

CAHYA MATA<sup>TM</sup>

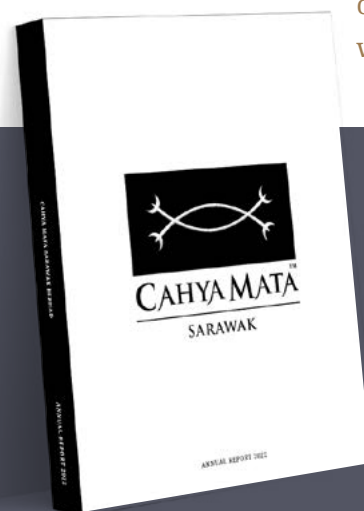
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SARAWAK

ANNUAL REPORT 2022

# TOGETHER, WE BUILD A BETTER FUTURE FOR ALL

Meet Cahya Mata. Now a diversified multinational corporation. After 48 years of building communities and transforming the national landscape, we are venturing beyond Malaysian shores.



## THE COVER RATIONALE

The cover design of our 2022 Annual Report introduces the Group's new logo. The year 2022 proved to be pivotal for Cahya Mata Sarawak Berhad ("Cahaya Mata" or "the Group"), as we witnessed the Group embark on a new journey. In this new era, Cahya Mata is setting aim to pursue global opportunities, emerging as a multinational corporation after 48 years of building communities and helping form the landscape of Sarawak and Malaysia.

Our new logo reflects our desire to explore new frontiers and signal our versatility as a global corporation that is capable of reaching out to all four corners of the world. It is designed with a 3D chrome finish against a bold black base, with our name presented in a customised font, which signifies "innovation, environmental betterment, and continuous improvement in governance, powered by our people."

Moving forward, we are confident of driving strong performance via our core businesses and strategic investments. Backed by strong financial performance, good business ethics and compliance with regulatory policies, Cahya Mata is continuing its goal of contributing to build a better future for all.

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# ABOUT THIS REPORT

**We are pleased to present the Annual Report of Cahya Mata Sarawak Berhad (referred to as “Cahaya Mata” or “the Group”) for the Financial Year 2022 (FY2022). Our Annual Report is a platform that captures information of our businesses and strategies, as well as our consistent value creation process for our stakeholders over the short, medium and long-term.**

We have emphasised transparency and objectivity in presenting our value creation journey and we aim to meet the specific information needs of discerning stakeholders to further establish ourselves as the preferred company on Bursa Malaysia Securities Berhad (Bursa Malaysia). In producing this year’s Report, we prioritised a business reporting methodology that is focused on delivering a clear strategic vision of the Group. Our stakeholders can expect readability and clarity when reviewing the Annual Report, which provides relevant communication and information tailored to their needs.



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### Reporting Boundary and Scope

The 2022 Annual Report from Cahya Mata provides stakeholders with an accurate and transparent account of the organisation’s performance and the strategies employed to create value over time. It covers the period of 1 January 2022 to 31 December 2022 and is a progressive development from our previous publications, offering a comprehensive overview of the company’s primary activities, which include the Traditional Core Businesses, Strategic Investments and Support Services. Apart from our Traditional Core Business Divisions of Cement, Road Maintenance, Property Development, Oiltools, and Environmental Technology, this Report also provides a performance overview of the Associates and Joint-Ventures under the Strategic Investments portfolio.

### Approval by the Board

The Board of Directors has taken a well considered approach in the preparation and presentation of the Group’s Annual Report, aligning it with nationally recognised reporting frameworks. Acknowledging our obligation to maintain the report’s integrity through sound governance practices and internal reporting procedures, the Board has granted approval for the publication of the Group’s 2022 Annual Report.

### Reporting Suite for 2022

For the 2022 reporting cycle, we have developed a comprehensive reporting suite that outlines the Group’s value creation process in a comprehensible framework. The suite includes both content and graphics, providing stakeholders with a clear understanding of the organisation’s performance as per the following reporting suite:

Cahaya Mata conducted a three-step materiality assessment in 2020, which remains relevant in 2022. The Group has continued to explore the most efficient methods of connecting the materiality matrix and material matters mapped against our sustainability themes to six capitals. These six capitals include:

- F Financial Capital**  
 The financial resources required to support the business as a going concern. This includes our day-to-day expenses and our capital requirements, and the necessary funds to enable expansion.
- H Human Capital**  
 We are a high-performance organisation that require competent employees in specialist fields. We work to attract, develop and retain top calibre human capital who are instrumental in the execution of our strategy.
- I Intellectual Capital**  
 Our brand, which has endured for decades, encapsulates the intellectual capital that enables us to provide our services. This includes the technologies and systems we have developed and the intellectual know-how.
- S Social and Relationship Capital**  
 We play a critical role in the local economy. We interact with a broad range of stakeholder groups to ensure that we remain a trusted public-listed entity and a homegrown company that enables the creation of value for Sarawakians.
- M Manufactured Capital**  
 We leverage on a range of physical sites, machinery and facilities throughout the State which enable us to develop, construct, procure and deliver our products and services.
- N Natural Capital**  
 The resources we use for our business, such as water and electricity, are monitored and managed to integrate sustainability enablers across our company.



### Do send us your feedback:

To ensure that we report on issues that matter to our stakeholders, please provide your feedback or email any questions you may have to: [investor.relations@cahyamata.com](mailto:investor.relations@cahyamata.com) or visit [www.cahyamata.com](http://www.cahyamata.com)

# WHO WE ARE

## VISION

Together, We Build A Better Future For All

## STAKEHOLDERS

Our Shareholders, Staff, Customers & Community

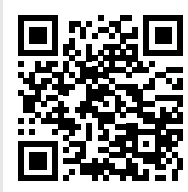
## MISSION

Producing Quality, On Spec & On Time	Respect & Integrity	Improving, Innovating & Investing in People	Delivering Sustainable Growth	Environmentally Conscious, Safe & Conducive Workplace
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For the last 48 years, Cahya Mata has been a key driving force for Sarawak's economic development. We played a leading role in Sarawak's rapid growth as the Territory's first cement manufacturer, growing into a Bursa Malaysia Main Market listed company.

From our humble beginnings where our businesses were focused primarily in Sarawak, the Group has today, grown into a multinational corporation with our ideals and our commitment towards becoming a professional ESG-compliant business stronger than ever. In this journey, we are powered by our people who are determined to deliver excellence at all levels.

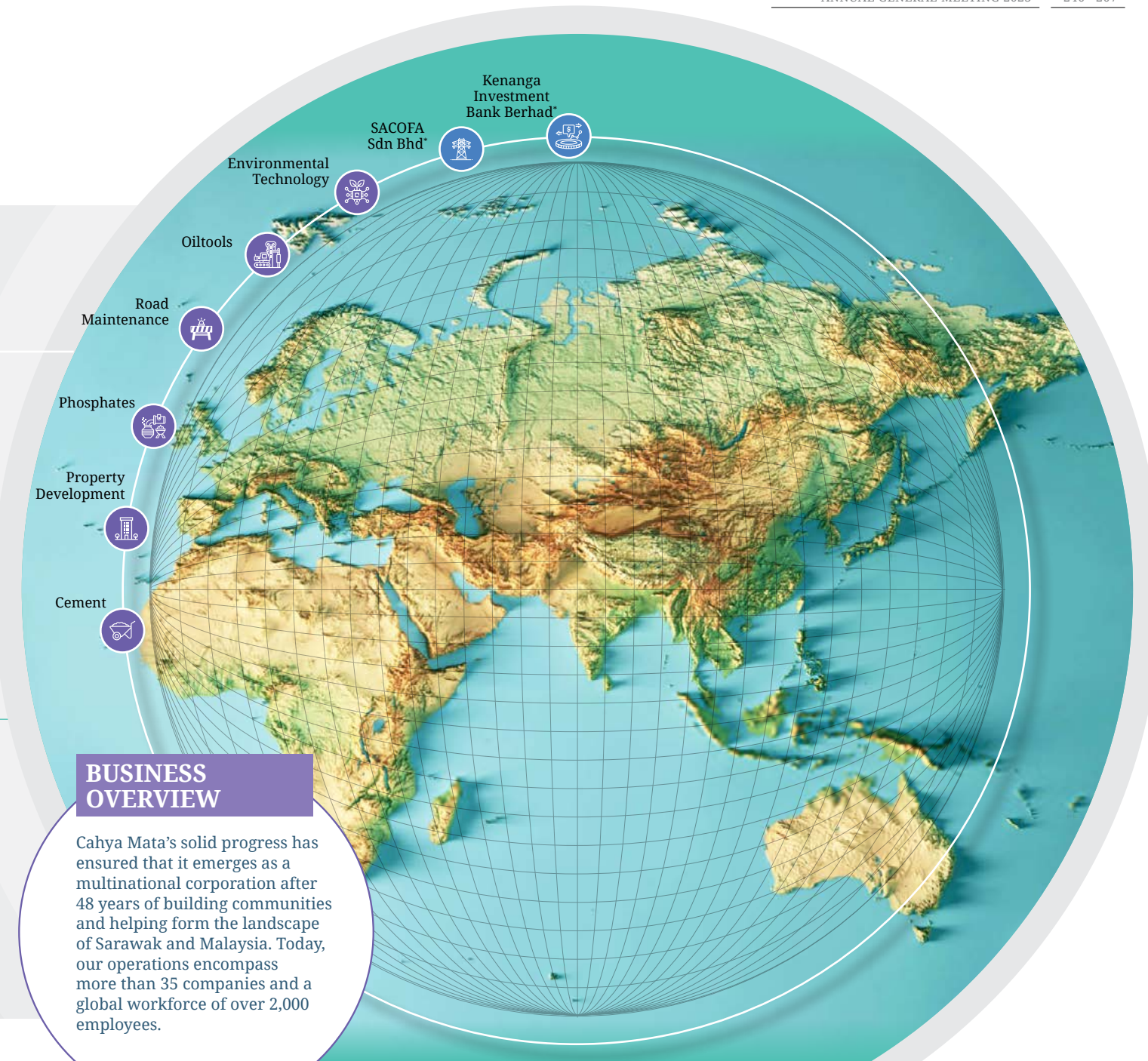
Today, our portfolio spans over 35 companies involved in cement manufacturing, phosphates manufacturing, oiltools, environmental technology, road maintenance, property development, financial services, telco infrastructure, and other related services.



For more information on Cahya Mata's Group Directory, please scan the QR code or log on to [www.cahyamata.com/contact-us/](http://www.cahyamata.com/contact-us/)

## WHO WE ARE

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- |                |                         |
|----------------|-------------------------|
| 1 Sarawak      | 6 Nigeria               |
| 2 Kuala Lumpur | 7 Oman                  |
| 3 India        | 8 Russia                |
| 4 Indonesia    | 9 Saudi Arabia          |
| 5 Kuwait       | 10 United Arab Emirates |

\* Associate Companies of Cahya Mata

# CORPORATE INFORMATION

**Cahaya Mata Sarawak Berhad**  
197401003655 (21076-T)

## DIRECTORS

YABhg. General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)

YBhg. Dato Sri Mahmud Abu Bekir Taib

YBhg. Dato Sri Sulaiman Abdul Rahman b Abdul Taib

YBhg. Dato' Maznah binti Abdul Jalil

Madam Umang Nangku Jabu

Dr. Khor Jaw Huei

Mr. Jeyabalan A/L S.K. Parasingam

## COMPANY SECRETARY

Samantha Tai Yit Chan

## REGISTERED OFFICE

Level 6, Wisma Mahmud  
Jalan Sungai Sarawak  
93100 Kuching  
Sarawak

**T** +60 82 238 888  
**F** +60 82 333 828  
**W** www.cahyamata.com

## BRANCH OFFICE

Level 33, Menara Maxis  
Kuala Lumpur City Centre  
50088 Kuala Lumpur  
Wilayah Persekutuan

**T** +603 2078 9133  
**F** +603 2072 5511

## EXTERNAL AUDITORS

Ernst & Young PLT

## SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

**T** +603 7890 4700  
**F** +603 7890 4670

## PRINCIPAL BANKERS

Hong Leong Bank Berhad  
CIMB Bank Berhad/CIMB Islamic Bank Berhad  
Maybank Islamic Berhad  
Bank Muamalat Malaysia Berhad  
RHB Bank Berhad  
Kenanga Investment Bank Berhad

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad  
Sector: Industrial Products & Services Sector  
Sub-sector: Building Materials  
Stock Name: CMSB  
Stock Code: 2852



Cahaya Mata's Phosphate Plant, Samalaju

# CORPORATE STRUCTURE



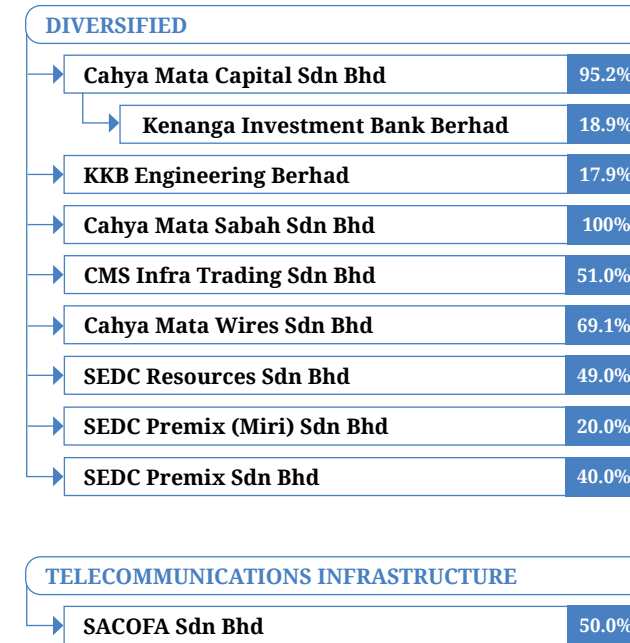
## CORPORATE STRUCTURE

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### CORE BUSINESSES



### STRATEGIC INVESTMENTS

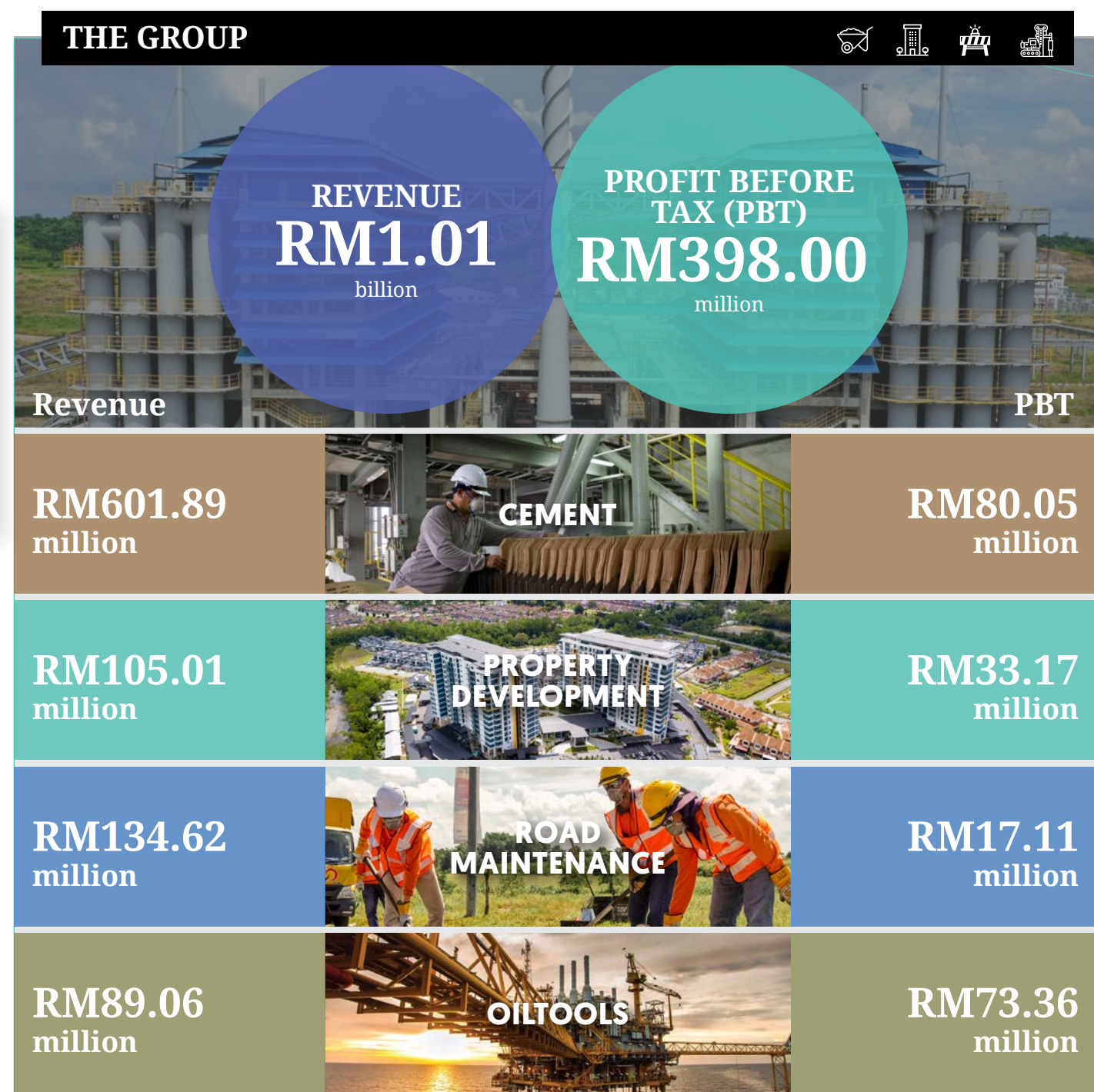


### SUPPORT SERVICES



# OUR 2022 PERFORMANCE HIGHLIGHTS AND ACHIEVEMENTS

As Sarawak's leading infrastructure facilitator and a prime mover in the Sarawak growth story, Cahya Mata continued to make steadfast progress on several fronts in FY2022. The following are some of our performance indicators and achievements for the year in review.



