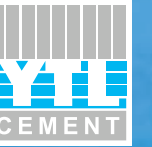


BUILDING  
TOGETHER



MALAYAN CEMENT BERHAD

ANNUAL REPORT 2023



**MALAYAN CEMENT BERHAD**  
195001000048 (1877-T)

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

**T** 603 2038 0888  
**F** 603 2038 0388

**W** [www.ytlcement.my](http://www.ytlcement.my)  
**W** [www.ytlcement.com](http://www.ytlcement.com)

Malayan Cement Berhad  
**Annual Report**

2023

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# 1 Overview

- 04 Corporate Profile
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## CORPORATE PROFILE

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 integrated cement plants in four locations - 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, one cement terminal facility, two cement depots, over 50 ready-mixed concrete batching plants, two drymix plants, and two 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 (CDL), a research and development facility dedicated to developing customised cement and concrete solutions.



## Business Segments



Cement



Concrete



Aggregates

## Key Financial Highlights

**Revenue**  
RM3,757.0  
million  
FY2023

**Profit Before Tax**  
RM253.1  
million  
FY2023

**Total Assets**  
RM10,971.2  
million  
As at 30 June 2023

**Market Capitalisation**  
RM4,828.2  
million  
As at 30 September 2023

## 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*

**Dato' Yeoh Seok Kian**

DSSA  
BSc (Hons) Bldg, MCI0B, 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

**Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir**

PJN, JSM, DPMS  
PhD Civil Engineering, Hon FAFEO, FIEM, PEng,  
PTech (Eng), FASc

**Yap Seng Chong**

BA (Hons) Accounting, MIA, MICPA

**Fong Yee Mei**

MSc Property Investment, BSc (Hons) Surveying  
(Property Management)

## 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  
Email : corpsecretariat@ytl.com

## 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  
Email : shares@ytl.com

## AUDIT AND RISK MANAGEMENT COMMITTEE

**Yap Seng Chong**

(Chairman, Independent  
Non-Executive Director)

**Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir**

(Independent Non-Executive  
Director)

**Fong Yee Mei**

(Independent Non-Executive  
Director)

## REMUNERATION AND NOMINATION COMMITTEE

**Professor Datuk Ts. Ir. Dr.**

**Siti Hamisah Binti Tapsir**  
(Chairman, Independent Non-  
Executive Director)

**Yap Seng Chong**

(Independent Non-Executive  
Director)

**Fong Yee Mei**

(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

*Credit: Concrete is Beautiful contest submission from Siti Rafidah Suhaira Ismail*

- 08 Executive Chairman's Statement
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## EXECUTIVE CHAIRMAN'S STATEMENT

## EXECUTIVE CHAIRMAN'S STATEMENT



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

Our Group achieved a stellar set of results for the financial year ended 30 June 2023, driven by the full consolidation of the new cement and ready-mixed concrete businesses acquired during the last financial year. Performance was bolstered by the better operating environment, coupled with the ongoing improvements to operational efficiency and cost-effectiveness we have pursued over the past few years.

This year's performance has enabled us to once again reward shareholders with dividends. The Board of Directors of MCB declared an interim dividend of 6.0 sen per ordinary share in respect of the financial year under review.

The release of pent-up demand following the removal of pandemic-related restrictions and resumption of construction projects has continued to spur economic recovery. Cement demand has seen a healthy recovery against this backdrop and we have continued to supply a wide range of large-scale infrastructure, commercial, industrial and residential projects.

Our ongoing commitment to sustainability has been a driving force, particularly in our research and development (R&D) activities. Two years ago, we announced our aspiration to become carbon neutral by 2050, in line with the Malaysian Government's target, and we have made commendable progress with new developments in this vital area.

Key amongst these is our ECO product range, which offer customers building materials with a lower embodied-carbon footprint, whilst maintaining the quality, strength, and performance of our products. Further details can be found in our stand-alone sustainability report, published in conjunction with this Annual Report.

Complementing our environment-related endeavours, we have continued to be actively involved in community initiatives. The Simen Rahmah project, in partnership with the Cement and Concrete Association (C&CA), is a prime example. Over the course of four years, the participating members of C&CA will collectively supply one million tonnes of cement at a special price for the construction of approved affordable housing projects, in line with Government's efforts to address cost-of-living challenges.

As we embark on a new year, the outlook remains positive, with ongoing growth in the construction industry expected to be fuelled by civil and non-residential projects including manufacturing investments, logistics hubs, data centres and semiconductor plants.

Whilst wider economic volatility may persist in light of higher interest rates and inflationary pressures, our Group will continue to pursue the operational, logistics, and distributional efficiencies necessary to meet the needs and expectations of our customers, and deliver ongoing value to all our shareholders and stakeholders.

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

### Economic Review

The Malaysian economy registered a strong recovery in 2022, with gross domestic product (GDP) growth of 8.7%, exceeding pre-pandemic levels. Recovery was driven by the realisation of pent-up demand following the full upliftment of COVID-19 containment measures, resilient export performance, higher tourism activity and continued policy support. In 2023, Malaysia's economy expanded by 5.6% in the first quarter but growth eased in the second quarter to 2.9% due to weaker external demand. The domestic construction sector continued to improve during the year, with continued progress of large infrastructure projects and support from higher special trade activities (*sources: Bank Negara Malaysia updates & reports*).



## MANAGING DIRECTOR'S REVIEW

## MANAGING DIRECTOR'S REVIEW



**DATO' SRI MICHAEL YEOH SOCK SIONG**  
Managing Director

At the core of our business lies our steadfast dedication to sustainability and commitment to innovation. We take pride in advocating for sustainable practices and products, and responding to the demands of the market as we spearhead an industry-wide shift towards sustainable construction. Resulting from both these directions is the recent introduction of our ECO product range, an environmentally friendly alternative to conventional building materials. Our ECO products offer customers lower embodied carbon alternatives without compromising on the quality and performance for which we are known.

"Building Together", our Group's motto, recognises the necessity of collective partnerships, collaboration, and proactive action in making positive and lasting impact. Our collaboration with Construction Industry Development Board (CIDB) through a Memorandum of Understanding (MOU) with Construction Research Institute of Malaysia (CREAM), their research arm, is aimed towards advancing the work of the construction industry and the sustainability of its practices. Main impact areas include construction personnel development, research and development, and promoting sustainable construction practices.

This year, we also partnered with The Edge to host a sustainable construction symposium, casting spotlights on the innovations and progress being made on this critical agenda in the Malaysian construction industry. The purpose of this event was to connect, network, and ideate with a community of our peers who are dedicated to making positive change. It is our hope that this would be a catalyst for further progress made towards sustainable construction.

Development of our intellectual capital is a key ongoing priority and we endeavour to provide our people with valuable and rewarding careers. We undertook a wide range of continuing education and career development programmes during the year under review, enabling our people to further develop and refine their skill sets and abilities.

We continue to provide support for the development of our industry's talent pipeline through the YTL Cement Scholarship Scheme under the umbrella of our parent company, and the expanded Masterclass Series which connects students with industry professionals and renowned institutions. We have worked closely with Malaysia's top universities in this process. Our new partnership with CREAM further involves the creation of a training programme for SPM graduates, enhancing their career prospects in the construction industry and beyond.

Our strategic approach continues to prioritise operational efficiency and sustainability, including plans for more waste heat recovery facilities and solar panels, pending regulatory approvals. Our investment in research and development is intensifying, particularly around low-carbon solutions. We remain committed to knowledge-sharing and are looking at industry-wide development expansively.

As the economy regains its momentum and construction projects resume post-pandemic, we are in a good position to capitalise on growing demand. Cement demand from property-related construction is expected to continue to improve, supported by the development of commercial, industrial and infrastructure projects. Moderating factors including inflation and higher interest rates may impact domestic economic sentiment, with a knock-on effect on cement demand.



We are actively exploring investment and expansion opportunities. Notably this year, we inked a MOU with InnoCement Sdn Bhd, a member of the Sarawak Economic Development Corporation (SEDC) Group of companies, to establish facilities for cement and cementitious product production in Sarawak. Additionally, we are in the process of setting up two new Drymix plants in the Northern and Central regions.

We will continue to improve the effectiveness and efficiency of our operations, optimising the delivery of seamless solutions to customers. From workforce to products and solutions, we will ensure our Group remains well-prepared for the future.

**DATO' SRI MICHAEL YEOH SOCK SIONG**  
Managing Director

# MANAGEMENT DISCUSSION & ANALYSIS

## GROUP OVERVIEW

# 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 other cement related building materials, Aggregates & Concrete, comprising its aggregates and ready-mixed concrete business, Drymix, and Waste Management.



### 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 bespoke 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. Aligning with the Government’s commitment to carbon neutrality and in support of Malaysia’s sustainable growth, the Group has introduced its ECO product range. This range serves as a greener alternative with reduced embodied carbon compared to conventional products, all while maintaining quality and performance standards.

- **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.

### PERFORMANCE INDICATORS

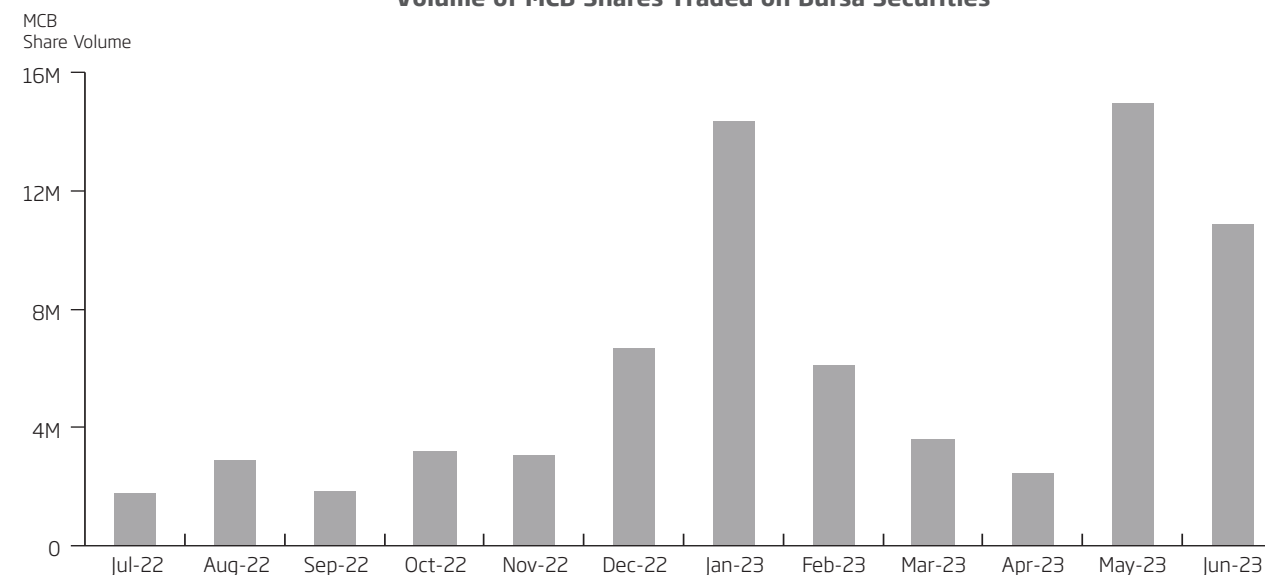
MCB has been listed on Bursa Malaysia Securities Berhad (“Bursa Securities”) since 17 March 1961. MCB is listed on the Main Market of the exchange under the Building Materials sub-sector of the Industrial Products & Services sector.

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 2023.

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



**Volume of MCB Shares Traded on Bursa Securities**



Source: Bloomberg



## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

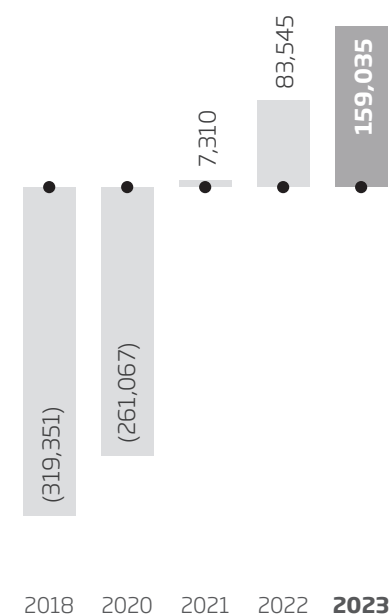
## MANAGEMENT DISCUSSION & ANALYSIS

### FINANCIAL REVIEW

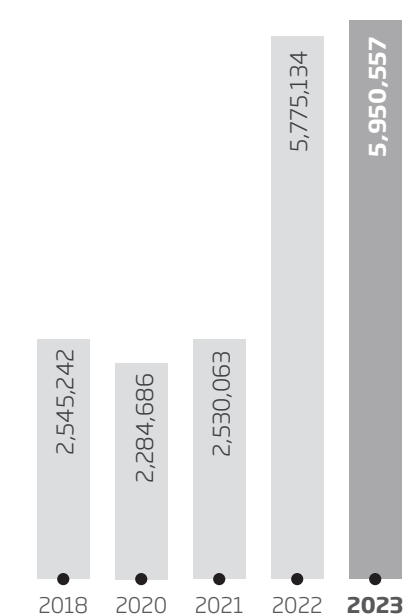
#### FINANCIAL HIGHLIGHTS

	Financial year ended 30 June			18 months ended 30 June	Financial year ended 31 December
	2023	2022	2021	2020	2018
Revenue (RM'000)	<b>3,757,046</b>	2,705,272	1,369,508	2,406,906	2,122,297
Profit/(Loss) Before Taxation (RM'000)	<b>253,118</b>	129,221	8,202	(316,458)	(405,388)
Profit/(Loss) After Taxation (RM'000)	<b>159,200</b>	82,085	7,089	(261,209)	(318,867)
Profit/(Loss) Attributable to Owners of the Parent (RM'000)	<b>159,035</b>	83,545	7,310	(261,067)	(319,351)
Total Equity Attributable to Owners of the Parent (RM'000)	<b>5,950,557</b>	5,775,134	2,530,063	2,284,686	2,545,242
Basic Earnings/(Loss) per Share (Sen)	<b>12.14</b>	6.82	0.85	(30.72)	(37.58)
Dividend per Share (Sen)	<b>6.0</b>	-	-	-	-
Total Assets (RM'000)	<b>10,971,238</b>	10,685,302	3,761,977	3,856,236	4,277,295
Net Assets per Share (RM)	<b>4.54</b>	4.41	2.71	2.69	3.00

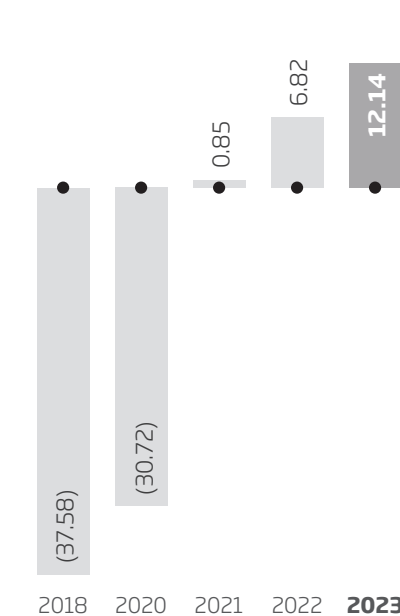
**Profit/(Loss) Attributable to Owners of the Parent**  
(RM'000)



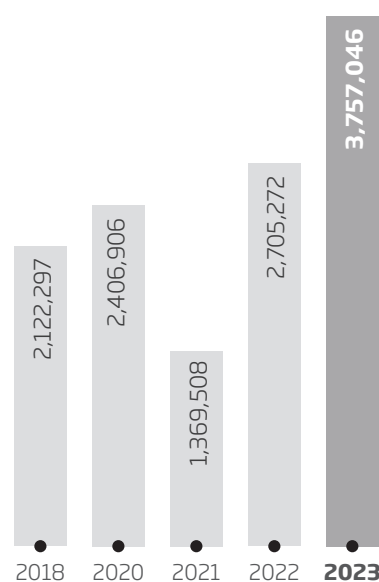
**Total Equity Attributable to Owners of the Parent**  
(RM'000)



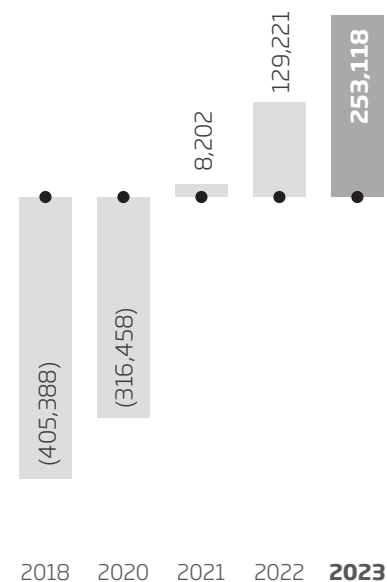
**Basic Earnings/(Loss) per Share**  
(Sen)



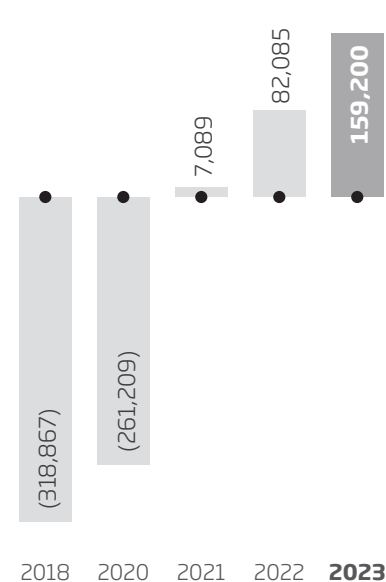
**Revenue**  
(RM'000)



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



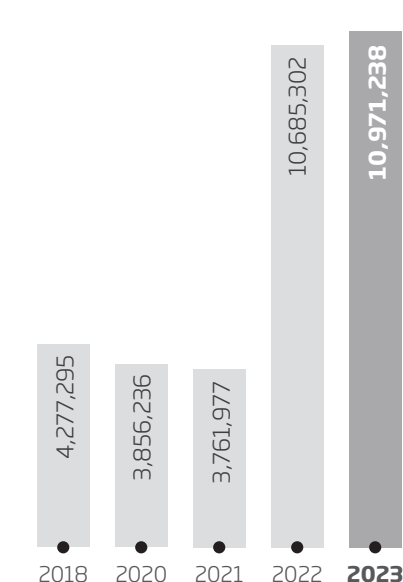
**Profit/(Loss) After Taxation**  
(RM'000)



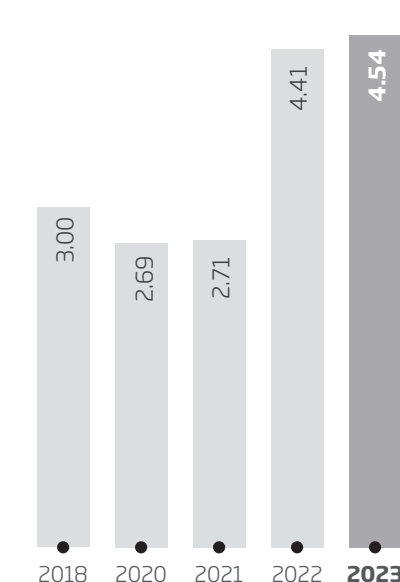
**Dividend per Share**  
(Sen)



**Total Assets**  
(RM'000)



**Net Assets per Share**  
(RM)



## MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

## MANAGEMENT DISCUSSION & ANALYSIS FINANCIAL REVIEW

### REVIEW OF FINANCIAL PERFORMANCE

#### Group Financial Performance

The Group recorded revenue of RM3,757.0 million for the financial year ended 30 June 2023, an increase of 39% as compared to RM2,705.3 million in the preceding financial year ended 30 June 2022. In line with the higher revenue, Group profit before taxation at RM253.1 million improved by 96% from RM129.2 million in the preceding financial year ended 30 June 2022.

Both the Cement and Aggregates & Concrete segments continued to record 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 before Taxation	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cement*	2,874,598	2,051,559	184,102	95,793
Aggregates & Concrete	882,448	653,713	69,016	33,428
	<b>3,757,046</b>	2,705,272	<b>253,118</b>	129,221

\* Included under the Cement segment are other cement related building materials.

#### (a) Cement

The Cement segment recorded revenue of RM2,874.6 million for the financial year ended 30 June 2023, an increase of 40% as compared to revenue of RM2,051.6 million for the preceding financial year ended 30 June 2022.

The significant increase in revenue was mainly contributed by the consolidation of a full year's revenue of five companies and their respective subsidiaries which are involved in cement businesses in Malaysia following the completion of their acquisition from the Group's immediate holding company, YTL Cement Berhad ("the Acquisition"), as compared to a shorter consolidation period of 282 days in the preceding financial year upon the completion of the Acquisition on 21 September 2021. The improved revenue was also due to the higher volume and selling price of domestic cement.

The Cement segment achieved profit before taxation of RM184.1 million for the financial year ended 30 June 2023 as compared to a profit before taxation of RM95.8 million in the preceding financial year ended 30 June 2022 mainly due to the better revenue but offset to some extent by the increase in production costs, in particular coal and electricity as well as higher financing costs.

#### (b) Aggregates & Concrete

The revenue of the Aggregates & Concrete segment of RM882.4 million for the financial year ended 30 June 2023 was significantly higher than the preceding financial year ended 30 June 2022 at RM653.7 million.

Similar with the Cement segment, the increase in revenue was mainly contributed by the consolidation of a full year's revenue of the five companies which are involved in ready-mixed concrete businesses in Malaysia following the completion of the Acquisition as compared to a shorter consolidation period of 282 days in the preceding financial year. In addition, the higher revenue was also due to aggregates recording a better selling price whilst ready-mixed concrete improved in both their sales volume and selling price.

The segment reported a significant jump in profit before taxation by 107% to RM69.0 million for the financial year ended 30 June 2023 from a profit before taxation of RM33.4 million in the preceding financial year ended 30 June 2022 attributable to the higher revenue.

### DIVIDENDS

No dividend has been paid by the Company since the end of the previous financial year ended 30 June 2022.

On 24 August 2023, the Board of Directors of MCB ("Board") declared an interim dividend of 6.0 sen per ordinary share and 6.0 sen per irredeemable convertible preference share for the financial year ended 30 June 2023. The book closure and payment days in respect of the aforesaid dividend are 2 November 2023 and 21 November 2023, respectively.

