as Ranhill Water Services Sdn Bhd)
- Ranhill Solar I Sdn Bhd
- Ranhill Sabah Energy I Sdn. Bhd. (formerly known as Ranhill Powertron Sdn. Bhd.)
- Ranhill Sabah Energy II Sdn. Bhd. (formerly known as Ranhill Powertron II Sdn. Bhd.)
- Ranhill Bersekutu Sdn. Bhd.
- Ranhill SAJ Sdn. Bhd (appointment effected 14 March 2024)

In addition, he serves on the following organization/s: Nil

Conflict of Interest with Ranhill Utilities Berhad: Nil

Family Relationship with any Directors and / or Major Shareholder: Nil

List of Conviction for Offences Within the Past 5 Years: Nil

NADZRIM ABDUL HAMID

Chief Compliance Officer



➤ Date of Appointment: **1 December 2023**

QUALIFICATION(S):

- Accounting Degree from University of Central Lancashire in the United Kingdom in 1992
- Qualified Lead Assessor of ISO9001 certified by SIRIM

WORKING EXPERIENCE:

Nadzrim Abdul Hamid, aged 56, was appointed as Chief Compliance Officer of our company on 1 December 2023.

He holds an Accounting Degree from University of Central Lancashire in the United Kingdom in 1992. He is also a qualified Lead Assessor of ISO9001 certified by SIRIM.

He has extensive experience in Accounting, Information Technology ("IT") and Financing, serving in various financial institutions and IT related companies.

Upon his return from the United Kingdom, Nadzrim did part time lecturing in Accounting at Institut Teknologi MARA in Malacca. He started working as Account Executive in Ambank in 1994. Then he joined Dagang Net Sdn Bhd, a subsidiary of TIME Engineering Bhd in 1997 as Assistant Manager, Finance rising in the ranks to Manager few years later. He joined Commerce Asset Ventures Sdn Bhd in 2001 as Investment Analyst before leaving the job for Ranhill.

He joined Ranhill Berhad in 2004 as Senior Analyst. His function is to evaluate potential investment opportunities in both power and energy sectors for the Office of Chief Executive. He reviewed and studied potential power and energy investment in Indonesia, India and Pakistan. He was then assigned to look after Ranhill's investment of 84 MW hydro power plant in Pakistan of which he had previously evaluated in 2004. He was instrumental in negotiating a successful and profitable Ranhill's exit from the Pakistani project in 2007. After that, he was assigned to another Ranhill project in Tripoli, Libya in constructing 10,000 housing units for the Libyan Government from January 2008 to February 2011. He was the designated Vice President, Finance. Nonetheless in 2011, Libyan civil war occurred which resulted in a force majeure event for the project. Thus, Ranhill had to evacuate Libya due to the civil unrest. Upon his return to Malaysia, he was assigned as the Head of Group Treasury of our company, handling financial and fund-raising matters locally and internationally. On 1 December 2023, he was promoted to Chief Compliance Officer upon which he reports directly to the Chairman and Chief Executive.

Present Directorship(s):

DIRECTORSHIP IN PUBLIC COMPANIES

Nil

DIRECTORSHIP IN RANHILL GROUP

- Ranhill SAJ Sdn Bhd (appointment effective on 14 March 2024)
- Ranhill Capital Sdn Bhd
- Ranhill Management Services Sdn Bhd
- Ranhill Water Technologies (Cayman) Ltd.

In addition, he serves on the following organization/s: Nil

Conflict of Interest with Ranhill Utilities Berhad: Nil

Family Relationship with any Directors and / or Major Shareholder: Nil

List of Conviction for Offences Within the Past 5 Years: Nil

KEY SENIOR MANagements' PROFILE

MONINDAR KAUR A/P HARCHARAN SINGH

Chief Merger and Acquisition Officer (CMAO)



56



Female



Malaysian

➤ Date of Appointment: **1 October 2021**

QUALIFICATION(S):

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

WORKING EXPERIENCE:

Monindar Kaur A/P Harcharan Singh is the CMAO of Ranhill effective October 2021. She has more than 30 years' experience covering various financial aspects including the IPO of Ranhill Berhad (RB).

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

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

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

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

Present Directorship(s):

DIRECTORSHIP IN PUBLIC COMPANIES

Nil

In addition, she serves on the following organization/s: Nil

Conflict of Interest with Ranhill Utilities Berhad: Nil

Family Relationship with any Directors and / or Major Shareholder: Nil

List of Conviction for Offences Within the Past 5 Years: Nil

MUHAMAD FAIZAL ALIAR

Chief Executive Officer, Ranhill SAJ Sdn Bhd



38



Male



Malaysian

➤ Date of Appointment: **1 July 2022**

QUALIFICATION:

- Diploma in Automotive Engineering from Kolej WIT (Workers Institute Technology)

WORKING EXPERIENCE:

Muhamad Faizal Aliar was the Malaysian representative for Indonesia Investama of Habibie Group for their business ventures in Malaysia. Then, he worked at RND Resources Sdn Bhd as a Marketing Director.

He started his career in Ranhill as General Manager of PT. Ranhill Bumi Persada, a subsidiary company of Ranhill incorporated in Indonesia from 01 January 2020, being responsible for the initiating liaison for commercial relationships and business development with Indonesian organization for opportunity in businesses for Ranhill. On 01 November 2020, he was transferred to Ranhill Capital Sdn Bhd and promoted as Senior General Manager.

On 01 September 2021, he was promoted as Chief Strategy Officer / Vice President, Office of the Chairman and Chief Executive (CCE) for handling projects opportunities related to the government and government-linked companies as his experience in driving the commercial relationships and facilitate meetings or opportunities, connecting businesses with each other thus far makes him suitable for the higher level position in Ranhill.

Currently, he is the CEO of Ranhill SAJ Sdn Bhd effective since 01 July 2022.

Present Directorship(s):

DIRECTORSHIP IN PUBLIC COMPANIES

Nil

DIRECTORSHIP IN RANHILL GROUP

- Ranhill SAJ Sdn Bhd

In addition, he serves on the following organization/s: Nil

Conflict of Interest with Ranhill Utilities Berhad: Nil

Family Relationship with any Directors and / or Major Shareholder: Nil

List of Conviction for Offences Within the Past 5 Years: Nil

KEY SENIOR MANagements' PROFILE

IR. DR. ZAHRUL FAIZI HUSSIEN

Chief Executive Officer, Ranhill Power Division



➤ Date of Appointment: **1 November 2016**

QUALIFICATION:

- Bachelor of Electrical Engineering (Hons), University of Southampton, United Kingdom
- Ph.D in Electrical Engineering, University of Southampton, United Kingdom
- Professional Engineer (P.Eng) with Practising Certificate (Electrical), Board of Engineers Malaysia (BEM)
- Corporate Member, Institute of Engineers Malaysia (IEM)
- Senior Member, Institution of Electrical & Electronics Engineers (IEEE), USA
- Associate ASEAN Engineer (AAE), ASEAN Federation of Engineering Organisations (AFEO)

WORKING EXPERIENCE:

Ir. Dr Zahrul Faizi Hussien started his career at and served for about 18 years in Tenaga Nasional Berhad (TNB) as engineer, trainer and senior management with his last position as General Manager (Transmission & Distribution) at TNB Research Sdn Bhd. He then joined Malakoff Berhad as Head of Reliability, Performance and Utilities, where he oversaw the performance of its power plants (CCGT and coal) and utilities (distribution and district cooling) business.

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

Present Directorship(s):

DIRECTORSHIP IN PUBLIC COMPANIES

Nil

In addition, he serves on the following organization/s: Nil

Conflict of Interest with Ranhill Utilities Berhad: Nil

Family Relationship with any Directors and / or Major Shareholder: Nil

List of Conviction for Offences Within the Past 5 Years: Nil

IZANI IBRAHIM

Chief Executive Officer, Ranhill Technologies Sdn Bhd



➤ Date of Appointment: **1 November 2022**

QUALIFICATION(S):

- Bachelor (Hons) in Building (1995-1997) University Technology of Malaysia (UTM)
- Diploma In Quantity Surveyor (1992 - 1995) University Technology of Malaysia (UTM)

WORKING EXPERIENCE:

Izani Ibrahim was appointed as the CEO of Water Engineering Division for Ranhill Utilities Berhad effective 01 November 2022.

He started his career as Quantity Surveyor, Ahmad Zaki Sdn Bhd (ARZB) in 1997, involving in pre and post contract for Architecture and Engineering Faculty project, UIA in Gombak. He was then joined Ranhill Civil Sdn Bhd in 2001 for Serdang Hospital Project as Senior Quantity Surveyor.

His career continued and developed with Ranhill for more than 18 years in contract and commercial experience serving in various positions and departments. He was responsible overseeing contract and procurement for various project especially for Serdang Hospital Project, Senai Desaru Expressway project, Melut Oil Development (Phase I) Project in Sudan as well as Libya Housing Project in Libya.

Prior to his current appointment, he was the General Manager, Contract and Commercial supporting the Chief Operating Officer in leading the implementation of identified operational strategies in all awarded projects / contracts and taking leads for contract / project implementation teams to ensure completion according to greed requirements and organizational targets.

He holds the position of Chief Executive Officer of Ranhill Technologies Sdn Bhd effective since 01 November 2022.

Present Directorship(s):

DIRECTORSHIP IN PUBLIC COMPANIES

Nil

In addition, he serves on the following organization/s: Nil

Conflict of Interest with Ranhill Utilities Berhad: Nil

Family Relationship with any Directors and / or Major Shareholder: Nil

List of Conviction for Offences Within the Past 5 Years: Nil

KEY SENIOR MANAGERMENTS' PROFILE

IR. ARVIND MENON

Chief Executive Officer, Ranhill Bersekutu Sdn Bhd



> Date of Appointment: **1 February 2019**

QUALIFICATION(S):

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

WORKING EXPERIENCE:

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

He has over 27 years of experience in the engineering industry. He started his career with RBSB since 1996 as a Mechanical Engineer and was promoted to Senior Engineer in July 2001. In July 2003, he became a Principal Engineer of RBSB, before being appointed as a Project Manager from July 2004 to September 2005. In September 2005, he was made the Deputy Division Director, Mechanical, and has been involved in various roles covering from concept design right up to construction contract administration for various projects such as Johor Bahru Duty Free, Menara Binjai, 25 Storey Twin Tower Luxury Condominium at Persiaran Stonor, Kuala Lumpur, University Malaya Research Centre, PNB Darby Park, Serdang Hospital, KL-Singapore High Speed Rail and Prince Hotel and Residence. From January 2016 to January 2019, he served as the Division Director for Business Services and Quality Assurance and was promoted to the Chief Executive Officer of RBSB in February 2019.

He is empanelled in the Asian International Arbitration Centre, Malaysia as an Adjudicator where he occasionally conducts adjudication proceedings of construction disputes. He is a registered Professional Engineer with Practising Certificate under the BEM, an ASEAN Chartered Professional Engineer, member of the IEM and the Malaysian Society of Adjudicators and a certified adjudicator by the Malaysian Society of Adjudicators.

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

Present Directorship(s):

DIRECTORSHIP IN PUBLIC COMPANIES

Nil

In addition, he serves on the following organization/s: Nil

Conflict of Interest with Ranhill Utilities Berhad: Nil

Family Relationship with any Directors and / or Major Shareholder: Nil

List of Conviction for Offences Within the Past 5 Years: Nil

IR. MOHAMAD EMBONG

Chief Executive Officer, Ranhill Worley Sdn Bhd



> Date of Appointment: **1 January 2016**

QUALIFICATION(S):

- Bachelor of Science in Civil Engineering, University of Toledo, Ohio, United States of America
- Professional Engineer with Practising Certificate
- Member of BEM and the Institution of Engineers, Malaysia

WORKING EXPERIENCE:

Ir. Mohamad Embong has more than 30 years in the O&G industry. He started his career as a Structural Engineer with Brown & Root (M) Sdn. Bhd. in 1986 and was working with both Protek Engineers and RBSB until year 2000 where he served as a General Manager. From 2000 to 2015, he was a Project Manager for RWSB and was promoted to the General Manager – Business Unit responsible for local business performance in January 2016. In October 2016, he was appointed the Chief Executive Officer of RWSB.

Currently, he is the CEO of RWSB since 01 January 2016. He is responsible for the overall performance of RWSB.

Present Directorship(s):

DIRECTORSHIP IN PUBLIC COMPANIES

Nil

In addition, he serves on the following organization/s: Nil

Conflict of Interest with Ranhill Utilities Berhad: Nil

Family Relationship with any Directors and / or Major Shareholder: Nil

List of Conviction for Offences Within the Past 5 Years: Nil

None of the key management have:-

- any family relationships with any directors and/or major shareholders of the Company;
- any conflict of interest or potential conflict of interest, including interest in any competing business with Ranhill Utilities Berhad or its subsidiaries; and
- been convicted of any offence within the past 5 years (other than traffic offences, if any) and have not been imposed any public sanctions and/or penalties by the relevant regulatory bodies during the financial year ended 31 December 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

THE BOARD IS PLEASED TO PRESENT THIS CORPORATE GOVERNANCE OVERVIEW STATEMENT ("CG OVERVIEW" OR "STATEMENT") WHICH SETS OUT THE PRINCIPLES AND FEATURES OF THE GROUP'S CORPORATE GOVERNANCE FRAMEWORK AND PRACTICES. THIS CG OVERVIEW PROVIDES A SUMMARISED NARRATIVE OF HOW RANHILL HAS LOOKED TO FURTHER STRENGTHEN CORPORATE GOVERNANCE PRACTICES WITHIN THE GROUP.

The disclosures are centred on the following key principles of corporate governance based on the Malaysian Code of Corporate Governance 2021 ("MCCG 2021"):

Principle A - Board Leadership and Effectiveness



Principle A

Board leadership and effectiveness



Principle B

Effective audit and risk management



Principle C

Integrity in corporate reporting and meaningful relationships with stakeholders



This Statement is to be read together with the Corporate Governance Report FY2023 ("CG Report 2023"), which provides details on how the Group has applied each Practice as set out in the MCCG 2021 which is available on the Company's website at www.ranhill.com.my or through the announcement published on the Bursa website. The Board recognises the importance of the application of the MCCG 2021, effective stewardship and strong corporate values that contribute to the success of the Group. Ranhill is headed by an effective Board that is collectively responsible for its long-term success and ensures that it operates effectively and efficiently.

Ranhill has received the following awards for the respective categories in relation to CG disclosures, Annual Report and ESG:-

- ▶ Industry Excellence (Utilities Sector) award for Minority Shareholders Watch Group ("MSWG")-ASEAN CG Award in 2020 and consistently among the Top 100 winners since 2019.
- ▶ Gold Medal award for Annual Report Competition ("ARC") Awards International 2023 for Annual Report 2021 under the category Traditional Annual Report for Service Provision Company.
- ▶ Gold Award for the Utilities sector by The Edge ESG Awards in collaboration with FTSE Russell and Bursa Malaysia for 2022 and 2023.

The Board is collectively responsible for leading and directing the Group. It sets Ranhill's corporate purpose, strategy, key policies and objectives, and values and culture to achieve the long-term sustainability of the business, for the benefit of shareholders, customers, suppliers and the communities in which Ranhill operates. The Board also reviews and monitors the exposure to key business risks, the direction of individual business units, their annual budgets, and their progress compared against agreed key performance indicators (KPIs). In discharging its responsibilities, the Board is supported by its management and board committees.

I. BOARD RESPONSIBILITIES

Ranhill is committed to a high level of corporate governance which is essential for sustainable long-term performance and value creation of the Group. The Board, being the highest decision-making and stewardship body of the Group, is ultimately responsible to shareholders for the direction, management, performance and long-term success of the Group.

The Board's role is to govern and set the strategic direction of the Company and the Group. Meanwhile, senior management manages the Company and the Group in accordance with the strategic direction and delegation of authority set by the Board. The responsibility of the Board includes overseeing the activities of management in carrying out the delegated duties. The Board delegates specific roles and responsibilities to its Board committees which operate within their defined Terms of References.

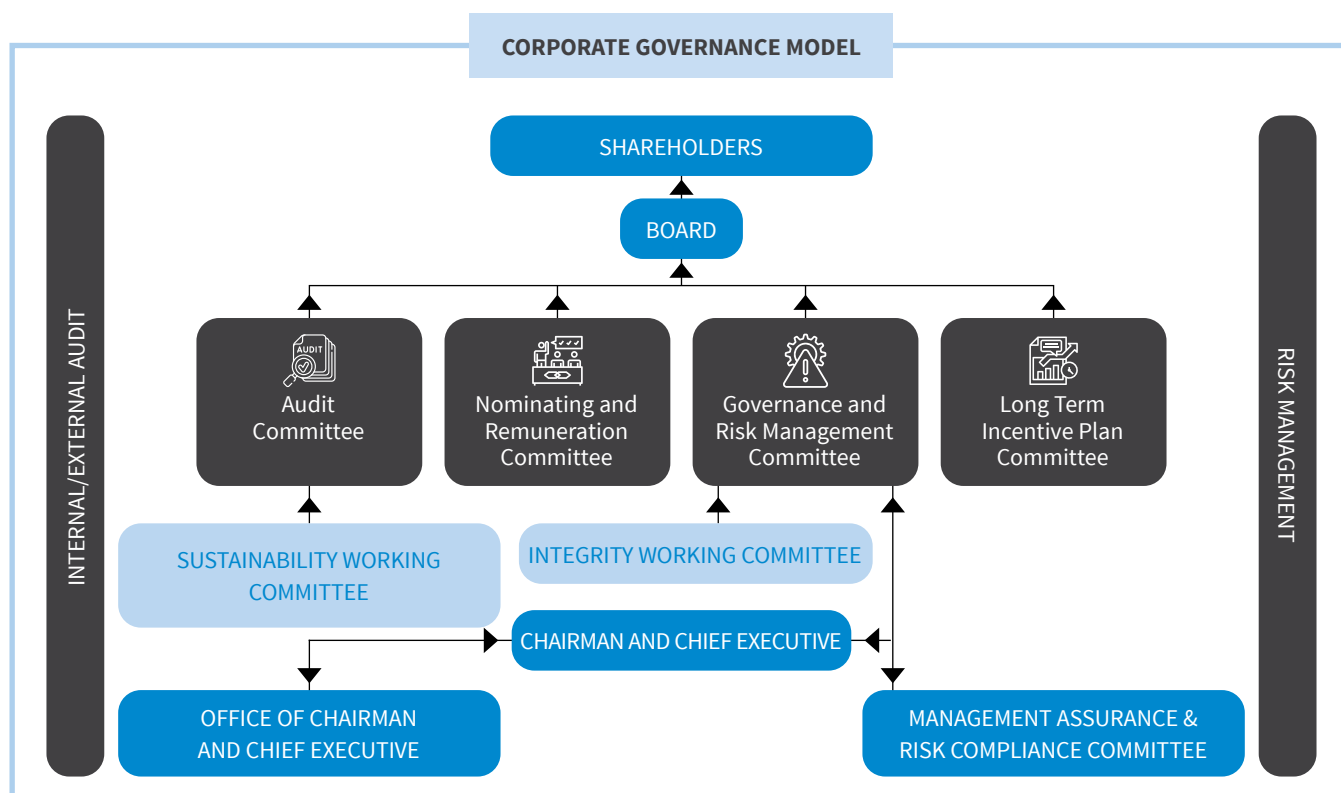
GOVERNANCE FRAMEWORK

In discharging its fiduciary duties, the Board operates within a formalised governance framework, guided by its Board Charter, which stipulates the roles and responsibilities, the power and authority vested in the Board and other required guidance in enabling the Board to discharge its duties. The framework is depicted in

CORPORATE GOVERNANCE OVERVIEW STATEMENT

the diagram below. The framework enables oversight on ESG matters as well as business, operational, financial and other strategic risks within the Group.

In essence, the framework defines how Ranhill will deliver its business objectives and the boundaries within which Ranhill employees are expected to work. It establishes a common approach to how Ranhill operates, irrespective of geographical location. The framework contains two sections i.e. the Corporate Governance Structure and a set of guidelines, policies & procedures (“P&P”) and our corporate values, which help to cultivate good corporate governance within the Group.



Guidelines and Policies

- Board Charter (inclusive of Terms of Reference (“TOR”) for all respective Board Committees)
- Ranhill Authority Manual (“RAM”)
- Code of Conduct and Business Ethics (“CCBE”) Policy and Procedures
- Whistleblowing Policy and Procedures
- Corporate Disclosure Policy and Procedures
- Third Party Dealing Policy and Procedures
- Corruption Risk Management Policy and Procedures
- Directors’ Fit and Proper Policy

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

BOARD COMMITTEES

In order to ensure responsibilities are effectively discharged, the Board is assisted by four (4) Board Committees. They are the Audit Committee, Nominating and Remuneration Committee, Governance and Risk Management Committee and Long Term Incentive Plan Committee, all of which have specific responsibilities with authority to act on behalf of the Board as mandated in their respective TOR.

The Board and the Board Committees meet on scheduled basis and additional meetings may be called by the Chairman of the Board and the Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name of Committee	Members of Committee	Key Function
Audit Committee (“AC”)	<ul style="list-style-type: none"> Mr Lim Hun Soon @ David Lim (Chairman) Datuk Abdullah Karim (Member) Encik Abu Talib Abdul Rahman (Member) 	The AC shall ensure the system of internal controls and financial reporting process is in place and working order, all policies and procedures, regulations and laws are adhered to and the Group assets are safeguarded.
Nominating and Remuneration Committee (“NRC”)	<ul style="list-style-type: none"> Datuk Abdullah Karim (Chairman) Encik Abu Talib Abdul Rahman (Member) Ms Leow Peen Fong (Member) Dr Arzu Topal (Member) 	The NRC shall ensure that the Board and senior management has an effective structure, composition, size and skills set, the reward system is in place and fair, and the succession plan of the Board and senior management is developed and implemented. NRC shall also review the Board’s performance annually.
Governance and Risk Management Committee (“GRMC”)	<ul style="list-style-type: none"> Ms Leow Peen Fong (Chairman) Tan Sri Hamdan Mohamad (Member) Datuk Seri Panglima Lim Haw Kuang (Member) Encik Abu Talib Abdul Rahman (Member) Dr Arzu Topal (Member) Cik Zurina Abdul Rahim (Member) 	The GRMC shall ensure that the Group applies the principles and best practices of corporate governance and corporate responsibility and to ensure that the Group complies with relevant regulatory and legal requirements. GRMC shall also provide in-depth governance of risk for the Group and effectively manage the overall risk exposure of the Group.
Long Term Incentive Plan Committee (“LTIPC”)	<ul style="list-style-type: none"> Datuk Abdullah Karim (Chairman) Encik Abu Talib Abdul Rahman (Member) Ms Leow Peen Fong (Member) Dr Arzu Topal (Member) 	The LTIPC shall ensure that the establishment, implementation and subsequent administration of the share grant plan under the LTIP for the benefit of the eligible executive directors and employees of the Company and its subsidiaries.

Each committee chair reports to the Board on the committee’s activities following each committee meeting. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board will continually review the TORs of the Board Committees to be in line with the latest provisions and recommended practices set out under the essential regulatory requirements, statutory provisions, policies and best practices. They will be enhanced and updated periodically to ensure that the Committees are properly guided in their operations, composition and decision making process.

CCBE, WHISTLEBLOWING POLICY AND CORRUPTION RISK MANAGEMENT POLICY AND PROCEDURES

In committing its stance towards zero tolerance on bribery and corruption, the Board endorsed the Corruption Risk Management Policy and Procedures (“CRMP”) by the Group Corporate Assurance Division in August 2022. The objective of CRMP is to strengthen its control measures in combating bribery and corruption activities including any unethical and

illegal business conduct within the Group in addition to its Whistleblowing P&P, Misconduct P&P, and the CCBE P&P in compliance with the Adequate Procedures Guidelines pursuant to Section 17A of the Malaysian Anti-Corruption Commission (“MACC”) Act 2009.

The CRMP outlines the Group’s strategies for overseeing the overall issue of corruption, fraud, and misconduct within the organization. This includes identifying, assessing, preventing, and managing bribery and corruption issues within the Group. The Integrity Working Committee (“IWC”) which was set up earlier in 2020 is continuing with its roles in assisting the management in executing the aforementioned strategies.

With RANHILL’s anti-corruption stance, the CRMP, Whistleblowing P&P and CCBE P&P are available on the Company’s website under the Corporate Governance section at www.ranhill.com.my. The Directors and all the employees of the Group are expected to observe and adhere to the policies and guidelines relating thereto.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

SUSTAINABILITY

Ranhill adopts a progressive stance in sustainability governance by reviewing and strengthening Ranhill's sustainability governance structure from time to time. In recent years, Ranhill bolstered its sustainability governance and maintained the top-down approach to ensure effectiveness in embedding sustainability in Ranhill's business strategy, management and daily operations.

The Board continues to have oversight on sustainability direction and matters. The Board has delegated to the Audit Committee ("AC") to develop and formulate sustainability strategies, policies, targets, and statements for the Group. AC will provide regular updates to the Board on the Sustainability and Environmental, Social, and Governance ("ESG") concerning the Group for Board to keep abreast with ESG-related issues. The Sustainability & ESG unit and Sustainability Working Committee is currently headed by Chief Compliance Officer which was previously headed by Chief Operating Officer, and comprise key senior management of the Group to assist AC in coordinating the implementation of and reporting the progress of sustainability strategy, targets, and performance within the Group.

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

BOARD CHARTER

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

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

The Charter also provides for matters which the Board may delegate to the Board Committees members and management to undertake and execute. The Board Charter complies with the Companies Act 2016 and the Bursa Malaysia Main Market Listing Requirements ("BMLR") and have adopted the MCG 2021 practices.

The Charter and its Board Committees' Terms of Reference are available on the website at www.ranhill.com.my.

FORMAL SCHEDULE OF MATTERS RESERVED FOR THE BOARD

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

Approval of strategic and corporate plans;

Approval of annual budgets, including major capital commitments;

Approval of material acquisitions and disposals of undertakings and assets; and

Changes to the management and control structure within the Company and its subsidiaries, including key policies and delegated authority limit.

BOARD COMPOSITION

The Board comprises ten (10) members out of which consist of five (5) Independent Non-Executive Directors, four (4) Non-Independent Executive Directors and one (1) Non-Independent Non-Executive Director.

The current composition of the Board complies with BMLR which stipulates at least 2 directors or 1/3 of the Board whichever is higher, must be independent. The Board had complied with the threshold of one (1) woman on the Board under BMLR and 33% women under Practice 5.9 of MCG 2021. No alternate Directors sit on the Board of the Company.

In FY2023, the Board and NRC have looked into refreshing the Board composition for succession planning and strengthening its composition. This was also echoed by the shareholders at the 9th AGM. The Board had on 29 May 2023 appointed Dato' Ramlee A Rahman, a Non-Independent Non-Executive Director, and Cik Imaan Aiysha Hamdan, Executive Director as additional directors to the Board.

The following are the Board members and a brief role of each of them:-

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Chairman and Chief Executive

Tan Sri Hamdan Mohamad

The Chairman is also the Chief Executive of the Company. He is responsible for providing leadership to the Board and ensuring the effectiveness of Board in discharging its roles and responsibilities. He is also providing leadership to the key senior management and overseeing the business operation and performance of the Group for the effectiveness of governance and management of the Group.

Senior Independent Director ("SINED")

Datuk Abdullah Karim

(appointed as SINED w.e.f. 13 November 2018)

He is the designated contact point to whom shareholders may convey any concerns or queries on the affairs of the Company. The SINED serves as an alternative to the formal channel of communication with shareholders. He also provides a sounding board for the Chairman and serves as an intermediary for the other Directors, if necessary.

Datuk Abdullah Karim can be contacted at abdulk0608@gmail.com.

Independent Directors Non-Executive Directors ("INED")

Mr Lim Hun Soon @ David Lim

Ms Leow Peen Fong

Encik Abu Talib Abdul Rahman

Dr Arzu Topal

(international director)

The INED provides objective and independent views, advice, and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers, and the many communities in which the Group conducts its business. INED makes significant contributions to the Group's decision-making by bringing in the quality of detached impartiality.

Non-Independent Non-Executive Directors ("NINED")

Dato' Ramlee A Rahman

The Non-Executive Directors contribute operational and international experience, an understanding of the industry in which Ranhill operates, knowledge of financial markets and an understanding of the health, safety, environmental and community matters that are important to the Company.

Executive Directors ("ED")

Datuk Seri Panglima Lim Haw Kuang

Cik Zurina Abdul Rahim

(also Chief Compliance Officer)

Cik Imaan Aiysha Hamdan

Encik Amran Awaluddin

(also Chief Operating Officer)

(resigned wef 01.12.2023)

Responsible for providing strategic leadership and overseeing the day-to-day operations and management within their specific areas of expertise or assigned responsibilities.

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

The Board noted that the combined roles of the Chairman and CE is a deviation under Practice 1.3 of the MCCG 2021, which recommends that the role of the Chairman and CE should be held by different individuals to ensure accountability and facilitate the division of responsibilities between them. The Board has taken the view that the combined roles of Chairman and CE are in the best interest of the Group. The Chairman & CE's leadership, knowledge, and extensive experience in the business, operation, and culture of the Group bring significant and valuable contributions to the Board and the Group as a whole.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Chairman & CE ensures that the culture in the boardroom promotes open interaction and contributions by all.

The number of INEDs on the Board will provide sufficient checks and balances to ensure the Board is objective and independent in its review and decision-making.

Given the key roles, responsibilities, and required contributions of the Chairman & CE in the Group, the Board has decided that it is vital for the Chairman & CE to be part of the GRMC and invitee to the AC and NRC meetings even if the Company departed from Practice 1.4 of MCCG 2021. The committees will be able to leverage the Chairman & CE's expertise and experience; and be able to provide constructive opinions that are relevant to the business and operations of the Group. The Board ensures the presence of the Chairman & CE in such meetings shall not affect or impair the AC and NRC's independent and objective functioning.

The Chairman & CE to abstain from all deliberations and voting on matters in which he has direct and deemed interest. The Board ensures the disclosures and management of all related party transactions involving the Chairman & CE are appropriately dealt with in accordance with the BMLR including any concerns that might have a conflict for the Chairman & CE to deal with.

Board skills and Experience

Ranhill's Board of Directors collectively brings in the following skills and experience to the Group:-



Leadership

Business leadership, regional, global and public listed company experiences



Investment & Mergers and Acquisition

Investment, mergers and acquisition



Business & Finance

Accounting, audit, business strategy, competitive business analysis, corporate financing, financial literacy, legal, risk management and tax



Sustainability & Stakeholder Management

Community relations, corporate governance, environmental issues, government affairs, health and safety, human resources, industrial relations, remuneration



Technical & Industry Sectors

Project Management, Environment, Energy and Engineering Services



Digitalisation & Technology

Development of ICT knowledge and skills, including the ability to use new communication and collaboration tools, and industry-related solutions and to understand how new innovations can be used to enhance the business model and drive value creation

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD ACTIVITIES AND TASKS IN FY2023

The Board has met seven (7) times during FY2023. The salient proposals/agenda of the Board and Board committees that were discussed, considered, reviewed, and approved in FY2023 are summarised in the table below:-

Financial and Operations

- Group financial and operational performance against budget and cash flow, business performance review includes operational KPIs and the Company's tax strategy.
- Financing needs and funding, borrowing and security for operations, and secured project/contract / tender funding purposes such as corporate guarantee, *Sukuk* issuance, and bank borrowings.
- Audited Financial Statements of the Group and the Reports of the Directors and Auditors for the financial year ended 31 December 2022.
- Declaration of dividends.
- Performance Bonus and Annual Salary Increment.
- Treasury shares and declaration on the solvency statement in respect of Share Buy-Back ("**SBB**").
- External Auditors' Plan for the financial year ending 31 December 2023.
- Audit Results for the financial year ended 31 December 2022 by the external auditors.
- Quarterly reporting includes unaudited financial results, related party transactions and recurrent related party transactions, financial assistance, disclosures updates in relation to any agreement, arrangement, joint venture, memorandum of understanding or collaboration for the purpose of bidding for or securing a project or contract.
- Vesting of the Restricted Shares grant ("**RS**") under the Long Term Incentive Plan ("**LTIP**") granted in FY2020 to eligible employees of Ranhill and its subsidiaries, including the issuance of new ordinary shares and additional listing of those ordinary shares arising from the vesting of the RS.

Strategic Plans and Investments

- Evaluate and consider the Company and/or Group's strategic business, business ventures and/or investment, locally and abroad as well as proposals proposed by Management. Post monitoring of the performance of project/contract tender of the Group through status updates report presented by Management to Board in the meeting.
- Annual Business Plan and Budget for FY2024 and the strategies towards achieving the forecast.

Corporate Governance and Compliance

- Revision of the Board Charter and Terms of Reference ("**Tor**") of Board Committees where necessary.
- Board's succession plans, the present size, structure, diversity and composition of the Board and Board Committees as well as the required mix of skills, experience, and competency.
- Appointment of directors and review the composition of Board Committees.
- Evaluation of the performance of External Auditors and Internal Auditors.
- Annual Board Evaluation assessment.
- Annual Report and matters relating to the AGM 2023.
- Senior Management succession planning.

Sustainability and Risk Management

- Risk management and internal controls as detailed in the Statement of Risk Management and Internal Control of this Annual Report.
- Ranhill's Sustainability updates.

ACTIVITIES OF NOMINATING AND REMUNERATION COMMITTEE ("**NRC**")

The NRC assists the Board in reviewing the structure, composition, size and skill set of the Board, including providing advice to the Board on the retirement and appointment of additional and/or replacement Directors. The NRC is chaired by Datuk Abdullah Karim, Senior Independent Non-Executive Director and comprises all Independent Non-Executive Directors. The detailed roles and responsibilities of the NRC as set out in its TOR are available at Ranhill's website at www.ranhill.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

NRC shall meet at least two (2) times annually. During FY2023, NRC has met three (3) times to review and consider the key agenda of the Group, and the meetings were attended by all members. Key Activities of NRC during FY2023/2024 are as follows:-

i. Review of Board composition for Board effectiveness

The NRC conducts the annual review of the Board composition concurrently with the assessment of the Board's annual performance to identify and assess any gaps in terms of skills, competencies, experience, or diversity in strengthening the effectiveness of Board composition. A review of the gaps will also be taken in the event there were resignations or retirement of the director or the need arises to align with the Group's strategies as well as to ensure the Group is consistently compliant with the BMLR and adopting the best corporate governance practice.

In reviewing and selecting director candidates, it will be based on a range of diverse perspectives without discrimination on gender, age, religion, and ethnic group. In this regard, the Company may receive the nomination of the director candidates from the directors or shareholders. Nonetheless, the ultimate decision will be based on the merit and the potential contribution the selected candidate would bring to the Board.

The assessment of the director candidates whether for appointment/re-appointment/re-election shall be conducted as per the Directors' Fit and Proper Policy of the Group, independent criteria and conflict of interest assessment. A director shall be a person of high calibre, integrity and credibility, and possess the necessary skills and experience to effectively discharge the Board's responsibilities and for driving the Group's growth and future direction.

The Directors' Fit and Proper Policy is available on Ranhill's website at www.ranhill.com.my

ii. Conduct of Board Annual Evaluation ("BAE") FY2023

The BAE FY 2023 was carried out in the manner as prescribed below upon receiving NRC Chairman's advice on his review of the Questionnaires, and facilitated by the Company Secretary:-

Review of Questionnaire and the necessary enhancements in line with BMLR, MCCG 2021 and ESG

Circulation of Questionnaire to the Board by the Company Secretary

Directors feedback is compiled and tabled the reports to NRC

NRC Chairman tabled the findings and NRC recommendation to Board

The assessment criteria used in the performance evaluation are as follows:-

Board and Board committees assessment

1

Board Mix and Composition, Quality of Information and Decisions, Board Activities, Sustainability & ESG, Roles and Responsibilities of Board committees

Individual director assessment

2

Fit and propriety, contribution and performance, calibre, integrity and personality.

The summary of the evaluation results for FY2023 are as follows:-

(a) Effectiveness of Board and Board committees

The overall rating indicates the present Board and Board committees' members possess the right aptitude, competencies, skills, and experience which will enable the Board and its committees to perform and deliver strategic decision-making and leadership in the best interest of the Group and its shareholders and to maintain the standard of corporate governance.