# GROUP FINANCIAL HIGHLIGHTS & SUMMARY

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	2022	2021	2020	2019	2018
Revenue (RM'000)	1,010,570	814,550	762,788	1,117,863	1,712,244
Profit before taxation (RM'000)	397,997	234,607	225,442	247,896	372,324
Profit after tax (RM'000)	289,926	204,748	189,908	188,117	297,246
EBITDA (RM'000)	494,740	334,332	336,665	351,128	443,550
Profit attributable to owners of the Company (RM'000)	287,134	204,218	194,807	159,455	262,135
Weighted average no. of shares ('000)	1,074,176	1,071,522	1,071,053	1,072,595	1,071,987
Basic earnings per share (sen)	26.73	19.06	18.18	14.87	24.45
Gross dividends per share (sen)	3.0*	2.0	2.0	3.0	7.4
Current assets (RM'000)	2,016,308	1,729,867	1,426,608	1,809,159	2,032,292
Current liabilities (RM'000)	1,004,387	1,260,134	556,797	606,978	617,718
Total assets (RM'000)	4,855,805	4,849,493	4,460,366	4,554,939	4,194,363
Total borrowings (RM'000)	587,934	929,506	893,036	808,953	616,533
Total liabilities (RM'000)	1,378,572	1,617,103	1,440,842	1,402,993	1,278,152
Total equity (RM'000)	3,477,233	3,232,390	3,019,524	3,151,946	2,916,211
Return on average shareholders' equity (%)	9.20	7.04	7.18	6.15	10.70
Return on total assets (after tax) (%)	5.91	4.21	4.37	3.50	6.25
Current ratio (times)	2.01	1.37	2.56	2.98	3.29
Gearings (times)	0.17	0.29	0.30	0.26	0.21
Net tangible assets per share (RM)	2.93	2.75	2.56	2.37	2.32
Net assets per share (RM)	3.00	2.80	2.62	2.46	2.38

\* Proposed and subject to shareholders' approval at the Group's forthcoming 48<sup>th</sup> Annual General Meeting (AGM).

# GROUP CHAIRMAN'S MESSAGE

**Dear Valued Shareholders,**  
I am pleased to present Cahya Mata Sarawak Berhad's Annual Report for FY2022.



**YABhg. General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)**  
Group Chairman

The year 2022 proved to be a pivotal year as we witnessed Cahya Mata embarking on a new journey. After 48 years of building communities and helping form the landscape of Sarawak and Malaysia, Cahya Mata is ready to pursue global opportunities and emerge as a multinational corporation.

We moved to expand and strengthen our business and operation foundations. We introduced our new logo which reflects our desire to explore new frontiers and signal our versatility as a global corporation. The logo is designed with a 3D chrome finish against a bold black base, with our name presented in a customised font, which signifies innovation, environmental betterment, and continuous improvement in governance, powered by our people. This in itself sums up our determination to deliver excellence to our stakeholders, building on our foundation of integrity and transparency throughout our businesses and operations.

**REVENUE**  
**RM1.01**  
billion

**PBT**  
**RM398.00**  
million

### SUSTAINING OPERATIONAL RESILIENCE

Globally, governments faced multifaceted challenges on the economic, health and social fronts, with the reopening of international borders as the COVID-19 threat dissipated. Inflation was the clear dominant force in driving the market performance and investment returns in 2022 which was further exacerbated by the Russian-Ukraine conflict. In the US, inflation surged to a 40-year high which led the US Federal Reserve to carry out an unprecedented series of interest-rate hikes, impacting the bond market and sending stocks into a bear market that continued into the end of 2022. The impact of this was also felt in regional markets, including Malaysia.

## GROUP CHAIRMAN'S MESSAGE

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For Cahya Mata, our diverse business interests, which include building materials, road maintenance, phosphates, oilfield services, telecommunications, investment banking and property development have helped us weather the economic situation in FY2022. The strong operational performance from our traditional core businesses and strategic investments resulted in a solid overall financial performance for the Group. We reported a total revenue of RM1.01 billion for FY2022 (FY2021: RM814.55 million) representing an increase of 24% from the year before while our profit before tax (PBT) improved by 70% to RM398.00 million (FY2021: RM234.61 million).

During the year under review, we made significant progress in several areas. We launched our new brand and logo to demonstrate our shift towards becoming a multinational corporation. We entered into the oil and gas industry

through the acquisition of Scomi Oilfield Ltd together with various companies and assets within the Oilfield Group of Companies (collectively referred to as "Oiltools Group") in September 2022, to leverage on the opportunities presented in the global oilfield service businesses across 8 countries.

In shaping a sustainable future, the Group acquired Cahya Mata Alam in November 2022 which is a research and development centre as well as a manufacturing plant that produces composite materials, mainly from natural organic fibre and recycled material.

## LEADING THE WAY FOR VALUE CREATION AND PRESERVATION THROUGH GOOD GOVERNANCE

I am pleased to report that the full commissioning of all the furnaces at Cahya Mata Phosphates was completed in 2022, and commercial operations are expected to begin in mid-2023.

Following this, the Board of Directors has proposed to declare a first and final tax exempt (single-tier) dividend subject to shareholders' approval at the forthcoming Annual General Meeting of 3.0 sen per ordinary share (2021: 2.0 sen). The dividend entitlement and payment date for the final dividend will be announced at a later date.

In view of the challenging and uncertain economic times we are facing, the Board will continue to deliberate on avenues to balance out our desire to reward shareholders with the need to preserve capital to maintain our growth trajectory and achieve our next phase of growth.

### 1 SUSTAINING OPERATIONAL RESILIENCE

The strong operational performance from our traditional core businesses and strategic investments resulted in a solid overall financial performance for the Group. We reported a total revenue of RM1.01 billion for FY2022 (FY2021: RM814.55 million) representing an increase of 24% from the year before while our profit before tax (PBT) improved by 70% to RM398.00 million (FY2021: RM234.61 million).

### 2 DRIVING EFFECTIVE GOVERNANCE

Since FY2021, we have recognised the need to secure the future of the group and have implemented significant changes to strengthen our governance framework and practices. We appointed an independent financial advisor to review some of our past financials and investments after which the findings were announced to the investing public.

### 3 HELPING OUR COMMUNITIES

Through our long-standing Corporate Social Responsibility (CSR) programme, the Group made financial contributions and donations in kind to a wide-range of recipients including the underprivileged, the physically-challenged, students, schools, sports associations, hospitals and religious institutions.



**GROUP CHAIRMAN’S MESSAGE**



**DRIVING EFFECTIVE GOVERNANCE**

I am also pleased with the various organisational and strategic developments pursued by Cahya Mata during the year under review. The Group has taken progressive and positive steps to improve governance and transparency, a matter that is highly critical for a multinational corporation. The demands of various stakeholders both domestically and globally have grown dramatically and we fully understand the need to be ahead of the curve.

An important aspect of governance is to ensure strong internal checks and balances. In FY2021, we recognised the need to secure the future of the group and implemented significant changes to strengthen our governance framework and practices. We appointed an independent financial advisor to review some of our past

financials and investments following which we announced the findings to the investing public. We continued to reinforce governance in FY2022 by revamping processes, procedures and controls Group-wide to improve project bidding, monitoring of project costs and significantly improving project management.

These actions were taken to demonstrate our deep commitment to uphold robust governance best practices, integrity and transparency. We also focused on enhancing the Group’s accountability and risk management practices.

Furthermore, I am pleased to report that Sustainability has become an integral component of our strategy moving forward. For the next few years, we aim to optimise our ESG roadmap and roll-out relevant initiatives across

the Group in order to embed a strong and long-term culture within all our businesses.

**HELPING OUR COMMUNITIES**

At Cahya Mata, reaching out to communities is interwoven into the culture of our organisation, the way we work and the services we provide. We understand how important it is to listen and to understand the needs of the people and communities throughout Sarawak.

Through our long-standing Corporate Social Responsibility (CSR) programme, the Group made financial contributions and donations in kind to a wide-range of recipients including the underprivileged, the physically-challenged, students, schools, sports associations, hospitals and religious institutions.

**GROUP CHAIRMAN’S MESSAGE**

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We also leveraged on our core businesses to provide the materials required for critical infrastructure to serve the wider needs of the communities we operate in. We donated building materials to religious schools and provided educational facilities throughout Sarawak to create a more conducive environment for our younger generation. Given our experience in road maintenance, we have continued the upgrade and repair of roads for the betterment of our communities.

**OUTLOOK**

As we embrace the new normal, the world as we know it and how businesses operate have changed forever in the wake of the pandemic and other disruptive forces in the last few years. While the worst of the pandemic is behind us, there is still much uncertainty ahead given the slower global growth, tighter monetary policies and ongoing geopolitical tensions.

Despite the ambiguity and the prevailing headwinds, Cahya Mata will continue to remain resilient and focus on realising its growth potential, leveraging on our healthy balance sheet and diverse portfolio of businesses. At the same time, we are well-positioned to capitalise on key economic drivers in Sarawak. Moving forward, we are confident of driving strong performances via our core businesses and strategic investments.

Backed by strong financial performance, good business ethics and compliance with regulatory policies, Cahya Mata is well on its way to fulfil our Vision - “Together, building a better future for all.” As the Group focuses its efforts on implementing specific strategies, maintaining independence, as well as upholding the rule of law and strong governance practices, the Board is cautiously optimistic of our ability to deliver a satisfactory performance for the next financial year.

**ACKNOWLEDGEMENTS**

Our achievements are made possible by the extraordinary team at Cahya Mata, with their diverse perspectives, experience, and expertise in helping the Group sustain strong performance despite the uncertainties.

I would also like to thank our shareholders for their continued confidence in the Board and management of our company. Your unwavering support and trust has been monumental in helping overcome the challenges over the past year. To our business partners and suppliers, we sincerely appreciate your confidence and support in our ongoing journey of growth.

The Board would also like to thank the management team, led by Group Managing Director, YBhg. Dato Sri Sulaiman Abdul Rahman b Abdul Taib, for their efforts in navigating the Group through another challenging year. To my fellow members of the Board, thank you for your wisdom and counsel in helping the Group achieve its goals and aspirations.

On behalf of the Group, we would also like to express our sincere appreciation and gratitude to YBhg. Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain for his invaluable contribution and service to the Board from November 2020 to April 2023 as its Non-Independent, Non-Executive Director. We wish him every success in his future endeavours.

Finally, our sincere appreciation to the Prime Minister of Malaysia, the Premier of Sarawak, the Government of Malaysia and the Government of Sarawak, for their steady hand in managing the affairs of the nation, particularly in Sarawak during the past year. We would also like to specially acknowledge the support of our joint-venture partners, the Sarawak Economic Development Corporation (SEDC) and our co-shareholders in our strategic investments.

We look forward to achieving continuous growth and working together to deliver value to all our stakeholders.

Thank you.

**YABhg. General Dato’ Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)**  
Group Chairman

# STRATEGIC REVIEW BY THE GROUP MANAGING DIRECTOR

## STRATEGIC REVIEW BY THE GROUP MANAGING DIRECTOR

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**Dear Valued Shareholders,**  
It gives me great pleasure to present to you the annual report and audited financial statements of Cahya Mata Sarawak Berhad for the financial year ended 31 December 2022.

**YBhg. Dato Sri Sulaiman Abdul Rahman b Abdul Taib**  
Group Managing Director

The year 2022 was a momentous one for Cahya Mata. It marked our 48<sup>th</sup> year playing a vital role in carving Sarawak's economic landscape. In 2022, we took a confident step towards exploring new frontiers and introduced a new brand identity to reflect our versatility, adaptability and continual transformation. We also continued to expand our presence globally thereby fortifying our position as a multinational corporation.

Against the challenging backdrop emanating from inflationary pressures and supply chain disruptions which have inevitably led to the rising cost of raw materials and commodities, we managed to stay the course and brace the headwinds. The Group was able to face these challenges with resilience through the improved productivity of our staff and the implementation of cost efficiency programmes across the businesses. Cahya Mata has taken steps to strengthen the governance framework, building a culture of integrity, accountability and transparency throughout the organisation. We continue to push forward with this agenda as we focus on delivering a strong financial performance and on growing shareholders' value.

### OVERVIEW

For FY2022, the Group reported a total revenue of RM1.01 billion, a 24% increase as compared to the RM814.55 million recorded in FY2021. This is mainly due to higher contributions from the Cement and Road Maintenance Divisions.

Profit before tax (PBT) improved by 70% to RM398.00 million compared to RM234.61 million in FY2021 as our operational profits improved on better margins. PBT improvements were also due to the negative goodwill of RM71.07 million arising from the acquisition of Oiltools Group, a RM37.63 million impairment reversal on investment and loan to an associate and gain on disposal of associates amounting to RM89.08 million.

The Group's profit after tax and non-controlling interests (PATNCI) for FY2022 increased by RM82.92 million, reflecting a commendable increase of 41% to RM287.13 million, as compared to RM204.22 million reported in FY2021.

### BUSINESS PERFORMANCE REVIEW

Cahaya Mata remained focused on ensuring business and operational reliability, and this is evident through the core businesses' performances in FY2022. The Group has benefited from improved operational management and effective marketing, supported by the strong economic recovery of Sarawak.

## PBT HIGHLIGHTS PER DIVISION

Cement Division  
**RM80.05** million

Property Development Division  
**RM33.17** million

Road Maintenance Division  
**RM17.11** million

Oiltools Division  
**RM73.36** million  
(YTD basis)

Share of results of associates  
**RM139.11** million

The Group's Cement Division reported a 30% higher PBT of RM80.05 million in FY2022 over FY2021's PBT of RM61.65 million, mainly attributable to higher sales. Similarly, Road Maintenance Division recorded a PBT of RM17.11 million, an increase of 78% in comparison to the RM9.59 million in FY2021. The higher PBT was attributable to the increase in work orders and improved operational efficiencies.

The Sarawak property sector has seen an increase in demand, and this is reflected in the Group's Property Development Division performance. The Division reported a higher PBT, from RM32.43 million in FY2021 to RM33.17 million in FY2022 driven by higher property sales in the year.

Following the Group's completion of the acquisition of the Oiltools Group in September 2022, our newly-established Oiltools Division reported a PBT of RM73.36 million on a Year to Date (YTD) basis. This reflects

the consolidation of financial results since the acquisition, which includes a recognition of the negative goodwill of RM71.07 million.

Share of results of associates reported a decrease in profit to RM139.11 million in FY2022 as compared to RM166.73 million reported in FY2021 mainly due to the disposal of shares in OM Materials (Sarawak) Sdn Bhd and OM Materials (Samalaju) Sdn Bhd during the year and lower performance from an associate company.

During the year under review, the Phosphates Division successfully commissioned all the 4 furnaces in the Samalaju plant en route to our planned commercial operations in mid-2023. Despite the challenges over the last few years, the team has worked hard to overcome the hurdles surrounding the project. The global demand for yellow phosphates is forecast to be strong and is expected to grow over the coming years.

## AS PART OF OUR CORPORATE STRATEGY INITIATIVE, OUR GROUP EMBARKED ON 3 NEW CORE BUSINESS AREAS

**CIRCULAR ECONOMY**

The Group has taken steps to adapt into the circular economy model through the acquisition of Cahya Mata Alam Sdn Bhd

**OILTOOLS SECTOR**

We made our entry into the energy industry with the acquisition of the Oiltools Group

**INNOVATION AND COMMERCIALISATION OF NEW EMERGING TECHNOLOGIES**

Cahaya Mata has a presence in this sector through the acquisition of the Intellectual Property and the business of Thermasite Malaysia

## STRATEGIC REVIEW BY THE GROUP MANAGING DIRECTOR

### STRATEGIC PROGRESS

Since 1974, Cahya Mata has had a long-standing history of being the leading infrastructure facilitator and a key driver for the state of Sarawak. We have come a long way since our beginnings 48 years ago, when the company was first incorporated and started operations as a Portland Cement manufacturer at the Pending Industrial Estate. Today, through continuous investments and expansion to cater to the needs and demands of the market, we are one of the largest cement manufacturers in Borneo.

As part of our Corporate Strategy initiative, our group embarked on 3 new core business areas in 2022, in a move to expand our presence in becoming a multinational corporation.



## 01 CIRCULAR ECONOMY

The Group has taken steps to adapt into the circular economy model through the acquisition of Cahya Mata Alam Sdn Bhd in November 2022. Cahya Mata Alam is a research and development centre as well as a manufacturing set-up that produces composite materials mainly from natural organic fibre and recycled materials. The business focuses on developing and producing environmentally sustainable materials and products while simultaneously converting waste into finished products for the markets. As the world moves towards a more sustainable future, Cahya Mata Alam has the technology to deliver sustainable eco-compliant recycled products that will provide an eco-friendly option for consumers and industries looking to move away from traditional, non-renewable and non-environmentally sustainable materials.

## 02 OILTOOLS SECTOR

We made our entry into the oil and gas industry with the acquisition of the Oiltools business on 6 September 2022 through Cahya Mata Oiltools Sdn Bhd. This entry into the oil and gas business will accelerate the Group's growth trajectory, leveraging on the opportunities presented in the global oiltools service businesses across 8 countries. Oiltools provides a wide range of solutions for the oil and gas industry, including drilling fluids, solids control equipment, drilling waste management, and well completion tools. One of their key offerings is drilling fluid solutions, which are designed to help oil and gas companies optimise drilling performance and reduce costs. Waste management services complement the drilling fluids in providing the safe removal and treatment of materials at the drilling sites.

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## 03 INNOVATION AND COMMERCIALISATION OF NEW EMERGING TECHNOLOGIES

Innovation and commercialisation of new emerging technologies involves the process of developing and introducing new products or services that use advanced technology to meet the needs of our customers. This requires us to be involved in partnering with universities or research institutions to leverage their expertise and resources consistent with the group's direction.

Successful commercialisation of new technologies requires a combination of innovation, technical expertise and business acumen. Anticipating market trends and customer needs, while also managing the risks associated with developing and launching new products or services requires a dedicated team that is versatile and quick on the uptake.