The Board does not recommend a final dividend for the financial year ended 30 June 2023.

#### Dividend Policy

The Board 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 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.

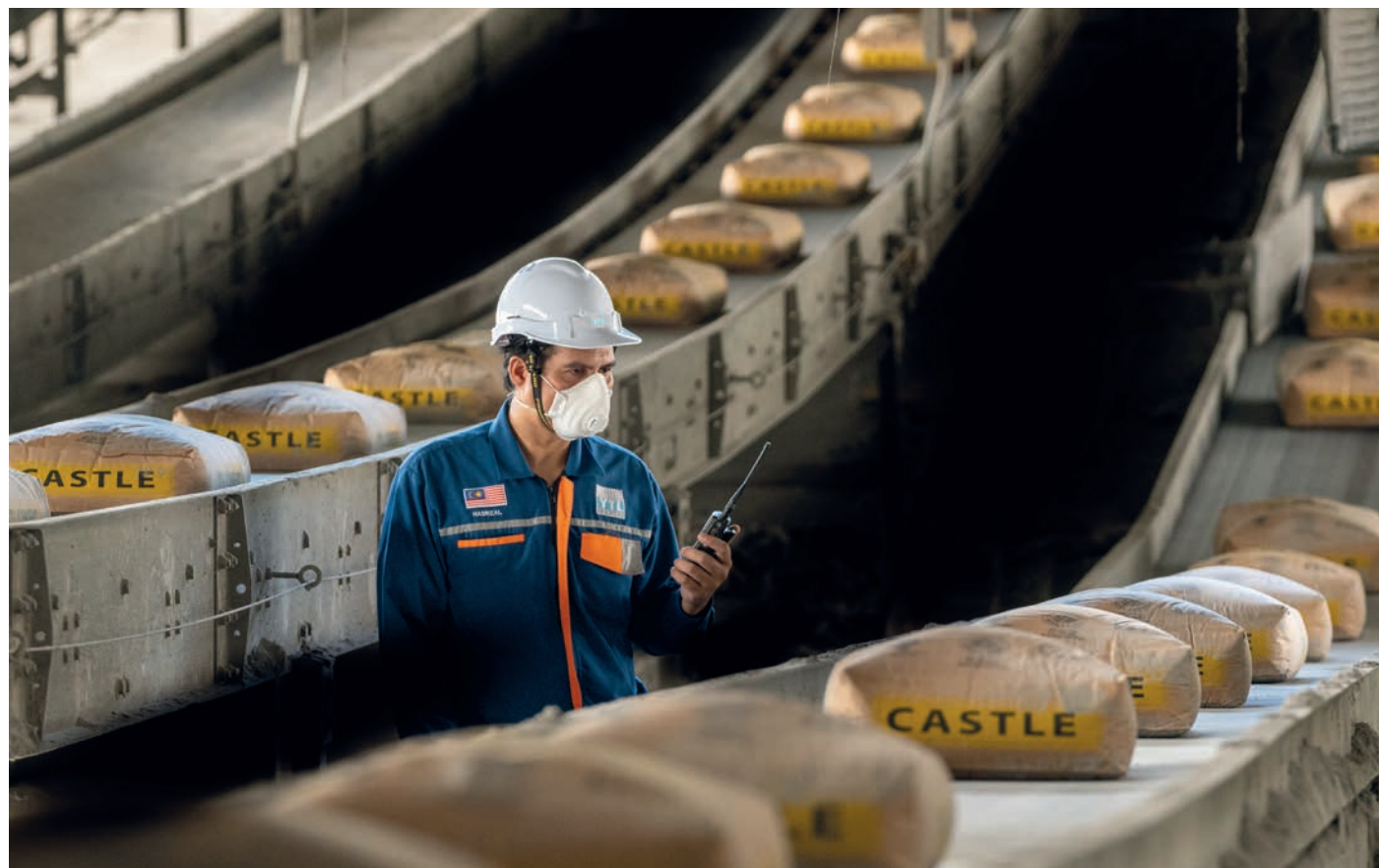
The Group monitors capital using a debt-to-capital ratio, which is net debts divided by total capital plus net debts. The Group includes within net debts, total borrowings less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

	Group	
	2023 RM'000	2022 RM'000
Borrowings	3,741,957	3,800,140
Less: Cash and cash equivalents	(875,812)	(603,711)
Net debts	<b>2,866,145</b>	3,196,429
Equity attributable to owners of the parent	<b>5,950,557</b>	5,775,134
Capital and net debts	<b>8,816,702</b>	8,971,563
Debt-to-capital ratio	<b>33%</b>	36%

Under the requirement of Bursa Securities' Practice Note No.17/2005, the Group is required to maintain a consolidated shareholders' equity equals 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 better performance of the Group in the current financial year has enabled the gearing ratio to reduce to 33% as at 30 June 2023 from 36% as at 30 June 2022.

## CEMENT



## SEGMENT OVERVIEW

The MCB Group is the largest cement producer in the country. It operates integrated cement plants in four locations - 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, one cement terminal facility, and two cement depots.

The integration of YTL Cement businesses 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 economy is gradually recovering post pandemic and most construction projects have resumed leading to improved demand. The issue of labour shortage has also been resolved.

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 the growing demand for environmentally friendly building materials, MCB has introduced its ECOcem range of low carbon cement. This cement contains at least 25% recycled materials and with 20% to 50% less CO<sub>2</sub> emission compared to Portland Cement (OPC). Within this range, there are products with green certifications such as Castle, certified with the Singapore Green Label, and Mascrete LH, which has the SIRIM Eco-Label certification.

## AGGREGATES &amp; CONCRETE

## SEGMENT OVERVIEW

The MCB Group has 54 ready-mixed concrete batching plants across Peninsular Malaysia and two quarries in Pantai Remis in Perak and Kota Tinggi in Johor. Our Hulu Langat quarry ceased operations in December 2022.

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 been a key supplier for many important projects in the country, including MRT2, LRT3, ECRL, and Rapid Transit Link (RTS) rail projects, as well as an extensive array of commercial, residential and infrastructure projects.

We are proud to introduce our ECOConcrete products, a range of environmentally friendly concrete options. These products are designed to help our customers reduce their carbon footprint. Our ECOConcrete products contains 30% to 70% recycled materials, and are formulated to achieve 20% to 60% lower embodied carbon. We offer customisable formulations tailored to meet diverse application requirements as well as durability up to 100 years. In alignment with our digital transformation, we have launched our e-ordering and e-delivery systems. Our customers are now able to view their orders real time as well as reduce use of paper, further contributing to sustainable operations.

Our aggregates quarries have continued to perform despite rising cost of operations and steep competition from Indonesian quarries. For instance, our Kota Tinggi Quarry has increased its exports to Singapore, supporting projects in Pulau Tekong and the Singapore mainland. Notably, the Pulau Tekong Polder project is first-of-its-kind in Singapore. Looking ahead, we are optimistic about maintaining steady sales, especially driven by public sector projects in Singapore.

Strategically situated to serve development projects in the North, particularly in Penang, our Pantai Remis Quarry remains pivotal in capturing opportunities in that region.



## 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 August 2022. QuickMix Solutions, an industry pioneer with over 20 years of experience, is a leader in floor and wall mortar products. It has two plants in Rawang and Pasir Gudang.

Geo Alam Environmental Sdn. Bhd. (Geo Alam) helps industries transition from the traditional take-make-waste model toward the circular cradle-to-cradle model. Through this industrial symbiosis, cement plants and industries reduce carbon footprint and disposal to landfills, while conserving natural resources. Geo Alam operates in both scheduled waste and non-scheduled waste segments.



### OPERATIONAL REVIEW

Quickmix Solutions proudly launched its ECODrymix products, which have less than 5% volatile organic compounds (VOC), resulting in better indoor air quality. Notably, all our Quickmix products have the SIRIM Eco-Label certification, underlining our commitment to environmentally conscious solutions.

In the year under review, Quickmix Solutions entered the East Malaysian market, particularly in Kota Kinabalu, where we have established ourselves as the premier pre-mix mortar brand. Looking ahead, we are embarking on a journey of expansion. Quickmix Solutions is setting up a larger and fully-automated plant in the central region to replace the existing one, and adding a new plant in Perak to serve the northern market. These projects are scheduled to be completed by the end of 2024, further solidifying our presence in the industry.

Geo Alam achieved improved results in both volume and revenue compared to the previous year. During the year, Geo Alam improved its co-processing capacity and added new accounts. Our ongoing efforts involve expanding in current sectors and venturing into new waste treatment and alternative fuel segments for cement plants.

Acknowledging the rising importance of decarbonisation, we launched Project ReGen—an in-house R&D initiative utilising our biochemistry expertise for microalgae cultivation to produce alternative fuels. As existing publications on algae cultivation differ in objectives and conditions, we concentrated on determining optimal conditions suitable for our environment and intended use. Initial findings on CO<sub>2</sub> impact, temperature, light, agitation, and growth media have been documented, with the study continuing into the next fiscal year.

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 regularly reviews these risks and approves the appropriate control environment frameworks.

### FINANCIAL RISK MANAGEMENT

The Group'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 financial risk management policy seeks to ensure that adequate resources are available to manage the above risks, 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, environmental 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 (including all required licences and permits) and remaining vigilant in monitoring events and conducting ongoing assessments of any operational and financial impacts of such external developments.

Description of MCB's governance of climate-related risks and opportunities can be found in its Sustainability Report on page 40 to 42.

### 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, inflation, taxation 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). 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).

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.



## MANAGEMENT DISCUSSION & ANALYSIS

### RISK MANAGEMENT



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. As a developing nation with positive annual population growth and increasing urbanisation, 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.

#### 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

The cement industry is subject to a number of risks, including the risk of fluctuations in the prices of its main input materials (eg., electricity and coal). These principal raw material inputs constitute a significant part of the total raw material costs in the production of cement.

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.

#### Competition risk

The Group's cement, aggregates, and concrete businesses operate in a market characterised by strong competition. There are a number of established market participants and new entrants in this industry. These players compete on the basis of product quality, product range, pricing, and marketing.

The Group will continue to focus on differentiation through its product offerings, solutions, and services for the building and infrastructure segments to meet customer needs.

#### Dependence on key management

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

Therefore, appropriate measures are taken which include the provision of training programmes, the offering of attractive incentives such as employees' share option schemes and competitive remuneration packages, and efforts to ensure smooth succession in the management team. Please refer to Sustainability Report pages 65 to 71 for more information.

## MANAGEMENT DISCUSSION & ANALYSIS

### OUTLOOK

The Malaysian economy is projected to continue to expand at a steady, albeit moderated, rate of 4% to 5%. Strong domestic demand will remain the primary growth driver, supported by further improvements in labour market conditions, ongoing and new multi-year investment projects and higher tourism activity (*source: Bank Negara Malaysia updates*).

We hold a cautious yet positive outlook on the country's prospects. Malaysia's construction sector is poised for steady year-on-year expansion, primarily driven by civil and non-residential ventures including manufacturing ventures, logistics facilities, data centers, and semiconductor factories. The government's commitment to establishing Malaysia as a regional data center hub is a promising development, and the resolution of the labour shortage dilemma further bolsters industry progress. With a young population and a high rate of urbanisation, Malaysia is poised to maintain a long-term need for housing and infrastructure.



# MANAGING SUSTAINABILITY

# MANAGING SUSTAINABILITY



## SUSTAINABILITY GOVERNANCE

The MCB Group is committed to ensure that its businesses are sustainable in the long term. We have put in place a governance structure to ensure that the decisions and actions we take at every level of our Group are aligned with our sustainability priorities. This covers the Board of Directors, Sustainability Committee, our management teams, and individuals who work in our operations.

The Board oversees the governance of the 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 the group's material ESG risks and opportunities.

The Board holds ultimate responsibility for MCB's sustainability initiatives, ensuring that long-term strategies incorporate ESG considerations. This improves the Group's resilience and supports its commitment to delivering sustainable value to stakeholders. Directors receive updates on MCB's sustainability progress, covering stakeholder expectations, action plans, and performance in addressing ESG concerns. Directors are kept abreast on broader ESG developments through specialised training programmes, as outlined in the Remuneration and Nomination Committee Statement featured in our Annual Report.

MCB's Sustainability Committee, led by Managing Director, Dato' Sri Michael Yeoh Sock Siong, plays a pivotal role in driving the company's sustainability agenda. Supported by the Head of Sustainability and members from diverse functional areas within senior management, the Committee actively engages in the ever-growing internal and external discussions surrounding ESG matters. This increased engagement has prompted us to expand the Sustainability Committee by welcoming six new members over the past 12 months. This expansion aims to foster broader direct engagement and expedite the implementation of our sustainability priorities across the Group.

The Sustainability Committee, with the guidance of the Board, sets the high-level ESG direction and strategic focus for the entire business. It formulates a robust sustainability framework and works closely with management teams within each business unit to mobilise the operations teams in implementing MCB's sustainability strategies. The updates by the Committee to the Board ensures that sustainability matters and progress are transparently communicated.

Furthermore, the management teams at each business unit hold the responsibility of integrating sustainability priorities into their day-to-day operations. They play a critical role in ensuring the effective implementation of sustainability initiatives throughout the organisation. By embedding sustainability into their operations, these teams contribute to MCB's overall commitment to responsible and sustainable business practices.

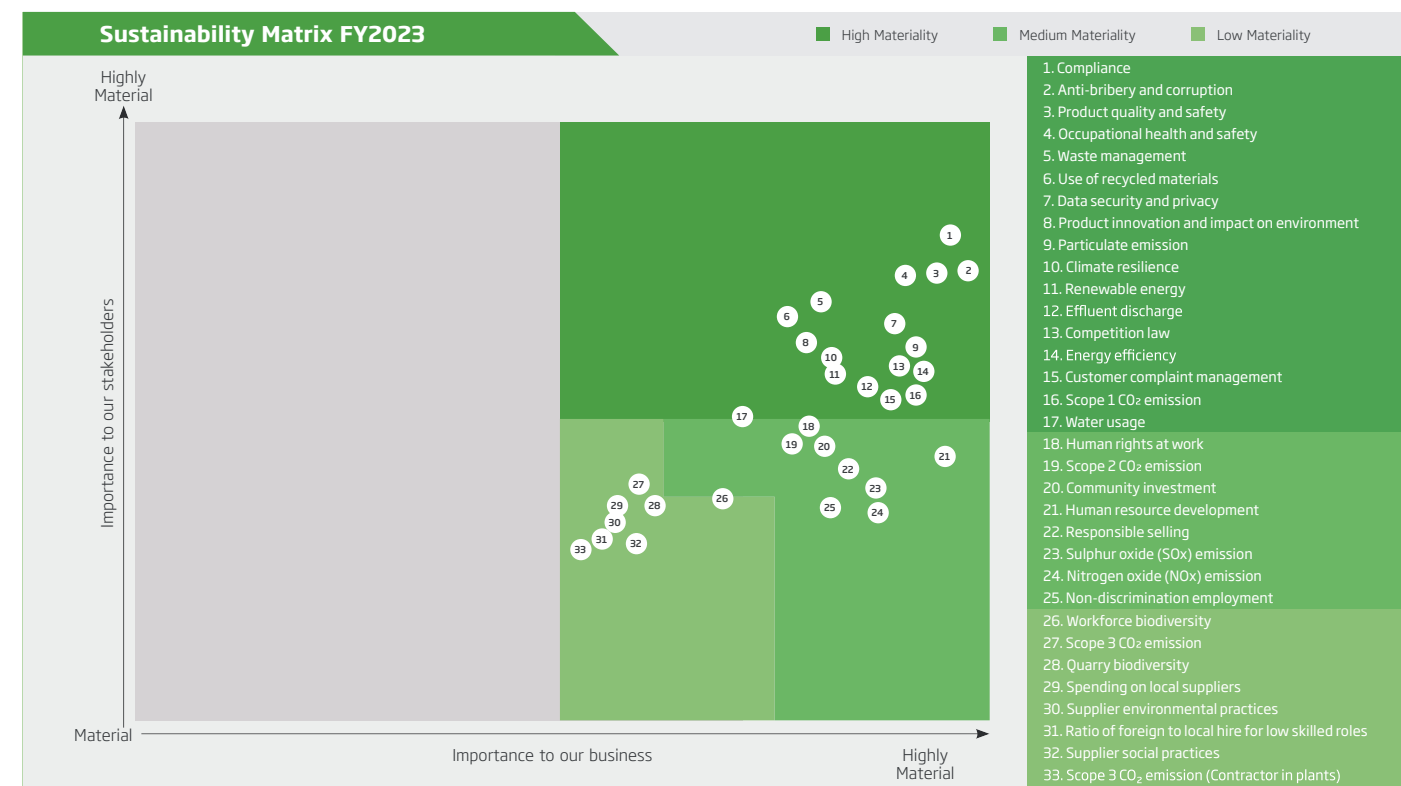
## MATERIALITY ASSESSMENT

Our Group recognises the significant impact that ESG issues can have on our operations. To ensure a systematic approach in identifying and prioritising sustainability matters that are most relevant to our business, communities, and stakeholders, we conduct a formal materiality assessment on an annual basis.

Last year, we conducted a comprehensive assessment following the recommendations provided in Bursa Malaysia's Sustainability Reporting Guide, 2nd Edition, and its Toolkit for Materiality Assessment. This assessment allowed us to gain insights into both known challenges and external environmental changes. During the process, we also noticed that some sustainability matters, while not rated as material by our stakeholders, may have been influenced by differences in priorities across different business units and varying levels of awareness regarding emerging sustainability issues.

In the current reporting period, we conducted another materiality survey. This time, we took into account recommendations from Bursa Malaysia's updated Sustainability Reporting Guide, GRI standards, and common industry issues when identifying material matters. Our approach to prioritising these matters involved conducting a series of materiality surveys to ensure a comprehensive assessment.

The results of our materiality assessment have been presented in the figure below. The outcome of this assessment has undergone a review and received endorsement from our Board.



In September 2022, Bursa Malaysia issued a revision to Main Market Listing Requirements Practice Note 9 which states that sustainability matters are considered material if they:

- (a) reflect the listed issuer's significant economic, environmental and social impacts; or
- (b) substantively influence the assessments and decisions of stakeholders; and
- (c) fall under the common material sustainability matters as set out in Annexure PN9-A ("Common Sustainability Matters").

While there are some sustainability matters shared by both the list of Common Sustainability Matters and our identified material matters, there are some that are not on our list. We are taking measures to integrate these into our sustainability strategy and day-to-day operation, and we will be reporting the indicators in accordance with the updated Main Market Listing Requirements.

MANAGING SUSTAINABILITY

MANAGING SUSTAINABILITY

OUR SUSTAINABILITY PRIORITIES

Our sustainability priorities are translated into four pillars: Helping Malaysia Build Greener, Operating Sustainably, Operating Responsibly and Building Capacity and the Community. Our four Sustainability Pillars guide our focus and approach to managing our key sustainability matters.



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.

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



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.

We operate sustainably by:

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

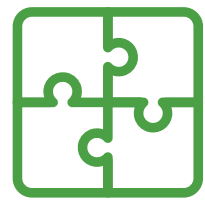


Operating Responsibly

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

We ensure our business complies with:

- License and permit requirements
- Anti-bribery and corruption acts
- Competition Law
- Data security and privacy act
- Laws and regulations on labour standards



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 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 PERFORMANCE

Details of our sustainability strategy, priorities, initiatives and performance are available in "MCB Sustainability Report 2023". This report can be downloaded at [www.ytlcement.my](http://www.ytlcement.my).

HIGHLIGHTS OF THE YEAR

In the last 12 months, MCB, along with our external partners, have collaborated on numerous projects, focusing on various environmental and social topics that are of significance to our stakeholders.

JULY 2022



We continued to expand our YTL Cement Masterclass series in its third year. Sessions were held with Universiti Teknologi Petronas, Universiti Teknologi MARA, Universiti Malaya and Universiti Putra Malaysia. Our goal is to offer a platform where undergraduates and young talents can engage with industry practitioners, bridging the gap between classroom learning and real-world industry practices.

OCTOBER 2022



Our CSR arm, BUILDS, partnered with the Department of Environment (DOE) Perak to organise a riverside clean-up programme in conjunction with Hari Alam Sekitar Negara 2022. 80 volunteers took part in this event. 333 kg of waste was removed from the areas surrounding Sungai Dipang. With the support of DOE Perak, Jabatan Perhutanan Negeri Perak donated 500 seedlings. 100 were planted in Sahom Valley, Perak and the remaining 400 were planted within our Perak cement plants' premises.

MANAGING SUSTAINABILITY

MANAGING SUSTAINABILITY

DECEMBER 2022



We held our inaugural Recycling Open Day. Employees from various YTL Cement companies, together with their family and friends, participated by volunteering and donating recyclable items from both their homes and workplaces. More than 2,400 kg recyclable items were collected. The proceeds generated from the sale of these items were donated to the Kloth Woman Up programme, an initiative focusing on empowering and enhancing the livelihoods of women in the lower income bracket.

APRIL 2023

CREAM, the research arm of CIDB, and YTL Cement inked a Memorandum of Understanding (MoU) to drive construction excellence and champion sustainable construction practices.

YTL Cement will support CIDB and CREAM's efforts in the areas of personnel development programmes, research and development initiatives, as well as promoting sustainable construction in Malaysia.



APRIL 2023

The Ministry of Local Government Development (KPKT) together with The Cement and Concrete Association of Malaysia (C&CA) and private housing developers, introduced the Simen Rahmah Scheme for the construction of affordable homes. Under this scheme, C&CA has committed to supply up to 1 million tonnes of cement at a special price to qualified affordable housing projects.



JUNE 2023



The Edge Malaysia and YTL Cement co-organised the Sustainable Construction Symposium held at the Sime Darby Convention Centre on 23 June 2023. The event aimed to foster discussions and share insights on sustainable practices in the industry.



# 3 Governance

*Credit: Concrete is Beautiful contest submission from Muhammad Hariz Zulkarnain*

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## PROFILE OF THE BOARD OF DIRECTORS

### TAN SRI (SIR) FRANCIS YEOH SOCK PING

Malaysian, male, aged 69, 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 is a Founding Member of the Malaysian Business Council and The Capital Markets Advisory Council, member of The Nature Conservancy 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 Officiale of the Order of the Star of Italy. In 2022, he was awarded the PropertyGuru Real Estate Personality of the Year for Malaysia. The award is given to individuals who have made a significant impact in the Asian real estate sector.