The Board took note of the comments and recommendations from the Board members.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(b) Individual director performance

The overall rating indicates the contribution and performance of each director were above the average.

iii. Review of Directors standing for re-election

Pursuant to the Company's Constitution, one-third (1/3) of sitting directors shall retire by rotation at each AGM and further provides that all Directors shall retire from office at least once in every three (3) years. Based on the schedule of retirement by rotation, and Tan Sri Hamdan Mohamad, Mr Lim Hun Soon @ David Lim and Ms Leow Peen Fong shall retire and are eligible for re-appointment at the forthcoming 10th AGM of the Company.

Pursuant to the Company's Constitution, Dato' Ramlee A Rahman, Non-Independent Non-Executive Director, and Cik Imaan Aiysha Hamdan, Non-Independent Executive Director, who were both appointed on 29 May 2023, are subject to retirement by casual vacancy and are eligible for re-appointment at the forthcoming 10th AGM of the Company.

All the above directors' profiles are set out on pages 96 to 106 of the Annual Report.

The NRC reviewed the retiring directors' performance through the results of the BAE FY2023, their compliance with independent criteria, conflict of interest assessment, and fit and proper criteria, a) character and integrity, probity, personal and financial integrity and reputation, b) Experience and competence; and c) time and commitment.

Based on the BAE FY2023, NRC and the Board are satisfied with their performance. They have also met and complied with fit and proper criteria, independent criteria and conflict of interest assessment. NRC and the Board recommended their re-election, subject to shareholders' approval at the forthcoming 10th AGM of the Company.

Note: Encik Jeffrey Bosra whose appointment to the Board as an Independent Non-Executive Director with effect from 2 May 2024 will also be subjected to retirement by casual vacancy and is eligible for re-appointment at the forthcoming 10th AGM of the Company.

iv. Review of the continuance of office as Independent Director

The NRC reviewed the tenure of the INED and highlighted to the Board the tenure of INED and its recommendations

for addressing any gaps of skills and diversity that may arise due to the retirement of the INED who reaches the tenure limits.

Mr Lim Hun Soon @ David Lim and Encik Abu Talib Abdul Rahman, the INEDs, both appointed on the Board on 1 December 2015 respectively will be reaching the nine (9) years tenure on 30 November 2024. Based on the assessment of their individual performance, fitness, and independent qualification and criteria as prescribed under the BMLR, the Board via the NRC has reviewed, assessed and satisfied that they can serve and continue to act as INED based on the following:-

- (a) Their specialized skills, vast experience, and knowledge in various businesses and industries. They have been familiarised with the Group's business, culture, and operations, which have made them continually provide constructive opinion, counsel, oversight, and guidance to the Board and Group. The Board has benefited from their deep experience and understanding of the Group's business and operation.
- (b) During their tenure, they and all the INEDs have consistently demonstrated their objectivity and independence when providing their views and contributions during the Board discussion and decision-making issues and act consistently in the best interests of the Company. They have devoted sufficient time and attention to their professional obligation to the Company.
- (c) They have continued to exercise their independence and due care during his present tenure as INED, and have contributed in their roles. They sits on the Board of subsidiaries of the Company to provide guidance and counsel on their expertise and skills to the Board subsidiaries.

However, Mr Lim Hun Soon @ David Lim have expressed his intention to retire from the Board upon reaching his 9th year by 30 November 2024.

v. Review of status progress update reports from Group Human Resources (GHR)

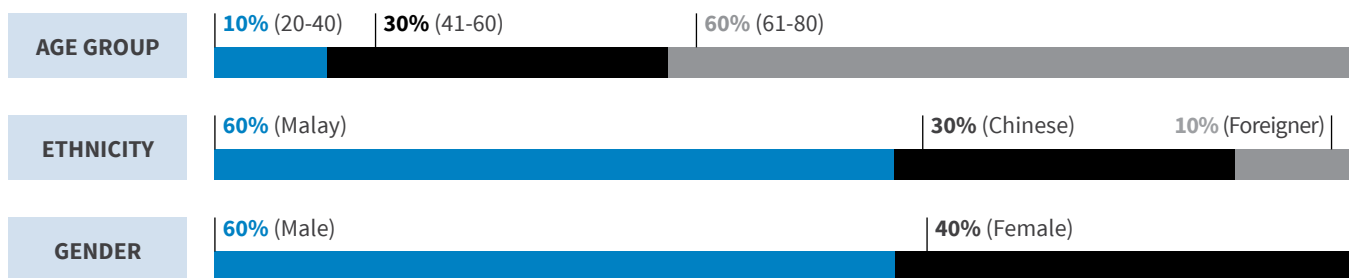
Among the GHR updates reviewed during the year are the Group's succession planning, revision of procedures and policy, system & analysis upgrading, long-term incentive plan scheme, bonus and salary benchmarking.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD DIVERSITY

The composition of the Board influences the ability to fulfil its oversight responsibilities. An effective board enables board decisions to be made objectively in the best interests of the company taking into account diverse perspectives and insights. The composition of the Board shall be diverse in terms of age, skills, qualification, regional and industry experience, knowledge, cultural background, nationality and gender and ethnicity in order to encourage enhanced decision-making by harnessing different insights and perspectives. The Board also greatly considers the diversity of senior management and the workforce of the Group. Diversity as an objective was deployed in plans and targets to enhance the Company over the coming years.

The current Board composition in terms of gender, age, and ethnicity composition is as follows:-



Details of the Board independence, gender diversity, age and skill sets are provided in the Board of Directors' Profile on pages 96 to 106 of this Annual Report.

BOARD INDEPENDENCE

The independence of a Director is assessed in accordance with Ranhill's Policy on the Independence of Directors. The Policy provides for assessing a sitting Director's degree of independence, as well as potential candidates being considered for directorship. The Board reviews the independence of Directors before they are appointed, on an annual basis and at any other time where the circumstance of a Director changes and reassessment is warranted.

The criteria for Independence set out in Paragraph 1.01 and Practice Note 13 of BMLR form the basis for the evaluation of Independent Directors which are also incorporated in the Board Charter as guidelines. During the year, the NRC assessed the independence of Ranhill's Independent Directors as per the BMLR. The Committee is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the interest of the Group.

The Board Charter provides that the tenure of the Independent Director shall not exceed a cumulative term of twelve (12) years. Upon completion of twelve (12) years, an Independent Director may continue to serve on the Board subject to the Director's redesignation as a Non-Independent Director. The Independent Director may remain as Independent Director

beyond the cumulative terms of nine (9) years, subject to the NRC's assessment, the Board's recommendations and the approval of the shareholders at the Annual General Meeting.

Currently, none of the INEDs of Ranhill have served the Board for nine (9) years, whilst Mr Lim Hun Soon and Encik Abu Talib will be reaching their nine (9) years tenure on 30 November 2024. The Board also believes that the current Board composition is appropriate for its purpose, and is satisfied that it adequately safeguards the interests of minority shareholders of the Group.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

II. BOARD EFFECTIVENESS

BOARD ASSESSMENT EVALUATION (“BAE”)

The BAE is an annual assessment of the effectiveness of each individual Director and the Board as a whole to assess the Board’s overall effectiveness and is part of an ongoing effort to drive continuous effectiveness of the Board and Board Committees. These were structured along with both self-assessment and peer reviews. The criteria for evaluation are guided by the Board Charter, which is available at www.ranhill.com.my. The performance of directors for their eligibility for re-election at the forthcoming AGM will be assessed from the results of the BAE and fit and propriety criteria declaration. For FY2023, the Group Company Secretary assisted the NRC Chairman in facilitating the conduct of the BAE exercise internally. The details of the conduct of the BAE FY2023 and the NRC’s recommendations as provided in the activities of the NRC.

Board viewed that the BAE is to be conducted by an external independent party every 5 years which will be due in 2025 (or a shorter period when circumstances warrant it), to ensure the assessment and evaluation continue to be robust and relevant.

TIME COMMITMENT

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

In ensuring that Directors can better plan their schedules to attend meetings, a list of scheduled meetings is provided to the Directors in advance before the end of the preceding financial year. Additional meetings are held as and when necessary to consider and deliberate specific issues that require expeditious review or considerations in between the scheduled meetings.

Directors who intend to accept new directorships with other companies must notify the Chairman, notwithstanding that Paragraph 15.06 of the Listing Requirements allows a Director to sit on the boards of up to five (5) listed issuers. Presently, each member of the Board holds not more than five (5) directorships in public listed companies. Directors are required to make an immediate declaration if they have any interest in transactions to be entered into directly or indirectly with the Company. They must disclose the extent and nature of their interest at a Board meeting as soon as practicable after they become aware of the potential conflict of interest. As interested parties, they must also abstain from participating in the deliberation and Board decision in the matter.

Those Directors who hold multiple non-executive positions have not shown any difficulties in their ability to manage their scheduled meetings. Overall, Directors have demonstrated high levels of commitment by participating in the scheduled and ad-hoc meetings or discussions held during 2023.

Detailed below is a summary of the Directors’ attendance for 2023 which has surpassed the BMLR and MCGG 2021 requirements:

Directors	Number of Meetings Held				
	Board	AC	NRC	GRMC	LTIP
Executive Directors					
Tan Sri Hamdan Mohamad (Chairman Chief Executive)	7/7	n/a	n/a	5/5	n/a
Datuk Seri Panglima Lim Haw Kuang (Executive Director)	7/7	n/a	n/a	5/5	n/a

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Number of Meetings Held				
	Board	AC	NRC	GRMC	LTIP
Executive Directors					
Zurina Abdul Rahim (Executive Director and Chief Commercial Officer)	7/7	n/a	n/a	5/5	n/a
Imaan Aiysha Hamdan (Executive Director) (Appointed w.e.f 29 May 2023)	3/3	n/a	n/a	n/a	n/a
Non-Executive Directors					
Datuk Abdullah Karim (Senior Independent Non-Executive Director) (Chairman NRC)	6/7	5/5	3/3	n/a	0/0
Dato' Ramlee A Rahman (Non-Independent Non-Executive Director) (Appointed w.e.f 29 May 2023)	3/3	n/a	n/a	n/a	n/a
Lim Hun Soon @ David Lim (Independent Non-Executive Director) (Chairman AC)	7/7	5/5	n/a	n/a	n/a
Leow Peen Fong (Independent Non-Executive Director) (Chairman GRMC)	7/7	n/a	3/3	5/5	0/0
Abu Talib Abdul Rahman (Independent Non-Executive Director)	6/7	5/5	3/3	5/5	0/0
Dr Arzu Topal (Independent Non-Executive Director)	7/7	n/a	3/3	5/5	0/0

DIRECTORS' CONTINUOUS DEVELOPMENT ACTIVITIES

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

Training can also be geared towards equipping Directors with new skills or in new areas which could include key developments in the legal and regulatory framework, as well as the industry within which the listed issuer operates, and areas such as financial literacy, technical know-how, business and industry specific trends, business strategies, risk management and internal control.

Ranhill's Directors have also kept themselves abreast with the latest developments on various economics, business issues in the country and around the world and leadership strategies through their extensive networking and relevant reading materials.

Dato' Ramlee A Rahman and Cik Imaan Aiysha Hamdan who were appointed to the Board on 29 May 2023 had completed their Mandatory Accreditation Programme Part I, in relation to corporate governance, and director's roles, duties and liabilities, within the stipulated timeframe of the BMLR. Bursa Malaysia Securities Berhad had, effective from 1 August 2023, introduced sustainability training requirement for all directors, under Mandatory Accreditation Programme Part II: Leading for Impact (LIP) ("MAP II") to be completed on or before 1 August 2025. Some of the board members have attended the MAP II.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Following is a list of Directors' Continuous Development Activities i.e. conferences, seminars and training programmes attended by Ranhill's Directors including reading materials ("**Courses**") in 2023:

Training/seminar/forum/conferences	
1	Blood and Silk: Power and Conflict in Modern Southeast Asia
2	Board's At-A-Glance – Bursa Malaysia's Enhanced Sustainability Reporting Framework
3	Business Considerations for Human Rights Management
4	Contextualising Net Zero
5	Cybersecurity Awareness Training
6	ESG Risk Management - Oversight of ESG risks within operations and across the value chain
7	GASTECH 2023 Exhibition & Conference
8	Global Economic Outlook 2023
9	Implications of Rising Energy Costs
10	Islamic Stockbroking 2023 – An Overview of Sukuk Structuring and Issues
11	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)
12	Malaysia Upstream Project Excellence Conference (UPEC)
13	Navigating a Turbulent World: Energy, Climate and Security - Annual Energy Conference (CERAWeek)
14	Oil & Gas Asia Exhibition
15	sYnergy Inclusive Transition
16	Thai Water Expo (Water Forum)
17	The Generational Divide: Bridging Differences and Building Collaboration
18	Thorny Topics for Audit Committee
19	UK Water Industry Research ("UKWIR") 4 th Annual Conference
20	2 nd Annual Conference – The Energy Transformation Challenge
21	Various meetings with subject matter experts on Clean Energy, Carbon Trading, Energy Security, Climate Change etc.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. REMUNERATION

BOARD REMUNERATION

The Company aims to set remuneration at levels sufficient to attract and retain the Directors needed to run the Company. Ranhill's Remuneration Policy for Non-Executive Directors is based on attracting, retaining, motivating and fairly remunerating individuals based on industry standards. Fees paid are also based on the following:

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

The Directors' fees are only paid upon approval by the shareholders at the Annual General Meeting ("AGM") based on the recommendation of the Board. The remuneration package for Executive Directors is reviewed by the NRC and recommended to the Board for approval. The Board ensures that the remuneration and incentives for INEDs are not in conflict with their obligation to bring objectivity and independent judgment on matters discussed at Board meetings. The Board deliberates and decides on the remuneration without the involvement or presence of the respective Executive Director.

The structure of the Non-Executive Director's ("NED") remuneration for FY2023 is as below:-

Appointment	Chairman (per annum) (RM)		Member (per annum) (RM)	
Board of Directors	300,000		RM150,000 (Malaysian Director) USD100,000 (International Director)*	
Chairman's BIK	50,000		-	
AC	40,000		20,000	
GRMC	30,000		20,000	
NRC	30,000		20,000	
LTIP	30,000		20,000	
Attendance Allowance	Board of Directors		Board Committee	
Per meeting (RM)	RM2,500 (Chairman of the Board)	RM2,000 (Director)	RM2,000 (Chairman of Board Committee)	RM1,500 (Member of Board Committee)

* fees for International Director is inclusive of fee for sitting board committees and attendance allowance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Remuneration Framework

In accordance with the Companies Act 2016, payment of Directors' fees and benefits shall be approved at a general meeting. The Board shall seek shareholders' approval at its upcoming AGM for the payment of Directors' fees and benefits for FY2024/FY2025.

The structure of the fees payable to the Directors of the Company for FY2023 is as follows:

	Company					Subsidiaries				
	Fees	Salaries & Bonus	Benefits-in-kind	Others	Company Total	Fees	Salaries & Bonus	Benefits-in-kind	Others	Group Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Executive Directors										
TSHM	-	-	-	-	-	228	4,589.8	338.7	3,102.3	8,258.8
DSPLHK	-	4,261.8	-	133.4	4,395.2	-	-	-	-	4,395.2
ZAR	-	919.2	-	170.9	1,090.1	36	-	-	-	1,126.1
IAH	-	130.8	-	76.6	207.4	-	-	-	-	207.4
AA	-	-	-	-	-	165	2,062	30	2,498.1	4,755.1
Total	-	5,311.8	-	380.9	5,692.7	429	6,651.8	368.7	5,600.4	18,742.6
Non-Executive Directors										
DAK	230	-	-	229.5	459.5	108	-	-	3	570.5
DRAR	88.7	-	-	8	96.7	-	-	-	-	96.7
DL	190	-	-	228	418	208.3	-	-	-	626.3
LPF	220	-	-	232.5	452.5	295.2	-	-	-	747.7
ATAR	230	-	-	235.5	465.5	144	-	-	4	613.5
AT	464	-	-	200	664	-	-	-	-	664
Total	1,422.7	-	-	1,133.5	2,556.2	755.5	-	-	7	3,318.7

TSHM : Tan Sri Hamdan Mohamad
 DSPLHK : Datuk Seri Panglima Lim Haw Kuang
 ZAR : Zurina Abdul Rahim
 IAH : Imaan Aiysha Hamdan (appointed on 29.05.2023)
 AA : Amran Awaluddin (resigned on 01.12.2023)
 DAK : Datuk Abdullah Karim
 DRAR : Dato' Ramlee A Rahman (appointed on 29.05.2023)
 DL : Lim Hun Soon @ David Lim
 LPF : Leow Peen Fong
 ATAR : Abu Talib Abdul Rahman
 AT : Dr Arzu Topal (international director)

The remuneration of the NED is reviewed by the Board as a whole, to ensure that it is aligned to market and their duties and responsibilities. The fees payable to NEDs are approved by shareholders at the AGM based on the recommendation of the Board.

The remuneration of the NED was last reviewed by the Board in 2019 and the proposed increment was approved by the shareholders at 6th AGM in the year 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Principle B - Effective Audit and Risk Management



The Board affirms its commitment and responsibility for the Group's risk management and internal control system as well as reviewing the adequacy, effectiveness and integrity of the system. These systems cover not only financial controls but also strategic, organisational, regulatory and compliance controls.

I. AUDIT COMMITTEE

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

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

AC meetings are normally attended by the Chairman and Chief Executive, Chief Financial Officer, Head of Group Corporate Assurance and upon invitation, the External Auditors. The Company Secretary acts as secretary to the AC. Minutes of each meeting were recorded and tabled for confirmation in the following AC meeting. Any major actions highlighted during the AC meeting will be tabled to the Board of Directors for notation and discussion.

The ToR of the AC are contained in the Board Charter, which is included in the Company's website, www.ranhill.com.my. The ToR of the AC is continuously reviewed to ensure that it is align with the BMLR and MCCG 2021. The full scope of work undertaken by the AC is given in the AC report of this Annual Report.

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

RISK MANAGEMENT

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

Board oversight on risks is achieved through the GRMC. The GRMC is tasked to identify principal risks and recommend policies and parameters for the key risks register and overall risk strategy linking to value creation and the strategic objectives of the Group. In addition to the oversight of risk management matters, GRMC reviews the effectiveness of risk management framework to manage the overall risk exposure to the Group.

For the year under review, the GRMC comprises six (6) members with three being INED, operating within defined TOR.

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

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

GOVERNANCE AND RISK MANAGEMENT COMMITTEE

The GRMC serves the Board by providing in-depth governance of risk for the Group. Its Terms of Reference ("**ToR**") can be found on the Board Charter at www.ranhill.com.my. Among its duties as prescribed under the ToR are:

- Applying the principles and good practices of corporate governance, sustainability and corporate responsibility towards the stakeholders and ensuring compliance with applicable regulatory and legal requirements.
- Fulfilling its corporate governance, risk management and statutory responsibilities in order to effectively manage the overall risk exposure of the Group.
- Ensuring an effective Whistleblowing Policy is implemented and to continue monitoring compliance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTERNAL AUDIT

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

During the financial year, audit assignments were carried out on major subsidiaries with observations reported and presented to the AC. The total costs incurred for the internal audit function for FY2023 was RM1.7 million.

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

EXTERNAL AUDIT

The AC is responsible for assessing the capabilities and independence of the external auditors and to make subsequent recommendations to the Board on the appointment, reappointment or termination of the external auditors, as specified in the AC's TOR.

The annual evaluation of external auditors provides the AC with a disciplined approach for maintaining an effective oversight of the external auditors' performance. The effectiveness, performance and independence of the external auditors namely Messrs. Deloitte PLT is reviewed annually by the AC. If it becomes necessary to replace the external auditors for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditors has been delegated to the AC by the Board.

- The various disclosures and announcements of full and timely information about Ranhill's activities in accordance with the disclosure requirements contained in the BMLR and the Companies Act 2016;
- All information released to the market to be placed on Ranhill's website promptly following the release;
- The Company's market announcements to be maintained on Ranhill's website for at least three years; and that all disclosures, including notices of meetings and other shareholder communications, are drafted clearly and concisely.
- Timely dissemination of information including audited quarterly and annual financial results and the annual report.

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

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

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

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. Any information that may be regarded as undisclosed material information about the Group will not be given to any single shareholder or shareholder group.

Principle C - Integrity In Corporate Reporting and Meaningful Relationship With Stakeholders



I. STAKEHOLDER COMMUNICATION

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

STAKEHOLDER RELATIONSHIP

The Company acknowledges that investors play a vital role in the success and growth of Ranhill. Due to this, the Company want to keep the lines of communication and information open and effective with existing and prospective investors. Through these communications, Ranhill's aim is to be able to support engagements awareness into active investor interest, investment and support.

In FY2023, several briefings with investors and analysts were held. The Group also had received media exposure via media relations activities which included issued press statements, interviews and press conferences.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board believes its practices in this area are consistent with ensuring dialogue with shareholders and good corporate governance. The engagement sessions also allow Ranhill to share the growth strategy for the Company as well as to understand their views on various value adding opportunities.

More details on the Group's stakeholder management and engagement activities are provided on page 69 of the Sustainability Statement.

II. CONDUCT OF GENERAL MEETINGS

SHAREHOLDER PARTICIPATION AT GENERAL MEETING

The Company recognises the importance of shareholder participation in general meetings and supports and encourages that participation. The company has poll voting arrangements in place.

Notices of general meetings to shareholders are made available via the Bursa Securities announcement and the Company's website at least 21 days prior to the general meetings. The outcome of voting on the items of business of the meeting is disclosed to the public and posted to the Company's website after the general meeting.

For 2023, the Company held a physical AGM at the Royale Chulan Hotel, Kuala Lumpur on 17 May 2023. The Notice of 9th AGM of the Company was circulated to the shareholders on 25 April 2023. Tan Sri Hamdan Mohamad, Chairman and Chief Executive of the Company chaired the 9th AGM. All the Directors, together with representatives from auditors, major shareholders and key senior management and other management of the Company attended the 9th AGM.

The Board is of the view that a physical AGM for the year 2023 will allow shareholders to have more meaningful engagement with the Board and to discuss the business performance and future direction of the Group more effectively. Shareholders were able to raise their queries to the Board and the Chairman and relevant Directors or Management were able to provide clarification and explanation to the shareholders directly. The Minutes of the 9th AGM including Question & Answer ("Q&A") from the 9th AGM are published on the Company's website.

Besides the Board and Management being present at the AGM, the Company's external auditor who were present at the AGM, is able to answer any shareholders' questions, if any, such as the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit, etc.

The AGM was also overseen by an independent scrutineer, who were also present onsite during the AGM to ensure the poll voting was conducted in accordance to the rules and regulations and in compliance with the BMLR.

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

This CG Overview Statement was approved by the Board of Directors of Ranhill on 26 April 2024.

ADDITIONAL COMPLIANCE INFORMATION

1. AUDIT AND NON-AUDIT FEES

The fees paid/payable to the external auditor, Messrs. Deloitte PLT, for the financial year ended 31 December 2023 are as follows:-

	Group	Company
Fees Paid/Payable to Auditor	RM'000	RM'000
Audit fees	1,693	127
Non-audit fees	233	6
Total	1,926	133

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee (“AC”) comprises three members who are all Independent Non-Executive Directors:

Members	Designation
Mr. Lim Hun Soon @ David Lim (Independent Non-Executive Director)	Chairman
Datuk Abdullah Karim (Senior Independent Non-Executive Director)	Member
Encik Abu Talib Abdul Rahman (Independent Non-Executive Director)	Member

This is in line with the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) which prescribes that the AC must consist of at least three members with the Chairman and a majority of the members being independent non-executive directors. In addition, the current composition comprises solely of Independent Directors of Ranhill, which is in accordance with the Step-Up practice of the Malaysian Code of Corporate Governance issued by the Securities Commission Malaysia.

The Board reviews the terms of office of the AC members and assesses the performance of the AC and its members through an annual Board Assessment Evaluation (“BAE”). The Board was satisfied that the AC had discharge their functions, duties and responsibilities in accordance with the AC’s Terms of Reference (“TOR”) which is published on Ranhill’s corporate website at www.ranhill.com.my.

ACTIVITIES OF THE AC FOR FINANCIAL YEAR ENDED 31 DECEMBER 2023

MEETINGS HELD AND ATTENDED

- A total of 5 meetings were held during FY2023 (inclusive of Private session with External Auditors, Messrs. Deloitte PLT without Management) as set out below:

Name of Committee Member	Number of Meetings Held and Attended During FY2023
Mr. Lim Hun Soon @ David Lim	5/5
Datuk Abdullah Karim	5/5
Encik Abu Talib Abdul Rahman	5/5

The meetings were attended by the Chairman and Chief Executive, Chief Financial Officer (“CFO”) and Chief Operating Officer (“COO”) to facilitate direct communication and provide clarification on audit issues and Ranhill Group’s operations. The Head of Group Corporate Assurance Division (“GCAD”) and his Internal Audit (“IA”) leadership team attended all AC meetings to present their respective IA reports. The Company Secretary acts as secretary to the AC.

The agenda and meeting papers were distributed to the AC members via a secured collaborative software, which eases the process of distribution of meeting papers and allows the members to have access to the papers electronically, anytime and anywhere. All proceedings of the AC meetings were duly recorded in the minutes and tabled for confirmation at the next following AC meeting, after which they are presented to the Board for notation.

SUMMARY OF WORK

During the year under review, the AC carried out the following activities in the discharge of its duties and functions:

Financial Reporting

- Reviewed the unaudited quarterly financial results and full year financial statements of the Company including announcement to Bursa Malaysia and recommended to the Board for approval.
- Reviewed and highlighted to the Board significant matters raised by the External Auditors including financial reporting issues, significant judgements made by management, significant events or transactions, and received updates from management on actions taken for improvement.
- Reviewed the financial and operational performances, budget achievement, reasons for the variances and efforts by the management to meet targets.
- Deliberated significant changes in relevant regulatory requirements, accounting and auditing standards that affect the Company and the adoption of such changes by management.

External Audit

- Reviewed year-end financial statement presented by the External Auditor (EA), Deloitte PLT. The review covering amongst others, the assessment on the following:
 - Changes in or implementation of major accounting policy changes;
 - Key Audit Matters;
 - Significant matters relating to provisions, legal and contracts, value of investments and tax matters; and

AUDIT COMMITTEE REPORT

- Compliance with accounting standards and legal requirements.
6. Reviewed the EA's Audit Plan for FY2023 which detailed the terms of engagement for statutory audit, proposed fees, independence of the external audit team, audit approach, and areas of audit emphasis, risk assessment, reporting time line as well as development in laws and regulations, and changes in regulatory requirements such as Main Market Listing Requirements and Malaysian Financial Reporting Standards ("MFRS").
 7. Considered in consultation with the management, the audit fees of the EA for FY2023 for recommendation to the Board for approval.
 8. Held two discussions with the EA in the AC Meetings dated 23 March 2023 and 8 November 2023 respectively without the presence of the Chairman and Chief Executive, management and Internal Auditors to ensure an adequate level of cooperation between the EA and management.
 9. Assessed and satisfied itself with the performance of the EA, which amongst others, covered the following:-
 - the quality of the audit provided by the audit engagement team;
 - the timeliness and quality of communication;
 - the competency of the EA staff and adequacy of resources to cover the scope as outlined in the audit plan; and
 - the independence of the auditor.

Internal Audit

10. The IA function is undertaken by the Group Corporate Assurance Division ("GCAD"). The AC reviewed and approved the Annual Internal Audit Plan for FY2023 to ensure comprehensiveness of scope and coverage as well as the adequacy and competency of internal audit resources. The AC also took note of IA's annual operating budget requirement as presented in the audit plan.
11. Reviewed quarterly, the planned and ad hoc internal audit reports issued and the adequacy of management response and actions to address control deficiencies. Also, the AC reviewed updates on the progress and status of corrective actions on whether appropriate actions are taken on the recommendations made by GCAD.
12. Reviewed GCAD's annual assertion on Internal Auditing Standards for FY 2023 and was satisfied that the Internal Auditors were free from any relationship or conflict of interest that could impair their objectivity and independence.

13. Reviewed the Internal Audit Annual Report for FY2023 which contained the overall performance, audit engagement achievements and cost incurred against the budget proposed.

Related Party Transactions (RPTs)

14. Reviewed the quarterly RPTs and recurrent related party transactions ("RRPTs") entered into by the Company and its subsidiaries. The objective is to ensure that RPTs and RRPTs are not accorded conditions more favourable than that generally available to the public, and that they are not detrimental to minority shareholders.
15. Reviewed and deliberated on the proposed new and renewal of Shareholders' Mandate in respect of recurrent related party transactions of revenue or trading nature for Board's approval.

Annual Report

16. Reviewed and recommended to the Board for approval, the Management Discussion and Analysis ("MDnA"), Statement on Risk Management and Internal Control ("SoRMIC"), the Audit Committee Report, the Sustainability Statement and Sustainability Report (separate report) for publication in the Annual Report 2023.

INTERNAL AUDIT FUNCTION

The AC is assisted by GCAD in discharging its duties and responsibilities. GCAD is independent of business operations and reports functionally to the AC and administratively to the Chairman and Chief Executive. GCAD is headed by Mr Shariz Puteh, who holds a bachelor's degree in Accounting and Financial Management from the University of Essex, United Kingdom and a Certified Financial Services Auditor ("CFSa").

The primary responsibility of GCAD is to provide reasonable assurance to the AC on the effectiveness of the governance, risk management and internal control processes within the Group. GCAD is also responsible in administering RANHILL's Whistleblowing Policy.

All internal audit activities undertaken are guided by the International Professional Practices Framework (IPPF) of Internal Auditing, the Internal Audit Charter as well as the Internal Audit policy and procedures. An annual risk-based internal audit plan is presented by GCAD to the AC for approval after having reviewed on the adequacy of the scope, functions and resources of GCAD as well as the competency of the internal auditors. GCAD adopts a risk-based approach and prepares its plan based on the risk profiles of the auditable units in alignment with the strategic objectives of the Group.

AUDIT COMMITTEE REPORT

SUMMARY OF INTERNAL AUDIT ACTIVITIES IN FY2023

In line with the approved Internal Audit Plan for FY2023, GCAD had performed key audits based on the following themes:

- i. Assessing initiatives and actions to achieve Non-Revenue Water (NRW) target;
- ii. Assessing Data Governance and Data Management processes;
- iii. Assessing Environmental, Social and Governance at Group level.

Under the thematic scope of Non-Revenue Water (NRW), GCAD has reviewed both commercial and physical losses sustained at Ranhill SAJ. The review on physical loss in NRW focused on the efficiency of pipe repair works while the commercial loss reviewed the accuracy of meter and material instruments, water theft management and customer billing.

GCAD also has initiated thematic review on Data Governance and Data Management processes whereby the scope entailed the operation of Command Centre in Ranhill SAJ and the effectiveness of operational asset maintenance at Ranhill Technologies Sdn. Bhd. (Thailand) as well as contract management of Pipe Rehabilitation Kota Bharu Timur (PR2KBT).

During the financial year, GCAD has conducted Environment, Social and Governance (ESG) review as part of the annual engagement with emphasis on the sustainability reporting data at Ranhill Sabah Energy level.

The advisory services rendered by GCAD include providing awareness briefing on bribery and corruption which emphasized on Section 17A of the MACC Act to all employees of the Group, reviewed policies and procedures, performed follow-up on outstanding audit issues and reviewed related party transactions.

Internal Audit reports were issued to the management and they contained key operational analysis, insights, improvements opportunities, audit observations, management response on action steps and responsible person as well as targeted date of completion of those actions. Main issues that required significant improvement were highlighted to the AC for deliberation. GCAD provides quarterly updates to management and the AC regarding the progress and status of the corrective actions.

Majority of GCAD's employees are members of relevant professional bodies such as Institute of Internal Auditors Malaysia (IIA) and Malaysia Institute of Accountants (MIA). The internal auditors are encouraged to continuously enhance their knowledge, skills and competencies through a combination of external and in-house training.

There are five internal auditors in GCAD which incurred a total cost of RM1.7 million for the financial year ended 31 December 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RANHILL'S BOARD OF DIRECTORS ("THE BOARD") IS PLEASED TO PROVIDE THIS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL WHICH OUTLINES THE NATURE AND SCOPE OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL FOR FY2023 THAT IS IN ACCORDANCE WITH PARAGRAPH 15.26(B) OF BURSA MALAYSIA'S MAIN MARKET LISTING REQUIREMENTS ("MMLR").

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for establishing a sound risk management and internal control system with the objective of safeguarding the shareholders' investment and the Group's assets.

The Board ensures that there is a robust framework of ongoing risk management process in identifying, evaluating and managing significant risks faced by the Group. In discharging its responsibilities, the Board is supported by Ranhill's Governance Risk Management Committee ("GRMC") and Audit Committee ("AC") to oversee the risk management and internal control system during the FY2023. These Board committees update the Board periodically of their work, key deliberations and decisions on delegated matters.

In view of the limitations inherent in any system of risk management and internal control, the Board recognizes that such a system can only provide reasonable but not absolute assurance against material misstatement, loss or fraud.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

RISK MANAGEMENT

Risk Organisational Structure

Our risk organizational structure facilitates the flow of information and effective oversight on the execution of risk management activities within Ranhill. The structure provides clear delineated lines of accountability, authority and responsibility as explained below:

RISK ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS ("BOD")

Responsible for identifying principal risks and ensuring the implementation of appropriate risk management system and mitigation measures

BOARD COMMITTEE LEVEL

Governance & Risk Management Committee ("GRMC")

- ▶ Review the Group's risk profile and monitor management action plan to manage its critical and significant risks
- ▶ Approve risk methodologies for measuring and managing risks arising from the Group's business and operational activities

MANAGEMENT LEVEL

Management Assurance Risk Compliance Committee ("MARCC")

- ▶ Established at the Group level and responsible to monitor the Group's assurance, risk and compliance matters
- ▶ Significant risk issues evaluated are escalated to GRMC and Board

Risk Management Working Committees ("RMWC")

- ▶ Established at the subsidiaries level. The RMWCs, chaired by the respective CEOs of the subsidiaries are responsible for the effective management of their risk profiles
- ▶ Identify potential risks and escalate to MARCC the implementing measures to mitigate those risks

CUSTODIAN LEVEL

Group Corporate Assurance Division ("GCAD")

- ▶ MARCC Secretariat
- ▶ Reviews and monitors risk reporting quarterly
- ▶ Responsible in guiding the risk owners on risk related matters

OPERATIONAL LEVEL

Business Unit Management ("BUM")

- ▶ Accountable for the comprehensiveness of the risks identified, their assessment as well as their bottom-up reporting

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board regards risk management as an important component that underpins the Group's strategic planning process and business operations. It is on this premise that the Board has the following guiding principles to instill a culture of robust risk management across the Group:

► Risk Management Policy

The Risk Management Policy and procedures coordinate and standardize the understanding and application of the Enterprise Risk Management ("ERM") framework within the Group. Also, to create a strong awareness amongst employees on risk identification, measurement, control, on-going monitoring, responsibilities and accountabilities.

► Escalation of Risk and Incident Policy

This Policy covers the process of escalating significant risks and incidences of disaster to Senior Management and the Board members of the Group in a timely manner.

► Corruption Risk Management Policy

This Policy lays out an overall framework to identify, assess and report possible corruption risks that might expose the Company's stance of zero tolerance on corruption which must be strictly adhered to by all employees of the Company.

► Risk Assessment Reviews

Under the Risk Management Policy, all key risks identified by the Subsidiaries and corporate functions are categorized according to the nature of the Group's business activities, and the rating of such risks are assessed based on the likelihood of occurrence and impact via a self-assessment approach. All the respective Subsidiaries and corporate functions are required to report their risk profiles and its countermeasures to the RMU and MARCC on a quarterly basis. All key risks that are deemed to have a significant impact to the Group are then reported to the GRMC. The GRMC will, in turn, highlight such risks to the Board for its attention. A database on all key risks, key controls and countermeasures and status of implementation of the mitigating plans is maintained by the Risk Management Unit (RMU) of GCAD.

► Ranhill Authority Manual (RAM)

This Manual covers all Group operations and forms the backbone of all authority limits set by the Board for the Board Committees, management and operations. The RAM creates clear stewardship responsibilities, delegation of authority and accountability.

