



2022

BUILDING
TOGETHER

Malayan Cement Berhad
Annual Report 2022



MALAYAN CEMENT BERHAD
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1 Overview





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Corporate Profile



Malaysia's oldest and largest homegrown cement group

Malayan Cement Berhad (MCB) is the leading cement and building materials group in Malaysia. Through its subsidiaries, the MCB Group is involved in the production, manufacturing, and trading of a myriad of high-quality building materials used in construction projects of various sizes. These include cement, clinker, and ready-mixed concrete.

Listed on Bursa Malaysia since 1961, MCB is now the largest cement producer in the country. It operates four integrated cement plants - in Langkawi, Kanthan, Padang Rengas, and Bukit Sagu. A fifth, the 71-year old plant in Rawang, is undergoing planned refurbishments. The Group also operates four grinding stations, three cement terminal facilities, two cement depots, more than

70 ready-mixed concrete batching plants, two drymix plants, and three aggregate quarries throughout Peninsular Malaysia.

MCB has a proven track record in supplying to, and delivering on, technically sophisticated projects. MCB has a fleet of over 1,500 trucks travelling over 120,000 km every day, enabling it to fulfil customer needs throughout Peninsular Malaysia. It also operates the Construction Development Lab, its research and development facility dedicated to developing customised cement and concrete solutions.

**BUILDING
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Corporate Information

BOARD OF DIRECTORS

Executive Chairman

Tan Sri (Sir) Francis Yeoh Sock Ping

PSM, KBE, CBE, FICE, SIMP, DPMS, DPMP, JMN, JP
Hon LLD (Nottingham), Hon DEng (Kingston),
BSc (Hons) Civil Engineering, FFB, F Inst D, MBIM, RIM

Managing Director

Dato' Sri Michael Yeoh Sock Siong

DIMP, SSAP
BEng (Hons) Civil & Structural Engineering, FFB

Directors

Tan Sri Datuk Asmat Bin Kamaludin

PSM, PJN, JSM, SMJ, KMN
BA (Hons) Economics

Dato' Tan Guan Cheong

DSSA

Dato' Yoogalingam A/L Vyramuttu

DIMP, AMN, Order of Diplomatic Service
Gwanghwajang First Class (Republic of Korea)
BA (Hons)

Dato' Yeoh Seok Kian

DSSA
BSc (Hons) Bldg, MCIQB, FFB, (Hon) D.Univ

Dato' Yeoh Seok Hong

DPMS, DSPN, JP
BEng (Hons) Civil & Structural Engineering,
HonDSc, FFB

Dato' Yeoh Soo Keng

DIMP
BSc (Hons) Civil Engineering

Yeoh Khoon Cheng

Member of the Malaysian Institute of Accountants
Member of the Malaysian Institute of Certified Public
Accountants

COMPANY SECRETARY

Ho Say Keng

REGISTERED OFFICE

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

BUSINESS OFFICE

28th Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur
Tel : 603 2038 0800

REGISTRAR

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Dato' Tan Guan Cheong

(Chairman, Independent
Non-Executive Director)

Tan Sri Datuk Asmat Bin Kamaludin

(Independent Non-Executive Director)

Dato' Yoogalingam A/L Vyramuttu

(Independent Non-Executive Director)

REMUNERATION AND NOMINATION COMMITTEE

Tan Sri Datuk Asmat Bin Kamaludin

(Chairman, Independent Non-
Executive Director)

Dato' Tan Guan Cheong

(Independent Non-Executive Director)

Dato' Yoogalingam A/L Vyramuttu

(Independent Non-Executive Director)

AUDITORS

HLB Ler Lum Chew PLT

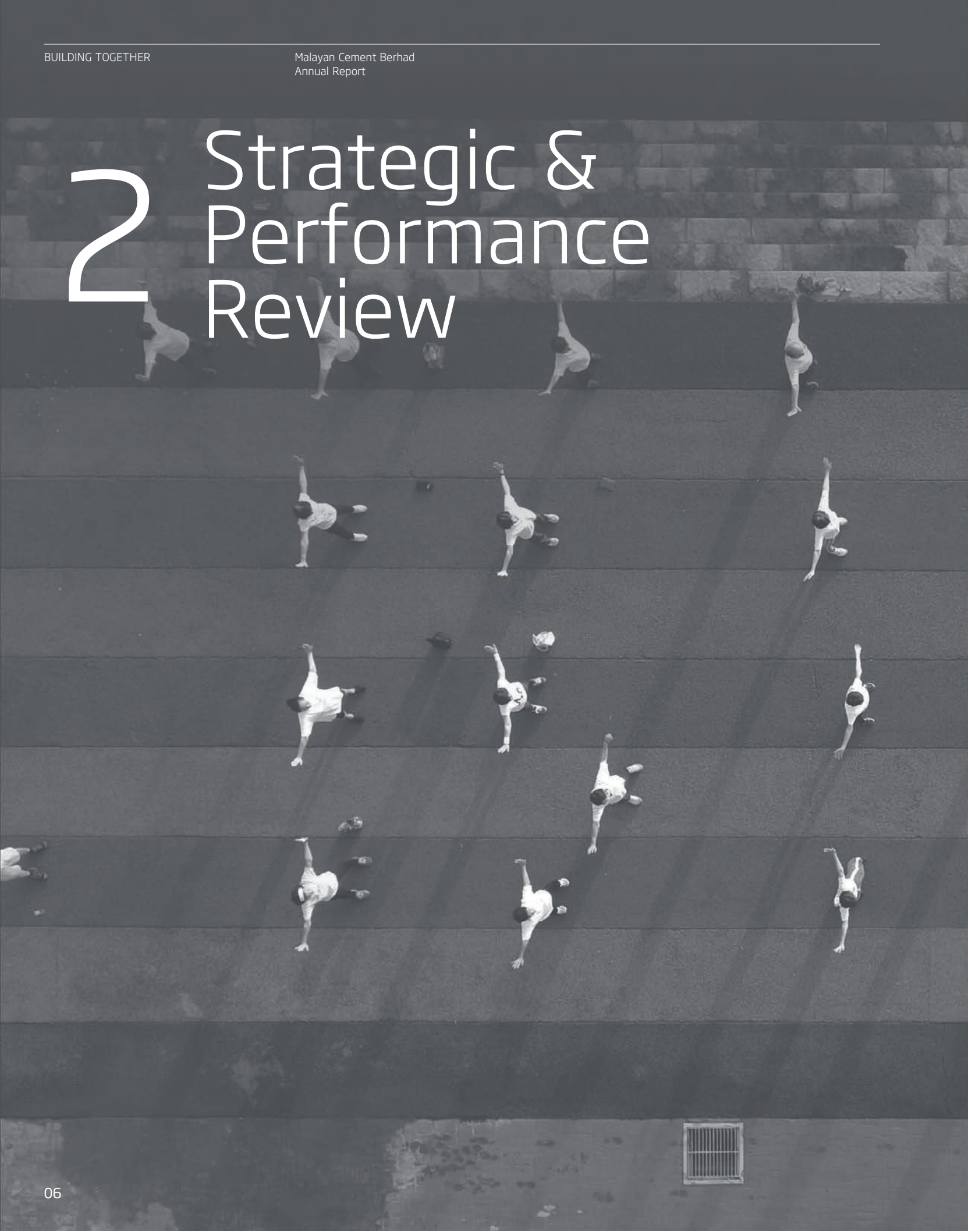
(201906002362 & AF 0276)
Chartered Accountants
(A member of HLB International)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad

Main Market (17.3.1961)

2 Strategic & Performance Review





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Executive Chairman's Statement



TAN SRI (SIR) FRANCIS YEOH SOCK PING PSM, KBE
Executive Chairman

Executive Chairman's Statement

A year on from the acquisition of YTL Cement Bhd's entire cement and ready-mixed concrete businesses in Malaysia, the Malayan Cement Berhad (MCB) Group continues to benefit from the streamlining of its operations. The Group delivered a commendable performance on both financial and operational fronts with an increase in pre-tax profit as compared to the previous year.

As Malaysia recovers from the COVID-19 pandemic, the Group is encouraged by the revival of major infrastructure projects, which bodes well for our industry. While there are challenges on the horizon, we are quietly confident that our continued investments in upgrading our facilities puts us in a strong position to support this recovery. We believe that MCB will continue to be the preferred choice of professionals in the Malaysian construction industry.

In FY2021, the Group made a commitment to focus on environmental sustainability with the aspiration of becoming carbon neutral by 2050. A working committee led by the Managing Director is driving initiatives toward these goals. I am pleased to note that the MCB Group is publishing our first ever stand-alone Sustainability Report this year to detail our roadmap and progress.

Our Managing Director has been appointed as a Board member of the Global Cement and Concrete Association (GCCA), an organisation which encompasses the largest cement producers in the world. This allows the MCB Group to tap into global resources and experience, and to connect with our counterparts internationally. This will create more opportunities for us to spearhead the development of best practices nationally, regionally, and around the world.

In May of last year, we launched BUILDS, our dedicated Corporate Social Responsibility (CSR) arm, which focuses on local communities.

In October 2021, BUILDS ran a Recycled Plastics campaign where we collected unrecyclable plastic waste which was then repurposed into coasters and ornaments. In response to the devastating floods at the end of 2021, BUILDS collaborated with The Lost Food Project on a relief mission. Flood victims and 1,500 families in Klang, Sri Muda, and Batu Tiga received medicine and daily necessities. In June, coinciding with World Environment Day 2022, BUILDS organised a park clean-up ("gotong-royong") with the Department of Environment (DOE) under its Rakan Alam Sekitar Program at Chongkak Park. More details of these initiatives are available in our Sustainability Report.

In closing, on behalf of the Board and the Group, I would like to express our gratitude to all who have supported our operations and continue to persevere in these challenging times: our vendors, employees and management team. Our thanks also to our customers for your unwavering support. We will continue to strive for improvement and invest in logistics to serve you better. Finally, to our Shareholders, we thank you for your understanding and trust in us.

TAN SRI (SIR) FRANCIS YEOH SOCK PING
PSM, KBE

In FY2021, the Group made a commitment to focus on environmental sustainability with the aspiration of becoming carbon neutral by 2050.

Managing Director's Review



DATO' SRI MICHAEL YEOH SOCK SIONG
Managing Director

Managing Director's Review

This financial year, Malayan Cement Berhad (MCB) Group recorded a revenue of RM2,705.272 million and a profit before tax of RM129.221 million for the full year ended 30 June 2022. Although the effects of the COVID-19 pandemic continue to be felt and geopolitical issues around the world have led to an increase in commodity prices, I remain encouraged by the resilience of the Group in these challenging times.

The acquisition of YTL Cement Berhad's entire cement and ready-mixed concrete businesses in Malaysia by MCB last year has put us in better stead to meet the demands of changing circumstances and benefitted our business. The exercise has allowed us to optimise our costs and efficiency as we have streamlined our operations, distribution, and logistics.

As the country now transitions into the endemic phase of COVID-19, we expect that the construction sector will start to recover. The latest annual report published by Bank Negara Malaysia projects a rebound growth of 5.3% to 6.3% over 2022, propelled by large scale infrastructure projects including the revival of the Mass Rapid Transit (MRT3) Circle Line. Our outlook on business and the economy is therefore cautiously optimistic.

In 2021, we honed in our focus on the sustainability of our operations and the solutions we offer to our customers. Having consulted both internal and external stakeholders, we prioritised this commitment and worked on providing the Malaysian construction industry with greener alternatives.

These include offerings under the ECOCem and ECOConcrete range. These products are made with lower carbon dioxide emission than conventional cement, Ordinary Portland Cement (OPC), and designated concrete.

At the same time, we are investing steadfastly in our operations. Over the last four years we have worked to reduce bottlenecks and focused on upgrading our equipment and capital resources. Over RM190 million has been invested to improve our emissions control and monitoring systems.

We have also taken steps towards increasing the use of alternative fuels and raw materials (AFR) at all four of our integrated cement plants. Traditional fuels have been replaced with alternatives from biomass, refuse-derived fuels and industrial waste. Our plants co-process between 200,000 and 300,000 MT of AFR annually.

Beyond policies, products, and operations, we are achieving our sustainability goals through our people.

Malayan Cement Berhad (MCB) Group recorded a revenue of RM2,705.272 million and a profit before tax of RM129.221 million for the full year ending 30 June 2022.

Managing Director's Review

At our cement plants, we are proactively identifying opportunities where our organisation can develop the in-house capacity to respond to the challenges posed by climate change. Workshops and training programmes are regularly held to enhance knowledge, formulate low carbon strategies, and develop action plans to achieve our ESG aspirations.

In 2019 we launched the YTL Cement Seminar Series to provide a platform for knowledge-sharing between experts and industry practitioners. Last year, we started the Masterclass Series aimed at educating tertiary students who are primarily in the fields of Engineering and Architecture. These series of seminars raised awareness on the importance and availability of greener materials and sustainable construction. They have been very well received and to-date, we have held 44 sessions, benefiting 4800 people.

The YTL Cement Scholarship programme, established in 2007, continues to play its role in Malaysia becoming a knowledge-based economy. Since its inception, we have awarded 75 scholarships and proudly, more than half of our past scholars have chosen to begin and build their careers with us.

I would also like to take this opportunity to highlight the work and initiatives of our dedicated CSR arm, BUILDS. It is the Group's firm belief that efforts beyond business objectives should be steered by the pillars of education, community, and environmental sustainability.

Over the course of the year, we have participated in initiatives in collaboration with government institutions and non-profit organisations including Department of Environment (DOE), Lost Food Project and Persatuan Seni Jahitan Kreatif Malaysia. The benefit of this has been two-fold, on one hand boosting the morale of our people and volunteers and on the other, furthering the mission of the Group.

We expect the remainder of the year to be challenging due to high inflation and increased logistical cost caused by geopolitical instability. Malaysia is a relatively young nation with a high urbanisation, factors which will drive the demand for housing and infrastructure development. This is evident with the reactivation of The National Affordable Housing Council (MPMMN) to coordinate the construction of 500,000 affordable homes under the 12th Malaysia Plan (12MP) by 2025.

Looking ahead, we will continue playing our part in the development of the nation not only by promoting sustainable construction with our range of low-carbon products but simultaneously extending further our products and services to meet future construction needs.

I would like to thank the MCB team for their dedication and commitment and I look forward to continuing to build better together.

DATO' SRI MICHAEL YEOH SOCK SIONG
Managing Director



Management Discussion & Analysis

Group Overview



OVERVIEW

The principal activities of Malayan Cement Berhad (“MCB” or “Company”) are those of an investment holding company. Through its subsidiaries, MCB is involved in the production, manufacturing and trading of cement, clinker, ready-mixed concrete, other building materials and related products.

The key reporting segments of MCB and its subsidiaries (“Group” or “MCB Group”) are Cement, encompassing its cement business and other building materials, and Aggregates & Concrete, comprising its aggregates and ready-mixed concrete business.

OBJECTIVES & STRATEGIES

The MCB Group, a member of the YTL Cement Berhad (“YTL Cement”) group of companies, is committed to contributing towards the development of Malaysia’s construction landscape. YTL Cement is the leading building materials group in the country.

The principal components of the MCB Group’s strategy comprise:

- **Building together to fulfil Malaysia’s infrastructure needs and development goals**

The Group has the capability and product range to offer its customers end-to-end building solutions, and is committed to building the nation together with industry stakeholders and its customers in Malaysia’s journey towards achieving developed nation status.

Management Discussion & Analysis

Group Overview

- **Prudent financial management and execution of strategic growth and expansion plans**

The MCB Group maintains a balanced financial structure by optimising the use of debt and equity financing and ensuring the availability of internally generated funds and external financing to fund its capital expenditure requirements, research and development (R&D) capabilities and capitalise on growth opportunities.

- **Strong customer-centric operations and marketing to serve and further develop deep and loyal customer base**

The Group is committed to providing consistent, high-quality products and services, ensuring competitive product pricing and the ongoing development of niche products to meet specialised building requirements.

- **Continuous innovation to provide effective solutions to customers**

The MCB Group undertakes continuous R&D efforts to provide innovative and technically sophisticated solutions to meet the needs of its customers.

- **Enhancement of operational efficiencies to maximise returns**

The Group believes that its assets on average operate within the highest efficiency levels and further enhances operational efficiencies where possible through the application of new technologies, production techniques and information technology, coupled with optimal geographical coverage via the streamlining of its logistics and distribution networks.

- **Prudent development of export markets and international operations to ensure sustainability**

The Group undertakes extensive market research and due diligence in developing its export markets and international operations to ensure the long-term viability of these endeavours. The Group has the added advantage of its dedicated Langkawi facility which offers direct sea access and is strategically located to supply the region, particularly the South Asian and East African markets.



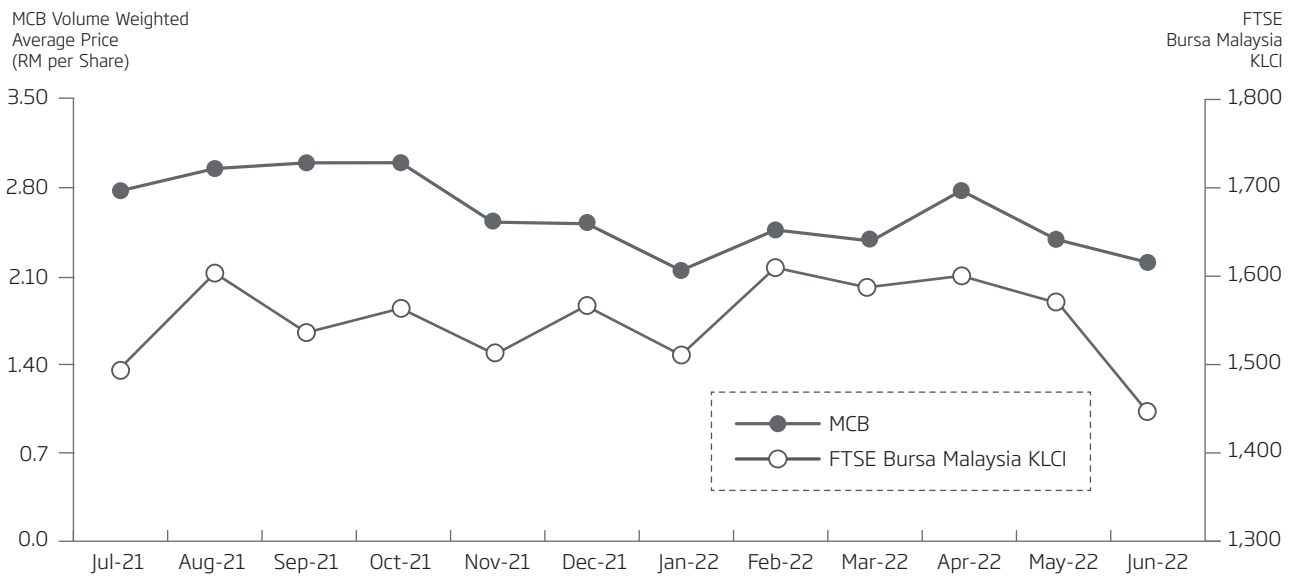
Management Discussion & Analysis Group Overview

PERFORMANCE INDICATORS

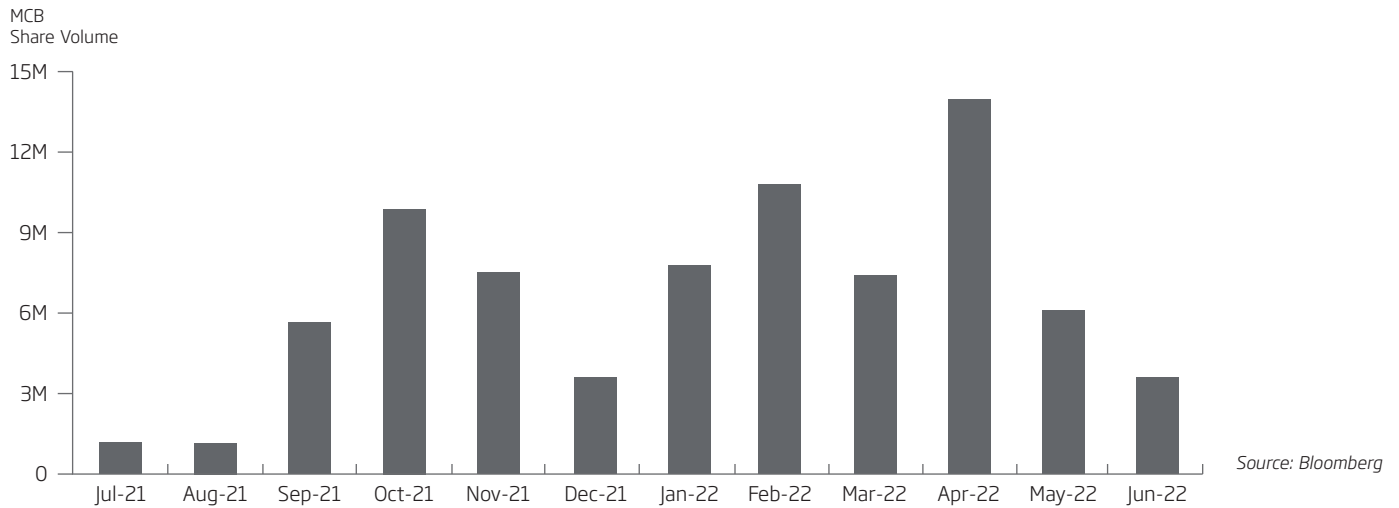
MCB has been listed on Bursa Malaysia Securities Berhad (“Bursa Securities”) since 17 March 1961. MCB is listed on the Main Market of the exchange under the Building Materials sub-sector of the Industrial Products & Services sector.

The graph below illustrates the performance of MCB’s share price compared with the FTSE Bursa Malaysia KLCI, the key component benchmark of Bursa Securities, during the financial year ended 30 June 2022.

Performance of MCB’s Share Price vs FTSE Bursa Malaysia KLCI



Volume of MCB Shares Traded on Bursa Securities



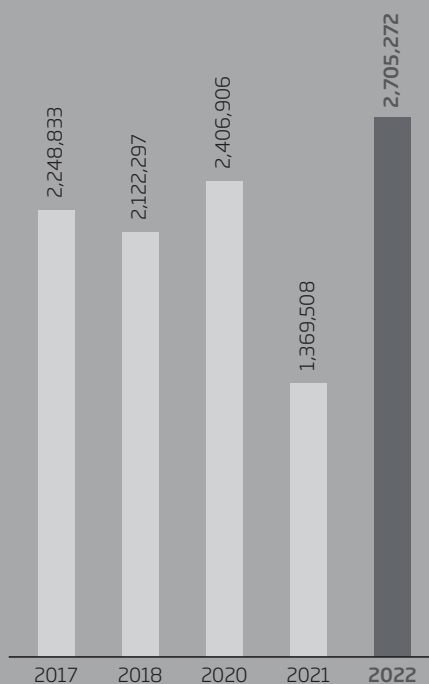
Management Discussion & Analysis

Financial Review

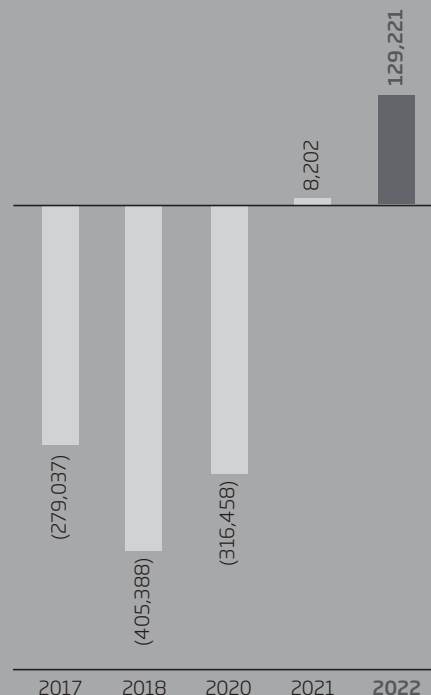
Financial Highlights

| | Financial year ended 30 June | | 18 months ended 30 June | Financial year ended 31 December | |
|--|---------------------------------|------------------|----------------------------|-------------------------------------|-----------|
| | 2022 | 2021 | 2020 | 2018 | 2017 |
| Revenue (RM'000) | 2,705,272 | 1,369,508 | 2,406,906 | 2,122,297 | 2,248,833 |
| Profit/(Loss) Before Taxation (RM'000) | 129,221 | 8,202 | (316,458) | (405,388) | (279,037) |
| Profit/(Loss) After Taxation (RM'000) | 82,085 | 7,089 | (261,209) | (318,867) | (213,585) |
| Profit/(Loss) Attributable to Owners of the Parent (RM'000) | 83,545 | 7,310 | (261,067) | (319,351) | (215,160) |
| Total Equity Attributable to Owners of the Parent (RM'000) | 5,775,134 | 2,530,063 | 2,284,686 | 2,545,242 | 2,849,207 |
| Basic Earnings/(Loss) per Share (Sen) | 6.82 | 0.85 | (30.72) | (37.58) | (25.32) |
| Dividend per Share (Sen) | - | - | - | - | - |
| Total Assets (RM'000) | 10,425,282 | 3,761,977 | 3,856,236 | 4,277,295 | 4,355,620 |
| Net Assets per Share (RM) | 4.41 | 2.71 | 2.69 | 3.00 | 3.35 |

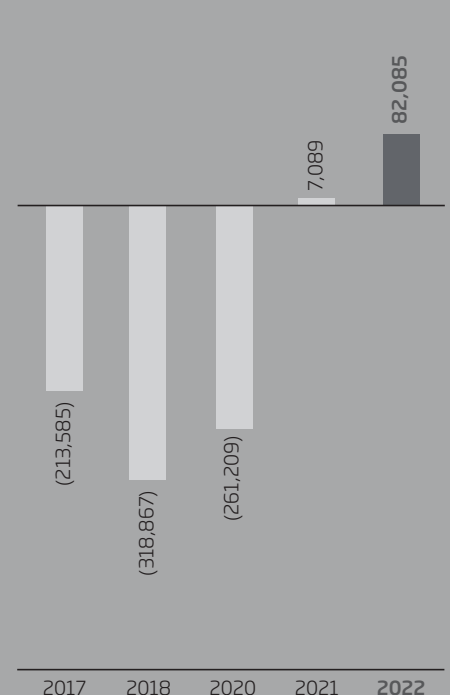
Revenue
(RM'000)



Profit/(Loss) Before Taxation
(RM'000)

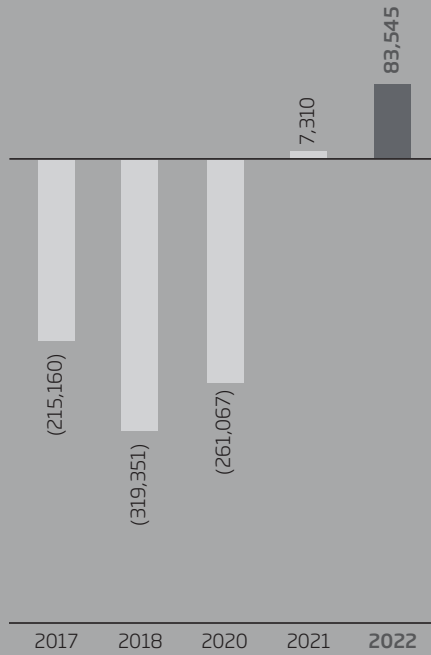


Profit/(Loss) After Taxation
(RM'000)

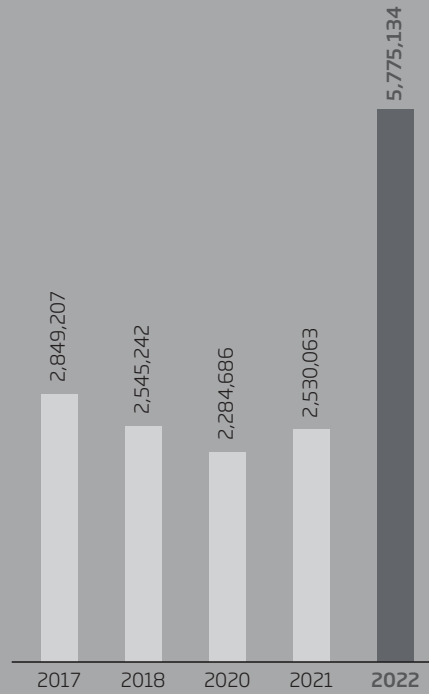


Management Discussion & Analysis Financial Review

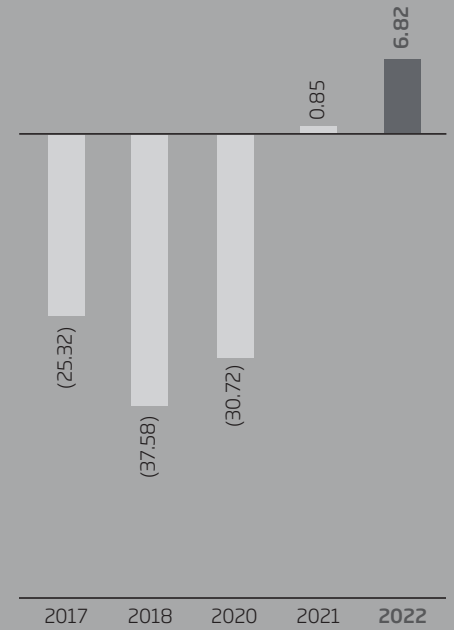
Profit/(Loss) Attributable to Owners of the Parent (RM'000)



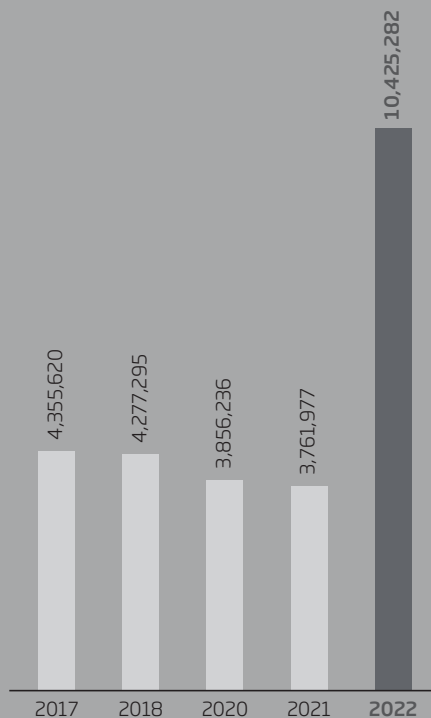
Total Equity Attributable to Owners of the Parent (RM'000)



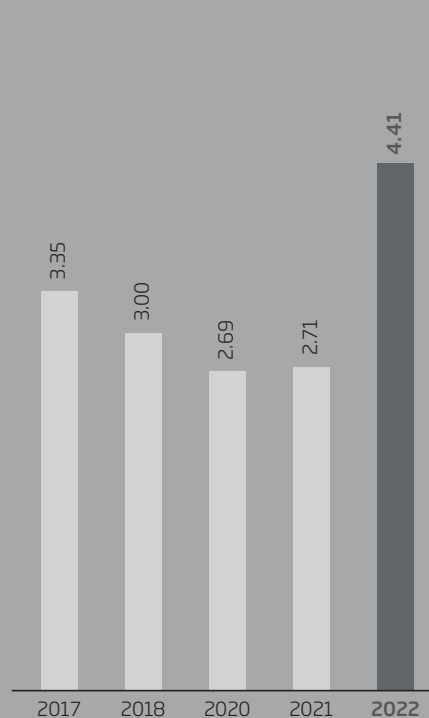
Basic Earnings/(Loss) per Share (Sen)



Total Assets (RM'000)



Net Assets per Share (RM)



Management Discussion & Analysis

Financial Review

REVIEW OF FINANCIAL PERFORMANCE

Group Financial Performance

The Group recorded revenue of RM2,705.3 million for the financial year ended 30 June 2022, an increase of 98% as compared to RM1,369.5 million in the preceding financial year ended 30 June 2021. In line with the higher revenue, Group profit before taxation soared to RM129.2 million for the financial year ended 30 June 2022 from RM8.2 million in the preceding financial year ended 30 June 2021.

Both the Cement and Aggregates & Concrete segments recorded much-improved results and the reasons are further explained below.

Segmental Financial Performance

An analysis of the Group's segmental financial performance is set out in the following table:

| | Segment Revenue | | Segment Profit/(Loss) before Taxation | |
|-----------------------|------------------|----------------|---------------------------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cement | 2,051,559 | 1,117,152 | 95,793 | 8,973 |
| Aggregates & Concrete | 653,713 | 252,356 | 33,428 | (771) |
| | 2,705,272 | 1,369,508 | 129,221 | 8,202 |

Cement

The Cement segment recorded revenue of RM2,051.6 million for the financial year ended 30 June 2022, an increase of 84% as compared to revenue of RM1,117.2 million for the preceding financial year ended 30 June 2021.

The significant increase in revenue was mainly contributed by the consolidation of revenue of the five companies and their respective subsidiaries which are involved in cement businesses in Malaysia following the completion of their acquisition on 21 September 2021 from YTL Cement. The revenue could have been better if the cement sales volumes were not impacted by the disruption to construction activities particularly in the first quarter of the year due to the movement control order imposed by the Government to curb the spread of COVID-19.

Combined with the results of the acquired five companies and their respective subsidiaries, the Cement segment achieved a profit before taxation of RM95.8 million for the financial year ended 30 June 2022 as compared to a profit before taxation of RM9.0 million in the preceding financial year ended 30 June 2021. The better performance by the Cement segment was attributable to efficient cost management and the progress made in realising operational, distribution and logistical synergies following the integration of the Group with YTL Cement.

Management Discussion & Analysis

Financial Review

Aggregates & Concrete

The revenue of the Aggregates & Concrete segment of RM653.7 million for the financial year ended 30 June 2022 was significantly higher from the preceding financial year ended 30 June 2021 at RM252.4 million.

Similar with the Cement segment, the increase in revenue was due to the consolidation of revenue of the five companies which are involved in ready-mixed concrete businesses in Malaysia following the completion of their acquisition on 21 September 2021 from YTL Cement.

The segment reported a profit before taxation of RM33.4 million for the financial year ended 30 June 2022 from a loss before taxation of RM0.8 million in the preceding financial year ended 30 June 2021 attributable also to the profit contributed by the acquired five companies. In addition, the improved profitability of this segment was also a result of higher share of profit in the joint venture in Singapore which was up by 115% to RM38.6 million.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year ended 30 June 2021. The Directors do not recommend any payment of dividend in respect of the current financial year ended 30 June 2022.

Dividend Policy

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

CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders' value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

Management Discussion & Analysis

Financial Review

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

| | Group | |
|---|------------------------------|------------------------------|
| | 2022 RM'000 | 2021 RM'000 |
| Borrowings | 3,800,140 | 719,910 |
| Less: Cash and cash equivalents | (603,711) | (135,038) |
| Net debts | 3,196,429 | 584,872 |
| Equity attributable to owners of the parent | 5,775,134 | 2,530,063 |
| Capital and net debts | 8,971,563 | 3,114,935 |
| Debt-to-capital ratio | 36% | 19% |

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

The gearing ratio has increased to 36% as at 30 June 2022 from 19% as at 30 June 2021 due mainly to the RM2 billion term loans drawn down on 21 September 2021 as part of the funding for the acquisition of the entire equity interest of 10 companies and their respective subsidiaries which are involved in the cement and ready-mixed concrete businesses in Malaysia, from its immediate holding company, YTL Cement.

Management Discussion & Analysis

Significant Corporate Developments

ESTABLISHMENT OF EMPLOYEES SHARE OPTION SCHEME

On 8 February 2022, the Company announced the proposed establishment and implementation of an employees share option scheme (“ESOS 2022”) of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) at any one time over the duration of the scheme for the eligible employees and directors of MCB and/or its subsidiaries.

The Company received shareholders’ approval for the proposed ESOS 2022 at an extraordinary general meeting held on 18 March 2022 and the ESOS 2022 was implemented on 30 March 2022.

STRATEGIC ASSET RATIONALISATION & OPTIMISATION PLAN

As reported last year, in relation to the acquisition by MCB of the entire equity interest of 10 companies and their respective subsidiaries involved in cement and ready-mixed concrete businesses in Malaysia from YTL Cement for a total consideration of RM5,159 million, subject to adjustments, which was completed on 21 September 2021 (“Acquisition”), Bursa Securities via its letter dated 21 July 2021 granted the Company a period of 6 months from the listing date of the consideration shares issued in relation to the Acquisition to comply with the public shareholding spread requirement pursuant to Paragraph 8.02(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities.