### DATO' SRI MICHAEL YEOH SOCK SIONG

Malaysian, male, aged 63, 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

### PROFESSOR DATUK TS. IR. DR. SITI HAMISAH BINTI TAPSIR

Malaysian, female, aged 62, was appointed to the Board on 30 May 2023 as an Independent Non-Executive Director. She is the Chairman of the Remuneration and Nomination Committee, and a member of the Audit and Risk Management Committee.

Professor Datuk Dr. Siti graduated from Institut Teknologi MARA (now known as University Teknologi MARA) with a Diploma in Civil Engineering in 1982 and completed her Bachelor of Science in Civil Engineering from New England College, New Hampshire, United States of America in 1984. Subsequently in 1987, she obtained her Master of Science in Civil Engineering from University of Lowell (now known as University of Massachusetts Lowell), United States of America and later obtained her Doctor of Philosophy from University of Leeds, United Kingdom in 1994. Thereafter, she completed an Advanced Management Program from Harvard Business School in 2014.

She is a registered professional engineer with the Board of Engineers, Malaysia since 2001, a Fellow member of the Institution of Engineers, Malaysia since 2007 and a Professional Technologist of the Malaysia Board of Technologists since 2017. She is also a President of the Malaysia Board of Technologists since 2021. In 2022, she became the fellow member of the Academy of Sciences, Malaysia.

In 1987, Professor Datuk Dr. Siti started her career with Universiti Teknologi Malaysia ("UTM") as lecturer where she was responsible for conducting lectures, research, consultancy and management. During her tenure with UTM, she held various positions which include, among others, Head of Laboratory, Associate Professor, Assistant Director, Programme Director, Dean and Deputy Vice-Chancellor.

## PROFILE OF THE BOARD OF DIRECTORS

Main Market of Bursa Malaysia Securities Berhad and Managing Director of YTL Cement Berhad. He also serves on the boards of 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.

She left UTM as Campus Director of UTM International Campus in 2009 to join Ministry of Higher Education as Deputy Director General and was promoted to Director General of Higher Education in 2017, where she was responsible for overseeing the implementation of higher education policies at both public and private universities.

Professor Datuk Dr. Siti left the Ministry of Higher Education and was appointed as Secretary General of Ministry of Energy, Science, Technology, Environment and Climate Change (now known as the Ministry of Science, Technology and Innovation ("MOSTI")) in 2019, where she was responsible for developing and overseeing the rollout of national policy on energy, science, technology, innovation and climate change in Malaysia. Following the restructuring of the said ministry by the Government in March 2020, she continued to hold the position of Secretary General until March 2021.

In January 2020, she was also appointed as Adjunct Professor of UTM until her departure in January 2021. In March 2021, she was re-appointed as the Secretary General of MOSTI on a 6-month contract basis, where she was responsible for developing and overseeing the national agenda of science, technology and innovation cutting across all ministries. In addition, she was assigned to lead the roll-out of the COVID-19 Vaccination Plan under the COVID-19 Immunisation Task Force in Malaysia before her retirement in September 2021.

Upon her retirement from MOSTI, she joined UCSI University and presently holds positions as the Group Chief Executive Officer and Vice-Chancellor.

Professor Datuk Dr. Siti also serves on the boards of Kumpulan Kitacon Berhad and Oppstar Berhad, which are listed on the Main Market and ACE Market of Bursa Malaysia Securities Berhad respectively, as the Independent Non-Executive Chairman.

## PROFILE OF THE BOARD OF DIRECTORS

### YAP SENG CHONG

Malaysian, male, aged 62, was appointed to the Board on 30 May 2023 as an Independent Non-Executive Director. He is the Chairman of the Audit and Risk Management Committee, and a member of the Remuneration and Nomination Committee. Mr Yap Seng Chong graduated with Bachelor of Accounting from University of Malaya. He is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA).

Mr Yap Seng Chong had his entire career with Ernst & Young (“EY”), which spanned 35 years, two of which were with EY London office, providing various types of assurance and business advisory services.

As an assurance partner, his client portfolio included major banks and other financial institutions, conglomerates and corporate entities engaged in manufacturing and trading, retail, power, oil and gas, construction, property and real estates, plantations, transportation, telecommunications and technology, hospitality and healthcare industries.

### FONG YEE MEI

Malaysian, female, aged 67, was appointed to the Board on 30 May 2023 as an Independent Non-Executive Director. She is also a member of Audit and Risk Management Committee, and Remuneration and Nomination Committee. Ms Fong Yee Mei graduated from the University of Technology, Malaysia with a Bachelor of Surveying (Property Management). Subsequently, she obtained her Master of Science in Property Investment from City University, United Kingdom.

She is registered with the Board of Valuers, Appraisers, Estate Agents, and Property Managers, a fellow of the Royal Institution of Chartered Surveyors (RICS), as well as the Royal Institution of Surveyors Malaysia (RISM).

Ms Fong Yee Mei has extensive experience in the asset valuation industry and was the Head of Asset Valuation Audit Department

He had previously held positions in EY as Head of Assurance practice, Professional Practice Director and ASEAN Regional and Country Independence Leader. During his term as MIA Council member, he was the Chairman of the Disciplinary Committee, Member of the Accounting and Auditing Standards Board, Chairman of the Audit and Risk Committee and Member of the Public Practice Committee. Mr Yap was also a member of the Interpretation Committee of the Malaysian Accounting Standards Board.

Mr Yap Seng Chong currently serves on the boards of Malaysia Smelting Corporation Berhad, United Plantations Berhad, Hartalega Holdings Berhad and Apex Healthcare Berhad, all of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

at Securities Commission Malaysia (“SC”) before her retirement in 2013. She set up and directed the Asset Valuation Audit Department in 1995, was involved in regulatory oversight, formulation of various guidelines/policies, disclosure and compliance requirements relating to asset valuations. During her tenure with SC, she was actively involved in the development of the property valuation profession. She was conferred the Darjah Setia Negeri Sembilan (D.N.S.) in 2007.

Prior to joining SC, she has served in various capacities as Valuation Officer, District Valuer, Senior Researcher, Deputy State Director (Wilayah Persekutuan) and lastly, as the Head of the Capital Issues Valuation Unit at the Valuation and Property Services Department, Ministry of Finance Malaysia.

Ms Fong is currently a property valuation and advisory consultant and an entrepreneur in the health and wellness industry.

### DATO’ YEOH SEOK KIAN

Malaysian, male, aged 66, 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

### DATO’ YEOH SEOK HONG

Malaysian, male, aged 64, 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 SOO KENG

Malaysian, female, aged 60, 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 headed 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.

She serves on the boards of YTL Corporation Berhad and YTL Power International Berhad, both listed on the Main Market of Bursa

## PROFILE OF THE BOARD OF DIRECTORS

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 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, YTL Industries Berhad and Sea Capital Services 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.

Malaysia Securities Berhad, YTL e-Solutions Berhad and YTL Cement Berhad. She is the President of the ASEAN Federation of Cement Manufacturers (AFCM).

She 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 was elected as Chief Commissioner of the Girl Guides Association Malaysia in June 2023. 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

### 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 (Resigned on 30 May 2023)	3
Dato' Tan Guan Cheong (Resigned on 30 May 2023)	5
Dato' Yoogalingam A/L Vyrmuttu (Resigned on 30 May 2023)	5
Dato' Yeoh Seok Kian	5
Dato' Yeoh Seok Hong	4
Dato' Yeoh Soo Keng	5
Yeoh Khoon Cheng (Resigned on 30 May 2023)	5

**Note:**

There were no Board meetings held subsequent to the appointment of Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir, Mr Yap Seng Chong and Ms Fong Yee Mei as Independent Non-Executive Directors of the Company on 30 May 2023, up to the end of the financial year.

**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 ("**Yeoh Directors**") are siblings. They are the children of Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong ("**Puan Sri Tan Kai Yong**") who is a deemed major shareholder of the Company ("**MCB**"). Save as disclosed herein, none of the Directors has any family relationship with any director and/or major shareholder of MCB.

**2. Conflict of Interest or Potential Conflict of Interest**

YTL Cement Berhad ("**YTL Cement**") is the immediate holding company of MCB. Puan Sri Tan Kai Yong is also a deemed major shareholder of YTL Cement and its subsidiaries and associated corporations by virtue of 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 (the ultimate holding company of YTL Cement and MCB) pursuant to Section 8 of the Companies Act 2016. The Yeoh Directors are directors of YTL Cement and various subsidiaries of YTL Cement. As YTL Cement, via various subsidiaries, are also involved in the cement, quarry and ready-mix concrete businesses, and due to the family relationship with Puan Sri Tan Kai Yong and/or the aforementioned directorships, the Yeoh Directors may in this context be perceived as having interests in businesses which may potentially compete indirectly with the MCB Group.

**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 pages 32 and 33, respectively of this Annual Report.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

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 2023 is detailed in this statement.

The Company’s Corporate Governance Report (“CG Report”) for the financial year ended 30 June 2023 is available at the Company’s website at [www.ytlcement.my](http://www.ytlcement.my) and has been released via the website of Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com) in conjunction with the Annual Report.

## PRINCIPLE A: BOARD LEADERSHIP & 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.

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 2023.

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

### 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 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](http://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 most recently 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](http://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, cybersecurity awareness and an anti-bribery and corruption refresher course.

### 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](http://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 three 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.

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 2023* and the section entitled "Reports" on the Company's website at [www.ytlcement.my](http://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](http://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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

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 following changes to the composition of the Board took place during the financial year under review:-

- Tan Sri Datuk Asmat Bin Kamaludin, Dato' Tan Guan Cheong, Dato' Yoogalingam A/L Vyramuttu and Mr Yeoh Khoon Cheng resigned from the Board on 30 May 2023;
- Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir, Mr Yap Seng Chong and Ms Fong Yee Mei, were appointed to the Board on 30 May 2023.

The Board has 8 Directors, comprising 5 executive members and 3 independent non-executive members. The Independent Directors comprise 37.5% 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 2023). 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.

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 for 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](http://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 Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir. 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 are three female directors on the Board comprising 37.5% of the Board which is in compliance with the target of 30% women directors set out in the Code.

### 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 Board Committee Effectiveness Evaluation Form, Director's Performance Evaluation Form, Director's Confirmation of Independence 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](http://www.ytlcement.my).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

### 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](http://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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

### 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](http://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 Mr Yap Seng Chong, Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir and Ms Fong Yee Mei. The Chairman of the ARMC is Mr Yap Seng Chong, which fulfils the recommendations of the Code that the chairman of the audit committee should not be the chairman of the Board. Mr Yap Seng Chong was appointed as Chairman of the ARMC on 30 May 2023, following the resignation of Dato' Tan Guan Cheong.

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.

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 5 times during the financial year ended 30 June 2023. 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](http://www.ytlcement.my).

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

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 last 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

for the financial year ended 30 June 2023

Details of the audit and non-audit fees paid/payable to HLB for the financial year ended 30 June 2023 are as follows:-

	Company RM'000	Group RM'000
Statutory audit fees paid/payable to:-		
- HLB	121	781
- Affiliates of HLB	0	0
<b>Total</b>	<b>121</b>	<b>781</b>
Non-audit fees paid/payable to:-		
- HLB	8	16
- Affiliates of HLB	6	191
<b>Total</b>	<b>14</b>	<b>207</b>

### Risk Management & Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of risk management and internal control to safeguard the investment of its shareholders and the 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.

### 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 40 years of internal and external audit experience.

During the financial year ended 30 June 2023, YTLIA comprised 9 full-time personnel. The personnel of YTLIA are free from any relationships or conflicts of interest which could impair their objectivity and independence.

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

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

- Developing the annual internal audit plan and proposing this plan to the 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;
- 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; and
- Conducting review and verification of the effectiveness in the implementation of the Group's ESG policies and operations for the purpose of providing independent assurance on whether data being reported is accurate, relevant, complete and timely.

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.



**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

for the financial year ended 30 June 2023

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

The Executive Chairman, Managing Director and/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.

**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 72nd AGM held on 6 December 2022.

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 72nd AGM of the Company, held on 6 December 2022, 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 72nd 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.

The forthcoming 73rd 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 24 August 2023.

**CORPORATE GOVERNANCE OVERVIEW STATEMENT**

for the financial year ended 30 June 2023

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

for the financial year ended 30 June 2023

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 2023.

### 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 and 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.

- **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 and 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](http://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.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

for the financial year ended 30 June 2023

- **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.

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 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.

## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

for the financial year ended 30 June 2023

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 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 24 August 2023.

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

### COMPOSITION

**Yap Seng Chong** (appointed 30 May 2023)  
(Chairman/Independent Non-Executive Director)

**Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir** (appointed 30 May 2023)  
(Member/Independent Non-Executive Director)

**Fong Yee Mei** (appointed 30 May 2023)  
(Member/Independent Non-Executive Director)

**Dato' Tan Guan Cheong** (resigned 30 May 2023)  
(Chairman/Independent Non-Executive Director)

**Tan Sri Datuk Asmat Bin Kamaludin** (resigned 30 May 2023)  
(Member/Independent Non-Executive Director)

**Dato' Yoogalingam A/L Vyramuttu** (resigned 30 May 2023)  
(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](http://www.ytlcement.my).

### NUMBER OF MEETINGS HELD AND DETAILS OF ATTENDANCE

During the financial year, a total of 5 Audit and Risk Management Committee Meetings ("ARMC") were held and the details of attendance are as follows:-

	Attendance
Dato' Tan Guan Cheong	5
Tan Sri Datuk Asmat Bin Kamaludin	4
Dato' Yoogalingam A/L Vyramuttu	5

### SUMMARY OF WORK CARRIED OUT DURING FINANCIAL YEAR

The ARMC carried out the following work during the financial year ended 30 June 2023 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 2022, and the annual audited financial statements for the financial year ended 30 June 2022 at the ARMC meeting held on 24 August 2022 and 28 September 2022, respectively;
  - First, second and third quarters of the quarterly results for the financial year ended 30 June 2023 at the ARMC meetings held on 23 November 2022, 22 February 2023 and 24 May 2023, 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 purchase price allocation, impairment assessment of goodwill 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");

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

## AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

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

**2. External Audit**

- (a) Reviewed with the external auditors, HLB Ler Lum Chew PLT (“HLB”):-
- their status report, and final report on the audit of the financial year ended 30 June 2022 setting out their comments and conclusions on the significant audit and accounting matters highlighted, including management’s judgements, estimates and/or assessment made, and adequacy of disclosures in the financial statements;
  - the audit plan for the financial year ended 30 June 2023 outlining, amongst others, their scope of work, audit approach, areas of audit emphasis and development in laws and regulations affecting financial reporting and the roles and responsibilities of directors/ARMC members and auditors.
- (b) Reviewed the audit fees proposed by HLB together with management and recommended the fees agreed with HLB to the Board of Directors for approval;
- (c) Had discussions with HLB thrice during the financial year, on 24 August 2022, 28 September 2022 and 24 May 2023, without the presence of management, to apprise on matters in regard to the audit and financial statements. No issues were highlighted by HLB;
- (d) 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. HLB also confirmed their independence in all of the reports presented to the ARMC. The ARMC also reviewed on a regular basis, the nature and extent of the non-audit services provided by HLB and was satisfied with the suitability, performance, independence and objectivity of HLB;
- (e) Assessed the performance of HLB for the financial year ended 30 June 2022 and recommended to the Board of Directors for re-appointment at the annual general meeting held on 6 December 2022.

**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 internal audit risk analysis reports for 2022. Internal audit would leverage on the Group’s risk analysis to focus on the business processes and relevant areas that address the key risks identified;
- (c) Reviewed and adopted the risk-based internal audit plan for the financial year ending 30 June 2024 to ensure sufficient scope and coverage of activities of the Company and the Group;
- (d) Reviewed internal audit resourcing, with focus on ensuring that the function has sufficient resources together with the right caliber 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 31 October 2022 in relation to the renewal of shareholder mandate for RRPT, prior to its recommendation to the Board of Directors for approval.

**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 2022 Annual Report.

**6. Employees Share Option Scheme (“ESOS”)**

Reviewed the verification of share options allocations to the eligible employees approved by the options committee on 31 January 2023 and 24 March 2023 and concurred that the allocations under the ESOS complied with the criteria set out in the By-Laws of the ESOS.

**INTERNAL AUDIT FUNCTION**

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

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

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

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

- Developed the annual internal audit plan and proposed the plan to the ARMC.
- Conducted scheduled and special internal audit engagements, focusing primarily on the adequacy and effectiveness of internal controls and recommending improvements where necessary.
- Conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports.
- 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.
- Conducted RRPT reviews to assess accuracy and completeness of reporting for presentation to the ARMC, and ensure compliance with the Listing Requirements.
- Conducted discussions with management in identifying significant concerns and risk areas perceived by management for inclusion in the internal audit plan.
- 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.
- Conducted review and verification of the effectiveness in the implementation of the Group’s environmental, social and governance (ESG) policies and operations for the purpose of providing independent assurance on whether data being reported is accurate, relevant, complete and timely.

Costs amounting to RM464,251 were incurred in relation to the internal audit function for the financial year ended 30 June 2023.

## REMUNERATION AND NOMINATION COMMITTEE STATEMENT

## 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](http://www.ytlcement.my).

During the financial year ended 30 June 2023, five (5) meetings were held and the details of attendance are as follows:

Members of the RNC	Attendance
Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir (Chairman)^	1/1
Yap Seng Chong^	1/1
Fong Yee Mei^	1/1
Tan Sri Datuk Asmat Bin Kamaludin (Chairman)*	3/4
Dato’ Tan Guan Cheong*	4/4
Dato’ Yoogalingam A/L Vyramuttu*	4/4

^ Appointed on 30 May 2023

\* Resigned on 30 May 2023

### 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, fitness and propriety in line with the *Fit and Proper Policy* adopted by the Board, as well as the strategic aim for the appointment.

During the financial year, the RNC undertook the review of candidates to succeed the roles left vacant by the resignation of the independent directors pursuant to the 12-years tenure limit for independent directors under the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”), which came into effect on 1 June 2023.

### ACTIVITIES OF THE RNC FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

#### (i) Review of candidates proposed for appointment as Independent Non-Executive Director and members of the Board Committees

In May 2023, the RNC evaluated and recommended to the Board, the appointment of Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir, Mr Yap Seng Chong and Ms Fong Yee Mei as Independent Non-Executive Directors and concurrently as members of the Board Committees, to fill the casual positions arising from the resignations of Tan Sri Datuk Asmat Bin Kamaludin, Dato’ Tan Guan Cheong, Dato’ Yoogalingam A/L Vyramuttu and Mr Yeoh Khoon Cheng on 30 May 2023.

The RNC evaluated each candidate in accordance with the *Fit and Proper Policy* of the Company, amongst others, the candidates’ backgrounds, knowledge, experiences, skillsets, fitness and propriety, professionalism, characters, integrity, external appointments and associated time commitments expected of their roles.

The RNC was satisfied with the combination of qualifications, skillsets and experiences of the candidates which will bring diversity required in the Board as follows:

Name	Nomination for	Justification
Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir	Appointment to the Board, chairman of the RNC and member of the Audit and Risk Management Committee (“ARMC”)	A professional engineer with experience overseeing national policies on higher learning, energy, science, technology, innovation and climate change in Malaysia will strengthen the Board and widen its perspective.
Mr Yap Seng Chong	Appointment to the Board, chairman of the ARMC and member of the RNC	An accounting degree holder, member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants with long-standing career in the assurance and business advisory services sector and past high-level roles and contributions to the MIA put him in good stead for a lead role in the ARMC.
Ms Fong Yee Mei	Appointment to the Board and members of the ARMC and RNC	A chartered surveyor with extensive experience in the asset valuation industry and entrepreneurship in the health and wellness industry will help broaden the Board’s knowledge.

Additionally, the RNC concurred that they fulfilled the criteria necessary for appointment to the role of an independent director and member of Board Committees, and that they have sufficient time available to devote to the roles.

#### (ii) Review of Directors standing for re-election

In June 2023, based on the schedule of retirement by rotation and in conjunction with the annual evaluation exercise, the RNC (save for the members who abstained from deliberations in respect of their own re-election) resolved to recommend to the Board that:-

- Tan Sri (Sir) Francis Yeoh Sock Siong and Dato’ Yeoh Seok Kian (collectively, the “EDs”) who are due to retire by rotation pursuant to Article 85 of the Company’s Constitution at the Seventy-Third Annual General Meeting of the Company (“73rd AGM”), stand for re-election;
- Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir, Mr Yap Seng Chong and Ms Fong Yee Mei (collectively, the “INEDs”) who were appointed during the year and are due to retire pursuant to Article 84 of the Company’s Constitution at the 73rd AGM, stand for re-election.

The RNC was satisfied that the EDs who have a wealth of experience, knowledge and insights of the business, operations and growth strategies of the MCB Group, performed and contributed effectively as indicated by the performance evaluation results. The RNC also considered their fitness and propriety, in particular their character and integrity, experience and competence, as well as their time commitment to their roles and responsibilities.

As for the INEDs who were appointed to the Board recently to fill the casual vacancies on the Board, the RNC had conducted an in-depth assessment and due diligence before their appointment and concurred that they continue to meet the fit and proper criteria as stated in the *Fit and Proper Policy* in discharging their roles and responsibilities in bringing independent and objective judgement to the Board deliberations, and fulfil the independent director criteria set out in the Listing Requirements.

#### (iii) Annual evaluation

In May 2023, the annual evaluation of the effectiveness of the Board as a whole, Board Committees, individual and/or Independent 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, including ability in addressing and managing the Company’s material sustainability risk and opportunities, 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.

## REMUNERATION AND NOMINATION COMMITTEE STATEMENT

Individual Directors were evaluated on their fit and properness, caliber, 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 2023 were satisfactory.

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.

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

The RNC reviewed the revised and new evaluation criteria set out in the evaluation forms to ensure consistency with the Malaysian Code on Corporate Governance and Listing Requirements.

**(v) Review of the RNC Statement for the financial year ended 30 June 2022**

The RNC reviewed the RNC Statement prior to its recommendation to the Board for inclusion in the 2022 Annual Report.