► Whistleblowing Policy

The Group has in place a Whistleblowing Policy that provides clarity on the oversight and responsibilities of the whistleblowing process, the reporting process, protection and confidentiality of the whistleblowers. The primary purpose of the Whistleblowing Policy and its supporting mechanism is to enable individuals to raise genuine concerns without fear of reprisal.

► Code of Conduct & Business Ethics (CCBE)

The Group has clearly set out the standards of conduct and behavior expected from all Ranhill's directors and employees in its business dealings within and with external parties. It sets out the basic guiding principles in upholding trust, integrity and high ethical standards and was developed in compliance with the relevant laws and regulations.

► Third Party Dealing Policy

The Group has established a policy to ensure that all transactions entered by each Subsidiary with third parties are guided by principles of integrity, honesty and ethics. A risk assessment is conducted for any business proposal entered into by Ranhill Group.

► Corporate Disclosure Policy

The Groups has a policy that provides guidance and structure in disseminating corporate information to, and dealing with shareholders, stakeholders, media representatives, analysts and the investing public. Also, it provides guidance to the Board, management and employees on the Company's disclosure requirements and practices.

► Regulatory Compliance Monitoring

The Group's state of compliance to key regulatory requirements is monitored quarterly, through a compliance checklist to manage potential breaches and to detect incidents which may have a material effect on the annual Statement on Risk Management and Internal Control.

INTERNAL CONTROL

The Board, through the Audit Committee ("AC"), oversees the internal control framework to ensure operational effectiveness and adequate protection of the Group's assets. The internal control system covers policies, procedures, day-to-day activities and the overall governance of the Group. The following policies, procedures and control activities form the backbone of our internal control processes which apply to all levels of employees:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

► Strong Anti-Corruption Stance

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

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

Awareness on anti-corruption is cascaded to all staff during their induction sessions and also periodically through refresher sessions. Various company channels such as email, townhalls, posters and others are used to reinforce the anti-corruption stance among staff and stakeholders.

► Effective Oversight of Associate Companies

The Group's interests are served through representations on the Boards of the respective associated companies, receipts and review of respective management accounts, and enquiries thereon. Such representation also provides the Board with information for timely decision making on continuity of the Group's investments based on the performance of the associated companies. Regular reporting on financial and operational performance of the associate companies is presented in the Office of Chairman meetings ("OCM").

INTERNAL AUDIT

The Group's internal audit function is performed by GCAD which is an integral part of the Group's internal control systems, reports directly to the Audit Committee ("AC"). GCAD's primary role is to provide independent, reasonable and objective assurance in addition to consulting services designed to add value and improve efficiency of the Group's operations. In assisting the Group to achieve its objectives, GCAD employs a systematic and discipline approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes.

A risk-based audit plan is developed by GCAD which sets out the audit engagements within the Group for the year, and is reviewed and approved by the AC. GCAD conducts risk-based internal audit reviews at both operational and corporate levels. Plans and tools for corrective actions and improvements are identified with operations management to address any issues or deficiencies identified. GCAD follows up on the implementation of its recommendations and reports the outcome to the AC.

ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Together with additional input from the Management, internal and external auditors, the Board is of the view and to the best of its knowledge that the system of risk management and internal control is satisfactory and adequate to safeguard the Group's and Stakeholders' interests, and Group's assets.

The Board has received reasonable assurance from the Chairman and Chief Executive, and the Chief Financial Officer ("CFO") that the Group's risk management and internal control systems, in all material aspects, are operating adequately and effectively for the financial year under review and up to the date of approval of this Statement.

The Group will continue to take measures to improve and strengthen the risk management and internal control environment.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guides 3 ("AAPG 3") issued by the Malaysian Institute of Accountants and reported to the Board that nothing has come to their attention that causes them to believe the statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the External Auditors was made solely for and directed solely to the Board of Directors in connection with their compliance with the listing requirement of Bursa Securities and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this Report.

This Statement is made in accordance with a resolution of the Board dated 26 April 2024.

DIRECTORS' RESPONSIBILITY STATEMENT

THE COMPANIES ACT 2016 ("THE ACT") REQUIRES THE DIRECTORS TO PREPARE FINANCIAL STATEMENTS FOR EACH FINANCIAL YEAR IN ACCORDANCE WITH THE MALAYSIAN FINANCIAL REPORTING STANDARDS ISSUED BY THE MALAYSIAN ACCOUNTING STANDARDS BOARD, AND THE PROVISIONS OF THE ACT AND THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES, AND TO LAY THESE BEFORE THE COMPANY AT ITS ANNUAL GENERAL MEETING.

The Directors are responsible for ensuring that the financial statements provide a true and fair view of the financial position of the Group and the Company as at 31 December 2023 and of their financial performance and cash flows for the financial year ended 31 December 2023.

The Act also requires the Directors to keep such accounting and other records in a manner that enables them to sufficiently explain the transactions and financial position of the Company and the Group and to prepare true and fair financial statements and any documents required to be attached, as well as to enable such accounting records to be audited conveniently and properly. In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group's system of internal control to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained by the Group in a manner that enables them to sufficiently explain the transactions and financial position of the Group. This also enables the Directors to ensure that true and fair financial statements and documents required by the Act to be attached are prepared for the financial year to which these financial statements relate.

Incorporated on pages 139 to 265 of this Annual Report are the financial statements of the Group and the Company for the financial year ended 31 December 2023.



FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors of **RANHILL UTILITIES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities and other information of the subsidiaries, joint ventures and associates are set out in Notes 20, 21 and 22 to the financial statements respectively.

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

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit/(loss) for the year	97,638	(13,886)
Profit/(loss) attributable to:		
Owners of the parent	52,831	(13,886)
Non-controlling interest	44,807	-
	97,638	(13,886)

In the opinion of the directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than other income of RM73,840,000 net of tax in relation to government grant recognised by the Group as disclosed in Note 24(d) to the financial statements.

DIVIDENDS

The amounts of dividends paid and to be paid by the Company since 31 December 2022 were as follows:

	RM'000
In respect of the financial year ended 31 December 2022 as reported in the directors' report of that year:	
First interim dividend of 0.5 sen on 1,288,638,058 ordinary shares, amounting to a dividend payable of RM6,443,000 has been declared on 16 December 2022 and paid on 18 January 2023.	6,443
Second interim dividend of 2.0 sen per share on 1,288,638,058 ordinary shares, amounting to a dividend payable of RM25,772,761 has been declared on 6 April 2023, paid on 15 May 2023.	25,772
In respect of the financial year ended 31 December 2023:	
First interim dividend of 1.5 sen per share on 1,288,638,058 ordinary shares, amounting to a dividend payable of RM19,329,600 has been declared on 29 May 2023, and paid on 30 June 2023.	19,330
	51,545

DIRECTORS' REPORT

The directors do not recommend any final dividend in respect of the financial year ended 31 December 2023.

LEASE RENTAL FOR OPERATING PERIOD 5

Details on lease rental for Operating Period 5 are disclosed in Note 51 to the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUE OF SHARES

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM1,438,993,000 to RM1,439,646,000 by way of issuance of 868,600 ordinary shares pursuant to the awarded Long Term Incentive Plan ("LTIP") Grants.

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

TREASURY SHARES

As at 31 December 2023, the number of treasury shares held are 7,279,165 (2022: 7,279,165) ordinary shares. Such treasury shares are held at carrying amount of RM3,569,000 (2022: RM3,569,000) and further relevant details are disclosed in Note 38 to the financial statements.

OTHER STATUTORY INFORMATION

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

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTD.)

- (d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Hamdan Mohamad**
 Datuk Seri Panglima Lim Haw Kuang**
 Datuk Abdullah Bin Karim**
 Lim Hun Soon @ David Lim**
 Leow Peen Fong**
 Abu Talib Bin Abdul Rahman**
 Dr Arzu Topal
 Zurina Binti Abdul Rahim**
 Dato' Ramlee Bin A Rahman (appointed on 29 May 2023)
 Imaan Aiysha Binti Hamdan** (appointed on 29 May 2023)
 Amran Bin Awaluddin** (resigned on 1 December 2023)

**These directors are also directors of the Company's subsidiaries.

The names of the directors of the Company's subsidiaries in office since beginning of the financial year to the date of this report (not including directors listed above) are:

YB Tan Sri Dato' Dr.Haji Azmi Bin Rohani
 Datuk Md Othman Bin Hj Yusof
 Dato' Sri Dr. Mohmad Isa Bin Hussain
 YB Ir. Ts. Mohamad Fazli Bin Mohamad Salleh
 Ismail Bin Mohamed
 Ng Ching Hai
 Mohamad Faizal Bin Aliar
 YB Datuk Anwar Ayub @ Annuar Ayub
 Datuk Adzmir Bin Abd Rahman
 Choo Chee Keen
 Nadzrim Bin Abdul Hamid
 Mark Edwin Brantley

DIRECTORS' REPORT

DIRECTORS (CONTD.)

The names of the directors of the Company's subsidiaries in office since beginning of the financial year to the date of this report (not including directors listed above) are: (contd.)

Dinesh Jayant Sinai Pissurlenkar
 Ashish Harinarayan Modani
 Bekti Lelana Bin Jitno Widodo
 Mohamad Zaid Bin Mohd Ali
 Phua Kay Choon James
 Tin Wai Han
 Abinash Majhi
 Supasak Chirasavinuprapand
 Kosol Suriyaporn (appointed on 12 January 2023)
 Ir. Haji Ahmad Bin Jafar @ Jaafar (appointed on 12 July 2023)
 Suliana Binti Suliman (appointed on 1 November 2023)
 YB Dato' Ashari Bin Haji Kasnan (appointed on 1 March 2024)
 YB Dato' Mohd Jafni Bin Md Shukor (appointed on 14 March 2024)
 YB Mohd Hairi Bin Mad Shah (appointed on 14 March 2024)
 YB Dato' Haji Mohammed Ridha Bin Abd Kadir (resigned on 10 January 2024)
(Alternate to YB Tan Sri Dato' Dr. Haji Azmi Bin Rohani)
 Azmi Bin Othman (resigned on 31 January 2024)

DIRECTORS' INTERESTS

The interests in shares in the Company and in the related corporations of those who were directors as of the end of the financial year, as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, are as follows:

Name of Director	Number of ordinary shares of the Company			
	As of 1.1.2023	Vested/ Acquired	Sold	As of 31.12.2023
Direct interest				
Tan Sri Hamdan Mohamad	175,690,611	194,600 ⁽¹⁾	-	175,885,211
Abu Talib Bin Abdul Rahman	33,548	-	-	33,548
Zurina Binti Abdul Rahim	20,709	32,200 ⁽¹⁾	-	52,909
Deemed interest				
Tan Sri Hamdan Mohamad	229,293,179 ⁽²⁾	-	-	229,293,179 ⁽²⁾

	Number of Long Term Incentive Plan Grants convertible to ordinary shares			
	As of 1.1.2023	Vested/ Acquired	Lapsed	As of 31.12.2023
Ordinary shares of the Company				
Tan Sri Hamdan Mohamad	1,946,600	(194,600) ⁽¹⁾	(1,752,000)	Nil
Zurina Binti Abdul Rahim	322,400	(32,200) ⁽¹⁾	(290,200)	Nil

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONTD.)

- (1) Receipt of ordinary shares due to the vesting of the Restricted Share (“RS”) Grant by Ranhill Utilities Berhad under Ranhill Utilities Berhad’s 2020 Long Term Incentive Plan (“2020 LTIP Grants”) on 11 September 2023.
- (2) Deemed interest by virtue of:
- (i) Tan Sri Hamdan Mohamad’s interest in Hamdan Inc. (Labuan) Pte. Ltd. (“Hamdan Inc.”) pursuant to Section 8(4) of the Companies Act 2016; and
 - (ii) Tan Sri Hamdan Mohamad, being the sole beneficiary of Hamdan (L) Foundation which owns the entire stake in Hamdan Inc..

By virtue of Tan Sri Hamdan Mohamad’s direct and deemed interest in the Company, he is also deemed to have interest in shares in all of the subsidiaries and related corporations of the Company, to the extent the Company has an interest pursuant to Section 8(4) of the Companies Act 2016.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company or its related corporations as shown below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, other than as disclosed in Note 43 to the financial statements.

The directors’ remunerations are as follows:

	Group RM’000	Company RM’000
Fees	2,716	1,424
Other emoluments	4,209	1,378
Salaries and bonus	11,963	5,312
Defined contribution plan	694	137
Share-based payment	52	52
Retirement benefit	2,223	-
Benefits-in-kind	369	-
	22,226	8,303

EMPLOYEE SHARE SCHEME

On 11 April 2019, the Company implemented the Long Term Incentive Plan (“LTIP”), which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of the Group and of the Company, provided that the total number of shares so allotted shall not at any time exceed ten percent of the total number of issued shares in the Company (“LTIP Grants”).

DIRECTORS' REPORT

EMPLOYEE SHARE SCHEME(CONTD.)

Under the LTIP, the Company made an award of up to 9,989,600 LTIP Grants, comprising 8,992,400 Performance Shares ("PS") under the PS Grant and 997,200 Restricted Shares ("RS") under the RS Grant.

The LTIP Grants were awarded, without any cash consideration, to those who have attained the identified performance objectives of the Group and the Company. It serves to attract, retain, motivate and reward valuable employees of the Group and the Company.

Details of the LTIP Grants granted to the directors are disclosed in the Directors' Interests section in this report.

The fair values of the LTIP Grants granted are estimated at the grant date using a Monte Carlo Simulation pricing model, taking into account the terms and conditions upon which the instruments were granted.

On 12 September 2023, the Company granted 868,600 options under the RS Grant to eligible employees of the Company and/or its eligible subsidiary companies which the remaining units of PS and RS amounting to 8,992,400 and 128,600 respectively had lapsed as at 31 December 2023. The total enlarged issued share capital as at 12 September 2023 is RM1,439,646,000 represented by 1,289,506,658 ordinary shares.

Further information on LTIP Grants is disclosed in Note 40 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group maintains on a Directors' and Officers' Liability Insurance for any legal liability incurred by the directors and officers in discharging their duties while holding office for the Group and the Company. In respect of the above, the total amount of insurance premium paid for the financial year ended 31 December 2023 was RM193,990.

The total amount of sum insured for directors and officers of the Group for the financial year amounted to RM50,000,000.

The directors and officers shall not be indemnified by such insurance for any deliberate negligence, financial, intentional breach of law or breach of trust proven against them.

There were no indemnities given to or insurance effected for the auditors of the Company in accordance with Section 289 of the Companies Act 2016.

AUDITORS' REMUNERATION

The auditors' remuneration for the year ended 31 December 2023 is as disclosed below.

	Group RM'000	Company RM'000
Auditors' remuneration:		
Auditors of the Company:		
Statutory audit		
- Current year	1,693	127
Others	233	6
Other Auditor	38	-

DIRECTORS' REPORT

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

Tan Sri Hamdan Mohamad

Datuk Abdullah Bin Karim

26 April 2024

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RANHILL UTILITIES BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **RANHILL UTILITIES BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2023, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 152 to 264.

In our opinion, the accompanying financial statements of the Group and of the Company give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

Revenue recognition on sale of treated water ("water revenue")

(Refer Note 5 - Revenue, Note 3 - Revenue from contracts with customers)

The Group provides source-to-tap water supply services to end customers and recognised water revenue of RM1,228.4 million, representing 54% of the total revenue of the Group.

The Group relies on its information technology system (the "IT System") to account for its water revenue, which includes the water billing information system. The IT system processes large volumes of data comprising individually low value transactions. In addition, management estimates are involved in accounting for unbilled revenue at the reporting date. Accordingly, we have identified recognition of water revenue in respect of accuracy and cut-off as a key audit matter.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RANHILL UTILITIES BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (contd.)

Revenue recognition on sale of treated water ("water revenue") (contd.)

Our key audit procedures are as follows:

- Obtained an understanding of the revenue process, evaluated the design of relevant controls over revenue recognition and assessed the implementation of the said controls and tested operating effectiveness of relevant manual controls on revenue recognition;
- Performed substantive analytical procedure on the movement of water revenue year on year and throughout the year under audit against our understanding of the business;
- Performed test of reasonableness of the consumption of water by analysing it against the expectation developed using the Non-Revenue Water ("NRW") target;
- Involved our information technology specialists to test General IT controls of the water billing information system and financial reporting system;
- Agreed the revenue amount in the general ledger to water billing information system;
- Performed re-computation on the water revenue recognised in the water billing information system based on the consumption and the tariff rate approved by the relevant authority and implemented by management during the current financial year; and
- Evaluated management's estimation of unbilled revenue at year-end by comparing such amount to the actual billings raised subsequent to the year-end.

Lease Rental for Operating Period 5

(Refer Note 4(a) (iv) and Note 51 – Lease Rental for Operating Period 5, Note 3 - Provisions and Contingencies)

During year 2021, in relation to Operating Period 5 (year 2021 to year 2023), Pengurusan Aset Air Berhad ("PAAB") has granted RanhillSAJ, a subsidiary of the Company, six months partial lease moratorium from July 2021 to December 2021 amounting to RM22.5 million by issuing a credit note for the said six months.

Based on the said letter, the partial lease moratorium is claimable after 45 years and PAAB informed that principally there is no objection by Ministry of Finance for the partial lease moratorium from Year 2022 onwards. The board of directors of the Company has determined that no liability is to be recognised on the moratorium amount as of the end of reporting period based on the judgement that the liability is contingent upon renewal of water service license by the Ministry of Energy Transition and Water Transformation ("PETRA") (formerly known as Ministry of Natural Resources, Environment and Climate Change) with recommendation from SPAN every three years for future Operating Periods or depending on any future changes to the mechanics of the licensing regime.

Similarly, no partial lease rental for year 2022 and year 2023 was recognised as payable by RanhillSAJ, as Natural Water Services Commission ("SPAN") has approved the business plan excluding these partial lease rental and that lease rental forms part of components for tariff rate setting mechanism for Operating Period 5.

In April 2023, PAAB has notified RanhillSAJ on the rejection of RanhillSAJ's application for the moratorium on partial lease rental for year 2022 and year 2023.

Besides, PAAB, via its letter dated 15 May 2023 has informed RanhillSAJ that it will charge a late payment interest charges on the outstanding lease payments beginning from 1 June 2023 at a rate of 6.65% per annum.

On 25 October 2023, RanhillSAJ received a demand letter from PAAB in relation to the partial lease rental for year 2022 and year 2023 amounting to RM95.1 million (inclusive of principal amount of RM92.0 million and late payment interest of RM3.1 million).

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RANHILL UTILITIES BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (contd.)

Lease Rental for Operating Period 5 (contd.)

The board of directors of the Company, after considering the solicitors' advice, are of the view that there is legal basis to argue and maintain that RanhillSAJ does not have a present obligation to pay PAAB. Accordingly, no provision is made in the financial year ended 31 December 2023 in relation to amount claimed by PAAB.

Significant judgement is made in determining whether RanhillSAJ has the present obligation to pay the partial lease rental and the eventual outcome of the demand letter from PAAB could significantly impact the Group's financial position and results. Accordingly, we have identified lease rental for Operating Period 5 as a key audit matter.

Our key audit procedures are as follows:

- Obtained and reviewed the demand letter from PAAB and other relevant correspondences between RanhillSAJ and relevant stakeholders in relation to the arrangement and development for lease moratorium;
- Obtained and read the independent external solicitors' opinion in relation to lease moratorium;
- Compared the opinion provided by the Group's external solicitor against management's assessment on whether there is present obligation to pay for the moratorium amount;
- Interviewed the external solicitors to obtain understanding on basis and conclusion of solicitors' opinion;
- Evaluated the competencies, capabilities and objectivity of the external solicitors; and
- Reviewed disclosures presented in the financial statements, including significant judgement made by the management.

Recognition of government grant on meeting year 2023 NRW target

(Refer Note 8 – Other income, Note 13 – Income tax expenses, Note 24(d) – Trade and other receivables, Note 3 – Government grants, Note 4(a)(iii) - Recognition of government grant on meeting year 2023 NRW target)

Under the National Non-Revenue Water ("NRW") Rate Reduction Programme announced through the 12th Malaysia Plan (Year 2021-2025), entities that meet the NRW target are entitled to claim for a government grant for the reimbursement of relevant expenses incurred based on the established terms and conditions. During the current financial year, the Group has recognised government grant of RM85.7 million as other income and other receivables and the related estimated tax expense of RM11.8 million.

On 30 January 2024, Natural Water Services Commission ("SPAN") notified RanhillSAJ that based on the NRW achievement report year 2023 submitted by RanhillSAJ, it had successfully achieved the NRW target for year 2023 and was invited to present its reports to SPAN. The outcome of the independent verification by SPAN on the NRW achievement will be notified in due course to RanhillSAJ.

The Group applied significant judgement that the recognition criteria of the government grant was fulfilled in the current financial year. In addition, management applied significant estimation in determining the amount of claimable NRW expenses accrued as grant income and related tax expenses arising from this grant according to the nature of the relevant NRW expenses. Accordingly, we have identified recognition of government grant as a key audit matter.

Our key audit procedures are as follows:

- Obtained an understanding of government grant recognition process, evaluated the design of relevant controls over grant recognition and assessed the implementation of the said controls;
- Evaluated and challenged the key judgement used, particularly the timing of the recognition of the government grant as other income, by examining the underlying documentation and the information used by the management to form such judgements;
- Read the correspondences between RanhillSAJ and SPAN, NRW reports submitted to SPAN;

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RANHILL UTILITIES BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters (contd.)

Recognition of government grant on meeting year 2023 NRW target (contd.)

- Agreed the monthly water production and consumption quantities in deriving to year 2023 NRW percentage to the monthly production reports and water consumption quantities captured in the water billing system;
- Performed recomputation of the average NRW results for year 2023;
- Evaluated the basis used in determining the amount of claimable NRW expenses accrued for as grant income through retrospective review by comparing the past claim submitted to SPAN and the breakdown of final awarded amount provided by SPAN;
- Performed sampling test on claimable NRW expenses accrued for as grant income to their underlying supporting documents;
- Involved internal tax specialist to evaluate the tax impact estimated by the management; and
- Reviewed disclosures presented in the financial statements, including significant judgement and estimation made by the management.

Recoverability and timing of collection of other income for reimbursement of expenses receivable from Johor State Government

(Refer Note 8 – Other income, Note 24(c) – Trade and other receivables, Note 4(a)(i) Reimbursement of expenses receivable from Johor State Government)

During the financial year, RanhillSAJ, a subsidiary of the Company, submitted a reimbursement request to Johor State Government (“JSG”) and recognised other income of RM22.0 million, being reimbursable expenses incurred relating to shortfall of raw water supply for year 2023.

In determining the basis in recognising the other income, management has taken into consideration of terms and conditions stated in the Water Supply Agreement entered with JSG on 9 July 2009, letter of acknowledgement of reimbursement request from Johor State Economic Planning Division dated 17 January 2024, legal opinions obtained from solicitors and letter of acknowledgement from Johor Public Works, Transport, Infrastructure and Communications Committee dated 27 February 2024. Management has exercised judgement on the recoverability and timing of collection of claims receivable from JSG. Accordingly, we have identified the recognition of other income for reimbursement of expenses receivable from Johor State Government as a key audit matter.

Our key audit procedures are as follows:

- Reviewed the prior year’s minutes of discussion and approval to proceed with the claims by the Board of Directors of the RanhillSAJ which includes representative from Johor State Government (“JSG”);
- Sighted the correspondences between RanhillSAJ and JSG related to the claim which are available to date;
- Performed test of details on the occurrence and accuracy of the amount recognised; and
- Evaluated and challenged the judgement used, particularly the recoverability and timing of collection of other income for reimbursement of expenses receivable from Johor State Government.

We have determined that there is no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors’ report.

Information Other Than the Financial Statements and Auditors’ Report Thereon

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

Our opinion on the financial statements of the Group and of the Company do not cover the other information and we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RANHILL UTILITIES BERHAD (INCORPORATED IN MALAYSIA)

Information Other Than the Financial Statements and Auditors' Report Thereon (contd.)

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RANHILL UTILITIES BERHAD (INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (contd.)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 20 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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TAN YU MIN
Partner - 03503/07/2024 J
Chartered Accountant

26 April 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	5	2,279,836	1,726,341	-	65,100
Cost of sales	6	(1,892,440)	(1,393,149)	-	-
Gross profit		387,396	333,192	-	65,100
Interest income	7	59,780	62,419	-	-
Other income	8	138,767	207,588	-	4
Administrative expenses		(378,562)	(334,066)	(13,886)	(11,035)
Other operating expenses		(488)	(2,473)	-	-
Tendering and marketing expenses		(4,610)	(3,629)	-	(58)
Finance costs	9	(72,159)	(75,266)	-	-
Share of results of associates	22	17,712	15,679	-	-
Profit/(loss) before tax and zakat	10	147,836	203,444	(13,886)	54,011
Income tax expense and zakat	13	(50,198)	(61,227)	-	-
Profit/(loss) net of tax		97,638	142,217	(13,886)	54,011
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:					
Foreign currency translation		4,448	(4,984)	-	-
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:					
Remeasurement of defined benefit obligations	31	-	(405)	-	-
Total other comprehensive income/(loss)		4,448	(5,389)	-	-
Total comprehensive income/(loss) for the financial year		102,086	136,828	(13,886)	54,011
Profit/(loss) net of tax attributable to:					
Owners of the parent		52,831	95,252	(13,886)	54,011
Non-controlling interest		44,807	46,965	-	-
		97,638	142,217	(13,886)	54,011
Total comprehensive income/(loss) attributable to:					
Owners of the parent		57,277	89,943	(13,886)	54,011
Non-controlling interest		44,809	46,885	-	-
		102,086	136,828	(13,886)	54,011
Earnings per share attributable to owners of the parent	49				
- Basic for the year (sen)		4.10	7.39		
- Diluted for the year (sen)		4.10	7.37		

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	316,008	249,455	-	-
Service concession assets	15	-	331,899	-	-
Intangibles	16	398,690	397,611	-	-
Right-of-use assets	17	44,373	25,175	-	-
Investment properties	18	564	2,589	-	-
Deferred tax assets	19	31,337	47,265	-	-
Investment in subsidiaries	20	-	-	1,430,000	1,430,000
Investment in joint ventures	21	-	-	-	-
Investment in associates	22	236,440	214,419	-	-
Operating financial assets	23	433,107	481,881	-	-
Trade and other receivables	24	169,946	172,578	-	-
Contract related assets	25	165,307	30,048	-	-
Other non-current assets	27	12,236	5,971	-	-
Total Non-current Assets		1,808,008	1,958,891	1,430,000	1,430,000
Current assets					
Operating financial assets	23	56,150	58,256	-	-
Trade and other receivables	24	506,722	495,117	50,838	94,486
Contract related assets	25	140,046	118,842	-	-
Inventories	26	143,479	146,193	-	-
Tax recoverable		10,984	13,800	83	83
Other current assets	27	14,876	15,797	-	-
Other financial assets	28	17,046	65,840	-	-
Deposit, cash and bank balances	29	261,333	388,988	135	11
		1,150,636	1,302,833	51,056	94,580
Non-current assets classified as held for sale	30	2,537	-	-	-
Total Current Assets		1,153,173	1,302,833	51,056	94,580
TOTAL ASSETS		2,961,181	3,261,724	1,481,056	1,524,580

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Equity attributable to owner of the parent					
Share capital	38	1,439,646	1,438,993	1,439,646	1,438,993
Treasury shares	38	(3,569)	(3,569)	(3,569)	(3,569)
Other reserves	39	(660,017)	(671,615)	9,359	68,924
		776,060	763,809	1,445,436	1,504,348
Non-controlling interests	20	228,518	191,279	-	-
Total Equity		1,004,578	955,088	1,445,436	1,504,348
Non-current liabilities					
Retirement benefit obligations	31	54,962	65,570	-	-
Loans and borrowings	32	843,165	932,715	-	-
Trade and other payables	34	4,544	2,927	-	-
Consumer deposits	36	265,005	258,754	-	-
Deferred tax liabilities	19	41,110	33,974	-	-
Total Non-current Liabilities		1,208,786	1,293,940	-	-
Current liabilities					
Retirement benefit obligations	31	12,329	17,589	-	-
Loans and borrowings	32	156,312	166,528	-	-
Zakat liability	33	-	-	-	-
Trade and other payables	34	545,894	439,501	35,620	20,232
Contract related liabilities	25	21,900	6,488	-	-
Service concession obligations	35	-	372,781	-	-
Derivative financial instruments	37	2,484	-	-	-
Tax payable		8,898	9,809	-	-
Total Current Liabilities		747,817	1,012,696	35,620	20,232
Total Liabilities		1,956,603	2,306,636	35,620	20,232
TOTAL LIABILITIES AND EQUITY		2,961,181	3,261,724	1,481,056	1,524,580

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

		Attributable to the equity holders of the parent				Non-distributable		Distributable	
		Equity component of convertible		unsecured loan stock ("CULS")		Merger deficit		Retained earnings	
		Employee share reserves		Currency translation reserves		RM'000		RM'000	
		Treasury shares		Share capital		RM'000		RM'000	
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STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to the equity holders of the parent			Distributable						
	Non-distributable			Distributable						
	Equity component of convertible									
	Share capital	Treasury shares	Employee share reserves	Currency translation reserves	unsecured loan stock ("CULS")	Merger deficit	Retained earnings	Total	Non-controlling interest	Total equity
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022	1,438,993	(7,963)	671	23,122	361	(906,015)	131,625	680,794	179,086	859,880
Profit net of tax	-	-	-	-	-	-	95,252	95,252	46,965	142,217
Other comprehensive loss	-	-	-	(4,985)	-	-	(324)	(5,309)	(80)	(5,389)
Total comprehensive income	-	-	-	(4,985)	-	-	94,928	89,943	46,885	136,828
Transactions with owners										
Purchase of treasury shares (Note 38)	-	(3,664)	-	-	-	-	-	(3,664)	-	(3,664)
Award of LTIP shares (Note 40 (d))	-	-	514	-	-	-	-	514	-	514
Non-controlling interest arising from acquisition of subsidiary (Note 20)	-	-	-	-	-	-	(1,642)	(1,642)	5,129	3,487
Unwinding on interest expense on CULS attributable to non-controlling interests	-	-	-	-	-	-	-	-	(113)	(113)
CULS interest paid to non-controlling interests	-	-	-	-	-	-	-	-	(1,000)	(1,000)
Dividends paid/payable via (Note 38 and 41):										
- distribution of treasury shares	-	8,058	-	-	-	-	(3,751)	4,307	-	4,307
- cash	-	-	-	-	-	-	(6,443)	(6,443)	(38,708)	(45,151)
Total transactions with owners	-	4,394	514	-	-	-	(11,836)	(6,928)	(34,692)	(41,620)
At 31 December 2022	1,438,993	(3,569)	1,185	18,137	361	(906,015)	214,717	763,809	191,279	955,088

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Attributable to equity holders of the Company				Total RM'000
	Share capital RM'000	Treasury shares RM'000	Employee share reserves RM'000	Retained earnings RM'000	
The Company					
At 1 January 2023	1,438,993	(3,569)	1,185	67,739	1,504,348
Total comprehensive loss	-	-	-	(13,886)	(13,886)
Transaction with owners					
Vested Long Term Incentive Plan ("LTIP") shares (Note 40 (d))	653	-	(653)	-	-
Lapse of granted shares (Note 40 (d))	-	-	(608)	608	-
Award of LTIP shares (Note 40 (d))	-	-	76	-	76
Dividend paid via:					
- cash (Note 41)	-	-	-	(45,102)	(45,102)
Total transactions with owners	653	-	(1,185)	(44,494)	(45,026)
At 31 December 2023	1,439,646	(3,569)	-	9,359	1,445,436
At 1 January 2022	1,438,993	(7,963)	671	23,922	1,455,623
Total comprehensive income	-	-	-	54,011	54,011
Transaction with owners					
Purchase of treasury shares (Note 38)	-	(3,664)	-	-	(3,664)
Award of LTIP shares (Note 40 (d))	-	-	514	-	514
Dividend paid via:					
- cash (Note 41)	-	-	-	(6,443)	(6,443)
- distribution of treasury shares (Note 38)	-	8,058	-	(3,751)	4,307
Total transactions with owners	-	4,394	514	(10,194)	(5,286)
At 31 December 2022	1,438,993	(3,569)	1,185	67,739	1,504,348

The accompanying Notes form an integral part of the Financial Statements.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax	147,836	203,444	(13,886)	54,011
Adjustments for:				
Depreciation of property, plant and equipment	51,800	43,253	-	1
Depreciation of right-of-use assets	9,641	6,281	-	-
Depreciation of investment properties	60	30	-	-
Loss/(Gain) on disposal of property, plant and equipment	37	(305)	-	-
Amortisation of service concession assets	343,240	330,653	-	-
Amortisation of intangible assets	5,612	5,761	-	-
Share of results of associates	(17,712)	(15,679)	-	-
Share-based payment	76	514	76	514
Provision for retirement benefit plan	5,357	5,792	-	-
Impairment on investment properties	-	592	-	-
Reversal of allowance for expected credit losses on:				
- Trade receivables	(140)	(5,265)	-	-
- Other receivables	-	(136)	-	-
- Contract assets	-	(511)	-	-
Allowance for expected credit losses on:				
- Trade receivables	3,398	69	-	-
- Other receivables	14	-	-	-
Impairment of contract assets	270	-	-	-
Net unrealised foreign exchange loss	940	522	735	549
Net fair value loss on derivatives	2,484	-	-	-
Gain on bargain purchase	-	(3,350)	-	-
Gain on lease modification	-	(353)	-	-
Provision of liquidated ascertained damages	5,000	-	-	-
Reversal of provision for onerous project	(798)	-	-	-
Bad debts recovered	(73)	-	-	-
Bad debts written off	18	-	-	-
Written off of:				
Intangible assets	146	4,427	-	-
Property, plant and equipment	654	3	-	-
Inventories	173	-	-	-
Dividend income	-	-	-	(65,100)
Gain on termination of lease	(26)	-	-	-
Interest income	(59,780)	(62,419)	-	-
Finance costs	72,159	75,266	-	-
Operating Cash Flows Before Changes In Working Capital	570,386	588,589	(13,075)	(10,025)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Working Capital Changes:				
Receivables	(52,557)	(180,488)	43,648	6,988
Payables	113,659	74,593	21,096	16,690
Inventories	2,541	(29,499)	-	-
Operating financial assets	105,574	117,367	-	-
Contract related assets	(161,733)	(57,419)	-	-
Contract related liabilities	15,412	1,418	-	-
Other non-current and current assets	(5,344)	4,919	-	-
Cash Generated From Operations	587,938	519,480	51,669	13,653
Retirement benefits paid	(21,307)	(8,230)	-	-
Zakat paid	(310)	(381)	-	-
Tax paid	(32,417)	(44,553)	(36)	(36)
Tax refund	7,327	-	36	-
Repayments of lease rental payable to PAAB	(326,097)	(341,403)	-	-
Net Cash Generated From Operating Activities	215,134	124,913	51,669	13,617
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(117,433)	(49,188)	-	-
Proceeds from disposal of property, plant and equipment	76	1,313	-	-
(Additions)/Disposal of short-term investments	48,794	(10,504)	-	-
Net cashflow effect on acquisition of subsidiaries	-	7,467	-	-
Purchase of software	(6,838)	(5,629)	-	-
Dividend received from associates	-	2,228	-	-
Interest received	8,807	3,654	-	-
Net Cash Used In Investing Activities	(66,594)	(50,659)	-	-

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES				
Placement of fixed deposits/restricted deposits	(19,156)	(5,571)	-	-
Investment in subsidiary	-	-	-	(10,000)
Purchase of treasury shares	-	(3,664)	-	(3,664)
Drawdown of loans and borrowings	30,420	157,592	-	-
Repayment of principal portion of loans and borrowings	(151,217)	(103,050)	-	-
Payment of issuance cost of Sukuk Murabahah	-	(4,127)	-	-
Repayment of lease liabilities	(10,706)	(4,011)	-	-
Repayment of interest portion of loans and borrowings	(64,713)	(49,444)	-	-
Dividends paid	(76,985)	(19,833)	(51,545)	-
Net Cash Used In Financing Activities	(292,357)	(32,108)	(51,545)	(13,664)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(143,817)	42,146	124	(47)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	245,435	201,890	11	58
Effect of exchange rate changes on cash and cash equivalents	(2,894)	1,399	-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 29)	98,724	245,435	135	11

Cash outflows for leases as a lessee:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in net cash for operating activities				
Short-term lease paid	1,530	1,287	-	-
Low value assets leases paid	325	703	-	-
	1,855	1,990	-	-
Included in net cash for financing activities				
Interest expense on lease liabilities	1,071	657	-	-
Payment for the principal portion of lease liabilities	10,706	4,011	-	-
	11,777	4,668	-	-
	13,632	6,658	-	-

The accompanying Notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. GENERAL INFORMATION

Ranhill Utilities Berhad (the “Company”) is a public limited company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The principal activity of the Company is that of investment holding. The principal activities and other information of the subsidiaries, joint ventures and associates are set out in Notes 20, 21 and 22 respectively.