On 15 March 2022, the Company announced that Bursa Securities had, via its letter dated 14 March 2022, resolved to accept the Company’s current level of public shareholding spread of 21.37% as in compliance with Paragraph 8.02(1) of the Listing Requirements.



Management Discussion & Analysis

Segmental Review



Cement

SEGMENT OVERVIEW

The MCB Group is the largest cement producer in the country. It operates four integrated cement plants - in Langkawi, Kanthan, Padang Rengas, and Bukit Sagu. A fifth, the 71-year old plant in Rawang, is undergoing planned refurbishments. The Group also operates four grinding stations, three cement terminal facilities, and two cement depots.

The integration of YTL Cement businesses in Malaysia under MCB has delivered logistical and cost synergies, to better serve customers. The strategic coastal location of MCB's Langkawi Plant with its direct sea access allows the Group to export clinker and cement competitively, and provide clinker by sea to the two grinding stations in the South.

OPERATIONAL REVIEW

The COVID-19 pandemic continued to adversely impact the construction market and correspondingly, cement demand. There were disruptions to construction activities due to labour shortage and shutdown of sites due to COVID-19 outbreaks.

Due to soft demand, there continues to be excess capacity in the market. The Group continues to intensify its efforts to improve plant reliability and efficiency, as well as to reduce cost through the optimisation of its assets, operational network and distribution channels.

To meet increasing demand for greener building materials, MCB has its ECOCem range of low carbon cement. ECOCem contains at least 25% recovered material and is made with 20-50% lower CO₂ emission compared to Ordinary Portland Cement (OPC). Under this range, we have various products that are green label certified such as the Singapore Green Label certified Castle and SIRIM Eco-Label certified Mascrete LH.

Management Discussion & Analysis

Segmental Review

Aggregates & Concrete

SEGMENT OVERVIEW

The MCB Group has 72 ready-mixed concrete batching plants across Peninsular Malaysia and three quarries in Pantai Remis in Perak, Hulu Langat in Selangor and Kota Tinggi in Johor.

The Group's concrete division is the supplier of choice for complex and large-scale infrastructure projects, supplying technically sophisticated products to meet the evolving needs of construction projects in the country.

OPERATIONAL REVIEW

The concrete division's network of operations throughout Peninsular Malaysia allowed the Group to fully capitalise on development opportunities, while simultaneously supporting our customers nationwide. We have participated in most of the significant projects in the country including Tun Razak Exchange (TRX), Mass Rapid Transit (MRT), Light Rapid Transit (LRT), Sri Tanjung Penang and the Kuala Lumpur City Centre (KLCC).

We made significant progress in new product development in concrete. Last year, we introduced our Value Added Product (VAP) concrete range with two new offerings: Aquabuild, a pervious concrete for effective storm water management, and Decobuild, an aesthetic concrete for pavements and floors. This year, we have two new offerings under our VAP product range: Flowbuild, a high-flow concrete and Fairbuild, a fair-faced concrete that gives a smooth and uniform finish. In addition to these VAPs, we also introduced our ECOConcrete products, our green concrete range to help our customers achieve lower carbon footprint. Our ECOConcrete products are formulated to achieve three environmental benefits: Lower embodied carbon of up to 60%, use of recovered materials to replace up to 70% cementitious materials, and replacement of natural sand with ECOSand, up to a 100%.

Our aggregates quarries also continued to perform despite challenging conditions. The Kota Tinggi Quarry stepped up its export of quarry products to Singapore and our Pantai Remis Quarry was able to effectively capitalise on the quarry product shortage in the Northern market.



Management Discussion & Analysis

Segmental Review



Others

SEGMENT OVERVIEW

The MCB Group's drymix division, Lafarge Drymix Sdn Bhd, changed its name to Quickmix Solutions Sdn Bhd (Quickmix Solutions) on 28 Feb 2022. Quickmix Solutions, an industry pioneer, is a leader in floor and wall mortar products. It has two plants in Rawang and Pasir Gudang.

The Group's wholly-owned subsidiary, Geo Alam Environmental Sdn Bhd (Geo Alam) is a leading provider of industrial and commercial waste management services in Malaysia, applying the proven technology of co-processing to resolve waste challenges sustainably. Waste that meets its technical evaluation is pre-processed and utilised at the Group's cement plants as alternative resources to partially replace traditional fuels and raw materials.

OPERATIONAL REVIEW

For financial year ended 30 June 2022, Quickmix Solutions' sales volume year-on-year contracted in tandem with the market. We further expanded the Quickmix DIY range's product offerings and distribution with the introduction of four additional products to the portfolio. Our Quickmix DIY products are now available online and in retail stores.

In the reporting period, Geo Alam expanded its scope to cover a wider range of waste materials and processed materials. This has contributed to increased substitution of fossil fuels at the Group's cement plants.

Geo Alam continues its initiative to support the development of sustainable waste management practices in the country. It was invited by the Environment Institute of Malaysia (EiMAS) to conduct training on Best Management Practices in Scheduled Waste Management - Co-processing in Cement Plant on 14-17 March 2022. The training was attended by the Department of Environment officers from various states nationwide.

Management Discussion & Analysis

Risk Management



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

FINANCIAL RISK MANAGEMENT

The operations of the Group are subject to various financial risks which include market risk (including foreign currency risk, interest rate risk, commodity price risk and other price risk), credit risk, liquidity risk and cash flow risk in connection with its use or holding of financial instruments. The Group has adopted a financial risk management framework with the principal objective of effectively managing these risks and minimising any potential adverse effects on the financial performance of the Group, further details of which can be found in Note 30 of the Notes to the Financial Statements in this Annual Report.

OPERATIONAL RISK MANAGEMENT

Economic, political and regulatory risks

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

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

Management Discussion & Analysis

Risk Management

Business and industry risks

The Group's businesses are subject to inherent risks in the building materials sector such as shortages of labour and raw materials, increases in the cost of labour, raw materials, equipment and electricity tariffs, changes in the general economic, business, credit and interest rate conditions, fluctuations in exchange rates and changes in the legal and environmental framework within which the industry operates.

The industry is subject to the risk of fluctuations in demand for its output products (such as clinker and cement) which correlates to the performance of the construction sector. These fluctuations in demand levels can have favourable or adverse impacts on the performance and profitability of all cement producers and the Group's cement operations would be similarly affected. In addition, to a large extent, these activities are subject to the cyclical nature of the industry. Such fluctuations in demand and the cyclical nature of the industry may affect the financial performance of the Group's businesses.

However, as a developing nation with positive annual population growth, Malaysia's cement consumption requirements, driven primarily by its infrastructure needs, augur well for the continued growth and development of the domestic building materials industry.

Economic risk

The cement industry is closely tied to the construction sector which consists of two cyclical segments – civil engineering (largely infrastructural development) and building construction (residential, commercial and industrial buildings). Whilst the construction industry is exposed to external factors including changes in local economic conditions, expenditure of infrastructure development remains a necessary component of Malaysia's economic development thereby significantly mitigating this risk factor.

Price risk

The domestic cement market was liberalised on 5 June 2008 by the Ministry of Domestic Trade and Consumer Affairs after numerous dialogue sessions with industry participants and other stakeholders. With this liberalisation, cement is no longer classified as a strategic industry and the cement selling price is now determined by market forces and regulated by Anti-Profitteering Act and Competition Act (MyCC) to prevent collusion.

Input price risks

Electricity costs are considered a stable cost factor as the price of electricity is controlled by the Malaysian Government. Any increases in prices and/or further policy changes may materially affect the Group's cement business, operating results and financial condition. The other potential risk in relation to operational costs is the cost of coal, which is imported. As with any other commodity, the price of coal and oil are dependent on global demand and supply conditions.



Management Discussion & Analysis Outlook

The global economy is expected to continue on its path toward recovery as economies progressively reopen and transition towards normalcy. Whilst a resurgence of the COVID-19 pandemic and the emergence of new variants continue to be key risks, the impact is expected to be smaller than in previous years, owing to vaccine rollout programmes. The military conflict in Ukraine, disruptions in commodity supply, slowing economic recovery worldwide and elevated global inflation weigh on global growth prospects. Meanwhile, domestic downside risks include persistent labour shortages. Despite these challenges, the Malaysian economy is on track to grow by 5.3% to 6.3% over 2022, supported by continued expansion in external demand, full upliftment of containment measures, reopening of international borders and a further improvement in labour market conditions. Private consumption is projected to have a strong recovery in 2022, anchored by the continued improvement of labour market conditions and the increase in household spending (source: Bank Negara Malaysia updates).

We are cautiously optimistic that the solid dynamics of the Group's main markets remain intact and the key growth drivers, including infrastructure requirements and demand for housing from urbanisation will continue to underpin demand growth in the longer term. The consolidation of MCB and YTL Cement's cement and ready-mixed businesses in Malaysia has bolstered the effectiveness and efficiency of MCB's operations. Our ability to deliver seamless solutions to our customers bodes well for the outlook of MCB and the industry going forward.



Managing Sustainability



OUR STRATEGIC APPROACH TO SUSTAINABILITY

At MCB, we believe that we have an obligation that goes beyond just providing returns for shareholders. We are mindful of our impact on society, the environment, and future generations. This is especially important to us. As the industry pioneer and market leader, we are expected to lead the way in operating more sustainably, and to help Malaysia build better.

During the year, we rolled out new sustainability priorities. These reflect the areas that are important to us now, and those that will be important in the future.

Stakeholder Engagement

Our key stakeholders have significant influence on our company's business decisions, direction, and growth. We engage with our stakeholders to maintain open communication and create meaningful relationships with them. The feedback we receive helps us to understand stakeholder expectations, and monitor industry trends. We strive to keep them informed and updated on the latest developments in a timely manner.

Based on their valuable feedback and insights, we can address their key concerns by making better decisions at management level.

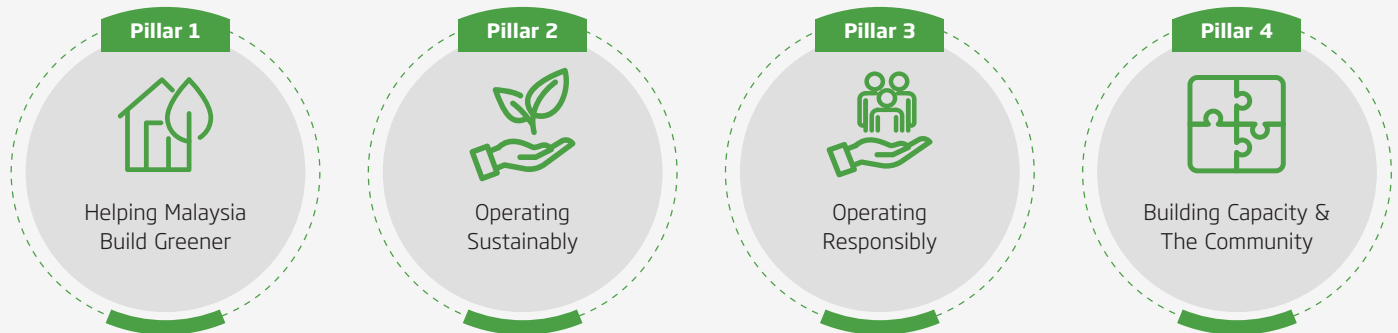
Materiality Assessment

Since the acquisition of LafargeHolcim operations in Malaysia in 2019, our business and operating environment have seen many changes. The way we operate has seen further changes following the COVID-19 pandemic. With a wide range of sustainability issues impacting our business due to this evolution, the materiality assessment prioritises the challenges that we face.

This year, we conducted a new assessment. The results so far reflect known challenges, and external environmental changes. We will repeat this assessment next year to ensure that the key sustainability issues are being managed in a way that is aligned to our stakeholder priorities.

Managing Sustainability

MCB Sustainability Pillars



Pillar 1
Helping Malaysia
Build Greener

We ensure that our products are of consistent quality and more environmentally friendly, and we promote a circular economy by giving materials a second life.

Pillar 2
Operating
Sustainably

We commit to operate sustainably by optimising our resources and operations. We will do this by supporting biodiversity management and reducing the carbon footprint of our operations.

Pillar 3
Operating
Responsibly

We seek to uphold a culture of ethics and integrity that ensure we remain compliant with all applicable laws and regulatory requirements.

Pillar 4
Building Capacity &
The Community

At its core, sustainability is about people. We have initiatives to promote a healthy and safe working environment as well as to foster talent. Through BUILDS, our CSR arm, we aim to contribute to causes that extend beyond business objectives.

We help build greener by:

- Producing quality products that meet the standards
- Offering low carbon products and solutions
- Promoting a circular economy
- Collaborating with our customers

We operate sustainably by:

- Supporting biodiversity management
- Enabling low carbon and energy efficient production
- Promoting resource recovery
- Practicing responsible waste management

We fully comply with:

- Licence and permit requirements
- Anti-bribery and corruption acts
- Competition Law

We build capacity through:

- Making Health & Safety the core of our operations
- Knowledge sharing and helping our people fulfil their potential
- We contribute to causes through BUILDS, our CSR arm

Sustainability Report

Details of our sustainability efforts including governance structure, material matters and performance are available in "MCB Sustainability Report 2022". This report can be downloaded at <https://ytlcement.my/reports/>.

3 Governance





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Profile of the Board of Directors

TAN SRI (SIR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 68, was appointed to the Board on 17 May 2019 as an Executive Director and he was redesignated as Executive Chairman on 19 June 2019. Tan Sri Francis studied at Kingston University in the United Kingdom, where he obtained a Bachelor of Science (Hons) Degree in Civil Engineering and was conferred an Honorary Doctorate of Engineering in 2004. In July 2014, Tan Sri Francis was conferred an Honorary Degree of Doctor of Laws by University of Nottingham. He was appointed the Managing Director of YTL Corporation Berhad Group in 1988 which, under his stewardship, has grown from a single listed company into a global integrated infrastructure developer, encompassing multiple listed entities ie. YTL Corporation Berhad, YTL Power International Berhad, YTL Hospitality REIT, Malayan Cement Berhad and Starhill Global Real Estate Investment Trust.

He was the Managing Director of YTL Corporation Berhad, YTL Power International Berhad, and YTL Land & Development Berhad until 29 June 2018 when he was redesignated as Executive Chairman of these companies. He is the Executive Chairman and Managing Director of YTL e-Solutions Berhad and also a director of YTL Industries Berhad. He is also the Chairman of YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST). Tan Sri Francis is the Executive Chairman of YTL Cement Berhad and Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. He is the Chairman of private utilities corporations, Wessex Water Services Limited in England and Wales, and YTL PowerSeraya Pte Limited in Singapore. Tan Sri Francis served as an Independent Non-Executive Director of The Hong Kong and Shanghai Banking Corporation Limited for a period of 10 years from July 2012 to June 2022. He sits on the board of trustees of YTL Foundation. He also serves on the board of directors of Suu Foundation, a humanitarian organisation committed to improving healthcare and education in Myanmar.

He is a Founding Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy

DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, male, aged 62, was appointed to the Board on 17 May 2019 as an Executive Director. He was redesignated to the position of Managing Director on 30 May 2019. He graduated from University of Bradford, United Kingdom in 1983 with a Bachelor of Engineering (Hons) Civil & Structural Engineering Degree. Dato' Sri Michael Yeoh is primarily responsible for the YTL Group Manufacturing Division which activities involve cement manufacturing and other building material industries. He serves as Executive Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main

Asia Pacific Council and Global Council member of the Asia Society. He is the first non-Italian board member of the historic Rome Opera House and helped fund its restoration to keep it from closing. He served as a member of the Barclays Asia-Pacific Advisory Committee from 2005 to 2012. Tan Sri Francis was made a board member of Global Child Forum by His Majesty King Carl XVI Gustaf in May 2016.

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

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

Market of Bursa Malaysia Securities Berhad and Managing Director of YTL Cement Berhad. He also serves on the boards of other public companies such as YTL Land & Development Berhad, YTL e-Solutions Berhad, YTL Industries Berhad and a private utilities corporation, YTL PowerSeraya Pte Limited in Singapore.

He sits on the board of Global Cement and Concrete Association (GCCA) since 14 October 2021. He was a director of The World Cement Association from 22 January 2020 to 22 October 2021.

Profile of the Board of Directors

TAN SRI DATUK ASMAT BIN KAMALUDIN

Malaysian, male, aged 78, was appointed to the Board on 19 June 2019 as an Independent Non-Executive Director. He is the Chairman of Remuneration and Nomination Committee. He is also a member of Audit and Risk Management Committee. Tan Sri Datuk Asmat graduated with a BA (Hons) in Economics from the University of Malaya and also a Diploma in European Economics Integration from the University of Amsterdam.

Tan Sri Datuk Asmat has vast experience in various capacities in the public service, his last position being the Secretary General of the Ministry of International Trade and Industry (MITI), a position held from 1992 to 2001. He has served as the Senior Economic Counselor for Malaysia in Brussels and has worked with several international bodies such as the Association of South East Asian Nations (ASEAN), World Trade Organisation (WTO) and Asia-Pacific Economic Cooperation (APEC), representing Malaysia in relevant negotiation and agreements.

Tan Sri Datuk Asmat had also been actively involved in several national organisations such as Permodalan Nasional Berhad, Johor Corporation, Small and Medium Scale Industries Development Corporation (SMIDEC)

and Malaysia External Trade Development Corporation (MATRADE) while in the Malaysian Government service. In 2008, Tan Sri Datuk Asmat was appointed by MITI to represent Malaysia as Governor on the Governing Board of the Economic Research Institute for Asean and East Asia, a position he held for 6 years. He also serves on the board of the Japan Chamber of Trade and Industry in Malaysia Foundation. On 11 November 2014, Tan Sri Datuk Asmat was conferred with the prestigious Order of the Rising Sun, Gold and Silver Star award by the Government of Japan, in recognition of his contributions in the strengthening of economic relations and the promotion of mutual understanding between Japan and Malaysia.

He was the Non-Executive Vice Chairman of YTL Cement Berhad from 19 March 2001 until his resignation on 19 June 2019. He was also the Non-Executive Chairman of Panasonic Manufacturing Malaysia Berhad from 29 August 2001 until his resignation on 30 August 2021. He currently serves as the Non-Executive Chairman of Compugates Holdings Berhad, and a Director of AirAsia X Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of Japanese Chamber of Trade & Industry Malaysia (JACTIM) Foundation.

DATO' TAN GUAN CHEONG

Malaysian, male, aged 78, was appointed to the Board on 19 June 2019 as an Independent Non-Executive Director. He is the Chairman of Audit and Risk Management Committee. He is also a member of Remuneration and Nomination Committee. Dato' Tan graduated with a Bachelor of Commerce Degree from Otago University, New Zealand. He is a Member of the Malaysian Institute of Accountants since 1983.

He worked in international audit firms overseas and also in Malaysia. He has more than 30 years' experience in the field of financial services. He was a director of YTL Cement Berhad from 26 April 2004 until his resignation on 19 June 2019. He is a director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT and Hartalega Holdings Berhad.

DATO' YOOGALINGAM A/L VYRAMUTTU

Malaysian, male, aged 77, was appointed to the Board on 19 June 2019 as an Independent Non-Executive Director. He is also a member of Audit and Risk Management Committee, and Remuneration and Nomination Committee. Dato' Yoogalingam graduated from the University of Malaya with a BA (Hons) degree in 1968. He started his career with the Ministry of Foreign Affairs in October 1968 as Assistant Secretary to the Administrative and Diplomatic Service of Malaysia. Thereafter, he served at Malaysia's embassies in Vietnam, Yugoslavia, the Republic of Turkey and the Republic of Korea. In 1986, he returned to Malaysia to take up the position of Deputy Director General (ASEAN National Secretariat).

Dato' Yoogalingam was subsequently posted as High Commissioner of Malaysia to Papua New Guinea, concurrently accredited to the Solomon Islands and Vanuatu in 1989, and then to the Republic of Zimbabwe, concurrently accredited to Angola, Botswana, Mozambique, Madagascar, Malawi, Namibia, Mauritius, Seychelles, Uganda, Tanzania and Zambia in 1994. In 1998, he was posted as Ambassador of Malaysia to the Republic of Korea where he served until retiring from the Ministry of Foreign Affairs in June 2003. He was a director of YTL Cement Berhad from 26 April 2004 until his resignation on 19 June 2019. He currently sits on the board of YTL Land & Development Berhad.

Profile of the Board of Directors

DATO' YEOH SEOK KIAN

Malaysian, male, aged 65, was appointed to the Board on 17 May 2019 as an Executive Director. He graduated from Heriot-Watt University, Edinburgh, United Kingdom in 1981 with a Bachelor of Science (Hons) Degree in Building and was conferred an Honorary Degree of Doctor of the University in 2017. He attended the Advance Management Programme conducted by Wharton Business School, University of Pennsylvania in 1984. Dato' Yeoh is a Fellow of the Faculty of Building, United Kingdom as well as a Member of the Chartered Institute of Building (UK). He served as Deputy Managing Director of YTL Corporation Berhad and YTL Power International Berhad, both listed on Main Market of Bursa Malaysia Securities Berhad, and Executive Director of YTL Land & Development Berhad

until 29 June 2018 when he was redesignated as Managing Director of YTL Corporation Berhad and YTL Land & Development Berhad, and Executive Director of YTL Power International Berhad. He is also an Executive Director of Pintar Projek Sdn Bhd, the manager of YTL Hospitality REIT. Dato' Yeoh Seok Kian also serves on the boards of other public companies such as YTL Cement Berhad, YTL Industries Berhad, Sentul Raya Golf Club Berhad and The Kuala Lumpur Performing Arts Centre, and private utilities corporations, Wessex Water Limited in England and Wales, YTL PowerSeraya Pte Limited in Singapore, as well as YTL Starhill Global REIT Management Limited, the manager of Starhill Global Real Estate Investment Trust, a vehicle listed on the Main Board of the Singapore Exchange Securities Trading Limited (SGX-ST).

DATO' YEOH SEOK HONG

Malaysian, male, aged 63, was appointed to the Board on 17 May 2019 as an Executive Director. He serves as Managing Director of YTL Power International Berhad and Executive Director of YTL Corporation Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad. He obtained his Bachelor of Engineering (Hons) Civil & Structural Engineering Degree from the University of Bradford, United Kingdom in 1982. He is a member of the Faculty of Building, United Kingdom and a Fellow of the Chartered Institute of Building (CIOB), United Kingdom. In 2010, he was conferred an Honorary Doctor of Science degree by Aston University in the United Kingdom. Dato' Yeoh Seok Hong has vast experience in the construction industry and serves as the Managing Director of Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd, the YTL Group's flagship construction arm.

Dato' Yeoh Seok Hong is responsible for developing the power and utility businesses of the YTL Power International Berhad Group which include the development of a new data centre campus powered by a solar power generation facility. He also serves as the Managing Director of YTL Communications Sdn Bhd where he was responsible for the building of the fourth generation (4G) network and which, in 2021, became the first telco in Malaysia to offer 5G services. Dato' Yeoh Seok Hong sits on the boards of other public companies such as YTL Cement Berhad, YTL Land & Development Berhad and YTL Industries Berhad, and private utilities corporations, Wessex Water Limited and Wessex Water Services Limited in England and Wales and YTL PowerSeraya Pte Limited in Singapore. He also sits on the board of trustees of YTL Foundation, the philanthropic arm of the YTL Group.

DATO' YEOH SOO KENG

Malaysian, female, aged 59, was appointed to the Board on 17 May 2019 as an Executive Director. She started her career with the group in 1986 as an engineer upon her graduation from Leeds University, United Kingdom with a Bachelor of Science (Hons) in Civil Engineering. She has held key executive positions in numerous industries and sectors in which the group has presence. She led numerous construction and infrastructure projects of strategic and national significance. She headed the group's procurement division and later set up the sales and marketing division of YTL Cement Berhad when the group entered the industry in 1992. She was subsequently appointed the director of sales and marketing for the group's mobile communications division in 2012.

Dato' Yeoh also serves on the boards of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa Malaysia Securities Berhad, YTL e-Solutions Berhad and YTL Cement Berhad.

Dato' Yeoh is the President of the ASEAN Federation of Cement Manufacturers (AFCM) and is also the Chairman of The Cement and Concrete Association Malaysia (CNCA).

Dato' Yeoh is actively involved in various community work at national and international levels. She serves on the board of YTL Foundation, and is the President of the Girl Guides Association Malaysia, Federal Territory of Kuala Lumpur Branch. She sits on the EXCO of the Girl Guides Association Malaysia. She sits on the boards of the World Scout Foundation (WSF) where she chairs the Global Network Committee. She also represents the WSF on the Finance Committee of the World Organisation of the Scout Movement (WOSM).

Profile of the Board of Directors

YEOH KHOON CHENG

Malaysian, male, aged 64, was appointed to the Board on 1 August 2018 as an Executive Director. Mr Yeoh is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He started his career as Audit Assistant with Deloitte Malaysia in 1979. He joined Lafarge Malaysia Berhad (now known as Malayan Cement Berhad) in 1987 as Finance Manager and has held various positions involving business development, mergers & acquisitions and corporate finance activities in addition to the position of Company Secretary from 1990 to 1998. He was appointed as Executive Director and Chief Financial Officer in January

1999 and held the position until August 2011. From August 2011 to December 2015, he was the Chief Financial Officer for Lafarge Cement China Limited and from January 2016 to July 2017, he was the Chief Financial Officer for Huaxin Cement Limited, China. He returned to Malayan Cement Berhad in August 2018 as Executive Director holding the position of Chief Financial Officer and later Chief Executive Officer until 17 May 2019. He was redesignated as Non-Independent Non-Executive Director on 1 September 2019. He also sits on the board of Malaysian Bulk Carriers Berhad, which is listed on the Main Market of Bursa Malaysia Securities Berhad.

DETAILS OF ATTENDANCE OF DIRECTORS AT BOARD MEETINGS

During the financial year, a total of 5 Board meetings were held and the details of attendance are as follows:-

| | Attendance |
|--------------------------------------|------------|
| Tan Sri (Sir) Francis Yeoh Sock Ping | 5 |
| Dato' Sri Michael Yeoh Sock Siong | 5 |
| Tan Sri Datuk Asmat Bin Kamaludin | 5 |
| Dato' Tan Guan Cheong | 5 |
| Dato' Yoogalingam A/L Vyramuttu | 5 |
| Dato' Yeoh Seok Kian | 5 |
| Dato' Yeoh Seok Hong | 5 |
| Dato' Yeoh Soo Keng | 5 |
| Yeoh Khoon Cheng | 5 |

Notes:-

1. Family Relationship with Director and/or Major Shareholder

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

2. Conflict of Interest

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

3. Conviction of Offences (other than traffic offences)

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

4. Public Sanction or Penalty imposed

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

Profile of Key Senior Management

The management team is headed by the Executive Chairman, Tan Sri (Sir) Francis Yeoh Sock Ping and the Managing Director, Dato' Sri Michael Yeoh Sock Siong. They are the Key Senior Management and their profiles are as set out in the Profile of the Board of Directors on page 32 of this Annual Report.

Corporate Governance Overview Statement

for the financial year ended 30 June 2022

The Board of Directors ("Board") of Malayan Cement Berhad ("MCB" or "Company") remains firmly committed to ensuring an appropriate and sound system of corporate governance throughout the Company and its subsidiaries ("MCB Group" or "Group"). The MCB Group is guided by the corporate culture of its parent company, YTL Corporation Berhad ("YTL Corp"), which has a long-standing commitment to corporate governance and protection of stakeholder value that has been integral to the achievements and strong financial profile of the YTL Group of Companies ("YTL Group") to date.

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

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

An overview of the Board's compliance with the Code during the financial year ended 30 June 2022 is detailed in this statement.

The Company's Corporate Governance Report ("CG Report") for the financial year ended 30 June 2022 is available at the Company's website at www.ytlcement.my and has been released via the website of Bursa Securities at www.bursamalaysia.com in conjunction with the Annual Report.

PRINCIPLE A: BOARD LEADERSHIP & EFFECTIVENESS

Responsibilities of the Board

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

Key elements of the Board's stewardship responsibilities include:-

- Ensuring that the strategic plans for the MCB Group support long-term value creation for the benefit of its stakeholders and include strategies on economic, environmental and social considerations underpinning sustainability;

- Promoting good corporate governance culture within the MCB Group which reinforces ethical, prudent and professional behaviour;
- Overseeing the conduct of the MCB Group's businesses to evaluate and assess management performance to determine whether businesses are being properly managed;
- Ensuring there is a framework of prudent and effective internal control and risk management systems which enable risks to be identified, assessed and managed;
- Succession planning for the Board and senior management;
- Overseeing the development and implementation of a shareholder/stakeholder communications policy;
- Reviewing the adequacy and integrity of the MCB Group's management information and internal control systems; and
- Ensuring the integrity of the MCB Group's financial and non-financial reporting.

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

There is a clear balance of power, authority and accountability between the Executive Chairman, Tan Sri (Sir) Francis Yeoh Sock Ping, and the Managing Director, Dato' Sri Michael Yeoh Sock Siong, between the running of the Board and the Company's business, respectively. The positions of Executive Chairman and Managing Director are separate and clearly defined, and are held by different members of the Board.

The Executive Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, and is primarily responsible for leading the Board in setting the values and standards of the Company, including good corporate governance practices, the orderly and effective conduct of the meetings of the Board and shareholders, leading discussions, encouraging active and open participation, managing the interface and encouraging constructive relations between the Board and management, ensuring the provision of accurate, timely and clear information to Directors and effective communications with stakeholders and facilitating the effective contribution of Non-Executive Directors.

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

Corporate Governance Overview Statement

for the financial year ended 30 June 2022

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

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

In accordance with the Code, the Executive Chairman is not a member of the Audit and Risk Management Committee ("ARMC") or Remuneration and Nomination Committee ("RNC"), all of which are chaired by and comprise Independent Non-Executive Directors. This promotes objectivity in the Board's deliberations and ensures there are effective checks and balances, as well as objective review by the Board of recommendations put forth by the committees.

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

Board Meetings & Procedures

Board meetings are scheduled with due notice in advance at least 5 times in a year in order to review and approve the annual and interim financial results. Additional meetings may also be convened on an ad-hoc basis when significant issues arise relating to the MCB Group and when necessary to review the progress of its operating subsidiaries in achieving their strategic goals. Meetings of the Board's committees are conducted separately from those of the main Board to enable objective and independent discussions. The Board met 5 times during the financial year ended 30 June 2022.

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

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

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

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

Company Secretary

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

The Company Secretary ensures that Board procedures are adhered to at all times during meetings and advises the Board on matters including corporate governance issues and the Directors' responsibilities in complying with relevant legislation and regulations. The Company Secretary works very closely with management for timely and appropriate information, which will then be passed on to the Directors. In accordance with the Board's procedures, deliberations and conclusions in Board meetings are recorded by the Company Secretary, who ensures that accurate and proper records of the proceedings

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of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of the Company.

During the financial year under review, the Company Secretary attended training, seminars and regulatory briefings and updates relevant for the effective discharge of her duties. The Company Secretary carries out ongoing reviews of existing practices in comparison with any new measures introduced in the Listing Requirements and/or legislation, regulations and codes applicable to the governance of the Company and updates the Board accordingly.

Board Charter

The Board's functions are governed and regulated by the Constitution of the Company, and the laws, rules and regulations governing companies in Malaysia, including the Companies Act 2016 and the Listing Requirements. The Board has a Board Charter, a copy of which can be found under the "Governance" section on the Company's website at www.ytlcement.my.

The Board Charter serves several important functions, including as a primary reference to the Board of its role, fiduciary duties and responsibilities, its governance processes and legal framework within which it operates and as an induction tool for new Directors. The Board Charter clearly identifies the respective roles and responsibilities of the Board, Board committees, Directors and management and the issues and decisions reserved for the Board.

The Board Charter was updated and adopted on 27 June 2022 to include, amongst others, the fit and proper policy for Directors and prohibition for an active politician to be a member of the Board in compliance with the Listing Requirements and the Code, respectively.

The Board Charter is reviewed as and when changes arise and updated in accordance with the needs of the Company and any new regulations that impact the discharge of the Board's responsibilities.

Business Conduct, Ethics & Whistleblowing

The Directors observe and adhere to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia, which encompasses the formulation of corporate accountability standards in order to establish an ethical corporate environment and MCB is also guided by the corporate culture of its parent company, YTL Corp.

Key guidance is contained in the Code of Conduct and Business Ethics of the YTL Group, which also sets out the whistleblowing policy and procedures, and the YTL Group's Anti-Bribery and Corruption Policy, as detailed in the following section. A copy of the Code of Conduct and Business Ethics can be found on the Company's website at www.ytlcement.my.

The Code of Conduct and Business Ethics sets out the acceptable general practices and ethics for the MCB Group and includes policies and measures to address conflicts of interest, abuse of power, corruption, insider trading, money laundering and data protection.

Training modules and other methods of communication are employed on an ongoing basis to familiarise employees with their duties and obligations in this area. Training carried out during the financial year under review focused on areas including data security and protection and cybersecurity awareness.

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

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

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

A comprehensive implementation plan has been established to communicate and disseminate the ABC Policy on an ongoing basis throughout the YTL Group through online training modules and other communication methods. Electronic communications put in place over the past two years to comply with physical distancing guidelines implemented in response to the COVID-19 pandemic have proven highly effective and the MCB Group has continued to employ these methods as part of the overall dissemination and training process.

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

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

Sustainability Governance

The MCB Group has a long-standing commitment to ensuring that its businesses are viable and sustainable on a long-term basis. The Board oversees governance of the MCB Group's sustainability matters which includes setting its environmental, social and governance ("ESG") strategies, priorities and targets, overseeing the progress of ESG strategy and performance and reviewing and addressing the MCB Group's material ESG risks and opportunities. Further information can be found in the *Sustainability Report 2022* and the section entitled "*Malayan Cement Berhad's Reports*" on the Company's website at www.ytlcement.my.

MCB's Sustainability Committee is chaired by the Group Managing Director, Dato' Sri Michael Yeoh Sock Siong, supported by the Head of Sustainability and senior management with responsibility for ESG matters. The Sustainability Committee supports the Board to set the high-level ESG direction and strategic focus, oversees the implementation of ESG strategies and related matters and reviews, and monitors and provides the MCB Group's ESG strategic plans and initiatives across its value chain. The Sustainability Committee reports to the Board on an annual basis or more frequently, as and when needed.

The Board is ultimately responsible for MCB's sustainability matters. The Board ensures MCB performance and long-term strategy include consideration for ESG issues to ensure MCB remains resilient and able to deliver sustainable value for its stakeholders.

The Company's key methods for communicating its sustainability strategies, priorities and targets as well as performance against these targets to internal and external stakeholders include the Annual Report, Sustainability Report and the "*Sustainability*" section on YTL Cement Berhad's website at <https://ytlcement.com/sustainability>. As part of the YTL Group, information on the MCB's Group's ESG performance is also included in the YTL Group Sustainability Report, which is issued annually and can be accessed from the YTL Group's Sustainability website at www.ytl.com/sustainability.

The Directors are kept apprised of the key ESG issues relevant and specific to the MCB Group through briefings from the Sustainability Committee and management on performance, targets and operational updates, and also stay abreast with more general developments in the ESG arena through training programmes, further details of which are disclosed in the *Remuneration and Nomination Committee Statement* in this Annual Report.

The Board's evaluation process includes criteria for addressing and managing significant risks that may have a considerable impact on the Company, and ESG risks are incorporated into this process as they form part of the overall risk management framework. Further details are set out in the section below on *Evaluation of the Board* and in the *Remuneration and Nomination Committee Statement* in this Annual Report.

Composition of the Board

The Board has 9 Directors, comprising 5 executive members, 1 non-independent non-executive member and 3 independent non-executive members. The Independent Directors comprise 33.3% of the Board, providing an effective check and balance in the functioning of the Board, and in compliance with the Listing Requirements, which require one-third of the Board to be independent.

The Directors are cognisant of the recommendation in the Code for the Board to comprise a majority of independent directors, and will assess the composition and size of the Board on an ongoing basis to ensure the needs of the Company are met.

MCB is 78.58%-owned by YTL Cement Berhad, which is in turn 98.04%-owned by YTL Corp (as at 30 June 2022). The Executive Directors are appointed by the major shareholder in accordance with its rights under the Companies Act 2016 and the Constitution of the Company.