**(vi) Review of Directors' remuneration**

The RNC assessed the remuneration of the Directors and senior management who are also Executive Directors of the Company, as well as fees and meeting attendance allowance (benefits) proposed for the Independent Non-Executive Directors ("INED Remuneration"), guided by the framework set out in the *Remuneration Policy and Procedures for Directors and Senior Management*. The remuneration of the Directors and the INED Remuneration were benchmarked against comparable listed companies in Malaysia in terms of industry and size/market capitalisation. Taking into account the Company's market capitalisation, equitability and market competitiveness, as well as the MCB Group's overall performance, the RNC considered the remuneration of the Executive Directors to be comparable or within the range of industry benchmarks.

It also considered the performance of the Independent Non-Executive Directors as indicated by the evaluations conducted and responsibilities assumed by the Directors, as well as the overall performance of the MCB Group. The RNC ensured that none of them was involved in the decision regarding his/her own remuneration outcome and recommended to the Board for shareholders' approval that the INED Remuneration remains unchanged as it was still competitive and on par with the market rate.

**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. There are currently three female directors on the Board comprising 37.5% of the Board, exceeding the 30% recommended under the Malaysian Code on Corporate Governance. The Board intends to continue its current approach to diversity in all aspects while at the same time seeking Board members of the highest caliber, 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, various policies adopted by the Company, terms of references of the Board Committees, Constitution, and schedule of meetings of the Board and Board Committees (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. This is followed by familiarisation visits to the MCB Group's operational sites and meetings with senior management where practicable and appropriate.

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.

## REMUNERATION AND NOMINATION COMMITTEE STATEMENT

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 2023, the following seven in-house training programmes were organised for the Directors:

- Cybersecurity Training – Imposter Among Us;
- Cybersecurity Training – Cyberattacks;
- Cybersecurity Training – Best Practices;
- YTL LEAD Conference 2022;
- Anti-Bribery & Corruption (ABC) Refresher Course;
- Directors Guide to Machine Learning and Artificial Intelligence;
- Sustainable Finance.

All the Directors have undergone training programmes during the financial year ended 30 June 2023. The conferences, seminars and training programmes attended by one or more of the Directors covered the following areas:-

Seminars/Conferences/Training	Attended by
<b>■ Risk Management/Compliance/Anti-Corruption/Environmental, Social &amp; Governance/Sustainability</b>	
PwC Webcast – Is Your Audit Committee Prepared in the Event of an Unexpected Investigation? How to Plan, Respond and Emerge Stronger (4 September 2022)	Yap Seng Chong
ICDM: Mandatory Accreditation Programme (21 – 22 November 2022)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
ISSB Corporate Reporting Webinar Series – Better Information for Better Decisions: Introduction to Investor – Focused Sustainability Disclosure (27 January 2023)	Yap Seng Chong
Nova Fusion Sdn Bhd – Integrated Reporting (8 February 2023)	Yap Seng Chong
EY: Briefing on recent developments on ESG (17 February 2023)	Yap Seng Chong
Keynote Speaker for RISM International Research Conference 2023 (RISM IRC 5.0) : "Bridging World: Towards Future Sustainability and Technology in the Built Environment" (25 February 2023)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
PwC Webcast – Building Trust through Data Privacy and Protection (12 March 2023)	Yap Seng Chong

## REMUNERATION AND NOMINATION COMMITTEE STATEMENT

Seminars/Conferences/Training	Attended by
<b>■ Risk Management/Compliance/Anti-Corruption/Environmental, Social &amp; Governance/Sustainability (cont'd)</b>	
PwC Crypto Webcast - Re-establishing trust: Crypto crimes and risk management considerations (27 March 2023)	Yap Seng Chong
Anti-Bribery & Corruption (ABC) Refresher Course (March 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping
MBOT: Borneo Symposium 2023 - Preparing Sustainable Workforce (11 - 12 May 2023)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
Institute of Singapore Chartered Accountants/ SAC Capital: Sustainability E-Training for Directors (17 May 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping
Sustainable Finance (31 May 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Yeoh Soo Keng Fong Yee Mei Yap Seng Chong
<b>■ Cybersecurity/Technology</b>	
Cybersecurity Training - Imposter Among Us (July 2022)	Tan Sri (Sir) Francis Yeoh Sock Ping
Unit Perancang Ekonomi (EPU), Jabatan Perdana Menteri dan United Nations Development Programme: Jemputan Menghadiri Persidangan Inovasi Malaysia Tahun 2022 (2 August 2022)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
Cybersecurity Training - Cyberattacks (September 2022)	Tan Sri (Sir) Francis Yeoh Sock Ping
Cybersecurity Training - Best Practices (October 2022)	Tan Sri (Sir) Francis Yeoh Sock Ping
Malaysia Board of Technologists ("MBOT"): Seoul Accord Workshop in Ireland (4 October 2022)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
Research Management Unit, EPU and UCSI: Seminar on SDG 9: "What's Up Malaysia?: "Adoption of Technology and Acceleration of RCI in industry sector" (27 October 2022)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
Webinar by MBOT & Association of Information Security Professionals (AISP Singapore): Ladies in Cyber (1 November 2022)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir

## REMUNERATION AND NOMINATION COMMITTEE STATEMENT

Seminars/Conferences/Training	Attended by
<b>■ Cybersecurity/Technology (cont'd)</b>	
Directors Guide to Machine Learning and Artificial Intelligence (3 April 2023)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Yeoh Seok Kian Dato' Yeoh Soo Hong Dato' Yeoh Soo Keng
Plenary speaker for Technological Association Malaysia National Conference 2023: "Technology Without Borders 2023" (15 April 2023)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
Akademi Kepimpinan Pendidikan Tinggi (AKEPT): Pembentangan Seminar & Bengkel Pendidikan Science, Technology, Engineering and Mathematics (STEM) (3 May 2023)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
<b>■ Leadership and Business Management</b>	
Earning Employees' Trust in an Era of Hyper-Competition (13 August 2022)	Yap Seng Chong
Kementerian Pengangkutan Malaysia Tahun 2022: Ucaptama Dalam Program Bicara Eksekutif (13 September 2022)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
YTL LEAD Conference 2022 (9 November 2022)	Tan Sri (Sir) Francis Yeoh Sock Ping Dato' Yeoh Seok Kian Dato' Yeoh Seok Hong Dato' Sri Michael Yeoh Sock Siong Dato' Yeoh Soo Keng
Guest Speaker for the MAHSA Academic Transformation Series - "Futuristic Education: Priorities and Patterns" (13 January 2023)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
Asia Business Council: 2023 Spring Forum - The Changing Landscape of Asian Business and Innovation (16 - 18 March 2023)	Dato' Yeoh Seok Hong
AKEPT & UMS: Keynote speaker for Sustainable Development Goals Leadership: University for Society (SDGU4S) Cohort 2 - Overcoming Challenges towards Impactful University-Community Engagement: The Way Forward (22 May 2023)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
UCSI University: Forum on Designing the Future - What's Next for Malaysia? (25 May 2023)	Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir

## REMUNERATION AND NOMINATION COMMITTEE STATEMENT

Seminars/Conferences/Training	Attended by
<b>■ Finance/Economy/Capital Markets Investments/Taxation</b>	
PwC Quarterly Accounting Webcast (15 July 2022, 18 December 2022, 22 January 2023 and 26 June 2023)	Yap Seng Chong
PwC Webcast - Health industries year-end accounting and reporting hot topics (8 January 2023)	Yap Seng Chong
PwC Webcast - IFRS year end accounting (23 January 2023)	Yap Seng Chong
EY ASEAN Tax Forum 2023 - Elevating the role of tax within the finance transformation agenda and e-invoicing and other drivers for digital transformation (16 - 17 May 2023)	Yap Seng Chong
40th JAMECA-MAJECA Joint Conference: Deepening Economic Relations Between Japan and Malaysia through Multi-Layered Co-Creation (25 May 2023)	Dato' Yeoh Seok Kian

## 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 2023, 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

*Credit: Concrete is Beautiful contest submission from Chris Chan Yoke Leng*

- 64** Disclosure of Recurrent Related Party Transactions of a Revenue or Trading Nature
- 66** Analysis of Share/Irredeemable Convertible Preference Share (ICPS) Holdings
- 70** Statement of Directors' Interests
- 72** List of Properties

## DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

for the financial year ended 30 June 2023

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 2023 pursuant to shareholder mandates obtained are as follows:

Related Party	Corporations involved in the MCB Group interested in the RRPT	Interested Related Party	Nature of Transactions	Value of Transactions# RM'000
YTL Corporation Group	Subsidiaries of MCB	YTLSTC <sup>(1)(2)(3)</sup>	Sales and purchases of cement, clinker, drymix and cementitious materials	85,682
		YTLSTC <sup>(1)(2)(3)</sup>	Sales and purchases of aggregates, sand and concrete products	61,278
		YTL Corporation <sup>(1)(2)(3)</sup>	Rental for use of office premise at 58, Pulau Damar Laut, 618297 Singapore	7,575
		YTL Cement <sup>(1)(2)(3)</sup>	Rental of office premises at Menara YTL, 205 Jalan Bukit Bintang, 55100 Kuala Lumpur, and procurement of related services	
		Puan Sri Tan Kai Yong <sup>(1)(2)(3)(4)</sup>	Rental of land at No. Hakmilik 10023, Lot 45609 Mukim Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan	
		Yeoh Siblings <sup>(3)(5)</sup>	Rental of land at Lot 6016 and part of Lot 6017, Jalan Kukuh, Larkin Industrial Estate, Johor Bahru, Johor Darul Takzim	
			Rental of land at PL0658, 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	8,169
			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	
	Purchase of supplies and spare parts and/or freight, handling and maintenance services	33,060		
	Procurement of waste handling, operation and maintenance services	6,881		
	Purchase of mobile and heavy equipment	12,818		
	<b>TOTAL</b>	<b>215,463</b>		

## DISCLOSURE OF RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

for the financial year ended 30 June 2023

### 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 YTLSTC) of MCB Group and YTL Corporation Group
YTLSTC	- Yeoh Tiong Lay & Sons Family Holdings Limited, the ultimate holding company of MCB and YTL Corporation
YTLSTC	- 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
YTLSTC	- Yeoh Tiong Lay & Sons Trust Company Limited which holds, in its capacity as trustee, the entire issued shares in YTLSTC
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) Puan Sri Tan Kai Yong, YTLSTC, YTLSTC, YTLSTC, YTLSTC, YTLSTC and YTLSTC are Major Shareholders of MCB Group.
  - (2) Puan Sri Tan Kai Yong, YTLSTC, YTLSTC and YTLSTC 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.
  - (3) YTLSTC, YTLSTC, YTLSTC and YTLSTC are Persons Connected with Puan Sri Tan Kai Yong and the Yeoh Siblings.
  - (4) Puan Sri Tan Kai Yong is also a Director of YTLSTC, YTLSTC and YTLSTC.
  - (5) The Yeoh Siblings are the children of Puan Sri Tan Kai Yong. They are also Directors of YTL Corporation, YTL Cement and YTLSTC. Except for Dato' Yeoh Soo Keng, the Yeoh Siblings are also Directors of YTLSTC and YTLSTC.
- # Being the aggregate value of transactions conducted pursuant to the shareholder mandates obtained at the Annual General Meetings held on 7 December 2021 and 6 December 2022.

# ANALYSIS OF SHARE/IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE (ICPS) HOLDINGS

as at 21 September 2023

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	354	4.94	6,429	0.00
100 - 1,000	2,669	37.27	1,510,650	0.12
1,001 - 10,000	3,042	42.47	11,623,029	0.89
10,001 - 100,000	879	12.27	26,639,717	2.03
100,001 to less than 5% of issued shares	216	3.02	240,806,323	18.38
5% and above of issued shares	2	0.03	1,029,615,502	78.58
<b>Total</b>	<b>7,162</b>	<b>100.00</b>	<b>1,310,201,650</b>	<b>100.00</b>

# ANALYSIS OF SHARE/IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE (ICPS) HOLDINGS

as at 21 September 2023

## 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	50,966,100	3.89
4 Citigroup Nominees (Asing) Sdn Bhd - Exempt An for Citibank New York (NORGES BANK 22)	17,135,800	1.31
5 HSBC Nominees (Asing) Sdn Bhd - SIX SIS for Bank Sarasin CIE	8,500,000	0.65
6 CGS-CIMB Nominees (Asing) Sdn Bhd - Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (RETAIL CLIENTS)	7,546,846	0.58
7 Citigroup Nominees (Tempatan) Sdn Bhd - Exempt An for AIA Bhd	7,369,600	0.56
8 Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	6,866,740	0.52
9 Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	5,510,300	0.42
10 Loke Wan Yat Realty Sdn Bhd	5,107,100	0.39
11 Tasek Property Holdings Sdn Bhd	4,801,100	0.37
12 Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (GROWTH)	4,713,700	0.36
13 Amanahraya Trustees Berhad - Amanah Saham Bumiputera 3 - Didik	4,500,000	0.34
14 Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LSF)	4,424,800	0.34
15 HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Singular Value Fund	4,165,100	0.32
16 Malaysia Nominees (Tempatan) Sendirian Berhad - Lee Foundation, States of Malaya (00-00197-000)	3,763,620	0.29
17 HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	3,533,900	0.27
18 Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LPF)	3,085,900	0.24

## ANALYSIS OF SHARE/IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE (ICPS) HOLDINGS

as at 21 September 2023

Name	No. of Shares	%
19 Maybank Nominees (Tempatan) Sdn Bhd - Etiqa Life Insurance Berhad (DANA EKT PRIMA)	2,945,400	0.22
20 Amanahraya Trustees Berhad - PMB Shariah Growth Fund	2,900,000	0.22
21 Amanah Raya Berhad - Kumpulan Wang Bersama Syariah	2,618,900	0.20
22 Maybank Nominees (Tempatan) Sdn Bhd -Etiqa Life Insurance Berhad (PREM EQUITY)	2,522,800	0.19
23 Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Income Fund	2,516,800	0.19
24 Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (DR)	2,452,500	0.19
25 Kong Goon Khing	2,272,000	0.17
26 Cartaban Nominees (Tempatan) Sdn Bhd -PAMB for Participating Fund	2,081,100	0.16
27 Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (LGF)	1,962,400	0.15
28 Maybank Nominees (Tempatan) Sdn Bhd -Etiqa Life Insurance Berhad (BALANCE)	1,836,700	0.14
29 Maybank Nominees (Tempatan) Sdn Bhd -Mtrustee Bhd for Aiiman Tnb Rbt (EQ) (433139)	1,688,100	0.13
30 HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)	1,683,500	0.13
<b>Total</b>	<b>1,199,086,308</b>	<b>91.52</b>

## ANALYSIS OF SHARE/IRREDEEMABLE CONVERTIBLE PREFERENCE SHARE (ICPS) HOLDINGS

as at 21 September 2023

### 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 <sup>(1)</sup>	78.58
Yeoh Tiong Lay & Sons Holdings Sdn Bhd	-	-	1,029,615,502 <sup>(1)</sup>	78.58
Yeoh Tiong Lay & Sons Family Holdings Limited	-	-	1,029,615,502 <sup>(2)</sup>	78.58
Yeoh Tiong Lay & Sons Trust Company Limited	-	-	1,029,615,502 <sup>(3)</sup>	78.58
Puan Sri Datin Seri Tan Kai Yong @ Tan Kay Neong	-	-	1,029,615,502 <sup>(4)</sup>	78.58

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

<sup>(2)</sup> 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.

<sup>(3)</sup> 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.

<sup>(4)</sup> 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 21 September 2023

## THE COMPANY

### Malayan Cement Berhad

Name	No. of Shares Held			
	Direct	%	Indirect	%
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	-	-	500,000 <sup>(1)</sup>	0.04
Dato' Sri Michael Yeoh Sock Siong	-	-	2,100 <sup>(1)</sup>	*

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	-
Dato' Yeoh Soo Keng	15,000,000	-

## 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 <sup>(1)</sup>	0.01
Dato' Sri Michael Yeoh Sock Siong	-	-	77,595,817 <sup>(1)(2)</sup>	0.71
Dato' Yeoh Seok Kian	58,508,722	0.53	13,895,816 <sup>(1)</sup>	0.13
Dato' Yeoh Seok Hong	54,173,305	0.49	24,821,442 <sup>(1)</sup>	0.23
Dato' Yeoh Soo Keng	60,000,065	0.55	799,157 <sup>(1)</sup>	0.01

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

# STATEMENT OF DIRECTORS' INTERESTS

in the Company and Related Corporations as at 21 September 2023

## 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 <sup>(1)</sup>	0.01
Dato' Sri Michael Yeoh Sock Siong	-	-	18,112,912 <sup>(1)(2)</sup>	0.22
Dato' Yeoh Seok Kian	11,276,298	0.14	14,416,426 <sup>(1)</sup>	0.18
Dato' Yeoh Seok Hong	135,438,169	1.67	5,435,235 <sup>(1)</sup>	0.07
Dato' Yeoh Soo Keng	21,500,049	0.27	197,431 <sup>(1)</sup>	*

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 <sup>(1)</sup>
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

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

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

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

## LIST OF PROPERTIES

as at 30 June 2023

## LIST OF PROPERTIES

as at 30 June 2023

	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 2023 RM'000	Date of Acquisition/ Date of Last Revaluation
1	PN 212664, Lot 4064 <sup>#</sup>	Leasehold	59.75 acres	Cement plant	-	-	Year 2087	403,890	19.5.2022
	PN 395004, Lot 15445 <sup>#</sup>	Leasehold	0.56 acres	Cement plant	-	-	Year 2087		19.5.2022
	HS (D) 2675, PT 1327 <sup>#</sup>	Leasehold	22.21 acres	Cement plant	-	-	Year 2095		19.5.2022
	PN 369360, Lot 4067 <sup>#</sup>	Leasehold	1.45 acres	Warehouse & depot	-	-	Year 2096		19.5.2022
	PN 212336, Lot 4529 <sup>#</sup>	Leasehold	14.59 acres	Cement plant	-	-	Year 2096		19.5.2022
	HS (D) 2676, PT 1328 <sup>#</sup>	Leasehold	8.20 acres	Cement plant - Safety Zone	-	-	Year 2095		19.5.2022
	HS (D) 2677, PT 1329 <sup>#</sup>	Leasehold	30.25 acres	Cement plant - Safety Zone	-	-	Year 2095		19.5.2022
	HS (D) 2678, PT 1330 <sup>#</sup>	Leasehold	102.33 acres	Cement plant - Safety Zone	-	-	Year 2095		19.5.2022
	HS (D) 2679, PT 1331 <sup>#</sup>	Leasehold	130.97 acres	Cement plant - Clay Quarry Area	-	-	Year 2056		19.5.2022
	HS (D) 2680, PT 1332 <sup>#</sup>	Leasehold	14.41 acres	Cement plant - Clay Quarry Area	-	-	Year 2056		19.5.2022
	PN 313351, Lot 4322 <sup>#</sup>	Leasehold	28.24 acres	Staff quarter building	-	-	Year 2095		19.5.2022
	PN 344194, Lot 4405 <sup>#</sup>	Leasehold	28.17 acres	Cement plant	-	-	Year 2095		19.5.2022
	HS (D) 2681, PT 1333 <sup>#</sup>	Leasehold	278.24 acres	Cement plant - Limestone Hill/Quarry	-	-	Year 2056		19.5.2022
	PN 278198, Lot 4533 <sup>#</sup>	Leasehold	28.12 acres	Cement plant	-	-	Year 2097		19.5.2022
	PN 278203, Lot 4534 <sup>#</sup>	Leasehold	4.80 acres	Cement plant	-	-	Year 2097		19.5.2022
	PN 278204, Lot 4535 <sup>#</sup>	Leasehold	13.37 acres	Cement plant	-	-	Year 2102		19.5.2022
	PN 00108181, Lot 2764 <sup>#</sup>	Leasehold	210.06 acres	Cement plant	-	-	Year 2886		19.5.2022
	<sup>#</sup> Mukim Kampung Buaya, Daerah Kuala Kangsar, Negeri Perak Darul Ridzuan								
2	PN 7848, Lot 1188, Mukim Ulu Kuantan, Pahang Darul Makmur	Leasehold	121.5 hectares	Cement plant	767,880	26	Year 2061	64,085	23.5.2022
	HS (D) 00015539, PT 000991, Mukim Ulu Kuantan, Pahang Darul Makmur	Leasehold	8.09 hectares	Cement plant		26	Year 2062		23.5.2022
	HS (D) 00011079, PT 000980 Mukim Ulu Kuantan, Pahang Darul Makmur	Leasehold	81 hectares	Cement plant		6 - 26	Year 2060		23.5.2022

	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 2023 RM'000	Date of Acquisition/ Date of Last Revaluation
3	Plot C, HS (D) 7/1983 Telok Ewa, Langkawi Kedah Darul Aman	Leasehold	196.4 acres	Cement factory complex and ancillary buildings	-	38	Year 2043	31,097	15.6.1999
4	PTD119739, PTD119740 Jalan Pukul 3, 81700 Pasir Gudang, Johor Bahru Johor Darul Takzim	Leasehold	14.834 acres	Cement Grinding Station, Drymix plant, warehouse and admin building	-	4 - 25	Year 2050 & 2053	27,827	20.1.1997 & 27.9.1997
5	Lot No. 1956 Rawang, Selangor Darul Ehsan	Leasehold	49 acres	Cement factory complex and ancillary buildings	-	23 - 47	Year 2056	22,692	31.12.1998
6	No. 2, Jalan Kilang 51/206, Petaling Jaya 46050 Selangor Darul Ehsan	Leasehold	6 acres	Office complex	-	37	Year 2068	14,581	31.12.1998
7	Lot No. 46497 & 15 Kanthan, Perak Darul Ridzuan	Leasehold	393 acres	Limestone quarry and ancillary buildings	3,686	31	Year 2050	11,457	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	-	21 - 45	Year 2041	9,368	31.12.1998
9	HS(D) 67553, PT 64275, Mukim Klang, Daerah Klang, Selangor Darul Ehsan	Leasehold	9,565.8 sq.m.	Slag cement plant	-	27	Year 2097	8,883	19.5.2022
	HS(D) 67635, PT 64363, Mukim Klang, Daerah Klang, Selangor Darul Ehsan	Leasehold	4,103.86 sq.m.	Slag cement plant	-	27	Year 2097		19.5.2022
10	Lot No. 15865 & 15866, PN 419072 & PN 419073 Perak Darul Ridzuan	Leasehold	217.52 hectares	Cement plant - Clay Quarry Area	-	-	Year 2886	7,203	19.5.2022

# 5 Financial Statements

*Credit: Concrete is Beautiful contest submission from Muhammad Hariz Zulkarnain*

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# DIRECTORS' REPORT

# 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 2023.

## 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	<b>159,200</b>	<b>96,901</b>
<b>Attributable to:-</b>		
Owners of the parent	<b>159,035</b>	<b>96,901</b>
Non-controlling interests	<b>165</b>	<b>-</b>
	<b>159,200</b>	<b>96,901</b>

## DIVIDENDS

On 24 August 2023, the Board of Directors declared an interim dividend of 6 sen per ordinary share and 6 sen per irredeemable convertible preference share for the financial year ended 30 June 2023. The book closure and payment dates in respect of the aforesaid dividend are 2 November 2023 and 21 November 2023, respectively.