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

The registered office and principal place of business of the Company is located at Bangunan Ranhill SAJ, Jalan Garuda, Larkin, 80350 Johor Bahru, Johor.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance on 26 April 2024.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise stated in the accounting policies below and are presented in Ringgit Malaysia (“RM”). All values are recorded to the nearest thousand (“RM’000”) except where otherwise indicated.

Adoption of Amendments to MFRSs

In the current financial year, the Group and the Company have adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) that are effective for annual periods beginning on or after 1 January 2023 as follows:

MFRS 17 *Insurance Contracts*

Amendments to:

MFRS 17 *Insurance Contracts*

MFRS 17 *Initial Application of MFRS 9 and MFRS 17 – Comparative Information*

MFRS 101 *Disclosure of Accounting Policies*

MFRS 108 *Definition of Accounting Estimates*

MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRS 112 *International Tax Reform - Pillar Two Model Rules*

The adoption of the above-mentioned amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and of the Company upon its initial application except as discussed below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONTD.)

Changes in material accounting policies

The Group adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 - Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements.

Standards and Amendments in Issue but Not Yet Effective

The new and amendments to MFRSs that are issued but not yet effective up to date of issuance of the Group's and of the Company's financial statements are disclosed below:

MFRS 10 and MFRS 128	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
MFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ¹
MFRS 101	<i>Classification of Liabilities as Current or Non-current</i> ¹
MFRS 101	<i>Non-current Liabilities with Covenants</i> ¹
MFRS 107 and MFRS 7	<i>Supplier Finance Arrangements</i> ¹
MFRS 121	<i>Lack of Exchangeability</i> ²

¹ Effective for annual periods beginning on or after 1 January 2024.

² Effective for annual periods beginning on or after 1 January 2025.

³ Effective date deferred to a date to be determined and announced by MASB.

The directors anticipate that the abovementioned new and amendments to MFRSs will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these MFRSs and amendments to MFRSs will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

The principal accounting policies adopted are set out below.

Functional and presentation currency

The financial statements of the Group and the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Basis of consolidation (contd.)

The Company controls an investee if and only if the Company has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Business combination

(a) Acquisition method

Acquisition of subsidiaries under business combination are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss in accordance with MFRS 9. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 9, it is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions in MFRS 137 Provisions, Contingent Liabilities and Contingent Assets or the amount initially recognised less (when appropriate) cumulative amortisation recognised in accordance with the requirements for revenue recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Business combination (contd.)

(a) Acquisition method (contd.)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period. The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as at the acquisition date and is subject to a maximum of one year.

(b) Pooling of interest method

Business combination under the pooling of interest method are accounted for as follows:

- (i) The results of entities are presented as if the combination occurred from the beginning of the earliest period presented in the financial statements;
- (ii) The assets, liabilities and reserves of the entities are recorded at their pre-combination carrying amounts or existing carrying amounts from the perspective of the common control shareholder at the date of the transfer. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method; and
- (iii) No new goodwill is recognised as a result of the combination. The only goodwill that is recognised is the existing goodwill relating to the combining entities. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve or deficit.

Investment in subsidiaries

In the Company's separate financial statements, investment in subsidiaries are accounted for at cost less impairment losses.

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Group.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Investment in joint venture

Investment in joint venture is stated at cost less accumulated impairment losses in the separate financial statements and it is accounted for using the equity method of accounting in the consolidated financial statements.

Investment in associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Investment in associate (contd.)

The Group's investments in an associate is accounted for using the equity method. Under the equity method, the investment in an associate is measured in the statements of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. Where necessary, adjustments are made to bring the accounting policies of associates in line with those of the Group.

The statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income ("OCI") of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

Equity accounting is discontinued when the Group's share of losses and negative reserves in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, unless the Group has incurred obligations or guaranteed obligations in respect of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

Revenue recognition

The following describes the performance obligation in contracts with customers:

(a) Water revenue

Water revenue is recognised at the point in time when the treated water is discharged through the reading meters installed, i.e. when control of the asset is transferred to the customer, generally at the point in time at which the customer consumes the water. Water revenue includes an estimated value of the water consumed by customers from the date of their last meter reading and period end. Accrued unbilled revenues are reversed in the following month when actual billings occur.

(b) Power revenue

Revenue from the sale of electricity is recognised upon delivery of electricity. The Group applies the practical expedient of recognising revenue in the amount to which the Group has a right to invoice if it corresponds directly with the value to customer of the Group's performance that is completed to date. Power revenue also includes operation and maintenance revenue which is recognised over time in the period when services are rendered.

Revenue relating to construction services under a service concession arrangement, where applicable, is recognised over time using the input method, as and when the performance obligations are satisfied.

(c) Contribution by housing developers

Contribution by housing developers is recognised as income at the point in time in accordance with the respective commercial agreements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Revenue recognition (contd.)

(d) Non-revenue water reduction income

Non-revenue water (“NRW”) reduction income is generated from management consultancy services relating to water-related projects to water operators and businesses. These services are provided on a time and material basis or as a fixed-price contract, with contract terms generally ranging from one to two years.

The Group has enforceable right to payment for performance completed to-date and therefore, the Group recognises revenue over time by measuring its progress towards complete satisfaction of that performance obligation.

(e) Special works and services

Revenue on special works and services is generated from repair works, reconnection fees and other related works charged to consumers. The Group recognises revenue at a point in time upon performance of services.

(f) Sale of equipment

Revenue from sale of equipment is recognised at a point in time when control of the asset is transferred to the customer, generally on delivery on equipment.

(g) Construction contract revenue

For construction contracts, the Group is responsible for overall management of the project and identifies various goods and services to be provided, including design work, procurement of materials, site preparation, installation of equipment and testing and commissioning relating to water treatment plants. In such contracts, the Group provides significant integration service and will generally account for them as a single performance obligation.

Revenue is recognised over time using the input method as it has enforceable right to payment for performance completed to-date.

(h) Operation and maintenance revenue

The Group constructs or upgrades an existing infrastructure to provide services to operate and maintain the infrastructure (operation services) for a specified period of time. The Group applies the practical expedient of recognising revenue in the amount to which the Group has a right to invoice if it corresponds directly with the value to customer of the Group's performance that is completed to date.

(i) Technical and management services

Revenue from providing technical and management services is recognised at a point in time when services are rendered.

(j) Engineering services revenue

The Group performs various engineering and project management and delivery services. These activities are highly integrated and meet the criteria of a series of distinct services as the services are substantially the same and have the same pattern of transfer to the customers. Accordingly, they are accounted for as a single performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Revenue recognition (contd.)

(j) Engineering services revenue (contd.)

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the rendering of services, the Group considers the effects of variable consideration, if any.

Discounts are treated as reduction of revenue for the related transaction, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

The Group has enforceable right to payment for performance completed to-date and therefore, the Company recognises revenue over time by measuring its progress towards satisfaction of that performance obligation (stage of completion). Stage of completion is measured using the input method by reference to labour hours incurred to-date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. All anticipated losses on contracts are fully provided for.

(k) Secondment fees

Secondment fee represents supervision service by the Group's professionals who are seconded to customer's site. The Group recognises revenue at a point in time when secondment services are provided.

(l) Professional services

The Group performs engineering design and project delivery services. These activities tend to be highly integrated or able to meet the criteria of a series of distinct goods and services. Accordingly, where appropriate will be accounted for as a single performance obligation.

The Group has enforceable right to payment for performance completed to-date and therefore, the Group recognises revenue over time by measuring its progress towards satisfaction of that performance obligation (stage of completion). Stage of completion is measured by reference to labour hours incurred to-date as a percentage of total estimated labour hours for each contract. In making the estimates, the Group relies on past experience, the use of engineering tools and the work of specialists, where appropriate. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. All anticipated losses on contracts are fully provided for.

Others

(m) Finance and interest income

Finance income arising from the operating financial asset and interest income are recognised using the effective interest method.

(n) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Contract related assets and liabilities

(a) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

(b) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Foreign Currency

(a) Foreign currency transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(b) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Foreign Currency (contd.)

(b) Foreign operations (contd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

The principal exchange rates used for every unit of foreign currency ruling at the reporting date are as follows:

	2023 RM	2022 RM
Foreign currency		
1 United States Dollar ("USD")	4.59	4.41
1 Thai Baht ("THB")	0.13	0.13
1 Chinese Yuan Renminbi ("RMB")	0.65	0.64
1 Hong Kong Dollar ("HKD")	0.59	0.57

Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Government grant

Government grants are not recognised until there is reasonable assurance that the Group and the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Employee benefits

(a) Short term employee benefits

Wages, salaries, bonuses, commission and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Post-employment benefits

The Group has various post-employment benefit schemes in accordance with local conditions and practices of countries in which the Group operates. These benefit plans are either a defined contribution or defined benefit plan.

(i) Defined contribution plan

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

The Group's obligation under post-employment benefits is limited to a monthly contribution to Employees Provident Fund ("EPF") based on a prescribed statutory rate for all eligible employees.

The Group's contributions to a defined contribution plan are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(ii) Defined benefit plan

A defined benefit plan is a pension plan that defines an amount of retirement benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation.

Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net retirement benefit asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. The expected returns on plan assets of defined retirement benefit scheme are not recognised in profit or loss. Instead, the interest on net defined benefit obligation (net of the plan assets) is recognised in profit or loss, calculated using the discount rate used to measure the net retirement benefit obligations or assets.

(iii) Employee share scheme

Employees of the Group and of the Company receive remuneration in the form of shares as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares at the date on which the shares are granted, which takes into account market conditions and non-vesting conditions. This cost is recognised in profit or loss, with a corresponding increase in the employee share reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of shares that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Employee benefits (contd.)

(b) Post-employment benefits (contd.)

(iii) Employee share scheme (contd.)

No expense is recognised for shares that do not ultimately vest, except for shares where vesting is conditional upon a market condition or a non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the shares do not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group, the Company or the employee, this is accounted for as a cancellation.

In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is immediately recognised in profit or loss upon cancellation. The employee share reserve is transferred to retained earnings upon expiry of the shares. When the shares are vested, the employee share reserve is transferred to share capital if new shares are issued, or to treasury shares if the shares are satisfied by the reissuance of treasury shares.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Deferred tax (contd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Convertible unsecured loan stocks ("CULS")

The CULS are regarded as compound instruments, consisting of a liability component and an equity component. The component of CULS that exhibits characteristics of a liability is recognised as a financial liability in the statements of financial position, net of transaction costs. On issuance of the CULS, the fair value of the liability component is determined using a market rate for an equivalent non-convertible debt and this amount is carried as a financial liability in accordance with the accounting policy for other financial liabilities.

The residual amount, after deducting the fair value of the liability component, is recognised and included in shareholders' equity, net of transaction costs.

Transaction costs are apportioned between the liability and equity components of the CULS based on the allocation of proceeds to the liability and equity components when the instruments were first recognised.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset, and only if, it is probable that future economic benefits associated with them will flow to the Group and the cost of the item can be measured reliably. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Capital work in progress are stated at cost and are not depreciated until it is ready for its intended use. Upon completion, capital work in progress are transferred to categories of property, plant and equipment, depending on the nature of the assets.

Property, plant and equipment are depreciated on a straight-line basis to write off the cost of each asset to their residual values over their estimated useful lives at following annual depreciation rates:

Building structure	2.5% - 5%
Plant and machinery	6% - 20%
Renovations	20%
Furniture, fittings and office equipment	10% - 33.3%
Motor vehicles	10% - 20%

Residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial period in which the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Property, Plant and Equipment (contd.)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the period the asset is derecognised. Gains and losses on derecognition of the asset are determined by comparing proceeds with the carrying amount of the asset.

Intangible assets

(a) Goodwill

Goodwill is initially recorded at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but tested for impairment annually or more frequently when indications of impairment are identified.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Service license

Represents cost of service license under section 4(1)(b) Act 655 of the Water Services Industries Act ("WSIA") issued to a subsidiary to treat raw water, supply and distribute the treated water to the consumers within the State of Johor.

The license is considered to have indefinite useful life as there is no foreseeable limit to the period over which the license is expected to generate new cash inflows to the Group. Accordingly, the service license is not amortised but tested for impairment annually or more frequently, when indicators of impairment are identified.

(c) Operating rights

Represent license ("operating rights") to operate two water treatment plants in Amata City Industrial Estate and Amata Nakorn Industrial Estate, both located in Thailand. The operating rights are stated at cost and are amortised on a straight-line basis over its estimated useful life of 15 years, and expensed to the consolidated statement of comprehensive income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statements of comprehensive income when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Intangible assets (contd.)

(d) Customer contracts

Customer contracts are intangible assets acquired in a business combination and recognised separately from goodwill. Customer contracts are initially recognised at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on a straight-line basis over their estimated useful lives.

(e) Computer software

Computer software acquired separately are measured on initial recognition at cost. The cost of computer software acquired is the fair value as at the date of acquisition. Following the initial recognition, computer software are carried at cost less any accumulated impairment losses. The useful life of the computer software is assessed to be finite and is amortised on a straight-line basis over the estimated useful life and impaired.

The amortisation period and the amortisation method for computer software are reviewed at least at each reporting date. Computer software are amortised on a straight-line basis over its estimated useful life of 5 years. Computer software in development is not depreciated until such time when the asset is available for use.

(f) Capital work-in-progress

Capital work-in-progress is stated at cost and is not amortised until it is ready for its intended use. Upon completion, capital work-in-progress is transferred to categories of intangible asset, depending on the nature of the assets.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and impairment loss. Investment properties are depreciated on a straight-line basis over their estimated useful lives. The useful lives of investment properties are reviewed, and adjusted if appropriate, at each reporting date. The effects of any revisions of the useful lives are included in the profit or loss for the financial period in which the changes arise.

Financial assets

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Financial assets (contd.)

Initial recognition and measurement (contd.)

Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contract with Customers*.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost ("debt instruments")
- Financial assets at fair value through OCI with recycling of cumulative gains and losses ("debt instruments")
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition ("equity instruments")
- Financial assets at fair value through profit or loss

The Group and the Company have no financial assets carried at fair value through OCI, for both debt and equity instruments.

(a) Financial assets at amortised cost ("debt instruments")

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade receivables and other receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Financial assets (contd.)

Subsequent measurement (contd.)

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and neither (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Financial assets (contd.)

Impairment of financial asset

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (“a 12-month ECL”). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (“a lifetime ECL”).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience. The Group considers forward-looking factors do not have significant impact to its credit risk given the nature of its industry and the amount of ECLs is insensitive to changes to forecast economic conditions.

The Group and the Company, respectively consider a financial asset in default when contractual payments are 30 to 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group’s and the Company’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, if any.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Financial liabilities (contd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade and other payables, and loans and borrowings.

After initial recognition, trade and other payables and interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to trade and other payables and interest-bearing loans and borrowings. For more information, refer to Note 32 and Note 34.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in Note 37 and Note 46(a).

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. The impact of the master netting agreements on the Group's financial position is disclosed in Note 37. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Non-current assets classified as held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Service concession contracts

A substantial portion of the Group's assets are used within the framework of concession contracts granted by several public sector customers ("grantors"). The characteristics of these contracts vary significantly depending on the country and activity concerned.

In order to fall within the scope of concession contract, a contract must satisfy the following two criteria:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price; and
- the grantor controls the significant residual interest in the infrastructure at the end of the term of the arrangement.

Such infrastructure are not recognised in assets of the operator as property, plant and equipment but in financial assets ("financial asset model") and/or intangible assets ("intangible asset model") depending on the remuneration commitments given by the grantor.

(i) Intangible asset model

The Group applies the intangible asset model where the operator is paid by the users or where the concession grantor has not provided a contractual guarantee in respect of the amount recoverable. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service.

Intangible assets resulting from the application of this policy are recorded in the statement of financial position under the heading 'Service Concession Assets' and are amortised, generally on a straight-line basis, over the contract term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Service concession contracts (contd.)

(i) Intangible asset model (contd.)

Cash flows relating to these intangible assets are included in net cash generated from/(used in) operating activities in the consolidated statement of cash flows.

Revenue associated with this intangible asset model includes:

- revenue from the construction of the infrastructure on a percentage of completion basis; and
- operating revenue of the infrastructure.

(ii) Financial asset model

The financial asset model applies when the Group has an unconditional right to receive cash or another financial asset from the grantor.

In the case of concession services, the Group has such an unconditional right if the grantor contractually guarantees the payment of:

- amounts specified or determined in the contract; or
- the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of this policy are recorded in the consolidated statement of financial position under the heading 'operating financial assets' and recognised at amortised cost.

Cash flows relating to these operating financial assets are included in net cash generated from/(used in) operating activities in the consolidated statement of cash flow.

An impairment loss is recognised if the carrying amount of these assets exceeds the fair value, as estimated during impairment tests. Fair value is estimated based on the recoverable amount, calculated by discounting future cash flows (value in use method).

The portion falling due within less than one year is presented in the consolidated statement of financial position as 'Current operating financial assets', while the portion falling due within more than one year is presented in the non-current heading.

Revenue and finance income associated with this financial asset model include:

- revenue from the construction of the operating financial assets on a percentage of completion basis;
- operation and maintenance revenue; and
- finance income related to the capital investment in the operating financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Provisions and contingencies

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and when a reliable estimate of the amount can be made. Where the Group and the Company expect a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Company.

The Group and the Company do not recognise a contingent liability and asset but discloses its existence in the financial statements.

Fair value measurement

The Group measures financial instruments and non-financial assets at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 46.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICIES (CONTD.)

Fair value measurement (contd.)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

Segment reporting

For management purposes, the Group is organised into operating segments based on its services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Additional disclosure of each of these segments are shown in Note 48, including the factors used to identify the reportable segments and the measurement basis of segment information.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of statements of cash flows.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand and bank balances, deposits and short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts and other restricted balances.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Critical judgement in applying the accounting policies

There were no other critical judgements made by the management in the process of applying the Group's and the Company's accounting policies that may have significant effects on the amounts recognised in the financial statements, except as stated below:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

(a) Critical judgement in applying the accounting policies (contd.)

(i) Reimbursement of expenses receivable from Johor State Government

During the financial year, RanhillSAJ, a subsidiary of the Company, submitted a reimbursement request to the Johor State Government (“JSG”) and recognised other income of RM22,034,000 (2022: RM45,405,000), being reimbursable expenses incurred relating to shortfall of raw water supply for year 2023 (2022: raw water supply for 2021 and 2022), (Note 8 and Note 24).

In determining the basis for recognising this other income, management has taken into consideration of terms and conditions stated in the Water Supply Agreement entered with JSG on 9 July 2009, letter of acknowledgement of reimbursement request from Johor State Economic Planning Division dated 15 February 2023, legal opinions obtained from solicitors and letter of acknowledgement from Johor Public Works, Transport, Infrastructure and Communications Committee dated 27 February 2024. Management has exercised judgement on the recoverability and timing of collection of claims receivable from JSG.

(ii) Deferred tax assets

Deferred tax assets are recognised for unabsorbed capital allowances, tax losses, investment allowance and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the capital allowances, tax losses and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, expected extension of period for utilisation of investment allowance together with future tax planning strategies. Further details are disclosed in Note 19.

(iii) Recognition of government grant on meeting year 2023 NRW target

Under the National Non-Revenue Water (“NRW”) Rate Reduction Programme announced through the 12th Malaysia Plan (Year 2021-2025), entities that meet the NRW target are entitled to claim for a government grant for the reimbursement of relevant expenses incurred based on the established terms and conditions. During the current financial year, the Group has recognised government grant of RM85,684,000 (2022: RM142,285,000) as other income and other receivables and the related estimated tax expense of RM11,844,000 (2022: RM13,892,000).

On 30 January 2024, Natural Water Services Commission (“SPAN”) notified RanhillSAJ that based on the NRW achievement report year 2023 submitted by RanhillSAJ, it had successfully achieved the NRW target for year 2023 and was invited to present its reports to SPAN. The outcome of the independent verification by SPAN on the NRW achievement will be notified in due course to RanhillSAJ.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

(a) Critical judgement in applying the accounting policies (contd.)

(iii) Recognition of government grant on meeting year 2023 NRW target (contd.)

The Group applied significant judgement that the recognition criteria of the government grant was fulfilled in the current financial year. In addition, management applied significant estimation in determining the amount of claimable NRW expenses accrued as grant income and related tax expenses arising from this grant according to the nature of the relevant NRW expenses.

(iv) Lease rental for Operating Period 5

Significant judgement is made in determining whether RanhillSAJ has the present obligation to pay partial lease rental to PAAB. Details are disclosed in Note 51.

(b) Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Useful lives of property, plant and equipment

The estimate of the useful lives of property, plant and equipment are based on expected usage, physical wear and tear, technical and commercial obsolescence are reviewed annually and are updated if expectations differ from previous estimates. Any change to the estimate of the useful lives will affect future depreciation charges. The directors have relied upon past experience and industry practices in exercising their judgement. The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 14.

(ii) Impairment of service license and goodwill

Service license and goodwill are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which intangibles are allocated.

When value in use calculations are undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and determines a suitable discount rate and terminal growth rate in order to calculate the present value of those cash flows. Further details of the carrying values and the key assumptions applied in the impairment assessment of intangibles are disclosed in Note 16.

(iii) Provision for expected credit loss of financial assets at amortised cost

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on number of days past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. Information about the ECLs on the Group's financial assets at amortised cost is disclosed in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTD.)

(b) Key source of estimation uncertainty (contd.)

(iv) Defined benefit plan

The cost of defined benefit pension plans and other post employment medical benefits as well as the present value of the pension obligation is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management has derived the applicable interest rates from high quality corporate bonds in Malaysia with an AA rating. The bonds have been selected based on the expected duration of the defined benefit obligation and taking into consideration the yield curve respectively.

The mortality and disability rates are based on publicly available mortality tables for Malaysia. Future salary increase is increased based on expected future inflation rates for Malaysia.

Further details about the assumptions used are as stated in Note 31.

(v) Recognition of service contract revenue over time

The Group recognises service contract revenue by reference to the stage of completion of the contract activity at the reporting date, when the outcome of a service contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that will affect the stage of completion.

In making these estimates, management relied on past experience and the work of specialists. The carrying amounts of assets and liabilities arising from services contracts at the reporting date are disclosed in Note 25.

5. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Water revenue	1,228,408	1,122,459	-	-
Power revenue	271,078	247,170	-	-
Contribution by housing developers	31,554	19,222	-	-
Non-revenue water reduction fees	47,517	31,218	-	-
Engineering services fee	36,798	24,376	-	-
Professional services	451,741	204,811	-	-
Secondment fees	15,544	18,574	-	-
Construction contract revenue	162,211	28,481	-	-
Operation and maintenance revenue	19,698	15,618	-	-
Special works	13,187	13,182	-	-
Technical and management services	111	206	-	-
Dividend income	-	-	-	65,100
Others	1,989	1,024	-	-
	2,279,836	1,726,341	-	65,100

Further details of the Group's revenue are disclosed in Note 42.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. COST OF SALES

	Group	
	2023 RM'000	2022 RM'000
Water and its related costs	904,630	835,619
Power and its related costs	244,929	198,530
Construction contract costs	144,361	35,550
Operation and maintenance costs	715	3,827
Services and its related cost	569,987	313,373
Others	27,818	6,250
	1,892,440	1,393,149

7. INTEREST INCOME

	Group	
	2023 RM'000	2022 RM'000
Interest income:		
- Fixed deposits	5,379	3,440
- Finance income from operating financial assets (Note 23)	50,945	57,059
- Islamic Money Market fund	855	443
- Contract assets	2,575	338
- Others	26	1,139
	59,780	62,419

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

8. OTHER INCOME

Included in other income are:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unrealised foreign exchange gain	3,772	1,303	-	-
Realised foreign exchange gain	16,163	31	-	-
Compensation for expenses and damages claims	1,347	-	-	-
Gain on disposal of property, plant and equipment	28	305	-	-
Rental income	1,821	1,855	-	-
Sales of scrap item	2,668	1,973	-	-
Liquidated ascertained damages claim	1,803	636	-	-
Reversal of allowance for expected credit losses (Note 24)				
- Trade receivables	140	5,265	-	-
- Other receivables	-	136	-	-
Reversal of impairment on contract asset (Note 25)	-	511	-	-
Reimbursement of expenses receivable from Johor State Government (Note 24(c))	22,034	45,405	-	-
Gain on bargain purchase (Note 20(d))	-	3,350	-	-
Government grant (Note 24(d))	85,684	142,285	-	-
Insurance compensation for loss in fire	-	1,784	-	-
Gain on lease modification (Note 17)	-	353	-	-
Bad debt recovered	73	-	-	-
Others	3,234	2,396	-	4
	138,767	207,588	-	4

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

9. FINANCE COSTS

	Group	
	2023 RM'000	2022 RM'000
Sukuk Murabahah RM650M	30,297	33,321
Sukuk Murabahah RM310M	6,828	793
Musharakah Medium Term Notes ("mMTN")	20,287	23,122
Unwinding interest of service concession obligations (Note 35)	4,543	12,560
Term loans	6,516	3,751
Bank overdrafts	102	111
Unwinding of discount on payables	-	414
Guarantee fees	325	473
Lease liabilities (Note 17)	1,071	657
Late payment charges on trade payables	2,148	-
Unwinding on interest for demobilisation	15	-
Others	27	64
	72,159	75,266

Unwinding of interest expense on lease rental payable to PAAB has been off set against the unwinding of interest income of RM1,511,000 (2022: RM2,394,000) arising from waiver of lease rental receivable.

10. PROFIT BEFORE TAX AND ZAKAT

The following items have been included in arriving at profit before tax:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Auditors' remuneration:				
Auditors of the Company:				
Statutory audit				
- Current year	1,693	1,474	127	106
- Others	233	278	6	9
Other Auditors	38	51	-	-
Employee benefits expense (Note 11)	456,681	358,345	-	-
Directors' remuneration (Note 12)	28,688	21,317	8,303	5,738
Depreciation of property, plant and equipment (Note 14)	51,800	43,253	-	1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

10. PROFIT BEFORE TAX AND ZAKAT (CONTD.)

The following items have been included in arriving at profit before tax: (contd.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment written off	654	3	-	-
Amortisation of service concession assets (Note 15)	343,240	330,653	-	-
Amortisation of intangible assets (Note 16)	5,612	5,761	-	-
Depreciation of right-of-use assets (Note 17)	9,641	6,281	-	-
Depreciation of investment properties (Note 18)	60	30	-	-
Gain on termination of lease (Note 17)	(26)	-	-	-
Intangible assets written off (Note 16)	146	4,427	-	-
Expenses relating to:				
- short-term leases	1,530	1,287	-	-
- leases of low value assets	325	703	-	-
Impairment of investment properties (Note 18)	-	592	-	-
Allowance for expected credit losses on (Note 24):				
- Trade receivables	3,398	69	-	-
- Other receivables	14	-	-	-
Impairment of contract assets (Note 25)	270	-	-	-
Inventories written off (Note 26)	173	-	-	-
Share-based payment	76	514	76	514
Net unrealised foreign exchange loss	940	522	735	549
Net fair value loss on derivatives	2,484	-	-	-
Net realised foreign exchange (gain)/loss	(14,625)	737	-	-
(Reversal)/provision for onerous project	(798)	460	-	-
Bad debts written off	18	-	-	-
Bad debts recovered	(73)	-	-	-
Reversal of allowance for expected credit losses (Note 24):				
- Trade receivables	(140)	(5,265)	-	-
- Other receivables	-	(136)	-	-
- Contract assets	-	(511)	-	-
Net (loss)/gain on disposal of property, plant and equipment	(37)	305	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

11. EMPLOYEE BENEFITS EXPENSE

	Group	
	2023 RM'000	2022 RM'000
Wages, salaries and bonus	315,670	259,512
Employee allowances	36,368	32,324
Defined contribution plan	35,538	30,633
Defined benefit retirement plan (Note 31)	5,357	5,792
Share-based payment (i)	105	311
Other staff related expenses	63,643	29,773
	456,681	358,345

- (i) The Group offered up to 9,989,600 (2022: 9,989,600) shares to employees and executive directors of the Group under the long term incentive plan ("LTIP"), that comprises the restricted share incentive plan and performance-based share incentive plan. Further details are disclosed in Note 40.

12. DIRECTORS' REMUNERATIONS

The details of remuneration receivable by directors of the Group and the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company:				
<u>Non-executive directors:</u>				
Fees	2,287	1,796	1,424	1,249
Other emoluments	1,145	191	1,134	178
	3,432	1,987	2,558	1,427

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

12. DIRECTORS' REMUNERATIONS (CONTD.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Executive directors:</u>				
Fees	429	444	-	-
Salaries and bonus	11,963	10,520	5,312	4,030
Defined contribution plan	694	477	137	-
Other emoluments	3,064	2,067	244	127
Share-based payment (Note 43(b))	52	154	52	154
Retirement benefit	2,223	-	-	-
Benefits-in-kind	369	876	-	-
	18,794	14,538	5,745	4,311
	22,226	16,525	8,303	5,738
Other directors of the Group:				
Fees	1,785	1,862	-	-
Salaries and bonus	3,906	1,985	-	-
Defined contribution plan	486	213	-	-
Other emoluments	239	626	-	-
Share-based payment (Note 43(b))	16	49	-	-
Benefits-in-kind	30	57	-	-
	6,462	4,792	-	-
Total	28,688	21,317	8,303	5,738

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INCOME TAX EXPENSES AND ZAKAT

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current income tax:				
- Malaysian income tax	24,297	23,684	-	-
- Foreign income tax	87	34	-	-
- Under provision in prior year	2,592	14,104	-	-
	26,976	37,822	-	-
Deferred tax: (Note 19)				
- Origination and reversal of deferred tax	17,810	21,262	-	-
- Relating to foreign deferred tax	506	(273)	-	-
- Under provision in prior year	4,596	2,035	-	-
	22,912	23,024	-	-
Income tax expense	49,888	60,846	-	-
Zakat expense in current year (Note 33)	310	381	-	-
	310	381	-	-
Total income tax expense and zakat	50,198	61,227	-	-

Domestic income tax is calculated at the Malaysian statutory rate of 24% (2022: 24%) of the estimated assessable profit for the year.

A reconciliation of current income tax expense applicable to profit before tax at the applicable statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax and zakat	147,836	203,444	(13,886)	54,011
Tax at Malaysian statutory rate of 24% (2022: 24%)	35,481	48,827	(3,333)	12,963
Different tax rates in other countries	95	72	-	-
Expenses not deductible for tax purposes	40,113	28,707	3,333	2,661
Income not subject to tax	(24,552)	(34,558)	-	(15,624)
Tax exemption from allowance for increase export	(10,453)	-	-	-
Deferred tax asset not recognised	6,265	5,424	-	-
Share of results of an associate	(4,249)	(3,765)	-	-
Under provision of income tax in prior year				
- government grant (Note 24(d))	2,358	13,892	-	-
- others	234	212	-	-
Under provision of deferred tax in prior year	4,596	2,035	-	-
Income tax expenses	49,888	60,846	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

14. PROPERTY, PLANT AND EQUIPMENT

Group	Plant and machinery RM'000	Building structure RM'000	Renovation, furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Cost						
At 1 January 2022	350,607	17,116	253,216	50,187	54,485	725,611
Acquisition of subsidiaries (Note 20)	-	-	696	-	-	696
Additions	22,735	624	13,532	1,989	10,308	49,188
Disposals	-	-	(373)	(3,305)	-	(3,678)
Transfer	38,043	-	-	228	(38,271)	-
Written off	-	-	(1,180)	-	-	(1,180)
Exchange differences	-	-	41	-	-	41
At 31 December 2022/1 January 2023	411,385	17,740	265,932	49,099	26,522	770,678
Adjustment	-	-	-	-	1,662	1,662
Additions	47,941	146	29,577	604	39,165	117,433
Disposals	(2)	-	(2,829)	(215)	-	(3,046)
Reclassification	1,963	-	8,206	-	(10,169)	-
Written off	(32)	-	(13,623)	(83)	-	(13,738)
Exchange differences	-	-	140	-	-	140
At 31 December 2023	461,255	17,886	287,403	49,405	57,180	873,129
Accumulated Depreciation						
At 1 January 2022	216,535	2,409	216,176	46,101	-	481,221
Acquisition of subsidiaries (Note 20)	-	-	560	-	-	560
Charge for the year (Note 10)	29,871	541	11,634	1,207	-	43,253
Disposals	-	-	(203)	(2,467)	-	(2,670)
Written off	-	-	(1,177)	-	-	(1,177)
Exchange differences	-	-	36	-	-	36
At 31 December 2022/1 January 2023	246,406	2,950	227,026	44,841	-	521,223
Charge for the year (Note 10)	34,990	530	15,043	1,237	-	51,800
Disposals	(1)	-	(2,717)	(215)	-	(2,933)
Written off	(31)	-	(12,970)	(83)	-	(13,084)
Exchange differences	-	-	115	-	-	115
At 31 December 2023	281,364	3,480	226,497	45,780	-	557,121
Net carrying amount:						
At 31 December 2022	164,979	14,790	38,906	4,258	26,522	249,455
At 31 December 2023	179,891	14,406	60,906	3,625	57,180	316,008

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

15. SERVICE CONCESSION ASSETS

Cost	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	994,701	996,828
Additions	11,341	-
Adjustment related to project cost - net	-	(2,127)
Less: Derecognition on expiry of operating service arrangement	(1,006,042)	-
At end of the year	-	994,701
Accumulated amortisation		
At beginning of the year	662,802	332,149
Amortisation charge for the financial year (Note 10)	343,240	330,653
Less: Derecognition on expiry of operating service arrangement	(1,006,042)	-
At end of the year	-	662,802
Net carrying amount	-	331,899

Service concession assets comprise assets resulting from the application of accounting policy as disclosed in Note 3 on accounting for concession contracts.

In line with the move to improve the quality, coverage and reliability of the nation's water supply and safeguard the interests of consumers, the Water Services Industry Act 2006 ("WSIA") and Suruhanjaya Perkhidmatan Air Negara Act 2006 were introduced. Pursuant to the enactment of the WSIA, Pengurusan Aset Air Berhad ("PAAB") was established for the purposes of, inter alia, acquiring the existing water infrastructure and/or build new water assets which will be leased to water operators.

Under the WSIA, the existing water operators are given an option either to continue to be authorised to carry out the water supply services in accordance with their respective current concession agreements, but subject to certain amendments as may be agreed by Suruhanjaya Perkhidmatan Air Negara ("SPAN") or to migrate to a licensing regime whereby relevant licenses will be granted by the Ministry of Energy Transition and Water Transformation ("PETRA") with recommendation from SPAN.

On 11 March 2009, a subsidiary of the Group, RanhillSAJ migrated to the licensing regime for water supply services in the State of Johor via a Master Agreement executed with relevant parties. RanhillSAJ had also executed on the same date, the facility agreement with PAAB mainly for the purpose of PAAB to receive the lease rental for the grant of a right to use, occupy and operate the water related assets to RanhillSAJ.