I am pleased to share that Cahya Mata has made its entry into this sector through the acquisition of the Intellectual Property and the business of Thermasite Malaysia. Thermasite is a composite material that is produced mainly from natural organic fibre such as rice husks and recycled material including post-consumer and waste resources such as plastics and rubber. The Company focuses on producing environmentally sustainable materials and products for industrial and consumer use globally.

For innovation and commercialisation of new technologies in the future, Cahya Mata has embarked on a Group-wide Digital Transformation exercise to operate on a single unified platform which will improve productivity, enhance cost efficiency, accessibility and digital security in the long-term.

Today, our core businesses include Cement, Phosphates, Construction, Road Maintenance, Property Development, Oiltools, Eco-Composites (Thermasite) as well as Strategic Investments in the financial services sector and the telecommunications industry.

Across the businesses, we will leverage on our extensive capabilities and identify value creation levers to unlock and drive synergies. We have developed a framework, guided by Senior Management, to locate value creation opportunities through multiple dimensions, from preserving our business foundation to accelerating transformative synergies across our diverse activities and operations. This can include areas such as redesignating duplicative functions to cross-fertilising products, geographies, and channels across our complementary businesses.

### EMPLOYEES

At Cahya Mata, we believe in creating an engaged, motivated and united workforce. As they form a big part of the Cahya Mata family, we are deeply committed to nurturing their well-being, enhancing employee experience at the workplace and allowing them to achieve their full potential. We believe this creates a holistic working environment that inspires camaraderie, trust, excellence, initiative and professionalism.

Our employee-based initiatives are founded on our goal to provide fair treatment to all our employees while achieving the optimum balance between performance, pay and participation. With respect to workforce diversity, the Group is committed to providing equal employment opportunities and practises merit-based promotion, regardless of gender.

## STRATEGIC REVIEW BY THE GROUP MANAGING DIRECTOR

We endeavour to attract, retain and nurture the best talents within a creative environment, working together to find new and innovative ways to deliver value to stakeholders. We encourage a positive work environment that fosters unity, positivity and commitment, centring our engagement activities on work-based initiatives. Our success in cultivating strong ties with all employees continues to hold us in good stead.

As we roll out our strategic vision and plans, we will continue to conduct effective employee engagement programmes which include annual town hall meetings, annual dinners, festive celebrations and various other company events. Our end goal is to ensure each person within Cahya Mata is on board and aware of our strategic priorities moving forward.

### OUR ENVIRONMENT, SOCIAL & GOVERNANCE (ESG)

Sustainability is an integral component in our overall strategy and towards this end, we continue to optimise our ESG roadmap as we move, as an organisation, towards carbon neutrality.

In keeping with our environmental commitments, we are monitoring and reducing our emissions and energy consumption by instituting a circular economy whereby waste generated undergoes innovative recycling methods. Meanwhile, on the social front, we ensure our labour practices are aligned with local and international

standards and guidelines. In a bid to drive meaningful progress within our organisation, we inculcate a strong culture of respect for diversity and inclusion, human rights, fair working hours and also career development, alongside our commitment to help the communities around us.



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We continue to reinforce and promote a strong governance culture, driving accountability, integrity and transparency throughout our businesses and operations. With this in place, every employee will be held accountable for delivering meaningful progress and sustainable growth.

As we continue to expand our portfolio, we will ensure our governance framework supports our ability to deliver real value to stakeholders. This will be done by developing new products and technologies within the context of a circular economy. We will also ensure our sustainability practices are embedded into our operations to strengthen stakeholders' level of confidence and trust in the Group.

### OUTLOOK

Moving forward, we are cautiously optimistic, given the growth forecast of Malaysia's Gross Domestic Product by the World Bank is 4% in 2023. This is further bolstered by the increase in development expenditure in Malaysia which is expected to lift the construction segment and related industries. Taking into account the overall business environment, we expect stable performances across all Divisions against the prospects of a moderate economic growth, development spending and the prevailing business sentiment in 2023. The prospects for each Division in the next financial year will be discussed in further detail in our Operational Review section.

The importance of good governance to the success of an organisation cannot be overstated; as such, we remain committed to enhancing our corporate governance framework. Having strengthened our management accountability and risk management capabilities, we have swiftly carried out various actions, including investigations and financial reviews, to further identify areas that require improvements. These included appointments of Divisional Chief Financial Officers for all the Divisions to strengthen the core competencies in the finance teams across the Group, which continues to be a priority. There are also added measures that have been undertaken to strengthen legal, contract management, risk and compliance by bringing onboard new competent talent. As we move forward, we will continue to build a strong culture of governance and growth across the Group, which in turn will strengthen accountability and integrity at all levels.

### ACKNOWLEDGEMENTS

I would like to extend my appreciation to our Group Chairman and Board of Directors for their counsel, guidance and insights which have guided Cahya Mata forward amidst challenging economic conditions.

My heartfelt appreciation also goes to our valued stakeholders for their unwavering trust and belief in Cahya Mata, as well as for extending their firm support and cooperation.

Most importantly, my deepest appreciation is extended to the employees of Cahya Mata for rising up and delivering when it mattered the most to our Group. Your tireless efforts, sense of duty and diligent work ethic have been key to our Group's success.

I would also like to extend my appreciation to our shareholders for believing in our growth strategies and providing support for our ongoing strategic initiatives.

Together, with our collective dedication and hardwork we will ensure that despite the global challenges, Cahya Mata continues to grow.

Thank you.

**YBhg. Dato Sri Sulaiman Abdul Rahman b Abdul Taib**  
Group Managing Director

# OPERATIONAL REVIEW

## CEMENT

Cahaya Mata Cement Division encompasses Cahya Mata Cement Properties Sdn Bhd (formerly known as CMS Cement Sdn Bhd), Cahya Mata Cement Sdn Bhd (formerly known as CMS Cement Industries Sdn Bhd) and CMS Concrete Products Sdn Bhd. The Cahya Mata Cement Division is Sarawak’s largest cement and clinker manufacturer, offering high quality and reliable cement for ready-mix and precast concrete products.

### PERFORMANCE HIGHLIGHTS

The Cahya Mata Cement Division’s revenue and cement sales volume showed improvement in 2022, as the construction sector picked up with the rebound of economic activities. Its revenue improved by 25% to RRM601.89 million in FY2022 against FY2021’s revenue of RM483.24 million. PBT increased by 30% to RM80.05 million against FY2021’s PBT of RM61.65 million. The improvements in the Division’s performance were driven by the growth in cement demand of 16.6% and an 8.1% higher production volume for clinker. Its profits increased in 2022, compared to 2021 which was due to the resumption of construction projects and commencement of new projects in Sarawak.

### OPERATIONAL HIGHLIGHTS

#### Cement Operations

The Cahya Mata Cement Division operations, which comes under Cahya Mata Cement Sdn Bhd (formerly known as CMS Cement Industries Sdn Bhd), produces two types of cement, namely CEM 1 Portland Cement 42.5N (PC-42.5) and Portland Limestone Cement 32.5N (PLC-32.5) grades to meet customers’ general requirements.

The Cahya Mata Cement Division has production and distribution facilities that are strategically located in every major town within Sarawak, including bulk terminals in Sibu and Miri. This ensures that Sarawak’s main economic hubs such as Kuching, Sibu, Bintulu, Miri, as well as the emerging markets of Samalaju, Mukah and their vicinities have access to a stable and sufficient supply of quality bagged and bulk cement to meet their needs.

Our operations at the cement plants, namely Mambong Integrated Plant, Pending Grinding Plant and Bintulu Grinding Plant remained fairly stable throughout FY2022.

#### Concrete Operations

CMS Concrete Products Sdn Bhd (CMSCP) is Cahya Mata Cement Division’s arm that manages concrete-related products. CMSCP has four main plants, namely in Kuching, Sarikei (Central Region), Bintulu and Samalaju (Northern Region).

#### MOVING FORWARD

Cahaya Mata Cement Division continuously works to improve its systems and processes, in line with the aim to become a highly resilient segment with strong core competencies, and to drive positive change.

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## PROPERTY DEVELOPMENT

The Property Development Division and demonstrated sustained growth in the last 12 months. The Division is focused on unlocking the value of landbanks and has identified strategic avenues to accelerate growth. Apart from its three major landbanks, the Division also has other landbanks strategically located throughout Sarawak to cater for the full spectrum of product types from residential, commercial, industrial, retail and mixed use.

### PERFORMANCE HIGHLIGHTS

For FY2022, the Property Development Division ended the year with revenue and profit before tax of RM105.01 million and RM33.17 million respectively in comparison to revenue of RM114.26 million and PBT of RM32.43 million in FY2021. The Property Division continued to show sustained performance with an increase of 2.3% in PBT.

### OPERATIONAL HIGHLIGHTS

During the year under review, the sale of single-storey and double-storey terrace properties has remained robust in Bandar Samariang, recording strong take-up rates amidst a challenging property market.

A significant development completed by the Division in Kuching is Rivervale Condominium totalling 292 units with a total GDV of RM195.15 million as at 2022

#### MOVING FORWARD

The Division’s key focus is to generate a sustainable pipeline to capitalise on the State’s steady housing demands and visionary growth plans, which include major investments in renewable energy (i.e. hydrogen), introduction of the Autonomous Rapid Transport (ART) network and Santubong masterplan, to name a few.

In the immediate term, the Property Development Division will continue to focus its efforts on the delivery of housing at Bandar Samariang and aims to leverage on the high demand of this market segment.

## PHOSPHATES

Cahaya Mata Phosphates Industries Sdn Bhd (also referred to a Cahya Mata Phosphates), formerly known as Malaysian Phosphate Additives (Sarawak) Sdn Bhd, is the first integrated phosphate complex in Malaysia.

The plant is located strategically opposite Samalaju Port in Samalaju Industrial Park and will increase the Group’s footprint across the Sarawak Corridor of Renewable Energy (SCORE), as well as strengthen earnings base in the future.

### PERFORMANCE HIGHLIGHTS

The commercialisation of the business is currently being implemented as the commissioning of its four furnaces was completed as planned by December 2022.

### OPERATIONAL HIGHLIGHTS

The phosphate complex was commissioned in August 2022 following which all four Yellow Phosphorus furnaces were successfully commissioned by 31 December 2022. In Q1 2023, the plant is on track to full commercial operations

which encapsulates the production of Yellow Phosphorus, Technical Grade Acid and Food Grade Acid.

#### MOVING FORWARD

FY2023 is poised to be a pivotal year for the company, as it transitions from plant commissioning into commercial operations. The commercialisation of the phosphate complex is projected to be a major contributor to the Group’s future earnings.

## OPERATIONAL REVIEW

### ROAD MAINTENANCE

The Group's Road Maintenance Division continues to derive stable recurring income from long-term road concession that involves the maintenance of State roads.

The majority of these activities were executed through the Division's subsidiaries, namely CMS Roads Sdn Bhd (also referred to as CMS Roads) and CMS Pavement Tech Sdn Bhd (also referred to as CMSPT).

#### PERFORMANCE HIGHLIGHTS

In FY2022, the Road Maintenance Division's revenue improved by 12% which rose from RM120.47 million to RM134.62 million. The Division's PBT increased by 78% to RM17.11 million in comparison to PBT of RM9.59 million in FY2021.

The Division's revenue improved due to increased revenue from routine maintenance works and completion of other associated road construction activities. This was attributed to the economic recovery and the implementation of additional works by the clients.

#### OPERATIONAL HIGHLIGHTS

The Health, Safety and Environment Department (HSE) in the Division recorded zero Lost Time Injury in 2022. In 2022, the Division continued to actively conduct COVID-19 and toolbox briefings to keep the workforce up to date with the current and new Standard Operating Procedures (SOP) and policies.

#### MOVING FORWARD

Going forward, the Division aims to increase efficiency, productivity and implement cost saving measures via workplace automation as well as establishing better work plans to improve operational performance and excellence.

### OILTOOLS

Cahaya Mata Sarawak Berhad completed the acquisition of the Oiltools Group on 6 September 2022, through Cahya Mata Oiltools Sdn Bhd to form the new Oiltools Division of the Group.

Cahaya Mata Oiltools has been a leading global integrated drilling fluids and drilling waste management service provider to the oil and gas sector, for the past twenty years.

#### PERFORMANCE HIGHLIGHTS

During the period September to December 2022, the Oiltools Division generated a total revenue of RM89.06 million and a gross profit of RM17.37 million at 19.50%. The Profit before tax was RM73.36 million, which included a one-off negative goodwill of RM71.07 million resulting from the acquisition of Oiltools business.

#### OPERATIONAL HIGHLIGHTS

Oiltools Division has operations in eight countries, namely Malaysia, Indonesia, India, United Arab Emirates, Saudi

Arabia, Oman and Nigeria. All country operations are certified under ISO9001 and ISO 14001 and have been actively pursuing new contracts some have successfully won tenders across the regions.

#### MOVING FORWARD

The Group will continue to focus on improving the strength of the Oiltools Division in terms of financial standing, technical capabilities, product offerings and technology development, particularly in the participation of various tenders in the countries of operations

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### ENVIRONMENTAL TECHNOLOGY

Cahaya Mata Sarawak Berhad completed the acquisition of Cahya Mata Alam Sdn Bhd (also referred to as Cahya Mata Alam or the Company), formerly known as Thermasite Malaysia Sdn Bhd, on 17 October 2022, a research and development centre as well as a manufacturing plant of composite materials

Cahaya Mata Alam aims to continuously develop, innovate and commercialise new products and technologies that revolve around the Company's main tenets of sustainability and circular economy.

#### PERFORMANCE HIGHLIGHTS

In FY2022, Cahya Mata Alam's financial contribution to the Group was minimal as it had consolidated only 2 months of earnings.

#### OPERATIONAL HIGHLIGHTS

As the world moves towards a more sustainable future, industries and consumers are looking towards sustainable and environmental composites which provide Cahya Mata Alam an inherent advantage. From a broader perspective, this acquisition supports Cahya Mata Sarawak's aim of

becoming an Environment, Sustainable and Governance (ESG) compliant multinational corporation.

#### MOVING FORWARD

Given the vast business potential within the ESG compliant composite materials sector, Cahya Mata Sarawak is positive about this venture which leverages on the Group's good financial standing, deep local knowledge, experienced management team, proven strategies, and a synergised portfolio of businesses.

### TELECOMMUNICATIONS INFRASTRUCTURE

Cahaya Mata's Telecommunications Infrastructure business fulfils the responsibility of managing the Group's interests in its associate company, SACOFA Sdn Bhd (also referred to as Sacofa), in which the Group has a 50% non-controlling equity stake.

#### PERFORMANCE HIGHLIGHTS

In FY2022, Sacofa recorded a revenue of RM292.12 million (FY2021: RM266.44 million) and PBT amounting to RM156.47 million (FY2021: RM142.31 million). As a major telecommunications infrastructure provider in Sarawak, being responsible for the majority of the mobile telecommunications traffic in the State, Sacofa was deemed an essential services provider and was able to continue to operate unhampered throughout the pandemic period.

#### OPERATIONAL HIGHLIGHTS

Sacofa's restructuring of its management, controls, and practices has helped position the company as a top player in the telecom industry. This transformation aligns with the commitment to good governance, streamlining operations, and using digital tech to meet the needs of Sarawak, especially that of the rural communities.

Sacofa continues to play an important role in developing the telecommunications infrastructure in Sarawak. In the year under review, the Company widened its capabilities while pushing ahead in providing the basic connectivity required by rural communities as it seeks to close the digital gap between rural and urban areas.

To date, Sacofa owns and/or manages over 1,900 towers throughout Sarawak, with more than 11,500 km of fibre-

optic cable. Over 65% of the towers owned by Sacofa have been fiberised.

In 2022, Sacofa completed the Sarawak Government's project to provide fibre-optic connectivity via Points of Interconnect to nine (9) national parks in the state and progressively delivered other ongoing projects such as the fiberisation of MCMC's Clawback sites.

Sacofa will continue to collaborate with its products and services partners to promote social and economic inclusivity, contributing to the region's development. By doing so, it continues to deliver value to stakeholders and contribute to Sarawak's sustainable growth.

#### MOVING FORWARD

Looking ahead, there are several positive growth drivers for Sacofa, given the strong impetus to develop Sarawak's digital economy, as well as investments in telecommunications infrastructure to improve and expand connectivity. Among these are the fiberisation of 73 sites under Sacofa's MCMC Clawback Projects which will enable higher connectivity speeds to the surrounding areas served by the sites.

Overall, Sacofa continues to be well-positioned to capitalise on a broad range of opportunities to help advance its growth together with the State and the Nation.

OPERATIONAL REVIEW

STRATEGIC INVESTMENT

**KENANGA INVESTMENT BANK**

Cahaya Mata Sarawak Berhad is the single largest shareholder of Kenanga Investment Bank Berhad and Group of Companies (also referred to as Kenanga) via an 18.9% equity stake in Kenanga.

Established in 1973 and listed on the Main Market of Bursa Malaysia, Kenanga is one of Malaysia’s largest independent investment bank with extensive experience in various financial services including equity broking, investment banking, treasury, Islamic banking, listed derivatives, investment and wealth management, structured lending, trade financing, and robo-advisory.

**PERFORMANCE HIGHLIGHTS**

Kenanga posted a revenue and profit before tax (PBT) of RM723.1 million and RM74.2 million respectively for the financial year ended 31 December 2022 (FY2022) compared to the revenue of RM891.5 million and PBT of RM148.2 million from the year before. This was mainly due to lower brokerage fee income resulting from lower trading volume and trading and investment income, as well as share of loss from joint ventures with partial mitigation from higher management fee income.

As at 31 December 2022, Kenanga’s capital adequacy ratio stood at 28.9%, in excess of the minimum regulatory capital adequacy of 10.5% set by Bank Negara Malaysia, including a capital conservation buffer of 2.5%.

Kenanga maintained A+ and MARC-1 ratings from the Malaysian Rating Corporation Berhad (MARC), which continued to note its strong capital position, profitability and funding profile.