The Board of Directors does not recommend a final dividend for the financial year ended 30 June 2023.

## 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

There were no issues of shares or debentures during the financial year.

## 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 is governed by the By-Laws approved by the shareholders at an Extraordinary General Meeting held on 18 March 2022. The scheme which is valid for a period of 10 years was implemented on 30 March 2022 and will expire on 29 March 2032. The salient features and terms of the ESOS 2022 are set out in Note 22 (b) to the financial statements.

The aggregate maximum allocation of the options to Directors and senior management of the Company and/or subsidiaries shall not be more than seventy per cent (70%) of the fifteen per cent (15%) of the total number of issued shares of the Company (excluding treasury shares, if any) from time to time throughout the duration of the scheme.

During the financial year, the Company granted 176,320,000 options to the eligible employees and Directors of the Company and/or subsidiaries (details are set out in Note 22 (b) to the financial statements). As at 30 June 2023, options for 46.76% of the shares available under the ESOS 2022 were granted to Directors and senior management.

During the financial year, 79,000,000 options were granted to Directors of the Company.

## 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  
 Professor Datuk Ts. Ir. Dr Siti Hamisah Binti Tapsir (Appointed on 30 May 2023)  
 Yap Seng Chong (Appointed on 30 May 2023)  
 Fong Yee Mei (Appointed on 30 May 2023)  
 Tan Sri Datuk Asmat Bin Kamaludin (Resigned on 30 May 2023)  
 Dato' Tan Guan Cheong (Resigned on 30 May 2023)  
 Dato' Yoogalingam A/L Vyramuttu (Resigned on 30 May 2023)  
 Yeoh Khoon Cheng (Resigned on 30 May 2023)

## 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



## DIRECTORS' REPORT

## DIRECTORS' REPORT

## DIRECTORS OF SUBSIDIARIES (CONT'D.)

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

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  
 Hisanobu Tanaka  
 Wong Chee Leong  
 Yeoh Pei Yen (Appointed on 21 March 2023)  
 Shuichi Nakamoto (Appointed as alternate Director to Hisanobu Tanaka on 1 April 2023)  
 Yaoki Hashimoto (Ceased as alternate Director to Hisanobu Tanaka on 1 April 2023)

## 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 30.6.2023
	As at 1.7.2022	Acquired	Disposed	
<b>Deemed interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	500,000 <sup>(1)</sup>	-	-	500,000 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	2,100 <sup>(1)</sup>	-	-	2,100 <sup>(1)</sup>

The Company	Number of share options over ordinary shares			As at 30.6.2023
	As at 1.7.2022	Granted	Exercised	
<b>Direct interests</b>				
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

## DIRECTORS' INTEREST (CONT'D.)

Pre-penultimate holding company - YTL Corporation Berhad	Number of ordinary shares			As at 30.6.2023
	As at 1.7.2022	Acquired	Disposed	
<b>Direct interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	150,344,946	-	-	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	1,912,900	-	60,000,065
<b>Deemed interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1,016,665 <sup>(1)</sup>	-	-	1,016,665 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	77,595,817 <sup>(1)(2)</sup>	-	-	77,595,817 <sup>(1)(2)</sup>
Dato' Yeoh Seok Kian	13,895,816 <sup>(1)</sup>	-	-	13,895,816 <sup>(1)</sup>
Dato' Yeoh Seok Hong	24,821,442 <sup>(1)</sup>	-	-	24,821,442 <sup>(1)</sup>
Dato' Yeoh Soo Keng	799,157 <sup>(1)</sup>	-	-	799,157 <sup>(1)</sup>

Pre-penultimate holding company - YTL Corporation Berhad	Number of share options over ordinary shares			As at 30.6.2023
	As at 1.7.2022	Granted	Exercised	
<b>Direct interests</b>				
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
<b>Deemed interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	15,000,000 <sup>(1)</sup>	-	-	15,000,000 <sup>(1)</sup>
Dato' Yeoh Seok Kian	12,000,000 <sup>(1)</sup>	-	-	12,000,000 <sup>(1)</sup>
Dato' Yeoh Seok Hong	14,000,000 <sup>(1)</sup>	-	-	14,000,000 <sup>(1)</sup>

Related company - YTL Power International Berhad	Number of ordinary shares			As at 30.6.2023
	As at 1.7.2022	Acquired	Disposed	
<b>Direct interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	21,870,694	-	-	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	4,458,000	-	21,500,049
<b>Deemed interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	862,153 <sup>(1)</sup>	-	-	862,153 <sup>(1)</sup>
Dato' Sri Michael Yeoh Sock Siong	18,112,912 <sup>(1)(2)</sup>	-	-	18,112,912 <sup>(1)(2)</sup>
Dato' Yeoh Seok Kian	14,416,426 <sup>(1)</sup>	-	-	14,416,426 <sup>(1)</sup>
Dato' Yeoh Seok Hong	5,435,235 <sup>(1)</sup>	-	-	5,435,235 <sup>(1)</sup>
Dato' Yeoh Soo Keng	197,431 <sup>(1)</sup>	-	-	197,431 <sup>(1)</sup>

## DIRECTORS' REPORT

## DIRECTORS' REPORT

## DIRECTORS' INTEREST (CONT'D.)

Related company - YTL Power International Berhad	Number of share options over ordinary shares			
	As at 1.7.2022	Granted	Exercised	As at 30.6.2023
<b>Direct interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	15,000,000	-	-	<b>15,000,000</b>
Dato' Sri Michael Yeoh Sock Siong	15,000,000	-	-	<b>15,000,000</b>
Dato' Yeoh Seok Kian	15,000,000	-	-	<b>15,000,000</b>
Dato' Yeoh Seok Hong	15,000,000	-	-	<b>15,000,000</b>
Dato' Yeoh Soo Keng	15,000,000	-	-	<b>15,000,000</b>
<b>Deemed interests</b>				
Dato' Yeoh Seok Hong	9,000,000 <sup>(1)</sup>	-	-	<b>9,000,000<sup>(1)</sup></b>

Related corporations - YTL Corporation (UK) PLC*	Number of ordinary shares of £0.25 each			
	As at 1.7.2022	Acquired	Disposed	As at 30.6.2023
<b>Direct interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	-	-	<b>1</b>

- YTL Construction (Thailand) Limited*	Number of ordinary shares THB100 each			
	As at 1.7.2022	Acquired	Disposed	As at 30.6.2023
<b>Direct interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	-	-	<b>1</b>
Dato' Sri Michael Yeoh Sock Siong	1	-	-	<b>1</b>
Dato' Yeoh Seok Kian	1	-	-	<b>1</b>
Dato' Yeoh Seok Hong	1	-	-	<b>1</b>

- Samui Hotel 2 Co., Ltd*	Number of ordinary shares THB10 each			
	As at 1.7.2022	Acquired	Disposed	As at 30.6.2023
<b>Direct interests</b>				
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	1	-	-	<b>1</b>

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

<sup>(2)</sup> 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.

## 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
<b>Directors' remuneration</b>		
Fees	<b>903</b>	<b>903</b>
Salaries	<b>6,306</b>	-
Bonus	<b>1,051</b>	-
Defined contribution plan	<b>883</b>	-
Estimated money value of benefits-in-kind	<b>47</b>	-
Others	<b>53</b>	<b>50</b>
	<b>9,243</b>	<b>953</b>

## DIRECTORS' REPORT

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

## ULTIMATE HOLDING COMPANY

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

## SUBSIDIARIES

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

## AUDITORS' REMUNERATION

Auditors' remuneration is as follows:-

	Group	Company
	RM'000	RM'000
HLB Ler Lum Chew PLT	781	121

## 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 27 September 2023.

**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 2023 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 27 September 2023.

**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 27 September 2023.

Before me:

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 2023 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 89 to 177.

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 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 2023, goodwill arising on consolidation amounted to RM5,552 million which represents 50.6% 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)

**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.

**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**

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

**HLB Ler Lum Chew PLT**

201906002362 & AF 0276

Chartered Accountants

**Ler Ji-Yong**

03439/05/2025 J

Chartered Accountant

Dated: 27 September 2023

Kuala Lumpur

**INCOME STATEMENTS**

for the financial year ended 30 June 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	<b>3,757,046</b>	2,705,272	<b>199,716</b>	245,503
Cost of sales		<b>(2,769,499)</b>	(2,011,749)	-	-
<b>Gross profit</b>		<b>987,547</b>	693,523	<b>199,716</b>	245,503
Other income		<b>87,125</b>	75,240	<b>14,418</b>	4,119
Selling and distribution costs		<b>(476,354)</b>	(363,233)	-	-
Administration expenses		<b>(169,753)</b>	(166,992)	<b>(8,294)</b>	(21,222)
Other expenses		<b>(17,102)</b>	(4,664)	<b>(3)</b>	(6)
Finance costs	5	<b>(194,747)</b>	(143,285)	<b>(108,616)</b>	(71,708)
Share of results of joint venture, net of tax		<b>36,402</b>	38,632	-	-
<b>Profit before tax</b>	6	<b>253,118</b>	129,221	<b>97,221</b>	156,686
Income tax expense	7	<b>(93,918)</b>	(47,136)	<b>(320)</b>	(130)
<b>Profit for the financial year</b>		<b>159,200</b>	82,085	<b>96,901</b>	156,556
<b>Attributable to:-</b>					
Owners of the parent		<b>159,035</b>	83,545	<b>96,901</b>	156,556
Non-controlling interests		<b>165</b>	(1,460)	-	-
		<b>159,200</b>	82,085	<b>96,901</b>	156,556
<b>Earnings per share (sen)</b>					
- Basic	8	<b>12.14</b>	6.82		
- Diluted	8	<b>8.95</b>	5.27		

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 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit for the financial year</b>		<b>159,200</b>	82,085	<b>96,901</b>	156,556
<b>Other comprehensive income/(loss):</b>					
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		<b>(93)</b>	563	-	-
Items that will be reclassified subsequently to income statements:					
- foreign currency translation gain		<b>7,422</b>	2,815	-	-
<b>Other comprehensive income for the financial year, net of tax</b>		<b>7,329</b>	3,378	-	-
<b>Total comprehensive income for the financial year</b>		<b>166,529</b>	85,463	<b>96,901</b>	156,556
<b>Total comprehensive income/(loss) attributable to:-</b>					
Owners of the parent		<b>166,364</b>	86,923	<b>96,901</b>	156,556
Non-controlling interests		<b>165</b>	(1,460)	-	-
		<b>166,529</b>	85,463	<b>96,901</b>	156,556

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

## STATEMENTS OF FINANCIAL POSITION

as at 30 June 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	<b>2,636,342</b>	2,782,737	-	-
Right-of-use assets	10	<b>226,196</b>	239,169	-	-
Investment properties	11	<b>3,116</b>	3,120	-	-
Investment in subsidiaries	12	-	-	<b>7,802,454</b>	7,587,085
Investment in joint venture	13	<b>77,685</b>	67,965	-	-
Investments	14	<b>3,919</b>	4,012	-	-
Intangible assets	15	<b>5,561,134</b>	5,563,003	-	-
Deferred tax assets	26	<b>276,615</b>	260,020	-	-
Trade and other receivables	17	<b>4,802</b>	4,306	-	-
		<b>8,789,809</b>	8,924,332	<b>7,802,454</b>	7,587,085
<b>Current assets</b>					
Inventories	16	<b>549,311</b>	501,067	-	-
Trade and other receivables	17	<b>614,643</b>	538,082	<b>140</b>	394
Other current assets	18	<b>40,882</b>	29,013	<b>269</b>	80
Income tax assets		<b>35,146</b>	41,177	-	2
Amount due from holding companies	19	<b>49</b>	92	-	-
Amount due from subsidiaries	12	-	-	<b>361,179</b>	171,944
Amount due from related companies	20	<b>41,917</b>	25,708	<b>202</b>	-
Amount due from joint venture	13	<b>23,669</b>	22,120	-	-
Fixed deposits	21	<b>612,465</b>	391,981	<b>59,240</b>	49,194
Cash and bank balances	21	<b>263,347</b>	211,730	<b>4,402</b>	76,489
		<b>2,181,429</b>	1,760,970	<b>425,432</b>	298,103
<b>Total assets</b>		<b>10,971,238</b>	10,685,302	<b>8,227,886</b>	7,885,188

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

## STATEMENTS OF FINANCIAL POSITION

as at 30 June 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	22	<b>5,345,817</b>	5,345,817	<b>5,345,817</b>	5,345,817
Other reserves	23	<b>52,793</b>	36,405	<b>9,059</b>	-
Retained earnings		<b>551,947</b>	392,912	<b>750,064</b>	653,163
		<b>5,950,557</b>	5,775,134	<b>6,104,940</b>	5,998,980
Non-controlling interests		<b>3,958</b>	3,793	-	-
<b>Total equity</b>		<b>5,954,515</b>	5,778,927	<b>6,104,940</b>	5,998,980
<b>Non-current liabilities</b>					
Lease liabilities	24	<b>28,529</b>	36,587	-	-
Borrowings	25	<b>2,834,350</b>	2,986,526	<b>1,915,550</b>	1,702,154
Deferred tax liabilities	26	<b>363,481</b>	345,278	-	-
Post-employment benefit obligations	29	<b>21,169</b>	21,734	-	-
		<b>3,247,529</b>	3,390,125	<b>1,915,550</b>	1,702,154
<b>Current liabilities</b>					
Trade and other payables	27	<b>790,497</b>	650,073	<b>7,382</b>	4,053
Contract liabilities	28	<b>3,312</b>	3,055	-	-
Amount due to holding companies	19	<b>4,144</b>	4,397	<b>12</b>	1
Amount due to related companies	20	<b>34,254</b>	19,304	-	-
Lease liabilities	24	<b>15,376</b>	18,799	-	-
Borrowings	25	<b>907,607</b>	813,614	<b>200,000</b>	180,000
Post-employment benefit obligations	29	<b>2,924</b>	2,422	-	-
Income tax liabilities		<b>11,080</b>	4,586	<b>2</b>	-
		<b>1,769,194</b>	1,516,250	<b>207,396</b>	184,054
<b>Total liabilities</b>		<b>5,016,723</b>	4,906,375	<b>2,122,946</b>	1,886,208
<b>Total equity and liabilities</b>		<b>10,971,238</b>	10,685,302	<b>8,227,886</b>	7,885,188

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 2023

Group	Attributable to owners of the parent					
	Share capital RM'000	Other reserves RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2021	2,187,669	33,027	309,367	2,530,063	5,253	2,535,316
Profit/(loss) 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
<b>Total comprehensive income/(loss) for the financial year</b>	-	3,378	83,545	86,923	(1,460)	85,463
Issue of share capital	3,158,148	-	-	3,158,148	-	3,158,148
<b>At 30 June 2022/1 July 2022</b>	<b>5,345,817</b>	<b>36,405</b>	<b>392,912</b>	<b>5,775,134</b>	<b>3,793</b>	<b>5,778,927</b>
Profit for the financial year	-	-	159,035	159,035	165	159,200
Other comprehensive income for the financial year	-	7,329	-	7,329	-	7,329
<b>Total comprehensive income for the financial year</b>	-	7,329	159,035	166,364	165	166,529
Share option expenses	-	9,059	-	9,059	-	9,059
<b>At 30 June 2023</b>	<b>5,345,817</b>	<b>52,793</b>	<b>551,947</b>	<b>5,950,557</b>	<b>3,958</b>	<b>5,954,515</b>
<b>Company</b>						
At 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		
<b>At 30 June 2022/1 July 2022</b>	<b>5,345,817</b>	-	<b>653,163</b>	<b>5,998,980</b>		
Profit for the financial year, representing total comprehensive income for the financial year	-	-	96,901	96,901		
Share option expenses	-	9,059	-	9,059		
<b>At 30 June 2023</b>	<b>5,345,817</b>	<b>9,059</b>	<b>750,064</b>	<b>6,104,940</b>		

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



## STATEMENTS OF CASH FLOWS

for the financial year ended 30 June 2023

	Group		Company		
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		<b>253,118</b>	129,221	<b>97,221</b>	156,686
Adjustments for:-					
Amortisation of intangible assets		<b>1,866</b>	2,130	-	-
Bad debts written off		<b>536</b>	11	-	-
Depreciation of investment properties		<b>4</b>	3	-	-
Depreciation of property, plant and equipment		<b>249,788</b>	214,785	-	-
Depreciation of right-of-use assets		<b>19,298</b>	21,989	-	-
Dividend income		<b>(6)</b>	(274)	<b>(199,716)</b>	(245,503)
Gain on disposal of property, plant and equipment (net)		<b>(1,399)</b>	(2,542)	-	-
Gain on termination of leases		<b>(1)</b>	(27)	-	-
Interest expense		<b>194,747</b>	143,285	<b>108,616</b>	71,708
Interest income		<b>(12,394)</b>	(8,413)	<b>(7,013)</b>	(564)
Impairment loss/(reversal of impairment loss) on receivables (net)		<b>5,473</b>	(21,925)	-	-
Impairment loss on goodwill		<b>3</b>	-	-	-
Loss/(Gain) on reassessment and modification of leases (net)		<b>12</b>	(262)	-	-
Property, plant and equipment written off		<b>1,565</b>	305	-	-
Provision for retirement benefits		<b>947</b>	921	-	-
Rent concession		-	(1,062)	-	-
Reversal of impairment loss on property, plant and equipment		<b>(40)</b>	-	-	-
(Reversal of provision)/provision for inventory obsolescence (net)		<b>(1,145)</b>	203	-	-
Share option expenses		<b>8,968</b>	-	<b>4,389</b>	-
Share of results of joint venture		<b>(36,402)</b>	(38,632)	-	-
Unrealised loss/(gain) on foreign exchange (net)		<b>141</b>	(2,937)	<b>3</b>	(3,553)
Operating profit/(loss) before working capital changes		<b>685,079</b>	436,779	<b>3,500</b>	(21,226)
Changes in working capital:-					
Inventories		<b>(47,099)</b>	(79,346)	-	-
Receivables		<b>(82,534)</b>	(88,204)	<b>1,604</b>	586
Other assets		<b>(11,869)</b>	3,111	<b>(189)</b>	18
Payables		<b>131,788</b>	95,830	<b>1,972</b>	(8,504)
Contract liabilities		<b>257</b>	(630)	-	-
Related parties balances		<b>(2,927)</b>	89,540	<b>(348,483)</b>	100,114
Cash generated from/(used in) operations		<b>672,695</b>	457,080	<b>(341,596)</b>	70,988

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 2023

	Group		Company		
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities (cont'd.)</b>					
Interest paid		<b>(184,881)</b>	(168,389)	<b>(98,864)</b>	(98,935)
Interest received		<b>11,963</b>	7,732	<b>18</b>	13
Retirement benefit paid		<b>(1,512)</b>	(951)	-	-
Income tax paid		<b>(80,058)</b>	(51,347)	<b>(315)</b>	(163)
Income tax refunded		<b>141</b>	113	-	-
Net cash from/(used in) operating activities		<b>418,348</b>	244,238	<b>(440,757)</b>	(28,097)
<b>Cash flows from investing activities</b>					
Acquisition of new subsidiaries (net of cash acquired)		-	(1,586,830)	-	(2,001,176)
Dividend received		<b>32,996</b>	23,596	<b>199,716</b>	245,503
Increase of investment in subsidiaries		-	-	<b>(46,000)</b>	(12,000)
Proceeds from net investment in lease		<b>2,727</b>	4,805	-	-
Proceeds from disposal of property, plant and equipment		<b>3,241</b>	6,011	-	-
Purchase of property, plant and equipment (a)		<b>(104,978)</b>	(74,522)	-	-
Net cash (used in)/from investing activities		<b>(66,014)</b>	(1,626,940)	<b>153,716</b>	(1,767,673)
<b>Cash flows from financing activities</b>					
Proceeds from borrowings		<b>462,000</b>	2,010,000	<b>410,000</b>	2,000,000
Repayment of borrowings		<b>(530,500)</b>	(135,521)	<b>(185,000)</b>	(80,000)
Repayment of lease liabilities		<b>(19,818)</b>	(24,080)	-	-
Net cash (used in)/from financing activities		<b>(88,318)</b>	1,850,399	<b>225,000</b>	1,920,000
<b>Net changes in cash and cash equivalents</b>		<b>264,016</b>	467,697	<b>(62,041)</b>	124,230
<b>Effects of exchange rate changes</b>		<b>8,085</b>	976	-	-
<b>Cash and cash equivalents at beginning of the financial year</b>		<b>603,711</b>	135,038	<b>125,683</b>	1,453
<b>Cash and cash equivalents at the end of the financial year</b>	21	<b>875,812</b>	603,711	<b>63,642</b>	125,683

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 2023

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE STATEMENTS OF CASH FLOWS

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash	104,978	74,522	-	-
Payables	2,897	1,101	-	-
	107,875	75,623	-	-

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of the financial year	3,855,526	771,795	1,882,154	-
<u>Cash flows</u>				
Proceeds from borrowings	462,000	2,010,000	410,000	2,000,000
Repayment of borrowings	(530,500)	(135,521)	(185,000)	(80,000)
Repayment of lease liabilities	(19,818)	(24,080)	-	-
<u>Non-cash changes</u>				
Acquisition of subsidiaries	-	1,254,800	-	-
Amortisation of issuance cost	11,070	8,433	9,149	6,924
Addition of lease liabilities	5,280	11,457	-	-
Capitalisation of issuance cost	(753)	(44,770)	(753)	(44,770)
Interest expense on lease liabilities	2,160	2,752	-	-
Reassessment and modification of leases	79	1,962	-	-
Rent concession	-	(1,062)	-	-
Termination of leases	(31)	(498)	-	-
Currency translation differences	849	258	-	-
<b>At end of the financial year</b>	<b>3,785,862</b>	<b>3,855,526</b>	<b>2,115,550</b>	<b>1,882,154</b>

## 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% (2022: 78.58%) 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

## 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 2022, 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 2022.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3 Business Combinations - 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 Malaysia Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9 Financial Instruments	1 January 2022
- Amendments to MFRS 141 Agriculture	1 January 2022

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 16 Leases	1 January 2023
MFRS 17 Insurance Contracts	1 January 2023
Amendments to 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
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16 Leases liability in a Sale and Leaseback	1 January 2024

## 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 101 Presentation of Financial Statements - Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred, and yet to be announced

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 early payment rebates, 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

## 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.

## 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 on a periodical basis.

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

## 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

## 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

## 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.

## 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

## 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).

## 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

## 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.

The Group and the Company elected to classify irrevocably its non-listed equity investments under this category.