Under the new licensing regime, RanhillSAJ shall be required to apply and comply with the conditions of a service license to be granted by PETRA. Amongst the conditions are the submission of a Three-Year Business Plan, adherence to a set of Key Performance Indicators and determination of the water tariff by PETRA upon recommendation of SPAN.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

15. SERVICE CONCESSION ASSETS 9 (CONTD.)

RanhillSAJ's application for individual service license under Section 4(1)(b) of WSIA (Act 655) was approved by PETRA, and was further renewed in accordance with the Operating Periods entered by the Company as follows:

- First Operating Period with a period of three years, commencing from 1 July 2009 to 30 June 2012;
- Second Operating Period with a period of two and a half years, commencing from 1 July 2012 to 31 December 2014 (to be consistent with the change in the financial year end from June to December);
- Third Operating Period with a period of three years, commencing from 1 January 2015 to 31 December 2017;
- Fourth Operating Period with a period of three years, commencing from 1 January 2018 to 31 December 2020; and
- Fifth Operating Period with a period of three years, commencing from 1 January 2021 to 31 December 2023.

On 11 December 2023, PETRA approved RanhillSAJ's licence renewal for the Sixth Operating Period with a period of three years which covers from 1 January 2024 to 31 December 2026.

Apart from the standard conditions set out by SPAN on the individual service license to be complied with under the Sixth Operating Period, RanhillSAJ is subjected to certain specific conditions:

- (i) The individual license grants the right for the RanhillSAJ to treat raw water, distribute and supply the treated water to the consumers within the State of Johor only;
- (ii) RanhillSAJ is supervised by SPAN based on a set of key performance indicators ("KPI");
- (iii) RanhillSAJ is required at all time to maintain at least 30% of its Bumiputera equity shareholdings;
- (iv) Any compensation and grant received by RanhillSAJ from the Federal Government must be taken into consideration in computing the profit margin;
- (v) RanhillSAJ is required to inform and to provide information to SPAN any matter in relation to current, unsettled or threatened litigation, legal proceeding, arbitral and disputes;
- (vi) RanhillSAJ shall comply with the provisions on procurement and supply works. Any contract of restoration work, maintenance and supply works, excluding emergency works should be awarded based on competitive biddings and the duration of the contract shall not exceed the maximum period of three years;
- (vii) RanhillSAJ is responsible for the operation and maintenance of assets in rendering water supply service to rural or developed areas in the State of Johor;
- (viii) RanhillSAJ shall comply with the Integrity and Anti-Corruption Framework for Licence Holders and Certified Agencies which was approved by SPAN on 10 July 2019 in preparing and implementing appropriate integrity and anti-bribery related policies, procedures and control measures; and
- (ix) RanhillSAJ must comply with the terms instructed by SPAN from time to time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. INTANGIBLES

Group	Goodwill RM'000	Service license RM'000	Software RM'000	Capital work-in- progress RM'000	Operating rights RM'000	Customer contracts RM'000	Total RM'000
Cost:							
At 1 January 2022	100,625	282,356	36,247	4,003	3,402	-	426,633
Additions	-	-	5,205	424	-	-	5,629
Adjustment	(1,374)	-	-	-	-	1,808	434
Written off	-	-	-	(4,427)	-	-	(4,427)
Exchange differences	-	-	1	-	-	-	1
At 31 December 2022/ 1 January 2023	99,251	282,356	41,453	-	3,402	1,808	428,270
Additions	-	-	6,838	-	-	-	6,838
Disposal	-	-	(117)	-	-	-	(117)
Written off	-	-	(1,262)	-	-	-	(1,262)
At 31 December 2023	99,251	282,356	46,912	-	3,402	1,808	433,729
Accumulated amortisation:							
At 1 January 2022	-	-	21,495	-	3,402	-	24,897
Amortisation charge for the year (Note 10)	-	-	4,857	-	-	904	5,761
Exchange differences	-	-	1	-	-	-	1
At 31 December 2022/ 1 January 2023	-	-	26,353	-	3,402	904	30,659
Amortisation charge for the year (Note 10)	-	-	5,009	-	-	603	5,612
Disposal	-	-	(116)	-	-	-	(116)
Written off	-	-	(1,116)	-	-	-	(1,116)
At 31 December 2023	-	-	30,130	-	3,402	1,507	35,039
Net carrying amount:							
At 31 December 2022	99,251	282,356	15,100	-	-	904	397,611
At 31 December 2023	99,251	282,356	16,782	-	-	301	398,690

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. INTANGIBLES (CONTD.)

Goodwill

The goodwill's cash generating unit ("CGU") is in respect of environment segment and engineering service segment as follows:

	Group	
	2023	2022
	RM'000	RM'000
Environment	11,151	11,151
Engineering services	88,100	88,100
	99,251	99,251

Service license

Service license represents cost of service license issued to a subsidiary, RanhillSAJ to treat raw water, supply and distribute treated water to the consumers of the State of Johor. The service license, under environment segment, is not amortised but assessed for impairment at each reporting date or more frequently, when indicators of impairment are identified.

Impairment test of service license and goodwill

The recoverable amounts of CGUs from environment segment and engineering services segment are determined based on value-in-use calculations, using pre-tax cash flow projections based on financial budgets approved by the directors for a period consistent with the operating period under the license for environment segment and a period of 3 years (2022: 3 years) for engineering services segment.

The key assumptions used in the value-in-use calculations are as follows:

	Environment		Engineering Services	
	2023	2022	2023	2022
	%	%	%	%
Growth rate ⁽ⁱ⁾	2.9	2.1	2.1	2.1
Pre-tax discount rate ⁽ⁱⁱ⁾	14.6	14.5	12.2-14.8	13.2-17.2

⁽ⁱ⁾ Projected terminal growth rate used to extrapolate cash flows beyond the projection period

⁽ⁱⁱ⁾ Pre-tax discount rate applied to cash flows projections

The directors have determined the growth rate considering the long-term inflation rate which does not exceed the long term average growth rate for the CGU. The discount rates used are pre-tax and reflect their specific risk relating to the segments.

Sensitivity to changes in assumptions

Management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the CGU to materially exceed its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

16. INTANGIBLES (CONTD.)

Operating rights

Operating rights represents rights issued to a subsidiary of the Group, Ranhill Water Technologies Thai Ltd. ("RWTT") to operate two water treatment plants in Amata City Industrial Estate and Amata Nakorn Industrial Estate, both located in Thailand.

Customer contracts

Customer contracts represent existing medium-term contracts with the customers and meet the contractual-legal criterion for recognition as intangible assets.

17. RIGHT-OF-USE ASSETS

Group as a lessee	Land and buildings RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Carrying amount				
At 1 January 2023	19,028	5,636	511	25,175
Additions	26,601	3,435	23	30,059
Termination (Note 10)	(200)	-	-	(200)
Depreciation expenses for the year (Note 10)	(7,701)	(1,683)	(257)	(9,641)
Lease modification	(1,022)	-	-	(1,022)
Exchange differences	2	-	-	2
At 31 December 2023	36,708	7,388	277	44,373
At 31 December 2022	19,028	5,636	511	25,175
At 1 January 2022	20,757	1,711	899	23,367
Additions	3,085	5,033	44	8,162
Depreciation expenses for the year (Note 10)	(4,741)	(1,108)	(432)	(6,281)
Lease modification	(76)	-	-	(76)
Exchange differences	3	-	-	3
At 31 December 2022	19,028	5,636	511	25,175

The lease arrangements generally do not allow for subleasing of the leased asset, unless there is a contractual right for the Group to sublet the lease asset to another party. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and buildings	1% - 66%
Office equipment	16.6% - 50%
Motor vehicles	10% - 33%

The Group also has certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group apply the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. RIGHT-OF-USE ASSETS (CONTD.)

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowings) as disclosed in Note 32 and the movements during the financial year:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	19,445	17,741
Lease modification	(1,022)	(303)
Additions	28,031	8,085
Accretion of interest (Note 9)	1,071	657
Settlement	(10,706)	(4,011)
Termination (Note 10)	(226)	-
Reclassified to other payables	-	(2,728)
Exchange differences	3	4
At end of the year	36,596	19,445
Analysed as:		
Current	10,508	5,594
Non-current	26,088	13,851
	36,596	19,445

The maturity analysis of lease liabilities are disclosed in Note 47.

The following amounts are the amounts recognised in profit or loss:

	Group	
	2023 RM'000	2022 RM'000
Gain on termination of lease	26	-
Gain on lease modification (Note 8)	-	353
Depreciation expense of right-of-use assets	9,641	6,281
Interest expense on lease liabilities (Note 9)	1,071	657
Expenses relating to:		
- short-term leases	1,530	1,287
- leases of low value assets	325	703
	12,593	9,281

The Group has total cash outflow for leases amounting to RM13,632,000 (2022: RM6,658,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

17. RIGHT-OF-USE ASSETS (CONTD.)

Group as a lessor

Future minimum rentals receivable under non-cancellable operating leases are as follows:

	Group	
	Office building	
	2023	2022
	RM'000	RM'000
<u>Operating lease</u>		
Within one year	1,814	1,084
After one year but not more than five years	2,935	129
	4,749	1,213

The rental income arising from this arrangement is RM1,821,000 (2022: RM1,855,000) as disclosed in Note 8.

18. INVESTMENT PROPERTIES

Group	Apartments
	RM'000
Cost:	
At 1 January 2022	-
Additions	3,211
At 31 December 2022/1 January 2023	3,211
Additions	572
Reclassification to non-current assets classified as held for sale (Note 30)	(3,211)
At 31 December 2023	572
Accumulated depreciation:	
At 1 January 2022	-
Charge for the year (Note 10)	30
At 31 December 2022/1 January 2023	30
Charge for the year (Note 10)	60
Reclassification to non-current assets classified as held for sale (Note 30)	(82)
At 31 December 2023	8
Accumulated impairment:	
At 1 January 2022	-
Charge for the year (Note 10)	592
At 31 December 2022/1 January 2023	592
Reclassification to non-current assets classified as held for sale (Note 30)	(592)
At 31 December 2023	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

18. INVESTMENT PROPERTIES (CONTD.)

Group	Apartments RM'000
Net carrying amount:	
At 31 December 2022	2,589
At 31 December 2023	564

In prior year, the Group has agreed with a trade debtor to settle outstanding trade receivables through contra-off of four units of apartments constructed by the trade debtor with the value equivalent to the said trade receivable balances of RM3,211,000. Upon the completion of the contra-off process during the financial year, the apartments are classified as investment properties of the Group.

In prior year, a total impairment loss of RM592,000 representing the write-down of the Group's investment properties to their recoverable amounts was recognised in "Administrative Expenses" line item of the statements of profit or loss and other comprehensive income. The total recoverable amount determined based on their fair value less costs to sell approach is amounted to RM2,589,000 lower than their net carrying amount of RM3,181,000.

During the financial year, there is no further impairment loss to be made as the fair value less costs to sell is higher than net carrying amount of investment properties.

19. DEFERRED TAXATION

The components and movements of deferred tax assets during the financial year prior to offsetting are as follows:

Group	Deferred tax assets					Total RM'000
	Unutilised investment allowance RM'000	Unabsorbed capital allowance RM'000	Unutilised tax losses RM'000	Provisions RM'000	Others RM'000	
At 1 January 2022	49,882	45,650	41,647	39,236	11,234	187,649
Arise from acquisition of subsidiary (Note 20(d))	-	-	-	-	34	34
Recognised in profit and loss	(5,423)	(12,988)	(8,646)	(155)	(8,818)	(36,030)
Exchange differences	-	-	19	-	-	19
At 31 December 2022/1 January 2023	44,459	32,662	33,020	39,081	2,450	151,672
Recognised in profit and loss	(3,307)	(8,770)	(5,271)	2,032	707	(14,609)
Exchange differences	-	-	54	-	-	54
At 31 December 2023	41,152	23,892	27,803	41,113	3,157	137,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. DEFERRED TAXATION (CONTD.)

The components and movements of deferred tax liabilities during the financial year prior offsetting are as follows:

Group	Deferred tax liabilities					Total RM'000
	Property plant and equipment RM'000	Convertible unsecured loan stocks RM'000	Right-of-use of assets RM'000	Operating financial asset RM'000	Others RM'000	
At 1 January 2022	(25,393)	(286)	(2,110)	(122,848)	(249)	(150,886)
Arise from acquisition of subsidiaries	-	-	-	-	(434)*	(434)
Recognised in profit and loss	(4,867)	286	-	17,356	231	13,006
Exchange differences	(67)	-	-	-	-	(67)
At 31 December 2022/1 January 2023	(30,327)	-	(2,110)	(105,492)	(452)	(138,381)
Recognised in profit and loss	(5,144)	(139)	-	11,464	(14,484)	(8,303)
Exchange differences	(206)	-	-	-	-	(206)
At 31 December 2023	(35,677)	(139)	(2,110)	(94,028)	(14,936)	(146,890)

* Arise from completion of purchase price allocation on acquisition of subsidiaries.

Presented after appropriate offsetting as follows:

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets	31,337	47,265
Deferred tax liabilities	(41,110)	(33,974)
	(9,773)	13,291

Included in the deferred tax assets of the Group is an amount of RM38,812,000 (2022: RM42,119,000) arising from the unutilised investment allowance of a subsidiary, RANHILL Sabah Energy II Sdn Bhd ("RSEII") (formerly known as RANHILL Powertron II ("RPII")). The investment allowance was approved and granted by the Ministry of Finance ("MoF") to RSEII in a letter dated 4 November 2010 and is available to be carried forward until the end of the concession period. Accordingly, the deferred tax asset has been recognised to the extent that it is probable that future taxable profit will be available against which such unutilised investment allowance can be utilised.

In determining the amount of deferred tax to be recognised in relation to the unutilised investment allowance of the Group, the related subsidiary, RSEII had considered its projected taxable profits up to the end of the concession period in year 2032 under the Power Purchase Agreement ("PPA") and its terms and conditions therein.

On 26 December 2018, the Finance Act 2018 introduced a 7-Year Limitation on carry forward of investment allowances. Such ruling implies that RSEII can only utilise its unutilised investment allowance against any taxable profit up to year 2025, requiring a potential reversal of deferred tax asset to the statement of profit or loss and other comprehensive income of RM38,812,000 (2022: RM42,119,000). RSEII, through its tax consultant, has since appealed to the Ministry of Finance ("MoF") to allow RSEII to utilise the investment allowance up to the end of the concession period in year 2032 based on terms previously granted. The appeal is currently under assessment and consideration by the MoF.

Management has consulted its solicitors who have advised that, based on the facts and circumstances of the approval of the investment allowance to RSEII in prior years, it is reasonable for RSEII to place reliance on such approval and continue with the utilisation of the investment allowance in full in accordance with its terms therein.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

19. DEFERRED TAXATION (CONTD.)

Management evaluates its uncertain tax position in respect of the above item and determines that they meet the more likely than not threshold to continue recognising the deferred tax asset relating to unutilised investment allowance on the basis that any unutilised investment allowance will be available up to year 2032.

Deferred tax assets for the Group has not been recognised in respect of the following items:

	Group	
	2023 RM'000	2022 RM'000
Unabsorbed capital allowance	341	-
Unutilised business losses	11,985	-
Unutilised investment allowances	271,136	257,357
	283,462	257,357

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unutilised tax losses will be imposed with a time limit of utilisation. Effective from year of assessment 2018, unutilised tax losses in a year of assessment can only be carried forward for a maximum period of seven consecutive years of assessment.

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the time frame to carry forward unused tax losses for year of assessment 2019 and subsequent years of assessment has been extended from seven to ten consecutive years of assessment. Unutilised tax losses accumulated up to year of assessment 2018 can now be carried forward for ten consecutive years of assessment until year of assessment 2028.

Under the Section 65(12) of the Revenue Code according to Thailand Tax Law, the time frame to carry forward unutilised tax losses is 5 years and there is no limitation to the amount of losses able to be offset.

Expiry date of the Group's unutilised tax losses is summarised below:

	Group	
	2023 RM'000	2022 RM'000
Year of assessment 2024	732	699
Year of assessment 2025	863	824
Year of assessment 2026	2,807	2,679
Year of assessment 2027	1,392	1,615
Year of assessment 2028	111,017	132,738
Year of assessment 2029	3,400	-
Year of assessment 2030	1,716	-
Year of assessment 2031	3,609	-
Year of assessment 2033	3,261	-
	128,797	138,555

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost		
At 1 January	630,000	620,000
Addition during the year (a, d)	-	10,000
At 31 December	630,000	630,000
Amount due from a subsidiary (b)	800,000	800,000
	1,430,000	1,430,000

- (a) In the prior year, the Company subscribed additional 9,999,998 ordinary shares of Ranhill Solar I Sdn Bhd ("RSI") for a total consideration of RM9,999,998 through adjustment of advance given to RSI, a wholly owned subsidiary.
- (b) The amount due from the subsidiary is unsecured, interest-free and repayable at the discretion of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INVESTMENT IN SUBSIDIARIES (CONTD.)

(c) Details of the Company's subsidiaries are as follows:

	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
Name			2023	2022	2023	2022
Held by the Company:						
Ranhill Capital Sdn. Bhd. (“RCSB”) ¹	Malaysia	Investment holding and provision of management services to its subsidiaries.	100	100	-	-
Ranhill Management Services Sdn. Bhd. (“RMS”) ¹	Malaysia	Provision of management services to its related companies.	100	100	-	-
Ranhill Solar I Sdn. Bhd. (“RSI”) ¹	Malaysia	Solar power generation.	100	100	-	-
Held by RCSB:						
SAJ Capital Sdn. Bhd. (“SAJC”) ¹	Malaysia	A special purpose vehicle to issue Islamic Medium Term Notes of RM650,000,000 in nominal value based on the Shariah Principle of Murabahah (via Tawarruq Arrangement) (“Sukuk Murabahah”).	100	100	-	-
Ranhill Solar Ventures Sdn. Bhd. (“RSV”) ¹	Malaysia	A special purpose company incorporated to issue Islamic Medium Term Notes and/or to establish Islamic Medium Term Notes programme.	100	100	-	-
Ranhill SAJ Sdn. Bhd. (“RanhillSAJ”) ¹	Malaysia	Integrated water supplier and is principally involved in the abstraction of raw water, treatment of water, distribution and sale of treated water to consumers in the state of Johor pursuant to its migration from services concession arrangement to operating services arrangement.	80	80	20	20
Ranhill Bersekutu Sdn. Bhd. (“RBSB”) ¹	Malaysia	Provision of engineering, procurement and construction management services (EPCM); engineering, procurement, construction and commissioning services (EPCC) and project management services (PMC).	100	100	-	-
Ranhill Renewables Sdn. Bhd. (“RRSB”) ¹	Malaysia	Investment holding and the provision of installation, testing, commissioning, operation and maintenance services of renewable energy projects.	100	100	-	-
Ranhill Sabah Energy Sdn. Bhd. (“RSEI”) ¹ (formerly known as Ranhill Powertron Sdn. Bhd.)	Malaysia	Independent power producer in Kota Kinabalu, Sabah.	60	60	40	40
Ranhill Sabah Energy II Sdn. Bhd. (“RSEII”) ¹ (formerly known as Ranhill Powertron II Sdn. Bhd.)	Malaysia	Independent power producer in Kota Kinabalu, Sabah.	80	80	20	20

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INVESTMENT IN SUBSIDIARIES (CONTD.)

(c) Details of the Company's subsidiaries are as follows: (contd.)

	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
Name			2023	2022	2023	2022
Held by RCSB: (contd.)						
Ranhill Sabah Energy III Sdn. Bhd. (“RSE III”) ^{1,3,5}	Malaysia	Independent power producer in Kota Kinabalu, Sabah	60	-	40	-
Ranhill Power Services Sdn. Bhd. (“RPSSB”) ¹	Malaysia	Provision of support service to its fellow subsidiaries in the power division.	100	100	-	-
PT. Ranhill Bumi Persada (“RBP”) ²	Indonesia	Dormant	70	70	30	30
Ranhill International Pte. Ltd. (“RIPL”) ¹	Singapore	Investment holding (dormant)	100	100	-	-
Held by RBSB:						
Ranhill Worley Sdn. Bhd. (“RWSB”) ¹	Malaysia	Provision of engineering, procurement, and construction management, supervision and ancillary services to its customers.	51	51	49	49
Ranhill Sabah Energy O&M I Sdn. Bhd. (“RSEOMI”) ¹ (formerly known as Ranhill Power O&M Sdn. Bhd.)	Malaysia	Provision of operation and maintenance services for power plants.	60	60	40	40
Ranhill Sabah Energy O&M II Sdn. Bhd. (“RSEOMII”) ¹ (formerly known as Ranhill Power II O&M Sdn. Bhd.)	Malaysia	Provision of operation and maintenance services for power plants.	80	80	20	20
Ranhill Technologies Sdn. Bhd. ¹ (formerly known as Ranhill Water Services Sdn. Bhd.)	Malaysia	Providing and carrying on project management consultancy services relating to both domestic and overseas water-related projects.	100	100	-	-
Ranhill Water Technologies Sdn. Bhd. (“RWT”) ¹	Malaysia	To undertake investment holding activities and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, operation and maintenance services to both municipal and industrial water, sewerage and wastewater treatment plants.	100	100	-	-
Held by RWSB:						
Perunding Ranhill Worley Sdn. Bhd. (“PRW”) ^{1,7}	Malaysia	Provision of engineering and design services of oil and gas facilities.	25	25	75	75

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INVESTMENT IN SUBSIDIARIES (CONTD.)

(c) Details of the Company's subsidiaries are as follows: (contd.)

	Country of incorporation / Principal place of business	Principal Activities	% of ownership interest held by the Group^		% of ownership interest held by non-controlling interests^	
Name			2023	2022	2023	2022
Held by RIPL:						
Ranhill Water Technologies (Cayman) Ltd. (“RWTC”) ^{1,5}	Cayman Islands	Investment holding activities and provision of consultancy services, project management, engineering, procurement, construction, supply of equipment, operation and maintenance services to both municipal and industrial water, sewerage and wastewater treatment plants.	100	100	-	-
Held by RWTC:						
AnuRak Water Treatment Facilities Co. Ltd. (“AnuRAK”) ²	Thailand	To undertake potable water, wastewater and reclaimed water treatment services for domestic and industrial use.	100	100	-	-
Ranhill Water Technologies (Thai) Ltd. (“RWTT”) ²	Thailand	To undertake consultancy services, project management, engineering, supply construction and operation for potable and wastewater treatment plant.	49	49	51	51
Held by RWT:						
KWI (Guangzhou) Environmental Engineering Technology Co. Ltd. ^{2,4}	China	Ceased operations.	51	51	49	49
Top Zone Solutions Sdn. Bhd. ^{1,6}	Malaysia	Dormant.	100	100	-	-

^A Equals to the proportion of voting rights held

¹ Audited by Deloitte PLT, Malaysia and its affiliates

² Audited by firm other than Deloitte

³ Incorporated on 29.08.2023.

⁴ According to China's National Enterprise Credit Information Publicity System, KWI (Guangzhou) Environmental Engineering Technology Co. Ltd. had been revoked on 02.08.2005

⁵ The financial statements of this company is exempted from audit for the financial years ended 31 December 2023 and 31 December 2022.

⁶ The company has been dissolved on 23.01.2024 under Section 551 Notice of Intention to Strike Off Companies Act 2016 gazetted via Gazette No. 1419.

⁷ Considering that remaining shares are held by a major shareholder and director of the Company who is also a director of PRW and RWSB, management has concluded that RWSB has a control over PRW in accordance with MFRS10 Consolidated Financial Statements and accordingly PRW becomes a 49% owned subsidiary of RWSB

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INVESTMENT IN SUBSIDIARIES (CONTD.)

- (d) In the prior year, RWSB, a subsidiary of the Company, acquired 2,498,998 ordinary shares of Perunding Ranhill Worley Sdn. Bhd. ("PRW") from Tan Sri Hamdan Mohamad (a major shareholder and director of the Company) and 2 ordinary shares of PRW from two other individual shareholders (namely, Mohd Ishak Bin Salikin and Bektı Lelana bin Jitno Widodo), for a total consideration of RM3 which was satisfied in cash. The acquisition was completed on 19 August 2022 ("date of acquisition").

The details of fair value of the identifiable assets and liabilities of PRW is as below:

As at 19 August 2022	PRW RM'000
Assets	
Property, plant & equipment	136
Deferred tax assets (Note 19)	34
Trade and other receivables	21,008
Deposits and prepayments	154
Current tax asset	100
Cash and bank balance	7,467
Amount due from contract customer	1,082
	29,981
Less: Liabilities	
Trade and other payables	7,277
Amount due to a related party	15,867
	23,144
Net identifiable asset	6,837
Less:	
Non-controlling interest	(3,487)
Net identifiable asset acquired	3,350

Bargain purchase on consolidation arising on acquisition:

	PRW RM'000
Total purchase considerations (Amount is Nil due to rounding off)	-
Less: Net identifiable asset acquired	(3,350)
Bargain purchase on business acquisition (Note 8)	(3,350)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INVESTMENT IN SUBSIDIARIES (CONTD.)

(e) Summarised financial information of RSEI, RSEII, RanhillSAJ and RWSB which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of RSEIII, RWTT, RSEOMI, RSEOMII, RBP and PRW are not material to the Group.

(i) Summarised statement of financial position:

	RSEI RM'000	RSEII RM'000	Ranhill SAJ RM'000	RWSB RM'000	Total RM'000
As at 31 December 2023					
Non-current assets	98,678	296,266	437,210	59,316	891,470
Current assets	147,775	202,210	555,777	189,605	1,095,367
Total assets	246,453	498,476	992,987	248,921	1,986,837
Current liabilities	39,246	81,719	359,043	121,852	601,860
Non-current liabilities	40,331	262,984	332,917	9,186	645,418
Total liabilities	79,577	344,703	691,960	131,038	1,247,278
Equity attributable to owners of the Company	103,076	122,885	235,007	60,120	521,088
Non-controlling interest	63,800	30,888	66,020	57,763	218,471
Net assets	166,876	153,773	301,027	117,883	739,559
As at 31 December 2022					
Non-current assets	106,537	325,142	751,141	37,996	1,220,816
Current assets	154,407	233,872	490,146	103,468	981,893
Total assets	260,944	559,014	1,241,287	141,464	2,202,709
Current liabilities	48,260	89,388	714,400	60,222	912,270
Non-current liabilities	42,294	310,078	328,774	1,661	682,807
Total liabilities	90,554	399,466	1,043,174	61,883	1,595,077
Equity attributable to owners of the Company	105,102	127,444	152,675	40,832	426,053
Non-controlling interest	65,288	32,104	45,438	38,749	181,579
Net assets	170,390	159,548	198,113	79,581	607,632

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INVESTMENT IN SUBSIDIARIES (CONTD.)

(e) (Contd.)

(ii) Summarised statements of profit or loss and other comprehensive income:

	RSEI RM'000	RSEII RM'000	Ranhill SAJ RM'000	RWSB RM'000	Total RM'000
For the year ended 31 December 2023					
Revenue	148,662	122,416	1,273,149	456,472	2,000,699
(Loss)/profit for the year	(3,514)	(5,775)	102,914	48,302	141,927
(Loss)/profit attributable to:					
- Owners of the Company	(2,026)	(4,559)	82,332	24,388	100,135
- Non-controlling interests	(1,488)	(1,216)	20,582	23,914	41,792
(Loss)/profit for the year	(3,514)	(5,775)	102,914	48,302	141,927
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive (loss)/income for the year	(3,514)	(5,775)	102,914	48,302	141,927
For the year ended 31 December 2022					
Revenue	127,026	120,145	1,154,863	209,696	1,611,730
(Loss)/profit for the year	(358)	(5,397)	201,030	13,042	208,317
(Loss)/profit attributable to:					
- Owners of the Company	(215)	(4,318)	160,824	6,651	162,942
- Non-controlling interests	(143)	(1,079)	40,206	6,391	45,375
(Loss)/profit for the year	(358)	(5,397)	201,030	13,042	208,317
Other comprehensive loss for the year	-	-	(405)	-	(405)
Total comprehensive (loss)/income for the year	(358)	(5,397)	200,625	13,042	207,912

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

20. INVESTMENT IN SUBSIDIARIES (CONTD.)

(e) (Contd.)

(iii) Summarised statements of cashflows:

	RSEI RM'000	RSEII RM'000	Ranhill SAJ RM'000	RWSB RM'000	Total RM'000
For the year ended 31 December 2023					
Net cash generated from operating activities	17,147	102,255	103,564	36,931	259,897
Net cash used in investing activities	(6,550)	(31,176)	(71,007)	(15,824)	(124,557)
Net cash used in financing activities	(2,536)	(71,079)	(96,566)	(14,662)	(184,843)
Net increase in cash and cash equivalents	8,061	-	(64,009)	6,445	(49,503)
Effect on exchange rate	-	-	-	(283)	(283)
Cash and cash equivalents at beginning of the year	766	-	77,964	16,248	94,978
Cash and cash equivalents at end of the year	8,827	-	13,955	22,410	45,192
Dividends paid to NCI	-	-	-	4,900	4,900
For the year ended 31 December 2022					
Net cash generated from/ (used in) operating activities	7,330	65,413	53,175	(1,264)	124,654
Net cash used in investing activities	(7,961)	(1,402)	(36,392)	(3,607)	(49,362)
Net cash used in financing activities	(2,536)	(64,011)	(71,188)	(10,147)	(147,882)
Net decrease in cash and cash equivalents	(3,167)	-	(54,405)	(15,018)	(72,590)
Effect on exchange rate	-	-	-	47	47
Cash and cash equivalents at beginning of the year	3,933	-	132,369	31,219	167,521
Cash and cash equivalents at end of the year	766	-	77,964	16,248	94,978
Dividends paid to NCI	-	-	33,000	4,900	37,900

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

21. INVESTMENT IN JOINT VENTURES

	Group	
	2023 RM'000	2022 RM'000
Unquoted investment, at cost	291	291
Less: Accumulated impairment losses	(291)	(291)
	-	-

The Group had joint control on its joint arrangement as unanimous consent is required for relevant activities from the parties sharing control under the contractual arrangement.

The joint arrangements were structured via separate entities and provide the Group with the rights to the net assets of the entities under the arrangements. Therefore, these entities were classified as a joint venture of the Group.

(a) Details of the Group's joint venture were as follows:

Name	Country of incorporation / Principal place of business	% of ownership interest held by the Group		Accounting model applied
		2023	2022	
Held by RBSB:				
Ranhill Bersekutu Saudi Limited (“RBSL”)	The Kingdom of Saudi Arabia	-*	-*	Equity Method
Held by RWSB:				
Broadspectrum Worleyparsons JV (M) Sdn. Bhd. (“BWJV”)	Malaysia	17.1	17.1	Equity Method

* RBSL registration certificate has expired and not renewed. As per local regulation in The Kingdom of Saudi Arabia, a company's registration certificate has validity period and has to be renewed before expiry if a company intends to continue its operations.

The summarised financial information of RBSL and BWJV is not presented as it is not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. INVESTMENT IN ASSOCIATES

	Group	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	96,771	96,771
Add: Share of post-acquisition reserves	76,601	58,889
	173,372	155,660
Less: Accumulated impairment losses	(18,472)	(18,472)
Amount due from an associate	82,466	80,891
Exchange differences	(926)	(3,660)
	236,440	214,419

The Group had fully impaired its investment in Tawau Green Energy Sdn. Bhd. ("TGE") in prior year as a result of the cancellation of the Renewable Energy Purchase Power Agreement initially awarded to TGE as announced by the Ministry of Energy, Science, Technology, Environment and Climate Change in August 2018.

The amount due from an associate represents advances to the associate which is unsecured, interest-free and is not expected to be repayable within the next 12 months.

(a) Details of the Group's associates were as follows:

	Country of incorporation / Principal place of business	Principal activities	% of ownership interest held by the Group		Accounting model applied
Name			2023	2022	
Held by RCSB:					
Tawau Green Energy Sdn. Bhd. ¹	Malaysia	Dormant	26.7	26.7	Equity method
Held by RWTC:					
Ranhill Water (Hong Kong) Ltd. (“RWHK”) ¹	Hong Kong	To undertake investment holding activities and provision of consultancy, project management, operation and maintenance services relating to wastewater treatment plants	40	40	Equity method
Held by RWHK:					
Ranhill Water (Wuhan) Co. Ltd. (“RWW”) ¹	China	To promote management services, marketing, development and technical services	40	40	Equity method
Ranhill (Yingkou) Wastewater Treatment Co. Ltd. ¹	China	To undertake wastewater treatment services for Yingkou Economic & Technology Development Zone	40	40	Equity method
Ranhill (Xinxiang) Wastewater Treatment Co. Ltd. ¹	China	To undertake wastewater treatment services for Xinxiang Industrial Park	40	40	Equity method

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. INVESTMENT IN ASSOCIATES (CONTD.)

(a) Details of the Group's associates were as follows: (contd.)

	Country of incorporation / Principal place of business	Principal activities	% of ownership interest held by the Group		Accounting model applied
Name			2023	2022	
Held by RWW:					
Ranhill (Nanchang) Wastewater Treatment Co. Ltd. ¹	China	To undertake wastewater treatment services for Xiao Lan Economic Development Zone	40	40	Equity method
Ranhill (Hefei) Wastewater Treatment Co. Ltd. ¹	China	To undertake wastewater treatment services for Hefei Chemical Industrial Park	40	40	Equity method
Ranhill (Fuzhou) Water Co. Ltd. ¹	China	To undertake water, reclaimed water and wastewater projects in Yihuang Industrial Park	40	40	Equity method
Ranhill (Wanzai) Water Co. Ltd. ¹	China	To undertake water, reclaimed water and wastewater projects in Wanzai Industrial Park, Yichun City	40	40	Equity method
Ranhill (Chongren) Water Co. Ltd. ¹	China	To undertake wastewater treatments services for Chongren Industrial Park	40	40	Equity method
Ranhill (Yongxin) Water Co. Ltd. ¹	China	To undertake wastewater treatment services for Yongxin Country Industrial Park	40	40	Equity method
Ranhill Water (Yongfeng) Co. Ltd. ¹	China	To undertake construction and operation for treatments plant in Ji'an City	40	40	Equity method
Ranhill Water (Fengxin) Co. Ltd. ¹	China	To undertake, design construction and operation for sewage treatments plant	40	40	Equity method
Ranhill Wu Chuang (Nanchang) Water Co. Ltd. ¹	China	To undertake operation and maintenance of sewage treatment and recycling	40	40	Equity method
Ranhill Xiang Gang (Nanchang) Water Co. Ltd. ¹	China	To undertake operation and maintenance of sewage treatment and recycling	40	40	Equity method
Held by RBSB:					
Ranhill Consulting Sdn.Bhd. ¹	Malaysia	Engineering consultancy and engineering & procurement services	30	30	Equity method
Ranhill Consulting (Sarawak) Sdn.Bhd. ¹	Malaysia	Project management and engineering consultant	30	30	Equity method

¹ Audited by firm other than Deloitte PLT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

22. INVESTMENT IN ASSOCIATES (CONTD.)

(b) Summarised financial information of RWHK and its subsidiaries, an associate material to the Group, is set out below:

(i) Summarised statements of financial position

	2023 RM'000	2022 RM'000
Non-current assets	772,143	742,382
Cash and bank balances	12,070	46,101
Other current assets	126,253	123,445
Total current assets	138,323	169,546
Total assets	910,466	911,928
Non-current liabilities	(211,881)	(211,987)
Current liabilities	(313,733)	(366,187)
Total liabilities	(525,614)	(578,174)
Net assets	384,852	333,754

(ii) Summarised statements of profit or loss and other comprehensive income

	2023 RM'000	2022 RM'000
Revenue	170,149	173,155
Profit before tax	54,796	50,840
Tax expense	(10,533)	(12,590)
Profit after tax, representing total comprehensive income for the year	44,263	38,250

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in an associate i.e RWHK and its subsidiaries

	2023 RM'000	2022 RM'000
Net assets as at 31 December	384,852	333,754
Interest in an associate	40%	40%
	153,941	133,502
Add: Amount due from an associate	82,466	80,891
Carrying value of the Group's interest in an associate	236,407	214,393

The summarised financial information of Ranhill Consulting Sdn. Bhd. and Ranhill Consulting (Sarawak) Sdn. Bhd. is not presented as they are not material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

23. OPERATING FINANCIAL ASSETS

Operating financial assets comprise financial assets in accordance with accounting policies for concession contracts as described in Note 3.

	Group	
	2023	2022
	RM'000	RM'000
Current	56,150	58,256
Non-current	433,107	481,881
	489,257	540,137

The movements in the net carrying amounts of non-current and current operating financial assets are as follows:

	Group	
	2023	2022
	RM'000	RM'000
At beginning of year	540,137	599,109
Additions	-	4,326
Finance income from operating financial asset (Note 7)	50,945	57,059
Repayments	(105,574)	(121,693)
Exchange differences	3,749	1,336
At end of year	489,257	540,137

Operating financial assets amounting to RM348,452,000 (2022: RM398,889,000) is charged for loans and borrowings as disclosed in Note 32.