**OPERATIONAL HIGHLIGHTS**

Although the Malaysian economy rebounded in the middle of the year due to the easing of pandemic restrictions and reopening of borders, investor appetite was affected by negative global macro sentiments, leading to heavy selloffs despite the Malaysian Gross Domestic Product growth of 8.7%. Following two years of exceptional trading activities, Trading Volume and Trading Value on Bursa Malaysia dropped by 49.1% and 40.8% respectively.

**MOVING FORWARD**

While Kenanga’s growth is susceptible to downside risks mainly associated with external factors stemming from recessionary risks and geo-political events, it is cautiously optimistic of the outlook for 2023, and is resolute in its efforts to continue driving innovation, digitalisation and sustainability in the marketplace.

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**SUSTAINABILITY STATEMENT**

**SUSTAINABILITY APPROACH**

**We are committed to embedding a strong sustainability culture within all our businesses. Our aim is to create a vibrant performance-driven workplace, to be an environmental advocate leader in good environmental practices, and to uphold our community as a corporate citizen.**

**SCOPE & BOUNDARY**

The scope of this Statement covers only the businesses and operations over which Cahya Mata Sarawak Berhad exercises complete control through its Board and Management. The activities of the Group’s associate companies are not covered in this Sustainability Statement.

**SUSTAINABILITY GOVERNANCE STRUCTURE**

Following structural changes to the Group in 2021 and 2022, including but not limited to reviews and enhancements of governance, risk management and control processes, the Group has increased focus on sustainability with greater commitments given to how the business impacts the economy, environment and society. Our commitment to sustainability is one of the fundamental pillars of our business strategy as we understand that it is essential to creating a lasting value.

In this regard, Cahya Mata’s risk management framework identified and prioritised sustainability matters that are material to enable the identification, evaluation and management of this risk and opportunities in line with the overall Group’s business and corporate objectives.

The Board of Directors endorses the Group’s sustainability purpose, values and strategies. It has also entrusted the Group Managing Director as the highest authority accountable for the implementation of sustainability matters for the Group. In 2022, the Group Chief Operating Officer headed the department on sustainability matters to ensure oversight of the implementation of sustainability initiatives across the Group.

**REPORTING PERIOD**

1 January to 31 December 2022 (Financial Year or FY2022), unless specified.

**REPORTING GUIDELINES**

Bursa Malaysia’s Main Market Listing Requirements

**REPORTING CYCLE**

Annual

# SUSTAINABILITY STATEMENT

## OUR MATERIAL MATTERS

Topics that are material or important to Cahya Mata are defined as topics which have a direct or indirect impact on the ability to create, preserve or erode Economic, Environmental and Social (EES) values for Cahya Mata, its stakeholders and the environment that it operates in.

In 2020, we conducted a three-step materiality assessment to produce an updated materiality matrix. We incorporated the stakeholder inputs, company insights, sector initiatives, peer reviews, and global trends to ensure it is robust. It helped us identify the most important issues for our company and stakeholders, to define risks, opportunities, and also to report and set strategic targets. There has been no change to our material matters in 2022.

The results were assessed based on their weightage and the list was consolidated into 14 material matters (i.e., eight existing, five consolidated, and one new). All 14 material matters were then prioritised relative to each other, and the results plotted onto a preliminary matrix. To finalise the materiality matrix, the preliminary materiality matrix was validated and prioritised by Senior Management. As all issues were important to some degree, scales from 'Influential' to 'Most Influential' and 'Significant' to 'Most Significant' were adopted and a materiality matrix was developed.

The issues that could impact our ability to create value are presented in the diagram below. As per the diagram, the topics that are most relevant to our stakeholders are plotted towards the top of the matrix; with those towards the right being the most important to Cahya Mata. The issues in the top right quadrant are material to both stakeholders and Cahya Mata and qualify as the top seven material matters.

**Cahaya Mata's 2022 Materiality Matrix** We mapped all 14 Material Matters to the Economic, Environmental and Social (EES) Pillars of Sustainability.

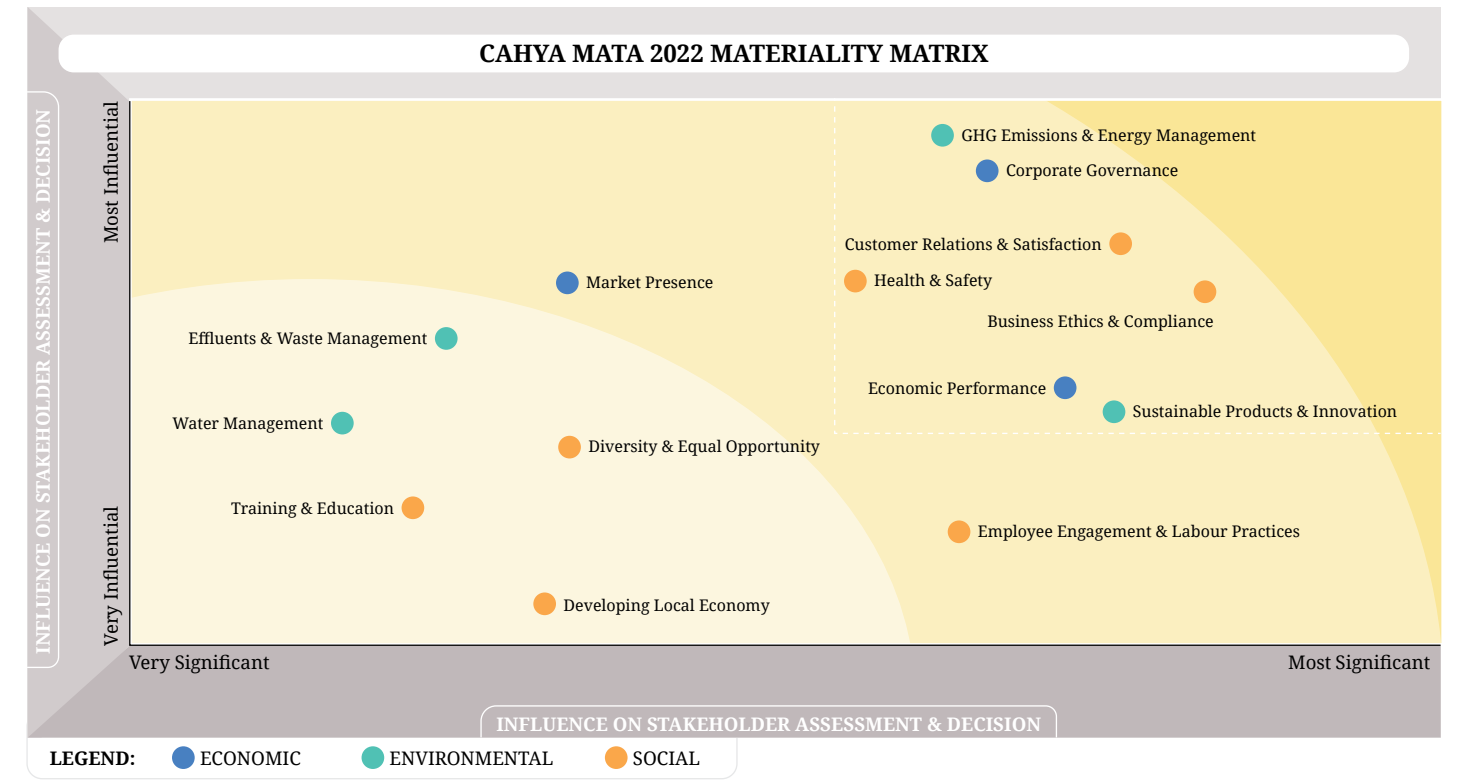
- ECONOMIC**
1. Economic Performance
  2. Corporate Governance
  3. Market Presence

- ENVIRONMENTAL**
4. Effluents & Waste Management
  5. Water Management
  6. Sustainable Products & Innovation
  7. GHG Emissions & Energy Management

- SOCIAL**
8. Health & Safety
  9. Diversity & Equal Opportunity
  10. Training & Education
  11. Customer Relations & Satisfaction
  12. Developing Local Economy/Community Engagement
  13. Employees Engagement & Labour Practices
  14. Business Ethics & Compliance

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### Axes Definitions

- 1 'Influence on Stakeholder Assessment & Decision' is defined as the importance of a sustainability matter to a stakeholder
- 2 'Significance of EES Impacts' on the business is defined as the importance of a sustainability matter to Cahya Mata

Based on the results above, the following top seven material matters were identified and prioritised as follows:

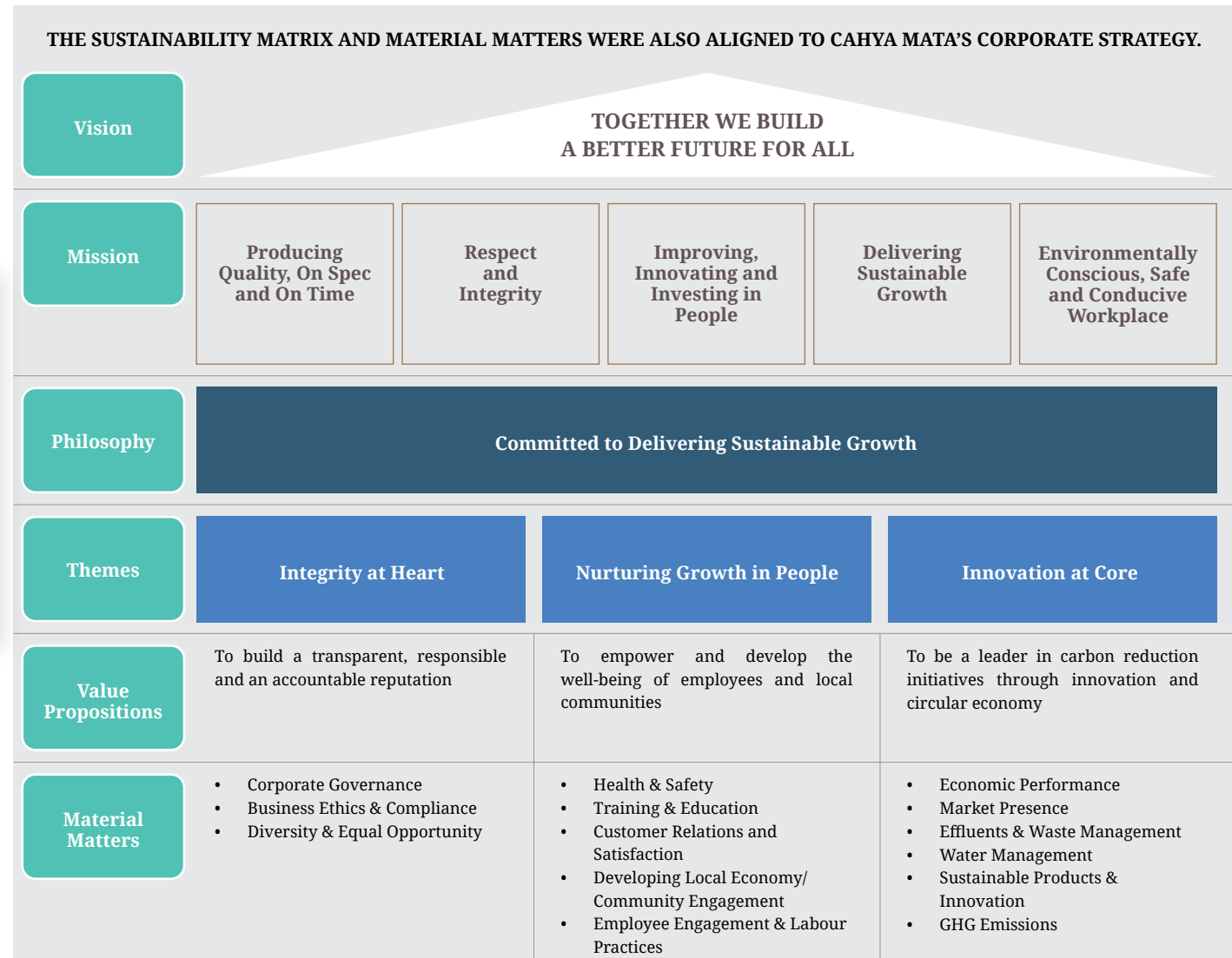
- 01** GHG Emissions & Energy Management
- 02** Corporate Governance
- 03** Customer Relations & Satisfaction
- 04** Health & Safety
- 05** Business Ethics & Compliance
- 06** Economic Performance
- 07** Sustainable Products & Innovation



## SUSTAINABILITY STATEMENT

### ALIGNING OUR MATERIAL MATTERS

In line with Cahya Mata's Vision, we also mapped all 14 material matters into three Strategic Sustainability Themes, namely Innovation at the Core, Integrity at Heart and Nurturing Growth in People. The 14 material matters were then aligned with Cahya Mata's corporate strategy, demonstrating the integration of sustainability into the fabric of its organisation.



#### MOVING FORWARD INTO 2023

Moving forward, the Group will be directing its sustainability efforts based on a Sustainability Policy and Sustainability Plan which it intends to roll out in 2023. The Sustainability Policy shall be aligned to Cahya Mata's corporate mission alongside a Sustainability Plan that outlines the suggested timeframe. This will enable Cahya Mata to carry out the proposed strategic sustainability initiatives, and underlines the initiatives the Group needs to improve on in its sustainability agenda, as well as to facilitate sustainability reporting.

The Group will also highlight on how it will manage its key Sustainability Matters through the aforementioned document. The Group's overall objective in its sustainability reporting is to present a holistic and clear-cut view of the strategic thinking and responses to the issues that are most significant to stakeholders, and which have the most influence on long-term value creation efforts. Moving forward, we will continue to implement measures that will enable us to continue creating value on the EES fronts while meeting the compliance criteria of growing investee companies.

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# ECONOMIC

## CORPORATE GOVERNANCE AND REGULATORY COMPLIANCE

### PRIORITISING GOOD CORPORATE GOVERNANCE PRACTICES

On 24 November 2021, the Group announced that it would embark on a Human Capital Transformation Programme to build a culture of governance and growth across the Group to strengthen the accountability and integrity at all levels of Senior Management. The Group has taken initial steps toward this direction by bringing in several key leaders including a Chief of Staff, Chief Risk Officer and Group General Counsel. This programme was further enhanced in 2022 at all levels.

The realignment of our management structure to drive governance, transparency and accountability seeks to inculcate the culture of pro-active risk management to deliver value to all stakeholders. The Group shall achieve this through the following key measures of its Human Capital Transformation Programme:

- 01** Strengthening Risk Oversight at Board level on enterprise material risk, providing updates on key projects in a timely manner so that the Board continues to evaluate its exposure and management of risks
- 02** Setting up of an Investment Committee chaired by the Group Managing Director to review and recommend all proposals and investments to the Board, for information and immediate approval
- 03** Establishing an independent Group Risk Division to drive risk management throughout the Company
- 04** Strengthening accountability and integrity at all levels of Senior Management to embed a culture of governance and growth across the Group

With regards to regulatory compliance, we continue to strictly comply with all relevant acts and regulations that govern the industries we operate in. There were no cases recorded for non-compliance in the year under review.

### ANTI-BRIBERY AND ANTI-CORRUPTION

The Cahya Mata Group is committed to upholding the highest standards of ethical, moral and legal business conduct. In line with this commitment, we have strengthened our anti-bribery and anti-corruption policies to comply with the amendments to the Malaysian Anti-Corruption Commission Bill 2018.

Four new policies, namely the Anti-Bribery and Anti-Corruption Policy, Gift & Hospitality Policy, Donation, Sponsorship & Community Investment Policy, and the Third-Party Corruption Risk Due Diligence Policy were drawn up by Cahya Mata's external consultant with input from various departments.

## SUSTAINABILITY STATEMENT

The Anti-Bribery and Anti-Corruption policy is available for public viewing on the corporate website and internally on the company's intranet, whereas the rest of the policies are only available through the intranet. All employees have been informed about the Group's anti-corruption policies and procedures.

There were no incidents of corruption in the year under review.

### WHISTLEBLOWING POLICY

The Group has in place a Whistleblowing Policy as well as a Whistleblowing Channel. Members of the public or employees of the Company can lodge a complaint or report on acts of misconduct or suspected misconduct to the Designated Authority (DA), which includes the Group Managing Director, Board Chairman and Deputy Chairman.

#### Acts of misconduct include:

- ▶ Any conduct that connotes a disciplinary or criminal offence;
- ▶ Contravention to Company policies, procedures, rules and regulations;
- ▶ Non-compliance to terms of engagement for contracts or agreements;
- ▶ Fraud, misappropriation, abuse of authority or corrupt practices;
- ▶ Regulatory infringements; and
- ▶ Any other forms of misconduct or breach of trust. All complaints and reports will be treated with the utmost privacy and confidentiality, although actions can be taken against whistle-blowers if the complaints are found to be unsubstantiated or malicious in nature.

### RESPONSIBLE SUBCONTRACTING AND PROCUREMENT

Responsible subcontracting and procurement practices are important to Cahya Mata as it allows us to improve our cost competitiveness and to expand our pool of contractors and suppliers. Such practices also enable us to improve our overall risk management, which allows for time and cost savings, as well the opportunity to leverage on the specialised knowledge and expertise of subcontractors.

Our procurement process is governed by policies that are outlined in Group Procurement such as the Procurement Policy and Procedures Manual and the Group Limits of Authority which are available for internal reference. We remain guided by our Third-Party Corruption Risk Due Diligence Policy which is available on our corporate website.