*(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.

## 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

## 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.

## 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

## 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 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.

## 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

## 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.

**(ab) Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the managing directors who are responsible for allocating resources and assessing performance of the operating segments.

**(ac) Financial guarantee**

Financial guarantee contracts are contracts that require the Group and the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently measured at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 'Financial Instruments' and the amount initially recognised less cumulative amount of income recognised in accordance with the principles of MFRS 15 'Revenue from Contracts with Customers', where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where financial guarantees in relation to loans or payables of subsidiaries are provided by the Company for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of investment in subsidiaries.

**(ad) Contingent liabilities and contingent assets**

The Group and the Company do not recognise a contingent liability but disclose its existence in the financial statements, except in a business combination.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. When a change in the probability of an outflow of economic resources occurs and the outflow is probable, it will then be recognised as a provision.

**2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)****(ad) Contingent liabilities and contingent assets (cont'd.)**

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose their existence where inflows of economic benefits are probable, but not virtually certain. When inflow of economic resources is virtually certain, the asset is recognised.

In the acquisition of subsidiaries by the Group under a business combination, the contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interests.

The Group recognises separately the contingent liabilities of the acquirees as part of allocating the cost of a business combination where the fair values can be measured reliably. Where the fair values cannot be measured reliably, the resulting effect will be reflected in the goodwill arising from the acquisitions.

**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 as set out in Note 15 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

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

## (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.

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 determines 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 to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. This involves judgement regarding future financial performance of respective entities when the deferred tax assets are recognised.

## (f) Post-employment benefit obligations

The present value of the post-employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost are disclosed in Note 29 to the financial statements. Any changes in these assumptions will impact the carrying amount of post-employment benefit obligations.

## 4. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	3,757,046	2,705,272	-	-
Other revenue:				
- Dividend income	-	-	199,716	245,503
	3,757,046	2,705,272	199,716	245,503

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

	Group	
	2023 RM'000	2022 RM'000
<b>Major Products and Service Lines</b>		
<b>Cement:</b>		
- Sale of clinker, cement and other building materials	2,872,956	2,038,917
- Others	1,642	12,642
<b>Aggregates &amp; Concrete:</b>		
- Sale of aggregates	25,759	23,536
- Sale of ready-mixed concrete	854,461	627,662
- Others	2,228	2,515
	3,757,046	2,705,272

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

	Group	
	2023 RM'000	2022 RM'000
At a point in time	3,753,176	2,690,115
Over time	3,870	15,157
	3,757,046	2,705,272

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 5. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Bank overdraft interest	*	28	-	-
Interest expense on lease liabilities	2,160	2,752	-	-
Revolving credit interest	22,464	15,630	-	-
Bond interest	24,561	23,395	5,782	-
Term loan interest	136,903	95,073	95,686	66,334
Other finance costs	8,659	6,407	7,148	5,374
	<b>194,747</b>	<b>143,285</b>	<b>108,616</b>	<b>71,708</b>

\* Less than RM1,000

## 6. PROFIT BEFORE TAX

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit before tax is stated after charging (except for those disclosed in Note 5):-</b>					
Amortisation of intangible assets	15(b)	1,866	2,130	-	-
Auditors' remuneration:					
- statutory audit fee payable/paid to auditor of the Company		779	632	121	110
- current year		2	(4)	-	-
- under/(over) provision in prior year					
- statutory audit fee payable/paid to other auditors		133	102	-	-
- Non-audit fees payable/paid to auditor of the Company		16	268	8	268
- Non-audit fees payable/paid to member firm of the auditors of the Company		191	54	6	-
Bad debts written off		536	11	-	-
Depreciation of property, plant and equipment	9	249,788	214,785	-	-
Depreciation of right-of-use assets	10	19,298	21,989	-	-
Depreciation of investment properties	11	4	3	-	-
Directors' remuneration					
- fees		903	920	903	920
- emoluments		7,410	4,944	50	55
- defined contribution plan expense		883	586	-	-
- benefits in kind		47	53	-	-
Hiring of plant, machinery, motor vehicles & office equipment		8,046	6,894	-	-
Impairment loss on goodwill	15(a)	3	-	-	-
Impairment losses on receivables	17	8,849	482	-	-

## 6. PROFIT BEFORE TAX (CONT'D.)

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit before tax is stated after charging (except for those disclosed in Note 5):- (cont'd.)</b>					
Lease expense not capitalised in lease liabilities					
- short term lease		3,219	2,366	-	8
- low value assets		318	389	-	-
Loss on disposal of property, plant and equipment		1	215	-	-
Loss on foreign exchange					
- realised		974	3,018	-	6
- unrealised		5,166	578	3	-
Loss on reassessment and modification of leases		12	55	-	-
Property, plant and equipment written off		1,565	305	-	-
Provision for inventory obsolescence	16	-	331	-	-
Rental of land & buildings		6,446	3,180	-	-
Share option expenses		8,968	41	4,389	-
<b>And crediting (except for those disclosed in Note 4):-</b>					
Bad debts recovered		111	53	-	-
Dividend income from unquoted investments		6	274	-	-
Gain on disposal of property, plant and equipment		1,400	2,757	-	-
Gain on foreign exchange					
- realised		15,499	2,113	7,404	-
- unrealised		5,025	3,515	-	3,553
Gain on termination of leases		1	27	-	-
Gain on reassessment and modification of leases		-	317	-	-
Hiring income		20,020	18,031	-	-
Interest income of financial assets measured at amortised cost					
- fixed deposit interest		11,295	5,635	1,353	551
- others		668	2,097	5,660	13
Interest income-net investment in lease	17(a)	431	681	-	-
Rent concession		-	1,062	-	-
Rental income					
- investment properties		398	398	-	-
- other properties		228	860	-	-
Reversal of impairment loss on property, plant and equipment		40	-	-	-
Reversal of impairment loss on receivables	17	3,376	22,407	-	-
Reversal of provision for inventory obsolescence	16	1,145	128	-	-

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 6. PROFIT BEFORE TAX (CONT'D.)

## Directors' Remuneration

2023 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
<b>Executive Directors</b>							
Tan Sri (Sir) Francis Yeoh Sock Ping, PSM, KBE	-	-	-	-	-	-	-
Dato' Sri Michael Yeoh Sock Siong	-	5,088	848	712	31	2	6,681
Dato' Yeoh Seok Kian	-	-	-	-	-	-	-
Dato' Yeoh Seok Hong	-	-	-	-	-	-	-
Dato' Yeoh Soo Keng	-	1,218	203	171	16	1	1,609
<b>Non-executive Directors</b>							
Tan Sri Datuk Asmat Bin Kamaludin	220	-	-	-	-	11	231
Dato' Tan Guan Cheong	220	-	-	-	-	15	235
Dato' Yoogalingam A/L Vyrmuttu	220	-	-	-	-	15	235
Yeoh Khoon Cheng	183	-	-	-	-	6	189
Professor Datuk Ts. Ir. Dr Siti Hamisah Binti Tapsir	20	-	-	-	-	1	21
Yap Seng Chong	20	-	-	-	-	1	21
Fong Yee Mei	20	-	-	-	-	1	21
<b>Total</b>	<b>903</b>	<b>6,306</b>	<b>1,051</b>	<b>883</b>	<b>47</b>	<b>53</b>	<b>9,243</b>

2023 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
<b>Executive Directors</b>							
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	-	-	-	-	-	-	-
<b>Non-executive Directors</b>							
Tan Sri Datuk Asmat Bin Kamaludin	220	-	-	-	-	11	231
Dato' Tan Guan Cheong	220	-	-	-	-	15	235
Dato' Yoogalingam A/L Vyrmuttu	220	-	-	-	-	15	235
Yeoh Khoon Cheng	183	-	-	-	-	6	189
Professor Datuk Ts. Ir. Dr Siti Hamisah Binti Tapsir	20	-	-	-	-	1	21
Yap Seng Chong	20	-	-	-	-	1	21
Fong Yee Mei	20	-	-	-	-	1	21
<b>Total</b>	<b>903</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>953</b>

## 6. PROFIT BEFORE TAX (CONT'D.)

## Directors' Remuneration (cont'd.)

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
<b>Executive Directors</b>							
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
<b>Non-executive Directors</b>							
Tan Sri Datuk Asmat Bin Kamaludin	240	-	-	-	-	15	255
Dato' Tan Guan Cheong	240	-	-	-	-	16	256
Dato' Yoogalingam A/L Vyrmuttu	240	-	-	-	-	16	256
Yeoh Khoon Cheng	200	-	-	-	-	8	208
<b>Total</b>	<b>920</b>	<b>4,887</b>	<b>-</b>	<b>586</b>	<b>53</b>	<b>57</b>	<b>6,503</b>

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
<b>Executive Directors</b>							
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	-	-	-	-	-	-	-
<b>Non-executive Directors</b>							
Tan Sri Datuk Asmat Bin Kamaludin	240	-	-	-	-	15	255
Dato' Tan Guan Cheong	240	-	-	-	-	16	256
Dato' Yoogalingam A/L Vyrmuttu	240	-	-	-	-	16	256
Yeoh Khoon Cheng	200	-	-	-	-	8	208
<b>Total</b>	<b>920</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>55</b>	<b>975</b>

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 6. PROFIT BEFORE TAX (CONT'D.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Employee benefits expense (excluding Directors' remuneration)</b>				
- salaries, wages, bonus & others	<b>191,308</b>	158,499	-	-
- defined contribution plan	<b>19,630</b>	16,717	-	-
- defined benefits plan	<b>947</b>	921	-	-
	<b>211,885</b>	176,137	-	-

Direct operating expenses from investment properties that generated rental income for the Group during the year amounted to RM0.010 million (2022: RM0.002 million).

## 7. INCOME TAX EXPENSE

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current income tax					
- Malaysian income tax		<b>91,101</b>	52,162	<b>320</b>	130
- Foreign income tax		<b>1,266</b>	252	-	-
Deferred tax	26	<b>1,551</b>	(5,278)	-	-
		<b>93,918</b>	47,136	<b>320</b>	130
Current income tax					
- Current financial year		<b>92,850</b>	55,739	<b>320</b>	135
- Over provision in prior financial years		<b>(483)</b>	(3,325)	-	(5)
Deferred tax					
- Origination and reversal of temporary differences		<b>1,551</b>	(5,278)	-	-
		<b>93,918</b>	47,136	<b>320</b>	130

## 7. INCOME TAX EXPENSE (CONT'D.)

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	<b>253,118</b>	129,221	<b>97,221</b>	156,686
Income tax using Malaysian tax rate of 24% (2022: 24%)	<b>60,748</b>	31,013	<b>23,333</b>	37,605
Non-deductible expenses	<b>45,492</b>	30,349	<b>26,273</b>	21,451
Income not subject to tax	<b>(2,566)</b>	(306)	<b>(49,286)</b>	(58,921)
Different tax rates in other countries	<b>(3,483)</b>	(269)	-	-
Tax effect of under/(over) provision of deferred tax	<b>558</b>	(829)	-	-
Over provision in prior financial years	<b>(483)</b>	(3,325)	-	(5)
Tax effect on share of profits of joint venture	<b>(6,188)</b>	(9,272)	-	-
Tax effect of unrecognised deferred tax assets	<b>(160)</b>	(225)	-	-
	<b>93,918</b>	47,136	<b>320</b>	130

## NOTES TO THE FINANCIAL STATEMENTS

## 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	
	2023	2022
Profit attributable to owners of the parent (RM'000)	159,035	83,545
Weighted average number of ordinary shares in issue ('000)	1,310,201	1,224,813
Basic earnings per share (sen)	12.14	6.82

## (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	
	2023	2022
Profit attributable to owners of the parent (RM'000)	159,035	83,545
Weighted average number of ordinary shares in issue ('000)	1,310,201	1,224,813
Effect of conversion of ICPS to ordinary shares ('000)	466,667	360,548
Adjustment for ESOS ('000)	7	-
Adjusted weighted average number of ordinary shares for the purpose of arriving at diluted earnings per share ('000)	1,776,875	1,585,361
Diluted earnings per share (sen)	8.95	5.27

## 9. PROPERTY, PLANT AND EQUIPMENT

Group	Land & buildings*	Plant, machinery & equipment	Motor vehicles	Furniture, fixtures & equipment	Infra-structure & site facilities	Capital work-in-progress	Total
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>							
At 1 July 2022	1,155,900	7,197,134	52,024	105,520	880	78,867	8,590,325
Additions	7,503	34,987	407	1,618	-	63,360	107,875
Disposal	(706)	(10,805)	(4,929)	(337)	-	(549)	(17,326)
Written off	-	(7,229)	(49)	(285)	-	-	(7,563)
Transfer/Adjustment	1,181	37,665	-	1,338	-	(41,918)	(1,734)
Reclassification	(6,076)	11,915	-	(5,839)	-	-	-
Currency translation differences	1,255	8,407	-	436	-	-	10,098
At 30 June 2023	1,159,057	7,272,074	47,453	102,451	880	99,760	8,681,675
<b>Accumulated depreciation</b>							
At 1 July 2022	610,048	5,079,233	39,619	77,932	716	-	5,807,548
Charge for the financial year	24,017	214,174	2,089	9,471	37	-	249,788
Disposal	(12)	(10,352)	(4,825)	(295)	-	-	(15,484)
Written off	-	(5,686)	(49)	(263)	-	-	(5,998)
Transfer/Adjustment	3	(297)	-	(8)	-	-	(302)
Reclassification	(6,060)	10,583	-	(4,523)	-	-	-
Currency translation differences	1,241	8,109	-	431	-	-	9,781
At 30 June 2023	629,237	5,295,764	36,834	82,745	753	-	6,045,333
<b>Accumulated impairment loss</b>							
At 1 July 2022	40	-	-	-	-	-	40
Reversal of impairment loss	(40)	-	-	-	-	-	(40)
At 30 June 2023	-	-	-	-	-	-	-
<b>Net book value</b>							
At 30 June 2023	529,820	1,976,310	10,619	19,706	127	99,760	2,636,342



## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

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

Group 2022	Land & buildings* 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
<b>Cost</b>							
At 1 July 2021	432,759	3,920,882	15,699	48,836	880	66,425	4,485,481
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	1,155,900	7,197,134	52,024	105,520	880	78,867	8,590,325
<b>Accumulated depreciation</b>							
At 1 July 2021	268,570	2,789,722	14,377	39,983	670	-	3,113,322
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)
Transfer/Adjustment	515	736	-	101	-	-	1,352
Reclassification	2,607	(2,607)	-	-	-	-	-
Currency translation differences	300	2,044	-	128	-	-	2,472
At 30 June 2022	610,048	5,079,233	39,619	77,932	716	-	5,807,548
<b>Accumulated impairment loss</b>							
At 1 July 2021/30 June 2022	40	-	-	-	-	-	40
<b>Net book value</b>							
At 30 June 2022	545,812	2,117,901	12,405	27,588	164	78,867	2,782,737

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

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

Group 2023	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
<b>Cost</b>						
At 1 July 2022	32,026	749,329	349,932	4,614	19,999	1,155,900
Additions	-	3,304	-	-	4,199	7,503
Disposal	-	(706)	-	-	-	(706)
Written off	-	-	-	-	-	-
Transfer/Adjustment	-	182	-	-	999	1,181
Reclassification	-	(41,340)	(4,521)	-	39,785	(6,076)
Currency translation differences	-	546	-	-	709	1,255
At 30 June 2023	32,026	711,315	345,411	4,614	65,691	1,159,057
<b>Accumulated depreciation</b>						
At 1 July 2022	-	352,547	244,564	3,798	9,139	610,048
Charge for the financial year	-	14,236	7,677	181	1,923	24,017
Disposal	-	(12)	-	-	-	(12)
Written off	-	-	-	-	-	-
Transfer/Adjustment	-	-	-	-	3	3
Reclassification	-	(29,018)	(4,504)	-	27,462	(6,060)
Currency translation differences	-	538	-	-	703	1,241
At 30 June 2023	-	338,291	247,737	3,979	39,230	629,237
<b>Accumulated impairment loss</b>						
At 1 July 2022	40	-	-	-	-	40
Reversal of impairment loss	(40)	-	-	-	-	(40)
At 30 June 2023	-	-	-	-	-	-
<b>Net book value</b>						
At 30 June 2023	32,026	373,024	97,674	635	26,461	529,820

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

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

\* Land &amp; buildings of the Group are as follows:- (cont'd.)

Group	Freehold land	Building on	Building on	Building on	Factory & other building	Total
		long term leasehold land	short term leasehold land	freehold land		
2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost</b>						
At 1 July 2021	31,938	43,631	333,423	4,614	19,153	432,759
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	19,999	1,155,900
<b>Accumulated depreciation</b>						
At 1 July 2021	-	27,162	229,521	3,621	8,266	268,570
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)
Transfer/Adjustment	-	515	-	-	-	515
Reclassification	-	2,458	-	-	149	2,607
Currency translation differences	-	300	-	-	-	300
At 30 June 2022	-	352,547	244,564	3,798	9,139	610,048
<b>Accumulated impairment loss</b>						
At 1 July 2021/30 June 2022	40	-	-	-	-	40
<b>Net book value</b>						
At 30 June 2022	31,986	396,782	105,368	816	10,860	545,812

## 10. RIGHT-OF-USE ASSETS

Group	Leasehold land	Buildings	Machinery	Motor vehicles	Land	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>2023</b>						
<b>Net book value</b>						
At 1 July 2022	185,827	597	-	15	52,730	239,169
Addition	-	369	-	-	4,911	5,280
Charge for the financial year	(5,905)	(588)	-	-	(12,805)	(19,298)
Reassessment and modification of leases	-	-	-	-	67	67
Termination of leases	-	(15)	-	(15)	-	(30)
Currency translation differences	-	16	-	-	992	1,008
At 30 June 2023	179,922	379	-	-	45,895	226,196
<b>At 30 June 2023</b>						
Cost	334,406	1,981	261	-	105,121	441,769
Accumulated depreciation	(154,484)	(1,602)	(261)	-	(59,226)	(215,573)
Net book value	179,922	379	-	-	45,895	226,196
<b>2022</b>						
<b>Net book value</b>						
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
<b>At 30 June 2022</b>						
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

## NOTES TO THE FINANCIAL STATEMENTS

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## 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 leased assets, unless there is a contractual right for the Group and the Company to sublet the leased 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
<b>2023</b>			
<b>At Cost</b>			
At beginning/end of the financial year	3,638	441	4,079
<b>Accumulated depreciation</b>			
At beginning of the financial year	120	254	374
Charge for the financial year	-	4	4
At end of the financial year	120	258	378
<b>Impairment loss</b>			
At beginning/end of the financial year	418	167	585
<b>Net book value</b>	<b>3,100</b>	<b>16</b>	<b>3,116</b>

## 11. INVESTMENT PROPERTIES (CONT'D.)

Group	Freehold land & buildings RM'000	Leasehold land & buildings RM'000	Total RM'000
<b>2022</b>			
<b>At Cost</b>			
At beginning/end of the financial year	3,638	441	4,079
<b>Accumulated depreciation</b>			
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
<b>Impairment loss</b>			
At beginning/end of the financial year	418	167	585
<b>Net book value</b>	<b>3,100</b>	<b>20</b>	<b>3,120</b>

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
<b>2023</b>				
<b>Recurring fair value measurements:</b>				
Investment properties	-	12,297	-	12,297
<b>2022</b>				
<b>Recurring fair value measurements:</b>				
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

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## 12. SUBSIDIARIES

## (a) Investment in subsidiaries

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	7,802,454	7,587,085

Details of the subsidiaries are as follows:-

Name of Company	Place of incorporation	Principal activities	Effective equity interest	
			2023 %	2022 %
<b>Held by the Company:</b>				
Associated Pan Malaysia Cement Sdn. Bhd.	Malaysia	Manufacture and sale of cement and clinker	100.00	100.00
Buildcon-Cimaco Concrete Sdn. Bhd.	Malaysia	Manufacture and sale of ready-mixed concrete and related services	100.00	100.00
Buildcon Concrete Sdn. Bhd.	Malaysia	Manufacture and sale of ready-mixed concrete and related services	100.00	100.00
C.I. Readymix Sdn. Bhd.	Malaysia	Manufacture and sale of ready-mixed concrete and transportation services	100.00	100.00
CMCM Perniagaan Sdn. Bhd.	Malaysia	Distribution of cement and building materials	100.00	100.00
H Cement (Malaysia) Sdn. Bhd.	Malaysia	Manufacture and sale of cement	100.00	100.00
Jumewah Shipping Sdn. Bhd.	Malaysia	Shipping of bulk cement and vessels chartering	100.00	100.00
Kedah Cement Holdings Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
LA Stones Sdn. Bhd.	Malaysia	Investment holding, trading and quarrying of aggregates and related products	100.00	100.00
M-Cement Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00
Mini-Mix Sdn. Bhd.	Malaysia	Manufacture and sale of ready-mixed concrete and hiring of vehicles	100.00	100.00
Pahang Cement Sdn. Bhd.	Malaysia	Manufacture and sale of ordinary portland cement, clinker and related products and transportation services	100.00	100.00
Perak-Hanjoong Simen Sdn. Bhd.	Malaysia	Manufacture and sale of ordinary portland cement, clinker and related products	100.00	100.00

## 12. SUBSIDIARIES (CONT'D.)

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

Name of Company	Place of incorporation	Principal activities	Effective equity interest	
			2023 %	2022 %
<b>Held by the Company: (cont'd.)</b>				
Slag Cement Sdn. Bhd.	Malaysia	Manufacture and sale of ordinary portland cement and blended cement and transportation services	100.00	100.00
Slag Cement (Southern) Sdn. Bhd.	Malaysia	Manufacture and sale of ordinary portland cement and blended cement	100.00	100.00
SMC Mix Sdn. Bhd.	Malaysia	Manufacture and sale of ready-mixed concrete	100.00	100.00
Supermix (Malaysia) Sdn. Bhd.	Malaysia	Manufacture and sale of ready-mixed concrete	93.26	93.26
YTL Cement Marketing Sdn. Bhd.	Malaysia	Sale and marketing of cementitious products	100.00	100.00
YTL Cement Shared Services Sdn. Bhd.	Malaysia	Accounting shared services and management consulting services	100.00	100.00
<b>Held through H Cement (Malaysia) Sdn. Bhd.:</b>				
Simen Utama Marketing Sdn. Bhd.	Malaysia	Marketing, trading and manufacturing of cement and related products	100.00	100.00
Geo Alam Environmental Sdn. Bhd.	Malaysia	Waste management in supplying, delivering of alternative fuels and 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
<b>Held through Kedah Cement Holdings Sdn. Bhd.:</b>				
Kedah Cement Jetty Sdn. Bhd.	Malaysia	Licensed jetty operator	100.00	100.00
Kedah Cement Sdn. Bhd.	Malaysia	Manufacture and sale of cement, clinker and related products	100.00	100.00
Quickmix Solutions Sdn. Bhd.	Malaysia	Manufacture and sale of cement and drymix products	100.00	100.00

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## 12. SUBSIDIARIES (CONT'D.)