Through its subsidiaries, the Group entered into various service concession arrangements to design, build, operate and maintain power generation plants and water treatment plants both in Malaysia and Thailand. These services are primarily rendered under Build Operate Transfer ("BOT"), Build Operate Own ("BOO") and Rehabilitate Operate Transfer ("ROT") contracts with terms ranging from 20 to 30 years. These services use specific assets, such as power plants and potable water and wastewater treatment plants, which are generally build by the Group and are to be returned to the concession grantor at the end of the contract or comprise option for the concession grantor to purchase the specific assets.

In the service concession arrangements, the Group recognises a financial asset arising from its construction services when it has an unconditional contractual right to receive fixed and determinable amounts of payments irrespective of the output produced. The consideration receivable is measured initially at fair value and subsequently measured at amortised cost using the effective interest method. The receivables will be collected over the period of the concession contracts.

Further information on the accounting policy relating to service concession arrangements are disclosed in Note 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Trade					
Third parties		287,338	250,021	-	-
Retention sum on contracts		7,592	6,417	-	-
Amount due from related parties	(e)	2,922	3,930	-	-
Amount due from associates	(e)	19,258	10,424	-	-
	(a)	317,110	270,792	-	-
Less: Allowance for expected credit losses	(a)	(41,244)	(40,382)	-	-
Trade receivables, net		275,866	230,410	-	-
Non-trade					
Other receivables and deposits		54,040	55,250	30	-
Receivables from PAAB	(b)	87,150	71,583	-	-
Receivable from Johor State Government	(c)	3,799	3,754	-	-
Amount due from subsidiaries	(e)	-	-	51,418	95,096
Amounts due from associates	(e)	1,625	5,906	-	-
Amounts due from related parties	(e)	4,138	-	-	-
Receivable from SPAN	(d)	90,392	138,488	-	-
		241,144	274,981	51,448	95,096
Less: Allowance for expected credit losses	(e,f)	(10,288)	(10,274)	(610)	(610)
Non-trade receivables, net		230,856	264,707	50,838	94,486
Total current receivables		506,722	495,117	50,838	94,486
Non-current					
Non-trade					
Refundable deposits		73,824	71,078	-	-
Receivables from PAAB	(b)	2,022	25,776	-	-
Receivable from Johor State Government	(c)	89,615	67,581	-	-
Receivable from SPAN	(d)	-	3,797	-	-
Retention sums		4,485	4,346	-	-
		169,946	172,578	-	-
Total trade and other receivables		676,668	667,695	50,838	94,486
Add: Cash and bank balances	29	261,333	388,988	135	11
Operating financial assets	23	489,257	540,137	-	-
Total debt instruments at amortised cost		1,427,258	1,596,820	50,973	94,497

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 90 days (2022: 15 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables is as follows:

	Group	
	2023 RM'000	2022 RM'000
Neither past due nor impaired	193,437	152,110
1 to 30 days past due not impaired	34,414	35,829
31 to 60 days past due not impaired	20,438	7,321
61 to 90 days past due not impaired	2,984	3,753
91 to 120 days past due not impaired	3,905	6,477
More than 121 days past due not impaired	20,688	24,920
	82,429	78,300
Impaired	41,244	40,382
	317,110	270,792

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM82,429,000 as at 31 December 2023 (2022: RM78,300,000) that are past due at the reporting date but not impaired because there has been no significant changes in credit quality and the amounts are still considered recoverable. These are good customers but with slower repayment records.

Allowance for expected credit losses

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECLs"). The ECLs is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. TRADE AND OTHER RECEIVABLES (CONTD.)

(a) Trade receivables (contd.)

Allowance for expected credit losses (contd.)

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance for expected credit losses of trade receivables are as follows:

	Group	
	2023 RM'000	2022 RM'000
Trade receivables		
- nominal amounts	317,110	270,792
Less: Allowance for expected credit losses	(41,244)	(40,382)
	275,866	230,410

Movement in allowance accounts:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	40,382	48,410
Charge for the year (Note 10)	3,398	69
Reversal of allowance for expected credit losses (Note 8)	(140)	(5,265)
Written off	(2,539)	(2,855)
Exchange differences	143	23
At end of the year	41,244	40,382

(b) Receivable from PAAB

Included in receivable from PAAB was an amount arose from waiver of lease rental paid by RanhillSAJ in previous years amounting to RM25,776,000 (2022: RM25,776,000) which will be recovered via a reduction of future lease payment over 5 years period ending January 2025. The remaining receivable from PAAB represents capital expenditure on water related assets (completed and in-progress) to be reimbursed by PAAB and is expected to be settled within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. TRADE AND OTHER RECEIVABLES (CONTD.)

(c) Receivable from Johor State Government (“JSG”)

This amount represents expenses incurred on behalf which are unsecured, interest-free and repayable on demand.

During the year, RanhillSAJ, a subsidiary of the Company, recognised additional of RM22,034,000 (2022: RM45,405,000) as other income (Note 8) by RanhillSAJ, being reimbursable expenses incurred relating to shortfall of raw water supply for year 2023 (2022: year 2021 and 2022) as follows:

	Group	
	2023	2022
	RM’000	RM’000
Reimbursable expenses incurred in:		
Year 2020	22,176	22,176
Year 2021	18,664	18,664
Year 2022	26,741	26,741
Year 2023	22,034	-
Other receivables as at year end	89,615	67,581
Current portion of other receivables	-	-
Non-current portion of other receivables	89,615	67,581

Management has submitted the claims to JSG after taken into consideration terms and conditions stated in the Water Supply Agreement entered with JSG on 9 July 2009, letter of acknowledgement of reimbursement request from Johor State Economic Planning Division dated 29 December 2021, 15 February 2023 and 17 January 2024, legal opinions obtained from solicitors and letter of acknowledgement from Johor Public Works, Transport, Infrastructure and Communications Committee dated 27 February 2024.

(d) Receivable from SPAN

	Group	
	2023	2022
	RM’000	RM’000
Current	90,392	138,488
Non-current	-	3,797
Total	90,392	142,285

Under the National Non-Revenue Water (“NRW”) Rate Reduction Programme announced through the 12th Malaysia Plan (Year 2021-2025), entities that meet the NRW target are entitled to claim for a government grant for the reimbursement of relevant expenses incurred based on the established terms and conditions. During the year, the Group recognised a government grant of RM RM85,684,000 (2022: RM142,285,000) as other income (Note 8) and receivables as well as related estimated tax expense of RM11,844,000 (2022: RM13,892,000).

During the financial year, the Group has received payment amounting to RM137,577,000 (2022: RMNil) from SPAN. As at year end, the amount receivable from SPAN in relation to government grant amounting to RM90,392,000 (2022: RM142,285,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

24. TRADE AND OTHER RECEIVABLES (CONTD.)

- (e) Amounts due from subsidiaries, associates and related parties

Amounts due from subsidiaries, associates and related parties are unsecured, interest-free and repayable on demand.

Allowance for expected credit losses

Movement in allowance accounts:

	Company	
	2023	2022
	RM'000	RM'000
At beginning/end of the year	610	610

- (f) Other receivables

Allowance for expected credit losses

Movement in allowance accounts:

	Group	
	2023	2022
	RM'000	RM'000
At beginning of the year	10,274	10,410
Charge for the year (Note 10)	14	-
Reversal of allowance for expected credit losses (Note 8)	-	(136)
At end of the year	10,288	10,274

The currency exposure profile of trade and other receivables are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Ringgit Malaysia	674,061	664,323	50,838	94,486
Thai Baht	2,572	3,339	-	-
Singapore Dollar	35	33	-	-
	676,668	667,695	50,838	94,486

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

25. CONTRACT RELATED ASSETS AND LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Contract assets and liabilities		
Contract assets		
- Current	140,046	118,842
- Non-current	165,307	30,048
	305,353	148,890
Contract liabilities	(21,900)	(6,488)
Net	283,453	142,402
At beginning of year	142,402	84,808
Finance income from contract asset	2,575	338
Consideration for work completed but not yet billed	-	757
Obligation to transfer services to customer	-	(631)
Consideration paid/payable to customers	(15,173)	(3,483)
Revenue recognised during the year	673,711	241,617
Progress billing during the year	(514,792)	(179,108)
Provision for liquidated ascertained damages	(5,000)	(2,407)
Reversal of impairment on contract asset (Note 8)	-	511
Impairment on contract assets (Note 10)	(270)	-
At end of year	283,453	142,402

Contract assets are initially recognised for revenue earned from services and solar energy contracts, which includes non-revenue water reduction fee, construction contract, professional services contracts and engineering service contracts as receipt of consideration is conditional on successful completion of work. Upon completion of work, the amounts recognised as contract assets are reclassified to trade receivables or operating financial assets.

Contract liability is initially recognised when the Group receives consideration before the completion of construction. Contract liabilities are initially recognised when the Group invoices in advance or ahead of the satisfaction of the performance obligations by the Group. Contract liability is recognised as revenue when the Group performed under the contract.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied), in respect of construction contract as at 31 December 2023 is RM179,157,000 (2022: RM223,214,000) and expected to be completed within 1 year.

A total of impairment loss of RM270,000 (2022: RMNil) was recognised on contract assets during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

26. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
At cost:		
Consumables	93,580	96,353
Distillates	35,830	43,000
	129,410	139,353
At net realisable value:		
Water pipes	5,535	4,284
Water meters	8,534	2,556
	14,069	6,840
	143,479	146,193

During the year, the amount of inventories being written off is RM173,000 (2022: RMNil). The cost of inventories recognised as expenses amounted to RM33,710,000 (2022: RM28,451,000).

27. OTHER NON-CURRENT AND CURRENT ASSETS

	Group	
	2023 RM'000	2022 RM'000
Non-current		
Prepayments	12,236	5,971
Current		
Prepayments	14,876	15,797
	27,112	21,768

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28. OTHER FINANCIAL ASSETS

	Group	
	2023	2022
	RM'000	RM'000
Financial assets at fair value through profit or loss		
Short term investments:		
- Islamic managed funds (i)	16,642	65,365
- Deposits with other financial institution	-	71
- Listed equity investment	404	404
	17,046	65,840

Fair value hierarchy for other financial assets have been disclosed in Note 46(a).

- (i) The investments in Islamic managed funds aim to provide the Group with a regular income stream that comply with Shariah requirements while maintaining capital stability and are restricted pursuant to a financial covenant to maintain certain reserve requirement as part of the repayment schedule of certain loans and borrowings as further disclosed in Note 32.

29. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash at banks and on hand	138,090	314,696	135	11
Short term deposit with licensed banks	123,243	74,292	-	-
Total deposits, cash and bank balances	261,333	388,988	135	11
Bank overdrafts (Note 32)	(4,610)	(4,710)	-	-
Restricted deposits, cash and bank balances	(141,331)	(125,463)	-	-
Deposits with licensed banks with maturity more than three months	(8,000)	(6,000)	-	-
Deposits pledged as securities to licensed banks	(8,668)	(7,380)	-	-
Cash and cash equivalents	98,724	245,435	135	11

The weighted average effective interest rate per annum of deposits that was effective as at reporting date were as follows:

	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Short term deposits with licensed banks	2.01	1.79	-	-

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between 1 day and 365 days depending on the immediate cash requirements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. DEPOSITS, CASH AND BANK BALANCES (CONTD.)

Included in deposits, cash and bank balances of the Group are amount of RM141,331,000 (2022: RM125,463,000), which are restricted pursuant to a financial covenant to maintain certain reserve requirement as part of the repayment schedule of certain loans and borrowings as further disclosed in Note 32.

The currency exposure profile of deposits, cash and bank balances are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	251,658	379,732	135	11
Chinese Renminbi	-	1	-	-
Thai Baht	9,288	4,658	-	-
Singapore Dollar	76	550	-	-
US Dollar	305	4,047	-	-
Indonesian Rupiah	6	-	-	-
	261,333	388,988	135	11

30. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Group	
	2023 RM'000	2022 RM'000
Apartments		
At 1 January	-	-
Reclassified from investment properties (Note 18)	2,537	-
At 31 December	2,537	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

31. RETIREMENT BENEFIT OBLIGATIONS

	Group	
	2023 RM'000	2022 RM'000
Representing:		
Current	12,329	17,589
Non-current	54,962	65,570
	67,291	83,159

The movements during the financial year in the amount recognised in the statements of financial position in respect of the Group's retirement benefit plan are as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	83,159	85,166
Charge to profit or loss (Note 11)	5,357	5,792
Benefits paid	(21,307)	(8,230)
Exchange differences	82	26
Remeasurement loss on defined benefit plan	-	405
At end of the year	67,291	83,159

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

31. RETIREMENT BENEFIT OBLIGATIONS (CONTD.)

The expense recognised in the Group's statement of profit or loss and other comprehensive income is analysed as follows:

	Group	
	2023 RM'000	2022 RM'000
Charge to profit or loss:		
Current service costs	2,654	2,978
Interest costs	2,703	2,814
Total included in staff costs (Note 11)	5,357	5,792

A subsidiary of the Group, RanhillSAJ, operates a defined benefit retirement scheme for its eligible employees, which is unfunded. The estimated obligations under the retirement benefit scheme are based on an actuarial valuation report prepared by a qualified independent actuary on 5 April 2023 covering the period from 31 December 2022 to 31 December 2025.

The retirement benefits obligations are made for the non-funded benefits plan. The liability is accrued at the present value of the defined benefit obligations using the projected unit method. The principal assumptions used are as follows:

	Group	
	2023 %	2022 %
Discount rate	5.0	5.0
Expected rate of salary increases	6.0	6.0
Mortality rate	Malaysian Assured Life Table 2011-2015	
Withdrawal	1.0	1.0

The sensitivity analysis below has been derived based on the changes to individual assumptions, with all other assumptions held constant:

	Discount rate		Salary increment rate	
	Increase by 1% RM'000	Decrease by 1% RM'000	Increase by 1% RM'000	Decrease by 1% RM'000
As of 31 December 2023				
(Decrease)/increase in defined benefit obligations	(2,210)	2,491	3,907	(3,580)
As of 31 December 2022				
(Decrease)/increase in defined benefit obligations	(2,449)	2,736	3,692	(3,412)

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation to one another as some assumptions may be correlated.

No changes were made to the methods and types of assumptions used in preparing the sensitivity analysis for the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS

	Group	
	2023 RM'000	2022 RM'000
Current		
<u>Secured:</u>		
Sukuk Murabahah RM650M	47,331	46,932
Musharakah Medium Term Notes ("mMTN")	50,738	50,764
Term loan 1	3,287	3,137
Term loan 2	690	449
Bank overdrafts	2,149	2,382
Islamic bridging facility 1	-	39,942
Revolving credits	39,148	15,000
	143,343	158,606
<u>Unsecured:</u>		
Bank overdrafts	2,461	2,328
Lease liabilities (Note 17)	10,508	5,594
	12,969	7,922
Total current interest-bearing loans and borrowings	156,312	166,528
Non-current		
<u>Secured:</u>		
Sukuk Murabahah RM650M	419,179	466,510
Sukuk Murabahah RM310M	126,989	106,667
Musharakah Medium Term Notes ("mMTN")	251,875	302,613
Term loan 1	2,552	5,574
Term loan 2	1,080	1,387
Islamic bridging facility 2	8,496	29,337
	810,171	912,088
<u>Unsecured:</u>		
Convertible unsecured loan stocks ("CULS")	6,906	6,776
Lease liabilities (Note 17)	26,088	13,851
	32,994	20,627
Total non-current interest bearing loans and borrowings	843,165	932,715
Total interest-bearing loans and borrowings	999,477	1,099,243

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS (CONTD.)

The annual interest rates at the reporting date are as follows:

		Group	
	Repayment Maturity	2023 %	2022 %
<u>Secured</u>			
Sukuk Murabahah RM650M	2030	6.76	6.76
Sukuk Murabahah RM310M	2042	6.61	6.61
Musharakah Medium Term Notes ("mMTN")	2029	6.30	6.30
Term loan 1	2026	MLR -1.0	MLR -1.0
Term loan 2	2026	MLR -1.0	MLR -1.0
Bank overdrafts	On demand	BFR -1.3	BFR -1
Islamic bridging facility 1	2023	ICF +2.00	ICF+2.00
Islamic bridging facility 2	2025	ICF+2.00	ICF+2.00
Revolving credit	2024	5.82	5.09
<u>Unsecured</u>			
Bank overdrafts	On demand	COF +1.5	BFR + 1.5
Convertible unsecured loan stock ("CULS")	2025	12.50	12.50

The incremental borrowing rates on lease liabilities ranged from 2.50% to 6.90% (2022: 3.00% to 6.90%) per annum.

The currency exposure profile of loans and borrowings are as follows:

	Group	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	991,868	1,088,472
Thai Baht	7,609	10,771
	999,477	1,099,243

The maturity profile of loans and borrowings are as follows:

	Group	
	2023 RM'000	2022 RM'000
Within one year	156,312	166,528
Between one to two years	145,277	136,245
Between two to five years	293,976	352,375
More than five years	403,912	444,095
Total loans and borrowings	999,477	1,099,243

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS (CONTD.)

Reconciliation of liabilities arising from financing activities:

	Group	
	2023 RM'000	2022 RM'000
At 1 January	1,099,243	1,044,336
Cash flows:		
Drawdown of loans and borrowings	30,420	157,592
Repayment of principal portion of loans and borrowings	(151,217)	(103,050)
Repayment of lease liabilities	(10,706)	(4,011)
Non-cash changes:		
Exchange differences	507	195
Other changes	31,230	4,181
At 31 December	999,477	1,099,243

Included in the other changes are the effects of new leases and transaction costs deducted against carrying amount of loans and borrowings amortised under effective interest rate method. The Group classified interest paid as cash flows used in financing activities.

Sukuk Murabahah RM650M

On 26 January 2018, a wholly-owned subsidiary of the Group, SAJ Capital Sdn. Bhd. ("SAJC"), issued RM650,000,000 nominal value Islamic Medium Term Notes under the Shariah principal of Murabahah ("Sukuk Murabahah RM650M"). The Sukuk Murabahah is issued for the following purposes:

- (i) RM410,000,000 to partly refinance the Group's existing outstanding Sukuk Musharakah RM650M;
- (ii) RM17,603,000 to fund the Finance Service Reserve Account ("FSRA") as required by the Sukuk Murabahah RM650M;
- (iii) RM13,159,000 was used to finance all costs and expenses incurred in relation to the Sukuk Murabahah RM650M exercise; and
- (iv) The remaining balance was used for working capital requirements and general funding requirements of the Group.

The Sukuk Murabahah RM650M has a tenure of up to 12 years from the date of first issuance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS (CONTD.)

Sukuk Murabahah RM650M (contd.)

The Sukuk Murabahah RM650M is secured over the followings:

- (i) first ranking fixed assignment and charge over RCSB's entire shareholding in RanhillSAJ (formerly known as SAJ Ranhill Sdn. Bhd.);
- (ii) first ranking assignment of all income and revenue including any dividends and distributions received or receivable by RCSB in respect of RCSB's shareholdings in RanhillSAJ, whether income or capital in nature, and the payment and repayment of shareholder's loans and advances received or receivable by RCSB from RanhillSAJ and an irrevocable instruction from RCSB to RanhillSAJ, to deposit all the proceeds of the income and revenue including any dividends and distributions receivable by RCSB from RanhillSAJ to the Revenue Account;
- (iii) a first ranking debenture comprising a fixed and floating charge over all present and future assets, rights, and interests of SAJC excluding the Sukuk Trustee's Reimbursement Account;
- (iv) a first ranking fixed charge and assignment over the Designated Accounts and the credit balances therein; and
- (v) any other security as may be advised by the Solicitors.

The major covenants that are required to be complied by SAJC are as follows:

- (i) to maintain a Financial Service Cover Ratio ("FSCR") of at least 1.5 times; and
- (ii) to maintain a debt/equity ratio of not higher than 1.50 times on a consolidated basis.

Sukuk Murabahah RM310M

On 29 November 2022, a wholly-owned subsidiary of the Group, Ranhill Solar Ventures Sdn Bhd ("RSV") had issued RM145,000,000 (tranche 1) of the RM310,000,000 in nominal value of Islamic Medium Term Notes under the Shariah principle of Murabahah (via Tawarruq arrangement) ("Sukuk Murabahah RM310M"). The Sukuk Murabahah RM310M is issued for the following purposes:

- (i) RM122.0 million to advance to Ranhill Solar I Sdn. Bhd. ("RSI"), a wholly-owned subsidiary of Group, to part finance the RSI Project Cost;
- (ii) RM30.0 million and RM80.0 million to advance to RSEI, a 60%-owned subsidiary of RCSB, for its general corporate purposes and to part finance and/or reimburse the RSEI Project Cost respectively;
- (iii) RM40.0 million to pay the RCSB facility;
- (iv) RM17.0 million to fund the Issuer Finance Service Reserve Account ("Issuer FSRA") a sum equivalent to the profit due in the next six (6) months under each Tranche of the Sukuk Murabahah RM310M;
- (v) RM13.0 million to fund the Issuer Collection Account ("Issuer CA") a sum equivalent to the profit due under the first Tranche of the Sukuk Murabahah RM310M during the construction period of the RSI Project; and
- (vi) RM8.0 million to fund the Trustees' Reimbursement Account Deposit and to pay fees, expenses and all other amounts payable under or related to the Sukuk Murabahah RM310M.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS (CONTD.)

Sukuk Murabahah RM310M (contd.)

The Sukuk Murabahah RM310M will be issued in one or more tranches where each tranche shall be issued for a tenure of at least one (1) year and up to twenty (20) years provided always that each Sukuk Murabahah RM310M shall mature on or prior to the expiry of the tenure.

The Sukuk Murabahah RM310M is secured over the followings:

- (i) a first ranking legal assignment of and charge over each of the Project Companies' rights, interests, titles and benefits under the relevant Project Documents including all performance and/or maintenance bonds;
- (ii) a first ranking charge over the RSEI project land (Note 17);
- (iii) Save and except for revenue/receipts to be received by RSEI from SESB following the date of such invoices or billings made prior to the first issuance of the Proposed Sukuk, a first ranking legal assignment of and charge over the Designated Accounts and credit balances therein including the Permitted Investments;
- (iv) a first ranking debenture comprising fixed and floating charges over all present and future assets of the Issuer and each project company;
- (v) a first ranking legal assignment of and charge over all takaful contracts/insurance policies undertaken or to be undertaken by each project company; and
- (vi) a first ranking legal assignment of and charge over the Intercompany Financing Agreements.

The major covenants that are required to be complied by RSV are as follows:

- (i) to ensure the Finance to Equity Ratio ("FER") not more than 80:20;
- (ii) to maintain a Financial Service Cover Ratio ("FSCR") of at least 1.25 times; and
- (iii) cannot make any transfer in order to declare or pay any dividends or make any distribution, whether income or capital in nature, to its directors, shareholders, related companies or associated companies, or redeem or cancel via capital reduction any redeemable preference shares or make repayment or payments in relation to subordinated financing (Restricted Payments) unless the Issuer certifies to the Sukuk Trustee that the following conditions have been fully satisfied on the restricted payment date:
 - a) The Solar Plant reaches Commercial Operation Date ("COD").
 - b) The first scheduled principal payment under the Proposed Sukuk has been redeemed in full.
 - c) No covenant under the transaction documents has been breached.
 - d) No Event of Default ("EoD") or potential EoD has occurred and is continuing.
 - e) The Issuer shall obtain confirmation in writing from the credit rating agency that such Restricted Payments will not adversely affect the rating of the Proposed Sukuk.
 - f) The Issuer's Finance Service Reserve Account ("FSRA") is fully funded up to the FSRA Minimum Required Balance.
 - g) The Project Companies' Maintenance Reserve Account ("MRA") is fully funded up to the MRA Minimum Required Balance.
 - h) The Distribution Financial Service Cover Ratio ("FSCR") will be at least 1.50 times.

The Sukuk Murabahah RM310M will be issued in 3 tranches. As at 31 December 2022, first tranche has been issued.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS (CONTD.)

Musharakah Medium Term Notes (“mMTN”)

On 17 June 2011, RSEI issued RM710,000,000 nominal value Medium Term Notes (“mMTN”) under the Syariah principal of Musharakah. The mMTN was issued for the following purposes:

- (i) RM610,000,000 to refinance the existing outstanding loans under the Commodity Murabahah Term Financing-i and Conventional Syndicated Term Loan. The remaining balance after full settlement of the outstanding loans, was used to finance the construction of the power plant in RSEI and to fund the Finance Service Reserve Account (“FSRA”) as required by the mMTN;
- (ii) RM90,000,000 as advances to the shareholders of RSEI; and
- (iii) the remaining balance was used to finance all costs and expenses incurred in relation to the mMTN Programme exercise (including the initial guarantee fees) and for working capital requirements.

The mMTN has a tenure of up to 18 years from the date of first issuance and is issued in 2 tranches as follows:

Tranche 1

RM360,000,000 nominal value comprising of 10 series of annual redemption maturing annually from 2 to 11 years. The Yield-to-Maturity ranges from 4.1% to 5.7% per annum, and is repayable semi-annually.

Tranche 2

RM350,000,000 nominal value comprising of 7 series of annual redemption maturing from annually 12 to 18 years. The Yield-to-Maturity ranges from 5.15% to 5.70% per annum, and is repayable semi-annually.

The mMTN is secured over the followings:

Tranche 1

- (i) a debenture to create a first ranking fixed and floating charges over all present and future assets of RSEI;
- (ii) first assignment and charge of all the Lease Agreement and the lease on the Project land and building excluding switchyard areas and parts which are to be transferred to Sabah Electricity Sdn. Bhd. pursuant to the Lease Agreement;
- (iii) a charge and assignment of all the rights, benefit and interest of RSEI in and to the Designated Accounts; and
- (iv) assignment (by way of security of) on all rights, interest and benefit of RSEI for the following:
 - the Project Agreements (including the right to all liquidated damages payable thereunder and the right to revenues under the Power Purchase Agreement and such step-in-rights under the terms).
 - applicable licenses and permits (to the extent that the licenses and permits are assignable and no further consents are required to be obtained for such assignment).
 - applicable insurance/takaful policies.
 - performance bonds and guarantees issued in favour of RSEI.
 - Any other security as may be advised by the solicitors to the JLAs (“Legal Counsel”) and agreed with the Issuer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS (CONTD.)

Musharakah Medium Term Notes (“mMTN”) (contd.)

Tranche 2

The securities will be shared on pari passu basis with the Guarantor in Tranche 1 via the security sharing arrangement in respect of the payment obligation by RSEI of the nominal value of each series of the Tranche 2.

The major covenants that are required to be complied by RSEI are as follows:

- (i) to maintain a Financial Service Coverage Ratio (“FSCR”) of 1.25 times and debt/equity ratio not higher than 80:20;
- (ii) a minimum FSCR of 1.75 times is required for the declaration of dividend and thereafter a minimum of 1.5 times is required to be maintained;
- (iii) to maintain a minimum requirement reserve in FSRA and Finance Payment Account (“FPA”) to meet the profit payment due and payable semi-annually and the principal payment annually; and
- (iv) cash generated from power generation are restricted for operational and administrative expenses incurred in the normal course of business.

Convertible unsecured loan stocks (“CULS”)

The salient features of the CULS issued are as follows:

- (i) Maturity date is 10 years from issuance of the CULS in June 1998 based on the Subscription Agreement dated 30 April 1997. However, based on the revised Agreement dated May 2009, the CULS has been extended for another 10 years up to 30 June 2019. In year 2019, the CULS has been extended for another 3 years up to 30 June 2022. In year 2021, the Group had extended the CULS from 30 June 2022 to 30 June 2025 with other terms and conditions remain unchanged;
- (ii) Interest is accrued at the rate of 12.5% per annum and is payable in cash on each anniversary date of the CULS but is subject to lenders’ requirement and at the discretion of RSEI CULS converted before anniversary date will not be entitled to the annual interest;
- (iii) Conversion in part or in whole is allowed before maturity date, subject to adherence to RSEI’s existing shareholding proportions and the shareholding restrictions. All converted shares will rank pari passu but will not be entitled to dividends declared for the financial year preceding the year of conversion; and
- (iv) On maturity date, the CULS, if not earlier converted, will be redeemed for its full principal amount together with all unpaid accrued interest.

The equity component of the CULS attributable to owners of the parent as at 31 December 2023 is RM361,000 (2022: RM361,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS (CONTD.)

Term loan 1

The term loan is secured by machinery owned by AnuRAK Water Treatment Facilities Co. Ltd., rights over the receivables from its customer and a corporate guarantee by the related company, Ranhill Water Technologies Sdn. Bhd. It is repayable in 42 instalments as from the first drawdown date of the loan facility and bear interest at mortgage lending rate ("MLR") minus 1.0% per annum. The repayment period is from 2022 to 2026.

Term loan 2

The term loan is secured by machinery owned by AnuRAK Water Treatment Facilities Co. Ltd., right over the receivables from its customer and a corporate guarantee by the related company, Ranhill Water Technologies Sdn. Bhd. It is repayable in 48 instalments including grace period of 6 months as from the first drawdown date of the loan facility and bear interest at mortgage lending rate ("MLR") plus 1.0% per annum. The repayment period is from 2022 to 2026.

Bank overdrafts

The bank overdrafts secured by right over bank current account held by Ranhill Technologies Sdn. Bhd., a subsidiary of the Company. The secured bank overdrafts are denominated in Ringgit Malaysia, bear interest at Base Financing Rate ("BFR") minus 1.0% (2022: BFR minus 1.0%) per annum with total facility of RM5,000,000.

The unsecured bank overdrafts held by Ranhill Capital Sdn. Bhd. for general working capital for tenure of 3 years subject to annual review. The Bank overdrafts are denominated in Ringgit Malaysia, bear interest at the bank's 1 month cost of fund ("COF") + 1.50% per annum under Tawarruq shariah concept with total facility of RM2,500,000.

Islamic Bridging Facility (Murabahah) 1

On 27 September 2021, RCSB, a subsidiary of the Group, entered into an agreement with MIDF Amanah Investment Bank to obtain a bridging facility of RM40,000,000. The bridging facility is issued for the following purposes:

- (i) For working capital purposes of RCSB;
- (ii) To advance to the Company to further advance to Ranhill Solar I Sdn. Bhd. ("RSI") to part finance the Project Cost of RSI Solar Plant;
- (iii) To advance to RSEI to finance/reimburse up to 80% of the Project Cost of RSEI combined cycle power plant ("CCGT"); and
- (iv) To fund/ reimburse the fees and expenses relating to the BF-i Facility and the bank guarantee facility of up to RM10.0 million to be granted to the RPI for the purposes of the RSI Solar Plant ("BG Facility") and the Finance Service Reserve Account ("FSRA") a sum equivalent to the profit due in the next three (3) months.

The bridging facility has a tenure of up to 12 months from the date of first drawdown, carries interest at Islamic Cost of Fund ("ICF") plus 2% and secured by irrevocable and unconditional corporate guarantee from the Company. The bridging facility has been fully paid during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

32. LOANS AND BORROWINGS (CONTD.)

Islamic Bridging Facility (Murabahah) 2

On 3 November 2022, RCSB, a subsidiary of the Group, entered into an agreement with MIDF Amanah Investment Bank to obtain a bridging facility of RM30,000,000. The bridging facility is issued for the following purposes:

- (i) To finance the corporate and/or investment activities including the subscription and purchase of the Sukuk Murabahah RM310M established by RSV; and
- (ii) To advance to the Ranhill to further advance to RSI to part finance RSI project cost.

The bridging facility has a tenure of up to 36 months from the date of first drawdown and secured by irrevocable and unconditional guarantee from Ranhill. The bridging facility has been partially paid during the financial year.

Revolving credits

The facility is under the Shariah principle of Tawarruq. The purpose is restricted for working capital, capital expenditure and any other expenses related to non-water revenue, water management and services contracts or projects. The facility is up to RM39 million (2022: RM15 million) and is subject to review and callable on demand. The next annual review of the facilities shall be by 31 May 2024 (2022: 31 May 2023). It bears interest at 5.82% (2022: 5.09%) per annum.

33. ZAKAT LIABILITY

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	-	-
Provision for the year (Note 13)	310	381
Zakat paid	(310)	(381)
At end of the year	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Trade payables					
Third parties	(a)	202,926	165,948	-	-
Amount due to Badan Kawalsedia Air Johor	(b)	13,217	9,850	-	-
Amount due to PAAB	(c)	65,190	17,840	-	-
Amounts due to related parties	(d)	30,119	7,066	-	-
Amount due to associates	(d)	8,527	1,149	-	-
Retention sum on contracts	(e)	4,799	4,681	-	-
		324,778	206,534	-	-
Non-trade payables					
Other payables		190,397	189,583	1,211	1,013
Dividend payable		-	25,443	-	6,443
Retention sum on contracts	(e)	12,958	11,720	-	-
Amounts due to related parties	(d)	7,086	2,352	-	-
Amounts due to subsidiaries	(d)	-	-	34,409	12,776
Amount due to associates	(d)	3,973	3,869	-	-
Deposits received	(f)	6,702	-	-	-
		221,116	232,967	35,620	20,232
Total current payables		545,894	439,501	35,620	20,232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. TRADE AND OTHER PAYABLES (CONTD.)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Trade payables					
Retention sum on contracts	(e)	2,510	2,801	-	-
		2,510	2,801	-	-
Non-trade payables					
Other payables		2,034	126	-	-
Total non-current payables		4,544	2,927	-	-
Total trade and other payables		550,438	442,428	35,620	20,232
Add: Loans and borrowings	32	999,477	1,099,243	-	-
Add: Service concession obligations	35	-	372,781	-	-
Add: Consumer deposits	36	265,005	258,754	-	-
Total financial liabilities carried at amortised cost		1,814,920	2,173,206	35,620	20,232

(a) Trade payables - current

Credit terms of trade payables granted to the Group vary from 30 to 365 days (2022: 30 to 365 days).

(b) Amount due to Badan Kawalsedia Air Johor ("BAKAJ")

Amount due to BAKAJ represents purchase of raw water which is trade in nature, unsecured, interest-free and expected to be paid within one year.

(c) Amount due to PAAB

Amount due to PAAB represents lease rental relating to current and previous operating periods payable of RM47,758,000 (2022: Nil) and RM17,432,000 (2022: RM17,840,000) respectively to PAAB. It is trade in nature, unsecured and interest-free.

(d) Amounts due to related parties, associates and subsidiaries

Amounts due to related parties, associates and subsidiaries are unsecured, interest free and repayable on demand.

(e) Retention sums on contracts

Retention sums on contracts are payable upon the expiry of the defects liability period of the construction contracts. Retention sums are unsecured, interest-free and are expected to be paid within 2 to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

34. TRADE AND OTHER PAYABLES (CONTD.)

(f) Deposits received

The amounts include refundable deposits received from developers on reticulation works, deposits received from contractors for their performance bonds which are refundable upon completion of work, and deposits received from consumers on water meter testing refundable in the event the water meter is faulty. These deposits are unsecured, non-interest bearing and refundable within one year.

The currency exposure profile of trade and other payables are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	525,303	431,762	35,620	20,232
Chinese Renminbi	6,355	3,957	-	-
US Dollar	2,488	302	-	-
Thai Baht	3,260	2,817	-	-
Singapore Dollar	208	605	-	-
Libyan Dinar	696	660	-	-
Euro Dollar	-	522	-	-
Brazil	11,418	1,636	-	-
Pound Sterling	158	-	-	-
Australian Dollar	184	-	-	-
New Zealand Dollar	106	-	-	-
Others	262	167	-	-
	550,438	442,428	35,620	20,232

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

35. SERVICE CONCESSION OBLIGATIONS

	Group	
	2023 RM'000	2022 RM'000
Minimum lease payments:		
- Within one year	-	376,647
Total minimum lease payments	-	376,647
Less: Future finance charges	-	(3,866)
Present value of minimum lease payments	-	372,781
Present value of payments:		
- Within one year	-	372,781
Present value of minimum lease payments	-	372,781
Less: Amount due within 12 months	-	(372,781)
Amount due after 12 months	-	-

Service concession obligations are in respect of the lease rental payable in accordance with the Facility Agreement entered into with PAAB for the right to use, occupy and operate the water related assets belonging to PAAB.