MCB is majority-owned by a single shareholder, unlike other listed companies that may have a dispersed shareholder base which enables a shareholder to exercise control despite holding a minority stake. The interests of the major shareholder are fully aligned with those of all shareholders of the Company.

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

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

The Board is of the view that the current Independent Non-Executive Directors have the experience and business acumen necessary to carry sufficient weight in the Board's decisions, and act in the best interests of the shareholders.

There are currently no Independent Non-Executive Directors who have served on the Board for a period exceeding the nine-year term limit as recommended in the Code.

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

The names of Directors seeking re-election at the forthcoming AGM are disclosed in the *Notice of Annual General Meeting* in this Annual Report, whilst the review of Directors proposed re-election and their profiles can be found in the *Remuneration and Nomination Committee Statement* and the *Profile of the Board of Directors*, respectively. This information is also available under the "Governance" section on the Company's website at www.ytlcement.my.

Board & Senior Management Appointments

The RNC is responsible for assessing suitable candidates for appointment to the Board for approval, with due regard for diversity, taking into account the required mix of skills, experience, age, gender, ethnicity, time commitment, background and perspective of members of the Board before submitting its recommendation to the Board for decision.

The RNC is chaired by and comprises solely Independent Non-Executive Directors. The Chairman of the RNC is Tan Sri Datuk Asmat Bin Kamaludin. This complies with the recommendation under the Code that the chairman of the Remuneration and Nomination Committee should not be the chairman of the Board.

Whilst it has, to date, not been necessary to do so given the expertise of the Independent Non-Executive Directors, the Board will also endeavour to utilise independent sources including external human resources consultants and specialised databases, as appropriate.

Meanwhile, members of senior management are selected based on relevant industry experience, with due regard for diversity in skills, experience, age, gender, ethnicity, background and perspective, and are appointed by the Executive Chairman and/or the Managing Director following recommendation by the Executive Director in charge of the relevant division. As the Board's overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective.

The Board recognises the importance of encouraging and developing female talent at all levels. Currently, there is one female director on the Board comprising 11.1% of the Board and, therefore, whilst the Board has not met the target of 30% women directors set out in the Code, it will continue to seek Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the MCB Group.

Evaluation of the Board

Annual evaluation of the Board as a whole, Board committees and the individual Directors is carried out by the RNC. The evaluation carried out during the financial year under review involved an annual assessment of the effectiveness of each individual Director, the Board's committees and the Board as a whole with the objectives of assessing whether the Board, its committees and the Directors had effectively performed its/their roles and fulfilled its/their responsibilities, and devoted sufficient time commitment to the Company's affairs, in addition to recommending areas for improvement.

The assessment exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation form comprising a Board and RNC Effectiveness Evaluation Form, Individual Director Performance Evaluation Form, Independent Directors' Evaluation Form, ARMC Effectiveness Evaluation Form and ARMC Members Evaluation by RNC Form.

The results of the annual evaluation carried out form the basis of the RNC's recommendations to the Board for the re-election of Directors. As recommended in the Code, the Board will endeavour to utilise independent experts to facilitate the evaluation process, as and when appropriate. Further information on the activities of the RNC can be found in the *Remuneration and Nomination Committee Statement* set out in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlcement.my.

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Remuneration

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

The RNC is chaired by and comprises solely Independent Non-Executive Directors, in compliance with the Code.

The RNC assists in the implementation of the remuneration policy and procedures, including reviewing and recommending matters relating to the remuneration of the Directors and senior management to the Board, further information on which can be found in the *Remuneration and Nomination Committee Statement* set out in this Annual Report. The *Remuneration Policy and Procedures for Directors and Senior Management* and the terms of reference of the RNC can also be found under the "Governance" section on the Company's website at www.ytlcement.my.

Details of the Directors' remuneration categorised into appropriate components can be found in *Note 6* in the *Notes to the Financial Statements* in this Annual Report.

The Executive Chairman and Managing Director who are members of the Board also comprise the senior management of the Company and the details of their remuneration are disclosed as set out above.

Board Commitment

In accordance with the Listing Requirements, members of the Board do not hold more than five directorships in public listed companies. This ensures that their commitment, resources and time are focused on the affairs of the MCB Group thereby enabling them to discharge their duties effectively.

Presently, each Board member is required to assess (via the annual assessment process) whether he/she devotes the necessary time and energy to fulfilling his/her commitments to the Company. The Board recognises that an individual's capacity for work varies depending on various factors that weigh very much on his/her own assessment.

Hence, having rigid protocols in place before any new directorships may be accepted is not practical. Each Board member is also expected to inform the Board whenever he/she is appointed as an officer of a corporation. In accordance with the Board Charter and guidance in the Code, none of the Directors are active politicians.

The details of each Director's attendance of Board meetings can be found in the *Profile of the Board of Directors* whilst details of the training programmes attended during the year under review are disclosed in the *Remuneration and Nomination Committee Statement* in this Annual Report. This information is also available under the "Governance" section on the Company's website at www.ytlcement.my.

PRINCIPLE B: EFFECTIVE AUDIT & RISK MANAGEMENT

Integrity in Financial Reporting

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

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

ARMC

The Company has in place an ARMC which comprises solely Independent Non-Executive Directors, in compliance with the Listing Requirements and the Code, namely Dato' Tan Guan Cheong, Tan Sri Datuk Asmat Bin Kamaludin and Dato' Yoogalingam A/L Vyramuttu. The Chairman of the ARMC is Dato' Tan Guan Cheong, which fulfils the recommendations of the Code that the chairman of the audit committee should not be the chairman of the Board.

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

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

The ARMC met 6 times during the financial year ended 30 June 2022. Full details of the composition and a summary of the work carried out by the ARMC during the financial year under review can be found in the *Audit and Risk Management Committee Report* set out in this Annual Report. This information and the terms of reference of the ARMC are available under the "Governance" section on the Company's website at www.ytlcement.my.

The ARMC has established formal and professional arrangements for maintaining an appropriate relationship with the Company's external auditors. The external auditors also attend each AGM in order to address clarifications sought pertaining to the audited financial statements by shareholders. On 9 May 2022, HLB Ler Lum Chew PLT ("HLB") was appointed as auditors of the MCB Group for financial year ending 30 June 2022, replacing Deloitte PLT.

The ARMC's *Auditor Independence Policy* guides its assessment of the suitability, objectivity and independence of the external auditors. This policy was updated during the financial year to, amongst others, extend the cooling off period to three years (from two years previously) for appointment of a former audit partner of the external audit firm as a member of the ARMC, and to include additional assessment criteria based on information presented in the *Annual Transparency Report* of the external auditors, in line with the Code. None of the ARMC members were formerly audit partners of MCB's external auditors.

There were no audit fees paid/payable to Deloitte PLT in respect of the financial year ended 30 June 2022 (covering the period from 1 July 2021 to 8 May 2022), whilst non-audit fees amounted to RM160,000, being fees paid/payable to Deloitte Tax Malaysia and Deloitte Tax Singapore for transfer pricing special factor analysis and tax consulting services, respectively.

Details of the audit and non-audit fees paid/payable to HLB for the financial year ended 30 June 2022 are as follows (covering the period from 9 May 2022 to 30 June 2022):-

| | Company RM'000 | Group RM'000 |
|--|--------------------|-----------------|
| Statutory audit fees paid/ payable to:- | | |
| - HLB ⁽¹⁾ | 110 | 628 |
| - Affiliates of HLB | - | - |
| Total | 110 | 628 |
| Non-audit fees paid/ payable to:- | | |
| - HLB | 268 ⁽²⁾ | 268 |
| - Affiliates of HLB | - | 54 |
| Total | 268 | 322 |

¹ Statutory audit fees paid/payable to HLB being the full year audit fees charged on MCB and its legacy subsidiaries. For subsidiaries acquired from YTL Cement Berhad during the financial year, the audit fees included audit fees for the financial year ended 30 June 2022, apportioned for the period from 22 September 2021 to 30 June 2022, and over provision in prior year.

² Fees paid for a special audit conducted in August 2021 in relation to the acquisition of subsidiaries from YTL Cement Berhad.

Risk Management & Internal Control

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

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

Corporate Governance Overview Statement

for the financial year ended 30 June 2022

Internal Audit

MCB's internal audit function is carried out by the Internal Audit department within the YTL Corp Group ("YTLIA"), which reports directly to the ARMC. The Head of YTLIA, Mr Choong Hon Chow, is a registered member of the Malaysian Institute of Accountants and a Fellow of the Association of Chartered Certified Accountants (ACCA) UK. He started his career with the external audit division of a large public accounting firm before moving on to the internal audit profession in public listed companies and gained valuable and extensive internal audit experience covering many areas of diversified commercial businesses and activities. He has a total of 39 years of internal and external audit experience.

During the financial year ended 30 June 2022, YTLIA comprises 8 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

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

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

- Developing the annual internal audit plan and proposing this plan to the ARMC;
- Conducting scheduled internal audit engagements, focusing primarily on the adequacy and effectiveness of internal controls and recommending improvements where necessary;
- Conducting follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports;
- Presenting significant audit findings to the ARMC for consideration;
- Conducting review of recurrent related party transactions;
- Conducting discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan; and
- Conducting discussions with management to identify, analyse, assess and prioritise the internal and external corruption risks, for the purpose of establishing appropriate processes, systems and controls to mitigate the specific corruption risks exposure.

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

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING & MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Shareholders & Other Stakeholders

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

The Board ensures that shareholders are kept well-informed of any major development of the MCB Group. Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities, including quarterly and annual results, and corporate websites. Corporate information, annual financial results, governance information, business reviews and future plans are disseminated through the Annual Report, whilst current corporate developments are communicated via the Company's corporate website at www.ytlcement.my and the YTL Group's community website at www.ytlcommunity.com, in addition to prescribed information, including its interim financial results, announcements, circulars, prospectuses and notices, which is released through the official website of Bursa Securities.

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

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

Corporate Governance Overview Statement

for the financial year ended 30 June 2022

Conduct of General Meetings

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

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

The Executive Chairman, Managing Director and Executive Directors take the opportunity to present a comprehensive review of the financial and non-financial performance of the MCB Group, as well as progress and long-term strategies. The Directors provide appropriate answers in response to shareholders' questions during the meeting, thereby ensuring a high level of accountability, transparency and identification with the MCB Group's business operations, strategy and goals.

The Directors are mindful of the recommendation under the Code that all directors must attend general meetings and fully appreciate the need for their attendance at all such meetings. All Directors attended the Company's 71st AGM held on 7 December 2021.

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

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

The rights of shareholders, including the right to demand a poll, are found in the Constitution of the Company. At the 71st AGM of the Company, held on 7 December 2021, the resolutions put forth for shareholders' approval were voted on by way of a poll.

Where general meetings are held on a virtual basis, the Board utilises available platforms and technologies that support meaningful engagement with shareholders by ensuring smooth broadcast of the general meeting and enabling interactive participation by shareholders via facilities to submit questions before and during the general meeting. Questions posed by shareholders are made visible to all meeting participants during the meeting.

The Company engages professional service providers to manage and administer its general meetings who have in place the necessary data privacy and protection and cybersecurity policies and procedures to safeguard the information of the Company and its shareholders.

Minutes of general meetings are posted on the Company's website under the "Meetings" page at <https://www.ytlcement.my/meetings> no later than 30 business days after the general meeting.

Due to the outbreak of COVID-19 and as part of the safety measures to curb its spread, the 71st AGM of the Company was conducted as a fully virtual meeting through live streaming and online remote participation and voting using the TIIH Online System at <https://tiih.com.my> provided by the appointed share registrar and poll administrator, Tricor Investor & Issuing House Services Sdn Bhd.

In view of the rules/restrictions applicable during the ongoing transition to the endemic phase of COVID-19, the forthcoming 72nd AGM will also be held on a fully virtual basis, the details of which can be found in the *Notice of Annual General Meeting* in this Annual Report.

This statement and the CG Report were approved by the Board on 25 August 2022.

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2022

During the financial year under review, the Board of Directors ("Board") of Malayan Cement Berhad ("MCB" or "Company") reviewed the system of internal control and risk management of MCB and its subsidiaries ("MCB Group"), to ensure compliance with the applicable provisions of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and practices of the Malaysian Code on Corporate Governance ("Code").

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

This statement sets out an overview of MCB's compliance with the applicable provisions of the Code during the financial year ended 30 June 2022.

RESPONSIBILITIES OF THE BOARD

The Board is ultimately responsible for maintaining a sound system of risk management and internal control which includes the establishment of an appropriate control environment framework to address the need to safeguard shareholders' investments and the assets of the MCB Group, and for reviewing the adequacy and integrity of the system. The system of internal control covers not only financial controls but operational and compliance controls and risk management.

However, the Board recognises that reviewing the MCB Group's system of risk management and internal control is a concerted and continuing process, designed to minimise the likelihood of fraud and error, and to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, the system of risk management and internal control can only provide reasonable but not absolute assurance against material misstatement, fraud and loss.

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

PRINCIPAL FEATURES OF THE MCB GROUP'S SYSTEM OF INTERNAL CONTROL

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

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

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

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

Statement on Risk Management & Internal Control for the financial year ended 30 June 2022

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

KEY PROCESSES OF THE MCB GROUP'S SYSTEM OF INTERNAL CONTROL

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

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

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

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

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

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

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

The MCB Group's strong financial profile is the result of a system of internal control and risk management designed to mitigate risks which arise in the course of business.

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

Statement on Risk Management & Internal Control

for the financial year ended 30 June 2022

The Board assumes overall responsibility for the MCB Group's risk management framework. Identifying, evaluating and managing any significant risks faced by the MCB Group is an ongoing process which is undertaken by the senior management at each level of operations and by the ARMC, which assesses and analyses these findings and reports to the Board. At the same time, YTLIA, in the performance of its internal audit function, will identify and evaluate any significant risks faced by the MCB Group and report these findings to the ARMC.

During the financial year under review, the Board's functions within the risk management framework were exercised primarily by the Managing Director/Executive Directors through their participation in management meetings to ensure the adequacy and integrity of the system of internal control. Emphasis is placed on reviewing and updating the process for identifying and evaluating the significant risks affecting the business, and policies and procedures by which these risks are managed.

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

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

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

REVIEW BY EXTERNAL AUDITORS

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

CONCLUSION

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

This statement was approved by the Board on 25 August 2022.

Audit and Risk Management Committee Report

COMPOSITION

Dato' Tan Guan Cheong

(Chairman/Independent Non-Executive Director)

Tan Sri Datuk Asmat Bin Kamaludin

(Member/Independent Non-Executive Director)

Dato' Yoogalingam A/L Vynamuttu

(Member/Independent Non-Executive Director)

TERMS OF REFERENCE

The terms of reference can be found under the 'Governance' section on the Company's website at www.ytlcement.my.

NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 6 Audit and Risk Management Committee Meetings ("ARMC") were held and the details of attendance are as follows:-

| | Attendance |
|-----------------------------------|-------------------|
| Dato' Tan Guan Cheong | 6 |
| Tan Sri Datuk Asmat Bin Kamaludin | 6 |
| Dato' Yoogalingam A/L Vynamuttu | 6 |

SUMMARY OF WORK CARRIED OUT DURING THE FINANCIAL YEAR

The ARMC carried out the following work during the financial year ended 30 June 2022 in the discharge of its functions and duties:-

1. Overseeing Financial Reporting

- (a) Reviewed the following quarterly financial results and annual audited financial statements ("Financial Reports") prior to its recommendation to the Board of Directors for approval:

- Quarterly financial results for the fourth quarter of financial year ended 30 June 2021, and the annual audited financial statements for the financial year ended 30 June 2021 at the ARMC meeting held on 7 September 2021 and 29 September 2021, respectively;
- First, second and third quarters of the quarterly results for the financial year ended 30 June 2022 at the ARMC meetings held on 24 November 2021, 23 February 2022 and 25 May 2022, respectively.

- (b) At the ARMC meetings, the General Manager Finance presented the Financial Reports wherein the following matters were reviewed and confirmed, with clarifications and/or additional information provided wherever required by the Managing Director primarily in charge of the financial management of the Company:-

- Appropriate accounting policies had been adopted and applied consistently, and other statutory and regulatory requirements had been complied with;
- The Company has adequate resources to continue in operation for the foreseeable future and that there are no material uncertainties that could lead to significant doubt as to the Group's ability to continue as a going concern;
- Significant judgements made by management in respect of matters such as impairment assessment on goodwill, recognition of deferred tax assets, recoverability of receivables and the underlying assumptions and/or estimates used were reasonable and appropriate in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS");
- Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRS and Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements");
- The Financial Reports were fairly presented in conformity with the relevant accounting standards in all material aspects.

Audit and Risk Management Committee Report

2. External Audit

- (a) Reviewed with the previous external auditors, Deloitte PLT ("Deloitte"), their progress report of the audit for the financial year ended 30 June 2021 setting out their findings and deliberations on the significant risks and areas of audit focus highlighted and adequacy of disclosures in the financial statements;
- (b) Assessed the performance of Deloitte for the financial year ended 30 June 2021 and recommended to the Board of Directors for re-appointment at the annual general meeting held on 7 December 2021;
- (c) Reviewed on a regular basis, the nature and extent of the non-audit services provided by Deloitte and its affiliates, and having considered the nature, scope and amount of the non-audit fees, was satisfied that there was no conflict of interest and it would not impair the suitability, performance, independence and objectivity of the external auditors;
- (d) Reviewed and recommended to the Board of Directors on the proposed streamlining of auditors of the Company and its subsidiaries in Malaysia to a single audit firm and nomination of HLB Ler Lum Chew PLT ("HLB") as the external auditors for the financial year ended 30 June 2022 in place of Deloitte;
- (e) Reviewed with the external auditors, HLB, the audit plan for the financial year ended 30 June 2022 outlining, amongst others, their scope of work, materiality threshold, significant risks and areas of audit focus, internal control plan, and development in laws and regulations affecting financial reporting, responsibilities of the ARMC members and roles of auditors;
- (f) Reviewed the profiles of the audit engagement team from HLB which enables the ARMC to assess their qualifications, expertise, resources, and independence, as well as the effectiveness of the audit process;
- (g) Reviewed the audit fees proposed by HLB together with management and recommended the fees agreed with HLB to the Board of Directors for approval;
- (h) Had discussions with the external auditors twice during the financial year, on 7 September 2021 (Deloitte) and 25 May 2022 (HLB), without the presence of management, to apprise on matters in regard to the audit and financial statements. No issues were highlighted by the external auditors.

3. Internal Audit/Internal Control

- (a) Reviewed with the internal auditors the internal audit reports (including follow-up review reports), the audit findings and recommendations, management's responses and/or actions taken thereto and ensured that material findings were satisfactorily addressed by management;
- (b) Reviewed and adopted the risk-based internal audit plan for the financial year ending 30 June 2023 to ensure sufficient scope and coverage of activities of the Company and the Group;
- (c) Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right calibre of personnel to perform effectively and that the head of internal audit has adequate authority to discharge its functions objectively and independently.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

- (a) Reviewed, on a quarterly basis, the RRPT entered into by the Company and/or its subsidiaries with related parties to ensure that the Group's internal policies and procedures governing RRPT are adhered to, the terms of the shareholder mandate are not contravened, and disclosure requirements of the Listing Requirements are observed;
- (b) Received updates on the directorships and shareholdings held by the Directors of the Company and persons connected with them via the general notices given under and in accordance with Section 221 of the Companies Act, 2016 tabled at board meetings. These disclosures enabled an assessment of the potential or actual conflicts of interest which may arise in relation to related party transactions or RRPT;
- (c) Reviewed the circulars to shareholders dated 29 October 2021 in relation to the renewal of existing and proposed new shareholder mandate for RRPT, prior to its recommendation to the Board of Directors for approval.

Audit and Risk Management Committee Report

5. Annual Report

Reviewed the ARMC Report and the Statement on Risk Management and Internal Control before recommending these to the Board of Directors for approval for inclusion in 2021 Annual Report.

6. Amendments to Policy on Auditor Independence

Reviewed the proposed amendments to the Policy on Auditor Independence including 'External Auditor Evaluation Form' to include enhancements to its oversight role as introduced by the practices recommended in the Malaysian Code of Corporate Governance ("Code"), prior to its recommendation to the Board of Directors for approval.

INTERNAL AUDIT FUNCTION

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

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

- reliability and integrity of financial and operational information;
- effectiveness and efficiency of operations;
- safeguarding of assets; and
- compliance with relevant laws, regulations and contractual obligations.

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

1. Developed the annual internal audit plan and proposed the plan to the ARMC.
2. Conducted scheduled and special internal audit engagements, focusing primarily on the adequacy and effectiveness of internal controls and recommending improvements where necessary.
3. Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
4. Presented significant audit findings and areas for improvements raised by the IA to the ARMC for consideration on the recommended corrective measures together with the management's response.
5. Conducted RRPT reviews to assess accuracy and completeness of reporting for presentation to the ARMC, and ensure compliance with the Listing Requirements.
6. Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.
7. Conducted discussions with management to identify, analyse, assess and prioritise the internal and external corruption risks, for the purpose of establishing appropriate processes, systems and controls to mitigate the specific corruption risks exposure.

Costs amounting to RM485,255 were incurred in relation to the internal audit function for the financial year ended 30 June 2022.

Remuneration and Nomination Committee Statement

REMUNERATION AND NOMINATION COMMITTEE (“RNC”)

The RNC assists the Board of Directors of Malayan Cement Berhad (the “Company”) (“Board”) in discharging its responsibilities, mainly,

- by overseeing the selection and assessment of Directors to ensure that the composition of the Board meets the needs of the Company and its subsidiaries (“MCB Group”); and
- establishing, reviewing and making recommendations to the Board on the remuneration policy and procedures, and ensuring that the Directors and senior management are appropriately remunerated to ensure the long-term sustainable success of the MCB Group.

The terms of reference of the RNC can be found under the “Governance” section on the Company’s website at www.ytlcement.my.

Members of the RNC are as follows:-

- Tan Sri Datuk Asmat Bin Kamaludin (*Chairman*)
- Dato’ Tan Guan Cheong
- Dato’ Yoogalingam A/L Vyramuttu

The RNC met twice during financial year ended 30 June 2022, attended by all members.

BOARD NOMINATION AND ELECTION PROCESS AND CRITERIA USED

The RNC is responsible for considering and making recommendations to the Board candidates for directorship when the need arises such as to fill a vacancy arising from resignation or retirement or to close any skills, competencies, experience or diversity gap that has been identified or to strengthen Board composition. Candidates may be proposed by the Managing Director or any Director or shareholder and must fulfil the requirements prescribed under the relevant laws and regulations for appointment as director. A candidate’s suitability for appointment will be based primarily on the individual’s merits as well as the strategic aim for the appointment.

ACTIVITIES OF THE RNC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(i) Review of Directors standing for re-election

In June 2022, based on the schedule of retirement by rotation and in conjunction with the annual evaluation exercise, the RNC considered the eligibility of Dato’ Yeoh Soo Keng, Tan Sri Datuk Asmat bin Kamaludin and Dato’ Tan Guan Cheong, who are due to retire by rotation pursuant to Article 85 of the Company’s Constitution at the Seventy-Second Annual General Meeting of the Company, to stand for re-election.

The RNC (save for the members who abstained from deliberations in respect of their own re-election) was satisfied that they continue to perform and contribute effectively as indicated by the performance evaluation results, devote the necessary time commitment to their roles and responsibilities, and in the case of the Independent Non-Executive Directors (“INED”), exercise objectivity and independence of judgement, and as such resolved to recommend to the Board that they stand for re-election.

(ii) Annual evaluation

In May 2022, the annual evaluation of the effectiveness of the Board as a whole, the Board Committees and individual Directors was carried out. The evaluation exercise was facilitated by the Company Secretary and took the form of completion of questionnaires/evaluation forms.

Besides composition and diversity, Board effectiveness evaluation covered the areas of quality of governance and decision making while Board Committees were assessed on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

Individual Directors were evaluated on their fit and properness, calibre, character and integrity, contribution, performance and time commitment; whether they have shown the will and ability to deliberate constructively, ask the right questions and confidence to stand up for a point of view.

Results of the evaluations indicated no evident weaknesses or shortcomings which require mitigating measure. The Board and the Board Committees continue to operate effectively and the performance of the Directors and the time commitment in discharging their duties as Directors of the Company for the financial year ended 30 June 2022 were satisfactory.

Remuneration and Nomination Committee Statement

The RNC with the concurrence of the Board was of the view that the Board is of the right size and has an appropriate mix of skills, experience, perspective, independence and diversity, including gender diversity needed to meet the needs of the Company.

In terms of the tenure of the INED, the RNC took note of the amendments introduced by Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”) in relation to the 12-year limit for independent directors.

(iii) Review of the Fit and Proper Policy for Directors

The RNC reviewed the Fit and Proper Policy for Directors of the Company and its subsidiaries together with the form of ‘Declaration of Fit and Propriety by Director’ prior to recommending the same for adoption by the Board.

(iv) Review of the evaluation criteria in the evaluation forms

The RNC reviewed the evaluation criteria set out in the evaluation forms and resolved that the same be maintained as they remain relevant and consistent with the Malaysian Code on Corporate Governance and Listing Requirements.

(v) Review of the RNC Statement for the financial year ended 30 June 2021

The RNC reviewed the RNC Statement prior to its recommendation to the Board for inclusion in 2021 Annual Report.

(vi) Review of Directors’ remuneration

The RNC assessed the fees and meeting attendance allowance (benefits) proposed for the Non-Executive Directors based on benchmarking against comparable listed companies in Malaysia (in terms of industry and size/market capitalisation), performance of the Non-Executive Directors as indicated by the evaluations conducted, and overall performance of the MCB Group. The RNC ensured that none of the Non-Executive Directors was involved in the decision regarding his own remuneration outcome. As to the remuneration of the Executive Directors (senior management are also Executive Directors of the Company), no review was conducted as they had voluntarily waived any form of remuneration for the financial year ended 30 June 2021.

POLICY ON BOARD COMPOSITION

As the Board’s overriding aim is to maintain a strong and effective Board, it seeks to ensure that all appointments are made on merit, taking into account the collective balance of elements such as skills, experience, age, gender, ethnicity, background and perspective. The Board recognises the importance of encouraging and developing female talent at all levels. Currently, there is one female Director on the Board and this makes up 11.1% of the full Board. Although it has not set any specific measurable objectives, the Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest calibre, and with the necessary strength, experience and skills to meet the needs of the Company.

INDUCTION, TRAINING AND DEVELOPMENT OF DIRECTORS

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

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

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

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

During the financial year ended 30 June 2022, the following five in-house training programmes were organised for the Directors:

- YTL LEAD Conference 2021;
- YTL Group Data Security & Protection Course;
- An Effective Holistic Approach to establishing Effective ESG Culture and Successful Implementation;
- Successful Implementation of the 4 ESG Pillars, Metrics and Disclosures;
- Cybersecurity Training: Phishing Attack.

Remuneration and Nomination Committee Statement

All the Directors have undergone training programmes during the financial year ended 30 June 2022. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

| Seminars/Conferences/Training | Attended by |
|--|---|
| Risk Management/Compliance/ Environmental, Social & Governance/Sustainability | |
| <ul style="list-style-type: none"> Sustainable Reset: The Role of NRC in a Post-Pandemic World (21 & 22 September 2021) | Dato' Tan Guan Cheong |
| <ul style="list-style-type: none"> Updated Malaysian Code on Corporate Governance 2021; Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and their subsidiaries; and Environmental, Social & Governance Trends (22 October 2021) | Mr Yeoh Khoon Cheng |
| <ul style="list-style-type: none"> The Securities Commission Malaysia's Audit Oversight Board - Conversation with Audit Committees - Good Practices for Audit Committees in Supporting Audit Quality - How it Impacts Audit Committee (29 November 2021) | Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vynamuttu |
| <ul style="list-style-type: none"> An Effective Holistic Approach to establishing Effective ESG Culture and Successful Implementation (6 April 2022) | Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vynamuttu Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng |
| <ul style="list-style-type: none"> Successful Implementation of the 4 ESG Pillars, Metrics and Disclosures (11 April 2022) | Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vynamuttu Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng Mr Yeoh Khoon Cheng |
| Cybersecurity/Technology | |
| <ul style="list-style-type: none"> Cyber-Security Awareness (22 October 2021) | Mr Yeoh Khoon Cheng |
| <ul style="list-style-type: none"> YTL Group Data Security & Protection Course (December 2021) | Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Tan Guan Cheong |
| <ul style="list-style-type: none"> Cybersecurity Training: Phishing Attack (Part 1) (May 2022) | Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Tan Guan Cheong |
| <ul style="list-style-type: none"> Cybersecurity Training: Phishing Attack (Part 2) (June 2022) | Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Tan Guan Cheong |
| Leadership | |
| <ul style="list-style-type: none"> YTL LEAD Conference 2021 (6 - 10 December 2021) | Tan Sri (Sir) Francis Yeoh Sock Ping Tan Sri Datuk Asmat Bin Kamaludin Dato' Sri Michael Yeoh Sock Siong Dato' Tan Guan Cheong Dato' Yoogalingam A/L Vynamuttu Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Yeoh Soo Keng |

Statement of Directors' Responsibilities

The Directors are required to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements for the financial year ended 30 June 2022, the Directors have:

- considered the applicable approved accounting standards in Malaysia;
- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company which enable them to ensure that the financial statements comply with the Companies Act 2016, Bursa Malaysia Securities Berhad Main Market Listing Requirements, Malaysian Financial Reporting Standards and International Financial Reporting Standards.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

4 Additional Information





| | |
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| 60 | Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings |
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Disclosure of Recurrent Related Party Transactions of a Revenue or Trading Nature

for the financial year ended 30 June 2022

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements"), details of the Recurrent Related Party Transactions ("RRPT") conducted during the financial year ended 30 June 2022 pursuant to shareholder mandates obtained are as follows:

| Related Party | Corporations in the MCB Group involved in the RRPT | Interested Related Party | Nature of Transactions | Value of Transactions RM'000 |
|--------------------------------------|---|---|--|-------------------------------------|
| YTL Corporation Group ⁽¹⁾ | Subsidiaries of MCB | YTLSFH ⁽²⁾⁽³⁾⁽⁴⁾ | Sales and purchases of cement, clinker, drymix and cementitious materials | 275,782 |
| | | YTLSH ⁽²⁾⁽³⁾⁽⁴⁾ | Sales and purchases of aggregates, sand and concrete products | 61,168 |
| | | YTL Corporation ⁽²⁾⁽³⁾⁽⁴⁾ | Rental for use of office premise at 58, Pulau Damar Laut, 618297 Singapore | 4,490 |
| | | YTL Cement ⁽²⁾⁽³⁾⁽⁴⁾ | Rental for use of land at Lot 237 (PTD 135), Mukim off Sedili Kecil, Felda Bukit Waha, 81907 Kota Tinggi, Johor Darul Takzim | |
| | | Puan Sri Tan Kai Yong ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾ | Rental of office premises at Menara YTL, 205 Jalan Bukit Bintang, 55100 Kuala Lumpur, and procurement of related services | |
| | | Yeoh Siblings ⁽⁴⁾⁽⁶⁾ | Rental of land at No. Hakmilik 10023, Lot 45609 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan | |
| | | | Rental of land at Lot 6016 and part of Lot 6017, Jalan Kuku, Larkin Industrial Estate, Johor Bahru, Johor Darul Takzim | |
| | | | Rental of land at PLO658, Zone 12B, Pasir Gudang, Johor Darul Takzim | |
| | | | Rental of land at No. Hakmilik 532, Lot 1556, Mukim Batu, Daerah Gombak, Selangor Darul Ehsan | |
| | | | Silo storage charges | 4,271 |
| | | | Provision and/or procurement of software, software support/maintenance and other related services | |
| | | | Procurement of event management, technical support and equipment rental services | |
| | | | Fees for support function and packing of cementitious products services | |
| | | | Hotel related services | |

Disclosure of Recurrent Related Party Transactions of a Revenue or Trading Nature

for the financial year ended 30 June 2022

| Related Party | Corporations in the MCB Group involved in the RRPT | Interested Related Party | Nature of Transactions | Value of Transactions RM'000 |
|---------------|--|--------------------------|--|------------------------------|
| | | | Purchase of supplies and spare parts and/or freight, handling and maintenance services | 24,631 |
| | | | Procurement of waste handling, operation and maintenance services | 3,820 |
| | | | Purchase of mobile and heavy equipment | 9,945 |
| TOTAL | | | | 384,107 |

Definitions:

| | |
|-----------------------|--|
| MCB | - Malayan Cement Berhad |
| MCB Group | - MCB and its subsidiaries |
| Major Shareholder | - As defined in Paragraph 1.01 of the Listing Requirements and for purpose of the RRPT, meaning set out in Chapter 10 of the Listing Requirements |
| Person Connected | - As defined in Paragraph 1.01 of the Listing Requirements |
| Puan Sri Tan Kai Yong | - Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong, a Major Shareholder (by virtue of her beneficial interests (held through YTLSTC as trustee) in the shares of YTLFSFH) of MCB Group and YTL Corporation Group |
| YTLFSFH | - Yeoh Tiong Lay & Sons Family Holdings Limited, the ultimate holding company of MCB and YTL Corporation |
| YTLSSH | - Yeoh Tiong Lay & Sons Holdings Sdn Bhd, the penultimate holding company of MCB and YTL Corporation |
| YTL Corporation | - YTL Corporation Berhad, the pre-penultimate holding company of MCB |
| YTL Corporation Group | - YTL Corporation and its subsidiaries (excluding listed subsidiaries and their subsidiaries, joint ventures and associated companies), joint ventures and associated companies |
| YTL Cement | - YTL Cement Berhad, the immediate holding company of MCB and subsidiary of YTL Corporation |
| YTL Cement Group | - YTL Cement and its subsidiaries, joint ventures and associated companies |
| YTLSTC | - Yeoh Tiong Lay & Sons Trust Company Limited which holds, in its capacity as trustee, the entire issued shares in YTLFSFH |
| Yeoh Siblings | - Tan Sri (Sir) Francis Yeoh Sock Ping, Dato' Sri Michael Yeoh Sock Siong, Dato' Yeoh Seok Kian, Dato' Yeoh Seok Hong and Dato' Yeoh Soo Keng, collectively |

Footnotes:

- (1) Include transactions with YTL Cement Group.
- (2) Puan Sri Tan Kai Yong, YTLSTC, YTLFSFH, YTLSSH, YTL Corporation and YTL Cement are Major Shareholders of MCB Group.
- (3) Puan Sri Tan Kai Yong, YTLSTC, YTLFSFH and YTLSSH are also Major Shareholders of YTL Corporation Group while YTL Corporation is a Major Shareholder of its subsidiaries (including YTL Cement), joint ventures and associated companies.
- (4) YTLFSFH, YTLSSH, YTL Corporation and YTL Cement are Persons Connected with Puan Sri Tan Kai Yong and the Yeoh Siblings.
- (5) Puan Sri Tan Kai Yong is also a Director of YTLSSH, YTLFSFH and YTLSTC.
- (6) The Yeoh Siblings are the children of Puan Sri Tan Kai Yong. They are also Directors of YTL Corporation, YTL Cement and YTLSSH. Except for Dato' Yeoh Soo Keng, the Yeoh Siblings are also Directors of YTLFSFH and YTLSTC.

Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings

as at 20 September 2022

Class of shares : Ordinary Shares

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

DISTRIBUTION OF SHAREHOLDINGS

| Size of holding | No. of Shareholders | % | No. of Shares | % |
|--|---------------------|---------------|----------------------|---------------|
| Less than 100 | 358 | 4.82 | 6,686 | 0.00 |
| 100 - 1,000 | 2,632 | 35.45 | 1,494,886 | 0.11 |
| 1,001 - 10,000 | 3,226 | 43.45 | 12,653,456 | 0.97 |
| 10,001 - 100,000 | 1,006 | 13.55 | 31,350,242 | 2.39 |
| 100,001 to less than 5% of issued shares | 200 | 2.69 | 165,080,878 | 12.60 |
| 5% and above of issued shares | 3 | 0.04 | 1,099,615,502 | 83.93 |
| Total | 7,425 | 100.00 | 1,310,201,650 | 100.00 |

Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings as at 20 September 2022

THIRTY LARGEST SHAREHOLDERS

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

| | Name | No. of Shares | % |
|----|--|---------------|-------|
| 1 | Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for YTL Cement Berhad | 654,109,328 | 49.92 |
| 2 | YTL Cement Berhad | 375,506,174 | 28.66 |
| 3 | Amanahraya Trustees Berhad - Amanah Saham Bumiputera | 70,000,000 | 5.34 |
| 4 | CGS-CIMB Nominees (Asing) Sdn Bhd - Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (RETAIL CLIENTS) | 8,698,733 | 0.66 |
| 5 | HSBC Nominees (Asing) Sdn Bhd - SIX SIS for Bank Sarasin CIE | 8,500,000 | 0.65 |
| 6 | Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LEEF) | 5,655,800 | 0.43 |
| 7 | Loke Wan Yat Realty Sdn Bhd | 5,107,100 | 0.39 |
| 8 | HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF) | 4,903,500 | 0.37 |
| 9 | Tasek Property Holdings Sdn Bhd | 4,801,100 | 0.37 |
| 10 | Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (GROWTH) | 4,765,200 | 0.36 |
| 11 | Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LSF) | 4,424,800 | 0.34 |
| 12 | HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Singular Value Fund | 4,165,100 | 0.32 |
| 13 | Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100) | 3,967,040 | 0.30 |
| 14 | Malaysia Nominees (Tempatan) Sendirian Berhad - Lee Foundation, States of Malaya (00-00197-000) | 3,763,620 | 0.29 |
| 15 | HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Shariah Progress Fund | 3,763,000 | 0.29 |
| 16 | Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LPF) | 3,059,500 | 0.23 |
| 17 | Amanahraya Trustees Berhad - Public Ittikal Sequel Fund | 2,996,100 | 0.23 |
| 18 | Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (DANA EKT PRIMA) | 2,974,900 | 0.23 |

Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings

as at 20 September 2022

| | Name | No. of Shares | % |
|----|---|----------------------|--------------|
| 19 | Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (DR) | 2,722,500 | 0.21 |
| 20 | Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (PREM EQUITY) | 2,548,200 | 0.19 |
| 21 | HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P) | 2,527,200 | 0.19 |
| 22 | HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082) | 2,338,400 | 0.18 |
| 23 | HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Insurance Berhad (EQUITY FUND) | 2,281,400 | 0.17 |
| 24 | Maybank Nominees (Tempatan) Sdn Bhd - Mtrustee Bhd for Aiiman TNB RBTF (EQ) (433139) | 2,253,000 | 0.17 |
| 25 | Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LGF) | 2,055,100 | 0.16 |
| 26 | Maybank Nominees (Tempatan) Sdn Bhd - National Trust Fund (IFM AFFINHWANG) (410195) | 1,930,800 | 0.15 |
| 27 | Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (BALANCE) | 1,855,200 | 0.14 |
| 28 | Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Family Takaful Berhad (FAMILY) | 1,806,400 | 0.14 |
| 29 | Tokio Marine Life Insurance Malaysia Bhd - As Beneficial Owner (TMEF) | 1,687,000 | 0.13 |
| 30 | Kong Goon Khing | 1,668,000 | 0.13 |
| | Total | 1,196,834,195 | 91.35 |

Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings

as at 20 September 2022

SUBSTANTIAL SHAREHOLDERS

(as per register of substantial shareholders)

| Name | No. of Shares Held | | | |
|--|--------------------|-------|------------------------------|-------|
| | Direct | % | Indirect | % |
| YTL Cement Berhad | 1,029,615,502 | 78.58 | – | – |
| YTL Corporation Berhad | – | – | 1,029,615,502 ⁽¹⁾ | 78.58 |
| Yeoh Tiong Lay & Sons Holdings Sdn Bhd | – | – | 1,029,615,502 ⁽¹⁾ | 78.58 |
| Yeoh Tiong Lay & Sons Family Holdings Limited | – | – | 1,029,615,502 ⁽²⁾ | 78.58 |
| Yeoh Tiong Lay & Sons Trust Company Limited | – | – | 1,029,615,502 ⁽³⁾ | 78.58 |
| Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong | – | – | 1,029,615,502 ⁽⁴⁾ | 78.58 |
| Amanahraya Trustees Berhad – Amanah Saham Bumiputera | 70,000,000 | 5.34 | – | – |

⁽¹⁾ Deemed interests by virtue of interests held through YTL Cement Berhad pursuant to Section 8 of the Companies Act, 2016.

⁽²⁾ Deemed interests by virtue of interests held through YTL Cement Berhad pursuant to Section 8 of the Companies Act, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Holdings Sdn Bhd.

⁽³⁾ Deemed interests by virtue of interests held through YTL Cement Berhad pursuant to Section 8 of the Companies Act, 2016 arising from its ownership of 100% of Yeoh Tiong Lay & Sons Family Holdings Limited in its capacity as trustee.

⁽⁴⁾ Deemed interests by virtue of interests held through YTL Cement Berhad pursuant to Section 8 of the Companies Act, 2016 arising from her beneficial interest (held through Yeoh Tiong Lay & Sons Trust Company Limited in its capacity as trustee) in Yeoh Tiong Lay & Sons Family Holdings Limited.

Class of shares : Irredeemable Convertible Preference Shares (ICPS)

Voting rights : One vote per ICPS holder on a show of hands or one vote per ICPS on a poll in respect of meeting of ICPS holders

LIST OF ICPS HOLDER

(As per the Register of ICPS Holder)

| Name | No. of ICPS | % |
|-------------------|-------------|--------|
| YTL Cement Berhad | 466,666,667 | 100.00 |

Statement of Directors' Interests

in the Company and Related Corporations as at 20 September 2022

THE COMPANY

Malayan Cement Berhad

| Name | No. of Shares Held | | | |
|--|--------------------|---|------------------------|------|
| | Direct | % | Indirect | % |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | - | - | 500,000 ⁽¹⁾ | 0.04 |
| Dato' Sri Michael Yeoh Sock Siong | - | - | 2,100 ⁽¹⁾ | * |
| Dato' Tan Guan Cheong | - | - | 80,000 ⁽¹⁾ | 0.01 |

PRE-PENULTIMATE HOLDING COMPANY

YTL Corporation Berhad

| Name | No. of Shares Held | | | |
|--|--------------------|------|------------------------------|------|
| | Direct | % | Indirect | % |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 150,344,946 | 1.37 | 1,016,665 ⁽¹⁾ | 0.01 |
| Dato' Sri Michael Yeoh Sock Siong | - | - | 77,595,817 ⁽¹⁾⁽²⁾ | 0.71 |
| Dato' Yoogalingam A/L Vyramuttu | - | - | 224,852 ⁽¹⁾ | * |
| Dato' Yeoh Seok Kian | 58,508,722 | 0.53 | 13,895,816 ⁽¹⁾ | 0.13 |
| Dato' Yeoh Seok Hong | 54,173,305 | 0.49 | 24,821,442 ⁽¹⁾ | 0.23 |
| Dato' Yeoh Soo Keng | 58,087,165 | 0.53 | 799,157 ⁽¹⁾ | 0.01 |

| Name | No. of Share Options | |
|--|----------------------|---------------------------|
| | Direct | Indirect |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 15,000,000 | 15,000,000 ⁽¹⁾ |
| Dato' Sri Michael Yeoh Sock Siong | 15,000,000 | - |
| Dato' Yoogalingam A/L Vyramuttu | - | 1,500,000 ⁽¹⁾ |
| Dato' Yeoh Seok Kian | 15,000,000 | 12,000,000 ⁽¹⁾ |
| Dato' Yeoh Seok Hong | 15,000,000 | 14,000,000 ⁽¹⁾ |
| Dato' Yeoh Soo Keng | 15,000,000 | - |

RELATED COMPANIES

YTL Power International Berhad

| Name | No. of Shares Held | | | |
|--|--------------------|------|------------------------------|------|
| | Direct | % | Indirect | % |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 21,870,694 | 0.27 | 862,153 ⁽¹⁾ | 0.01 |
| Dato' Sri Michael Yeoh Sock Siong | - | - | 18,112,912 ⁽¹⁾⁽²⁾ | 0.22 |
| Tan Sri Datuk Asmat Kamaludin | - | - | 21,609 ⁽¹⁾ | * |
| Dato' Yoogalingam A/L Vyramuttu | - | - | 58,414 ⁽¹⁾ | * |
| Dato' Yeoh Seok Kian | 11,276,298 | 0.14 | 14,416,426 ⁽¹⁾ | 0.18 |
| Dato' Yeoh Seok Hong | 135,438,169 | 1.67 | 5,435,235 ⁽¹⁾ | 0.07 |
| Dato' Yeoh Soo Keng | 17,042,049 | 0.21 | 197,431 ⁽¹⁾ | * |

Statement of Directors' Interests

in the Company and Related Corporations as at 20 September 2022

| Name | No. of Share Options | |
|--|----------------------|--------------------------|
| | Direct | Indirect |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 15,000,000 | - |
| Dato' Sri Michael Yeoh Sock Siong | 15,000,000 | - |
| Dato' Yeoh Seok Kian | 15,000,000 | - |
| Dato' Yeoh Seok Hong | 15,000,000 | 9,000,000 ⁽¹⁾ |
| Dato' Yeoh Soo Keng | 15,000,000 | - |

YTL Corporation (UK) PLC

| Name | No. of Shares Held | |
|--|--------------------|---|
| | Direct | % |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 1 | * |

YTL Construction (Thailand) Limited

| Name | No. of Shares Held | |
|--|--------------------|------|
| | Direct | % |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 1 | 0.01 |
| Dato' Sri Michael Yeoh Sock Siong | 1 | 0.01 |
| Dato' Yeoh Seok Kian | 1 | 0.01 |
| Dato' Yeoh Seok Hong | 1 | 0.01 |

Samui Hotel 2 Co. Ltd

| Name | No. of Shares Held | |
|--|--------------------|---|
| | Direct | % |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 1 | * |

* Negligible

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

⁽²⁾ Deemed interests by virtue of interests held by Hasil Mayang Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

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

List of Properties

as at 30 June 2022

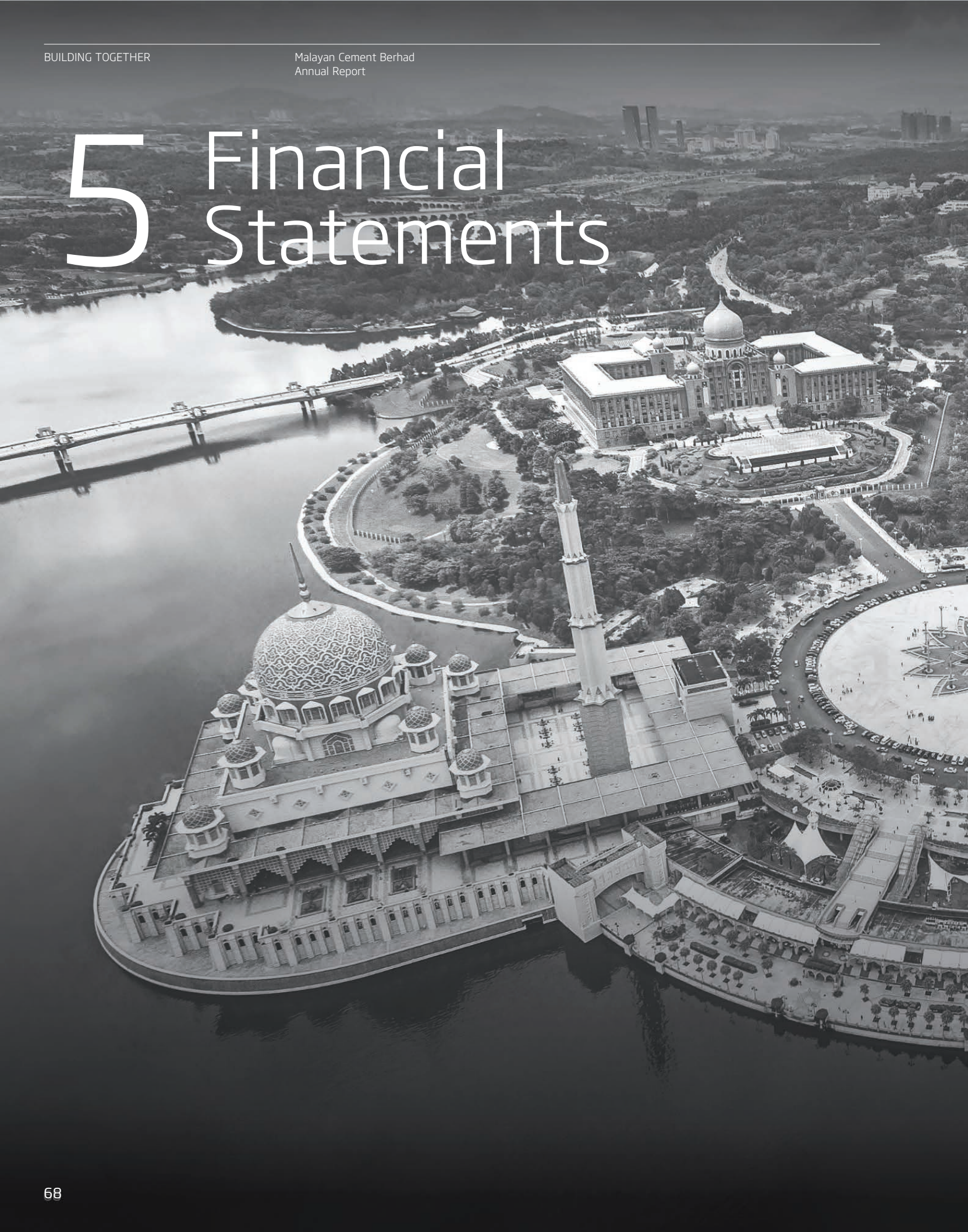
| | Location | Tenure | Land Area | Description and Existing Use | Built up Area (sq.m.) | Approximate Age of Buildings (years) | Lease Expiry Date | Net Book Value as at 30 June 2022 RM'000 | Date of Acquisition/ Date of Last Revaluation |
|--|--|-----------|---------------|--|-----------------------|--------------------------------------|-------------------|--|---|
| 1 | PN 212664, Lot 4064 [#] | Leasehold | 59.79 acres | Cement plant | - | - | Year 2087 | 417,897 | 19.5.2022 |
| | PN 395004, Lot 15445 [#] | Leasehold | 0.9864 acres | Cement plant | - | - | Year 2087 | | 19.5.2022 |
| | HS (D) 2675, PT 1327 [#] | Leasehold | 22.21 acres | Cement plant | - | - | Year 2095 | | 19.5.2022 |
| | PN 369360, Lot 4067 [#] | Leasehold | 1.46 acres | Warehouse & depot | - | - | Year 2096 | | 19.5.2022 |
| | PN 212336, Lot 4529 [#] | Leasehold | 14.55 acres | Cement plant | - | - | Year 2096 | | 19.5.2022 |
| | HS (D) 2676, PT 1328 [#] | Leasehold | 8.20 acres | Cement plant - Safety Zone | - | - | Year 2095 | | 19.5.2022 |
| | HS (D) 2677, PT 1329 [#] | Leasehold | 30.25 acres | Cement plant - Safety Zone | - | - | Year 2095 | | 19.5.2022 |
| | HS (D) 2678, PT 1330 [#] | Leasehold | 102.33 acres | Cement plant - Safety Zone | - | - | Year 2095 | | 19.5.2022 |
| | HS (D) 2679, PT 1331 [#] | Leasehold | 130.97 acres | Cement plant - Clay Quarry Area | - | - | Year 2056 | | 19.5.2022 |
| | HS (D) 2680, PT 1332 [#] | Leasehold | 14.41 acres | Cement plant - Clay Quarry Area | - | - | Year 2056 | | 19.5.2022 |
| | PN 313351, Lot 4322 [#] | Leasehold | 28.24 acres | Staff quarter building | - | - | Year 2095 | | 19.5.2022 |
| | PN 344194, Lot 4405 [#] | Leasehold | 28.17 acres | Cement plant | - | - | Year 2095 | | 19.5.2022 |
| | HS (D) 2681, PT 1333 [#] | Leasehold | 278.24 acres | Cement plant - Limestone Hill/Quarry | - | - | Year 2056 | | 19.5.2022 |
| | PN 278198, Lot 4533 [#] | Leasehold | 30.06 acres | Cement plant | - | - | Year 2097 | | 19.5.2022 |
| | PN 278203, Lot 4534 [#] | Leasehold | 3.54 acres | Cement plant | - | - | Year 2097 | | 19.5.2022 |
| | PN 278204, Lot 4535 [#] | Leasehold | 13.38 acres | Cement plant | - | - | Year 2102 | | 19.5.2022 |
| | PN 00108181, Lot 2764 [#] | Leasehold | 49.57 acres | Cement plant | - | - | Year 2886 | | 19.5.2022 |
| [#] Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan | | | | | | | | | |
| 2 | PN 7848, Lot 1188, Mukim Ulu Kuantan, Pahang Darul Makmur | Leasehold | 121.4 hectare | Cement plant | 767,880 | 25 | Year 2061 | 66,368 | 23.5.2022 |
| | HS (D) 00015539, PT 000991, Mukim Ulu Kuantan, Pahang Darul Makmur | Leasehold | 8.09 hectare | Cement plant | | 25 | Year 2062 | | 23.5.2022 |
| | HS (D) 00011079, PT 000980 Mukim Ulu Kuantan, Pahang Darul Makmur | Leasehold | 81 hectare | Cement plant | | 5 - 25 | Year 2060 | | 23.5.2022 |
| 3 | Plot C, HS (D) 7/1983 Telok Ewa, Langkawi Kedah Darul Aman | Leasehold | 196.4 acres | Cement factory complex and ancillary buildings | - | 37 | Year 2043 | 32,538 | 15.6.1999 |

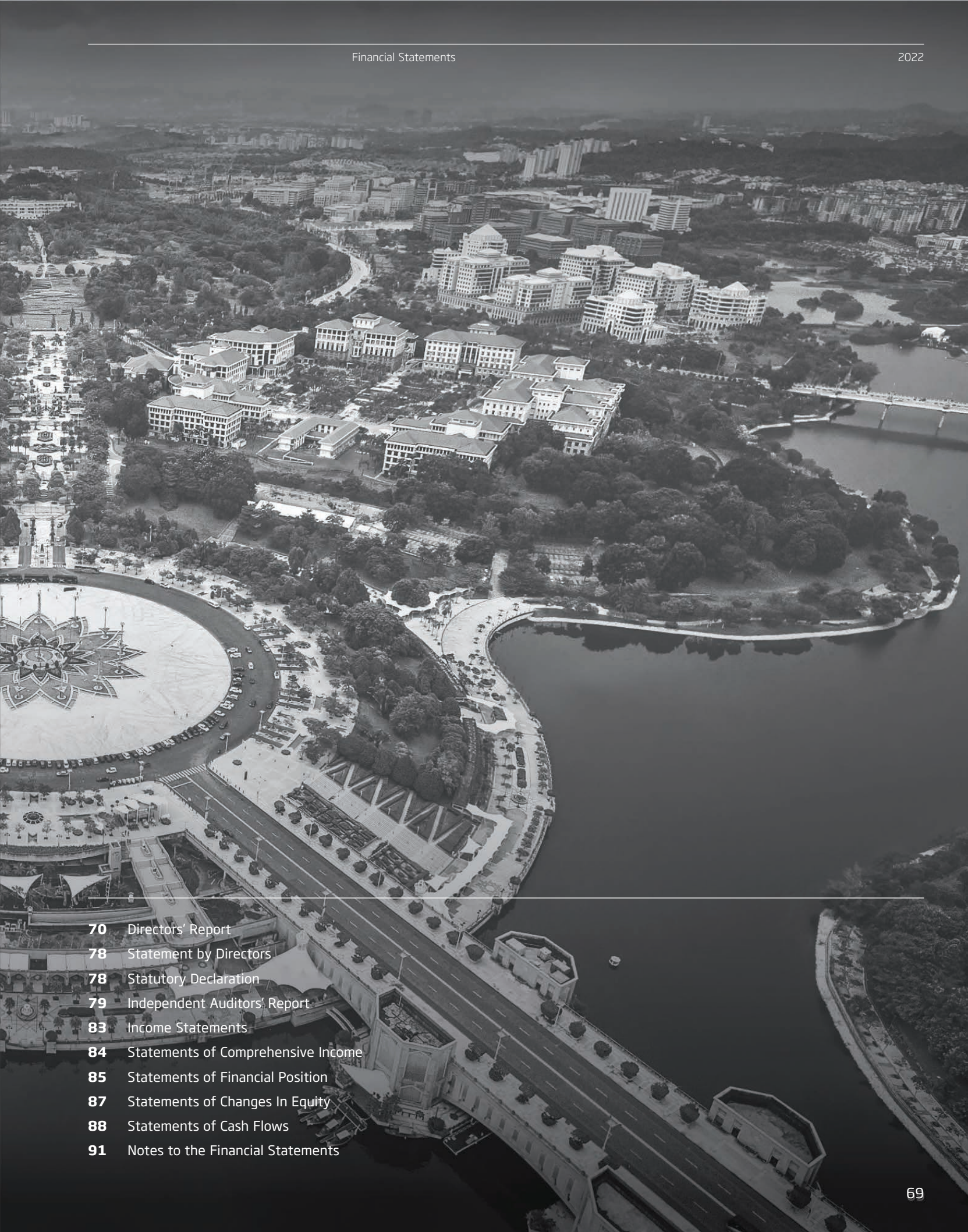
List of Properties

as at 30 June 2022

| Location | Tenure | Land Area | Description and Existing Use | Built up Area (sq.m.) | Approximate Age of Buildings (years) | Lease Expiry Date | Net Book Value as at 30 June 2022 RM'000 | Date of Acquisition/ Date of Last Revaluation |
|---|-----------|-------------------|---|-----------------------|--------------------------------------|-------------------|--|---|
| 4 PTD119739, PTD119740 Jalan Pukal 3, 81700 Pasir Gudang, Johor Bahru Johor Darul Takzim | Leasehold | 14.834 acres | Cement Grinding Station, Drymix plant, warehouse and admin building | - | 3 - 24 | Year 2023 & 2050 | 30,373 | 20.1.1997 & 27.9.1997 |
| 5 Lot No. 1956 Rawang, Selangor Darul Ehsan | Leasehold | 49 acres | Cement factory complex and ancillary buildings | - | 22 - 46 | Year 2056 | 23,690 | 31.12.1998 |
| 6 No. 2, Jalan Kilang 51/206, Petaling Jaya 46050 Selangor Darul Ehsan | Leasehold | 6 acres | Office complex | - | 36 | Year 2068 | 15,006 | 31.12.1998 |
| 7 Lot No. 46497 & 15 Kanthan, Perak Darul Ridzuan | Leasehold | 393 acres | Limestone quarry and ancillary buildings | 3,686 | 30 | Year 2050 | 11,863 | 31.12.1998 |
| 8 HS (D) 200047, PT 242503 Mukim Hulu Kinta Daerah Kinta Perak Darul Ridzuan | Leasehold | 33 acres | Cement factory complex and ancillary buildings | - | 20 - 44 | Year 2041 | 9,856 | 31.12.1998 |
| 9 Lot No. 15865 & 15866, PN 419072 & PN 419073 Perak Darul Ridzuan | Leasehold | 217.4018 hectares | Cement plant - Clay Quarry Area | - | - | Year 2886 | 7,193 | 19.5.2022 |
| 10 Lot No. 3546 to 3548, 3551, 3554, 3555 & 3557 to 3560, Rawang, Selangor Darul Ehsan | Freehold | 94 acres | Agricultural land | - | - | - | 6,807 | 31.12.1998 |

5 Financial Statements





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Directors' Report

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 12 to the Financial Statements.

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

FINANCIAL RESULTS

| | Group | Company |
|-------------------------------|----------------|----------------|
| | RM'000 | RM'000 |
| Profit for the financial year | 82,085 | 156,556 |
| Attributable to:- | | |
| Owners of the parent | 83,545 | 156,556 |
| Non-controlling interests | (1,460) | - |
| | 82,085 | 156,556 |

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the financial statements.

ISSUE OF SHARES

The Company increased its issued and paid-up ordinary share capital and irredeemable convertible preference shares during the year by the issuance of 375,506,174 new ordinary shares and 466,666,667 new preference shares at an issue price of RM3.75 each as consideration for the acquisition of the entire equity interest of 10 companies and their respective subsidiaries which are involved in cement and ready-mixed concrete businesses in Malaysia from YTL Cement Berhad.

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

Directors' Report

EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS 2022") for employees and Directors of the Company and its subsidiaries who meet the criteria of eligibility for participation was established as approved by the shareholders of the Company at an Extraordinary General Meeting held on 18 March 2022. The scheme was implemented on 30 March 2022. The salient features and terms of the ESOS 2022 are set out in Note 22 to the financial statements.

There were no options offered to or exercised by the employees and Directors during the financial year ended 30 June 2022.

DIRECTORS

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

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE
 Dato' Sri Michael Yeoh Sock Siong
 Dato' Yeoh Seok Kian
 Dato' Yeoh Seok Hong
 Dato' Yeoh Soo Keng
 Tan Sri Datuk Asmat Bin Kamaludin
 Dato' Tan Guan Cheong
 Dato' Yoogalingam A/L Vyramuttu
 Yeoh Khoon Cheng

DIRECTORS OF SUBSIDIARIES

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

Dato' Hamidah binti Maktar
 Patrick James Pereira
 Yeoh Keong Junn
 Tan Thong Guan
 Bernard George A/L Jacob Alexis George
 Lim Chee Kiong
 Yeap Kian Bin
 Joseph Benjamin Seaton
 Loh Siew Yee
 Soh Puay Wee
 Juliana Goh Hong Gaik
 Tan Check Hong
 Dato' Hj Mohamed Zainal Abidin bin Hj Abdul Kadir
 Mohamad Zaid bin Mohamed Zainal Abidin
 Gan Kim Teck (Appointed on 1 June 2022)
 Hisanobu Tanaka (Appointed on 1 September 2022)
 Wong Chee Leong
 Yaoki Hashimoto (Ceased as alternate Director to Makoto Koyama on 1 September 2022)
 (Appointed as alternate Director to Hisanobu Tanaka on 1 September 2022)
 Hong Kai Kuan (Resigned on 1 June 2022)
 Makoto Koyama (Resigned on 1 September 2022)

Directors' Report

DIRECTORS' INTERESTS

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

| The Company | Number of ordinary shares | | | As at 30.6.2022 |
|---|------------------------------|----------|----------|------------------------------------|
| | As at 1.7.2021 | Acquired | Disposed | |
| Deemed interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 500,000 ⁽¹⁾ | - | - | 500,000⁽¹⁾ |
| Dato' Sri Michael Yeoh Sock Siong | 2,100 ⁽¹⁾ | - | - | 2,100⁽¹⁾ |
| Dato' Tan Guan Cheong | 80,000 ⁽¹⁾ | - | - | 80,000⁽¹⁾ |
| Number of ordinary shares | | | | |
| Pre-penultimate holding company - YTL Corporation Berhad | As at 1.7.2021 | Acquired | Disposed | As at 30.6.2022 |
| Direct interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 149,844,946 | 500,000 | - | 150,344,946 |
| Dato' Yeoh Seok Kian | 58,508,722 | - | - | 58,508,722 |
| Dato' Yeoh Seok Hong | 54,173,305 | - | - | 54,173,305 |
| Dato' Yeoh Soo Keng | 58,087,165 | - | - | 58,087,165 |
| Deemed interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 516,665 ⁽¹⁾ | 500,000 | - | 1,016,665⁽¹⁾ |
| Dato' Sri Michael Yeoh Sock Siong | 77,595,817 ⁽¹⁾⁽²⁾ | - | - | 77,595,817⁽¹⁾⁽²⁾ |
| Dato' Yoogalingam A/L Vynamuttu | 224,852 ⁽¹⁾ | - | - | 224,852⁽¹⁾ |
| Dato' Yeoh Seok Kian | 13,895,816 ⁽¹⁾ | - | - | 13,895,816⁽¹⁾ |
| Dato' Yeoh Seok Hong | 24,821,442 ⁽¹⁾ | - | - | 24,821,442⁽¹⁾ |
| Dato' Yeoh Soo Keng | 799,157 ⁽¹⁾ | - | - | 799,157⁽¹⁾ |

Directors' Report

DIRECTORS' INTEREST (CONT'D.)

| Pre-penultimate holding company - YTL Corporation Berhad | Number of share options over ordinary shares | | | As at 30.6.2022 |
|---|--|---------------------------|-----------|------------------------------------|
| | As at 1.7.2021 | Granted | Exercised | |
| Direct interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | - | 15,000,000 | - | 15,000,000 |
| Dato' Sri Michael Yeoh Sock Siong | - | 15,000,000 | - | 15,000,000 |
| Dato' Yeoh Seok Kian | - | 15,000,000 | - | 15,000,000 |
| Dato' Yeoh Seok Hong | - | 15,000,000 | - | 15,000,000 |
| Dato' Yeoh Soo Keng | - | 15,000,000 | - | 15,000,000 |
| Deemed interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | - | 15,000,000 ⁽¹⁾ | - | 15,000,000⁽¹⁾ |
| Dato' Yoogalingam A/L Vyramuttu | - | 1,500,000 ⁽¹⁾ | - | 1,500,000⁽¹⁾ |
| Dato' Yeoh Seok Kian | - | 12,000,000 ⁽¹⁾ | - | 12,000,000⁽¹⁾ |
| Dato' Yeoh Seok Hong | - | 14,000,000 ⁽¹⁾ | - | 14,000,000⁽¹⁾ |
| Number of ordinary shares | | | | |
| Related company - YTL Power International Berhad | As at 1.7.2021 | Acquired | Disposed | As at 30.6.2022 |
| Direct interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 21,370,694 | 500,000 | - | 21,870,694 |
| Dato' Yeoh Seok Kian | 11,276,298 | - | - | 11,276,298 |
| Dato' Yeoh Seok Hong | 135,438,169 | - | - | 135,438,169 |
| Dato' Yeoh Soo Keng | 17,042,049 | - | - | 17,042,049 |
| Deemed interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 308,953 ⁽¹⁾ | 553,200 | - | 862,153⁽¹⁾ |
| Dato' Sri Michael Yeoh Sock Siong | 18,112,912 ⁽¹⁾⁽²⁾ | - | - | 18,112,912⁽¹⁾⁽²⁾ |
| Tan Sri Datuk Asmat bin Kamaludin | 21,609 ⁽¹⁾ | - | - | 21,609⁽¹⁾ |
| Dato' Yoogalingam A/L Vyramuttu | 58,414 ⁽¹⁾ | - | - | 58,414⁽¹⁾ |
| Dato' Yeoh Seok Kian | 13,816,426 ⁽¹⁾ | 600,000 | - | 14,416,426⁽¹⁾ |
| Dato' Yeoh Seok Hong | 5,435,235 ⁽¹⁾ | - | - | 5,435,235⁽¹⁾ |
| Dato' Yeoh Soo Keng | 197,431 ⁽¹⁾ | - | - | 197,431⁽¹⁾ |

Directors' Report

DIRECTORS' INTEREST (CONT'D.)

| Related company | Number of share options over ordinary shares | | | As at 30.6.2022 |
|--|--|--------------------------|-----------|--------------------------------|
| | As at 1.7.2021 | Granted | Exercised | |
| - YTL Power International Berhad | | | | |
| Direct interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | - | 15,000,000 | - | 15,000,000 |
| Dato' Sri Michael Yeoh Sock Siong | - | 15,000,000 | - | 15,000,000 |
| Dato' Yeoh Seok Kian | - | 15,000,000 | - | 15,000,000 |
| Dato' Yeoh Seok Hong | - | 15,000,000 | - | 15,000,000 |
| Dato' Yeoh Soo Keng | - | 15,000,000 | - | 15,000,000 |
| Deemed interests | | | | |
| Dato' Yeoh Seok Hong | - | 9,000,000 ⁽¹⁾ | - | 9,000,000⁽¹⁾ |

| Related corporations | Number of ordinary shares of £0.25 each | | | As at 30.6.2022 |
|--|---|----------|----------|--------------------|
| | As at 1.7.2021 | Acquired | Disposed | |
| - YTL Corporation (UK) PLC* | | | | |
| Direct interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 1 | - | - | 1 |

| Related corporations | Number of ordinary shares THB100 each | | | As at 30.6.2022 |
|--|---------------------------------------|----------|----------|--------------------|
| | As at 1.7.2021 | Acquired | Disposed | |
| - YTL Construction (Thailand) Limited* | | | | |
| Direct interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 1 | - | - | 1 |
| Dato' Sri Michael Yeoh Sock Siong | 1 | - | - | 1 |
| Dato' Yeoh Seok Kian | 1 | - | - | 1 |
| Dato' Yeoh Seok Hong | 1 | - | - | 1 |

| Related corporations | Number of ordinary shares THB10 each | | | As at 30.6.2022 |
|--|--------------------------------------|----------|----------|--------------------|
| | As at 1.7.2021 | Acquired | Disposed | |
| - Samui Hotel 2 Co., Ltd⁺ | | | | |
| Direct interests | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | 1 | - | - | 1 |

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

⁽²⁾ Deemed interests by virtue of interests held by Hasil Mayang Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

* Incorporated in England and Wales.

+ Incorporated in Thailand.

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

Directors' Report

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

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

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from the share options granted pursuant to the Company's ESOS 2022 and those granted under the Employee Share Option Scheme of YTL Corporation Berhad Group, the details of which are disclosed in the financial statements of YTL Corporation Berhad.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of remuneration received or due and receivable by the Directors 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 he/she is a member, or with a company in which he/she has a substantial financial interest.

| | Group | Company |
|---|---------------|----------------|
| | RM'000 | RM'000 |
| Directors' remuneration | | |
| Fees | 920 | 920 |
| Salaries | 4,887 | - |
| Bonus | - | - |
| Defined contribution plan | 586 | - |
| Estimated money value of benefits-in-kind | 53 | - |
| Others | 57 | 55 |
| | 6,503 | 975 |

Directors' Report

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts have been written off and that adequate allowance has been made for doubtful debts; and
- (b) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records of the Group and of the Company in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this Report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

OTHER STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

The Directors state that:-

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

In their opinion,

- (a) the results of the operations of the Group and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature except as disclosed in Notes 12(b) and 37 to the financial statements; and
- (b) except as disclosed in Note 37 to the financial statements, there has not arisen in the interval between the end of the financial year and the date of this Report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this Report is made.

Directors' Report

ULTIMATE HOLDING COMPANY

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

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 12 to the Financial Statements.

AUDITORS' REMUNERATION

Auditors' remuneration is as follows:-

| | Group | Company |
|----------------------|--------|---------|
| | RM'000 | RM'000 |
| HLB Ler Lum Chew PLT | 896 | 378 |

AUDITORS

The auditors, HLB Ler Lum Chew PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 September 2022.

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE

Dato' Sri Michael Yeoh Sock Siong

Statement by Directors

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

We, Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE and Dato' Sri Michael Yeoh Sock Siong, being two of the Directors of Malayan Cement Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 September 2022.

Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE

Dato' Sri Michael Yeoh Sock Siong

Statutory Declaration

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

I, Kelvin Low Teck Swee, being the Officer primarily responsible for the financial management of Malayan Cement Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief the accompanying financial statements are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Kelvin Low Teck Swee

MIA Membership No: 7453

Subscribed and solemnly declared by
the abovenamed
Kelvin Low Teck Swee
at Kuala Lumpur on 29 September 2022

Before me:

Tan Seok Kett

Commissioner for Oaths

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Malayan Cement Berhad, which comprise the Statements of Financial Position as at 30 June 2022 of the Group and of the Company, and the Income Statements, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 83 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, 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 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. We have determined that there are no key audit matters to communicate in our report of the financial statements of the Company. 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.

1. Impairment assessment of goodwill

The risk

We refer to Notes 2(o)(i), 3(b) and 15 to the Financial Statements respectively.

As at 30 June 2022, goodwill arising on consolidation amounted to RM5,552 million which represents 53.3% of the Group's total assets.

The recoverable amounts of the cash generating units ("CGU") are determined based on value-in-use ("VIU") calculation. The key assumptions and sensitivities are disclosed in Notes 15(a)(i) and 15(a)(ii) to the Financial Statements, respectively.

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

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

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

Key Audit Matters (cont'd.)

1. Impairment assessment of goodwill (cont'd.)

Our response

Our audit procedures included the following:-

- agreed the VIU cash flows of each CGU to the financial budgets approved by the Directors;
- discussed with management the key assumptions used in the respective VIU cash flows and compared the revenue growth rates to the historical performance of the respective CGUs;
- checked the reasonableness of the discount rates and terminal growth rates by benchmarking to the respective industries;
- checked the sensitivity analysis performed by management over discount rates, terminal growth rates, and revenue growth rates, used in deriving the respective VIU cash flows; and
- compared historical forecasting for the current financial year to actual results achieved to ascertain the reasonableness and reliability of management's estimates.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

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

Independent Auditors' Report

to the members of Malayan Cement Berhad
(Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D.)