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

Name of Company	Place of incorporation	Principal activities	Effective equity interest	
			2023 %	2022 %
<b>Held through M-Cement Sdn. Bhd.:</b>				
LCS Pte. Ltd.*	Singapore	Bulk import and sale of cement and trading of other building materials	100.00	100.00
LCS Shipping Pte. Ltd.*	Singapore	Shipping of bulk cement and chartering of vessels	100.00	100.00
LCS Cement 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
<b>Held through Supermix (Malaysia) Sdn. Bhd.:</b>				
Supermix Industries Sdn. Bhd.	Malaysia	Manufacture and sale of ready-mixed concrete	93.26	93.26
<b>Held through LA Stones Sdn. Bhd.</b>				
LA Stones (Kota Tinggi) Sdn. Bhd.	Malaysia	Quarrying and trading of granite and quarry products	100.00	100.00
LA Stones (Pantai Remis) Sdn. Bhd.	Malaysia	Trading and quarrying of aggregates and related products and leasing of quarrying rights of aggregates and related materials	100.00	100.00

## 12. SUBSIDIARIES (CONT'D.)

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

Name of Company	Place of incorporation	Principal activities	Effective equity interest	
			2023 %	2022 %
<b>Held through Pahang Cement Sdn. Bhd.:</b>				
Straits Cement Sdn. Bhd.	Malaysia	Production and sale of cement	100.00	100.00
<b>Held through Perak-Hanjoong Simen Sdn. Bhd.:</b>				
PHS Trading Sdn. Bhd.	Malaysia	Management of plant	100.00	100.00

\* Subsidiaries not audited by HLB Ler Lum Chew PLT

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 2023 is not material.

## (b) Acquisition of subsidiaries - Completion of purchase price allocation

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;
- (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.

During the financial year, the Company has completed the purchase price allocation ("PPA") exercise to determine the fair values of the net assets of the Acquisition within the stipulated time period, i.e. 12 months from the acquisition date of 21 September 2021, in accordance with MFRS 3 - Business combination. The directors are of the opinion that the impact of the purchase price allocation exercise is not material and no re-allocation/adjustment is required.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 12. SUBSIDIARIES (CONT'D.)

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

The fair value 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
Purchase consideration	(5,159,324)
Final goodwill	(4,141,602)

## (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. As at 30 June 2023, the advances outstanding from a subsidiary amounted to RM354 million and bears interest at a rate ranging from 5.05% to 5.42% per annum.

## (d) Additional investment in subsidiaries

On 30 June 2023, the Company has made the following additional investments in its subsidiaries:

- (i) the Company subscribed to an additional 46,000,000 ordinary shares at RM1 per share in the capital of its subsidiary, Kedah Cement Holdings Sdn. Bhd., for a cash consideration of RM46.0 million.
- (ii) the Company subscribed to an additional 23,225,690 ordinary shares at RM1 per share in the capital of its subsidiary, M-Cement Sdn. Bhd. by way of capitalisation of the amount due from M-Cement Sdn. Bhd. to the Company of RM23.2 million.
- (iii) the Company subscribed to 42,360,300 redeemable preference shares at SGD1 per share in the capital of its subsidiary, LMCB Holding Pte. Ltd. by way of capitalisation of the amount due from LMCB Holding Pte. Ltd. to the Company of RM146.1 million.

## 13. JOINT VENTURE

## (a) Investment in joint venture

	Group	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	17,975	17,975
Share of post-acquisition reserves	59,710	49,990
	77,685	67,965

Details of the joint venture are as follows:-

Name of Company	Place of incorporation	Principal activities	Effective equity interest	
			2023 %	2022 %
Alliance Concrete Singapore Pte. Ltd.	Singapore	Production and sale of ready-mixed concrete	50.00	50.00

## NOTES TO THE FINANCIAL STATEMENTS

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## 13. JOINT VENTURE (CONT'D.)

## (b) The summarised financial information of the joint venture is as follows:-

	2023 RM'000	2022 RM'000
<i>Effective equity interest</i>	<b>50.00%</b>	50.00%
<b>Summarised financial information</b>		
<b>As at 30 June</b>		
Non-current assets	<b>12,074</b>	15,198
Current assets	<b>313,259</b>	285,031
Non-current liabilities	<b>(1,602)</b>	(2,463)
Current liabilities	<b>(176,786)</b>	(169,565)
Net assets	<b>146,945</b>	128,201
<b>Year ended 30 June</b>		
Revenue	<b>780,569</b>	797,569
Profit for the financial year	<b>72,805</b>	77,264
Other comprehensive income/(loss)	-	-
Total comprehensive income	<b>72,805</b>	77,264
<b>Reconciliation of net assets to carrying amount</b>		
Group's share of net assets	<b>73,473</b>	64,100
Goodwill	<b>3,288</b>	3,288
Effect of foreign currency exchange differences	<b>924</b>	577
Carrying amount in the Statements of Financial Position	<b>77,685</b>	67,965
<b>Group's share of results</b>		
Group's share of profit for the financial year	<b>36,402</b>	38,632
Group's share of other comprehensive income/(loss)	-	-
Group's share of total comprehensive income	<b>36,402</b>	38,632
<b>Other information</b>		
Dividend received	<b>32,990</b>	23,322

## (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.

## 14. INVESTMENTS

	Note	Group	
		2023 RM'000	2022 RM'000
<b>Non-current assets</b>			
Financial assets at fair value through other comprehensive income	14(a)	<b>3,919</b>	4,012
<b>(a) Financial assets at fair value through other comprehensive income</b>			
The investments are in relation to the following:-			
		Group	
		2023 RM'000	2022 RM'000
Quoted equity investments - within Malaysia		<b>574</b>	487
Unquoted equity investments - within Malaysia		<b>3,166</b>	3,348
Others		<b>179</b>	177
		<b>3,919</b>	4,012
Net fair value (loss)/gain on investments		<b>(93)</b>	563

## 15. INTANGIBLE ASSETS

	Note	Group	
		2023 RM'000	2022 RM'000
Goodwill	15(a)	<b>5,552,326</b>	5,552,329
Quarry rights	15(b)	<b>8,808</b>	10,674
		<b>5,561,134</b>	5,563,003

## NOTES TO THE FINANCIAL STATEMENTS

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## 15. INTANGIBLE ASSETS (CONT'D.)

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

## (a) Goodwill

	Note	Group	
		2023 RM'000	2022 RM'000
<b>At cost</b>			
At beginning of the financial year		5,552,329	1,387,089
Acquisition of subsidiaries		-	4,141,602
Goodwill in the subsidiaries acquired		-	23,638
Impairment loss	6	(3)	-
At end of the financial year		5,552,326	5,552,329

## 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	
	2023 RM'000	2022 RM'000
Cement	5,085,648	5,085,648
Aggregates and concrete	466,678	466,681
	5,552,326	5,552,329

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

	2023		2022	
	Cement %	Aggregates and concrete %	Cement %	Aggregates and concrete %
Pre-tax discount rate	7.2	7.2	5.3	5.3
Terminal growth rate	1.9	1.9	1.9	1.9
Revenue growth rate	10.1	9.6	10.6	12.8

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.

## 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	
	2023 %	2022 %
Pre-tax discount rate	19.0	15.9
Terminal growth rate	(25.7)	(18.4)
Revenue growth rate	5.0	4.9

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.

During the financial year, an impairment loss on goodwill amounting to RM3,000 (2022: Nil) was recognised in the Income Statements as the carrying amount of the CGU was in excess of its recoverable amount.

## (b) Quarry rights

	Note	Group	
		2023 RM'000	2022 RM'000
<b>At cost</b>			
At beginning/end of the financial year		27,783	27,783
<b>Accumulated amortisation</b>			
At beginning of the financial year		17,109	14,979
Charge for the financial year	6	1,866	2,130
At end of the financial year		18,975	17,109
Net book value		8,808	10,674



## NOTES TO THE FINANCIAL STATEMENTS

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## 16. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
<b>At cost</b>		
Raw materials	168,964	148,813
Finished goods	154,416	136,950
Work-in-progress	4,080	4,018
Spare parts	239,230	227,220
Consumable stores	33,939	41,973
	<b>600,629</b>	558,974
Less: Provision for inventory obsolescence	<b>(51,318)</b>	(57,907)
	<b>549,311</b>	501,067

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

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	57,907	31,330
Acquisition of subsidiaries	-	26,374
Provision for inventory obsolescence	-	331
Reversal of provision for inventory obsolescence	(1,145)	(128)
Written off	(5,444)	-
At end of the financial year	<b>51,318</b>	57,907

The Group's cost of inventories recognised as expenses and included in cost of sales amounted to RM2,366 million (2022: RM1,619 million).

## 17. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>					
Net investment in lease	17(a)	4,802	4,306	-	-
<b>Current</b>					
Trade receivables		623,586	549,758	-	-
Less: Allowance for impairment		(45,166)	(53,938)	-	-
Trade receivables (net)		578,420	495,820	-	-
Other receivables		16,810	18,101	46	27
Less: Allowance for impairment		(381)	-	-	-
Other receivables (net)		16,429	18,101	46	27
Deposits		16,432	20,835	94	367
Net investment in lease	17(a)	3,362	3,326	-	-
Total other receivables		36,223	42,262	140	394
		<b>614,643</b>	538,082	<b>140</b>	394
<b>Total trade and other receivables</b>		<b>619,445</b>	542,388	<b>140</b>	394

The normal trade credit terms granted to trade receivables of the Group ranged from 30 days to 120 days (2022: 30 days to 120 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
<b>2023</b>			
Current (not past due)	546,251	(876)	545,375
1 to 30 days past due	17,590	(822)	16,768
31 to 60 days past due	8,539	(1,318)	7,221
61 to 90 days past due	4,904	(1,641)	3,263
91 to 120 days past due	3,121	(1,589)	1,532
More than 120 days past due	43,181	(38,920)	4,261
	<b>623,586</b>	<b>(45,166)</b>	<b>578,420</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 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
<b>2022</b>			
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

Receivables that are impaired

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

	Group	
	2023 RM'000	2022 RM'000
<b>Trade receivables</b>		
At beginning of the financial year	53,938	23,541
Acquisition of subsidiaries	-	56,703
Impairment for the year	8,483	482
Reversal of impairment losses	(3,376)	(22,407)
Written off	(13,900)	(4,387)
Currency translation differences	21	6
At end of the financial year	45,166	53,938
<b>Other receivables</b>		
At beginning of the financial year	-	-
Impairment for the year	366	-
Currency translation differences	15	-
At end of the financial year	381	-

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

## (a) Net investment in lease

	Group	
	2023 RM'000	2022 RM'000
<b>Analysed as follows:-</b>		
Non-current	4,802	4,306
Current	3,362	3,326
	8,164	7,632
At beginning of the financial year	7,632	11,693
Addition	-	63
Interest income	431	681
Lease payments received	(2,727)	(4,805)
Reassessment/Modification	2,828	-
At end of the financial year	8,164	7,632

The Group leases mixer trucks and equipment to third parties. Each of the leases contains non-cancellable period of 7 to 9 years.

These leases transfer 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	
	2023 RM'000	2022 RM'000
Less than 1 year	3,629	3,622
1 to 2 years	2,700	2,598
2 to 3 years	1,484	1,345
3 to 4 years	724	537
4 to 5 years	112	-
Total undiscounted lease payments	8,649	8,102
Unearned interest income	(485)	(470)
Net investment in lease	8,164	7,632

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 18. OTHER CURRENT ASSETS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Prepayments	40,882	29,013	269	80

## 19. AMOUNT DUE FROM/TO HOLDING COMPANIES

The amount due from/to the respective holding companies pertains 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 pertains 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with licensed banks	612,465	391,981	59,240	49,194
Cash and bank balances	263,347	211,730	4,402	76,489
Cash and cash equivalents as per statements of cash flows	875,812	603,711	63,642	125,683

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

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Deposits with licensed banks	2.75-3.60	1.20-2.10	2.75-3.20	1.90-2.10

Deposits of the Group and of the Company have maturities ranging from 3 days to 94 days (2022: 1 day to 94 days) and 30 days to 92 days (2022: 30 days to 92 days) respectively. Bank balances are deposits held at call with banks.

Deposits with licensed banks of the Group and the Company amounting to RM108.5 million (2022: RM81.1 million) and RM59.2 million (2022: RM49.2 million) are pledged as a security for certain borrowings as disclosed in Note 25.

## 22. SHARE CAPITAL

## Ordinary shares

	Group/Company			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
<b>Issued and fully paid:-</b>				
At beginning of the financial year	1,310,201	934,695	3,595,817	2,187,669
Issue of share capital	-	375,506	-	1,408,148
At end of the financial year	1,310,201	1,310,201	3,595,817	3,595,817

## Irredeemable Convertible Preference Shares ("ICPS")

	Group/Company			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
<b>Issued and fully paid:-</b>				
At beginning of the financial year	466,667	-	1,750,000	-
Issue of share capital	-	466,667	-	1,750,000
At end of the financial year	466,667	466,667	1,750,000	1,750,000
Total	1,776,868	1,776,868	5,345,817	5,345,817

## NOTES TO THE FINANCIAL STATEMENTS

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## 22. SHARE CAPITAL (CONT'D.)

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

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

The issuance of the ordinary shares and ICPS were used as consideration for the Acquisition.

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 among themselves 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 shares, except that they shall not be entitled to any dividends, rights, allotments and/or any other distributions that may be declared, made or paid, the entitlement date of which is prior to the date of allotment of such new 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.

## 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

## 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 ordinary 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.

## 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.

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## 22. SHARE CAPITAL (CONT'D.)

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

The movements during the financial year in the number of share options of the Company are as follows:-

Grant date	Expiry date	Exercise price RM/share	Number of share options over ordinary shares			
			At 1 July 2022 '000	Granted '000	Lapsed '000	At 30 June 2023 '000
<b>Scheme</b>						
31.01.2023	29.03.2032	2.29	-	175,920	(13,445)	<b>162,475</b>
24.03.2023	29.03.2032	2.25	-	400	-	<b>400</b>
			-	176,320	(13,445)	<b>162,875</b>

The fair value of options granted for which MFRS 2 "Share-based payment" applies, were determined using the Trinomial Valuation model.

Valuation assumptions:-

Expected volatility	35.86%
Expected dividend yield	0.0%
Expected option life	3 years
Risk-free interest rate per annum (based on Malaysia securities bonds)	3.50%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Value of employee services received for issue of share options:-

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Share option expenses				
By the Company	<b>9,059</b>	-	<b>9,059</b>	-
Allocation to subsidiaries	-	-	<b>(4,469)</b>	-
Allocation to related companies	<b>(201)</b>	-	<b>(201)</b>	-
Allocation by holding company	<b>110</b>	-	-	-
Total share option expenses	<b>8,968</b>	-	<b>4,389</b>	-

There were no grants vested during the financial year under the ESOS 2022.

## 23. OTHER RESERVES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Foreign currency translation reserve	23(a)	<b>40,454</b>	33,032	-	-
Fair value reserve	23(b)	<b>3,280</b>	3,373	-	-
Share options reserve	23(c)	<b>9,059</b>	-	<b>9,059</b>	-
		<b>52,793</b>	36,405	<b>9,059</b>	-

## (a) Foreign currency translation reserve

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	<b>33,032</b>	30,217
Foreign currency translation differences for foreign operations	<b>7,422</b>	2,815
At end of the financial year	<b>40,454</b>	33,032

## (b) Fair value reserves

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	<b>3,373</b>	2,810
Changes in fair value	<b>(93)</b>	563
At end of the financial year	<b>3,280</b>	3,373

## (c) Share options reserve

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of the financial year	-	-	-	-
Share options expenses	<b>9,059</b>	-	<b>9,059</b>	-
At end of the financial year	<b>9,059</b>	-	<b>9,059</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

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## 24. LEASE LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
<b>Analysed as follows:-</b>		
Non-current	28,529	36,587
Current	15,376	18,799
	<b>43,905</b>	55,386

The movements in lease liabilities are as below:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	55,386	51,885
Acquisition of subsidiaries	-	12,712
Addition	5,280	11,457
Interest expense	2,160	2,752
Payments	(19,818)	(24,080)
Reassessment/Modification	79	1,962
Rent concession	-	(1,062)
Termination	(31)	(498)
Currency translation differences	849	258
At end of the financial year	<b>43,905</b>	55,386

The maturity analysis of lease liabilities are as below:

	Group	
	2023 RM'000	2022 RM'000
Not later than 1 year	17,035	20,756
Later than 1 year and not later than 5 years	25,611	30,432
Later than 5 years	6,983	10,821
Future minimum lease payments	49,629	62,009
Less: Future finance charges	(5,724)	(6,623)
<b>Present value of lease liabilities</b>	<b>43,905</b>	55,386

## 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 measures 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	
		2023 RM'000	2022 RM'000
Depreciation of right-of-use assets	6	19,298	21,989
Interest expense on lease liabilities	5	2,160	2,752
Lease expenses - short term lease	6	3,219	2,366
Lease expenses - low value assets	6	318	389

## (b) Amount recognised in the Statements of Cash Flows

	Group	
	2023 RM'000	2022 RM'000
Lease expenses - short term lease	3,219	2,366
Lease expenses - low value assets	318	389
Repayment of lease liabilities	19,818	24,080
Total cash outflow for leases	<b>23,355</b>	26,835

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.

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## 25. BORROWINGS

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Current</b>					
Revolving credit	25(a)	279,500	267,500	-	-
Bonds	25(b)	319,993	280,000	-	-
Term loans	25(c)	308,114	266,114	200,000	180,000
		<b>907,607</b>	813,614	<b>200,000</b>	180,000
<b>Non-current</b>					
Revolving credit	25(a)	277,500	315,000	-	-
Bonds	25(b)	404,439	219,957	404,439	-
Term loans	25(c)	2,152,411	2,451,569	1,511,111	1,702,154
		<b>2,834,350</b>	2,986,526	<b>1,915,550</b>	1,702,154
<b>Total</b>					
Revolving credit	25(a)	557,000	582,500	-	-
Bonds	25(b)	724,432	499,957	404,439	-
Term loans	25(c)	2,460,525	2,717,683	1,711,111	1,882,154
		<b>3,741,957</b>	3,800,140	<b>2,115,550</b>	1,882,154

		Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Repayable not later than 1 year		907,607	813,614	200,000	180,000
Repayable later than 1 year and not later than 5 years		2,746,507	2,600,569	1,915,550	1,702,154
Repayable later than 5 years		87,843	385,957	-	-
		<b>3,741,957</b>	3,800,140	<b>2,115,550</b>	1,882,154

## 25. BORROWINGS (CONT'D.)

The weighted average interest rates of the borrowings that were effective at the reporting date were as follows:-

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Revolving credit	4.77	3.38	-	-
Bonds	4.84	4.64	5.18	-
Term loans	5.59	4.56	5.63	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**

All the revolving credit facilities of the Group are unsecured and repayable on demand, save for RM315.0 million (2022: RM352.5 million) revolving credit facility of Perak-Hanjoong Simen Sdn. Bhd., a subsidiary of the Company, which is secured against the charge over designated bank accounts. Included also in the RM315.0 million (2022: RM352.5 million) revolving credit facility of Perak-Hanjoong Simen Sdn. Bhd., is a principal amount of RM240 million (2022: RM277.5 million) which is repayable by 5 (2022: 6) annual instalments.

**(b) Bonds****(i) 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 rates 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 rates 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 rate at 4.10% per annum and has been fully settled in July 2020.



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## 25. BORROWINGS (CONT'D.)

## (b) Bonds (cont'd.)

## (i) Sukuk Wakalah Programme (cont'd.)

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 rates at 4.60%, 4.55% and 4.40% per annum respectively. The sixth issuance of RM180 million was fully settled on 13 January 2023.

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 bears profit rate at 4.25% per annum.

## (ii) Sukuk Murabahah Programme

During the financial year, the Company had established a Sukuk Murabahah Programme ("Sukuk Murabahah") comprising an Islamic medium term notes ("IMTN") programme and an Islamic commercial papers ("ICP") programme with a combined aggregate limit of up to RM5.0 billion in nominal value, based on the Shariah principle of Murabahah (via Tawarruq arrangement) pursuant to a trust deed and programme agreement both dated 18 October 2022.

The tenure of the IMTN programme is thirty (30) years from the date of first issue under the IMTN programme, which was on 31 October 2022. The tenure of the ICP programme is seven (7) years from the date of first issue under the ICP programme, which was on 31 October 2022. The proceeds raised from the Sukuk Murabahah Programmes shall be utilised to refinance any existing conventional borrowings and/or existing/future Islamic financing facilities, to finance capital expenditure and/or for general corporate purposes and/or working capital requirements of the Group.