The weighted average effective interest rates per annum for the lease rental payable as at reporting date is 2.88% (2022: 2.88%).

The movement in the service concession obligations is as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	372,781	678,601
Adjustment related to project cost - net	11,341	(2,127)
Repayment	(326,097)	(341,403)
Interest (Note 9)	4,543	12,560
Waiver of lease rental offset against repayment made to PAAB	24,346	24,345
Reimbursement of capital expenditure receivable from PAAB offset against repayment made to PAAB	(39,505)	-
Reclassification to trade payables	(47,409)	805
At end of the year	-	372,781

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

36. CONSUMER DEPOSITS

Consumer deposits are deposits placed by consumers for supply and distribution of treated water, and include deposits assumed from Syarikat Air Johor Sdn. Bhd. ("SAJSB"), the former water operator, pursuant to the Concession Agreement amounting to RM70,408,000 (2022: RM70,408,000) as disclosed in Note 24.

These amounts would be repaid by SAJSB in the event that the consumer deposits fall below the value of the long term refundable deposits.

37. DERIVATIVE FINANCIAL INSTRUMENTS

	Group			
	2023		2022	
	Contract/ Notional Amount RM'000	Liability RM'000	Contract/ Notional Amount RM'000	Liability RM'000
Foreign exchange forward contracts	149,599	(2,484)	-	-

The fair value of the foreign exchange forward contracts are assessed as level 2 and there were no transfers between the hierarchy fair value measurement during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

38. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary share		Amount			
	Share capital		Share capital		Treasury shares	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group and Company						
At 1 January	1,288,638	1,283,268	1,438,993	1,438,993	(3,569)	(7,963)
Issuance of ordinary shares pursuant to:						
- vesting of LTIP	869	-	653	-	-	-
Purchase of treasury shares	-	(7,462)	-	-	-	(3,664)
Distribution of treasury shares	-	12,832	-	-	-	8,058
At 31 December	1,289,507	1,288,638	1,439,646	1,438,993	(3,569)	(3,569)

(a) Share capital

During the financial year, the issued and paid-up ordinary share capital of the Company was increased from RM1,438,993,000 to RM1,439,646,000 by way of issuance of 868,600 ordinary shares pursuant to the awarded LTIP Grants.

The holders of the ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

In prior year, the Company:

- repurchased 7,462,000 of its issued ordinary shares from the open market at an average price of RM0.49 per share. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016;
- had declared on 29 November 2021 and distributed on 20 January 2022 a second interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 6,411,318 treasury shares on the basis of 0.5 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.34 sen per ordinary share; and
- had declared on 25 February 2022 and distributed on 20 April 2022 a third interim dividend (single-tier) by way of dividend-in-specie via a share dividend distribution of up to 6,420,500 treasury shares on the basis of 0.5 share dividend for every 100 ordinary shares held equivalent to a gross cash dividend of 0.29 sen per ordinary share;

As at 31 December 2023, the number of treasury shares held are 7,279,165 (2022: 7,279,165) ordinary shares. Such treasury shares are held at carrying amount of RM3,569,000 (2022: RM3,569,000).

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39. OTHER RESERVES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Merger deficit	(a)	(906,015)	(906,015)	-	-
Currency translation reserve	(b)	22,583	18,137	-	-
Equity component of convertible unsecured loan stocks ("CULS")	(c)	361	361	-	-
Employee share reserves	(d)	-	1,185	-	1,185
Retained earnings	(e)	223,054	214,717	9,359	67,739
		(660,017)	(671,615)	9,359	68,924

(a) Merger deficit

This represents the difference between the consideration transferred and the equity acquired arising from the completion of the reverse takeover acquisition of Symphony House Berhad on 15 December 2015.

(b) Currency translation reserve

The currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Equity component of convertible unsecured loan stocks ("CULS")

This represents the residual amount of convertible unsecured loan stocks ("CULS") after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from CULS.

In 2021, RSEI, a subsidiary of the Company, had made a partial redemption of RM3,600,000. The Group had remeasured the CULS and resultantly, a gain of RM1,004,000 had been recognised in the profit or loss.

	Group RM'000
Nominal value of CULS	8,000
Less: Liability component	(6,664)
Less: Impact of discounting	(975)
Equity component	361

(d) Employee share reserves

This represents the fair value of the LTIP shares at grant date with corresponding movement in profit or loss, over the vesting period.

(e) Retained earnings

The Company may distribute dividends out of its entire retained earnings as at 31 December 2023 under the single-tier system.

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FOR THE YEAR ENDED 31 DECEMBER 2023

40. EMPLOYEE SHARE SCHEME

On 11 April 2019, the Company implemented the Long Term Incentive Plan (“LTIP”), which involves the allotment and issuance of new ordinary shares in the Company to eligible employees and executive directors of the Group and the Company, provided that the total number of shares so allotted shall not at any time exceed ten percent of the total number of issued shares in the Company (“LTIP Grants”).

On 11 September 2020, the Company awarded up to 9,989,600 LTIP Grants, comprising of the following:

- (i) 8,992,400 performance shares (“PS”) under the PS Grant to be vested on 29 September 2023; and
- (ii) 997,200 restricted shares (“RS”) under the RS Grant to be vested on 29 September 2023.

The LTIP Grants were awarded, without any cash consideration to those who have attained the identified performance objectives of the Group and the Company. It serves to attract, retain, motivate and reward valuable employees of the Group and the Company.

On 12 September 2023, the Company granted 868,600 options under the RS Grant to eligible employees of the Company and/or its eligible subsidiary companies which the remaining units of PS and RS amounting to 8,992,400 and 128,600 respectively had lapsed as at 31 December 2023. The total enlarged issued share capital as at 12 September 2023 is RM1,439,646,000 represented by 1,289,506,658 ordinary shares.

LTIP movement

Group and Company	Number of LTIP Grants		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
At 1 January	9,990	9,990	1,185	671
Charge for the year	-	-	76	514
Vested	(869)	-	(653)	-
Lapsed	(9,121)	-	(608)	-
At 31 December	-	9,990	-	1,185

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FOR THE YEAR ENDED 31 DECEMBER 2023

40. EMPLOYEE SHARE SCHEME (CONTD.)

Fair value of shares granted

The fair values of the shares granted are estimated at the grant date using a Monte Carlo Simulation pricing model, taking into account the terms and conditions which the instruments were granted.

The following table lists out the relevant input to the share scheme pricing model:

	2023 LTIP	2022 LTIP
Fair value per share (RM)		
- Restricted shares	RM0.088	RM0.088
- Performance shares	RM0.752	RM0.752
Dividend yield (%)	4.71%	4.71%
Expected volatility (%)	35.02%	35.02%
Risk-free interest rate (% p.a.)	1.96%	1.96%
Expected life of the scheme (years)		
- Restricted shares	3 years	3 years
- Performance shares	3 years	3 years
Underlying share price (RM)	RM0.862	RM0.862

The expected life of the share scheme is based on the contractual life of the scheme. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the scheme, is indicative of future trends, which may not necessarily be the actual outcome.

41. DIVIDENDS

Dividends paid/payable during financial year are as follows:

	The Group and the Company			
	Amount of dividend, net of tax			
	2023 sen	2022 sen	2023 RM'000	2022 RM'000
Interim dividend paid by way of distribution of treasury shares on the basis of 0.5 treasury share for every 100 existing ordinary shares held in the Company	-	0.29	-	3,751
Interim dividend on 1,288,638,058 ordinary shares	-	0.50	-	6,443
Interim dividend on 1,288,638,058 ordinary shares	2.00	-	25,772	-
Interim dividend on 1,288,638,058 ordinary shares	1.50	-	19,330	-
			45,102	10,194

The directors do not recommend any final dividend in respect of the financial year ended 31 December 2023.

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FOR THE YEAR ENDED 31 DECEMBER 2023

42. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

For the financial year ended 31 December 2023				
Segments	Environment RM'000	Energy RM'000	Engineering Services RM'000	Total RM'000
Group				
Type of goods or services				
Water revenue	1,228,408	-	-	1,228,408
Power revenue	-	271,078	-	271,078
Contribution by housing developers	31,554	-	-	31,554
Non-revenue water reduction fees	-	-	47,517	47,517
Engineering services fee	-	-	36,798	36,798
Professional services	-	-	451,741	451,741
Secondment fees	-	-	15,544	15,544
Construction contract revenue	11	143,281	18,919	162,211
Operation and maintenance revenue	19,143	-	555	19,698
Special works	13,187	-	-	13,187
Technical and management services	-	-	111	111
Others	-	-	1,989	1,989
Total revenue from contracts with customers	1,292,303	414,359	573,174	2,279,836
Geographical market				
Malaysia	1,273,149	414,359	420,446	2,107,954
Thailand	19,154	-	-	19,154
Qatar	-	-	21,734	21,734
Australia	-	-	1,666	1,666
Bangladesh	-	-	289	289
Brunei	-	-	97	97
Indonesia	-	-	2,900	2,900
Abu Dhabi	-	-	659	659
Vietnam	-	-	364	364
Brazil	-	-	124,763	124,763
Others	-	-	256	256
Total revenue from contracts with customers	1,292,303	414,359	573,174	2,279,836
Timing of revenue recognition				
Goods and services transferred at a point in time	1,273,149	382,851	29,956	1,685,956
Services transferred over time	19,154	31,508	543,218	593,880
Total revenue from contracts with customers	1,292,303	414,359	573,174	2,279,836

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

42. REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTD.)

Disaggregated revenue information (contd.)

For the financial year ended 31 December 2022				
Segments	Environment RM'000	Energy RM'000	Engineering Services RM'000	Total RM'000
Group				
Type of goods or services				
Water revenue	1,122,459	-	-	1,122,459
Power revenue	-	247,170	-	247,170
Contribution by housing developers	19,222	-	-	19,222
Non-revenue water reduction fees	-	-	31,218	31,218
Engineering services fee	-	-	24,376	24,376
Professional services	-	-	204,811	204,811
Secondment fees	-	-	18,574	18,574
Construction contract revenue	4,125	16,757	7,599	28,481
Operation and maintenance revenue	14,738	-	880	15,618
Special works	13,182	-	-	13,182
Sale of equipment	-	-	144	144
Technical and management services	-	-	206	206
Others	-	-	880	880
Total revenue from contracts with customers	1,173,726	263,927	288,688	1,726,341
Geographical market				
Malaysia	1,152,624	263,927	265,100	1,681,651
Thailand	21,102	-	137	21,239
Qatar	-	-	4,201	4,201
Australia	-	-	6,878	6,878
Bangladesh	-	-	469	469
Russia	-	-	97	97
Brunei	-	-	125	125
Brazil	-	-	11,425	11,425
Vietnam	-	-	123	123
Others	-	-	133	133
Total revenue from contracts with customers	1,173,726	263,927	288,688	1,726,341
Timing of revenue recognition				
Goods and services transferred at a point in time	1,154,863	228,863	88,730	1,472,456
Services transferred over time	18,863	35,064	199,958	253,885
Total revenue from contracts with customers	1,173,726	263,927	288,688	1,726,341

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

43. SIGNIFICANT RELATED PARTIES DISCLOSURES

In addition to related parties disclosures mentioned elsewhere in the financial statements, set out below are other significant related parties transactions.

The related parties and their relationship with the Group are as follows:

(a) Transactions with related parties

The related parties and their relationship with the Group are as follows:

Related parties	Relationship
Sabah Energy Corporation Sdn. Bhd.	A major shareholder of RSEI, RSEII, RSEOMI and RSEOMII
Ranhill Berhad	Common director and substantial shareholder
Ranhill Consulting Sdn. Bhd.	An associate of Ranhill Bersekutu Sdn. Bhd.
Motorpark Academy GmbH	Sponsorship with corporation in relation to a person connected with a Director
Ranhill Consulting (Sarawak) Sdn. Bhd.	An associate of Ranhill Bersekutu Sdn. Bhd.
Perunding Ranhill Worley Sdn. Bhd.	Common director and substantial shareholder. (As disclosed in Note 20 (d), PRW became a subsidiary of the Group on 19 August 2022).
Worley Engineering Pty. Ltd.	A major shareholder of a subsidiary, Ranhill Worley Sdn. Bhd.
Ranhill Group Sdn. Bhd.	Common director and indirect substantial shareholder

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

43. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTD.)

(a) Transactions with related parties (contd.)

	Group	
	2023 RM'000	2022 RM'000
(i) Work performed on infrastructure assets and consultancy fees charged by:		
- Ranhill Consulting Sdn. Bhd.	(17,265)	(2,237)
- Ranhill Berhad	(7,554)	-
(ii) Borrowings and interest payable to:		
- Sabah Energy Corporation Sdn. Bhd.	(1,000)	(1,000)
(iii) Secondment of staff to:		
- Ranhill Berhad	(569)	(885)
(iv) Project expenses paid to:		
- Ranhill Berhad	(1,858)	(4,455)
(v) Engineering services rendered to/(from):		
- Ranhill Consulting Sdn. Bhd.	30,769	20,798
- Ranhill Consulting (Sarawak) Sdn. Bhd.	211	280
- Worley Engineering Pty. Ltd's subsidiaries and associates	(95,171)	(17,515)
- Perunding Ranhill Worley Sdn. Bhd.	-	77,436
(vi) Management fees charged by:		
- Ranhill Consulting Sdn. Bhd.	(173)	(173)
- Ranhill Consulting (Sarawak) Sdn. Bhd.	-	(67)
(vii) Secondment fee charged to:		
- Ranhill Consulting Sdn. Bhd.	9,753	9,836
(viii) Admin expenses paid on behalf for/(by):		
- Ranhill Consulting (Sarawak) Sdn. Bhd.	-	40
- Worley Engineering Pty. Ltd's subsidiaries and associates	(21,435)	(9,424)
(ix) Rental received from:		
- Worley Engineering Pty Ltd's subsidiaries and associates	-	310

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

43. SIGNIFICANT RELATED PARTIES DISCLOSURES (CONTD.)

(b) Key management compensation

The remunerations of the key management personnel who are the directors, Chief Operating Officer, Chief Financial Officer and selected Senior Vice President, Vice President of the Group during the year are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits	25,691	22,435	5,312	4,030
Contributions to defined contribution plan	2,298	1,944	137	-
Share-based payment	68	203	52	154
Fees and other emoluments	8,347	6,536	244	127
	36,404	31,118	5,745	4,311

44. COMMITMENTS

Capital expenditure as at the reporting date is as follows:

	Group	
	2023 RM'000	2022 RM'000
Approved and contracted for	-	5,170
Approved but not contracted for	7,114	8,225
	7,114	13,395
Analysed as follows:		
Plant and machineries	2,830	4,600
Office equipment	542	450
Furniture and fittings	510	500
Computer equipment	2,982	3,735
Replacement parts	240	280
Motor vehicle	10	260
Repowering capital expenditure	-	3,570
	7,114	13,395

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FOR THE YEAR ENDED 31 DECEMBER 2023

45. FINANCIAL GUARANTEE CONTRACTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Corporate guarantee given to financial institution for the borrowing of a subsidiary	-	-	38,644	70,000
Performance bonds	27,496	23,635	-	-
Utility guarantee	25	25	-	-
	27,521	23,660	38,644	70,000

RWSB has secured bank guarantee facilities amounting to RM55,000,000 obtained from a licensed bank. The said bank guarantee facilities are secured by corporate guarantee provided by Worley Financial Services Pty. Limited, which is a related company of Worley Engineering Pty. Ltd, the shareholder of RWSB. As of the end of the reporting period, RM27,521,000 (2022: RM23,660,000) of the facilities have been utilised.

46. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES

(a) Financial instruments that are measured at fair value

The Group uses the following hierarchy for determining the fair values of all financial instruments carried at fair value:

Level 1

Quoted market prices in an active market.

Level 2

Valuation inputs (other than Level 1 input) that are based on observable market data for the asset or liability, whether directly or indirectly.

Level 3

Valuation inputs that are not based on observable market data.

The table below analyses the financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2023				
Financial assets through profit or loss				
- Islamic Managed Funds	-	16,642	-	16,642
- Listed equity investment	404	-	-	404
	404	16,642	-	17,046
31 December 2022				
Financial liability through profit or loss				
- Foreign exchange forward contracts	-	2,484	-	2,484

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

46. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (CONTD.)

(a) Financial instruments that are measured at fair value (contd.)

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
31 December 2022				
Financial assets through profit or loss				
- Islamic Managed Funds	-	65,365	-	65,365
- Deposits with other financial institution	-	71	-	71
- Listed equity investment	404	-	-	404
	404	65,436	-	65,840

(b) Fair value determined based on level 2 input of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

Group	Note	Carrying amount RM'000	Fair value RM'000
31 December 2023			
Non-current			
Financial asset			
Operating financial assets	23	433,107	463,373
Financial liabilities			
Sukuk Murabahah RM650M	31	419,179	418,009
Sukuk Murabahah RM310M	31	126,989	125,842
Musharakah Medium Term Notes ("mMTN")	31	251,875	244,578
31 December 2022			
Non-current			
Financial asset			
Operating financial assets	23	481,881	496,364
Financial liabilities			
Sukuk Murabahah RM650M	31	466,510	469,086
Sukuk Murabahah RM310M	31	106,667	108,357
Musharakah Medium Term Notes ("mMTN")	31	353,377	294,253

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FOR THE YEAR ENDED 31 DECEMBER 2023

46. FAIR VALUE OF FINANCIAL INSTRUMENTS AND INVESTMENT PROPERTIES (CONTD.)

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of trade and other receivables, trade and other payables, and cash and bank balances are reasonable approximation of fair values, either due to their short-term nature or repayable on demand term.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The carrying amounts of other non-current term loans are reasonable approximations of fair values as they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(d) The following table sets out the fair value profile of investment properties that are not carried at fair value at the end of the reporting period:

	Group	
	2023 RM'000	2022 RM'000
Assets for which fair values are disclosed:		
Level 3 Investment properties	599	2,695

During the financial year ended 31 December 2023, there were no transfers between the hierarchy fair value measurement.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group reviews and agrees policies and procedures for the management of these risks to minimise the potential adverse effects of these risks on the financial performance of the Group.

It is, and has been throughout the current financial year and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments. The Group does not apply hedge accounting.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

NOTES TO THE FINANCIAL STATEMENTS

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47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(a) Credit risk (contd.)

Exposure to credit risk

At the reporting date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 24.

The Group and the Company are exposed to credit risk in relation to financial guarantee contracts provided as disclosed in Note 43, representing the maximum amount the Group and the Company could pay if the guarantee is called on. As at the reporting date, there was no loss allowance for impairment as determined by the Group and the Company for the financial guarantee contracts. The financial guarantee contracts have not been recognised since the fair value on initial recognition was not material due to directors regard the value of the credit enhancement to be minimal and the likelihood of default to be low.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the sector profile of its trade and other receivables on an ongoing basis. The credit risk concentration profile of the Group's trade and other receivables at the reporting date are as follows:

At the reporting date, approximately:

- 42.2% (2022: 47.9%) of the Group's trade receivables were due from environment sector customers.
- 37.6% (2022: 25.7%) of the Group's trade receivables were due from engineering services sector customers.
- 20.2% (2022: 26.4%) of the Group's trade receivables were due from energy sector customers.
- 4.1% (2022: 3.0%) of the Group's trade and other receivables were due from related parties and an associate.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 24. Deposits with banks and other financial institutions that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 24.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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FOR THE YEAR ENDED 31 DECEMBER 2023

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on the contractual undiscounted repayment obligations.

	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
31 December 2023				
Group				
Trade and other payables	545,894	401	4,143	-
Consumer deposits	-	-	-	265,005
Loans and borrowings	216,486	202,431	468,206	424,038
Financial guarantee contracts	11,965	5,514	10,042	-
Derivative financial liabilities	2,484	-	-	-
Total undiscounted financial liabilities	776,829	208,346	482,391	689,043
Company				
Trade and other payables	35,620	-	-	-
Financial guarantee contracts	38,644	-	-	-
Total undiscounted financial liabilities	74,264	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities (contd.)

	Less than 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	Over 5 years RM'000
31 December 2022				
Group				
Trade and other payables	439,501	997	1,930	-
Service concession obligations	376,647	-	-	-
Consumer deposits	-	-	-	258,754
Loans and borrowings	214,392	269,600	523,846	479,375
Financial guarantee contracts	7,740	5,879	10,041	-
Total undiscounted financial liabilities	1,038,280	276,476	535,817	738,129
Company				
Trade and other payables	20,232	-	-	-
Financial guarantee contracts	70,000	-	-	-
Total undiscounted financial liabilities	90,232	-	-	-

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from loans and borrowings. The Group's policy is to manage interest cost using a mix of fixed and floating rate instruments with regards to these loans and borrowings.

The Group has no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short-term in nature and have been mostly placed in fixed deposits.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's profit net of tax and equity would have been RM87,000 (2022: RM92,000) lower/higher, arising mainly as a result of lower/higher interest income from floating rate deposits. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

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FOR THE YEAR ENDED 31 DECEMBER 2023

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily RM and Renminbi ("RMB").

Approximately 8% (2022: 3%) of the Group's sales are denominated in foreign currencies whilst almost 4% (2022: 1%) of Group's costs are denominated in the foreign currency. The Group's trade receivables and trade payable balances at the reporting date have similar exposure.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. The currency exposure profile of cash and cash equivalents are disclosed in Note 29.

The Group use foreign exchange forward contracts to minimise the currency exposures on any individual transactions for which payment is anticipated more than one month after the Group has entered into a firm commitment for a sale or purchase. The foreign exchange forward contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

Sensitivity analysis for foreign currency risk

The following table demonstrate the sensitivity of the Group's profit net of tax and equity to a reasonably possible change in the RMB, THB, SGD and IDR exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		Group	
		2023	2022
		RM'000	RM'000
		Profit net of tax/ equity	Profit net of tax/ equity
RM/RMB	- strengthened 3%	(606)	(456)
	- weakened 3%	606	456
RM/THB	- strengthened 3%	(98)	(58)
	- weakened 3%	98	58
RM/SGD	- strengthened 3%	(70)	(8)
	- weakened 3%	70	8
RM/IDR	- strengthened 3%	(2)	(7)
	- weakened 3%	2	7

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

48. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value. At the same time, the Group continues to ensure the various requirements and covenants arising from the borrowings as disclosed in Note 31 are complied with.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives and policies during the year ended 31 December 2023 and 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. The Group's policy is to keep the gearing ratio not exceeding 1.50 times. The Group includes within net debt, total outstanding principal obligations under all financing facilities and all other indebtedness for borrowed monies, hire purchase obligations, finance lease obligations, fair value of financial instruments in connection with borrowed monies and any other financial guarantees, but excluding any non-recourse financing.

	Group	
	2023	2022
	RM'000	RM'000
Total outstanding principal obligations:		
Sukuk Murabahah RM650M (Note 32)	466,510	513,442
Sukuk Murabahah RM310M (Note 32)	126,989	106,667
mMTN (Note 32)	302,613	353,377
Islamic bridging facility 2	8,496	69,279
Term Loan 1 (Note 32)	5,839	8,711
Term Loan 2 (Note 32)	1,770	1,836
Revolving credits (Note 32)	39,148	15,000
CULS (Note 32)	6,906	6,776
	958,271	1,075,088
Less: non-recourse financing:		
mMTN (Note 32)	302,613	353,377
Sukuk Murabahah RM310M (Note 32)	126,989	106,667
Total outstanding principal obligations excluding non-recourse financing	528,669	615,044
Add: all other indebtedness		
Lease liabilities (Note 17)	36,596	19,445
Performance bonds (Note 45)	27,496	23,635
Utility guarantee (Note 45)	25	25
	64,117	43,105
Net debt	592,786	658,149
Share capital (Note 38)	1,439,646	1,438,993
Treasury shares (Note 38)	(3,569)	(3,569)
Other reserves (Note 39)	(660,017)	(671,615)
Non-controlling interests	228,518	191,279
Net equity	1,004,578	955,088
Gearing ratio	0.59	0.69

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

49. EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the financial year has been calculated based on the net profit attributable to ordinary equity holders of the Company divided by the weighted average number of ordinary shares in issue.

	Group	
	2023	2022
Net profit attributable to ordinary shares (RM'000)	52,831	95,252
Weighted average number of ordinary shares in issue ('000)	1,289,074	1,288,823
Basic earnings per share (sen)	4.10	7.39

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit attributable to owners of the Company for the year and the weighted average number of ordinary shares issued during the financial year has been adjusted for the dilutive effects of all potential ordinary shares such as the LTIP granted to employees.

	Group	
	2023	2022
Net profit attributable to ordinary shares (RM'000)	52,831	95,252
Weighted average number of ordinary shares in issue ('000)	1,289,074	1,128,823
Adjustment for LTIP ('000)	-	3,387
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,289,074	1,292,210
Diluted earnings per share (sen)	4.10	7.37

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

50. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has reportable segment as follows:

- (i) The environment sector provides water supply services, operate water and wastewater treatment plants and provide specialised services in the management and optimisation of water utility assets. In this sector, the Group has been granted exclusive license (on a 3-year term, renewable for successive 3-year terms on a rollover basis) by the Minister of Energy, Green Technology and Water, Malaysia to provide source-to-tap water supply services to end customers in the entire state of Johor, Malaysia.

In addition, the Group also has various water and wastewater concessions in relation to water treatment and wastewater treatment plants outside Malaysia.

- (ii) In the energy sector, the Group owns and operates two 190MV combined cycle gas turbine power plants in Sabah, Malaysia on a build-operate-own (“BOO”) and build-operate-transfer (“BOT”) basis respectively and owns one 50MW solar photovoltaic energy generating plant in Perak, Malaysia on a BOO basis.

Combined cycle gas turbine power plants

The Group had entered into Power Purchase Agreements with Sabah Electricity Sdn. Bhd., a subsidiary of Tenaga Nasional Berhad, to sell up to 380 MW of electricity generating capacity and electricity production for a 21-year period.

Solar photovoltaic energy generating plant

In 2021, the Group entered into a Renewable Energy Power Purchase Agreement (“REPPA”) with Tenaga Nasional Berhad (“TNB”) to design, construct, own, operate and maintain a solar photovoltaic energy generating facility with a capacity of 50 MW located in Perak, Malaysia to generate and deliver solar photovoltaic energy to TNB with a period of 21 years.

The Group received a notification letter from the Energy Commission (“EC”) dated 8 August 2022 notifying, amongst others, the four-year extension of the effective period of REPPA with a total revised concession period of 25 years. As of 31 December 2023, the solar plant is under construction and it is completed on 7 February 2024. The facility has been completed prior to the extended scheduled commercial operation date of 1 April 2024 and the plant has commenced its operation on the same date of completion, i.e 7 February 2024.

- (iii) In the engineering services sector, the Group provides the following services:

- Engineering, procurement and construction management services (“EPCM”);
- Engineering, procurement, construction and commissioning (“EPCC”);
- Project management consulting services (“PMC”); and
- Operations and maintenance services.

- (iv) The other segment consists of investment holding and provision of management services to subsidiaries within the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

50. SEGMENTAL INFORMATION (CONTD.)

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Environment RM'000	Engineering Services RM'000	Energy RM'000	Others RM'000	Note	Total RM'000
31 December 2023						
Revenue:						
Sales to external customers	1,292,303	879,036	414,359	34,247		2,619,945
Inter-segment elimination	-	(305,862)	-	(34,247)		(340,109)
	1,292,303	573,174	414,359	-		2,279,836
Results:						
Gross profit/(loss)	255,671	166,712	5,066	(40,053)		387,396
Interest income	4,488	309	53,343	1,640		59,780
Depreciation of property, plant and equipment	39,728	5,220	3,224	3,628		51,800
Depreciation of right-of-use assets	1,458	7,331	438	414		9,641
Depreciation on investment properties	-	60	-	-		60
Amortisation	344,855	774	-	3,223		348,852
Share of results of associates	17,705	7	-	-		17,712
Other non-cash items	4,125	3,430	(49,388)	73	A	(41,760)
Finance costs	8,076	1,417	20,854	41,812		72,159
Income tax expense and zakat	34,611	11,071	3,973	543		50,198
Segment profit/(loss)	118,659	69,491	(4,538)	(85,974)		97,638
Assets:						
Additions to non-current assets	83,541	44,969	30,057	7,676	B	166,243
Investment in associates accounted for by equity method	236,407	33	-	-		236,440
Segment assets	1,349,428	564,780	947,676	99,297		2,961,181
Liabilities:						
Segment liabilities	646,881	262,057	396,828	650,837		1,956,603

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

50. SEGMENTAL INFORMATION (CONTD.)

	Environment RM'000	Engineering Services RM'000	Energy RM'000	Others RM'000	Note	Total RM'000
31 December 2022						
Revenue:						
Sales to external customers	1,173,726	413,863	263,928	243,623		2,095,140
Inter-segment elimination	-	(125,176)	-	(243,623)		(368,799)
	1,173,726	288,687	263,928	-		1,726,341
Results:						
Gross profit/(loss)	253,836	87,474	(2,104)	(6,014)		333,192
Interest income	5,879	338	55,201	1,001		62,419
Depreciation of property, plant and equipment	34,692	3,039	1,784	3,738		43,253
Depreciation of right-of-use assets	1,237	4,384	477	183		6,281
Depreciation on investment properties	-	30	-	-		30
Amortisation	332,264	-	1,066	3,084		336,414
Share of results of associates	15,686	(7)	-	-		15,679
Other non-cash items	3,888	(620)	(53,306)	1,092	A	(48,946)
Finance costs	14,188	1,230	23,647	36,201		75,266
Income tax expense and zakat	43,221	10,954	7,532	(480)		61,227
Segment profit/(loss)	217,908	26,688	(8,231)	(94,148)		142,217
Assets:						
Additions to non-current assets	39,424	14,196	8,233	4,337	B	66,190
Investment in associates accounted for by equity method	214,393	26	-	-		214,419
Segment assets	1,741,565	454,300	965,750	100,109		3,261,724
Liabilities:						
Segment liabilities	968,528	169,870	459,571	708,667		2,306,636

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

50. SEGMENTAL INFORMATION (CONTD.)

A Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

		Group	
	Note	2023 RM'000	2022 RM'000
Finance income from operating financial assets	7	(50,945)	(57,059)
Gain on bargain purchase	8	-	(3,350)
Unwinding of interest of service concession obligations	9	4,543	12,560
Accretion of interest on lease liabilities	17	1,071	657
Written-off of intangible assets	10	146	4,427
Gain on termination of lease	10	(26)	-
Net fair value loss on derivatives	10	2,484	-
Allowance for expected credit loss on:			
- Trade receivables	10	3,398	69
- Other receivables	10	14	-
- Contract assets	10	270	-
Finance income from contract assets	7	(2,575)	(338)
Reversal of expected credit losses			
- Trade and other receivables	8	(140)	(5,265)
- Associates	8	-	(136)
- Contract assets	8	-	(511)
		(41,760)	(48,946)

B Additions to material non-current assets consist of:

		Group	
	Note	2023 RM'000	2022 RM'000
Property, plant and equipment	14	117,433	49,188
Right-of-use assets	17	30,059	8,162
Service concession assets	15	11,341	-
Other intangibles	16	6,838	5,629
Investment properties	18	572	3,211
		166,243	66,190

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

51. LEASE RENTAL FOR OPERATING PERIOD 5

During year 2021, in relation to Operating Period 5 (year 2021 to year 2023), Pengurusan Aset Air Berhad (“PAAB”) has granted RanhillSAJ, a subsidiary of the Company, six months partial lease moratorium from July 2021 to December 2021 amounting to RM22,477,000 by issuing a credit note for the said six months.

Based on the said letter, the partial lease moratorium is claimable after 45 years and PAAB informed that principally there is no objection by Ministry of Finance for the partial lease moratorium from Year 2022 onwards. The board of directors of the Company has determined that no liability is to be recognised on the moratorium amount as of the end of reporting period based on the judgement that the liability is contingent upon renewal of water service license by the Ministry of Energy Transition and Water Transformation (“PETRA”) (formerly known as Ministry of Natural Resources, Environment and Climate Change) with recommendation from SPAN every three years for future Operating Periods or depending on any future changes to the mechanics of the licensing regime.

Similarly, no partial lease rental for year 2022 and year 2023 was recognised as payable by RanhillSAJ, as Natural Water Services Commission (“SPAN”) has approved the business plan excluding these partial lease rental and that lease rental forms part of components for tariff rate setting mechanism for Operating Period 5.

In April 2023, PAAB has notified RanhillSAJ on the rejection of RanhillSAJ’s application for the moratorium on partial lease rental for year 2022 and year 2023.

Besides, PAAB, via its letter dated 15 May 2023 has informed RanhillSAJ that it will charge a late payment interest charges on the outstanding lease payments beginning from 1 June 2023 at a rate of 6.65% per annum.

On 25 October 2023, the RanhillSAJ received a demand letter from PAAB in relation to the partial lease rental for year 2022 and year 2023 amounting to RM95,112,000 (inclusive of principal amount of RM92,016,000 and late payment interest of RM3,096,000).

The board of directors of the Company, after considering the solicitors’ advice, are of the view that there is legal basis to argue and maintain that RanhillSAJ does not have a present obligation to pay PAAB. Accordingly, no provision is made in the financial year ended 31 December 2023 in relation to amount claimed by PAAB.

STATEMENT BY DIRECTORS

The directors of **RANHILL UTILITIES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the year then ended on that date.

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

TAN SRI HAMDAN MOHAMAD

DATUK ABDULLAH BIN KARIM

26 April 2024

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE GROUP AND OF THE COMPANY

I, **CHOO CHEE KEEN**, the officer primarily responsible for the financial management of **RANHILL UTILITIES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

CHOO CHEE KEEN (MIA 19773)

Subscribed and solemnly declared by the above named **CHOO CHEE KEEN** at **KUALA LUMPUR**, on this 26 April 2024

Before me,

COMMISSIONER FOR OATHS

PROPERTY OWNED BY OUR GROUP

AS AT 31 DECEMBER 2023

The details of material lands and buildings owned by us as the LPD are set out below:

No	Name of Registered owner/ Beneficial owner/ Location/Tenure	Description of property/ Existing use	Date of approval of CCC	Built-up area/Land area	Restriction in interest	Encumbrances	Audited NBV as at 31 December 2023 (RM'000)
1	RSEI (Country Lease: 015605213) No. 3, Lorong AD KKIP Selatan, Industrial Zone 3 (IZ3), Kota Kinabalu Industrial Park, 88460 Kota Kinabalu, Sabah, Malaysia Leasehold from 1 January 2003 to 31 December 2101	<u>Description of property</u> Industrial land and buildings. <u>Existing use</u> The land is currently being used by RPI for its power plant.	Oct - 2008 (Full COD for 190MW)	64,750 square metres/ 73,409.97 square metres	(i) The land is only for the purpose of erecting thereon for use as such plant for generating electricity. (ii) Subdivision of the title is prohibited without a written permission from the Director of Land and Survey Department. (iii) Transfer, sublease and charge of the title is prohibited without a written permission from the Director of Land and Survey Department.	Not Applicable	7,362

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

The Company had obtained the Shareholders' Mandate on renewal of recurrent related party transactions of revenue or trading nature and new Shareholders' Mandate for additional RRPT of revenue or trading in nature at the Annual General Meeting held on 17 May 2023.

In compliance with Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), such Shareholders' Mandate is subject to annual renewal and the disclosure in the Annual report of RRPTs conducted pursuant to the mandate during the financial year ended 31 December 2023 where the aggregate value of such RRPTs is equal to or more than RM1 million or 1% of the relevant percentage ratio for such transactions, whichever is the higher.

Set out below are the relevant RRPTs for which Shareholders' Mandate have been obtained together with a breakdown of the aggregate value of the RRPTs which had been conducted pursuant to the Shareholders' Mandate and had met the prescribe threshold.