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 12 to the Financial Statements.

OTHER MATTERS

1. The audited financial statements of the Group and of the Company for the financial year ended 30 June 2021 was audited by another auditor, who expressed an unmodified opinion on these statements on 30 September 2021.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Hib Ler Lum Chew PLT

201906002362 & AF 0276
Chartered Accountants

Ler Ji-Yong

03439/05/2023 J
Chartered Accountant

Dated: 29 September 2022
Kuala Lumpur

Income Statements

for the financial year ended 30 June 2022

| | Note | Group | | Company | |
|---|------|--------------------|----------------|-----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Revenue | 4 | 2,705,272 | 1,369,508 | 245,503 | 60,560 |
| Cost of sales | | (2,011,749) | (1,209,111) | - | - |
| Gross profit | | 693,523 | 160,397 | 245,503 | 60,560 |
| Other income | | 75,240 | 36,017 | 4,119 | 1,069 |
| Selling and distribution costs | | (363,233) | (90,699) | - | - |
| Administration expenses | | (166,992) | (66,340) | (21,222) | (4,474) |
| Other expenses | | (4,664) | (9,857) | (6) | (6) |
| Finance costs | 5 | (143,285) | (39,312) | (71,708) | (1,257) |
| Share of results of joint venture, net of tax | | 38,632 | 17,996 | - | - |
| Profit before tax | 6 | 129,221 | 8,202 | 156,686 | 55,892 |
| Income tax expense | 7 | (47,136) | (1,113) | (130) | (69) |
| Profit for the financial year | | 82,085 | 7,089 | 156,556 | 55,823 |
| Attributable to:- | | | | | |
| Owners of the parent | | 83,545 | 7,310 | 156,556 | 55,823 |
| Non-controlling interests | | (1,460) | (221) | - | - |
| | | 82,085 | 7,089 | 156,556 | 55,823 |
| Earnings per share (sen) | | | | | |
| - Basic | 8 | 6.82 | 0.85 | | |
| - Diluted | 8 | 5.27 | 0.85 | | |

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

Statements of Comprehensive Income

for the financial year ended 30 June 2022

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Profit for the financial year | | 82,085 | 7,089 | 156,556 | 55,823 |
| Other comprehensive income: | | | | | |
| Items that will not be reclassified subsequently to income statements: | | | | | |
| - changes in the fair value of equity investments at fair value through other comprehensive income | | 563 | 677 | - | - |
| Items that will be reclassified subsequently to income statements: | | | | | |
| - foreign currency translation gain | | 2,815 | 240 | - | - |
| Other comprehensive income for the financial year, net of tax | | 3,378 | 917 | - | - |
| Total comprehensive income for the financial year | | 85,463 | 8,006 | 156,556 | 55,823 |
| Total comprehensive income/(loss) attributable to:- | | | | | |
| Owners of the parent | | 86,923 | 8,227 | 156,556 | 55,823 |
| Non-controlling interests | | (1,460) | (221) | - | - |
| | | 85,463 | 8,006 | 156,556 | 55,823 |

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

Statements of Financial Position

as at 30 June 2022

| | Note | Group | | Company | |
|-----------------------------------|------|-------------------|----------------|------------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 9 | 2,782,737 | 1,372,119 | - | - |
| Right-of-use assets | 10 | 239,169 | 103,070 | - | - |
| Investment properties | 11 | 3,120 | 3,123 | - | - |
| Investment in subsidiaries | 12 | - | - | 7,587,085 | 2,415,761 |
| Investment in joint venture | 13 | 67,965 | 51,132 | - | - |
| Investments | 14 | 4,012 | 3,449 | - | - |
| Intangible assets | 15 | 5,563,003 | 1,399,893 | - | - |
| Trade and other receivables | 17 | 4,306 | 7,586 | - | - |
| Deferred tax assets | 26 | - | 109,975 | - | - |
| | | 8,664,312 | 3,050,347 | 7,587,085 | 2,415,761 |
| Current assets | | | | | |
| Inventories | 16 | 501,067 | 233,596 | - | - |
| Trade and other receivables | 17 | 538,082 | 121,097 | 394 | 427 |
| Other current assets | 18 | 29,013 | 12,911 | 80 | 98 |
| Income tax assets | | 41,177 | 10,139 | 2 | - |
| Amount due from holding companies | 19 | 92 | 844 | - | - |
| Amount due from subsidiaries | 12 | - | - | 171,944 | 268,514 |
| Amount due from related companies | 20 | 25,708 | 176,336 | - | - |
| Amount due from joint venture | 13 | 22,120 | 21,669 | - | - |
| Fixed deposits | 21 | 391,981 | 73,383 | 49,194 | - |
| Cash and bank balances | 21 | 211,730 | 61,655 | 76,489 | 1,453 |
| | | 1,760,970 | 711,630 | 298,103 | 270,492 |
| Total assets | | 10,425,282 | 3,761,977 | 7,885,188 | 2,686,253 |

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

Statements of Financial Position

as at 30 June 2022

| | Note | Group | | Company | |
|--|------|-------------------|------------------|------------------|------------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 22 | 5,345,817 | 2,187,669 | 5,345,817 | 2,187,669 |
| Other reserves | 23 | 36,405 | 33,027 | - | - |
| Retained earnings | | 392,912 | 309,367 | 653,163 | 496,607 |
| | | 5,775,134 | 2,530,063 | 5,998,980 | 2,684,276 |
| Non-controlling interests | | 3,793 | 5,253 | - | - |
| Total equity | | 5,778,927 | 2,535,316 | 5,998,980 | 2,684,276 |
| Non-current liabilities | | | | | |
| Lease liabilities | 24 | 36,587 | 37,504 | - | - |
| Borrowings | 25 | 2,986,526 | 499,910 | 1,702,154 | - |
| Deferred tax liabilities | 26 | 85,258 | - | - | - |
| Post-employment benefit obligations | 29 | 21,734 | 21,764 | - | - |
| | | 3,130,105 | 559,178 | 1,702,154 | - |
| Current liabilities | | | | | |
| Trade and other payables | 27 | 650,073 | 339,281 | 4,053 | 1,946 |
| Contract liabilities | 28 | 3,055 | - | - | - |
| Amount due to holding companies | 19 | 4,397 | 881 | 1 | - |
| Amount due to related companies | 20 | 19,304 | 90,810 | - | - |
| Lease liabilities | 24 | 18,799 | 14,381 | - | - |
| Borrowings | 25 | 813,614 | 220,000 | 180,000 | - |
| Post-employment benefit obligations | 29 | 2,422 | 1,187 | - | - |
| Income tax liabilities | | 4,586 | 943 | - | 31 |
| | | 1,516,250 | 667,483 | 184,054 | 1,977 |
| Total liabilities | | 4,646,355 | 1,226,661 | 1,886,208 | 1,977 |
| Total equity and liabilities | | 10,425,282 | 3,761,977 | 7,885,188 | 2,686,253 |

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

Statements of Changes In Equity

for the financial year ended 30 June 2022

| Group | <--- Attributable to owners of the parent ---> | | | | | |
|--|--|--------------------------------|----------------|------------------|--|---------------------------|
| | <----- Non-distributable -----> | | Distributable | Total RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
| Share capital RM'000 | Other reserves RM'000 | Retained earnings RM'000 | | | | |
| At 1 July 2020 | 1,950,692 | 32,110 | 301,884 | 2,284,686 | 5,474 | 2,290,160 |
| Profit for the financial year | - | - | 7,310 | 7,310 | (221) | 7,089 |
| Other comprehensive income for the financial year | - | 917 | - | 917 | - | 917 |
| Total comprehensive income for the financial year | - | 917 | 7,310 | 8,227 | (221) | 8,006 |
| Issue of share capital | 237,150 | - | - | 237,150 | - | 237,150 |
| Others | (173) | - | 173 | - | - | - |
| At 30 June 2021/1 July 2021 | 2,187,669 | 33,027 | 309,367 | 2,530,063 | 5,253 | 2,535,316 |
| Profit for the financial year | - | - | 83,545 | 83,545 | (1,460) | 82,085 |
| Other comprehensive income for the financial year | - | 3,378 | - | 3,378 | - | 3,378 |
| Total comprehensive income for the financial year | - | 3,378 | 83,545 | 86,923 | (1,460) | 85,463 |
| Issue of share capital | 3,158,148 | - | - | 3,158,148 | - | 3,158,148 |
| At 30 June 2022 | 5,345,817 | 36,405 | 392,912 | 5,775,134 | 3,793 | 5,778,927 |

| Company | Share capital RM'000 | Retained earnings RM'000 | Total RM'000 |
|---|----------------------------|--------------------------------|------------------|
| At 1 July 2020 | | | 2,391,303 |
| Profit for the financial year, representing total comprehensive income for the financial year | | 55,823 | 55,823 |
| Issue of share capital | 237,150 | - | 237,150 |
| Others | (6) | 6 | - |
| At 30 June 2021/1 July 2021 | 2,187,669 | 496,607 | 2,684,276 |
| Profit for the financial year, representing total comprehensive income for the financial year | | 156,556 | 156,556 |
| Issue of share capital | 3,158,148 | - | 3,158,148 |
| At 30 June 2022 | 5,345,817 | 653,163 | 5,998,980 |

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

Statements of Cash Flows

for the financial year ended 30 June 2022

| | Group | | Company | | |
|---|-------|------------------|----------------|------------------|----------------|
| | Note | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cash flows from operating activities | | | | | |
| Profit before tax | | 129,221 | 8,202 | 156,686 | 55,892 |
| Adjustments for:- | | | | | |
| Amortisation of intangible assets | | 2,130 | 2,130 | - | - |
| Depreciation of investment properties | | 3 | 4 | - | - |
| Depreciation of property, plant and equipment | | 214,785 | 139,275 | - | - |
| Depreciation of right-of-use assets | | 21,989 | 14,354 | - | - |
| Dividend income | | (274) | (180) | (245,503) | (60,560) |
| Gain on disposal of property, plant and equipment (net) | | (2,542) | (402) | - | - |
| Gain on reassessment and modification of leases (net) | | (262) | (19) | - | - |
| Gain on termination of leases | | (27) | (177) | - | - |
| Interest expense | | 143,285 | 39,312 | 71,708 | 1,257 |
| Interest income | | (8,413) | (7,042) | (564) | (205) |
| Property, plant and equipment written off | | 305 | 4,802 | - | - |
| Provision for inventory obsolescence (net) | | 203 | 966 | - | - |
| Provision for retirement benefits | | 921 | 902 | - | - |
| Rent concession | | (1,062) | - | - | - |
| Reversal of impairment loss on receivables (net) | | (21,925) | (6,104) | - | - |
| Share of results of joint venture | | (38,632) | (17,996) | - | - |
| Unrealised (gain)/loss on foreign exchange (net) | | (2,937) | 1,520 | (3,553) | (864) |
| Operating profit/(loss) before working capital changes | | 436,768 | 179,547 | (21,226) | (4,480) |
| Changes in working capital:- | | | | | |
| Inventories | | (79,346) | 20,354 | - | - |
| Receivables | | (88,193) | 30,206 | 586 | (51) |
| Other assets | | 3,111 | - | 18 | (12) |
| Payables | | 95,830 | (32,316) | (8,504) | (795) |
| Contract liabilities | | (630) | - | - | - |
| Related parties balances | | 89,540 | (84,524) | 100,114 | (292,187) |
| Cash generated from/(used in) operations | | 457,080 | 113,267 | 70,988 | (297,525) |
| Interest paid | | (168,389) | (34,563) | (98,935) | (1,257) |
| Interest received | | 7,732 | 6,469 | 13 | 85 |
| Retirement benefit paid | | (951) | (14,408) | - | - |
| Income tax paid | | (51,347) | (6,178) | (163) | (11) |
| Income tax refunded | | 113 | 15,417 | - | - |
| Net cash from/(used in) operating activities | | 244,238 | 80,004 | (28,097) | (298,708) |

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

Statements of Cash Flows

for the financial year ended 30 June 2022

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cash flows from investing activities | | | | | |
| Acquisition of new subsidiaries (net of cash acquired) | | (1,586,830) | - | (2,001,176) | - |
| Dividend received | | 23,596 | 3,307 | 245,503 | 60,560 |
| Increase of investment in subsidiaries | | - | - | (12,000) | - |
| Proceeds from net investment in lease | | 4,805 | 4,766 | - | - |
| Proceeds from disposal of property, plant and equipment | | 6,011 | 6,347 | - | - |
| Purchase of property, plant and equipment | (a) | (74,522) | (51,690) | - | - |
| Redemption of debenture | | - | 1,255 | - | 1,255 |
| Net cash (used in)/from investing activities | | (1,626,940) | (36,015) | (1,767,673) | 61,815 |
| Cash flows from financing activities | | | | | |
| Proceeds from borrowings | | 2,010,000 | - | 2,000,000 | - |
| Proceeds from issue of share capital | | - | 237,150 | - | 237,150 |
| Repayment of borrowings | | (135,521) | (209,800) | (80,000) | - |
| Repayment of lease liabilities | | (24,080) | (13,587) | - | - |
| Net cash from financing activities | | 1,850,399 | 13,763 | 1,920,000 | 237,150 |
| Net changes in cash and cash equivalents | | 467,697 | 57,752 | 124,230 | 257 |
| Effects of exchange rate changes | | 976 | 134 | - | - |
| Cash and cash equivalents at beginning of the financial year | | 135,038 | 77,152 | 1,453 | 1,196 |
| Cash and cash equivalents at the end of the financial year | 21 | 603,711 | 135,038 | 125,683 | 1,453 |

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

Statements of Cash Flows

for the financial year ended 30 June 2022

NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Analysis of acquisition of property, plant and equipment:-

| | Group | | Company | |
|----------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Cash | 74,522 | 51,690 | - | - |
| Payables | 1,101 | 3,151 | - | - |
| | 75,623 | 54,841 | - | - |

(b) Reconciliation of liabilities arising from financing activities:-

| | Group | | Company | |
|---|------------------|----------------|------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| At beginning of the financial year | 771,795 | 995,613 | - | - |
| <u>Cash flows</u> | | | | |
| Proceeds from borrowings | 2,010,000 | - | 2,000,000 | - |
| Repayment of borrowings | (135,521) | (209,800) | (80,000) | - |
| Repayment of lease liabilities | (24,080) | (13,587) | - | - |
| <u>Non-cash changes</u> | | | | |
| Acquisition of subsidiaries | 1,254,800 | - | - | - |
| Amortisation of issuance cost | 8,433 | - | 6,924 | - |
| Addition of lease liabilities | 11,457 | 2,067 | - | - |
| Capitalisation of issuance cost | (44,770) | - | (44,770) | - |
| Interest expense on lease liabilities | 2,752 | 2,522 | - | - |
| Reassessment and modification of leases | 1,962 | (108) | - | - |
| Rent concession | (1,062) | - | - | - |
| Termination of leases | (498) | (5,071) | - | - |
| Foreign exchange movement | 258 | 66 | - | - |
| Other changes | - | 93 | - | - |
| At end of the financial year | 3,855,526 | 771,795 | 1,882,154 | - |

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

Notes to the Financial Statements

1. GENERAL INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiaries are set out in Note 12 to the Financial Statements.

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

The Company is a 78.58% (2021: 69.98%) owned subsidiary of YTL Cement Berhad. Its pre-penultimate and penultimate holding companies are YTL Corporation Berhad (a public listed company) and Yeoh Tiong Lay & Sons Holdings Sdn. Bhd. respectively, both of which are companies incorporated in Malaysia while its ultimate holding company is Yeoh Tiong Lay & Sons Family Holdings Limited, a company incorporated in Jersey.

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

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

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

28th Floor, Menara YTL
205 Jalan Bukit Bintang
55100 Kuala Lumpur

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

The financial statements have been prepared on the historical cost basis, unless otherwise disclosed in the accounting policies section and are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except where otherwise indicated.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:-

On 1 July 2021, the Group and the Company have adopted the following MFRSs, IC Interpretations and amendments which are mandatory for annual financial periods beginning on or after 1 July 2021.

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 'Interest Rate Benchmark Reform' - Phase 2 | 1 January 2021 |
| Amendment to MFRS 16 'Leases' - COVID-19 Related Rent Concessions Beyond 30 June 2021 | 1 April 2021 |

The adoption of the above new standards, IC interpretations and amendments to published standards have not given rise to any material impact on the financial statements of the Group and the Company.

(c) Standards, Amendments to MFRS and IC Interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to MFRS 3 'Reference to the Conceptual Framework' | 1 January 2022 |
| Amendments to MFRS 116 'Property, Plant and Equipment - Proceeds before Intended Use' | 1 January 2022 |
| Amendments to MFRS 137 'Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts: Costs of Fulfilling a Contract' | 1 January 2022 |
| Annual Improvements to MFRS Standards 2018 - 2020 | |
| - Amendments to MFRS 1 'First-time Adoption of International Financial Reporting Standards - Subsidiary as A First-time Adopter' | 1 January 2022 |
| - Amendments to MFRS 9 'Financial Instruments - Fees in the 10% test for derecognition of financial liabilities' | 1 January 2022 |
| - Amendments to MFRS 141 'Agriculture - Taxation in Fair Value Measurements' | 1 January 2022 |
| MFRS 17 'Insurance Contracts' | 1 January 2023 |
| Amendments to MFRS 101 'Presentation of Financial Statements' | |
| - Classification of Liabilities as Current or Non-current | 1 January 2023 |
| - Disclosure of Accounting Policies | 1 January 2023 |

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)**(c) Standards, Amendments to MFRS and IC Interpretations issued but not yet effective (cont'd.)**

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to MFRS 108 'Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates' | 1 January 2023 |
| Amendments to MFRS 112 'Income tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction' | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' | Deferred |

The adoption of these MFRS, Amendments to MFRS and IC Interpretations are expected to have no significant impact to the financial statements of the Group and of the Company upon their initial application.

(d) Revenue recognition**(i) Revenue from contracts with customers**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax, returns, rebates and discounts. The transaction price is allocated to each distinct good or service promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Sale of cement and related products

Revenue from sale of cement and related products is recognised at the point in time when control of the goods is transferred to the customer.

A contract with customer exists when the contract has commercial substance, the Group and their customers have approved the contract and intend to perform their respective obligations, the Group's and the customer's rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group will collect the consideration to which it will be entitled in exchange of those goods or services.

In determining the transaction price for the sale of cement and related products, the Group and the Company consider the effects of variable consideration.

If the consideration in a contract includes a variable amount, the Group and the Company estimate the amount of consideration to which they will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of cement and related products provide customers with prompt payment rebates and volume rebates. The early payment rebates, prompt payment rebates and volume rebates give rise to variable consideration.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(d) Revenue recognition (cont'd.)

(i) Revenue from contracts with customers (cont'd.)

(b) Rendering of services

Revenue from contracts with customers is recognised when control of the services is transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those services. The Group and the Company have generally concluded that it is the principal in its revenue arrangements because it typically controls the services before transferring them to the customer.

(ii) Other revenue

(a) Dividend income

Dividend income is recognised when the shareholders' right to receive the payment is established.

(b) Hiring income

Hiring income is recognised on an accrual basis.

(c) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on the straight-line basis over the lease term.

(d) Interest income

Revenue is recognised as the interest income accrues, taking into account the effective yield on the asset.

(e) Employee benefits

(i) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the financial year when employees have rendered their services to the Group and the Company.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(ii) Post-employment benefits

The Group and the Company have various post-employment benefit schemes in accordance with local conditions and practices in the industries in which they operate. These benefit plans are either defined contribution or defined benefits plan.

(a) Defined contribution plan

A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The Group's and the Company's contributions to a defined contribution plan are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(e) Employee benefits (cont'd.)

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

(b) Defined benefit plan

The Group operates an unfunded final salary defined benefit plan covering eligible employees. The retirement benefits accounting cost is assessed using the Projected Unit Credit Method, with actuarial valuation being carried out at the end of each reporting period.

The retirement benefits obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities which have terms to maturity approximating the terms of the related liability.

(c) Termination benefits

Termination benefits are payable whenever an employee's employment is terminated before normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

(iii) Share-based compensation

The Company operates an equity-settled, share-based compensation plan for the employees of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense in the Income Statements over the vesting periods of the grant with a corresponding increase in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted and the number of share options to be vested by vesting date. At each reporting date, the Group revises its estimates of the number of share options that are expected to vest. It recognises the impact of the revision of original estimates, if any, in the Income Statements, with a corresponding adjustment to equity. For options granted by the Company to its subsidiaries' employees, the expense will be recognised in the subsidiaries' financial statements over the vesting periods of the grant.

The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised.

(f) Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(g) Income tax and deferred tax

Income tax on the profit or loss for the financial year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributable to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

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

(h) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. 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, only when it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial year in which they are incurred.

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

Assets under construction are stated at cost and are not depreciated. Upon completion, assets under construction are transferred to categories of property, plant and equipment depending on nature of assets and depreciation commences when they are ready for their intended use.

Depreciation on all other property, plant and equipment is calculated on the straight line basis at rates required to write off the cost of the property, plant and equipment over their estimated useful lives.

The principal annual rates of depreciation used are as follows:-

| | % |
|----------------------------------|------------------------|
| Leasehold land | Remaining lease period |
| Buildings | 2 - 10 |
| Plant, machinery & equipment | 3 1/3 - 20 |
| Motor vehicles | 10 - 20 |
| Furniture, fixtures & equipment | 10 - 100 |
| Infrastructure & site facilities | 10 |

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(h) Property, plant and equipment and depreciation (cont'd.)

Residual value, useful life and depreciation method of assets are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Gains and losses on disposals are determined by comparing net disposal proceeds with net carrying amount and are recognised in the profit or loss.

(i) Investment properties

Investment properties, comprising principally land & buildings, are held for long term rental yield or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and any impairment losses. Freehold land is not depreciated. Building is depreciated on a straight line basis to write off the cost over its estimated useful life at annual rate of 4%.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year in which they arise.

(j) Impairment of non-financial assets

The carrying amounts of assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

An impairment loss is charged to the profit or loss immediately, unless the asset is carried at revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of previously recognised revaluation surplus for the same asset.

Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in the recoverable amount of an asset is treated as reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in the profit or loss immediately, unless the asset is carried at revalued amount. A reversal of an impairment loss on a revalued asset is credited directly to revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(k) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group controls an investee if and only if the Group has all the following:-

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary;
- derecognises the carrying amount of any non-controlling interests;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(k) Basis of consolidation (cont'd.)

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in other comprehensive income.

The cost of a business combination is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the business combination. Any excess of the cost of business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill in the statements of financial position. The accounting policy for goodwill is set out in Note 2(o) to the financial statements. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised as income in profit or loss on the date of acquisition. When the Group acquires a business, embedded derivatives separated from the host contract by the acquiree are reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

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 (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as at the acquisition date that, if known, would have affected the amounts recognised as at that date.

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.

(l) Transactions with non-controlling interest

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gain or loss on disposal to non-controlling interests is recognised directly in equity.

(m) Investment in subsidiaries

A subsidiary is an entity over which the Group has all the following:-

- Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its investment with the investee; and
- The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less accumulated impairment losses. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(n) Investment in joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's interests in a joint venture is accounted for by the equity method of accounting based on the audited financial statements of the joint venture made up to the end of the financial year.

Equity accounting involves recognising in the profit or loss the Group's share of the results of joint venture for the financial year. The Group's investment in joint venture is carried in the Statements of Financial Position at an amount that reflects its share of the net assets of the joint venture and includes goodwill on acquisition.

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

In the Company's separate financial statements, investment in joint venture is stated at cost less impairment losses.

On disposal of such investments, the difference between net disposal proceeds and their carrying amount is included in profit or loss.

(o) Intangible assets

(i) Goodwill

Goodwill is initially measured at cost. Following the initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units (or groups of 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 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.

(ii) Quarry rights

Quarry rights represent the consideration paid to obtain aggregates and is amortised on a straight-line basis to write off the cost over the lives of the quarry agreements less impairment losses.

The policy for the recognition and measurement of impairment losses is in accordance with Note 2(j).

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(p) Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL").

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 measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
- Financial assets at FVTPL.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(p) Financial assets (cont'd.)

(ii) Subsequent measurement (cont'd.)

(a) *Financial assets at amortised cost (debt instruments) (cont'd.)*

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include receivables and amount due from related parties and cash & cash equivalent.

(b) *Financial assets designated at FVOCI (equity instruments)*

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Income Statements when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

(c) *Financial assets at FVTPL*

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatory required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the Statements of Financial Position at fair value with net changes in fair value recognised in the Income Statements.

This category includes derivative instruments and equity investments which the Group and the Company had not irrevocably elected to classify at FVOCI. Dividends on equity investments are also recognised as other income in the Income Statements when the right of payment has been established.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(p) Financial assets (cont'd.)

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or has 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 asset is recognised to the extent of the Group's and the Company's continuing involvement in the asset. In that case, the Group and the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(q) Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss ("FVTPL"). 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 and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on their historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(q) Impairment of financial assets (cont'd.)

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company 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.

(r) Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost is determined on the weighted average method and includes the cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods comprises raw materials, direct labour, other direct costs and an appropriate proportion of production overheads (based on normal operating capacity).

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and applicable variable selling expenses.

Provision for inventory obsolescence is made when an item has been identified as obsolete or excess inventory. The identification of an item as obsolete is done on an item by item basis after proper analysis has been conducted.

(s) Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, bank overdrafts, deposits held at call with financial institutions and highly liquid investments which have an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

(t) Share capital

(i) Ordinary shares

Ordinary shares are equity instruments and recorded at the proceeds received, net of directly attributable incremental transaction costs.

Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(ii) Irredeemable Convertible Preference shares ("ICPS")

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity.

The preference shares are recorded at the proceeds received, net of directly attributable transaction costs.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(u) Leases

(i) The Group as lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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.

If the ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to Note 2(j) for the Impairment of non-financial assets.

(b) *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(u) Leases (cont'd.)

(ii) The Group as lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Group recognises assets held under a finance lease at its Statements of Financial Position and present them as receivables at amount equal to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure in the net investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(v) Provisions

The Group recognises provisions when it has a present legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. The recording of provisions requires the application of judgements about the ultimate resolution of these obligations. As a result, provisions are reviewed at each reporting date and adjusted to reflect the Group's current best estimate.

(w) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss ("FVTPL") or at amortised cost, 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 payables, amount due to related parties and borrowings.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortised cost

After initial recognition, all financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Income Statements.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(w) Financial liabilities (cont'd.)

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Income Statements.

(x) Foreign currency

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

(ii) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into RM as follows:-

- assets and liabilities are translated at the rate of exchange ruling at the reporting date;
- income and expenses are translated at exchange rates at the dates of the transactions; and
- all exchange differences arising on the translation are recognised as other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity on or after 1 July 2006 are treated as assets and liabilities of the foreign entity and translated at the closing rate. For acquisition of foreign entities completed prior to 1 July 2006, goodwill and fair value adjustments continued to be recorded at the exchange rate at the respective date of acquisitions.

(y) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

(z) Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform 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. In the case of property development and construction contracts, contract asset is the excess of cumulative revenue earned over the billings to date. A contract asset is stated at cost less accumulated impairment. Contract assets are subject to impairment in accordance of MFRS 9 Financial Instruments.

(aa) Contract liabilities

A contract liability is the obligation to transfer goods and services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. In the case of property development and construction contracts, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities are recognised as revenue when the Group and the Company perform their obligation under the contracts.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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:-

(a) Estimated impairment of property, plant and equipment

Determining whether the property, plant and equipment are impaired requires an estimation of value-in-use of the property, plant and equipment. The value in-use calculation requires the management to estimate the future cash flows and an appropriate discount rate in order to calculate the present value of future cash flows. The management has evaluated such estimates and is confident that no allowance for impairment is necessary.

The Group management follows its accounting policy set out in Note 2(j) to the Financial Statements in determining when property, plant and equipment are considered impaired.

Impairment is recognised when events and circumstances indicate that these assets may be impaired and the carrying amount of these assets exceeds the recoverable amounts. In determining the recoverable amount of these assets, certain estimates regarding the cash flows of these assets are made.

(b) Estimated assessment of goodwill

The Group tests goodwill for impairment annually, in accordance with its accounting policy as disclosed in Note 2(o)(i) to the Financial Statements. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(c) Impairment of receivables

The Group and the Company use a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

Notes to the Financial Statements

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

(c) Impairment of receivables (cont'd.)

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. 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. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's and the Company's trade receivables is disclosed in Note 17.

(d) Lease

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

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

The lease term is reassessed if an option is exercised (or not exercised) or the Group become obligated to exercise (not to exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurred, which affect this assessment, and that is within the control of the lessee.

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

(e) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in Note 26.

(f) Post-employment benefit obligations

The Group has engaged an independent external actuary to assess the provision for retirement benefits. Projected Unit Credit Cost Method is used to determine the present value of the defined benefit obligation and the related current service cost. Under this method, a "projected accrued benefit" is calculated based upon service as of the date of valuation. However, when the benefit formula is based on future compensation and social security levels, assumptions about the growth of those amounts projected to the age at which the employee is assumed to leave active service will be used. Financial and demographic assumptions are used in assessing the actuarial value of the benefit obligations. Financial assumptions used include discount rate, price inflation rate and salary increment rate. While demographic assumptions include staff turnover rate, pre-retirement mortality, normal retirement age and new entrant profile. The latest valuation was undertaken by the external actuary on 28 August 2020. Further details are disclosed in Note 29.

Notes to the Financial Statements

4. REVENUE

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Revenue from contracts with customers | 2,705,272 | 1,369,508 | - | - |
| Other revenue: | | | | |
| - Dividend income | - | - | 245,503 | 60,560 |
| | 2,705,272 | 1,369,508 | 245,503 | 60,560 |

(a) Disaggregation of revenue from contracts with customers:-

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Major Products and Service Lines | | |
| Cement: | | |
| - Sale of clinker, cement and other building materials | 2,038,917 | 1,114,921 |
| - Others | 12,642 | 2,231 |
| Aggregates & Concrete: | | |
| - Sale of aggregates | 23,536 | 10,363 |
| - Sale of ready-mixed concrete | 627,662 | 241,089 |
| - Others | 2,515 | 904 |
| | 2,705,272 | 1,369,508 |

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

| | Group | |
|--------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At a point in time | 2,690,115 | 1,366,373 |
| Over time | 15,157 | 3,135 |
| | 2,705,272 | 1,369,508 |

Notes to the Financial Statements

5. FINANCE COSTS

| | Group | | Company | |
|---------------------------------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Bank overdraft interest | 28 | 2,894 | - | - |
| Interest expense on lease liabilities | 2,752 | 2,522 | - | - |
| Revolving credit interest | 15,630 | 9,909 | - | - |
| Sukuk Wakalah | 23,395 | 23,700 | - | - |
| Term loan interest | 95,073 | - | 66,334 | - |
| Other finance costs | 6,407 | 287 | 5,374 | 1,257 |
| | 143,285 | 39,312 | 71,708 | 1,257 |

6. PROFIT BEFORE TAX

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Profit before tax is stated after charging (except for those disclosed in Note 5):- | | | | | |
| Amortisation of intangible assets | 15 | 2,130 | 2,130 | - | - |
| Auditors' remuneration: | | | | | |
| - statutory audit fee payable/paid to auditor of the Company | | | | | |
| - current year | | 632 | 509 | 110 | 90 |
| - over provision in prior year | | (4) | - | - | - |
| - statutory audit fee payable/paid to other auditors | | 102 | 100 | - | - |
| - Non-audit fees payable/paid to auditor of the Company | | 268 | 2 | 268 | 2 |
| - Non-audit fees payable/paid to member firm of the auditors of the Company | | 54 | 188 | - | - |
| Bad debts written off | | 11 | 33 | - | - |
| Depreciation of property, plant and equipment | 9 | 214,785 | 139,275 | - | - |
| Depreciation of right-of-use assets | 10 | 21,989 | 14,354 | - | - |
| Depreciation of investment properties | 11 | 3 | 4 | - | - |
| Directors' remuneration | | | | | |
| - fees | | 920 | 920 | 920 | 920 |
| - emoluments | | 4,944 | 24 | 55 | 24 |
| - defined contribution plan expense | | 586 | - | - | - |
| - benefits in kind | | 53 | - | - | - |
| Hiring of plant, machinery, motor vehicles & office equipment | | 6,894 | 7,899 | - | - |
| Impairment losses on receivables | 17 | 482 | 2,310 | - | - |

Notes to the Financial Statements

6. PROFIT BEFORE TAX (CONT'D.)

| | Note | Group | | Company | |
|--|------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Profit before tax is stated after charging (except for those disclosed in Note 5):- (cont'd.) | | | | | |
| Lease expense not capitalised in lease liabilities | | | | | |
| - short term lease | | 4,842 | 2,844 | 8 | (29) |
| - low value assets | | 389 | 689 | - | 4 |
| - variable lease payments | | - | 176 | - | - |
| Loss on disposal of property, plant and equipment | | 215 | - | - | - |
| Loss on foreign exchange | | | | | |
| - realised | | 3,018 | 47 | 6 | 6 |
| - unrealised | | 578 | 1,882 | - | - |
| Loss on reassessment and modification of leases | | 55 | - | - | - |
| Property, plant and equipment written off | | 305 | 4,802 | - | - |
| Provision for retirement benefits | | 921 | 902 | - | - |
| Provision for inventory obsolescence | | 331 | 1,446 | - | - |
| Rental of land & buildings | | 704 | 373 | - | - |
| Share option expenses | | 41 | 24 | - | - |
| And crediting (except for those disclosed in Note 4):- | | | | | |
| Bad debts recovered | | 53 | 134 | - | - |
| Dividend income from unquoted investments | | 274 | 180 | - | - |
| Gain on disposal of property, plant and equipment | | 2,757 | 402 | - | - |
| Gain on foreign exchange | | | | | |
| - realised | | 2,113 | 1,192 | - | - |
| - unrealised | | 3,515 | 362 | 3,553 | 864 |
| Gain on termination of leases | | 27 | 177 | - | - |
| Gain on reassessment and modification of leases | | 317 | 19 | - | - |
| Hiring income | | 18,031 | 1,062 | - | - |
| Interest income of financial assets measured at amortised cost | | | | | |
| - fixed deposit interest | | 5,635 | 1,576 | 551 | 85 |
| - others | | 2,097 | 4,893 | 13 | 120 |
| Interest income-net investment in lease | | 681 | 573 | - | - |
| Rent concession | | 1,062 | - | - | - |
| Rental income | | | | | |
| - investment properties | | 398 | 385 | - | - |
| - other properties | | 860 | 114 | - | - |
| Reversal of impairment loss on receivables | 17 | 22,407 | 8,414 | - | - |
| Reversal of provision for inventory obsolescence | | 128 | 480 | - | - |

Notes to the Financial Statements

6. PROFIT BEFORE TAX (CONT'D.)

Directors' Remuneration

| 2022 Group | Fees RM'000 | Salaries RM'000 | Bonus RM'000 | Defined contribution plan RM'000 | Estimated money value of benefits-in-kind RM'000 | Others RM'000 | Total RM'000 |
|--|----------------|--------------------|-----------------|---|---|------------------|-----------------|
| Executive Directors | | | | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | - | - | - | - | - | - | - |
| Dato' Sri Michael Yeoh Sock Siong | - | 3,943 | - | 473 | 33 | 1 | 4,450 |
| Dato' Yeoh Seok Kian | - | - | - | - | - | - | - |
| Dato' Yeoh Seok Hong | - | - | - | - | - | - | - |
| Dato' Yeoh Soo Keng | - | 944 | - | 113 | 20 | 1 | 1,078 |
| Non-executive Directors | | | | | | | |
| Tan Sri Datuk Asmat Bin Kamaludin | 240 | - | - | - | - | 15 | 255 |
| Dato' Tan Guan Cheong | 240 | - | - | - | - | 16 | 256 |
| Dato' Yoogalingam A/L Vyramuttu | 240 | - | - | - | - | 16 | 256 |
| Yeoh Khoon Cheng | 200 | - | - | - | - | 8 | 208 |
| Total | 920 | 4,887 | - | 586 | 53 | 57 | 6,503 |

| 2022 Company | Fees RM'000 | Salaries RM'000 | Bonus RM'000 | Defined contribution plan RM'000 | Estimated money value of benefits-in-kind RM'000 | Others RM'000 | Total RM'000 |
|--|----------------|--------------------|-----------------|---|---|------------------|-----------------|
| Executive Directors | | | | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | - | - | - | - | - | - | - |
| Dato' Sri Michael Yeoh Sock Siong | - | - | - | - | - | - | - |
| Dato' Yeoh Seok Kian | - | - | - | - | - | - | - |
| Dato' Yeoh Seok Hong | - | - | - | - | - | - | - |
| Dato' Yeoh Soo Keng | - | - | - | - | - | - | - |
| Non-executive Directors | | | | | | | |
| Tan Sri Datuk Asmat Bin Kamaludin | 240 | - | - | - | - | 15 | 255 |
| Dato' Tan Guan Cheong | 240 | - | - | - | - | 16 | 256 |
| Dato' Yoogalingam A/L Vyramuttu | 240 | - | - | - | - | 16 | 256 |
| Yeoh Khoon Cheng | 200 | - | - | - | - | 8 | 208 |
| Total | 920 | - | - | - | - | 55 | 975 |

Notes to the Financial Statements

6. PROFIT BEFORE TAX (CONT'D.)

Directors' Remuneration (cont'd.)

| 2021 Group/Company | Fees RM'000 | Salaries RM'000 | Bonus RM'000 | Defined | Estimated | Others RM'000 | Total RM'000 |
|--|----------------|--------------------|-----------------|--------------------------------|--|------------------|-----------------|
| | | | | contribution plan RM'000 | money value of benefits-in-kind RM'000 | | |
| Executive Directors | | | | | | | |
| Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE | - | - | - | - | - | - | - |
| Dato' Sri Michael Yeoh Sock Siong | - | - | - | - | - | - | - |
| Dato' Yeoh Seok Kian | - | - | - | - | - | - | - |
| Dato' Yeoh Seok Hong | - | - | - | - | - | - | - |
| Dato' Yeoh Soo Keng | - | - | - | - | - | - | - |
| Non-executive Directors | | | | | | | |
| Tan Sri Datuk Asmat Bin Kamaludin | 240 | - | - | - | - | 7 | 247 |
| Dato' Tan Guan Cheong | 240 | - | - | - | - | 7 | 247 |
| Dato' Yoogalingam A/L Vynamuttu | 240 | - | - | - | - | 7 | 247 |
| Yeoh Khoon Cheng | 200 | - | - | - | - | 3 | 203 |
| Total | 920 | - | - | - | - | 24 | 944 |

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Employee benefits expense (excluding Directors' remuneration) | | | | |
| - salaries, wages, bonus & others | 158,499 | 58,890 | - | - |
| - defined contribution plan | 16,717 | 6,949 | - | - |
| - defined benefits plan | 921 | 902 | - | - |
| | 176,137 | 66,741 | - | - |

Direct operating expenses from investment properties that generated rental income for the Group during the year amounted to RM2,296 (2021: RM2,000).