## SUSTAINABILITY STATEMENT

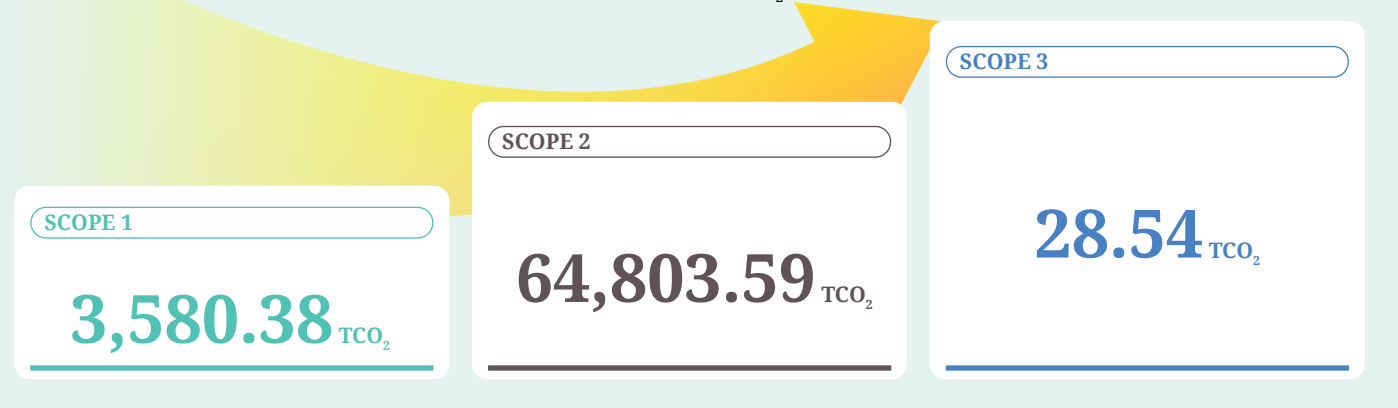
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# ENVIRONMENTAL

At Cahya Mata, we are committed to being a responsible industry player and a conscientious steward of the resources we have been entrusted with. Our efforts to date are focused on fine-tuning our environmental practices by developing more robust and integrated environmental strategies to minimise our environmental footprint to ensure that we preserve the environment for the future generations.

### EMISSIONS MANAGEMENT

Cahya Mata's operations can potentially impact the environment, especially in the context of carbon emissions. To better manage this, Cahya Mata has taken the initial steps of measuring its Greenhouse Gas (GHG) emissions, which is to set baselines and targets to identify and develop mitigation measures and lower our carbon emissions. Our GHG emissions, for businesses and operations over which Cahya Mata Sarawak Berhad exercises control, are reported according to Scope 1, 2 and 3 using the Total Carbon Dioxide (TCO<sub>2</sub>) measurement and are as follows:



### ALTERNATIVE RAW MATERIALS AND ALTERNATIVE FUEL CEMENT DIVISION

The Cement Division received a new type of scheduled waste totalling 13.54 Metric tonnes (MT), generated by X-FAB Sarawak Sdn Bhd, Fluoride Sludge (SW 207) as an alternative raw material in December 2021. Apart from this, the Division's in-house generated waste (SW109, SW409 and SW410) were co-processed at the Calciner as alternative fuel.

The objectives of utilising alternative raw materials and alternative fuels in the Cement Division are to achieve greater sustainability in the manufacturing process by reducing the

consumption of non-renewable resources, promoting the circular economy, and minimising the generation of waste.

### ROAD MAINTENANCE DIVISION

A study proposed by University Malaysia Sarawak (UNIMAS) on the investigation of using river gravel as a road construction material will be conducted in collaboration with Cahya Mata Roads from 2022 to 2023. The scope of study includes sample sourcing and selection for laboratory investigations to determine the gravel qualities to formulate the proposed gradation mix. The proposed study outcome will determine the effectiveness of river gravel as an alternative raw material for road works.

**SUSTAINABILITY STATEMENT**

**Products & Services Responsibility**

Cahaya Mata has made it a priority to consistently monitor its operations to ensure that they align with the stringent quality management systems that have been implemented. The Group's dedication to upholding product and service excellence is reflected in the many quality certifications and licences that we continue to receive accreditation for. Cahya Mata has embraced the ISO standards throughout its operations to maximise time and finances, continuously improve internal processes and management systems. The common ISO standards attained are ISO 9001, ISO 14001 and ISO 45001. The Group's subsidiaries have also obtained the necessary licences from relevant authorities to manufacture, construct and sell.

**NON-COMPLIANCE WITH ENVIRONMENTAL STANDARDS AND REGULATIONS**

There were no records of non-compliance with environmental standards and regulations across all operations in the year under review.

# SOCIAL AND COMMUNITY

**Cahaya Mata recognises that success comes from its diligent and loyal employees. As such, we are committed to creating a conducive working environment, and implementing wholesome and decent work practices that ensure the well-being of our employees. As embracing diversity and equality is necessary to enhance an organisation's performance and branding, we are committed to providing equal employment opportunities and merit-based promotion.**

In the year under review, we welcomed women into the Management team. We have also rewarded employees who have served with us for many years with the Long Service Awards. In addition, career development opportunities were provided to employees based on their performance and experience.

We will continue to nurture a work culture that values the unique perspectives and contributions of every employee, thus ensuring that we attract and retain a talented workforce that contributes to the Group's success.

**Employee Welfare**

Investing in employee welfare is fundamental to meeting the needs of our people and brings about positive impacts on employee retention and loyalty. As a caring employer, we strive to go beyond compliance by providing work-life balance and prioritising the health and wellness of our people.

We prioritise work-life balance, flexibility, diversity, health and wellness to boost employee morale, as well as productivity. Our employee welfare is guided by our robust policies covering healthcare to insurance, educational

**SUSTAINABILITY STATEMENT**

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assistance and compassionate funds. Cahya Mata ensures that all our remuneration and benefits exceed the minimum mandatory statutory. The Group's pay rates and benefits are reviewed regularly to ensure that they are in line with the job market. We believe in fair pay and benefits for all workers and we monitor all issues regarding income inequality closely. Among the notable benefits we offer are the Long Service Award, Group Term Life Insurance, Employees' Share Option Scheme (ESOS), Retirement Gratuity, Annual Health Screening, Work Life Balance Benefits, Educational Assistance and Annual Bonus

**EMPLOYEE ENGAGEMENT**

Listening to our employees is more important than ever amid the current challenging times. We acknowledge the need to connect with our employees to build and strengthen their relationship with the Company and to ensure that our employees share the Company's vision, goals and values.

We aim to keep our employees engaged to shape a high-performing workforce and to integrate a positive work culture across the Group. In the year under review, Annual

Dinner with employees of respective Divisions and the Head Office were held in Kuching in October 2022, Bintulu in January 2023 and Sibul in February 2023, where updates on important issues affecting the organisation and the workforce were shared to the employees.

Moving forward, we will continue to take steps to ensure our employees are kept fully engaged and motivated to achieve the Company's objectives and goals.

**TALENT DEVELOPMENT**

Investing in the learning and development of our people is vital for the Group's long-term sustainability. The Group is committed to providing every employee with training and career development opportunities through strategic measures and they include skill gap evaluations, as well as reskilling and upskilling. This will ensure that Cahya Mata remains at the forefront of the ever-changing global market, leading to more profits and better retention rates. Post-pandemic, continuous training and development opportunities were provided both virtually and physically.



2022 Long service award recipients

**SUSTAINABILITY STATEMENT**



**HUMAN RIGHTS**

Our human rights principles are underpinned by our robust guidelines that encompass strong corporate governance practices that safeguard the rights of every stakeholder and the Company's sustainability.

We are guided by our Code of Ethics/Conduct that emphasises clauses such as "fair and equitable treatment", "protection of personal data privacy", and "no discrimination and harassment". These clauses are further supported by the Equity, Inclusion, Diversity & Sustainability Policy, a company employment policy which underpins our commitment to creating and maintaining an equitable and harmonious work environment that encompasses recruitment, employment and career advancement, to ensure that the workplace is free from any form of discrimination and/or harassment.

**Occupational Safety & Health**

Cahaya Mata and all subsidiaries are committed to preventing workplace accidents, job-related injuries and ill-health to uphold the safety and health of its employees and stakeholders. Cahya Mata's occupational safety and health is guided by the Group Occupational Safety & Health (OSH) Policy and the Group Environment Policy.

**COMMUNITY INVESTMENT & DEVELOPMENT**

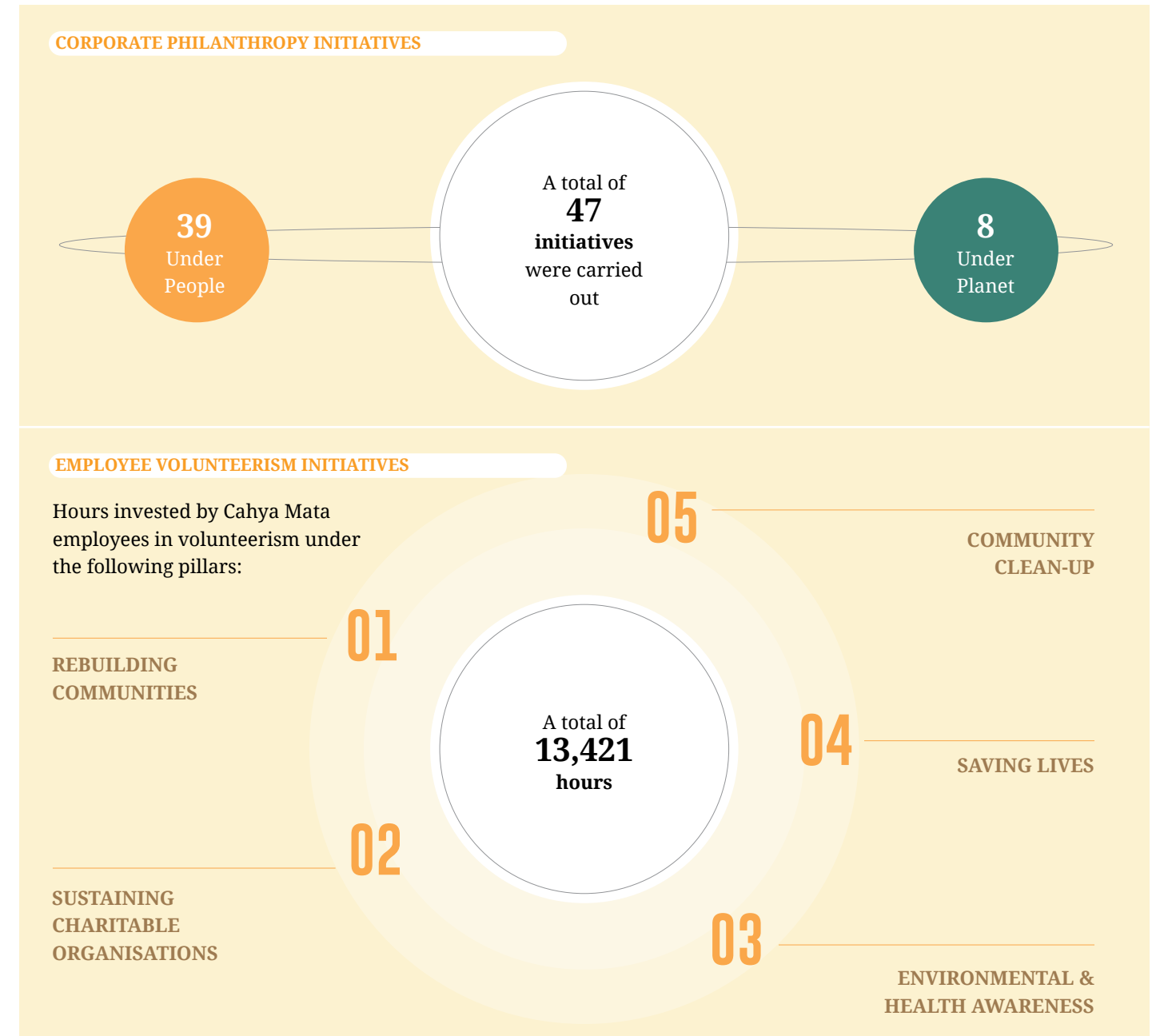
Investing in the local community in areas where we operate is vital for Cahya Mata to build long-lasting relationships with all stakeholders. Our contribution in the long run will improve the quality of life for the communities around us and bring leverage to our company's reputation among employees, stakeholders and the industry.

Cahaya Mata continues to work closely with institutions and communities to promote local economic growth by integrating community investments as part of its business strategy. To ensure the Group's corporate philanthropy arm operates in alignment with its business activities, corporate values and social responsibility, the Group is guided by the Group's Corporate Philanthropy & Community Investment Policy, as well as the Anti-Bribery & Anti-Corruption Policy and the Gifts of Hospitality Policy.

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The focus areas of the Group's community investment and development initiatives includes geographical location, educational support, community wellbeing and development, environmental initiatives, and youth and sports. In the year under review, Cahya Mata implemented the following initiatives to promote community investment and development:



# EXPERIENCED AND PROFESSIONAL LEADERSHIP

## BOARD OF DIRECTORS

### YABHG. GENERAL DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)

Group Chairman  
Senior Independent,  
Non-Executive Director



21/21

Number of Board meetings attended:

Age: 74  
Gender: Male  
Nationality: Malaysian

Date appointed to the Board:  
9 August 2021

Shareholding in Cahya Mata:  
Direct – 100,000 ordinary shares

#### Academic/Professional Qualifications

- Masters of Science Degree in Defence and Strategic Studies from the Quaid-I-Azam University, Islamabad, Pakistan
- Senior Executive Program in National and International Security from Harvard University – John F. Kennedy School of Government, USA

#### Skills & Experience

General Dato' Seri Diraja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired), was born on 30 April 1948 in Kuala Kangsar, Perak. He had a distinguished career in the Malaysian Armed Forces for 38 years 11 months, before retiring from the Force on 30 April 2005. During the period as a professional military officer, he served 6 years 4 months as the Malaysian Chief of Defence Forces from 1 January 1999 and as the Chief of the Malaysian Army for one year from 1 January 1998.

General Tan Sri Mohd Zahidi was made a Member of Dewan Negara Perak by DYMM Paduka Seri Sultan Perak on 25 November 2006 and is a Director/Trustee for Board of Trustee of Yayasan Sultan Azlan Shah. On 23 April 2013 General Tan Sri Mohd Zahidi was appointed as Orang Kaya Bendahara Seri Maharaja Perak Darul Ridzuan by DYMM Paduka Seri Sultan Perak and the Dewan Negara Perak Darul Ridzuan.

General Tan Sri Mohd Zahidi is the Pro-Chancellor of University Sultan Azlan Shah (USAS) since December 2018. He was awarded an Honorary Doctorate in Management of Defense and Strategic Studies from National Defence University of Malaysia, also known as Universiti Pertahanan Nasional Malaysia (UPNM) in 2016.

#### Other Current Appointments

- Chairman of Genting Plantations Berhad and AHAM Asset Management Berhad
- Director of Genting Malaysia Berhad, Only World Group Berhad, SOGO (K.L.) Department Store Sdn Bhd as well as Nishiin-Panmatex (M) Sdn Bhd

General Tan Sri Mohd Zahidi has no conflict of interest with the Cahya Mata Group, does not have any personal interest in any business arrangement involving the Cahya Mata Group and has no family relationship with any other director and/or major shareholder of the Company. He has not been convicted of any offence (other than traffic offences) within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.

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### Key Committees

- Chair of Committee
- Group Audit Committee Member
- Group Risk Committee Member
- Nomination & Remuneration Committee Member
- Digital Transformation Committee Member
- Employees' Share Option Scheme Committee Member

### YBHG. DATO SRI MAHMUD ABU BEKIR TAIB

R NR DT

Deputy Group Chairman  
Non-Independent,  
Non-Executive Director



21/21

Number of Board meetings attended:

Age: 59  
Gender: Male  
Nationality: Malaysian

Date appointed to the Board:  
23 January 1995

Shareholding in Cahya Mata:  
Direct – 1,000,000 ordinary shares  
Indirect – 4,407,100 ordinary shares

#### Academic/Professional Qualifications

Tertiary education in USA and Canada

#### Skills & Experience

Dato Sri Mahmud Abu Bekir Taib was appointed to the Board of Cahya Mata as Group Executive Director on 23 January 1995 and was re-designated as Deputy Group Chairman on 22 May 2002. Dato Sri Mahmud served as Interim Group Chairman from 10 May 2018 to 1 October 2018. He has extensive experience in the stock-broking and corporate sectors. He was a founding member of Sarawak Securities Sdn Bhd, Sarawak's first stock-broking company which is now under Kenanga Investment Bank Berhad.

#### Other Current Appointments

- Chairman of Sarawak Cable Berhad
- Director of Cahya Mata subsidiary companies namely Cahya Mata Capital Sdn Bhd, Cahya Mata Intelligent Technologies Sdn Bhd, Cahya Mata IP Sdn Bhd, Cahya Mata Oiltools Sdn Bhd, Cahya Mata Professionals Sdn Bhd, Cahya Mata Roads Sdn Bhd and Oiltools International Sdn Bhd
- Director of associate company, SACOFA Sdn Bhd

Dato Sri Mahmud is a brother of Dato Sri Sulaiman Abdul Rahman b Abdul Taib (a Director of Cahya Mata), YB Dato Hajjah Hanifah Hajar Taib-Alsree and Jamilah Hamidah Taib (major shareholders of Cahya Mata). Dato Sri Mahmud is a son of the late Lejla Taib (a major shareholder of Cahya Mata) and a director of Majaharta Sdn Bhd (a major shareholder of Cahya Mata). He has not been convicted of any offence (other than traffic offences) within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.