Transactions entered/ to be entered between RMS and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
Ranhill SAJ	Secretarial and management services by RMS to Ranhill SAJ.	PSKJ PDT SGJ	18,000

Transactions entered/ to be entered between RCSB and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
RB	Provision of preliminary work, feasibility study and predevelopment work relating to design, construction, supply, delivery, installation & commissioning for water, wastewater and power related current projects & projects to be awarded by RCSB to RB.	TSHM CHEVAL HLF HIL	27

Transactions entered/ to be entered between RT and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
RC	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by RT to RC.	TSHM	135
RB	Provision of work, preliminary work and predevelopment work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by RT to RB.	TSHM CHEVAL HLF HIL	100

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

Transactions entered/ to be entered between Ranhill SAJ and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
RT	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by Ranhill SAJ to RT.	PSKJ PDT SGJ	56,293
RC	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by Ranhill SAJ to RC.	TSHM	3,696
RWT	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by Ranhill SAJ to RWT.	PSKJ PDT SGJ	533

Transactions entered/ to be entered between RWT and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
RC	Provision of work relating to design, construction, supply, delivery, installation & commissioning for current projects & projects to be awarded by RWT to RC.	TSHM	273

Transactions entered/ to be entered between RWSB and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
PRW	Engineering Services by RWSB to PRW.	TSHM	301,104

Transactions entered/ to be entered between PRW and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
RWSB	Secondment & Commission Fees Charges by PRW to RWSB.	TSHM	15,211

Transactions entered/ to be entered between RBSB and the following parties:

Transacting Related Party	Nature of Transactions	Interested Related Parties	Amount transacted during the financial year (RM'000)
RC	Provision of engineering, procurement and construction management services ("EPCM") and project management services ("PMC") for multiple projects by RBSB to RC.	TSHM	16,393

DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS

DEFINITIONS

The definition shall have the following meanings:

“CHEVAL”	Cheval is a Major Shareholder of the Company.
“HLF”	HLF is a Major Shareholder of the Company. HLF is also a major shareholder of RB and owned the entire equity interest of and HIL.
“HIL”	HIL is wholly-owned by HLF and HIL holds shares in the Company.
“PDT”	PDT is a Substantial Shareholder of the Company.
“PSKJ”	PKSJ is a Substantial Shareholder of the Company through its indirect interest in PDT. PKSJ also holds 20% shares in RanhillSAJ.
“PRW”	TSHM is a major shareholder of PRW. RWSB owned 49% of PRW.
“RB”	TSHM is a deemed indirect major shareholder of RB through his interest via HLF. TSHM is the sole beneficiary of HLF which owned the entire equity stake in HIL.
“RBSB”	RBSB is wholly-owned by RCSB.
“RC”	RC is 70% owned by TSHM and 30% owned by RBSB.
“RCSB”	RCSB is a wholly-owned subsidiary of the Company.
“RMS”	RMS is a wholly-owned subsidiary of the Company.
“Ranhill SAJ”	Ranhill SAJ is an 80% owned subsidiary of RCSB and the remaining 20% is owned by PKSJ.
“RT”	RT is a wholly-owned subsidiary of RBSB.
“RWSB”	Ranhill Worley Sdn Bhd is a 51% owned by RBSB.
“RWT”	RWT is a wholly-owned subsidiary of RBSB.
“SGJ”	SGJ is an indirect Major Shareholder of the Company through its indirect interest in PDT.
“TSHM”	TSHM is a Director and Major Shareholder of the Company through his direct and indirect shareholdings via HLF and HIL by virtue of him being the founder and sole beneficiary of HLF which owns the entire equity stake in HIL.

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2024

Total no. of issued shares : 1,296,785,823 ordinary shares

Voting rights : One (1) vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS AS AT 15 APRIL 2024

Size of Shareholdings	No. of Shareholders	%	No. of Shares held	%
Less than 100	7,770	40.73	226,561	0.02
100 to 1,000	3,973	20.82	1,475,776	0.11
1,001 to 10,000	4,981	26.10	20,628,881	1.60
10,001 to 100,000	2,073	10.87	60,056,378	4.66
100,001 to less than 5% of issued shares	274	1.44	348,680,885	27.04
5% and above of issued shares	7	0.04	858,438,177	66.57
Total	19,078	100.00	1,289,506,658[^]	100.00

[^] Excluding treasury shares of 7,279,165 units of ordinary shares i.e. the total number of issued shares of 1,296,785,823 ordinary shares less 7,279,165 units of treasury shares.

DIRECTORS' SHAREHOLDINGS AS AT 15 APRIL 2024

No.	Name of Directors	Direct Interest		Indirect Interest	
		No. of Shares held	% [^]	No. of Shares held	% [^]
1.	Tan Sri Hamdan Mohamad	175,885,211	13.64	229,293,179 ⁽¹⁾	17.78
2.	Datuk Seri Panglima Lim Haw Kuang	-	-	-	-
3.	Datuk Abdullah Karim	-	-	-	-
4.	Dato' Ramlee A Rahman	-	-	-	-
5.	Lim Hun Soon @ David Lim	-	-	-	-
6.	Leow Peen Fong	-	-	-	-
7.	Abu Talib Abdul Rahman	33,548	negligible	-	-
8.	Dr Arzu Topal	-	-	-	-
9.	Zurina Abdul Rahim	52,909	negligible	-	-
10.	Imaan Aiysha Hamdan	-	-	-	-

[^] Based on total number of voting shares.

(1) Deemed interest by virtue of (i) his interest in Hamdan Inc. (Labuan) Pte. Ltd. ("Hamdan Inc ") pursuant to Companies Act 2016 ("CA, 2016") and (ii) him being the sole beneficiary of Hamdan (L) Foundation which owns the entire equity stake in Hamdan Inc.

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2024

SUBSTANTIAL SHAREHOLDERS AS AT 15 APRIL 2024

Name	Direct Interest		Indirect Interest	
	No. of Shares Held	% [^]	No. of Shares Held	% [^]
Hamdan (L) Foundation (Co. No. LAF00157)	214,382,295	16.64	14,910,884 ⁽¹⁾	1.16 ⁽¹⁾
Tan Sri Hamdan Mohamad	175,885,211	13.64	229,293,179 ⁽²⁾	17.78 ⁽²⁾
YTL Power International Berhad Registration No. 199601034332 (406684-H)	243,329,346	18.87	37,397,791 ⁽³⁾	2.90 ⁽³⁾
YTL Corporation Berhad Registration No. 198201012898 (92647-H)	-	-	280,727,137 ⁽⁴⁾	21.77 ⁽⁴⁾
Yeoh Tiong Lay & Sons Holdings Sdn Bhd Registration No. 197901000671 (44947-D)	-	-	280,727,137 ⁽⁵⁾	21.77 ⁽⁵⁾
Yeoh Tiong Lay & Sons Family Holdings Limited (Co. No. 118363)	-	-	280,727,137 ⁽⁶⁾	21.77 ⁽⁶⁾
Yeoh Tiong Lay & Sons Trust Company Limited (Co. No. 106010)	-	-	280,727,137 ⁽⁷⁾	21.77 ⁽⁷⁾
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	-	-	280,727,137 ⁽⁸⁾	21.77 ⁽⁸⁾
UOB Kay Hian Private Limited (Co. No. 197000447W)	117,215,692	9.07	-	-
United Overseas Bank Limited (Co. No. 193500026Z)	-	-	117,215,692 ⁽⁹⁾	9.07 ⁽⁹⁾
Permodalan Darul Ta'zim Sdn Bhd Registration No. 199401041837 (327525-V)	116,926,190	9.06	-	-
Perbadanan Setiausaha Kerajaan Johor (The State Secretary, Johore (Incorporated)) State of Johore Enactment No. 2 of 1953	-	-	116,926,190 ⁽¹⁰⁾	9.06 ⁽¹⁰⁾
State Government of Johor	-	-	116,926,190 ⁽¹¹⁾	9.06 ⁽¹¹⁾

[^] The percentage is computed based on the number of issued share capital of 1,289,506,658 units of ordinary shares (excluding 7,279,165 units of ordinary shares bought back by the Company and retained as treasury shares as at 15 April 2024).

Notes:

⁽¹⁾ Deemed interest by virtue of Hamdan (L) Foundation's interests in Hamdan Inc. (Labuan) Pte. Ltd. ("**Hamdan Inc**") pursuant to Section 8 of CA, 2016.

⁽²⁾ Deemed interest by virtue of (i) Tan Sri Hamdan Mohamad's interest in Hamdan Inc pursuant to Section 8 of CA, 2016 and (ii) him being the sole beneficiary of Hamdan (L) Foundation which owns the entire equity stake in Hamdan Inc.

⁽³⁾ Deemed interest by virtue of interest held through SIPP Power Sdn Bhd. ("**SIPP**") pursuant to Section 8 of the Companies Act, 2016 ("**CA, 2016**").

⁽⁴⁾ Deemed interests by virtue of interests held through YTL Power International Berhad and SIPP, arising from YTL Power International Berhad indirect interest through SIPP, pursuant to Section 8 of the CA, 2016

⁽⁵⁾ Deemed interests by virtue of interests held through YTL Corporation Berhad, YTL Power International Berhad and SIPP, pursuant to Section 8 of the CA, 2016.

⁽⁶⁾ Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power International Berhad and SIPP pursuant to Section 8 of the CA, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Holdings Sdn Bhd.

⁽⁷⁾ Deemed interests by virtue of interests held through Yeoh Tiong Lay & Sons Family Holdings Limited, Yeoh Tiong Lay & Sons Holdings Sdn Bhd, YTL Corporation Berhad, YTL Power International Berhad and SIPP pursuant to Section 8 of the CA, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Family Holdings Limited in its capacity as trustee.

⁽⁸⁾ Deemed interests by virtue of Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong's beneficial interests (held through Yeoh Tiong Lay & Sons Trust Company Limited (Jersey Co No. 106010) in its capacity as trustee) in Yeoh Tiong Lay & Sons Family Holdings Limited (Jersey Co No. 118363) pursuant to Section 8 of CA, 2016.

⁽⁹⁾ Deemed interest by virtue of United Overseas Bank Limited's investment in UOB Kay Hian Private Limited.

⁽¹⁰⁾ Deemed interest by virtue of Perbadanan Setiausaha Kerajaan Johor (The State Secretary, Johore (Incorporated))'s direct interest in Permodalan Darul Ta'zim Sdn Bhd pursuant to Section 8 of CA, 2016.

⁽¹¹⁾ Deemed interest by virtue of State Government of Johor's interests in Permodalan Darul Ta'zim Sdn Bhd and The State Secretary, Johore (Incorporated) pursuant to Section 8 of CA, 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2024

30 LARGEST SHAREHOLDERS AS AT 15 APRIL 2024

No.	Particulars	No of Shares	Percentage % ^
1	YTL POWER INTERNATIONAL BERHAD	243,329,346	18.87%
2	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	117,215,692	9.09%
3	PERMODALAN DARUL TA'ZIM SDN BHD	116,926,190	9.07%
4	HAMDAN (L) FOUNDATION	108,394,198	8.41%
5	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMDAN (L) FOUNDATION (MGN-HAM0007M)	105,988,097	8.22%
6	HAMDAN MOHAMAD	91,194,600	7.07%
7	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMDAN MOHAMAD (MGN-HAM0007M)	75,390,054	5.85%
8	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	42,669,500	3.31%
9	LEMBAGA TABUNG HAJI	40,000,000	3.10%
10	SIPP POWER SDN BHD	37,397,791	2.90%
11	YPJ CORPORATION SDN BHD	35,109,662	2.72%
12	MIDF AMANAH INVESTMENT NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HAMDAN INC (LABUAN) PTE LTD (MGN-HAM0007M)	14,910,884	1.16%
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	9,904,800	0.77%
14	RHB NOMINEES (TEMPATAN) SDN BHD OSK CAPITAL SDN BHD FOR HAMDAN MOHAMAD	9,300,557	0.72%
15	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH GROWTH FUND	8,250,000	0.64%
16	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD	7,340,300	0.57%
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	6,782,200	0.53%
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	6,127,200	0.48%
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (MAYBANK 2)	5,640,982	0.44%
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR MAYBANK ISLAMIC ASSET MANAGEMENT SDN BHD (RESIDENT) (475391)	4,426,800	0.34%
21	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAYBANK MALAYSIA VALUE FUND	4,392,000	0.34%
22	CHE KHALIB BIN MOHAMAD NOH	4,165,311	0.32%

ANALYSIS OF SHAREHOLDINGS

AS AT 15 APRIL 2024

No.	Particulars	No of Shares	Percentage % ^
23	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK JULIUS BAER & CO. LTD. (SINGAPORE BCH)	3,292,647	0.26%
24	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	2,900,000	0.23%
25	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BERHAD FOR PMB SHARIAH EQUITY FUND	2,500,000	0.19%
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW TECK SIONG (E-PDG)	2,445,000	0.19%
27	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,363,741	0.18%
28	RHB INVESTMENT BANK BERHAD IVT (SHQ-SW BOOK 1) EQD TEAM	2,297,000	0.18%
29	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AHMAD ZAHDI BIN JAMIL (CTS-AZJ0002C)	2,122,729	0.16%
30	MAYBANK INVESTMENT BANK BERHAD IVT (9) ECD SW-H	2,100,000	0.16%

^ The percentage is computed based on the number of issued share capital of 1,289,506,658 units of ordinary shares (excluding 7,279,165 units of ordinary shares bought back by the Company and retained as treasury shares as at 15 April 2024).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the **Tenth (10th) Annual General Meeting (“AGM”)** of Ranhill Utilities Berhad (“**Ranhill**” or “**the Company**”) will be held on **25 June 2024, Tuesday** at **2.30 p.m.** at **Ballroom 1 & 2, Intercontinental Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur** or any adjournment thereof, for the purpose of considering, and if thought fit, passing the following business:-

AGENDA

As Ordinary Business

- | | | |
|----|---|------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors’ and Auditors’ Reports thereon. | Note 1 |
| 2. | To re-elect the following Directors who retire in accordance with Clause 111 of the Company’s Constitution, and are being eligible, have offered themselves for re-election: | |
| | (a) Tan Sri Hamdan Mohamad | Ordinary Resolution 1 |
| | (b) Mr Lim Hun Soon @ David Lim | Ordinary Resolution 2 |
| | (c) Ms Leow Peen Fong | Ordinary Resolution 3 |
| 3. | To re-elect the following Directors who retire in accordance with Clause 93 of the Company’s Constitution, and are being eligible, have offered themselves for re-election: | |
| | (a) YB Dato’ Ramlee A Rahman | Ordinary Resolution 4 |
| | (b) Cik Imaan Aiysha Hamdan | Ordinary Resolution 5 |
| | (c) Encik Jeffrey Bosra | Ordinary Resolution 6 |
| 4. | To approve the payment of Directors’ fees and benefits to the Non-Executive Directors of the Company from the conclusion of this Annual General Meeting up till the conclusion of the next Annual General Meeting of the Company. | Ordinary Resolution 7 |
| 5. | To re-appoint Messrs Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | Ordinary Resolution 8 |

As Special Business

To consider and if thought fit, to pass the following as Ordinary Resolutions:-

- | | | |
|----|--|-------------------------------|
| 6. | Continuation in Office as Independent Director | Ordinary Resolution 9 |
| | “ THAT approval be and are hereby given for Encik Abu Talib Abdul Rahman to continue to act as Independent Director of the Company for the period from 1 December 2024 up till the conclusion of the next Annual General Meeting.” | |
| 7. | Authority To Allot And Issue Shares Pursuant To Sections 75 And 76 Of The Companies Act, 2016 | Ordinary Resolution 10 |
| | “ THAT the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016 (“ the Act ”), to issue and allot shares in the Company, at any time, to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit including in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force, and that the Directors be and are hereby further authorised to make or grant offers, agreements or options in respect of shares in the Company including those which would or might | |

NOTICE OF ANNUAL GENERAL MEETING

require shares in the Company to be issued after the expiration of the approval hereof provided that the aggregate number of shares to be issued pursuant to this approval does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being (excluding treasury shares, if any) 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 stock exchange Bursa Malaysia and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company, subject always to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of all relevant regulatory bodies being obtained (if required);

AND THAT in connection with the above, pursuant to Section 85 of the Act to be read together with Clause 61 of the Company’s Constitution, the shareholders of the Company do hereby waive their pre-emptive rights over all new shares, options over or grants of new shares in the Company and/or any new shares to be issued pursuant to such options, grants or such new shares when issued, to rank pari passu with existing issued shares in the Company.”

8. **Proposed Renewal Of The Authority To Allot New Ordinary Shares In The Company (“New Ranhill Shares”) For The Purpose Of a Dividend Reinvestment Plan (“DRP”) That Provides The Shareholders Of The Company The Option To Elect To Reinvest Their Cash Dividend (“Proposed Renewal Of DRP”)**

Ordinary Resolution 11

“**THAT** pursuant to the DRP as approved by the Shareholders at the Extraordinary General Meeting held on 11 April 2019 and subject to the approval of the relevant regulatory authority (if any), approval be and is hereby given to the Company to allot and issue such number of New Ranhill Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next Annual General Meeting of the Company upon terms and conditions and to such persons as the Directors of the Company may, in their absolute discretion, deem fit and in the best interest of the Company **PROVIDED THAT** the issue price of the said New Ranhill Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume-weighted average market price (“**VWAP**”) of New Ranhill Shares immediately prior to the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price of New Ranhill Shares;

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements, deeds, undertakings and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments as may be imposed or agreed to by any relevant authorities (if any) or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, by the Directors as they, in their absolute discretion, deem fit and in the best interest of the Company.”

9. **Proposed Renewal Of Share Buy-Back Authority**

Ordinary Resolution 12

“**THAT** subject to the rules, regulations, orders and guidelines made pursuant to the Companies Act 2016 (“**the Act**”), provisions of the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the approvals of any relevant regulatory authorities and parties, the Company be and is hereby authorised to purchase on the market and/or hold such number of the Company’s issued ordinary shares (“**Ranhill Shares**”) through Bursa Securities (“**Proposed Share Buy-Back**”) as may be determined by the Directors of the Company from time to time upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company subject to the following:-

NOTICE OF ANNUAL GENERAL MEETING

- (a) the aggregate number of Ranhill Shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed ten percent (10%) of the total number of issued shares of the Company for the time being quoted on Bursa Securities;
- (b) the maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the retained earnings of the Company at the time of such purchase; and
- (c) the authority conferred by this resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next Annual General Meeting of the Company, unless renewed or earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting or the expiration of the period within which the next Annual General Meeting after the date is required by law to be held, whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authorities;

THAT the Directors be and are hereby authorised to deal with the shares purchased by the Company pursuant to the Proposed Share Buy-Back in their absolute discretion and that the shares so purchased may be retained as treasury shares, distributed as share dividends to the shareholders, resold on the market of Bursa Securities, transferred and/or cancelled in accordance with the Act and/or be dealt with in such other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force, as may be selected and determined by the Directors from time to time;

AND THAT the Directors be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and to do all such acts and things as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

10. **Proposed Renewal Of Shareholders’ Mandate For Recurrent Related Party Transactions (“Renewal RRPT”) Of A Revenue Or Trading Nature (“Proposed Renewal Of Shareholders’ Mandate”)**

Ordinary Resolution 13

“**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies (“**the Group**”) be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 2.5 Part B of the Circular to Shareholders dated 2 May 2024 (“**the Related Parties**”) provided that such transactions are:-

- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm’s length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (c) are not prejudicial to the minority shareholders of the Company.

(“**the Shareholders’ Mandate**”)

NOTICE OF ANNUAL GENERAL MEETING

THAT such approval shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“**AGM**”) of the Company following this AGM at which the Shareholders’ Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or
- (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(1) of the Companies Act 2016 (“**the Act**”) (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) is revoked or varied by resolution passed by shareholders in a general meeting,

whichever is the earliest;

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders’ Mandate;

AND THAT the estimated value of the recurrent related party transactions specified in Section 2.5 Part B of the Circular being provisional in nature, the Directors of the Company be and are hereby authorised to agree to the actual amount(s) thereof provided always that such amount(s) comply with the review procedures set out in Section 3.0 Part B of the Circular.

11. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

BY ORDER OF THE BOARD

LAU BEY LING (MAICSA 7001523) (PC No. 201908004064)

LEONG SHIAK WAN (MAICSA 7012855) (PC No. 202008002757)

Company Secretaries
Johor Bahru
2 May 2024

NOTICE OF ANNUAL GENERAL MEETING

MEMBERS ENTITLED TO ATTEND AND PARTICIPATE

In respect of deposited securities, only a member whose name appears in the General Meeting Record of Depositors as of 18 June 2024, Tuesday shall be entitled to attend, participate, speak and vote at the 10th AGM.

NOTES ON THE APPOINTMENT OF PROXY

1. A member of the Company entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf except in the circumstances set out in notes 3 and 4 below. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints more than one (1) proxy, each proxy appointed, shall represent a minimum of 100 shares and such appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member who is an authorised nominee as defined under the Securities Industry (Central Depositors) Act, 1991 (“**SICDA**”), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds to vote instead of it, and that a proxy need not also be a member and that where a member appoints more than one proxy, the appointments shall be invalid unless it specifies the proportion of its holdings to be represented by each proxy.
5. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorized in writing or if such appointer is a corporation, it must be under its seal or under the hand of an officer or attorney duly authorized by the corporation.
7. The instrument appointing a proxy must be deposited to the Company’s Share Registrar, Boardroom Share Registrars Sdn. Bhd. (“**Boardroom**”) whether in hard copy or by electronic means in the following manner not later than twenty-four (24) hours from the date of the 10th AGM i.e. by **24 June 2024, Monday at 2.30 p.m.:-**
 - (i) In Hard copy:

By hand or post to the office of Boardroom at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
 - (ii) By Electronic means:
 - Via email at bsr.helpdesk@boardroomlimited.com; or
 - Via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administration Guide of the 10th AGM for registration procedures.

OTHERS

8. Pursuant to Paragraph 8.29A (1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 10th AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling/e-polling process and verify the results of the poll respectively.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/or corporate representative(s) and/or attorney(s) to attend, speak and vote at the 10th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 10th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 10th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

EXPLANATORY NOTES

1. The Audited Financial Statements for the financial year ended 31 December 2023

The Audited Financial Statements under Agenda 1 are laid in accordance with Section 340(1) of the Companies Act 2016 for discussion only. They do not require the approval of the members and hence, this agenda will not be put forward for voting.

2. Ordinary Resolutions 1, 2, 3, 4, 5 & 6 – Re-election of directors under Clause 111 and Clause 93 of the Company's Constitution

The Board via the Nominating and Remuneration Committee ("**NRC**") has reviewed and assessed the retiring directors' performance through the Board annual assessment conducted for the financial year ended 31 December 2023, their fitness and propriety in accordance with the Company's Directors' Fit and Proper Policy, independent criteria and conflict of interest assessment.

The Board was satisfied with the performance, contribution and effectiveness of the retiring directors and their compliance with the following fitness and propriety criteria:-

- a) Character and integrity, probity, personal and financial integrity and reputation;
- b) Experience and competence; and
- c) Time and commitment;

All retiring directors have complied with Ranhill's Group policy on conflict of interest and independent criteria.

The Board recommends the retiring directors be re-elected as directors of the Company.

The retiring directors' have abstained from deliberations and decisions on their own eligibility and suitability to stand for re-election at the relevant Board and Board Committee meetings.

These retiring directors' profiles are set out in the Profile of Directors section in the Governance section of the Annual Report 2023.

3. Ordinary Resolution 7 – Payment of Directors' Fees and Benefits ("**Remuneration**") to the Non-Executive Directors

Pursuant to Section 230(1) of the Companies Act 2016, fees and benefits ("**Remuneration**") payable to the Directors of the Company are required to be approved by the shareholders at a general meeting. The Remuneration comprises fees, other benefits-in-kind, and meeting allowance payable to the Chairman and members of the Board, and the Chairman and members of Board Committees. At the 9th AGM held on 17 May 2023, the shareholders had approved the payment of Remuneration for the period commencing from 18 May 2023 for Malaysian Non-Executive Directors ("**NED**") and International NED; up till the AGM of the Company in 2024 in accordance with the Remuneration structure for the Malaysian and International NEDs respectively.

Shareholders' approval is sought for the payment of Remuneration to the NEDs from the conclusion of this AGM and up till the next AGM of the Company in 2025 in accordance with the prevailing Remuneration structure set out in **Table A** below as approved at the previous AGMs of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Table A: Remuneration Structure for NEDs of the Company:-

NED	Fees per annum Per Director	Meeting Allowance (per meeting)
Chairman	RM300,000	RM2,500
Chairman's BIK	RM50,000	-
Director	Malaysian - RM150,000	RM2,000
	International - USD100,000 <i>(inclusive of fee for sitting in board committees and meeting allowance)</i>	-
Chairman of Audit Committee	RM40,000	RM2,000
Member of Audit Committee	RM20,000	RM1,500
Chairman of Other Committee	RM30,000	RM2,000
Member of Other Committee	RM20,000	RM1,500

There is no revision to the proposed fees.

Any NED of the Company who is also a shareholder of the Company is to abstain from voting on Ordinary Resolution 7, where applicable, concerning Remuneration payable to the NED at this AGM.

4. Ordinary Resolution 9 – Continuation in Office as Independent Director

Encik Abu Talib Abdul Rahman (“**ATAR**”) were appointed as Independent Non-Executive Director (“**INED**”) on 1 December 2015 and will be reaching nine (9) years on 30 November 2024. The approval is for ATAR to continue to act as INED from 1 December 2024 up till the conclusion of the next AGM in 2025.

ATAR sits as a member on all the Board Committees which are Audit Committee (“**AC**”), NRC, Governance and Risk Management Committee (“**GRMC**”), and Long Term Incentive Plan Committee (“**LTIP**”). His invaluable contribution and insights throughout his journey with the Company have put a strong justification to retain him as INED of the Company.

The justification to retain ATAR is premised on the following:-

- ATAR has specialized skills, vast experience, and knowledge in a diverse range of businesses and industries. He has been familiarised with the Group's business, culture, and operations, which has made him continually provide constructive opinion, counsel, oversight, and guidance to the Board and Group. The Board has benefited from his deep experience and understanding of the Group's business and operation.
- During his tenure, ATAR, and all the INEDs have consistently demonstrated their objectivity and independence when providing their views and contributions during the Board discussion and decision-making issues and act consistently in the best interests of the Company. ATAR has devoted sufficient time and attention to his professional obligation to the Company.
- ATAR has continued to exercise his independence and due care during his present tenure as INED, and has contributed in his roles. He sits on the Board of subsidiaries of the Company to provide guidance and counsel on his expertise and skills to the Board subsidiaries.

The profile of ATAR is set out in the Directors' Profiles section of the 2023 Annual Report. ATAR abstained from all deliberations at the Board meeting relating to the discussions and respective recommendations on the proposed Ordinary Resolution 9.

NOTICE OF ANNUAL GENERAL MEETING

Shareholders' approval for Resolution 9 will be sought through a single-tier voting process. The proposed Resolution 9, if passed, would enable ATAR to continue serving as INED of the Company until the conclusion of the next AGM.

5. Ordinary Resolution 10 – Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

The Ordinary Resolution proposed under Resolution 10 of the Agenda is a general mandate for the Directors to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 (“**the Act**”). The proposed Resolution 10, if passed, will give authority to the Directors of the Company, from the date of the 10th AGM, to issue and allot shares or to make or grant offers, agreements or options in respect of shares to such persons, in their absolute discretion including to make or grant offers, agreements or options which would or might require shares in the Company to be issued after the expiration of the approval, without having to convene a general meeting, provided that the aggregate number of shares issued does not exceed 10% of the total number of issued shares of the Company for the time being.

This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company. The general mandate sought will enable the Directors of the Company to issue and allot shares, including but not limited to making placement of shares for purposes of funding investment(s), working capital and general corporate purposes as deemed necessary. The general mandate gives authority to the Directors to raise funds in an effective and expeditious manner.

Pursuant to Section 85 of the Act, to be read together with Clause 61 of the Company's Constitution, shareholders of the Company have pre-emptive rights on any new shares in the Company to be offered, which will rank equally to the existing issued shares in the Company.

Section 85(1) of the CA 2016 provides as follows:

“85. Pre-emptive rights to new shares

- (1) *Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.”*

Clause 61 of the Company's Constitution provides as follows:

- “61. *Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of any intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new share or Security which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.”*

The proposed Resolution 10, if passed, will exclude your pre-emptive rights to be offered new shares to be issued by the Company pursuant to the said resolution.

NOTICE OF ANNUAL GENERAL MEETING

6. Ordinary Resolution 11 – Proposed Renewal of the Authority to Allot New Ordinary Shares in the Company (“New Ranhill Shares”), for the purpose of a Dividend Reinvestment Plan (“DRP”) that provides the Shareholders of the Company the option to elect to reinvest their cash dividend (“Proposed Renewal of DRP”)

The Ordinary Resolution proposed under Resolution 11 of the Agenda will give authority to the Directors to allot and issue such number of New Ranhill Shares from time to time as may be required to be allotted and issued pursuant to the DRP until the conclusion of the next AGM of the Company. A renewal of this authority will be sought at the next AGM.

7. Ordinary Resolution 12 – Proposed Renewal of Authority for Share Buy-Back

The Ordinary Resolution proposed under Resolution 12 of the Agenda is to renew the shareholders’ mandate for the share buy-back by the Company. The said proposed renewal of shareholders’ mandate will empower the Directors to buy-back and/or hold up to a maximum of 10% of the Company’s total number of issued shares at any point of time, by utilizing the amount allocated which shall not exceed the total retained earnings of the Company. This authority unless revoked or varied by the Company at a general meeting, will expire at the conclusion of the next AGM, or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

Detailed information on this proposal is set out in Part A of the Share Buy-Back Statement to Shareholders dated 2 May 2024 which is available on the Company’s website at www.ranhill.com.my.

8. Ordinary Resolution 13 – Proposed Renewal of Shareholders’ Mandate For Recurrent Related Party Transactions (“Renewal RRPT”) of A Revenue or Trading Nature

The proposed Resolution 13, if passed, will enable Ranhill Group to enter into any of the recurrent related party transactions of a revenue or trading nature which are necessary for the Ranhill Group’s day-to-day operations, subject to the transactions being in the ordinary course of business and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Detailed information on this proposal is set out in Part B of the Circular to Shareholders dated 2 May 2024 which is available on the Company’s website at www.ranhill.com.my.

STATEMENT ACCOMPANYING THE NOTICE OF THE ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1) Details Of Individuals Who Are Seeking Election

No individual is seeking election as a Director (other than those Directors who are standing for re-election as Directors) at the forthcoming 10th AGM of the Company.

2) Statement Relating To General Mandate For Issue Of Securities In Accordance With Paragraph 6.03(3) Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad

Ordinary Resolution 10 set out in the Notice of the 10th AGM of the Company will give a renewed mandate to the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 (“**Renewed Mandate**”) for such purposes as the Directors may deem fit and in the interest of the Company. The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of the Notice of the 10th AGM, the Directors have not utilised the mandate granted to the Directors at the 9th AGM of the Company held on 17 May 2023 and the said mandate will lapse at the conclusion of the forthcoming 10th AGM of the Company.

The Company is seeking approval from shareholders on the Renewed Mandate for the purpose of possible fundraising exercises including but not limited to placement of shares for purpose of funding future investment project(s), working capital and/or acquisitions and to avoid delay and cost in convening a general meeting to approve such issue of shares.

PROXY FORM

CDS Account No.	
No. of Shares held	



RANHILL UTILITIES BERHAD
Registration No. 201401014973 (1091059-K)
(Incorporated in Malaysia)

*I/We, _____, *(NRIC/Registration No./Company No.) _____
(Full Name as per NRIC/Certificate of Incorporation in **Capital** Letters)
of _____
(Full Address)

being a Member/Members of RANHILL UTILITIES BERHAD hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			
Email address & Mobile Phone No.			

*and / or (*delete as appropriate)

Full Name (in Block)	NRIC/Passport No.	Proportion of shareholdings	
		No. of Shares	%
Address			
Email address & Mobile Phone No.			

or failing whom, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf as indicated below, at the **10th Annual General Meeting (“10th AGM”)** of the Company to be held on **25 June 2024, Tuesday at 2.30 p.m.** at **Ballroom 1 & 2, Intercontinental Kuala Lumpur, 165, Jalan Ampang, 50450 Kuala Lumpur**, and at any adjournment thereof, on the following resolutions, referred to in the Notice of 10th AGM. My/Our proxy is to vote as indicated below:

Please indicate with either an ‘X’ or ‘√’ in the appropriate spaces provided below how you wish your votes to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion or as he/she thinks fits.

NO.	RESOLUTIONS	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1	To re-elect Tan Sri Hamdan Mohamad pursuant to Clause 111 of the Company’s Constitution.			
Ordinary Resolution 2	To re-elect Mr Lim Hun Soon @ David Lim pursuant to Clause 111 of the Company’s Constitution.			
Ordinary Resolution 3	To re-elect Ms Leow Peen Fong pursuant to Clause 111 of the Company’s Constitution.			
Ordinary Resolution 4	To re-elect YB Dato’ Ramlee A Rahman pursuant to Clause 93 of the Company’s Constitution.			
Ordinary Resolution 5	To re-elect Cik Imaan Aiysha Hamdan pursuant to Clause 93 of the Company’s Constitution.			
Ordinary Resolution 6	To re-elect Encik Jeffrey Bosra pursuant to Clause 93 of the Company’s Constitution.			
Ordinary Resolution 7	To approve the payment of Directors’ fees and benefits to the Non-Executive Directors from the conclusion of this Annual General Meeting up till the conclusion of the next Annual General Meeting of the Company.			
Ordinary Resolution 8	To re-appoint Messrs Deloitte PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.			
Ordinary Resolution 9	To approve Encik Abu Talib Abdul Rahman to continue to act as Independent Director.			
Ordinary Resolution 10	To authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.			
Ordinary Resolution 11	To approve the Proposed Renewal of Authority to allot New Ordinary Shares in the Company pursuant to the Dividend Reinvestment Plan.			
Ordinary Resolution 12	To approve the Proposed Renewal of Share Buy-Back Authority.			
Ordinary Resolution 13	To approve the Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.			

Dated this _____ day of _____ 2024

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**** Manner of execution:**

- (a) If you are an individual member, please sign where indicated.
- (b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the Constitution of your corporation.
- (c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

MEMBERS ENTITLED TO ATTEND AND PARTICIPATE

In respect of deposited securities, only a member whose name appears in the General Meeting Record of Depositors as of 18 June 2024 shall be entitled to attend, participate, speak and vote at the 10th AGM.

NOTES ON THE APPOINTMENT OF PROXY

1. A member of the Company entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote on his/her behalf except in the circumstances set out in notes 3 and 4 below. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
2. Where a member appoints more than one (1) proxy, each proxy appointed, shall represent a minimum of 100 shares and such appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
3. Where a member who is an authorised nominee as defined under the Securities Industry (Central Depositors) Act, 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

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Ranhill Utilities Berhad

Registration No. 201401014973 (1091059-K)

10th AGM scheduled for 25 June 2024

**AFFIX
STAMP**

**The Share Registrars
Boardroom Share Registrars Sdn. Bhd.**
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia

1st Fold Here

OTHERS

8. Pursuant to Paragraph 8.29A (1) of the Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of the 10th AGM will be put to vote by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the online voting via RPV facilities and verify the results of the poll respectively.

Personal data privacy:-

By submitting an instrument appointing a proxy(ies) and/or corporate representative(s) and/or attorney(s) to attend, speak and vote at the 10th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 10th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 10th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds to vote instead of it, and that a proxy need not also be a member and that where a member appoints more than one proxy, the appointments shall be invalid unless it specifies the proportion of its holdings to be represented by each proxy.
5. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or his/her attorney duly authorised in writing or if such appointer is a corporation, it must be under its seal or under the hand of an officer or attorney duly authorised by the corporation.
7. The instrument appointing a proxy must be deposited to the Company's Share Registrar, Boardroom Share Registrars Sdn. Bhd. ("Boardroom") whether in hard copy or by electronic means in the following manner **not later than twenty-four (24) hours from the date of the 10th AGM i.e. by 24 June 2024, Monday at 2.30 p.m.-**:
 - (i) In Hard copy:
By hand or post to the office of Boardroom at Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan.
 - (ii) By Electronic means:
 - Via email at bsr.helpdesk@boardroomlimited.com; or
 - Via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please refer to the Administration Guide of the 10th AGM for registration procedures.

RANHILL UTILITIES BERHAD

Registration No. 201401014973 (1091059-K)

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