Notes to the Financial Statements

7. INCOME TAX EXPENSE

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Current income tax | | | | | |
| - Malaysian income tax | | 52,162 | 2,081 | 130 | 69 |
| - Foreign income tax | | 252 | 178 | - | - |
| Deferred tax | 26 | (5,278) | (1,146) | - | - |
| | | 47,136 | 1,113 | 130 | 69 |
| Current income tax | | | | | |
| - Current financial year | | 55,739 | 5,478 | 135 | 48 |
| - (Over)/under provision in prior financial years | | (3,325) | (3,219) | (5) | 21 |
| Deferred tax | | | | | |
| - Origination and reversal of temporary differences | | (5,278) | (1,146) | - | - |
| | | 47,136 | 1,113 | 130 | 69 |

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

| | Group | | Company | |
|---|----------------|----------------|-----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Profit before tax | 129,221 | 8,202 | 156,686 | 55,892 |
| Income tax using Malaysian tax rate of 24% (2021: 24%) | 31,013 | 1,968 | 37,605 | 13,414 |
| Non-deductible expenses | 30,349 | 6,975 | 21,451 | 1,168 |
| Income not subject to tax | (306) | (181) | (58,921) | (14,534) |
| Different tax rates in other countries | (269) | (142) | - | - |
| Tax effect of (over)/under provision of deferred tax | (829) | 1,365 | - | - |
| (Over)/Under provision in prior financial years | (3,325) | (3,219) | (5) | 21 |
| Tax effect on share of profits of joint venture | (9,272) | (4,319) | - | - |
| Tax effect of unrecognised deferred tax assets | - | 47 | - | - |
| Utilisation of unabsorbed capital allowances and tax losses not previously recognised | (225) | (1,381) | - | - |
| | 47,136 | 1,113 | 130 | 69 |

Notes to the Financial Statements

8. EARNINGS PER SHARE**(a) Basic earnings per share**

Basic earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|--|------------------|-------------|
| | 2022 | 2021 |
| Profit attributable to owners of the parent (RM'000) | 83,545 | 7,310 |
| Weighted average number of ordinary shares in issue ('000) | 1,224,813 | 856,779 |
| Basic earnings per share (sen) | 6.82 | 0.85 |

(b) Diluted earnings per share

Diluted earnings per share of the Group is calculated by dividing the profit attributable to owners of the parent by the adjusted weighted average number of ordinary shares in issue during the financial year.

| | Group | |
|--|------------------|-------------|
| | 2022 | 2021 |
| Profit attributable to owners of the parent (RM'000) | 83,545 | 7,310 |
| Weighted average number of ordinary shares in issue ('000) | 1,224,813 | 856,779 |
| Effect of conversion of ICPS to ordinary shares ('000) | 360,548 | - |
| Adjusted weighted average number of ordinary shares for the purpose of arriving at diluted earnings per share ('000) | 1,585,361 | 856,779 |
| Diluted earnings per share (sen) | 5.27 | 0.85 |

Notes to the Financial Statements

9. PROPERTY, PLANT AND EQUIPMENT

| Group 2022 | Land & building* RM'000 | Plant, machinery & equipment RM'000 | Motor vehicles RM'000 | Furniture, fixtures & equipment RM'000 | Infra- structure & site facilities RM'000 | Capital work-in- progress RM'000 | Total RM'000 |
|------------------------------------|-------------------------------|--|-----------------------------|---|--|---|-----------------|
| Cost | | | | | | | |
| At 1 July 2021 | 429,989 | 3,914,703 | 15,699 | 48,801 | 880 | 66,425 | 4,476,497 |
| Additions | 1,183 | 15,008 | 3,312 | 3,774 | - | 52,346 | 75,623 |
| Acquisition of subsidiaries | 715,753 | 3,254,129 | 38,934 | 40,905 | - | 24,910 | 4,074,631 |
| Disposal | - | (35,683) | (5,921) | (94) | - | (272) | (41,970) |
| Written off | (199) | (5,161) | - | (193) | - | - | (5,553) |
| Transfer/Adjustment | 3,490 | 48,440 | - | 12,162 | - | (64,543) | (451) |
| Reclassification | 2,607 | (2,607) | - | - | - | - | - |
| Currency translation differences | 307 | 2,126 | - | 130 | - | 1 | 2,564 |
| At 30 June 2022 | 1,153,130 | 7,190,955 | 52,024 | 105,485 | 880 | 78,867 | 8,581,341 |
| Accumulated depreciation | | | | | | | |
| At 1 July 2021 | 265,800 | 2,783,543 | 14,377 | 39,948 | 670 | - | 3,104,338 |
| Charge for the financial year | 21,457 | 185,777 | 1,700 | 5,805 | 46 | - | 214,785 |
| Acquisition of subsidiaries | 316,798 | 2,140,936 | 29,432 | 32,200 | - | - | 2,519,366 |
| Disposal | - | (32,517) | (5,890) | (94) | - | - | (38,501) |
| Written off | (199) | (4,858) | - | (191) | - | - | (5,248) |
| Reclassification | 2,607 | (2,607) | - | - | - | - | - |
| Transfer/Adjustment | 515 | 736 | - | 101 | - | - | 1,352 |
| Currency translation differences | 300 | 2,044 | - | 128 | - | - | 2,472 |
| At 30 June 2022 | 607,278 | 5,073,054 | 39,619 | 77,897 | 716 | - | 5,798,564 |
| Accumulated impairment loss | | | | | | | |
| At 1 July 2021/30 June 2022 | 40 | - | - | - | - | - | 40 |
| Net book value | | | | | | | |
| At 30 June 2022 | 545,812 | 2,117,901 | 12,405 | 27,588 | 164 | 78,867 | 2,782,737 |

Notes to the Financial Statements

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

| Group 2021 | Land & building* RM'000 | Plant, machinery & equipment RM'000 | Motor vehicles RM'000 | Furniture, fixtures & equipment RM'000 | Infra- structure & site facilities RM'000 | Capital work-in- progress RM'000 | Total RM'000 |
|---|-------------------------------|--|-----------------------------|---|--|---|-----------------|
| Cost | | | | | | | |
| At 1 July 2020 | 425,479 | 3,940,220 | 17,113 | 55,067 | 880 | 43,030 | 4,481,789 |
| Additions | 639 | 6,321 | 215 | 1,129 | - | 46,537 | 54,841 |
| Disposal | (540) | (14,633) | (1,629) | (1,378) | - | (60) | (18,240) |
| Written off | (6,777) | (29,908) | - | (1,401) | - | - | (38,086) |
| Transfer | 15,610 | 12,119 | - | (4,647) | - | (23,082) | - |
| Reclassifications to right-of-use assets | (4,357) | - | - | - | - | - | (4,357) |
| Currency translation differences | (65) | 584 | - | 31 | - | - | 550 |
| At 30 June 2021 | 429,989 | 3,914,703 | 15,699 | 48,801 | 880 | 66,425 | 4,476,497 |
| Accumulated depreciation | | | | | | | |
| At 1 July 2020 | 258,873 | 2,695,548 | 14,951 | 43,783 | 582 | - | 3,013,737 |
| Charge for the financial year | 13,055 | 122,323 | 1,055 | 2,754 | 88 | - | 139,275 |
| Disposal | (392) | (9,702) | (1,629) | (572) | - | - | (12,295) |
| Written off | (6,777) | (25,106) | - | (1,401) | - | - | (33,284) |
| Reclassification | 2,504 | 2,143 | - | (4,647) | - | - | - |
| Reclassifications to right-of-use assets | (1,409) | (2,223) | - | - | - | - | (3,632) |
| Currency translation differences | (54) | 560 | - | 31 | - | - | 537 |
| At 30 June 2021 | 265,800 | 2,783,543 | 14,377 | 39,948 | 670 | - | 3,104,338 |
| Accumulated impairment loss | | | | | | | |
| At 1 July 2020/30 June 2021 | 40 | - | - | - | - | - | 40 |
| Net book value | | | | | | | |
| At 30 June 2021 | 164,149 | 1,131,160 | 1,322 | 8,853 | 210 | 66,425 | 1,372,119 |

Notes to the Financial Statements

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

* Land & buildings of the Group are as follows:-

| Group 2022 | Freehold land RM'000 | Building on long term leasehold land RM'000 | Building on short term leasehold land RM'000 | Building on freehold land RM'000 | Factory & other building RM'000 | Total RM'000 |
|---|-------------------------------------|--|---|---|--|-------------------------|
| Cost | | | | | | |
| At 1 July 2021 | 31,938 | 43,631 | 333,423 | 4,614 | 16,383 | 429,989 |
| Additions | - | 1,171 | 12 | - | - | 1,183 |
| Acquisition of subsidiaries | 88 | 699,230 | 16,435 | - | - | 715,753 |
| Disposal | - | - | - | - | - | - |
| Written off | - | - | (199) | - | - | (199) |
| Transfer/Adjustment | - | 2,689 | 261 | - | 540 | 3,490 |
| Reclassification | - | 2,301 | - | - | 306 | 2,607 |
| Currency translation differences | - | 307 | - | - | - | 307 |
| At 30 June 2022 | 32,026 | 749,329 | 349,932 | 4,614 | 17,229 | 1,153,130 |
| Accumulated depreciation | | | | | | |
| At 1 July 2021 | - | 27,162 | 229,521 | 3,621 | 5,496 | 265,800 |
| Charge for the financial year | - | 12,201 | 8,355 | 177 | 724 | 21,457 |
| Acquisition of subsidiaries | - | 309,911 | 6,887 | - | - | 316,798 |
| Disposal | - | - | - | - | - | - |
| Written off | - | - | (199) | - | - | (199) |
| Reclassification | - | 2,458 | - | - | 149 | 2,607 |
| Transfer/Adjustment | - | 515 | - | - | - | 515 |
| Currency translation differences | - | 300 | - | - | - | 300 |
| At 30 June 2022 | - | 352,547 | 244,564 | 3,798 | 6,369 | 607,278 |
| Accumulated impairment loss | | | | | | |
| At 1 July 2021/30 June 2022 | 40 | - | - | - | - | 40 |
| Net book value At 30 June 2022 | 31,986 | 396,782 | 105,368 | 816 | 10,860 | 545,812 |

Notes to the Financial Statements

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

| Group 2021 | Freehold land RM'000 | Building on long term leasehold land RM'000 | Building on short term leasehold land RM'000 | Building on freehold land RM'000 | Factory & other building RM'000 | Total RM'000 |
|--|----------------------------|---|--|---|--|-----------------|
| Cost | | | | | | |
| At 1 July 2020 | 32,086 | 33,110 | 338,856 | 4,614 | 16,813 | 425,479 |
| Additions | - | 639 | - | - | - | 639 |
| Disposal | (148) | - | (392) | - | - | (540) |
| Written off | - | (427) | (5,920) | - | (430) | (6,777) |
| Transfer | - | 14,731 | 879 | - | - | 15,610 |
| Reclassification to right-of-use assets | - | (4,357) | - | - | - | (4,357) |
| Currency translation differences | - | (65) | - | - | - | (65) |
| At 30 June 2021 | 31,938 | 43,631 | 333,423 | 4,614 | 16,383 | 429,989 |
| Accumulated depreciation | | | | | | |
| At 1 July 2020 | - | 24,451 | 225,733 | 3,437 | 5,252 | 258,873 |
| Charge for the financial year | - | 2,089 | 10,109 | 184 | 673 | 13,055 |
| Disposal | - | - | (392) | - | - | (392) |
| Written off | - | (428) | (5,920) | - | (429) | (6,777) |
| Reclassification | - | 2,513 | (9) | - | - | 2,504 |
| Reclassifications to right-of-use assets | - | (1,409) | - | - | - | (1,409) |
| Currency translation differences | - | (54) | - | - | - | (54) |
| At 30 June 2021 | - | 27,162 | 229,521 | 3,621 | 5,496 | 265,800 |
| Accumulated impairment loss | | | | | | |
| At 1 July 2020/30 June 2021 | 40 | - | - | - | - | 40 |
| Net book value | | | | | | |
| At 30 June 2021 | 31,898 | 16,469 | 103,902 | 993 | 10,887 | 164,149 |

Notes to the Financial Statements

10. RIGHT-OF-USE ASSETS

| Group | Leasehold land RM'000 | Buildings RM'000 | Machinery RM'000 | Motor vehicles RM'000 | Land RM'000 | Total RM'000 |
|---|-----------------------------|---------------------|---------------------|-----------------------------|----------------|-----------------|
| 2022 | | | | | | |
| Net book value | | | | | | |
| At 1 July 2021 | 61,462 | 250 | 18 | 829 | 40,511 | 103,070 |
| Addition | - | 515 | - | - | 10,942 | 11,457 |
| Acquisition of subsidiaries | 128,662 | 390 | - | - | 15,541 | 144,593 |
| Charge for the financial year | (4,297) | (562) | (18) | (343) | (16,769) | (21,989) |
| Reassessment and modification of leases | - | - | - | - | 2,224 | 2,224 |
| Termination of leases | - | - | - | (471) | - | (471) |
| Currency translation differences | - | 4 | - | - | 281 | 285 |
| At 30 June 2022 | 185,827 | 597 | - | 15 | 52,730 | 239,169 |
| At 30 June 2022 | | | | | | |
| Cost | 334,406 | 2,251 | 261 | 147 | 101,639 | 438,704 |
| Accumulated depreciation | (148,579) | (1,654) | (261) | (132) | (48,909) | (199,535) |
| Net book value | 185,827 | 597 | - | 15 | 52,730 | 239,169 |
| 2021 | | | | | | |
| Net book value | | | | | | |
| At 1 July 2020 | 67,087 | 458 | 840 | 2,243 | 48,911 | 119,539 |
| Addition | - | 181 | - | - | 1,886 | 2,067 |
| Charge for the financial year | (3,402) | (369) | (208) | (890) | (9,485) | (14,354) |
| Reassessment and modification of leases | - | - | - | - | (89) | (89) |
| Termination of leases | - | (20) | (614) | (524) | (3,736) | (4,894) |
| Reclassification (to)/from property, plant and equipment | (2,223) | - | - | - | 2,948 | 725 |
| Currency translation differences | - | - | - | - | 76 | 76 |
| At 30 June 2021 | 61,462 | 250 | 18 | 829 | 40,511 | 103,070 |
| At 30 June 2021 | | | | | | |
| Cost | 179,048 | 1,009 | 4,426 | 3,587 | 62,955 | 251,025 |
| Accumulated depreciation | (117,586) | (759) | (4,408) | (2,758) | (22,444) | (147,955) |
| Net book value | 61,462 | 250 | 18 | 829 | 40,511 | 103,070 |

Notes to the Financial Statements

10. RIGHT-OF-USE ASSETS (CONT'D.)

The Group has lease contracts for various items of land, buildings, motor vehicles, plant and machinery and leasehold land used in their operations. The lease arrangement generally does not allow for subleasing of the leases assets, unless there is a contractual right for the Group and the Company to sublet the lease asset to another party.

The Group and the Company also have certain leases with lease terms of 12 months or less and leases that have been determined to be low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemption for these leases.

Some leases of batching plants contain variable lease payments that are based on the volume of the concrete produced by the Group at the batching plant.

11. INVESTMENT PROPERTIES

| Group | Freehold land & buildings RM'000 | Leasehold land & buildings RM'000 | Total RM'000 |
|--|---|--|-----------------|
| 2022 | | | |
| At Cost | | | |
| At beginning/end of the financial year | 3,638 | 441 | 4,079 |
| Accumulated depreciation | | | |
| At beginning of the financial year | 120 | 251 | 371 |
| Charge for the financial year | - | 3 | 3 |
| At end of the financial year | 120 | 254 | 374 |
| Impairment loss | | | |
| At beginning/end of the financial year | 418 | 167 | 585 |
| Net book value | 3,100 | 20 | 3,120 |

Notes to the Financial Statements

11. INVESTMENT PROPERTIES (CONT'D.)

| Group | Freehold land & buildings RM'000 | Leasehold land & buildings RM'000 | Total RM'000 |
|--|---|--|-----------------|
| 2021 | | | |
| At Cost | | | |
| At beginning/end of the financial year | 3,638 | 441 | 4,079 |
| Accumulated depreciation | | | |
| At beginning of the financial year | 120 | 247 | 367 |
| Charge for the financial year | - | 4 | 4 |
| At end of the financial year | 120 | 251 | 371 |
| Impairment loss | | | |
| At beginning/end of the financial year | 418 | 167 | 585 |
| Net book value | 3,100 | 23 | 3,123 |

Details of the Group's investment property and information about the fair value hierarchy are as follows:-

| Group | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|-------------------|-------------------|-------------------|-----------------|
| 2022 | | | | |
| Recurring fair value measurements: | | | | |
| Investment properties | - | 9,818 | - | 9,818 |
| 2021 | | | | |
| Recurring fair value measurements: | | | | |
| Investment properties | - | 9,818 | - | 9,818 |

Fair value information

The Group's investment properties are valued based on sale comparison approach and unobservable inputs and classified in Level 2 of the fair value hierarchy. The different levels of the fair value hierarchy are defined in Note 31(b) to the Financial Statements.

During the current financial year, there were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

Valuation techniques used to derive Level 2 fair values

Level 2 fair values of the Group's properties have been generally derived using the sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is selling price per square meter.

Notes to the Financial Statements

12. SUBSIDIARIES

(a) Investment in subsidiaries

| | Company | |
|--------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Unquoted shares, at cost | 7,587,085 | 2,415,761 |

Details of the subsidiaries are as follows:-

| Name of Company | Place of incorporation | Principal activities | Effective equity interest | |
|---|------------------------|--|---------------------------|-----------|
| | | | 2022 % | 2021 % |
| Held by the Company: | | | | |
| Associated Pan Malaysia Cement Sdn. Bhd. | Malaysia | Manufacture & sale of cement & clinker | 100.00 | 100.00 |
| Buildcon-Cimaco Concrete Sdn. Bhd.# | Malaysia | Manufacture & sale of ready-mixed concrete & related services | 100.00 | - |
| Buildcon Concrete Sdn. Bhd.# | Malaysia | Manufacture & sale of ready-mixed concrete & related services | 100.00 | - |
| C.I. Readymix Sdn. Bhd.# | Malaysia | Manufacture & sale of ready-mixed concrete | 100.00 | - |
| CMCM Perniagaan Sdn. Bhd. | Malaysia | Distribution of cement & building materials | 100.00 | 100.00 |
| H Cement (Malaysia) Sdn. Bhd. (formerly known as Holcim (Malaysia) Sdn. Bhd.) | Malaysia | Manufacture & sale of cement | 100.00 | 100.00 |
| Jumewah Shipping Sdn. Bhd. | Malaysia | Shipping of bulk cement & vessels chartering | 100.00 | 100.00 |
| Kedah Cement Holdings Sdn. Bhd. | Malaysia | Investment holding | 100.00 | 100.00 |
| LA Stones Sdn. Bhd. (formerly known as Lafarge Aggregates Sdn. Bhd.) | Malaysia | Investment holding, trading & quarrying of aggregates & related products | 100.00 | 100.00 |
| M-Cement Sdn. Bhd. | Malaysia | Investment holding | 100.00 | 100.00 |
| Mini-Mix Sdn. Bhd.# | Malaysia | Manufacture & sale of ready-mixed concrete & hiring of vehicles | 100.00 | - |
| Pahang Cement Sdn. Bhd.# | Malaysia | Manufacture & sale of ordinary portland cement, clinker & related products | 100.00 | - |
| Perak-Hanjoong Simen Sdn. Bhd.# | Malaysia | Manufacture & sale of ordinary portland cement, clinker & related products | 100.00 | - |
| Probuilders Centre Sdn. Bhd. (In liquidation)^ | Malaysia | Dormant | - | 100.00 |

Notes to the Financial Statements

12. SUBSIDIARIES (CONT'D.)

(a) Investment in subsidiaries (cont'd.)

| Name of Company | Place of incorporation | Principal activities | Effective equity interest | |
|--|------------------------|---|---------------------------|--------|
| | | | 2022 % | 2021 % |
| Held by the Company: (cont'd.) | | | | |
| Slag Cement Sdn. Bhd. [#] | Malaysia | Manufacture & sale of ordinary portland cement & blended cement & transportation services | 100.00 | - |
| Slag Cement (Southern) Sdn. Bhd. [#] | Malaysia | Manufacture & sale of ordinary portland cement & blended cement | 100.00 | - |
| SMC Mix Sdn. Bhd. [#] | Malaysia | Manufacture & sale of ready-mixed concrete | 100.00 | - |
| Supermix (Malaysia) Sdn. Bhd. (formerly known as Lafarge Concrete (Malaysia) Sdn. Bhd.) | Malaysia | Manufacture & sale of ready-mixed concrete | 93.26 | 93.26 |
| YTL Cement Marketing Sdn. Bhd. [#] | Malaysia | Sale & marketing of cementitious products | 100.00 | - |
| YTL Cement Shared Services Sdn. Bhd. | Malaysia | Accounting shared services & management consulting services | 100.00 | 100.00 |
| Held through H Cement (Malaysia) Sdn. Bhd. (formerly known as Holcim (Malaysia) Sdn. Bhd.): | | | | |
| Simen Utama Marketing Sdn. Bhd. | Malaysia | Marketing, trading & manufacturing of cement & related products | 100.00 | 100.00 |
| Geo Alam Environmental Sdn. Bhd. | Malaysia | Waste management in supplying, delivering of alternative fuels & raw materials for use in cement manufacturing activities | 100.00 | 100.00 |
| Geo Alam Sdn. Bhd. | Malaysia | Trading of any type of cementitious materials usable in the production of cement or concrete for use in the construction industry | 100.00 | 100.00 |
| Held through Kedah Cement Holdings Sdn. Bhd.: | | | | |
| Kedah Cement Jetty Sdn. Bhd. | Malaysia | Licensed jetty operator | 100.00 | 100.00 |
| Kedah Cement Sdn. Bhd. | Malaysia | Manufacture & sale of cement, clinker & related products | 100.00 | 100.00 |
| Quickmix Solutions Sdn. Bhd. (formerly known as Lafarge Drymix Sdn. Bhd.) | Malaysia | Manufacture & sale of cement & drymix products | 100.00 | 100.00 |

Notes to the Financial Statements

12. SUBSIDIARIES (CONT'D.)

(a) Investment in subsidiaries (cont'd.)

| Name of Company | Place of incorporation | Principal activities | Effective equity interest | |
|--|------------------------|--|---------------------------|--------|
| | | | 2022 % | 2021 % |
| Held through M-Cement Sdn. Bhd.: | | | | |
| LCS Pte. Ltd.* | Singapore | Bulk import & sale of cement & trading of other building materials | 100.00 | 100.00 |
| LCS Shipping Pte. Ltd.* | Singapore | Shipping of bulk cement & chartering of vessels | 100.00 | 100.00 |
| LCS Cement Marketing Pte. Ltd. (formerly known as Lafarge Marketing Pte. Ltd.)* | Singapore | Investment holding | 100.00 | 100.00 |
| LMCB Holding Pte. Ltd.* | Singapore | Investment holding | 100.00 | 100.00 |
| PMCWS Enterprises Pte. Ltd.* | Singapore | Investment holding | 100.00 | 100.00 |
| Supermix Concrete Pte. Ltd.* | Singapore | Investment holding | 100.00 | 100.00 |
| Held through Supermix (Malaysia) Sdn. Bhd. (formerly known as Lafarge Concrete (Malaysia) Sdn. Bhd.): | | | | |
| Supermix Industries Sdn. Bhd. (formerly known as Lafarge Concrete Industries Sdn. Bhd.) | Malaysia | Manufacture & sale of ready-mixed concrete | 93.26 | 93.26 |
| Lafarge Concrete (East Malaysia) Sdn. Bhd. (In liquidation)^ | Malaysia | Dormant | - | 93.26 |
| Held through LA Stones Sdn. Bhd. (formerly known as Lafarge Aggregates Sdn. Bhd.): | | | | |
| LA Stones (Kota Tinggi) Sdn. Bhd. (formerly known as Lafarge Aggregates (Kota Tinggi) Sdn. Bhd.) | Malaysia | Quarrying & trading of granite & quarry products | 100.00 | 100.00 |
| LA Stones (Pantai Remis) Sdn. Bhd. (formerly known as Lafarge Aggregates (Pantai Remis) Sdn. Bhd.) | Malaysia | Trading & quarrying of aggregates & related products & leasing of quarrying rights of aggregates & related materials | 100.00 | 100.00 |

Notes to the Financial Statements

12. SUBSIDIARIES (CONT'D.)**(a) Investment in subsidiaries (cont'd.)**

| Name of Company | Place of incorporation | Principal activities | Effective equity interest | |
|---|------------------------|-------------------------------|---------------------------|--------|
| | | | 2022 % | 2021 % |
| Held through Pahang Cement Sdn. Bhd.: | | | | |
| Straits Cement Sdn. Bhd. [#] | Malaysia | Production and sale of cement | 100.00 | - |
| Held through Perak-Hanjoong Simen Sdn. Bhd.: | | | | |
| PHS Trading Sdn. Bhd. [#] | Malaysia | Management of plant | 100.00 | - |

* Subsidiaries not audited by HLB Ler Lum Chew PLT

^ Dissolved during the financial year

Acquired during the financial year

The proportion of the voting rights in the subsidiary undertakings held directly or indirectly by the parent company do not differ from the proportion of ordinary shares held.

The country of incorporation of subsidiaries is also their principal place of business.

The accumulated non-controlling interest as at 30 June 2022 is not material.

(b) Acquisition of subsidiaries

On 12 May 2021, the Company entered into a conditional share sale and purchase agreement with YTL Cement Berhad, its immediate holding company, for the proposed acquisition of the entire equity interest of 10 companies and their respective subsidiaries which are involved in cement and ready-mixed concrete businesses in Malaysia ("the Acquisition"). The Acquisition was completed on 21 September 2021 for a total consideration of RM5,159 million which was satisfied in the following manner:

- (i) RM2,001 million in cash, and
- (ii) RM1,408 million through the issuance of 375,506,174 new ordinary shares in the Company at an issue price of RM3.75 per share, which were listed on Main Market of Bursa Securities on 22 September 2021; and
- (iii) RM1,750 million through the issuance of 466,666,667 new ICPS at an issue price of RM3.75 per share.

Notes to the Financial Statements

12. SUBSIDIARIES (CONT'D.)

(b) Acquisition of subsidiaries (cont'd.)

| | RM'000 |
|--|----------------------|
| Details of the consideration transferred are as follows:- | |
| Purchase consideration | 5,159,324 |
| Less: <u>Share of net assets acquired</u> | |
| Fair value of net assets acquired | (1,017,722) |
| Provisional goodwill | 4,141,602 |
| The provisionally determined fair values of the assets and liabilities as at the date of acquisition are as follows:- | |
| | Fair value RM'000 |
| Property, plant and equipment | 1,555,265 |
| Right-of-use assets | 144,593 |
| Intangible assets | 23,638 |
| Inventories | 188,328 |
| Receivables | 397,448 |
| Income tax assets | 28,580 |
| Cash and cash equivalents | 414,346 |
| Payables and accrued expenses | (279,172) |
| Borrowings | (1,242,088) |
| Lease liabilities | (12,712) |
| Deferred tax liabilities | (200,504) |
| Identifiable net assets acquired | 1,017,722 |
| Details of cash flow arising from acquisition are as follows:- | |
| Purchase consideration | 5,159,324 |
| Less: Issuance of ordinary shares | (1,408,148) |
| Issuance of ICPS | (1,750,000) |
| | 2,001,176 |
| Less: Cash and cash equivalents in subsidiaries acquired | (414,346) |
| Net cash outflow on acquisition | 1,586,830 |

Notes to the Financial Statements

12. SUBSIDIARIES (CONT'D.)**(c) Amounts due from subsidiaries**

The amounts due from subsidiaries pertain mainly to advances and loans. The outstanding amounts are unsecured and payable on demand.

(d) Additional investment in YTL Cement Shared Services Sdn. Bhd.

On 22 June 2022, the Company subscribed to an additional 12,000,000 ordinary shares at RM1 per share in the capital of its subsidiary, YTL Cement Shared Services Sdn. Bhd., for a total cash consideration of RM12,000,000.

13. JOINT VENTURE**(a) Investment in joint venture**

| | Group | |
|------------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Unquoted shares, at cost | 17,975 | 17,975 |
| Share of post-acquisition reserves | 49,990 | 33,157 |
| | 67,965 | 51,132 |

Details of the joint venture are as follows:-

| Name of Company | Place of incorporation | Principal activities | Effective equity interest | |
|---|---------------------------|---|------------------------------|-----------|
| | | | 2022 % | 2021 % |
| Alliance Concrete Singapore Pte. Ltd. * | Singapore | Production and sale of ready-mixed concrete | 50.00 | 50.00 |

* Company not audited by HLB Ler Lum Chew PLT

The country of incorporation of joint venture is also its principal place of business.

Notes to the Financial Statements

13. JOINT VENTURE (CONT'D.)**(b) The summarised financial information of the joint venture is as follows:-**

| | 2022 | 2021 |
|---|------------------|---------------|
| | RM'000 | RM'000 |
| <i>Effective equity interest</i> | 50.00% | 50.00% |
| Summarised financial information | | |
| As at 30 June | | |
| Non-current assets | 15,198 | 15,939 |
| Current assets | 285,031 | 216,512 |
| Non-current liabilities | (169,565) | (3,742) |
| Current liabilities | (2,463) | (133,991) |
| Net assets | 128,201 | 94,718 |
| Year ended 30 June | | |
| Revenue | 797,569 | 539,185 |
| Profit for the financial year | 77,264 | 35,991 |
| Other comprehensive income/(loss) | - | - |
| Total comprehensive income | 77,264 | 35,991 |
| Reconciliation of net assets to carrying amount | | |
| Group's share of net assets | 64,100 | 47,359 |
| Goodwill | 3,288 | 3,288 |
| Effect of foreign currency exchange differences | 577 | 485 |
| Carrying amount in the Statements of Financial Position | 67,965 | 51,132 |
| Group's share of results | | |
| Group's share of profit for the financial year | 38,632 | 17,996 |
| Group's share of other comprehensive income/(loss) | - | - |
| Group's share of total comprehensive income | 38,632 | 17,996 |
| Other information | | |
| Dividend received | 23,322 | 3,127 |

(c) Amount due from joint venture

The amount due from/to joint venture pertains mainly to trade receivables. The outstanding amount is unsecured, interest free and payable on demand.

Notes to the Financial Statements

14. INVESTMENTS

| | Note | Group | |
|---|-------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 |
| Non-current assets | | | |
| Fair value through other comprehensive income | 14(a) | 4,012 | 3,449 |

(a) Fair value through other comprehensive income

The investments are in relation to the following:-

| | Note | Group | |
|------------------------------------|------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 |
| Quoted equity investments | | | |
| - within Malaysia | | 487 | 724 |
| Unquoted equity investments | | | |
| - within Malaysia | | 3,348 | 2,558 |
| Others | | 177 | 167 |
| | | 4,012 | 3,449 |
| Net fair value gain on investments | | 563 | 677 |

15. INTANGIBLE ASSETS

| | Note | Group | |
|---------------|-------|------------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 |
| Goodwill | 15(a) | 5,552,329 | 1,387,089 |
| Quarry rights | 15(b) | 10,674 | 12,804 |
| | | 5,563,003 | 1,399,893 |

Notes to the Financial Statements

15. INTANGIBLE ASSETS (CONT'D.)

The movement in each category of intangible assets are as follows:-

(a) Goodwill

| | Group | |
|---------------------------------------|------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At cost | | |
| At beginning of the financial year | 1,387,089 | 1,387,089 |
| Acquisition of subsidiaries | 4,141,602 | - |
| Goodwill in the subsidiaries acquired | 23,638 | - |
| At end of the financial year | 5,552,329 | 1,387,089 |

Impairment tests for goodwill

The Group undertakes an annual test for impairment of its cash-generating units (CGUs). Goodwill is allocated for impairment test to the following business segments which is also the CGUs identified:-

| | Group | |
|-------------------------|------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Cement | 5,085,648 | 1,327,850 |
| Aggregates and concrete | 466,681 | 59,239 |
| | 5,552,329 | 1,387,089 |

The amount of goodwill initially recognised is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management judgement.

(i) Key assumptions used for value-in-use calculation of the respective CGUs

| | 2022 | | 2021 | |
|-----------------------|-------------|---------------------------------|-------------|---------------------------------|
| | Cement % | Aggregates and concrete % | Cement % | Aggregates and concrete % |
| Pre-tax discount rate | 5.3 | 5.3 | 8.0 | 8.5 |
| Terminal growth rate | 1.9 | 1.9 | 2.2 | 2.2 |
| Revenue growth rate | 10.6 | 12.8 | 17.9 | 5.8 |

The recoverable amounts of the CGUs are determined based on value-in-use calculations. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management.

Notes to the Financial Statements

15. INTANGIBLE ASSETS (CONT'D.)**(a) Goodwill (cont'd.)****(i) Key assumptions used for value-in-use calculation of the respective CGUs (cont'd.)**

The discount rates used are pre-tax and reflect specific risks relating to the CGUs. The cement selling price and sales volume in preparing the cash flow projections were determined based on past business performance and management's expectations on the current market condition.

The terminal growth rate used is consistent with the average long-term annual growth rate for the relevant industries.

(ii) Sensitivity to change in key assumptions

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's results. The Group's review includes the key assumptions related to sensitivity in the cash flow projections for goodwill in the Group.