**EXPERIENCED AND PROFESSIONAL LEADERSHIP**

**YBHG. DATO SRI SULAIMAN ABDUL RAHMAN B ABDUL TAIB**

Group Managing Director



21/21

Number of Board meetings attended:

Age: 54  
 Gender: Male  
 Nationality: Malaysian

Date appointed to the Board:  
 22 June 2021

Shareholding in Cahya Mata:  
 Direct – 6,790,400 ordinary shares

**Academic/Professional Qualifications**

- Bachelor of Science Degree in Business Administration from University of San Francisco, California, United States of America

**Skills & Experience**

Dato Sri Sulaiman Abdul Rahman b Abdul Taib was appointed as a Director of the Company on 22 June 2021 and redesignated as Group Managing Director on 8 July 2021. He is the former Deputy Minister of Tourism for the Government of Malaysia (March 2008 - December 2009) and was a member of Parliament Malaysia (2008 - 2013). Dato Sri Sulaiman was appointed to the board of Cahya Mata Sarawak Berhad in 1995 and retired in 2008. During his tenure at Cahya Mata, he held the position of Group Chairman, Group Deputy Chairman, Acting Group CEO and Group Executive Director. He was also the Executive Chairman of RHB Capital Berhad (2003 - 2006) and chairman of boards for various companies including Rashid Hussain Berhad, RHB Insurance Berhad, RHB Asset Management Sdn Bhd, RHB Research Institute Sdn Bhd, Cahya Mata Development Sdn Bhd (formerly known as CMS Property Development Sdn Bhd), and CMS Works International Ltd. Other previous notable non-executive directorships include Sarawak Securities Sdn Bhd, Malaysian Industry-Government Group for High Technology Sdn Bhd (MIGHT), Utama Banking Group Berhad, K&N Kenanga Holdings Berhad, Bank Utama (Malaysia) Berhad, Utama Merchant Bank Berhad, RHB Islamic Bank Berhad, RHB Sakura Bankers Berhad and RHB Bank Berhad.

**Other Current Appointments**

- Director of Cahya Mata’s associate company namely, SACOFA Sdn Bhd.

*Dato Sri Sulaiman is a brother of Dato Sri Mahmud Abu Bekir Taib, Group Deputy Chairman, Jamilah Hamidah Taib and YB Dato Hajjah Hanifah Hajar Taib-Alsree (major shareholders of Cahya Mata). Dato Sri Sulaiman is a son of the late Lejla Taib (a major shareholder of Cahya Mata) and a director of Majaharta Sdn Bhd (a major shareholder of Cahya Mata). He has not been convicted of any offence within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.*

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**EXPERIENCED AND PROFESSIONAL LEADERSHIP**

**MADAM UMANG NANGKU JABU**

Non-Independent, Non-Executive Director



21/21

Number of Board meetings attended:

Age: 46  
 Gender: Female  
 Nationality: Malaysian

Date appointed to the Board:  
 21 September 2017

Shareholding in Cahya Mata:  
 Direct – 200,000 ordinary shares

**Academic/Professional Qualifications**

- Bachelor of Business (Business Information Systems) from RMIT University in Melbourne, Australia
- Masters of Finance from RMIT University in Melbourne, Australia
- Graduate Diploma in Industrial and Employee Relations from Monash University, Melbourne, Australia
- Master of Management in Human Resource Management from Monash University, Melbourne, Australia

**Skills & Experience**

Madam Umang Nangku Jabu has been working in the private sector as a Director of a number of companies.

**Other Current Appointments**

- Independent Non-Executive Director of Ta Ann Holdings Berhad
- Member of the Board of Trustees of The Iban Women Charitable Trust
- Director of Cahya Mata subsidiary companies namely, Cahya Mata Development Sdn Bhd, CMS Pavement Tech Sdn Bhd and CMS Roads Sdn Bhd

*Madam Umang is a director and major shareholder of SEDC Premix (Betong) Sdn Bhd (a joint venture company of Cahya Mata with SEDC). She is also a major shareholder of DISA Sdn Bhd, which in turn is a major shareholder of Cahya Mata Wires Sdn Bhd (formerly known as CMS Wires Sdn Bhd) (a subsidiary company of Cahya Mata). Madam Umang has no family relationship with any other director and/or major shareholder of the Company. She has not been convicted of any offence (other than traffic offences) within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.*

## EXPERIENCED AND PROFESSIONAL LEADERSHIP

### DR. KHOR JAW HUEI

E A NR R

Independent,  
Non-Executive Director



21/21

Number of Board meetings attended:

Age: 72  
Gender: Male  
Nationality: Malaysian

Date appointed to the Board:  
15 July 2020

Shareholding in Cahya Mata:  
Nil

#### Academic/Professional Qualifications

- Bachelor of Science (First Class Honours) in Chemical, Process & Business Engineering Degree from the University of Aston, Birmingham
- PhD in Chemical Engineering from the University of Aston, Birmingham

#### Skills & Experience

Dr Khor Jaw Huei has over 40 years of work experience in cement and concrete business. He started his career in 1974 with Blue Circle (UK) followed by APMC (Malaysia) in 1981. In 1990 he was appointed Regional Director of Maschinenfabrik Liezen (Austria) and Christian Pfeiffer Beckum (Germany) and later joined YTL Cement as Technical Director. He was also former CEO of Holcim Malaysia and Holcim Singapore, CEO/MD of public listed Jurong Cement Ltd, Singapore and MD, CPB Engineering Sdn Bhd. Dr Khor served in various capacities in the Federation of Malaysian Manufacturers, Cement & Concrete Association of Malaysia and Singapore and presented many technical papers in various local and international seminars and symposiums on the cement industry during his professional career.

#### Other Current Appointments

- Chairman of Cahya Mata subsidiary companies, Cahya Mata Cement Sdn Bhd (formerly known CMS Cement Industries Sdn Bhd) and Cahya Mata Phosphates Industries Sdn Bhd [formerly known as Malaysian Phosphate Additives (Sarawak) Sdn Bhd]
- Director of Cahya Mata subsidiary companies namely, Cahya Mata Alam Sdn Bhd, Cahya Mata Cement Properties Sdn Bhd and Thermasite Technology Sdn Bhd

*Dr Khor has no conflict of interest with the Cahya Mata Group, does not have any personal interest in any business arrangement involving the Cahya Mata Group and has no family relationship with any other director and/or major shareholder of the Company. He has not been convicted of any offence (other than traffic offences) within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.*

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## EXPERIENCED AND PROFESSIONAL LEADERSHIP

### MR. JEYABALAN A/L S.K. PARASINGAM

A DT

Independent,  
Non-Executive Director



21/21

Number of Board meetings attended:

Age: 52  
Gender: Male  
Nationality: Malaysian

Date appointed to the Board:  
22 June 2021

Shareholding in Cahya Mata:  
Nil

#### Academic/Professional Qualifications

- Member of Certified Public Accountant (MICPA) and Chartered Financial Analyst (CFA)

#### Skills & Experience

Mr Jeyabalan A/L S.K. Parasingam started his career with Ernst & Young in 1990 and is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and a CFA Charter Holder. He is also a member of the Institute of Corporate Directors Malaysia (ICDM) He has over 26 years of experience in corporate finance, business development, real estate investment management and private equity. He is also the Risk Management and Audit Committee Chairman of Merchantrade Asia Sdn Bhd.

#### Other Current Appointments

- Managing Director of Silver Formula Capital Sdn Bhd
- Independent Director and Risk Management and Audit Committee Chairperson of Merchantrade Asia Sdn Bhd
- Director of Cahya Mata subsidiary companies namely, Cahya Mata Development Sdn Bhd, Cahya Mata Hotels Sdn Bhd, Cahya Mata Oiltools Sdn Bhd, Oiltools International Sdn Bhd, Samalaju Properties Sdn Bhd and Taibah Properties Sdn Bhd

*Mr Jeyabalan has no conflict of interest with the Cahya Mata Group, does not have any personal interest in any business arrangement involving the Cahya Mata Group and has no family relationship with any other director and/or major shareholder of the Company. He has not been convicted of any offence (other than traffic offences) within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.*

**EXPERIENCED AND PROFESSIONAL LEADERSHIP**

**YBHG. DATO' MAZNAH BINTI ABDUL JALIL**

NR R DT E

**Independent, Non-Executive Director**

21/21

**Number of Board meetings attended:**

**Age:** 69  
**Gender:** Female  
**Nationality:** Malaysian

**Date appointed to the Board:**  
 15 November 2021

**Shareholding in Cahya Mata:**  
 Nil

**Academic/Professional Qualifications**

- Masters of Science in Business Administration (Finance) from Central Michigan University, United States of America
- Bachelor of Science in Business Administration (Finance) from Northern Illinois University, United States of America



**Skills & Experience**

Dato' Maznah binti Abdul Jalil has over 30 years of experience in investment banking, corporate finance and advisory work, during which she served various companies including Hong Leong Financial Group Berhad, DRB-HICOM Berhad Group, Kenanga Investment Bank Berhad and Amanah Merchant Bank Berhad.

**Other Current Appointments**

- Senior Independent Non-Executive Director of Innature Berhad
- Independent Non-Executive Director of Malayan Flour Mills Berhad
- Chairman of SCS Global Advisory (M) Sdn Bhd
- Director of Opus Asset Management Sdn Bhd and Pavilion Reit Management Sdn Bhd
- Chairman of the Investment Panel and Member of Nomination and Remuneration Committee of Lembaga Tabung Angkatan Tentera
- Board member of Kumpulan Wang Persaraan (Diperbadankan)
- Director of Cahya Mata subsidiary companies namely, Cahya Mata Capital Sdn Bhd, Cahya Mata IP Sdn Bhd, Samalaju Industries Sdn Bhd and Samalaju Properties Sdn Bhd

*Dato' Maznah has no conflict of interest with the Cahya Mata Group, does not have any personal interest in any business arrangement involving the Cahya Mata Group and has no family relationship with any other director and/or major shareholder of the Company. She has not been convicted of any offence (other than traffic offences) within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.*

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**DELIVERING OUR STRATEGY, DRIVING PERFORMANCE**

**SENIOR MANAGEMENT: CAHYA MATA PROFESSIONALS**

**MASTURA MANSOR**

Chief of Staff

**Age:** 58  
**Gender:** Female  
**Nationality:** Malaysian  
**Date Joined Cahya Mata:**  
 1 November 2021

**Responsibilities**

- Works together with the senior leadership team to streamline procedures and enhance collaboration and coordination within the Group.
- Oversees all Human Resources related matters across the Group.

**Skills & Experience**

- She has over 30 years of experience in production planning, human resources, supply chain management and managing companies' overall operations in diverse industries such as automotive, rail, oil & gas, and marine transportation.
- Her area of expertise is in Business Management, Supply Chain Management and Human Resources.

**Academic/Professional Qualification**

- She holds a Bachelor of Science in Industrial Engineering from Wichita State University, Kansas USA and has attended a course on HR strategy in Transforming Organisation from the London Business School, England.

**Other Current Appointments**

- Director, Perstima Berhad
- Director, Cahya Mata Sabah Sdn Bhd

**MOHAMED SIRAJ ABDUL RAZACK**

Chief Technical Officer

**Age:** 66  
**Gender:** Male  
**Nationality:** Malaysian  
**Date Joined Cahya Mata:**  
 1 November 2021

**Responsibilities**

- Supports the Group of Companies in all technical matters covering technology selection, technology and technical roll-out, projects execution, delivery and troubleshooting of projects and operation review of group companies to achieve operational excellence in line with international best practices;
- Supports all new businesses in technology, technical evaluation and project execution and delivery within cost, schedule and quality.

**Skills & Experience**

- He has over 40 years of experience in upstream, midstream and downstream oil & gas, engineering, environmental/waste management and renewable energy businesses. His areas of expertise cover program and project management of engineering and complex EPCC projects, contract management, quality management, health, safety & environmental management, strategic planning and business planning of start-up's and ongoing companies and other related corporate experience.

**Academic/Professional Qualification**

- He holds a Bachelor of Science (Combined Hons.) in Chemical Processing (Petrochemical) and Industrial Management from University of Liverpool and has attended a Senior Management Development Programme from Harvard Business School and a Global Seniors Management Programme from Tufts University, Boston.

**Other Current Appointments**

- Director, Cahya Mata Alam Sdn Bhd
- Director, Thermasite Technology Sdn Bhd

**RAMESH RAMANKUTTY**

Chief Risk Officer

**Age:** 65  
**Gender:** Male  
**Nationality:** Malaysian  
**Date Joined Cahya Mata:**  
 1 October 2021

**Responsibilities**

- Responsible for establishing the Group's risk management framework and policies to assist in the identification, assessment and management of risks.
- Heads the Group's Risk Management department which also manages the establishment of business continuity management, as well as oversight of insurance management.

**Skills & Experience**

- He has over 45 years of experience in the banking, finance, gaming, leisure and hospitality, power generation, oil and gas, plantations, biotechnology and property development sectors.
- He has served multiple companies in various senior management capacities.

**Academic/Professional Qualification**

- He holds a Master in Business Administration (Majoring in Finance) from the University of Derby and is a member of the Chartered Institute of Bankers, London.
- He is also a Certified Professional Risk Manager by the Asian Risk Management Institute, Singapore, a certified Risk Professional by the Bank Administration Institute, USA and certified as an Associate member of the Business Continuity Institute, UK.

**Other Current Appointments**

- Nil

**KANESAN VELUPPILLAI**

Chief Strategic Communications Officer

**Age:** 62  
**Gender:** Male  
**Nationality:** Malaysian  
**Date Joined Cahya Mata:**  
 1 September 2021

**Responsibilities**

- Responsible for the Group's corporate strategies, and oversees multiple communications including, internal and external channels and processes.
- Leads the Group's advocacy, research & communications, brand & marketing communication and stakeholder relations.

**Skills & Experience**

- He has 40 years of experience in financial services, automotive, property and infrastructure, transportation and oil & gas sectors.
- He has served various companies in various senior management capacities.

**Academic/Professional Qualification**

- He holds a Bachelor of Economics from the University of Malaya and has attended the Advanced Management Programme from the National University of Singapore.

**Other Current Appointments**

- Director, Cahya Mata Sabah Sdn Bhd



## DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

### KARL VINK

Chief Information Officer

Age: 45  
Gender: Male  
Nationality: Malaysian  
Date Joined Cahya Mata:  
1 October 2021

#### Responsibilities

- Responsible for the overall management and operations of Cahya Mata Intelligent Technologies Sdn Bhd.
- Overseeing a team of IT employees, systems, networks/servers, applications and support services throughout the Group.

#### Skills & Experience

- He completed his education in Australia and has established a career of over 20 years in IT, Technology and Mass Communications across South East Asia, North America and Europe.
- He has substantial experience in IT related companies across the Globe.

#### Academic/Professional Qualification

- Nil.

#### Other Current Appointments

- Director, Cahya Mata Intelligent Technologies Sdn Bhd

### MUKHNIZAM BIN MAHMUD

Acting Chief Financial Officer

Age: 57  
Gender: Male  
Nationality: Malaysian  
Date Joined Cahya Mata:  
15 February 2022

#### Responsibilities

- Responsible for all finance-related matters in Cahya Mata, which covers overall financial management and planning to support decision-making on operational and strategic issues of the Cahya Mata Group.

#### Skills & Experience

- He has had over 30 years of experience serving companies in Malaysia, Singapore and Indonesia in diverse industries such as plantation, bulking, manufacturing, telecommunications, transportation and oil & gas.
- His area of expertise is in Corporate Finance, Corporate & Strategic Planning and Business Development.

#### Academic/Professional Qualification

- Bachelor of Business (Accounting), Edith Cowans University, Western Australia
- Certified Public Accountant
- Attended the Advanced Management Programme from Wharton Business School, University of Pennsylvania

#### Other Current Appointments

- Nil

### SHAUN MOK CHEK WEI

Group Chief Operating Officer  
Head, Property Development Division

Age: 40  
Gender: Male  
Nationality: Malaysian  
Date Joined Cahya Mata:  
1 May 2020

#### Responsibilities

- Responsible for the operations of the Group's Core Businesses.
- Responsible for the strategic direction, management and performance of the Property Development Division.

#### Skills & Experience

- He established his career in property development and consultancy services holding various management and directorial positions in companies across Australia and Malaysia.

#### Academic/Professional Qualification

- Bachelor of Engineering in Materials Engineering, University of New South Wales, Australia
- Masters in Construction Management, University of New South Wales, Australia

#### Other Current Appointments

- Director, Cahya Mata Development Sdn Bhd
- Director, Cahya Mata Hotels Sdn Bhd
- Director, Cahya Mata Wires Sdn Bhd
- Director, Taibah Properties Sdn Bhd
- Director, CMS Land Sdn Bhd
- Director, CMS Property Management Sdn Bhd
- Director, Samalaju Hotel Management Sdn Bhd
- Director, Samalaju Properties Sdn Bhd

### IZZAM IBRAHIM

Group General Counsel

Age: 46  
Gender: Male  
Nationality: Malaysian  
Date Joined Cahya Mata:  
1 August 2022

#### Responsibilities

- Responsible for Cahya Mata Group's Legal and Contract Management Services.

#### Skills & Experience

- He has over 24 years of experience covering the full in-house spectrum of legal services covering public listed companies, government link/owned companies, private entity and multinational corporations and his area of expertise included the areas of corporate laws, mergers & acquisition, compliance and regulatory, anti-corruption, and corporate services.

#### Academic/Professional Qualification

- LLB (Special) Hons, University of Hull, United Kingdom
- MAICSA Affiliate Member

#### Other Current Appointments

- Nil

### TS. DR. NG SING KWEI

Head, Innovation & Commercialisation

Age: 40  
Gender: Male  
Nationality: Malaysian  
Date Joined Cahya Mata:  
1 August 2022

#### Responsibilities

- Responsible for the strategic direction, performance and management of the Group's Innovation & Commercialisation Department.

#### Skills & Experience

- Has more than 14 years' experience in innovation & technology investment.
- Has served various companies in senior leadership and management positions.

#### Academic/Professional Qualification

- Doctor of Philosophy, Microwave Instrumentation
- B.Eng (Hons), Electronic and Telecommunication Engineering
- Registered Technology Transfer Professional (RTTP)

#### Other Current Appointments

- Nil

## DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

### SENIOR MANAGEMENT: HEAD OF DIVISIONS



### SHAUN MOK CHEK WEI

Group Chief Operating Officer  
Head, Property Development Division

Age: 40  
Gender: Male  
Nationality: Malaysian  
Date Joined Cahya Mata:  
1 May 2020

#### Responsibilities

- Responsible for the operations of the Group's Core Businesses.
- Responsible for the strategic direction, management and performance of the Property Development Division.