During the financial year, the Company made the following issuances of IMTNs mainly for the refinancing of one of its subsidiaries' existing financial debts:

- (i) IMTN of RM100 million in nominal value issued on 31 October 2022 and due on 31 October 2025, bearing a profit rate of 5.42% per annum, payable semi-annually.
- (ii) IMTN of RM85 million in nominal value issued on 13 January 2023 and due on 13 January 2026, bearing a profit rate of 5.25% per annum, payable semi-annually.
- (iii) IMTN of RM220 million in nominal value issued on 26 June 2023 and due on 26 June 2028, bearing a profit rate of 5.05% per annum, payable semi-annually.

On 31 October 2022, the Company made its first issuance of ICP of RM5 million in nominal value to fund the working capital of the Company. The ICP bore a yield to maturity of 3.15% per annum and was fully settled on 30 November 2022.

## 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, of which RM1,711.1 million (2022: RM1,882.2 million) remained outstanding as at 30 June 2023, net of amortised fees. This facility was drawn down 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 million to RM100 million for the first 9 instalments, commencing 21 March 2022 (or with repayment via 14 instalments with first 13 ranging from RM80 million 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 4.83% to 5.63% per annum (2022: 4.53% to 4.61% per annum). 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) A term loan 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, of which RM170.3 million (2022: RM189.9 million) remained outstanding as at 30 June 2023, net of amortised fees. This term loan is 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 4.79% to 5.52% per annum (2022: 4.22% to 4.52% per annum). 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, of which RM340.6 million (2022: RM379.8 million) remained outstanding as at 30 June 2023, net of amortised fees. This term loan is 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 4.79% to 5.52% per annum (2022: 4.22% to 4.52% per annum). 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, of which RM68.2 million (2022: RM75.9 million) remained outstanding as at 30 June 2023, net of amortised fees. This term loan is 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 4.79% to 5.52% per annum (2022: 4.22% to 4.52% per annum). The term loan is secured against the shares in the Company held by YTL Cement Berhad and the charge over designated bank accounts.

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## 26. DEFERRED TAX (ASSETS)/LIABILITIES

Group	Note	Assets		Liabilities	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of the financial year		(260,020)	(238,324)	345,278	128,349
Charged/(credited) to profit or loss	7				
- Property, plant and equipment		(3,993)	(2,633)	(22,757)	(22,041)
- Retirement benefits		234	114	(98)	(107)
- Provisions		309	366	(1,046)	2,685
- Unutilised capital allowances		(5,179)	(5,091)	23,788	24,545
- Unabsorbed tax losses		(9,788)	(7,896)	(1,543)	(2,773)
- Right-of-use assets		(1,279)	(4,901)	1,129	(606)
- Lease liabilities		2,185	5,149	(1,074)	544
- Others		3,959	(3,454)	16,704	10,821
		(13,552)	(18,346)	15,103	13,068
Acquisition of subsidiaries		-	(1,928)	-	202,432
Reclassification (from)/to deferred tax (liabilities)/assets		(3,043)	(1,422)	3,043	1,422
Currency translation differences		-	-	57	7
At end of the financial year		(276,615)	(260,020)	363,481	345,278

Deferred tax assets and liabilities are attributable to the following:-

Group	Assets		Liabilities	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment				
- capital allowances in excess of depreciation	45,448	33,825	388,060	425,584
Retirement benefits	(2,607)	(2,823)	(2,474)	(2,393)
Provisions	(2,092)	(2,401)	(1,630)	(253)
Unutilised capital allowances	(72,559)	(60,765)	(30,761)	(61,832)
Unabsorbed tax losses	(239,003)	(217,538)	(578)	(10,444)
Right-of-use assets	5,404	6,488	15,478	14,416
Lease liabilities	(6,781)	(8,435)	(3,105)	(2,447)
Others	(4,425)	(8,371)	(1,509)	(17,353)
	(276,615)	(260,020)	363,481	345,278

## 26. DEFERRED TAX (ASSETS)/LIABILITIES (CONT'D.)

Deferred tax assets have not been recognised in respect of the following items:-

	Group	
	2023 RM'000	2022 RM'000
Unabsorbed tax losses	65,349	77,542
Unutilised capital allowances/reinvestment allowances	25,587	35,342
Deductible temporary differences	(374)	749
Taxable temporary differences - Property, plant and equipment	(71)	(63)
	90,491	113,570

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables	607,922	486,071	-	-
Other payables	87,304	77,032	17	5
Deposit	7,686	9,140	-	-
Accruals	87,585	77,830	7,365	4,048
	790,497	650,073	7,382	4,053

The normal credit terms of trade payables granted to the Group vary from 30 days to 150 days (2022: 30 days to 150 days). Other credit terms are assessed and approved on a case-by-case basis.

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## 28. CONTRACT LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Amount received in advance of delivery of goods	3,312	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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Defined contribution plan</b>				
- Current	2,924	2,422	-	-
<b>Defined benefit plan</b>				
- Non-current	21,169	21,734	-	-

**(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.

## 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:-

	2023 %	2022 %
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 increases/(decreases) by 0.5%, the defined benefit obligation would decrease by RM0.80 million/increase by RM0.84 million (2022: decrease by RM0.90 million/increase by RM0.95 million).

Movements in the net liability recognised in the Statements of Financial Position are as follows:-

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	21,734	21,764
Charge for the financial year	947	921
Benefit paid/payable	(1,512)	(951)
At end of the financial year	21,169	21,734

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## 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	
	2023 RM'000	2022 RM'000
Present value of unfunded obligation	21,169	21,734

Reconciliation of the present value of unfunded obligation is as follows:-

	Group	
	2023 RM'000	2022 RM'000
At beginning of the financial year	21,734	21,764
Current service cost	73	72
Interest cost	874	849
Benefit paid/payable	(1,512)	(951)
At end of the financial year	21,169	21,734

The amounts recognised in the Income Statements are as follows:-

	Group	
	2023 RM'000	2022 RM'000
Current service cost	73	72
Interest cost	874	849
	947	921

## 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	1 to 5 years	Over 5 years	Total
	RM'000	RM'000	RM'000	RM'000
<b>2023</b>				
<b>Financial liabilities</b>				
Trade and other payables	790,497	-	-	790,497
Amount due to holding companies	4,144	-	-	4,144
Amount due to related companies	34,254	-	-	34,254
Lease liabilities	17,035	25,611	6,983	49,629
Borrowings	1,097,740	3,139,798	88,810	4,326,348
	1,943,670	3,165,409	95,793	5,204,872
<b>2022</b>				
<b>Financial liabilities</b>				
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

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL RISK MANAGEMENT (CONT'D.)

## (a) Liquidity risk (cont'd.)

Company	On demand or within	1 to 5 years RM'000	Over 5 years RM'000	Total RM'000
	1 year RM'000			
<b>2023</b>				
<b>Financial liabilities</b>				
Trade and other payables	7,382	-	-	7,382
Amount due to holding companies	12	-	-	12
Borrowings	316,307	2,178,521	-	2,494,828
	<b>323,701</b>	<b>2,178,521</b>	<b>-</b>	<b>2,502,222</b>
<b>2022</b>				
<b>Financial liabilities</b>				
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

## (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.

**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.

## 30. FINANCIAL RISK MANAGEMENT (CONT'D.)

## (b) Credit risk (cont'd.)

**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 amounts 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.

## (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arise primarily from their floating rate bonds and borrowings, which is partially offset by the deposits and short term investments held at variable rates. The Group and the Company manage their cash flow interest rate risk by using a mix of fixed and variable rate debts.

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Fixed rate instruments</b>				
Financial liabilities	(724,432)	(499,957)	(404,439)	-
<b>Variable rate instruments</b>				
Financial assets	612,465	391,981	59,240	49,194
Financial liabilities	(3,017,525)	(3,300,183)	(1,711,111)	(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 RM15.1 million (2022: RM16.5 million) and RM8.6 million (2022: RM9.4 million), respectively, as a result of lower/higher interest expense on borrowings.

The Group and the Company do not account for any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect their profit before tax.

The excess funds of the Group and the Company are invested in bank deposits and other short-term instruments. The Group and the Company manage their liquidity risks by placing such excess funds on short-term maturities to match its cash flow needs. If interest deposit rates increases/decreases by 10 basis points, interest income of the Group and the Company for the financial year would increase/decrease by RM0.61 million (2022: RM0.39 million) and RM0.06 million (2022: RM0.05 million), respectively.

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 30. FINANCIAL RISK MANAGEMENT (CONT'D.)

## (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.

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
<b>2023</b>		
Trade receivables	-	4,838
Amount due from related companies	-	13,953
Cash and cash equivalents	3,804	133,101
Trade payables	(319,910)	(2,807)
	<b>(316,106)</b>	<b>149,085</b>
<b>2022</b>		
Amount due from related companies	-	3,239
Cash and cash equivalents	7,666	101,536
Trade payables	(186,470)	(2,121)
	<b>(178,804)</b>	<b>102,654</b>

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	
	2023 RM'000	2022 RM'000
<b>USD/RM</b> - strengthened 5%	<b>(12,012)</b>	(6,795)
- weakened 5%	<b>12,012</b>	6,795
<b>SGD/RM</b> - strengthened 5%	<b>5,665</b>	3,901
- weakened 5%	<b>(5,665)</b>	(3,901)

There is no significant exposure to foreign currency exchange risk at the Company level.

## 31. FINANCIAL INSTRUMENTS

## (a) Categories of financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Financial assets</b>				
<b>Fair value through other comprehensive income:</b>				
Investments	3,919	4,012	-	-
<b>Amortised cost:</b>				
Trade and other receivables	619,445	542,388	140	394
Amount due from holding companies	49	92	-	-
Amount due from subsidiaries	-	-	361,179	171,944
Amount due from related companies	41,917	25,708	202	-
Amount due from joint venture	23,669	22,120	-	-
Cash and cash equivalents	875,812	603,711	63,642	125,683
	<b>1,564,811</b>	<b>1,198,031</b>	<b>425,163</b>	<b>298,021</b>
<b>Financial liabilities</b>				
<b>Amortised cost:</b>				
Trade and other payables	790,497	650,073	7,382	4,053
Amount due to holding companies	4,144	4,397	12	1
Amount due to related companies	34,254	19,304	-	-
Lease liabilities	43,905	55,386	-	-
Borrowings	3,741,957	3,800,140	2,115,550	1,882,154
	<b>4,614,757</b>	<b>4,529,300</b>	<b>2,122,944</b>	<b>1,886,208</b>

## NOTES TO THE FINANCIAL STATEMENTS

## 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
<b>2023</b>					
<b>Financial assets</b>					
Fair value through other comprehensive income	14(a)	574	-	3,345	3,919
<b>2022</b>					
<b>Financial assets</b>					
Fair value through other comprehensive income	14(a)	487	-	3,525	4,012

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

## 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	
			2023 RM'000	2022 RM'000
Alliance Concrete Singapore Pte. Ltd.	Joint venture company	Sales of building materials	131,281	133,346
Batu Tiga Quarry Sdn. Bhd.	Subsidiary of immediate holding company	Purchase of building materials	-	29,442
Beijing Dama Sinosource Trading Co., Ltd.	Subsidiary of immediate holding company	Purchase of maintenance parts	16,932	15,525
Bentara Gemilang Industries Sdn. Bhd.	Subsidiary of immediate holding company	Sales and purchase of building materials	1,732	3,946
Buildcon Concrete Sdn. Bhd.*	Subsidiary of immediate holding company	Sales and purchase of building materials	-	10,936
Buildcon-Cimaco Concrete Sdn. Bhd.*	Subsidiary of immediate holding company	Sales and purchase of building materials	-	1,603
C.I. Readymix Sdn. Bhd.*	Subsidiary of immediate holding company	Sales and purchase of building materials	-	2,121
Dynamic Marketing Sdn. Bhd.	Subsidiary of pre-penultimate holding company	Sales of building materials	5,583	2,665
Green Enable Technologies Sdn. Bhd.	Subsidiary of immediate holding company	Procurement of waste handling, operation and maintenance services	6,355	4,867
Jurong Cement Limited	Subsidiary of immediate holding company	Sales of building materials Silo Storage Charges	1,003 6,917	505 3,811
Nanyang Aggregate Pte. Ltd. (formerly known as YTL Cement Marketing Singapore Pte. Ltd.)	Subsidiary of immediate holding company	Sales of building materials	13,608	3,237

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

## (a) Related parties transactions (cont'd.)

Entity	Relationship	Type of transactions	Group	
			2023 RM'000	2022 RM'000
Nanyang Cement Pte. Ltd.	Subsidiary of immediate holding company	Sales of building materials	13,118	9,386
Sino Mobile And Heavy Equipment Sdn. Bhd.	Subsidiary of immediate holding company	Purchase of property, plant and equipment	12,818	9,945
Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd.	Subsidiary of pre-penultimate holding company	Sales of building materials	45,553	10,028
Slag Cement Sdn. Bhd.*	Subsidiary of immediate holding company	Sales of building materials	-	51
Slag Cement (Southern) Sdn. Bhd.*	Subsidiary of immediate holding company	Sales and purchase of building materials	-	1,484
SMC Mix Sdn. Bhd.*	Subsidiary of immediate holding company	Purchase of building materials	-	1,167
YTL Cement Berhad	Immediate holding company	Rental of land and office	7,699	6,872
YTL Cement Marketing Sdn. Bhd.*	Subsidiary of immediate holding company	Sales of building materials	-	57,010
		Purchase of building materials	-	17,441
YTL Cement Terminal Services Pte. Ltd.	Subsidiary of immediate holding company	Sales of building materials	56,163	135,689
		Purchase of building materials	9,813	49,991
YTL Technologies Sdn. Bhd.	Subsidiary of pre-penultimate holding company	Purchase of supplies and spare parts, freight, handling and maintenance services	16,029	11,148

\* For FY2022, 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 following completion of the Acquisition.

Entity	Relationship	Type of transactions	Company	
			2023 RM'000	2022 RM'000
Kedah Cement Sdn. Bhd.	Subsidiary	Short-term loan	354,000	-
		Interest income	5,642	-

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.

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONT'D.)

## (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.

## 33. COMMITMENTS

## (a) Capital commitments

	Group	
	2023 RM'000	2022 RM'000
Contracted but not provided for - Purchase of property, plant and equipment	22,631	23,684

## (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	
	2023 RM'000	2022 RM'000
Less than 1 year	-	11
Between 1 to 2 years	-	-
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



## NOTES TO THE FINANCIAL STATEMENTS

## 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 other cement related building materials.

Information regarding the Group's reportable segments is presented below.

2023	Cement RM'000	Aggregates & Concrete RM'000	Total RM'000
<b>Revenue</b>			
Total revenue	3,208,424	882,448	4,090,872
Inter-segment revenue	(333,826)	-	(333,826)
External revenue	2,874,598	882,448	3,757,046
<b>Results</b>			
Interest income	10,196	2,198	12,394
Finance costs	(189,991)	(4,756)	(194,747)
Share of results of joint venture	-	36,402	36,402
Segment profit before tax	184,102	69,016	253,118
<b>Segment assets</b>			
Investment in joint venture	-	77,685	77,685
Other segment assets	10,051,661	841,892	10,893,553
<b>Segment liabilities</b>			
Borrowings	3,661,828	80,129	3,741,957
Other segment liabilities	1,114,294	160,472	1,274,766
<b>Other segment information</b>			
Capital expenditure	99,712	8,163	107,875
Depreciation and amortisation	239,730	31,226	270,956

## 34. SEGMENTAL INFORMATION (CONT'D.)

2022	Cement RM'000	Aggregates & Concrete RM'000	Total RM'000
<b>Revenue</b>			
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
<b>Results</b>			
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
<b>Segment assets</b>			
Investment in joint venture	-	67,965	67,965
Other segment assets	9,702,531	914,806	10,617,337
<b>Segment liabilities</b>			
Borrowings	3,724,183	75,957	3,800,140
Other segment liabilities	928,544	177,691	1,106,235
<b>Other segment information</b>			
Capital expenditure	67,510	8,113	75,623
Depreciation and amortisation	203,263	35,644	238,907

## (a) Geographical Information

The Group operates in two principal geographical areas - Malaysia (country of domicile) and Singapore.

	Revenue		Non-current assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	3,565,466	2,562,022	8,336,011	8,497,081
Singapore	191,580	143,250	90,777	90,948
	3,757,046	2,705,272	8,426,788	8,588,029

## NOTES TO THE FINANCIAL STATEMENTS

## NOTES TO THE FINANCIAL STATEMENTS

## 34. SEGMENTAL INFORMATION (CONT'D.)

## (a) Geographical 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	
	2023 RM'000	2022 RM'000
Property, plant and equipment	2,636,342	2,782,737
Right-of-use assets	226,196	239,169
Investment properties	3,116	3,120
Intangible assets	5,561,134	5,563,003
	<b>8,426,788</b>	8,588,029

## (b) Major customers

The following is the major customer with revenue equal or more than 10 per cent of the Group's revenue:-

	2023 RM'000	2022 RM'000	Segment
Infrastructure Company	483,560	*	Cement

\* The revenue amount did not exceed the threshold of equal or more than 10% of the Group's revenue in financial year ended 30 June 2022.

## 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 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.

## 35. CAPITAL MANAGEMENT (CONT'D.)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Borrowings	3,741,957	3,800,140	2,115,550	1,882,154
Less: Cash and cash equivalents	(875,812)	(603,711)	(63,642)	(125,683)
Net debts	<b>2,866,145</b>	3,196,429	<b>2,051,908</b>	1,756,471
Equity attributable to owners of the parent	<b>5,950,557</b>	5,775,134	<b>6,104,940</b>	5,998,980
Capital and net debts	<b>8,816,702</b>	8,971,563	<b>8,156,848</b>	7,755,451
<b>Debt-to-capital ratio (%)</b>	<b>33</b>	36	<b>25</b>	23

Under the requirement of Bursa Securities' Practice Note No.17/2005, the Group is required to maintain a consolidated shareholders' equity equals 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.

## 36. DIVIDENDS

On 24 August 2023, the Board of Directors declared an interim dividend of 6 sen per ordinary share and 6 sen per irredeemable convertible preference share for the financial year ended 30 June 2023. The book closure and payment dates in respect of the aforesaid dividend are 2 November 2023 and 21 November 2023, respectively.

The Board of Directors does not recommend a final dividend for the financial year ended 30 June 2023.

## 37. 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
<b>Statements of Financial Position</b>			
<b>Non-current assets</b>			
Deferred tax assets	-	260,020	260,020
<b>Non-current liabilities</b>			
Deferred tax liabilities	85,258	260,020	345,278

## 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 27 September 2023.

# 6 Information On Annual General Meeting

*Credit: Concrete is Beautiful contest submission from Muhammad Hariz Zulkarnain*

- 180** Notice of Annual General Meeting
- 184** Statement Accompanying Notice of Annual General Meeting
  - Form of Proxy

# NOTICE OF ANNUAL GENERAL MEETING

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Seventy-Third Annual General Meeting of Malayan Cement Berhad (the “Company”) will be held on Tuesday, 5 December 2023 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 TIH Online System (“**TIH Online**”) at <https://tjih.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 2023 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) Tan Sri (Sir) Francis Yeoh Sock Ping
  - (ii) Dato' Yeoh Seok Kian
3. To re-elect the following Directors who retire pursuant to Article 84 of the Company's Constitution:-
  - (i) Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir
  - (ii) Mr Yap Seng Chong
  - (iii) Ms Fong Yee Mei
4. To approve the payment of fees to the Non-Executive Directors amounting to RM903,014 for the financial year ended 30 June 2023.
5. To approve the payment of meeting attendance allowance of RM1,000 per meeting for each Non-Executive Director for the period from January 2024 to December 2024.
6. 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**

**Resolution 7**

**Resolution 8**

## AS SPECIAL BUSINESS

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

### ORDINARY RESOLUTIONS:-

#### 7. **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 9**

#### 8. **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 6 December 2022, 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;

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 10**

## NOTICE OF ANNUAL GENERAL MEETING

9. **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 of the Circular to Shareholders dated 31 October 2023 (“**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.”

By Order of the Board,

**Ho Say Keng**

Company Secretary

Kuala Lumpur

31 October 2023

**Notes:****REMOTE PARTICIPATION AND VOTING**

1. 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**

2. 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.

**Resolution 11****PROXY**

3. A member (including an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991 (“SICDA”)) entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via the RPV facilities.

4. Where a member is an Exempt Authorised Nominee as defined under the SICDA, which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

5. A proxy may but need not be a member of the Company. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

6. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly 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.

7. The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by Tricor not less than 48 hours before the time appointed for holding the AGM i.e. no later than **3 December 2023 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.

8. For the purpose of determining a member who shall be entitled to attend the AGM via the RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd, in accordance with Article 59 of the Company’s Constitution and Section 34(1) of the SICDA to issue a General Meeting Record of Depositors as at 28 November 2023. Only a depositor whose name appears on the General Meeting Record of Depositors as at 28 November 2023 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**

9. 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,

## NOTICE OF ANNUAL GENERAL MEETING

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 7 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 9 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-Second AGM held on 6 December 2022 (“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 9, 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 9, 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 10, further information on the Share Buy-Back is set out in Part A of the Statement to Shareholders dated 31 October 2023 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 11, further information on the RRPT is set out in Part B of the Circular to Shareholders dated 31 October 2023 which is available on the Company’s website at <https://www.ytlcement.my/meetings>.

# 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-Third 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-Third Annual General Meeting.

# Form of Proxy



[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-Third 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, 5 December 2023 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 Tan Sri (Sir) Francis Yeoh Sock Ping		
2.	Re-election of Dato' Yeoh Seok Kian		
3.	Re-election of Professor Datuk Ts. Ir. Dr. Siti Hamisah Binti Tapsir		
4.	Re-election of Mr Yap Seng Chong		
5.	Re-election of Ms Fong Yee Mei		
6.	Approval of the payment of fees to the Non-Executive Directors		
7.	Approval of the payment of meeting attendance allowance to the Non-Executive Directors		
8.	Re-appointment of HLB Ler Lum Chew PLT as Auditors of the Company		
9.	Proposed authorisation for Directors to allot and issue shares		
10.	Proposed renewal of share buy-back authority		
11.	Proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature		

Please indicate with an "X" in the space provided whether you wish your votes to be cast "for" or "against" the resolution. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023.

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 **3 December 2023 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 28 November 2023 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 73rd 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

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Fold this flap for sealing