The circumstances where a change in key assumptions will result in the recoverable amounts of goodwill on the cement CGU to equal the corresponding carrying amounts assuming no change in the other variables are as follows:-

| | Cement CGU | |
|-----------------------|------------|-----------|
| | 2022 % | 2021 % |
| Pre-tax discount rate | 15.9 | 24.5 |
| Terminal growth rate | (18.4) | (51.3) |
| Revenue growth rate | 4.9 | 10.3 |

For the aggregates and concrete CGU, the management believes that there is no reasonable possible change in any of the key assumptions which would cause the carrying amount of the goodwill allocated to it to materially exceeds its recoverable amount.

No impairment loss was recognised for the financial year ended 30 June 2022 for the goodwill assessed as their recoverable values were in excess of their carrying amounts.

(b) Quarry rights

| | Note | Group | |
|--|------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 |
| At cost | | | |
| At beginning/end of the financial year | | 27,783 | 27,783 |
| Accumulated amortisation | | | |
| At beginning of the financial year | | 14,979 | 12,849 |
| Charge for the financial year | 6 | 2,130 | 2,130 |
| At end of the financial year | | 17,109 | 14,979 |
| Net book value | | 10,674 | 12,804 |

Notes to the Financial Statements

16. INVENTORIES

| | Group | |
|--|-----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At cost | | |
| Raw materials | 148,813 | 67,312 |
| Finished goods | 136,950 | 52,047 |
| Work-in-progress | 4,018 | 2,730 |
| Spare parts | 227,220 | 127,513 |
| Consumable stores | 41,973 | 15,324 |
| | 558,974 | 264,926 |
| Less: Provision for inventory obsolescence | (57,907) | (31,330) |
| | 501,067 | 233,596 |

The movement in provision for inventory obsolescence for engineering parts and consumables is shown below:-

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At beginning of the financial year | 31,330 | 30,364 |
| Acquisition of subsidiaries | 26,374 | - |
| Provision for inventory obsolescence | 331 | 1,446 |
| Reversal of provision for inventory obsolescence | (128) | (480) |
| At end of the financial year | 57,907 | 31,330 |

The Group's cost of inventories recognised as expenses and included in cost of sales amounted to RM1,618,545,672 (2021: RM678,473,317).

Notes to the Financial Statements

17. TRADE AND OTHER RECEIVABLES

| | Note | Group | | Company | |
|--|-------|----------------|----------------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Non-current | | | | | |
| Net investment in lease | 17(a) | 4,306 | 7,586 | - | - |
| Current | | | | | |
| Trade receivables | | 549,758 | 114,319 | - | - |
| Less: Allowance for impairment | | (53,938) | (23,541) | - | - |
| Trade receivables (net) | | 495,820 | 90,778 | - | - |
| Other receivables | | 18,101 | 15,373 | 27 | 62 |
| Deposits | | 20,835 | 10,839 | 367 | 365 |
| Net investment in lease | 17(a) | 3,326 | 4,107 | - | - |
| Total other receivables | | 42,262 | 30,319 | 394 | 427 |
| | | 538,082 | 121,097 | 394 | 427 |
| Total trade and other receivables | | 542,388 | 128,683 | 394 | 427 |

The normal trade credit terms granted to trade receivables of the Group ranged from 30 days to 120 days (2021: 30 days to 90 days). They are recognised at their original invoiced amounts which represent their fair values on initial recognition. Other receivables are non-interest bearing and repayable on demand.

The ageing analysis of the Group's trade receivables is as follows:-

| Group | Gross-carrying amount RM'000 | Loss allowance RM'000 | Net RM'000 |
|-----------------------------|---------------------------------|--------------------------|---------------|
| 2022 | | | |
| Current (not past due) | 464,753 | (2,132) | 462,621 |
| 1 to 30 days past due | 11,093 | (852) | 10,241 |
| 31 to 60 days past due | 11,045 | (732) | 10,313 |
| 61 to 90 days past due | 3,774 | (1,417) | 2,357 |
| 91 to 120 days past due | 1,873 | (954) | 919 |
| More than 120 days past due | 57,220 | (47,851) | 9,369 |
| | 549,758 | (53,938) | 495,820 |

Notes to the Financial Statements

17. TRADE AND OTHER RECEIVABLES (CONT'D.)

The ageing analysis of the Group's trade receivables is as follows:- (cont'd.)

| Group | Gross-carrying amount RM'000 | Loss allowance RM'000 | Net RM'000 |
|-----------------------------|---|----------------------------------|-----------------------|
| 2021 | | | |
| Current (not past due) | 27,046 | (151) | 26,895 |
| 1 to 30 days past due | 27,526 | (505) | 27,021 |
| 31 to 60 days past due | 19,112 | (1,111) | 18,001 |
| 61 to 90 days past due | 9,569 | (979) | 8,590 |
| 91 to 120 days past due | 2,991 | (425) | 2,566 |
| More than 120 days past due | 28,075 | (20,370) | 7,705 |
| | 114,319 | (23,541) | 90,778 |

Receivables that are impaired

The movements of the loss allowance accounts are as follows:-

| | Group | |
|------------------------------------|------------------------|------------------------|
| | 2022 RM'000 | 2021 RM'000 |
| Trade receivables | | |
| At beginning of the financial year | 23,541 | 31,290 |
| Acquisition of subsidiaries | 56,703 | - |
| Impairment for the year | 482 | 2,310 |
| Reversal of impairment losses | (22,407) | (8,414) |
| Written off | (4,387) | (1,645) |
| Currency translation differences | 6 | - |
| At end of the financial year | 53,938 | 23,541 |

Notes to the Financial Statements

17. TRADE AND OTHER RECEIVABLES (CONT'D.)**(a) Net investment in lease**

| | Group | |
|------------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Analysed as follows:- | | |
| Non-current | 4,306 | 7,586 |
| Current | 3,326 | 4,107 |
| | 7,632 | 11,693 |
| At beginning of the financial year | 11,693 | 15,886 |
| Addition | 63 | - |
| Interest income | 681 | 573 |
| Lease payments received | (4,805) | (4,766) |
| At end of the financial year | 7,632 | 11,693 |

The Group leases mixer trucks and equipment to third parties. Each of the leases contains non-cancellable period of 2 to 7 years.

These leases transfers substantially all the risk and rewards incidental to ownership of the mixer trucks and equipment. These leases do not include buy-back agreements or residual value guarantees.

The lease payments to be received are as follows:-

| | Group | |
|-----------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Less than 1 year | 3,622 | 4,507 |
| 1 to 2 years | 2,598 | 3,524 |
| 2 to 3 years | 1,345 | 2,598 |
| 3 to 4 years | 537 | 1,345 |
| 4 to 5 years | - | 537 |
| More than 5 years | - | - |
| Total undiscounted lease payments | 8,102 | 12,511 |
| Unearned interest income | (470) | (818) |
| Net investment in lease | 7,632 | 11,693 |

Notes to the Financial Statements

18. OTHER CURRENT ASSETS

| | Group | | Company | |
|-------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Prepayments | 29,013 | 12,911 | 80 | 98 |

19. AMOUNT DUE FROM/TO HOLDING COMPANIES

The amount due from/to the respective holding companies pertain mainly to advances and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand.

20. AMOUNT DUE FROM/TO RELATED COMPANIES

The amount due from/to related companies pertain mainly to trade receivables/payables and payments on behalf. The outstanding amounts are unsecured, interest free and payable on demand.

21. CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Deposits with licensed banks | 391,981 | 73,383 | 49,194 | - |
| Cash and bank balances | 211,730 | 61,655 | 76,489 | 1,453 |
| Cash and cash equivalents as per statements of cash flows | 603,711 | 135,038 | 125,683 | 1,453 |

The range of interest rates of deposits that were effective at the reporting date were as follows:-

| | Group | | Company | |
|------------------------------|-----------|-----------|-----------|-----------|
| | 2022 % | 2021 % | 2022 % | 2021 % |
| Deposits with licensed banks | 1.20-2.10 | 1.70-1.80 | 1.90-2.10 | - |

Deposits of the Group and of the Company have maturities ranging from 1 day to 94 days (2021: 1 day to 30 days) and 30 days to 92 days (2021: Nil) respectively. Bank balances are deposits held at call with banks.

Included in the deposits with licensed banks of the Group and the Company amounting to RM81,117,083 (2021: Nil) and RM49,193,724 (2021: Nil) is pledged as a security for a borrowing as disclosed in Note 25.

Notes to the Financial Statements

22. SHARE CAPITALOrdinary shares

| | Group | | | |
|------------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|
| | Number of shares | | Amount | |
| | 2022 '000 | 2021 '000 | 2022 RM'000 | 2021 RM'000 |
| Issued and fully paid:- | | | | |
| At beginning of the financial year | 934,695 | 849,695 | 2,187,669 | 1,950,692 |
| Issue of share capital | 375,506 | 85,000 | 1,408,148 | 237,150 |
| Others | - | - | - | (173) |
| At end of the financial year | 1,310,201 | 934,695 | 3,595,817 | 2,187,669 |

| | Company | | | |
|------------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|
| | Number of shares | | Amount | |
| | 2022 '000 | 2021 '000 | 2022 RM'000 | 2021 RM'000 |
| Issued and fully paid:- | | | | |
| At beginning of the financial year | 934,695 | 849,695 | 2,187,669 | 1,950,525 |
| Issue of share capital | 375,506 | 85,000 | 1,408,148 | 237,150 |
| Others | - | - | - | (6) |
| At end of the financial year | 1,310,201 | 934,695 | 3,595,817 | 2,187,669 |

Irredeemable Convertible Preference shares ("ICPS")

| | Group/Company | | | |
|------------------------------------|----------------------------|----------------------------|------------------------------|------------------------------|
| | Number of shares | | Amount | |
| | 2022 '000 | 2021 '000 | 2022 RM'000 | 2021 RM'000 |
| Issued and fully paid:- | | | | |
| At beginning of the financial year | - | - | - | - |
| Issue of share capital | 466,667 | - | 1,750,000 | - |
| At end of the financial year | 466,667 | - | 1,750,000 | - |
| Total | 1,776,868 | 934,695 | 5,345,817 | 2,187,669 |

Notes to the Financial Statements

22. SHARE CAPITAL (CONT'D.)

During the financial year, the Company increased its issued share capital by way of:

- (i) the issuance of 375,506,174 (2021: 85,000,000) new ordinary shares at an issue price of RM3.75 (2021: RM2.79) each.
- (ii) the issuance of 466,666,667 ICPS of RM3.75 each.

The issuance of the ordinary shares and ICPS are used as consideration for the Acquisition (2021: for working capital purposes and repayment of bank borrowings).

The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share and rank equally with regard to the Company's residual assets.

(a) ICPS

The salient features of the ICPS are as follows:-

- (i) Listing status and ranking of the ICPS

The ICPS will not be listed on any stock exchange and shall rank pari passu in all respects among themselves.

Subject to applicable laws, the new ordinary shares to be issued upon conversion of the ICPS shall be listed on Bursa Securities tradeable upon their listing and quotation on Bursa Securities. Such new shares shall rank pari passu in all respects with the then existing Ordinary's shares.

- (ii) Conversion

- a) Conversion ratio

The initial conversion ratio is 1 ICPS for 1 new ordinary share. The Company shall make the necessary adjustment to the conversion ratio in the event of any alteration to its share capital, whether by way of consolidation or subdivision (or bonus issue) of shares, capitalisation of profits or reserves, capital distribution, reduction of capital in accordance with Section 116 or Section 117 of the Companies Act, 2016, or any other circumstances that the Directors deem necessary.

- b) Conversion right

The ICPS shall be convertible, at the option of the holder(s) of the ICPS at any time after the date of issuance of the ICPS, into such number of ordinary shares as is determined based on the Conversion Ratio.

- c) Conversion mode

The conversion of the ICPS will not require any cash payment from the ICPS Holders. The ICPS Holders shall, upon conversion, surrender the requisite number of ICPS for cancellation by the Company. Any fraction of new ordinary shares resulting from such conversion shall be disregarded and the Company shall not be required to pay the value of such fraction to the relevant ICPS Holders nor issue any certificate for such fraction.

Notes to the Financial Statements

22. SHARE CAPITAL (CONT'D.)

(a) ICPS (cont'd.)

(iii) Dividend

As and when dividends and/or distributions (including any special dividends) are declared by the Directors in respect of the ordinary shares, each ICPS shall also carry the right to receive such dividends and/or distributions declared in respect of 1 ordinary share, subject however to any adjustment to the conversion ratio. The Company shall not pay or distribute any dividends and/or other distributions on the ordinary shares unless the ICPS Holders then outstanding shall first receive, or simultaneously receive dividends and/or other distributions in respect of the ICPS, equivalent to the dividends and/or distributions declared on 1 ordinary share divided by the Conversion Ratio.

(iv) Priority on winding-up or liquidation

The ICPS shall rank in priority to the ordinary shares in any distribution of assets in the event of liquidation, dissolution or winding-up of the Company.

In particular, in the event of liquidation, dissolution or winding-up of the Company, the surplus assets and profits that may be legally distributable to the shareholders of the Company shall be distributed to the shareholders in the following order:

- a) the ICPS Holders shall be paid in priority to the holders of ordinary shares, 100% of the issue price per ICPS (as appropriately adjusted for any subdivisions, consolidations, share dividends or similar recapitalisations), for each such ICPS;
- b) the ICPS Holders shall be entitled to be paid, in priority to the holders of ordinary shares, any declared and unpaid dividend in respect of the ICPS; and
- c) in the event that there are surplus assets and profits after the payment or distribution to the ICPS Holders as set out in sub-paragraphs (a) to (b) above,
 - (i) the amount of surplus assets and profits shall be first applied towards paying the holders of ordinary shares, the amount received by the ICPS Holders for each ICPS under subparagraphs (a) and (b); and
 - (ii) the balance of the surplus assets and profits after the payment or distribution to the ICPS Holders as set out in subparagraphs (a) to (b) and the payment to the holders of ordinary shares under sub-paragraph (c)(i) above shall be distributed pro rata among the holders of ordinary shares and the ICPS Holders on the basis of 1 ordinary share for 1 ICPS, subject however to any adjustment to the Conversion Ratio.

(v) Redemption

The ICPS shall not be redeemable.

Notes to the Financial Statements

22. SHARE CAPITAL (CONT'D.)

(a) ICPS (cont'd.)

(vi) Voting rights

ICPS Holder shall have the same rights as a holder of Company shares as regards to receiving notices, reports and audited financial statements, and attending general meetings of the Company, but shall only have the right to vote in each of the following circumstances:

- a) when the dividend or part of the dividend on the ICPS is in arrear for more than 6 months;
- b) on a proposal to reduce the share capital of the Company;
- c) on a proposal for the disposal of the whole or substantial part of the Company's assets, businesses or undertakings;
- d) on a proposal that affects rights attached to the Consideration ICPS;
- e) on a proposal to wind-up the Company; or
- f) during the winding-up of the Company.

(vii) Transferability

ICPS Holder may transfer all or any part of the ICPS held by it or otherwise sell, dispose of or deal with all or any part of its interest in such ICPS, at any time, provided that such transfer, sale, disposal or dealing shall be in accordance with the Constitution.

(viii) Governing laws

The ICPS will be governed under the laws of Malaysia.

(b) Employees' Share Option Scheme 2022 ("ESOS 2022")

On 30 March 2022, the Company implemented a share issuance scheme known as the Employees' Share Option Scheme which was approved by the shareholders of the Company at an Extraordinary General Meeting held on 18 March 2022. The ESOS 2022 is valid for a period of ten (10) years and is for employees and Directors of the Company and/or its subsidiaries who meet the criteria of eligibility for participation as set out in the By-Laws of the ESOS 2022 ("By-Laws").

The salient terms of the ESOS 2022 are as follows:-

- (i) The maximum number of shares to be allotted and issued pursuant to the exercise of the options which may be granted under the ESOS 2022 shall not exceed fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) or such other percentage of the total number of issued shares of the Company (excluding treasury shares, if any) that may be permitted by Bursa Securities or any other relevant authorities from time to time throughout the duration of the ESOS 2022.

Notes to the Financial Statements

22. SHARE CAPITAL (CONT'D.)

(b) Employees' Share Option Scheme 2022 ("ESOS 2022") (cont'd.)

- (ii) Any person who is a Director and/or an employee of a corporation in the Group, who meets the following criteria as at the date of offer of an option ("Offer Date") shall be eligible for consideration and selection by the Options Committee (as defined in the By-Laws) to participate in the ESOS 2022:
 - a) the person has attained the age of eighteen (18) years, is not an undischarged bankrupt and is not subject to any bankruptcy proceedings;
 - b) the person, save for a non-executive Director, must be on the payroll of a company within the Group; and
 - he is employed on a full time basis, has not served a notice to resign or received a notice of termination; or
 - he is serving in a specific designation under an employment contract for a fixed duration, excluding those who are employed on a short-term contract or any other employees under contract as may be determined by the Options Committee;
 - c) the person's employment, save for a non-executive Director, is for a period of at least one (1) year of continuous service prior to and up to the Offer Date, including service during the probation period, and is confirmed in service; and
 - d) the person fulfils any other criteria and/or falls within such category as may be set by the Options Committee from time to time.
- (iii) Subject to the Bursa Securities Listing Requirements and any adjustments in accordance with By-Law 13, the subscription price for shares under the ESOS 2022 shall be determined by the Board of Directors of the Company upon recommendation of the Options Committee and shall be fixed based on the 5-day volume weighted average market price of shares, as quoted on Bursa Securities, immediately preceding the Offer Date (as defined in the By-Laws) of the options with a discount of not more than ten per cent (10%), if deemed appropriate, or such lower or higher limit in accordance with any prevailing guidelines issued by Bursa Securities or any other relevant authorities as amended from time to time during the scheme period.
- (iv) Subject to By-Law 13, the Options Committee may, at any time and from time to time, before or after an option is granted, limit the exercise of the option to a maximum number of new ordinary shares of the Company and/or such percentage of the total ordinary shares of the Company comprised in the options during such period(s) within the option period. Notwithstanding the above, and subject to By-Laws 10 and 11, the options can only be exercised by the grantee no earlier than three (3) years after the Offer Date.
- (v) Subject to By-Law 12.2, a grantee shall be prohibited from disposing of the shares allotted and issued to him through the exercise of the option(s) for a period of one (1) year from the date on which the option is exercised or such other period as may be determined by the Options Committee at its sole and absolute discretion.

There were no options offered to or exercised by the employees and Directors during the financial year ended 30 June 2022.

Notes to the Financial Statements

23. OTHER RESERVES

| | Note | Group | |
|--------------------------------------|-------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 |
| Foreign currency translation reserve | 23(a) | 33,032 | 30,217 |
| Fair value reserve | 23(b) | 3,373 | 2,810 |
| | | 36,405 | 33,027 |

(a) Foreign currency translation reserve

| | Group | |
|---|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At beginning of the financial year | 30,217 | 29,977 |
| Foreign currency translation differences for foreign operations | 2,815 | 240 |
| At end of the financial year | 33,032 | 30,217 |

(b) Fair value reserves

| | Group | |
|------------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At beginning of the financial year | 2,810 | 2,133 |
| Changes in fair value | 563 | 677 |
| At end of the financial year | 3,373 | 2,810 |

Notes to the Financial Statements

24. LEASE LIABILITIES

| | Group | |
|------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Analysed as follows:- | | |
| Non-current | 36,587 | 37,504 |
| Current | 18,799 | 14,381 |
| | 55,386 | 51,885 |

The movements in lease liabilities are as below:

| | Group | |
|------------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At beginning of the financial year | 51,885 | 65,996 |
| Acquisition of subsidiaries | 12,712 | - |
| Addition | 11,457 | 2,067 |
| Finance costs | 2,752 | 2,522 |
| Payments | (24,080) | (13,587) |
| Reassessment/Modification | 1,962 | (108) |
| Rent concession | (1,062) | - |
| Termination | (498) | (5,071) |
| Currency translation differences | 258 | 66 |
| At end of the financial year | 55,386 | 51,885 |

The maturity analysis of lease liabilities are as below:

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Not later than 1 year | 20,756 | 16,498 |
| Later than 1 year and not later than 5 years | 30,432 | 27,418 |
| Later than 5 years | 10,821 | 15,584 |
| Future minimum lease payments | 62,009 | 59,500 |
| Less: Future finance charges | (6,623) | (7,615) |
| Present value of lease liabilities | 55,386 | 51,885 |

Notes to the Financial Statements

24. LEASE LIABILITIES (CONT'D.)

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the Group measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group leases its business premises, equipments and motor vehicles in the jurisdictions from which it operates. The leases comprise fixed payments over the lease terms and may include extension option.

(a) Amount recognised in the Statements of Comprehensive Income

| | Note | Group | |
|--|------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 |
| Depreciation of right-of-use assets | 6 | 21,989 | 14,354 |
| Interest expense on lease liabilities | 5 | 2,752 | 2,522 |
| Lease expenses - short term lease | 6 | 4,842 | 2,844 |
| Lease expenses - low value assets | 6 | 389 | 689 |
| Lease expenses - variable lease payments | 6 | - | 176 |

(b) Amount recognised in the Statements of Cash Flows

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Lease expenses - short term lease | 4,842 | 2,844 |
| Lease expenses - low value assets | 389 | 689 |
| Lease expenses - variable lease payments | - | 176 |
| Repayment of lease liabilities | 24,080 | 13,587 |
| Total cash outflow for leases | 29,311 | 17,296 |

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Notes to the Financial Statements

25. BORROWINGS

| | Note | Group | | Company | |
|--|-------|------------------|----------------|------------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Current | | | | | |
| Revolving credit | 25(a) | 267,500 | 220,000 | - | - |
| Sukuk Wakalah | 25(b) | 280,000 | - | - | - |
| Term loans | 25(c) | 266,114 | - | 180,000 | - |
| | | 813,614 | 220,000 | 180,000 | - |
| Non-current | | | | | |
| Revolving credit | 25(a) | 315,000 | - | - | - |
| Sukuk Wakalah | 25(b) | 219,957 | 499,910 | - | - |
| Term loans | 25(c) | 2,451,569 | - | 1,702,154 | - |
| | | 2,986,526 | 499,910 | 1,702,154 | - |
| Total | | | | | |
| Revolving credit | 25(a) | 582,500 | 220,000 | - | - |
| Sukuk Wakalah | 25(b) | 499,957 | 499,910 | - | - |
| Term loans | 25(c) | 2,717,683 | - | 1,882,154 | - |
| | | 3,800,140 | 719,910 | 1,882,154 | - |
| Repayable | | | | | |
| | | Group | | Company | |
| | | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Repayable not later than 1 year | | 813,614 | 220,000 | 180,000 | - |
| Repayable later than 1 year and not later than 5 years | | 2,600,569 | 499,910 | 1,702,154 | - |
| Repayable later than 5 years | | 385,957 | - | - | - |
| | | 3,800,140 | 719,910 | 1,882,154 | - |

Notes to the Financial Statements

25. BORROWINGS (CONT'D.)

The weighted average interest rates of the borrowings that were effective at the reporting date were as follows:-

| | Group | | Company | |
|------------------|-------------|-----------|-------------|-----------|
| | 2022 % | 2021 % | 2022 % | 2021 % |
| Revolving credit | 3.38 | 2.42 | - | - |
| Sukuk Wakalah | 4.64 | 4.64 | - | - |
| Term loans | 4.56 | - | 4.58 | - |

The Group's and the Company's borrowings are repayable by monthly, quarterly, semi-annually, yearly instalments and lump sum repayment.

(a) Revolving credit

Save for RM352.5 million (2021: Nil) revolving credit facility of Perak-Hanjoong Simen Sdn. Bhd., a subsidiary of the Company, which secured against the charge over designated bank accounts with principal amount of RM300 million repayable by 7 annual instalments commencing 19 January 2022, all the revolving credit facilities of the Group are unsecured and repayable on demand.

(b) Sukuk Wakalah Programme

In 2016, Kedah Cement Sdn. Bhd. ("KCSB"), a subsidiary of the Company, had established a Sukuk Wakalah Programme ("Sukuk Wakalah") for the issuance of up to RM500 million in nominal value of Sukuk Wakalah based on the Shariah principle of Wakalah and Murabahah. It provides KCSB the flexibility to raise funds from time to time which can be utilised to finance and/or to reimburse the acquisition of property, plant and equipment/investments, to fund working capital requirements and to refinance existing bank borrowings of KCSB. The Sukuk Wakalah Programme has a tenure of 7 years from the date of first issuance of the Sukuk Wakalah which was on 13 January 2017.

On 13 January 2017, KCSB made its first and second issuance of RM100 million and RM180 million in nominal value of Sukuk Wakalah respectively to fund working capital requirements of KCSB. The Sukuk Wakalah bore profit at 4.40% and 4.80% per annum and have been fully settled in 2018 and January 2020, respectively.

On 13 December 2017 and 10 July 2019, KCSB made its third and fourth issuance of RM100 million in nominal value of Sukuk Wakalah to fund the working capital requirements of KCSB. The Sukuk Wakalah bore profit at 5.00% and 5.06% per annum and have been fully settled in December 2020 and July 2022 respectively.

On 10 July 2019, KCSB made its fifth issuance of RM120 million in nominal value of Sukuk Wakalah to fund the working capital requirements of KCSB. The Sukuk Wakalah bore profit at 4.10% per annum and has been fully settled in July 2020.

On 13 January 2020, 9 July 2020 and 11 December 2020, KCSB made its sixth, seventh and eighth issuance of RM180 million, RM120 million and RM100 million in nominal value of Sukuk Wakalah to fund the working capital requirements of KCSB. The Sukuk Wakalah are due on 13 January 2023, 7 July 2023 and 11 December 2023 and bear profit at 4.60%, 4.55% and 4.40% per annum respectively.

On 8 July 2022, KCSB made its ninth issuance of RM100 million in nominal value of Sukuk Wakalah to fund the working capital requirements of KCSB. The Sukuk Wakalah is due on 10 July 2023 and bear profit at 4.25% per annum.

Notes to the Financial Statements

25. BORROWINGS (CONT'D.)

(c) Term loans

Included in the term loans are:

- (i) The Islamic facility of RM2 billion was drawn down by the Company on 21 September 2021 as part of the funding for the acquisition of the entire equity interest of 10 companies and their respective subsidiaries which are involved in the cement and ready-mixed concrete businesses in Malaysia, from its immediate holding company, YTL Cement Berhad. The term loan was granted based on the Shariah principle of Murabahah (via a Tawarruq arrangement).

The Islamic facility has a tenure of up to 60 months commencing from the first drawdown, with the option to extend for a further 24 months by mutual agreement between the Company and financiers subject to certain conditions. The principal portion of the facility will be repaid via 10 instalments semi-annually ranging from RM80 to RM100 million for the first 9 instalments, commencing 21 March 2022 (or with repayment via 14 instalments with first 13 ranging from RM80 to RM120 million, where extended tenure applies). The remaining outstanding principal amount will be fully repaid in the final instalment. The facility bears interest rate ranging from 4.53% to 4.61% per annum (2021: Nil).

The facility is secured against the shares of the subsidiaries acquired and other material subsidiaries of the Company and the charge over designated bank accounts.

- (ii) Term loans of RM200 million with a tenure of 84 months was drawn down by Perak-Hanjoong Simen Sdn. Bhd. and Pahang Cement Sdn. Bhd. respectively on 27 August 2021 and repayable by 14 semi-annual instalments, commencing 28 February 2022 and final instalment on 28 August 2028. The term loan bears interest rate ranging from 4.22% to 4.52% per annum (2021: Nil). The term loan is secured against the shares in the Company held by YTL Cement Berhad and the charge over designated bank accounts.
- (iii) A term loan of RM400 million with a tenure of 84 months was drawn down by Straits Cement Sdn. Bhd. on 27 August 2021 and repayable by 14 semi-annual instalments, commencing 28 February 2022 and final instalment of RM40 million on 28 August 2028. The term loan bears interest rate ranging from 4.22% to 4.52% per annum (2021: Nil). The term loan is secured against the shares in the Company held by YTL Cement Berhad and the charge over designated bank accounts.
- (iv) A term loan of RM80 million with a tenure of 84 months was drawn down by Buildcon Concrete Sdn. Bhd. on 27 August 2021 and repayable by 14 semi-annual instalments, commencing on 28 February 2022 and final instalment on 28 August 2028. The term loan bears interest rate ranging from 4.22% to 4.52% per annum (2021: Nil). The term loan is charged against the shares in the Company held by YTL Cement Berhad and the charge over designated bank accounts.

Notes to the Financial Statements

26. DEFERRED TAX LIABILITIES/(ASSETS)

| | Note | Group | |
|--------------------------------------|------|----------------|----------------|
| | | 2022 RM'000 | 2021 RM'000 |
| At beginning of the financial year | | (109,975) | (108,830) |
| Charged/(credited) to profit or loss | 7 | | |
| - Property, plant and equipment | | (24,674) | 808 |
| - Retirement benefits | | 7 | (2,906) |
| - Provisions | | 3,051 | 2,009 |
| - Unutilised capital allowance | | 19,454 | (43,777) |
| - Unabsorbed tax losses | | (10,669) | 35,578 |
| - Right-of-use assets | | (5,507) | 421 |
| - Lease liabilities | | 5,693 | (99) |
| - Others | | 7,367 | 6,820 |
| | | (5,278) | (1,146) |
| Acquisition of subsidiaries | | 200,504 | - |
| Currency translation differences | | 7 | 1 |
| At end of the financial year | | 85,258 | (109,975) |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off income tax assets against income tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts determined after appropriate offsetting are shown in the Statements of Financial Position:-

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Deferred tax assets | | |
| Unutilised capital allowance | (122,597) | (93,565) |
| Unabsorbed tax losses | (227,982) | (210,572) |
| Retirement benefits | (5,216) | (5,168) |
| Provisions | (2,654) | (99) |
| Lease liabilities | (10,881) | (610) |
| Others | (28,091) | (3,885) |
| | (397,421) | (313,899) |
| Deferred tax liabilities | | |
| Property, plant and equipment | | |
| - capital allowances in excess of depreciation | 459,408 | 202,673 |
| Right-of-use assets | 20,904 | 1,232 |
| Others | 2,367 | 19 |
| | 482,679 | 203,924 |
| | 85,258 | (109,975) |

Notes to the Financial Statements

26. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:-

| | Group | |
|---|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Unabsorbed tax losses | 77,542 | 121,133 |
| Unutilised capital allowances/reinvestment allowances | 35,342 | 32,491 |
| Deductible temporary differences | 749 | 10 |
| Taxable temporary differences | | |
| - Property, plant and equipment | (63) | - |
| | 113,570 | 153,634 |

The unabsorbed tax losses and unutilised capital allowances are subject to agreement with the Inland Revenue Board. On the other hand, effective from year of assessment 2019 as announced in the Annual Budget 2022, the unused tax losses of the Group as at 31 December 2018 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unabsorbed losses will be disregarded.

27. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|----------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Trade payables | 486,071 | 204,577 | - | - |
| Other payables | 77,032 | 52,024 | 5 | 161 |
| Deposit | 9,140 | 9,073 | - | - |
| Accruals | 77,830 | 73,607 | 4,048 | 1,785 |
| | 650,073 | 339,281 | 4,053 | 1,946 |

The normal credit terms of trade payables granted to the Group vary from 30 days to 150 days (2021: 30 days to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

Notes to the Financial Statements

28. CONTRACT LIABILITIES

| | Group | |
|---|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Amount received in advance of delivery of goods | 3,055 | - |

Revenue is recognised when the control of the goods is transferred to the customer, being at the point the goods are delivered to the customer. When the customer initially purchases the goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been delivered to the customer.

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS

| | Group | | Company | |
|----------------------------------|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Defined contribution plan | | | | |
| - Current | 2,422 | 1,187 | - | - |
| Defined benefit plan | | | | |
| - Non-current | 21,734 | 21,764 | - | - |

(a) Defined contribution plan

Group companies incorporated in Malaysia contribute to the Employees Provident Fund, the national defined contribution plan. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(b) Defined benefit plan

The defined benefit plan typically exposes the Group to actuarial risks such as longevity risk and salary risk.

(i) Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

(ii) Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to the Financial Statements

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)**(b) Defined benefit plan (cont'd.)**

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out on 28 August 2020 by the external actuary.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal actuarial assumptions at the end of the reporting period are as follows:-

| | 2022 | 2021 |
|------------------------|-------------|-------------|
| | % | % |
| Discount rate | 3.9 | 3.9 |
| Future salary increase | 5.0 | 5.0 |

Sensitivity analysis

Significant actuarial assumption for the determination of the defined benefit obligation is the discount rate. The sensitivity analysis below has been determined based on reasonably possible change of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate increase/(decrease) by 0.5%, the defined benefit obligation would decrease by RM897,240/increase by RM947,875 (2021: decrease by RM959,471/increase by RM1,017,212).

Movements in the net liability recognised in the Statements of Financial Position are as follows:-

| | Group | |
|------------------------------------|---------------|-------------|
| | 2022 | 2021 |
| | RM'000 | RM'000 |
| At beginning of the financial year | 21,764 | 21,937 |
| Charge for the financial year | 921 | 902 |
| Benefit paid/payable | (951) | (1,075) |
| At end of the financial year | 21,734 | 21,764 |

Notes to the Financial Statements

29. POST-EMPLOYMENT BENEFIT OBLIGATIONS (CONT'D.)**(b) Defined benefit plan (cont'd.)**

The amounts recognised in the Statements of Financial Position are analysed as follows:-

| | Group | |
|--------------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Present value of unfunded obligation | 21,734 | 21,764 |

Reconciliation of the present value of unfunded obligation are as follows:-

| | Group | |
|------------------------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| At beginning of the financial year | 21,764 | 21,937 |
| Current service cost | 72 | 71 |
| Interest cost | 849 | 831 |
| Benefit paid/payable | (951) | (1,075) |
| At end of the financial year | 21,734 | 21,764 |

The amounts recognised in the Income Statements are as follows:-

| | Group | |
|----------------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Current service cost | 72 | 71 |
| Interest cost | 849 | 831 |
| | 921 | 902 |

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT

The Group's and the Company's operations are subject to a variety of financial risks, including liquidity risk, credit risk, interest rate risk and foreign currency risk.

The Group's and the Company's financial risk management policy seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders. It is not the Group's and the Company's policy to engage in speculative transactions.

The Board of Directors reviews and agrees policies and procedures for managing each of these risks and they are summarised below:-

(a) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| Group | On demand or within 1 year RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|---------------------------------|--|--------------------------------|------------------------------------|-------------------------|
| 2022 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 650,073 | - | - | 650,073 |
| Amount due to holding companies | 4,397 | - | - | 4,397 |
| Amount due to related companies | 19,304 | - | - | 19,304 |
| Lease liabilities | 20,756 | 30,432 | 10,821 | 62,009 |
| Borrowings | 975,610 | 2,998,158 | 398,529 | 4,372,297 |
| | 1,670,140 | 3,028,590 | 409,350 | 5,108,080 |
| 2021 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 339,281 | - | - | 339,281 |
| Amount due to holding companies | 881 | - | - | 881 |
| Amount due to related companies | 90,810 | - | - | 90,810 |
| Lease liabilities | 16,498 | 27,418 | 15,584 | 59,500 |
| Borrowings | 248,521 | 525,466 | - | 773,987 |
| | 695,991 | 552,884 | 15,584 | 1,264,459 |

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT (CONT'D.)**(a) Liquidity risk (cont'd.)**

| Company | On demand or within 1 year RM'000 | 1 to 5 years RM'000 | Over 5 years RM'000 | Total RM'000 |
|---------------------------------|--|--------------------------------|------------------------------------|-------------------------|
| 2022 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 4,053 | - | - | 4,053 |
| Amount due to holding companies | 1 | - | - | 1 |
| Borrowings | 264,260 | 1,961,967 | - | 2,226,227 |
| | 268,314 | 1,961,967 | - | 2,230,281 |
| 2021 | | | | |
| Financial liabilities | | | | |
| Trade and other payables | 1,946 | - | - | 1,946 |
| | 1,946 | - | - | 1,946 |

(b) 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 cash equivalents), the Group and the Company minimise credit risk by dealing with high credit rating counterparties.

Trade receivables

The Group applies the MFRS 9 simplified approach to measure ECL, which uses a lifetime expected loss allowance for all trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are determined based on historical ageing profile and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The historical loss rates will be adjusted based on the expected changes in these factors. The Group's loss allowance recognised is disclosed in Note 17 to the Financial Statements.