#### Skills & Experience

- He established his career in property development and consultancy services holding various management and directorial positions in companies across Australia and Malaysia.

#### Academic/Professional Qualification

- Bachelor of Engineering in Materials Engineering, University of New South Wales, Australia
- Masters in Construction Management, University of New South Wales, Australia

#### Other Current Appointments

- Director, Cahya Mata Development Sdn Bhd
- Director, Cahya Mata Hotels Sdn Bhd
- Director, Cahya Mata Wires Sdn Bhd
- Director, Taibah Properties Sdn Bhd
- Director, CMS Land Sdn Bhd
- Director, CMS Property Management Sdn Bhd
- Director, Samalaju Hotel Management Sdn Bhd
- Director, Samalaju Properties Sdn Bhd



### IR. DR. MD ZARULAZAM MD EUSOFE

Managing Director,  
Road Maintenance Division

Age: 41  
Gender: Male  
Nationality: Malaysian  
Date Joined Cahya Mata:  
18 April 2022

#### Responsibilities

- Responsible for the strategic direction, management and performance of the Road Maintenance Division.

#### Skills & Experience

- He has almost 20 years of experience in industries such as property, road and highway development from both public and private sector.

#### Academic/Professional Qualification

- Bachelor of Engineer in Civil Engineering (Hons), University Putra Malaysia
- Master of Business Administration, University Utara Malaysia
- PHD in Civil Engineering, University of Birmingham
- Certified Professional Engineer with a Practising Certificate (BEM)
- Certified Member of the ASEAN Chartered Professional Engineer

#### Other Current Appointments

- Director, CMS Roads Sdn Bhd



### SHAHRUDIN BIN ABDUL RAHMAN

Managing Director,  
Phosphates Division

Age: 55  
Gender: Male  
Nationality: Malaysian  
Date Joined Cahya Mata:  
13 January 2023

#### Responsibilities

- Responsible for the strategic direction, management and performance of Cahya Mata Phosphates Industries Sdn Bhd.

#### Skills & Experience

- He has over 31 years of experience in Manufacturing and Supply Chain Operation with Procter and Gamble company. He has held various positions in leading the manufacturing and supply chain divisions in Malaysia, Japan, Indonesia and Singapore and Senior Director of Asia contract manufacturing network.

#### Academic/Professional Qualification

- He holds a Bachelor of Science (with Distinction) – Mechanical Engineering from Clarkson University, Potsdam, NY, USA.

#### Other Current Appointments

- Director, Cahya Mata Phosphates Industries Sdn Bhd

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# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**The Board of Directors (also referred to as the Board) and Management of Cahya Mata Sarawak Berhad are pleased to present the Corporate Governance Overview Statement (“CGOS”), which outlines the key areas in which the Company complies with the principles, practices and enhancements of the Malaysian Code on Corporate Governance (MCCG) for the year 2022.**

Corporate governance has always been an integral component of Cahya Mata’s business. We believe that good practices emerge in the long-term as a result of compliance with rules and global best-practice standards. Such practices, coupled with sound management, transparency and fair ethical dealings, foster and nurture accountability. These practices have contributed to the sustained expansion of the Company. In addition, the Board believes that its business must promote sustained development and growth of economic, social, and environmental capital and that its resources are being utilised properly.

This CGOS is accompanied by a Corporate Governance Report (CG Report 2022), which was prepared in accordance with the format specified under paragraph 15.25 of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad. The report is available both at the Company’s website at [www.cahyamata.com](http://www.cahyamata.com) and the Bursa Securities website. The CG Report 2022 provides a comprehensive explanation of how the Company implemented each MCCG Practice during the financial year 2022 (FY2022), which are generally classified as follows:

<b>PRINCIPLE A</b> Board Leadership and Effectiveness	<b>PRINCIPLE B</b> Effective Audit and Risk Management	<b>PRINCIPLE C</b> Integrity in Corporate Reporting and Meaningful Relationships with Stakeholders
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## BOARD STRUCTURE, LEADERSHIP AND EFFECTIVENESS

Cahaya Mata’s governance structure is based on the principles of providing the executive management with the relevant framework to operate effectively through a delegated instrument of authority in accordance with the specific terms of reference to ensure that the powers vested in the management are exercised with due care to achieve the overall objectives. At the same time, the Board will continue its responsibility of formulating and reviewing key policies and charting and steering the course of the Group’s business directions

The Board’s primary responsibility is to protect and enhance value for its stakeholders. It oversees and controls the general strategic direction by establishing goals and objectives, policies, governance standards, and internal reporting mechanisms. To provide effective oversight of Management’s performance, the Board is supported by Board Committees focused on specific areas, including the Group Audit Committee, Group Risk Committee, Nomination & Remuneration Committee, Digital Transformation Committee, and Employees’ Share Option Scheme

Committee. The Board is responsible for determining the nature and extent of the primary risks it is prepared to accept in order to achieve its strategic goals.

The Company’s Corporate Governance Report for the fiscal year ended 31 December 2022, which can be downloaded from the corporate website at [www.cahyamata.com](http://www.cahyamata.com), outlines the Board’s main responsibilities.

The Group Managing Director (GMD) oversees the day-to-day operations of the company and is assisted by executives and executive committees with clearly defined delegate authority, duties and powers at various levels.

As at the end of the corporate fiscal year 2022, the overall Board strength comprised one Executive Director and seven (7) Non-Executive Directors, four (4) of whom are Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors serves as an efficient check and balance on the operation of the Board, safeguarding the interests of the Group and all stakeholders.

## ROLES OF CHAIRMAN, MANAGING DIRECTOR AND NON-EXECUTIVE DIRECTORS

The Chairman and the Group Managing Director are two distinct persons with distinct roles. This separation of the Non-Executive Chairman’s and GMD’S responsibilities ensures an appropriate balance of role, responsibility and accountability at the Board and Management levels. The Non-Executive Directors participate actively in board meetings, providing valuable guidance and advice on various aspects of business direction, governance, and tracking Management’s performance in meeting key performance objectives. Non-Executive Directors

are responsible for ensuring the integrity of financial information as well as the robustness and defensibility of financial policies and risk management systems. To provide a further check and balance role for all stakeholders, the Independent Non-Executive Directors work with external and internal auditors to address issues affecting management oversight and other oversight functions of the Group’s business and operations. The roles are depicted on page 52.



**CHOONG JU TANG**

Acting Head, Cement Division



**RAMESH VEETIKAT RAMACHANDRAN**

Chief Operating Officer, Oiltools Division



**DR. BASKARAN ANANDAN**

Head, Research & Development, Environmental Technology Division

<p>Age: 50 Gender: Male Nationality: Malaysian Date Joined Cahya Mata: 1 April 2022</p>	<p>Age: 57 Gender: Male Nationality: Indian Date Joined Cahya Mata: 1 April 2022</p>	<p>Age: 68 Gender: Male Nationality: Malaysian Date Joined Cahya Mata: 28 Nov 2022</p>
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<p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>Responsible for the strategic direction, management and performance of the Cement Division.</li> </ul> <p><b>Skills &amp; Experience</b></p> <ul style="list-style-type: none"> <li>Has experience of over 23 years in the building materials industry focussing on commercial, operations and business development aspects in Malaysia and Singapore with short stints in Indonesia, Philippines, Vietnam, China and Korea.</li> </ul> <p><b>Academic/Professional Qualification</b></p> <ul style="list-style-type: none"> <li>Bachelor of Arts - BA in Marketing and Human Resource Management from University of Southern Queensland, Australia</li> </ul> <p><b>Other Current Appointments</b></p> <ul style="list-style-type: none"> <li>Nil</li> </ul>	<p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>Responsible for the strategic direction, performance and management of the Division.</li> </ul> <p><b>Skills &amp; Experience</b></p> <ul style="list-style-type: none"> <li>Over 32 years of post qualification experience in manufacturing and oil and gas industry in Malaysia, UAE and Nigeria in various capacities.</li> </ul> <p><b>Academic/Professional Qualification</b></p> <ul style="list-style-type: none"> <li>Bachelor of Commerce, University of Madras, India</li> <li>Associate member of the Institute of Chartered Accountants of India</li> <li>Associate member of the Institute of Cost and Management Accountants of India</li> </ul> <p><b>Other Current Appointments</b></p> <ul style="list-style-type: none"> <li>Director, KMC Oiltools India Private Limited</li> <li>Director, Wasco Oil Service Company Nigeria Limited</li> </ul>	<p><b>Responsibilities</b></p> <ul style="list-style-type: none"> <li>Responsible for the strategic direction, research development, performance and management of the Division.</li> </ul> <p><b>Skills &amp; Experience</b></p> <ul style="list-style-type: none"> <li>Has over 50 years of working experience in various positions in Manufacturing, Programme Management, Plastics and Composites Design Manufacturing &amp; Research.</li> </ul> <p><b>Academic/Professional Qualification</b></p> <ul style="list-style-type: none"> <li>Bachelor of Sciences majoring in Engineering Technology, Pacific Western University, USA.</li> <li>PhD in Manufacturing Management in an Industry focusing on Polymers, Warnborough University, London, UK.</li> </ul> <p><b>Other Current Appointments</b></p> <ul style="list-style-type: none"> <li>Director, Cahya Mata Alam Sdn Bhd</li> <li>Director, Thermasite Technology Sdn Bhd</li> </ul>
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# BOARD LEADERSHIP AND EFFECTIVENESS



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## OUR GOVERNANCE FRAMEWORK

The Board is the Group's primary decision-making body that maintains a schedule of matters that are reserved for the Board and must be considered and approved. We regularly review and update this schedule of reserved matters. The general issues reserved for the Board are depicted below in this page and its Board Charter which can be found on the Company's website, [www.cahyamata.com](http://www.cahyamata.com).

The diagram below illustrates how the Board has assigned specific duties to a number of committees. The Committee Chairs are in charge and responsible for updating the Board on the activities of their respective Committees, while the Board maintains ultimate accountability. All Directors have access to the minutes of meetings of all Committees. Regular reviews of the Board Charter and Committee Terms of Reference are conducted and details are available, online.

MATTERS RESERVED FOR THE BOARD

The Board is responsible for the stewardship of the Company and overseeing its conduct and affairs to create sustainable value for the benefit of its stakeholders.

	21/21	21/21	21/21	12/21	21/21	21/21	21/21	11/11	BOARD MEETING																																												
<ul style="list-style-type: none"> <li>a. Group strategy, plans and budgets</li> <li>b. Approval of audited and quarterly financial statements</li> <li>c. Constitution of the Company including amendments</li> <li>d. Terms of Reference Board Committees</li> <li>e. Appointment and/or removal of external auditors and auditors' remuneration</li> <li>f. Corporate exercise including new business activities and/or ventures</li> <li>g. Key policies of the Group</li> <li>h. Group organisational structure</li> </ul>	<p><b>General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)</b> <i>Group Chairman Senior Independent Non-Executive Director</i></p>	<p><b>Dato Sri Mahmud Abu Bekir Taib</b> <i>Deputy Group Chairman, Non-Independent Non-Executive Director</i></p>	<p><b>Dato Sri Sulaiman Abdul Rahman b Abdul Taib</b> <i>Group Managing Director</i></p>	<p><b>Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain</b> <i>Non-Independent Non-Executive Director</i>  <i>(Resigned on 19 April 2023)</i></p>	<p><b>Dr. Khor Jaw Huei</b> <i>Independent Non-Executive Director</i></p>	<p><b>Madam Umang Nangku Jabu</b> <i>Non-Independent Non-Executive Director</i></p>	<p><b>Mr. Jeyabalan A/L S.K. Parasingam</b> <i>Independent Non-Executive Director</i></p>	<p><b>Dato' Maznah binti Abdul Jalil</b> <i>Independent Non-Executive Director</i></p>	<p><b>Datuk Ir. Kamarudin bin Zakaria</b> <i>Independent Non-Executive Director (Retired on 27.05.2022)</i></p>																																												
	GROUP AUDIT COMMITTEE ("GAC")				NOMINATION & REMUNERATION COMMITTEE ("NRC")			GROUP RISK COMMITTEE (GRC)	DIGITAL TRANSFORMATION COMMITTEE (DTC)	EMPLOYEES' SHARE OPTION SCHEME COMMITTEE (ESOS)																																											
	<p>The GAC assists and supports the Board's oversight of the Group's operations by reviewing the Group's financial information production processes, internal controls and policies and procedures to assess the suitability, objectivity and independence of the Group's external auditors and internal audit functions.</p>		<p>The NRC assists and supports the Board's oversight of issues pertaining to the nomination of new Directors, planning for the succession of the Board and Senior Management, and the annual evaluation of the performance of the Board, Board Committees, and individual Directors. The remuneration framework and compensation plan for the Board and employees is also under the purview of the NRC.</p>			<p>The GRC assists and supports the Board in overseeing the risk management framework for the Group.</p>		<p>The DTC assists and supports the Board's 5-year Digital Transformation initiative for the Group from 2019-2023 for the Group.</p>		<p>The ESOS Committee was formed to administer the Company's ESOS which was implemented on 13 November 2020.</p>																																											
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	<ul style="list-style-type: none"> <li>• Has the day-to-day responsibility of managing the Group's operations</li> <li>• Makes decisions on matters affecting operations, performance and strategy</li> <li>• Provides leadership and direction to the Senior Management</li> </ul>					<ul style="list-style-type: none"> <li>• Coordinates all activities to implement strategy for managing the business in accordance with the Group's risk appetite and business plan set by the Board</li> <li>• Promotes the Company's culture and standards</li> </ul>																																															

The Main Principles of the Code provide the framework for the reporting model which we continue to use. Our approach to:

**PRINCIPLE A** Board leadership and effectiveness

- Board Responsibilities
- Board Composition
- Remuneration

**PRINCIPLE B** Effective audit and risk management

- Audit Committee
- Risk Management and Internal Control Framework

**PRINCIPLE C** Integrity in corporate reporting and meaningful relationship with stakeholders

- Engagement with Shareholders
- Conduct of General Meeting

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report Card which is accessible online on our website at [www.cahyamata.com](http://www.cahyamata.com)

For more information about BOARD LEADERSHIP AND EFFECTIVENESS, please refer to pages 50 to 56.

For more information about EFFECTIVE AUDIT AND RISK MANAGEMENT, please refer to pages 57 to 60.

For more information about INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS, please refer to pages 61 to 65.

## BOARD LEADERSHIP AND EFFECTIVENESS

### ROLES AND RESPONSIBILITIES

#### GROUP CHAIRMAN

- Provide leadership for the Board to perform its duties effectively
- Oversees the effective discharge of the Board's fiduciary duties
- Determines the Board agenda and ensures Board members receive complete and accurate information in a timely manner
- Lead Board members in setting corporate values and standards for the Company
- Plays leadership role in establishing and monitoring good corporate governance practices in the Company
- Leads Board meetings and discussions and ensures effective and efficient conduct of Board meetings
- Oversees Boardroom dynamics and encourages active participation, promoting open debate and allowing dissenting views to be freely expressed thus facilitating the effective contribution of all Directors
- Schedules regular and effective evaluations of the Board's performance
- Promote constructive and respectful relations between Board members and between the Board and Senior Management
- Ensures the Directors have access to necessary training programmes or materials that match up with the identified development areas
- Ensures appropriate steps are taken for effective communication with stakeholders and that their views are communicated to the Board

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

- Operate independently of management and free from any business or other relationships which could materially interfere with the exercise of their independent judgement
- Provide professional, unbiased and independent views in their deliberations
- Provide experienced-based objectivity, independent and balanced views in Board's deliberations

#### NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

- Review Management's strategic proposals and challenge benefits and alignment, taking into consideration the risks involved, merits of the transactions and/or business arrangements
- Regularly monitor Management's implementation schedules of approved strategies and achievements

#### GROUP MANAGING DIRECTOR

- To implement broad policies and strategic investments approved by the Board
- Act as liaison between the Board and Senior Management
- Formulate and oversee the implementation of major corporate policies and strategies adopted by the Board
- Ensure that Cahya Mata has an effective management team, including an active development and succession plan

During the year under review, the Board met 21 times. The annual calendar of board and the committee meetings is broadly determined before the beginning of the year to enable the directors to plan their schedule and to ensure their meaningful participation in the meetings. Agenda papers are made available in easy electronic formats to the directors five (5) business days in advance to enable all directors to have remote access, thereby ensuring they are able to discharge their responsibilities effectively.

#### Board Activities in 2022

The Chair and GMD regularly communicate with the other directors to discuss Group matters, and the Board is provided regular reports and briefings to ensure the directors are adequately briefed to carry out their responsibilities. In the absence of the executive directors, the Non-Executive Directors (including the Chair) meet as needed to discuss and evaluate the Board's overall success as well as the performance of the Executive Director.

#### FOCUS AREAS OF BOARD ACTIVITY DURING THE YEAR

##### LEADERSHIP AND PEOPLE

- Board and Senior Management Succession Planning and appointments
- Remuneration policy and guidelines for Board, Senior Management and employees
- Employee volunteerism
- Digital transformation programme

##### FINANCIAL PERFORMANCE

- Quarterly financial performance
- Audited financial statements
- Recommendation to shareholders for dividend payment
- Group financial and capital expenditure budget
- Group cash flow and Sukuk programme

##### LEADERSHIP AND PEOPLE

- Planned, regular and systematic audit of significant operations
- Audit investigation
- Reporting audit findings and recommendations
- Identification, review and reporting top risks on major/significant projects
- Planned risk reports rolled out to apex subsidiary boards

##### GOVERNANCE

- Review of Group policies and procedures
- AGM and electronic poll voting at general meetings
- Re-appointment of external auditor
- Related Party Transactions/Conflict of Interest
- Board and Board Committees Effectiveness Evaluation

##### STRATEGY

- Review of core businesses and strategic investments
- Branding and investor relations
- Corporate exercise
- Share Buy-Back programme
- Sustainability agenda
- Digital transformation

## BOARD LEADERSHIP AND EFFECTIVENESS

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### NOMINATION AND REMUNERATION COMMITTEE

NR



We continue to review the structure, size and composition of the Board and its Committees and we make recommendations with regard to any changes considered necessary in the identification and nomination of new Directors, the reappointment of existing Directors and appointment of members to the Board's Committees.