At the reporting date, the maximum exposure to credit risk arising from trade receivables are represented by the carrying amount in the Statements of Financial Position.

The Group has no significant concentration of credit risk with a single customer or a group of customers.

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT (CONT'D.)

(b) Credit risk (cont'd.)

Cash and bank balances

The Group and the Company place its cash and bank balances with a number of creditworthy financial institutions. The Group's and the Company's policy limit the concentration of financial exposure to any single financial institution. While cash and bank balances are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

Other receivables

Credit risks on other receivables are mainly arising from refundable deposits and amount due from related parties. The refundable deposits are deposits paid for plants, port operations and administration offices rented which will be received at the end of each lease terms. The Group and the Company manage the credit risk together with the leasing arrangement. Amount due from related parties comprise amount receivables for the trade and non-trade transactions with holding companies, subsidiaries, other related companies and joint venture. The Group and the Company monitor their results and outstanding balances regularly. There is no indication that the amount due from related parties are not recoverable.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amounts in the Statements of Financial Position.

Corporate guarantee

The Company provides secured corporate guarantee to bank in respect of banking facility granted to its subsidiary with an amount of RM352.5 million (2021: Nil).

Financial guarantees

The Company provides unsecured financial guarantees to third parties in respect of provision for services to subsidiaries. The Company monitors on an ongoing basis, the results of the subsidiaries and repayments made by the subsidiaries.

The maximum exposure to credit risk is RM43.1 million (2021: RM43.1 million) which represents the outstanding amount as at reporting date. As at reporting date, there was no indication that the subsidiaries would default on repayments.

(c) Interest rate risk

The Group's policy is to obtain the most favourable interest rates available.

The Group's and the Company's exposure to interest rate risk arise primarily from their floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group and the Company manage their cash flow interest rate risk by using a mix of fixed and variable rate debts.

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT (CONT'D.)**(c) Interest rate risk (cont'd.)**

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the reporting date, were:

| | Group | | Company | |
|----------------------------------|--------------------|----------------|--------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Fixed rate instruments | | | | |
| Financial liabilities | (499,957) | (499,910) | - | - |
| Variable rate instruments | | | | |
| Financial assets | 391,981 | 73,383 | 49,194 | - |
| Financial liabilities | (3,300,183) | (220,000) | (1,882,154) | - |

At the reporting date, if the interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit before tax would be higher/lower by approximately RM16.5 million (2021: RM1.1 million) and RM9.4 million (2021 Nil), respectively, as a result of lower/higher interest expense on borrowings.

The excess funds of the Group and of the Company are invested in bank deposits and other short term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short term maturities to match its cash flow needs. If interest deposit rates increased/decreased by 10 basis points, interest income of the Group and of the Company for the financial year would increase/decrease by RM391,981 (2021: RM73,383) and RM49,194 (2021: Nil), respectively.

(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 and the Company are exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar (USD) and Singapore Dollar (SGD).

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Where necessary, the Group enters into forward foreign currency exchange contracts to limit its exposure on foreign currency receivables and payables, and on cash flows generated from anticipated transactions denominated in foreign currencies.

Notes to the Financial Statements

30. FINANCIAL RISK MANAGEMENT (CONT'D.)**(d) Foreign currency risk (cont'd.)**

The Group's exposure to foreign currency (a currency which is other than the currency of the Group entities) risk, based on carrying amounts as at the reporting date was:

| Group | Denominated in | |
|-----------------------------------|------------------|----------------|
| | USD RM'000 | SGD RM'000 |
| 2022 | | |
| Amount due from related companies | - | 3,239 |
| Cash and cash equivalents | 7,666 | 101,536 |
| Trade payables | (186,470) | (2,121) |
| | (178,804) | 102,654 |
| 2021 | | |
| Trade receivables | 4,960 | - |
| Amount due from related companies | - | 6,227 |
| Cash and cash equivalents | 1,719 | 21,305 |
| Trade payables | (59,541) | (1,270) |
| | (52,862) | 26,262 |

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

| | Group Profit net of tax | |
|---------------------------------|----------------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| USD/RM - strengthened 5% | (6,795) | (2,009) |
| - weakened 5% | 6,795 | 2,009 |
| SGD/RM - strengthened 5% | 3,901 | 998 |
| - weakened 5% | (3,901) | (998) |

There is no significant exposure to foreign currency exchange risk at the Company level.

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

| | Group | | Company | |
|---|------------------|----------------|------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Financial assets | | | | |
| Fair value through other comprehensive income: | | | | |
| Investments | 4,012 | 3,449 | - | - |
| Amortised cost: | | | | |
| Trade and other receivables | 542,388 | 128,683 | 394 | 427 |
| Amount due from holding companies | 92 | 844 | - | - |
| Amount due from subsidiaries | - | - | 171,944 | 268,514 |
| Amount due from related companies | 25,708 | 176,336 | - | - |
| Amount due from joint venture | 22,120 | 21,669 | - | - |
| Cash and cash equivalents | 603,711 | 135,038 | 125,683 | 1,453 |
| | 1,198,031 | 466,019 | 298,021 | 270,394 |
| Financial liabilities | | | | |
| Amortised cost: | | | | |
| Trade and other payables | 650,073 | 339,281 | 4,053 | 1,946 |
| Amount due to holding companies | 4,397 | 881 | 1 | - |
| Amount due to related companies | 19,304 | 90,810 | - | - |
| Lease liabilities | 55,386 | 51,885 | - | - |
| Borrowings | 3,800,140 | 719,910 | 1,882,154 | - |
| | 4,529,300 | 1,202,767 | 1,886,208 | 1,946 |

Notes to the Financial Statements

31. FINANCIAL INSTRUMENTS (CONT'D.)**(b) Fair value measurement**

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:-

- (i) Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At the reporting date, the Group held the following financial instruments carried at fair value on the Statements of Financial Position:-

| Group | Note | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|---|-------|-------------------|-------------------|-------------------|-----------------|
| 2022 | | | | | |
| Financial assets | | | | | |
| Fair value through other comprehensive income | 14(a) | 487 | - | 3,525 | 4,012 |
| 2021 | | | | | |
| Financial assets | | | | | |
| Fair value through other comprehensive income | 14(a) | 724 | - | 2,725 | 3,449 |

During the current financial year, there were no transfers between Level 1 and Level 2 fair value measurements.

Notes to the Financial Statements

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

(a) Related parties transactions

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions.

| Entity | Relationship | Type of transactions | Group | |
|---|---|---|----------------|----------------|
| | | | 2022 RM'000 | 2021 RM'000 |
| Alliance Concrete Singapore Pte. Ltd. | Joint venture company | Sales of building materials | 133,346 | 91,387 |
| Batu Tiga Quarry Sdn. Bhd. | Subsidiary of immediate holding company | Purchase of building materials | 29,442 | 12,857 |
| Beijing Dama Sinosource Trading Co., Ltd | Subsidiary of immediate holding company | Purchase of maintenance parts | 15,525 | 8,150 |
| Buildcon Concrete Sdn. Bhd.* | Subsidiary of immediate holding company | Sales and purchase of building materials | 10,936 | 87,685 |
| Buildcon-Cimaco Concrete Sdn. Bhd.* | Subsidiary of immediate holding company | Sales and purchase of building materials | 1,603 | 13,002 |
| C.I. Readymix Sdn. Bhd.* | Subsidiary of immediate holding company | Sales and purchase of building materials | 2,121 | 17,186 |
| Nanyang Cement Pte. Ltd. | Subsidiary of immediate holding company | Sales of building materials | 9,386 | - |
| Sino Mobile And Heavy Equipment Sdn. Bhd. | Subsidiary of immediate holding company | Purchase of property, plant and equipment | 9,945 | - |
| Slag Cement Sdn. Bhd.* | Subsidiary of immediate holding company | Sales of building materials | 51 | 29,224 |
| Slag Cement (Southern) Sdn. Bhd.* | Subsidiary of immediate holding company | Sales and purchase of building materials | 1,484 | 41,969 |
| SMC Mix Sdn. Bhd.* | Subsidiary of immediate holding company | Purchase of building materials | 1,167 | 11,825 |

Notes to the Financial Statements

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)**(a) Related parties transactions (cont'd.)**

| Entity | Relationship | Type of transactions | Group | |
|---|---|--|----------------|----------------|
| | | | 2022 RM'000 | 2021 RM'000 |
| Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. | Subsidiary of pre-penultimate holding company | Sales of building materials | 10,028 | - |
| YTL Cement Berhad | Immediate holding company | Rental of land and office | 6,872 | 909 |
| YTL Cement Marketing Sdn. Bhd.* | Subsidiary of immediate holding company | Sales of building materials | 57,010 | 613,755 |
| | | Purchase of building materials | 17,441 | 182,408 |
| YTL Cement Terminal Services Pte. Ltd. | Subsidiary of immediate holding company | Sales of building materials | 135,689 | 37,330 |
| | | Purchase of building materials | 49,991 | 83,170 |
| YTL Technologies Sdn. Bhd. | Subsidiary of pre-penultimate holding company | Purchase of supplies and spare parts, freight, handling and maintenance services | 11,148 | 167 |

* The related party transactions with these companies were reported up to 21 September 2021 only as these companies have become subsidiaries of the Company at this date upon completion of the Acquisition.

The Directors are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms and conditions negotiated and agreed by the related parties.

(b) Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

Key management personnel of the Group and of the Company comprise the Directors of the Group and of the Company. Details on the compensation for these key management personnel are disclosed in Note 6.

Notes to the Financial Statements

33. COMMITMENTS**(a) Capital commitments**

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Contracted but not provided for - Purchase of property, plant and equipment | 23,684 | 6,882 |

(b) Operating lease arrangements**The Group as lessor**

The Group had leased out its properties to third parties for monthly lease payments. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Undiscounted lease payments from the operating lease to be received after the reporting date are as follows:-

| | Group | |
|--|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Less than 1 year | 11 | 21 |
| Between 1 to 2 years | - | 11 |
| Between 2 to 3 years | - | - |
| Between 3 to 4 years | - | - |
| Between 4 to 5 years | - | - |
| Over 5 years | - | - |
| Total undiscounted lease payments to be received | 11 | 32 |

Notes to the Financial Statements

34. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's business segments, which reflect the Group's internal reporting structure that are regularly reviewed by the Group's managing director for the purposes of allocating resources to the segment and assessing its performance.

For management purposes, the Group is organised into the following operating divisions:

- cement
- aggregates and concrete

Included in Cement Segment of the Group are operating divisions of other building materials and other operations.

Information regarding the Group's reportable segments is presented below.

| 2022 | Cement RM'000 | Aggregates & Concrete RM'000 | Total RM'000 |
|-----------------------------------|--------------------------|---|-------------------------|
| Revenue | | | |
| Total revenue | 2,306,552 | 653,713 | 2,960,265 |
| Inter-segment revenue | (254,993) | - | (254,993) |
| External revenue | 2,051,559 | 653,713 | 2,705,272 |
| Results | | | |
| Interest income | 6,679 | 1,734 | 8,413 |
| Finance costs | (139,801) | (3,484) | (143,285) |
| Share of results of joint venture | - | 38,632 | 38,632 |
| Segment profit before tax | 95,793 | 33,428 | 129,221 |
| Segment assets | | | |
| Investment in joint venture | - | 67,965 | 67,965 |
| Other segment assets | 9,454,124 | 903,193 | 10,357,317 |
| Segment liabilities | | | |
| Borrowings | 3,724,183 | 75,957 | 3,800,140 |
| Other segment liabilities | 680,137 | 166,078 | 846,215 |
| Other segment information | | | |
| Capital expenditure | 67,510 | 8,113 | 75,623 |
| Depreciation and amortisation | 203,263 | 35,644 | 238,907 |

Notes to the Financial Statements

34. SEGMENTAL INFORMATION (CONT'D.)

| 2021 | Cement RM'000 | Aggregates & Concrete RM'000 | Total RM'000 |
|-----------------------------------|------------------|------------------------------------|-----------------|
| Revenue | | | |
| Total revenue | 1,140,325 | 252,356 | 1,392,681 |
| Inter-segment revenue | (23,173) | - | (23,173) |
| External revenue | 1,117,152 | 252,356 | 1,369,508 |
| Results | | | |
| Interest income | 4,369 | 2,673 | 7,042 |
| Finance costs | (37,792) | (1,520) | (39,312) |
| Share of results of joint venture | - | 17,996 | 17,996 |
| Segment profit/(loss) before tax | 8,973 | (771) | 8,202 |
| Segment assets | | | |
| Investment in joint venture | - | 51,132 | 51,132 |
| Other segment assets | 3,508,872 | 201,973 | 3,710,845 |
| Segment liabilities | | | |
| Borrowings | 719,910 | - | 719,910 |
| Other segment liabilities | 402,873 | 103,878 | 506,751 |
| Other segment information | | | |
| Capital expenditure | 53,316 | 1,525 | 54,841 |
| Depreciation and amortisation | 137,512 | 18,251 | 155,763 |

Geographical Information

The Group operates in two principal geographical areas - Malaysia (country of domicile) and Singapore.

| | Revenue | | Non-Current Assets | |
|-----------|------------------|----------------|--------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Malaysia | 2,562,022 | 1,277,849 | 8,497,081 | 2,786,471 |
| Singapore | 143,250 | 91,659 | 90,948 | 91,734 |
| | 2,705,272 | 1,369,508 | 8,588,029 | 2,878,205 |

Notes to the Financial Statements

34. SEGMENTAL INFORMATION (CONT'D.)

Non-current assets information presented above consist of the followings items as presented in the Statements of Financial Position.

| | Non-current assets | |
|-------------------------------|--------------------|----------------|
| | 2022 RM'000 | 2021 RM'000 |
| Property, plant and equipment | 2,782,737 | 1,372,119 |
| Right-of-use assets | 239,169 | 103,070 |
| Investment properties | 3,120 | 3,123 |
| Intangible assets | 5,563,003 | 1,399,893 |
| | 8,588,029 | 2,878,205 |

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise its shareholders value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year.

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

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2022 RM'000 | 2021 RM'000 | 2022 RM'000 | 2021 RM'000 |
| Borrowings | 3,800,140 | 719,910 | 1,882,154 | - |
| Less: Cash and cash equivalents | (603,711) | (135,038) | (125,683) | (1,453) |
| Net debts/(cash) | 3,196,429 | 584,872 | 1,756,471 | (1,453) |
| Equity attributable to owners of the parent | 5,775,134 | 2,530,063 | 5,998,980 | 2,684,276 |
| Capital and net debts | 8,971,563 | 3,114,935 | 7,755,451 | 2,682,823 |
| Debt-to-capital ratio (%) | 36 | 19 | 23 | - |

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

Notes to the Financial Statements

36. COMPARATIVES

Certain comparative figures have been reclassified to conform with the current year's presentation.

| Group | As previously reported RM'000 | Reclassification RM'000 | As reclassified RM'000 |
|---|-------------------------------------|----------------------------|------------------------------|
| <u>Income Statements</u> | | | |
| Other income | 27,432 | 8,585 | 36,017 |
| Investment income | 1,543 | (1,543) | - |
| Interest income | 7,042 | (7,042) | - |
| <u>Statements of Financial Position</u> | | | |
| Non-current assets | | | |
| Other financial assets | 3,449 | (3,449) | - |
| Investments | - | 3,449 | 3,449 |
| Net investments in leases | 7,586 | (7,586) | - |
| Trade and other receivables | - | 7,586 | 7,586 |
| Deferred tax assets | 238,324 | (128,349) | 109,975 |
| Non-current liabilities | | | |
| Deferred tax liabilities | 128,349 | (128,349) | - |
| Current assets | | | |
| Trade Receivables | 90,778 | (90,778) | - |
| Other receivables, prepaid expenses and refundable deposits | 39,123 | (39,123) | - |
| Net investment in leases | 4,107 | (4,107) | - |
| Trade and other receivables | - | 121,097 | 121,097 |
| Other current assets | - | 12,911 | 12,911 |
| Amount owing by holding and other related companies | 177,180 | (177,180) | - |
| Amount due from holding companies | - | 844 | 844 |
| Amount due from related companies | - | 176,336 | 176,336 |
| Current liabilities | | | |
| Trade payables | 204,577 | (204,577) | - |
| Other payables and accrued expenses | 135,891 | (135,891) | - |
| Trade and other payables | - | 339,281 | 339,281 |
| Post-employment benefit obligations | - | 1,187 | 1,187 |
| Amount owing to holding and other related companies | 91,691 | (91,691) | - |
| Amount due to holding companies | - | 881 | 881 |
| Amount due to related companies | - | 90,810 | 90,810 |

Notes to the Financial Statements

36. COMPARATIVES (CONT'D.)

| Company | As previously reported RM'000 | Reclassification RM'000 | As reclassified RM'000 |
|---|--|------------------------------------|---------------------------------------|
| <u>Income Statements</u> | | | |
| Other income | 858 | 211 | 1,069 |
| Interest income | 205 | (205) | - |
| Other expenses | - | (6) | (6) |
| <u>Statements of Financial Position</u> | | | |
| Current assets | | | |
| Other receivables, prepaid expenses and refundable deposits | 525 | (525) | - |
| Trade and other receivables | - | 427 | 427 |
| Other current assets | - | 98 | 98 |
| Current liabilities | | | |
| Other payables and accrued expenses | 1,946 | (1,946) | - |
| Trade and other payables | - | 1,946 | 1,946 |

Certain comparative figures in the statements of cash flows have also been reclassified as a result of the reclassification in the statements of financial position.

37. SIGNIFICANT EVENTS DURING AND AFTER THE REPORTING PERIOD

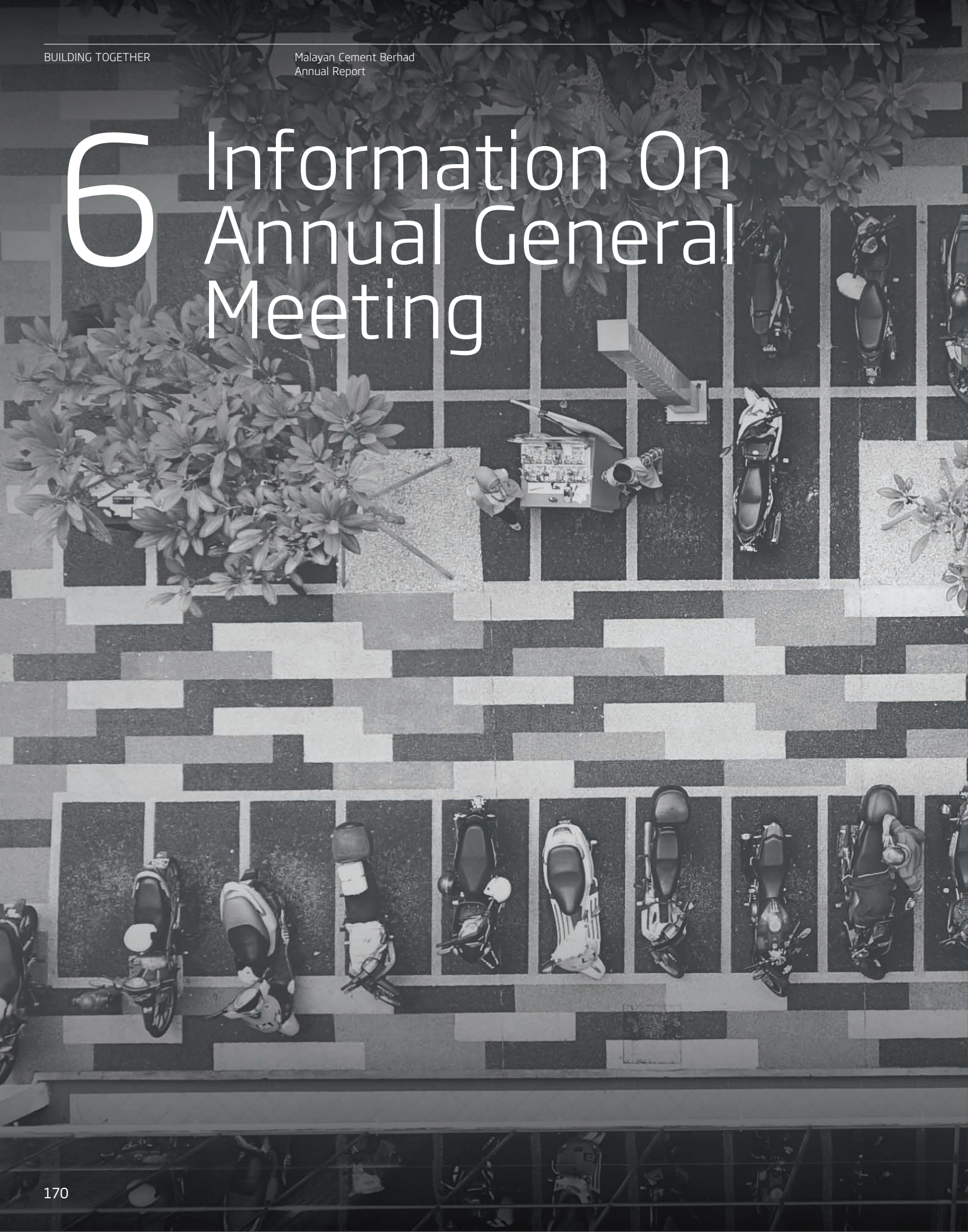
Following the Government's announcement of the "Transition to Endemic" phase of COVID-19 on 1 April 2022, which saw the re-opening of the international border and the removal of most of the COVID-19 restrictions, Malaysia has experienced a gradual resumption of normal economic activities. Nevertheless, economic recovery is expected to be uneven, with headwinds in the form of geopolitical tensions, inflationary pressures and potential interest rate hikes.

Management remains cautiously optimistic and will continue to take steps to circumvent and mitigate the challenges stemming from this uneven recovery period, as well as intensify its efforts to sustain the long-term business prospects of the Group.

38. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

The financial statements have been authorised for issue in accordance with a resolution of the Board of Directors on 29 September 2022.

6 Information On Annual General Meeting





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- 172** Notice of Annual General Meeting
 - 177** Statement Accompanying Notice of Annual General Meeting
 - Form of Proxy

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Seventy-Second Annual General Meeting of Malayan Cement Berhad (the “**Company**”) will be held on Tuesday, 6 December 2022 at 4.30 p.m. or at any adjournment thereof and will be conducted as a **fully virtual** meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIIH Online System (“**TIIH Online**”) at <https://tiih.com.my> (“**Meeting Platform**”) to transact the following business:-

AS ORDINARY BUSINESS

1. To lay before the meeting the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon.
2. To re-elect the following Directors who retire pursuant to Article 85 of the Company's Constitution:-
 - (i) Dato' Yeoh Soo Keng
 - (ii) Tan Sri Datuk Asmat Bin Kamaludin
 - (iii) Dato' Tan Guan Cheong
3. To approve the payment of fees to the Non-Executive Directors amounting to RM920,000 for the financial year ended 30 June 2022.
4. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director for the period from January 2023 to December 2023.
5. To re-appoint HLB Ler Lum Chew PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Please refer
Explanatory Note A**

Resolution 1

Resolution 2

Resolution 3

Resolution 4

Resolution 5

Resolution 6

AS SPECIAL BUSINESS

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

ORDINARY RESOLUTIONS:-

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

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby empowered to allot and issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares of the Company for the time being or such other percentage as prescribed by Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities.

AND THAT in connection with the above, pursuant to Article 50 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all new shares in the Company, such new shares when issued, to rank pari passu with existing issued shares in the Company.”

Resolution 7

Notice of Annual General Meeting

7. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

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

- (i) The maximum number of shares which may be purchased and/or held by the Company at any point of time pursuant to the Proposed Share Buy-Back shall not exceed 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities provided always that in the event that the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholder mandate for share buy-back which was obtained at the Annual General Meeting held on 7 December 2021, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed 10% of the total number of issued shares of the Company for the time being quoted on Bursa Securities;
- (ii) The maximum amount of funds to be allocated by the Company pursuant to the Proposed Share Buy-Back shall not exceed the retained profits of the Company at the time of purchase by the Company of its own shares; and
- (iii) The shares purchased by the Company pursuant to the Proposed Share Buy-Back may be dealt with by the Directors in all or any of the following manner:-
 - (a) the shares so purchased may be cancelled; and/or
 - (b) the shares so purchased may be retained in treasury for distribution as dividends to the shareholders and/or resold on the market of Bursa Securities and/or subsequently cancelled; and/or
 - (c) part of the shares so purchased may be retained as treasury shares with the remainder being cancelled; and/or
 - (d) transfer the shares, or any of the shares for the purposes of or under an employees’ shares scheme; and/or
 - (e) transfer the shares, or any of the shares as purchase consideration; and/or
 - (f) deal with the shares in any other manner as may be permitted by the applicable laws and/or regulations in force from time to time;

Notice of Annual General Meeting

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

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to give effect to the Proposed Share Buy-Back with full powers to amend and/or assent to any conditions, modifications, variations or amendments (if any) as may be imposed by the relevant governmental/regulatory authorities from time to time and with full power to do all such acts and things thereafter in accordance with the Companies Act, 2016, the provisions of the Company's Constitution and the Listing Requirements and all other relevant governmental/regulatory authorities."

Resolution 8

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

"THAT the Company and/or its subsidiaries be and is/are hereby authorised to enter into RRPT from time to time with the related parties as specified in section 2.3 (a) of the Circular to Shareholders dated 31 October 2022 ("**Related Parties**") subject to the following:-

- (i) the transactions are necessary for the day-to-day operations of the Company and/or its subsidiaries and are transacted on terms consistent or comparable with market or normal trade practices and/or based on normal commercial terms and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and
- (ii) disclosure is made in the annual report of the aggregate value of transactions conducted during the financial year pursuant to the shareholder mandate in accordance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements;

THAT the mandate given by the shareholders of the Company shall continue to be in force until the conclusion of the next Annual General Meeting of the Company or the expiry of the period within which the next Annual General Meeting is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (the "**Act**") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); unless revoked or varied by resolution of the shareholders of the Company in general meeting, whichever is the earlier;

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

Resolution 9

Notice of Annual General Meeting

9. **PROPOSED WAIVER OF STATUTORY PRE-EMPTIVE RIGHTS OF SHAREHOLDERS OVER ALL NEW SHARES TO BE ISSUED PURSUANT TO THE CONVERSION OF THE IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES (“ICPS”) AND ALL OPTIONS GRANTED AND/OR TO BE OFFERED/GRANTED AS WELL AS ALL NEW SHARES TO BE ISSUED PURSUANT TO THE EMPLOYEES SHARE OPTION SCHEME OF THE COMPANY**

“THAT further to the following approvals granted by the shareholders of the Company and pursuant to Article 50 of the Constitution of the Company, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all new shares to be issued pursuant to the conversion of the ICPS, and all options granted and/or to be offered/granted to the Grantees (as defined herein), as well as all new shares of the Company to be issued pursuant to the ESOS (as defined herein), whether before or after the date of this resolution, such new shares when issued, to rank pari passu with existing issued shares in the Company:

- (i) Approval granted at the Extraordinary General Meeting held on 30 August 2021 for the acquisition of the entire equity interest of 10 companies and their respective subsidiaries which are involved in cement and ready-mixed concrete businesses in Malaysia from YTL Cement Berhad for a total consideration of RM5,158 million, which was satisfied via a combination of cash, issue of 375,506,174 new ordinary shares in the Company at an issue price of RM3.75 per share and issuance of 466,666,667 new ICPS at an issue price of RM3.75 per ICPS and completed on 21 September 2021;
- (ii) Approvals granted at the Extraordinary General Meeting held on 18 March 2022 for the establishment of the Company’s Employees Share Option Scheme (“**ESOS**”) under which options will be granted to eligible employees and directors of the Company and/or its subsidiaries (“**Grantees**”) to subscribe for new ordinary shares in the share capital of the Company in accordance with the By-laws of the 2022 Scheme set out in the Circular to Shareholders dated 2 March 2022.

Resolution 10

By Order of the Board,

HO SAY KENG

Company Secretary

Kuala Lumpur

31 October 2022

Notice of Annual General Meeting

Notes:-

REMOTE PARTICIPATION AND VOTING

- The Annual General Meeting ("AGM") will be conducted on a fully virtual basis **without a physical meeting venue** through live streaming, online remote participation and voting via the Remote Participation and Voting ("RPV") facilities provided by the Company's share registrar and poll administrator for the AGM, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIH Online at <https://tiah.com.my>. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company's website at <https://www.ytlcement.my/meetings> to register, participate, speak (in the form of real time submission of typed texts) and vote remotely via the RPV facilities.

MEETING PLATFORM

- The Meeting Platform, which is the deemed main venue of the AGM, is registered with MYNIC Berhad under Domain Registration Number: D1A282781. This fulfils Section 327(2) of the Companies Act, 2016 which requires the main venue of the meeting to be in Malaysia and the chairperson to be present at that main venue as clarified in the FAQs on Virtual General Meetings issued by the Companies Commission of Malaysia dated 8 June 2021.

PROXY

- A member (including an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via the RPV facilities.
- Where a member is an Exempt Authorised Nominee as defined under the SICDA, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised in writing.
- The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor not less than 48 hours before the time appointed for holding the AGM i.e. no later than **4 December 2022 at 4.30 p.m.**-

(i) In hardcopy form

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

or alternatively,

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

(ii) Electronically via TIH Online

The Form of Proxy can be electronically lodged with Tricor via TIH Online at <https://tiah.com.my>. Please follow the procedures set out in the Administrative Guide for the AGM.

- For the purpose of determining a member who shall be entitled to attend the AGM via the RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 59 of the Company's Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 29 November 2022. Only a depositor whose name appears on the General Meeting Record of Depositors as at 29 November 2022 shall be entitled to attend the said meeting or appoint proxy(ies) to attend and/or vote in his stead.

APPOINTMENT OF REPRESENTATIVES BY CORPORATE MEMBERS

- For a corporate member who has appointed an authorised representative to participate and vote remotely via the RPV facilities, please deposit the original certificate of appointment of corporate representative with Tricor at Unit 32-01, Level 32,

Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia,

or alternatively,

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

before the time appointed for holding the AGM or adjourned meeting.

Explanatory Notes to Ordinary Business –

Note A

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

Payment of Directors' Benefits

In accordance with the requirements of Section 230(1) of the Companies Act, 2016, approval of the members is sought for the payment of meeting attendance allowance (a benefit) to the Non-Executive Directors of the Company. If Resolution 5 is passed, the meeting attendance allowance will be payable for such period at the quantum specified.

Explanatory Notes to Special Business –

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

Resolution 7 is a renewal of the general authority given to the Directors of the Company to allot and issue shares as approved by the shareholders at the Seventy-First AGM held on 7 December 2021 ("Previous Mandate").

As at the date of this Notice, the Company has not issued any new shares pursuant to the Previous Mandate which will lapse at the conclusion of this AGM.

Resolution 7, if passed, will give the Directors authority to allot and issue ordinary shares at any time up to a maximum of 10% of the total number of issued shares of the Company for the time being or such other percentage as prescribed by Bursa Malaysia Securities Berhad, without convening a general meeting which will be both time and cost consuming. The mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

By voting in favour of Resolution 7, shareholders of the Company will agree to waive their pre-emptive rights under Section 85 of the Companies Act, 2016 over all new shares to be allotted and issued by the Directors pursuant to this mandate.

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

For Resolution 8, further information on the Share Buy-Back is set out in Part A of the Statement to Shareholders dated 31 October 2022 which is available on the Company's website at <https://www.ytlcement.my/meetings>.

Resolution pertaining to the Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

For Resolution 9, further information on the RRPT is set out in Part B of the Circular to Shareholders dated 31 October 2022 which is available on the Company's website at <https://www.ytlcement.my/meetings>.

Resolution pertaining to the proposed waiver of statutory pre-emptive rights of shareholders over all new shares to be issued pursuant to the conversion of the ICPS and over all options granted and/or to be offered/granted and all new shares to be issued pursuant to the ESOS

Resolution 10 is for shareholders to affirm the waiver of their pre-emptive rights under Section 85 of the Companies Act, 2016 over all new shares to be issued pursuant to the following proposals which had been approved by the shareholders:

- Conversion of the ICPS which were issued as part consideration for the acquisition of the 10 companies and their respective subsidiaries from YTL Cement Berhad;
- Options granted and/or to be offered/granted and all new shares to be issued pursuant to the ESOS.

As at the date of this Notice, none of the ICPS have been converted nor were any ESOS options granted were exercised.

Statement Accompanying Notice of Annual General Meeting

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

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

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

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

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

Form of Proxy

**Malayan Cement
Berhad**



[Company No. 195001000048 (1877-T)]
(Incorporated in Malaysia)

CDS Account No. _____

(only for nominee companies)

Number of shares held _____

I/We (full name in block letters) _____

Tel. No. _____

NRIC (new & old)/Passport/Company No. _____

of (full address) _____

being a member of **Malayan Cement Berhad** hereby appoint

| Full name of proxy in block letters | NRIC (new & old)/Passport No. of proxy | Proportion of shareholdings to be represented | |
|-------------------------------------|--|---|---|
| | | No. of shares | % |
| | | | |

* and/or (delete as appropriate)

| Full name of proxy in block letters | NRIC (new & old)/Passport No. of proxy | Proportion of shareholdings to be represented | |
|-------------------------------------|--|---|---|
| | | No. of shares | % |
| | | | |

or failing him/her, the Chairman of the Meeting as my/our proxy(ies) to vote for me/us on my/our behalf at the Seventy-Second Annual General Meeting ("AGM") of the Company which will be conducted as a **fully virtual** meeting through live streaming, online remote participation and voting via the online meeting platform hosted on the TIH Online System ("**TIH Online**") at <https://tiah.com.my> ("**Meeting Platform**") on **Tuesday, 6 December 2022 at 4.30 p.m.** or at any adjournment thereof.

My/Our proxy is to vote as indicated below:-

| No. | Resolution | For | Against |
|-----|---|-----|---------|
| 1. | Re-election of Dato' Yeoh Soo Keng | | |
| 2. | Re-election of Tan Sri Datuk Asmat Bin Kamaludin | | |
| 3. | Re-election of Dato' Tan Guan Cheong | | |
| 4. | Approval of the payment of fees to the Non-Executive Directors | | |
| 5. | Approval of the payment of meeting attendance allowance to the Non-Executive Directors | | |
| 6. | Re-appointment of HLB Ler Lum Chew PLT as Auditors of the Company | | |
| 7. | Proposed authorisation for Directors to allot and issue shares | | |
| 8. | Proposed renewal of share buy-back authority | | |
| 9. | Proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature | | |
| 10. | Proposed waiver of statutory pre-emptive rights of shareholders of the Company | | |

Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this _____ day of _____ 2022.

Signature(s)/Common Seal of Member

IMPORTANT NOTICE

The Meeting Platform, which is the deemed main venue of the AGM, is registered with MYNIC Berhad under Domain Registration Number: D1A282781. This fulfils Section 327(2) of the Companies Act, 2016 which requires the main venue of the meeting to be in Malaysia and the chairperson to be present at that main venue as clarified in the FAQs on Virtual General Meetings issued by the Companies Commission of Malaysia dated 8 June 2021. Members are to participate, speak (in the form of real time submission of typed texts) and vote remotely via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIH Online at the Meeting Platform.

Notes:-

1. A member (including an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via the RPV facilities.
2. Where a member is an Exempt Authorised Nominee as defined under the SICDA, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
3. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer or attorney duly authorised in writing.
5. The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor not less than 48 hours before the time appointed for holding the AGM i.e. no later than **4 December 2022 at 4.30 p.m.**
 - (i) In hardcopy form
The original Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority shall be deposited at the office of Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, or alternatively, at its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - (ii) Electronically via TIIH Online
The Form of Proxy can be electronically lodged with Tricor via TIIH Online at <https://tiih.com.my>. Please follow the procedures set out in the Administrative Guide for the AGM.
6. Only members whose names appear on the General Meeting Record of Depositors as at 29 November 2022 shall be entitled to attend the AGM via the RPV facilities or appoint proxy(ies) to attend and/or vote in his stead.
7. For a corporate member who has appointed an authorised representative to participate and vote remotely via the RPV facilities, please deposit the original certificate of appointment of corporate representative with Tricor at either of the addresses stated in Note 5(i) above, before the time appointed for holding the AGM or adjourned meeting.

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn Bhd
Share Registrar for the 72nd Annual General Meeting of
Malayan Cement Berhad
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Then fold here

Fold this flap for sealing