#### CHAIRMAN

**DATO' MAZNAH BINTI ABDUL JALIL**  
(Independent Non-Executive Director)

#### MEMBERS

**DATO SRI MAHMUD ABU BEKIR TAIB**  
(Non-Independent Non-Executive Director)

**DR. KHOR JAW HUEI**  
(Independent Non-Executive Director)

More detailed information on the role and responsibilities of the Committee can be found in the Committee's Terms of Reference which can be accessed on the Company's website at [www.cahyamata.com](http://www.cahyamata.com)

#### KEY RESPONSIBILITIES

- Responsible for size, structure and composition of the Board and Board Committees
- Plays a key role in the Board recruitment and selection process and recommends new appointments to the Board
- Responsible for succession planning to ensure that the Board is refreshed progressively and systematically such that the balance of skills and experience available to the Board remains appropriate to the needs of the business
- Responsible for annual evaluation of Board and Board Committees
- Recommends the appointments to the Boards of subsidiary/ associate companies in the Group
- Recommends the remuneration for the Non-Executive Directors
- Recommends the appointment and remuneration of key officers.
- Recommends guidelines on employees' rewards system including annual salary increment and bonus

#### CHAIRMAN AND GROUP MANAGING DIRECTOR

The roles of Chairman and Group Managing Director are distinct and separate and their roles and responsibilities are clearly established. The Chairman leads the Board and has particular responsibility for the effectiveness of the Group's governance. In promoting a culture of openness, he ensures the effective engagement and contribution of all Executive and Non-Executive Directors.

#### BOARD TIME COMMITMENT

The Nomination and Remuneration Committee is satisfied that the Chairman and each of the Non-Executive Directors committed sufficient time during the year to enable them to fulfill their duties as Directors of the Company.

## BOARD LEADERSHIP AND EFFECTIVENESS

### ANNUAL EVALUATION OF DIRECTORS

Assessing the effectiveness of the Board is vital for the success of the Group. Thus, the Company conducts an annual Board Effectiveness Evaluation (BEE) to evaluate the Board as a whole, individual Directors, and respective Board Committees. The NRC meetings discuss and deliberate on the BEE results, and recommendations for enhancing the Board's effectiveness are presented to the Board.

For the year 2022, the Board agreed to carry out the BEE internally to assess Cahya Mata's Board, Board Committees and individual Directors, including Independent Directors and the Group Managing Director.

The BEE covered the following assessment topics wherein in each section, the respective Directors or members of the Committees responded to the questionnaires provided:

<b>ASSESSMENT TOPIC</b> 1	Board of Directors and Directors' Skill Set Assessments
<b>ASSESSMENT TOPIC</b> 2	Directors' Self and Peer Assessment
<b>ASSESSMENT TOPIC</b> 3	Independent Directors' Assessment
<b>ASSESSMENT TOPIC</b> 4	Group Audit Committee (GAC)
<b>ASSESSMENT TOPIC</b> 5	Nomination and Remuneration Committee (NRC)
<b>ASSESSMENT TOPIC</b> 6	Group Risk Committee (GRC)

The Forms developed for each Assessment topic were completed by all the Directors in the manner set out below:

FORMS	TO BE COMPLETED BY
<b>ASSESSMENT TOPIC</b> 1 2	All Directors
<b>ASSESSMENT TOPIC</b> 3	Independent Directors only
<b>ASSESSMENT TOPIC</b> 4	GAC members
<b>ASSESSMENT TOPIC</b> 5	NRC members
<b>ASSESSMENT TOPIC</b> 6	GRC members

## BOARD LEADERSHIP AND EFFECTIVENESS

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The assessment results were presented and adopted by the Board of Directors in April 2023. Overall, the results of the evaluation were favourable. The results of the BEE 2022 assessments form the basis of the NRC's recommendations to the Board for the re-election of Directors at the forthcoming Annual General Meeting (AGM) in 2023.

### ASSESSMENT OF THE INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Chairman is dedicated to maintaining a Board with a mix of Independent Non-Executive Directors who can provide unbiased and objective criticism of management while ensuring the continuity of the Board. The Independent Non-Executive Directors bring their impartial judgment and scrutiny to issues presented before the Board and its Committees. The Board acknowledges that all Independent Non-Executive Directors possess considerable expertise and provide robust independent oversight to the Group's operations. The Board conducts an annual review to assess the independence of its Non-Executive Directors.

The assessment of the independence of the Directors was carried out as part of the BEE 2022.

### DIRECTORS' RE-ELECTION

The NRC ensures that Directors comply with relevant laws, regulations, and the Company's Constitution when retiring and being re-elected. As per Article 111 of the Company's Constitution, all Directors must be elected by shareholders at the first AGM after their appointment. At each subsequent AGM, one-third (1/3) of the Directors or the nearest number to one-third (1/3), with a minimum of one (1), must retire, and they can seek re-election. Every Director must present themselves for re-election at least once every three (3) years.

Pursuant to Article 113 of the Company's Constitution, any Director appointed by the Board shall hold office until the next AGM at which Directors are due to retire under the Constitution, when he shall retire but shall then be eligible for re-election.

The NRC is responsible for recommending Directors who are eligible to stand for re-election based on the rotation schedule. To determine the suitability of candidates, the NRC evaluates competencies, contributions, commitment, tenure, and other attributes. They also consider self/peer assessments based on the BEE and assess the Board's structure and balance, including independence criteria. The NRC requests that Directors provide written consent regarding their intention to seek re-election at an AGM. After the NRC's recommendations, the Board and Shareholders must approve them.

The Board recommends the re-election of the following Directors who will be retiring pursuant to Article 111 at the forthcoming AGM and are standing for re-election:

### Article 111

Madam Umang Nangku Jabu and Dr Khor Jaw Huei shall retire in accordance with Article 111 of the Company's Constitution at the forthcoming AGM. Madam Umang Nangku Jabu and Dr Khor Jaw Huei are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election.

### BOARD REMUNERATION FRAMEWORK

The Group's Remuneration Policy for Non-Executive Directors governs Directors' remuneration. The policy aims to determine competitive remuneration packages for experienced, qualified, and high-caliber Non-Executive Directors to drive Cahya Mata's business, strategy, objectives, values, and long-term interests. Non-Executive Directors receive a fixed fee, meeting attendance allowances, and other benefits-in-kind for their Board duties. Additional fees apply for assuming additional responsibilities. Shareholder approval at the AGM is required for the aggregate amount of Directors' fees. Non-Executive Directors' remuneration is not linked to individual performance.

The Group provides a fair and reasonable, competitive remuneration for its Group Managing Director to attract and retain a high-caliber individual who can create value for all shareholders. The Group Managing Director's remuneration is based on their achievements and contributions, measured against their Key Performance Indicators. The Board determines the Group Managing Director's remuneration, considering the NRC's recommendations.

### BOARD DEVELOPMENT

The Board offers formal training courses to Directors to update their knowledge and understanding of their roles and responsibilities. They are provided with guidance notes, papers, and presentations on changes to laws and regulations when appropriate. Non-Executive Directors are also invited to attend internal conferences, where they can learn about new product development and marketing initiatives, meet with business units and functions, and also attend investor days. At Board meetings, business presentations are given to provide updates on products and business strategies and facilitate discussions.

In addition to the Mandatory Accreditation Programme required by Bursa Securities, Directors participate in continuing education programmes to enhance their knowledge and skills. This enables them to effectively fulfill their duties and remain actively engaged in Board discussions. The NRC and Board regularly assess the training needs of the Directors and ensure they have access to relevant continuing education programmes.

**BOARD LEADERSHIP AND EFFECTIVENESS**

The training attended by the Directors throughout 2022 were as follows:

CAHYA MATA SARAWAK BERHAD : DIRECTORS' TRAINING YEAR 2022	
<b>GENERAL DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)</b>	<ol style="list-style-type: none"> <li>1. Global Minimum Tax by Deloitte Malaysia</li> <li>2. Governance, Risk and Control</li> <li>3. Corporate Governance And Growth</li> <li>4. AML Program: Prevention, Detection and Collaboration in Fronting Compliance</li> <li>5. Advocacy Session for Directors and Senior Management of Main Market Listed Issuers</li> <li>6. 2022 Genting Malaysia Senior Manager's Conference - Customer Centricity For A More Resilient Organisation</li> <li>7. Capital Market Development Programme (CMDP) (Modules 1 – 3)</li> <li>8. Bursa Malaysia Immersive Experience: The Board "Agender"</li> <li>9. Capital Market Development Programme (CMDP) (Module 4)</li> <li>10. 39<sup>th</sup> Management Conference of Genting Plantations Berhad:                     <ul style="list-style-type: none"> <li>- Managing Operational Challenges during Covid-19 Era</li> <li>- Revolutionizing Plantation Operations</li> <li>- Controlled Environment Agriculture</li> <li>- Revolutionizing Farming through the Power of Data and AgTech</li> <li>- Aligning Mindsets Towards Digital Transformation and Sustainable Agriculture</li> </ul> </li> </ol>
<b>DATO SRI MAHMUD ABU BEKIR TAIB</b>	<ol style="list-style-type: none"> <li>1. Corporate Governance And Growth</li> <li>2. Bursa Malaysia Immersive Experience: The Board "Agender"</li> </ol>
<b>DATO SRI SULAIMAN ABDUL RAHMAN B ABDUL TAIB</b>	<ol style="list-style-type: none"> <li>1. Corporate Governance And Growth</li> </ol>
<b>MADAM UMANG NANGKU JABU</b>	<ol style="list-style-type: none"> <li>1. Malaysian Code of Corporate Governance : Raising the Bar on Governance in Malaysia</li> <li>2. Corporate Governance And Growth</li> <li>3. Emerging Trends Talk: ESG Oversight – Role of the Board</li> </ol>
<b>DR. KHOR JAW HUEI</b>	<ol style="list-style-type: none"> <li>1. Corporate Governance And Growth</li> </ol>
<b>MR. JEYABALAN A/L S.K. PARASINGAM</b>	<ol style="list-style-type: none"> <li>1. Corporate Governance And Growth</li> <li>2. Cyber Security Awareness and Risk Governance</li> <li>3. How the Audit Committees and Auditors can work together towards reliable audited financial statements</li> </ol>
<b>DATO' MAZNAH BINTI ABDUL JALIL</b>	<ol style="list-style-type: none"> <li>1. ESG Corporate Summit : "Driving Sustainability and Sustainable Transformation" [As Moderator]</li> <li>2. CHK004: Digital Leadership for Sustainable Business in Industry 4.0</li> <li>3. KSY312: Investment Opportunities in a Post Covid-19 Pandemic World</li> <li>4. Corporate Governance And Growth</li> <li>5. 2022 International SPAC Summit – Kuala Lumpur Edition [As Panelist]</li> <li>6. Advocacy Session for Directors and Senior Management of Main Market Listed Issuers</li> <li>7. 3<sup>rd</sup> Annual Malaysian REIT Forum 2022 – M-REITs &amp; The Road Ahead</li> </ol>

# BOARD AUDIT AND RISK MANAGEMENT

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**GROUP AUDIT COMMITTEE REPORT**



The Committee continues to focus on the effectiveness of the Group's internal controls and principal risks, to ensure the alignment of these with the Company's strategic objectives.

**COMMITTEE MEMBERS**

**CHAIRMAN**

**MR. JEYABALAN A/L S.K. PARASINGAM**  
(Independent, Non-Executive Director)

**MEMBERS**

**YBHG DATUK IR. KAMARUDIN BIN ZAKARIA**  
(Independent, Non-Executive Director) - retired on 27 May 2022

**DR. KHOR JAW HUEI**  
(Independent, Non-Executive Director)

**MADAM UMANG NANGKU JABU**  
(Non-Independent, Non-Executive Director)

More detailed information on the role and responsibilities of the Committee can be found in the Committee's Terms of Reference which can be accessed on the Company's website at [www.cahyamata.com](http://www.cahyamata.com)

**KEY OBJECTIVES**

The Committee objectives are to ensure the integrity of the Group's financial statements, and adequacy and effectiveness of the system of internal controls, governance and risk management processes. The Committee also has a role in representing the interests of Shareholders by monitoring the activities and conduct of management and the auditors.

**COMPOSITION**

The Committee is a fundamental element of the Company's governance framework. The Committee is chaired by Mr. Jeyabalan A/L S.K. Parasingam. Dr Khor Jaw Huei and Madam Umang Nangku Jabu are the other members of the Committee. Members of the Committee are appointed by the Board following recommendations by the Nomination and Remuneration Committee ("NRC") and membership is reviewed annually by the NRC as part of the annual Board evaluation exercise. YBhg Datuk Ir. Kamarudin bin Zakaria retired as an independent Non-Executive Director of the company on 27 May 2022. As at 31 December 2022 and up to the date of this Report, the Committee comprised a majority of Independent Non-Executive Directors. The Committee members collectively have a broad range of financial and commercial experiences that enables them to provide oversight of both financial and risk matters, and to advise the Board accordingly.

**KEY RESPONSIBILITIES**

The Committee's key role is to assist the Board in discharging its oversight duties and responsibilities for financial reporting, internal control, governance and risk management process and in making recommendations to the Board on the appointment of the External Auditor.

**ACTIVITIES OF THE COMMITTEE**

To enable the Committee to carry out its duties and responsibilities effectively, it works to a structured programme of activities and meetings aligned with the annual financial reporting cycle. This includes items that the Committee considers regularly in accordance with its Terms of Reference. In addition to its core work, the Committee undertakes additional work in response to the evolving audit and external reporting landscape.

The Committee is responsible for the scope and results of the External Audit work, its cost effectiveness and for ensuring the independence and objectivity of the External Auditor. The Committee is also responsible for reviewing the Group's whistle-blowing arrangements as they relate to matters of financial integrity, including ensuring that appropriate arrangements are in place for employees and external parties to be able to raise, in confidence, matters of alleged financial and/or other improprieties and for ensuring that appropriate follow-up actions are taken.

The Committee relies on information and support from management across the business, receiving reports and presentations from business management where necessary, the Heads of Key Group functions, Internal Audit and the external auditor, which it challenges as appropriate. Following each meeting, the Committee Chairman reports on the main discussion points and any actions and recommendations arising from these to the Board.

## BOARD AUDIT AND RISK MANAGEMENT

### FINANCIAL REPORTING

In overseeing financial reporting, the Committee:

- a) Reviewed, with the appropriate officers of the Group, the quarterly results and annual financial statements of the Company and the Group, focusing particularly on significant changes in or implementation of accounting policies and practices, accounting treatments, significant judgements made by Management, adjustments arising from the audits, compliance with accounting standards (MFRS) used and disclosure requirements, comments and responses to audit issues and other legal requirements to ensure that the financial statements present a true and fair view of the Company's financial performance prior to making recommendations to the Board for approval and public release thereof;
- b) Deliberated significant accounting/audit issues and unusual events or transactions and reasonableness of accounting standards application highlighted by the external auditor and/or Management to derive the Company's financial statements, and ensured that appropriate action was taken;
- c) Assessed the effectiveness of the Company's internal control system over financial reporting by both internal and external auditors, including information security and control for effective and efficient financial reporting.

### INTERNAL AUDIT

During the year, the Committee carried out the following activities to ensure the internal audit function is adequately resourced and competent in carrying out the planned activities for the next three (3) years.

The Committee in discharging its duties,

- a) Reviewed and approved the adequacy of the risk-based internal audit plan, scope of examination and internal audit reports for the Company and its subsidiaries issued by Group Internal Audit Department on the effectiveness and adequacy of governance, risk management, operational and compliance processes.
- b) Reviewed the adequacy and effectiveness of appropriate actions taken by Management in respect of the audit findings and the Committee's recommendations through review of the status of implementation reports tabled by Group Internal Auditor at each meeting.
- c) Reviewed the effectiveness of the internal audit function through the following ways:
  - ensured the Internal Audit function conforms with The Institute of Internal Auditors' Definition of Internal Auditing and Code of Ethics, and is carried out under the framework of the International Standards for Professional Practice of Internal Auditing (ISPPA) in achieving an acceptable level of auditing performance
  - appraised the annual performance of the internal audit staff and reviewed the Key Performance Indicators and Management Performance Appraisal of the Group Internal Auditor to ensure that the quality of team members' performances is maintained and/or improved

- reviewed and recommended the performance contract payment for the Group Internal Auditor to be in line with the Group
- reviewed results of internal assessment performed on the internal audit function through Management's feedback on the quality of internal audit services rendered to ensure quality of internal audit work
- reviewed the competency of the internal audit staff and adequacy of resources to achieve the scope as outlined in the annual audit plan
- reviewed and approved the annual training budget to equip the internal audit team with an appropriate level of skills and knowledge to carry out the function effectively
- reviewed the on-going training and competency of the internal audit staff to ensure that the internal audit function is effective and carries out constant improvement to provide quality and value-added services

- d) Discussed problems and reservations arising from internal audits and any matters in the absence of Management or the Executive Directors of the Company.

In this respect, the Committee held one meeting with the Group Internal Auditor on 21 February 2022 without the presence of Management to discuss issues and/or any other observations that he may have during the internal audit and the extent of cooperation provided by the Group and its officers.

### EXTERNAL AUDIT

In ensuring the credibility and reliability of the Company's financial statements, the Committee,

- a) Conducted a formal assessment of the external auditor's performance, independence and objectivity to assess the suitability and independence of the external auditors before recommending to the Board their re-appointment as external auditor of the Group. The assessment covered:
  - Suitability of the firm
  - Quality process/performance (audit judgement, risks including fraud risk assessment, reporting process, understanding of key issues and transparency in communication)
  - Audit team competency (Senior personnel involvement and staff expertise)
  - Independence and objectivity (compliance to By-Laws on professional independence of Malaysian Institute of Accountants, partner rotation and non-audit services rendered)
  - Audit scope and planning
  - Fees (compared to organisations of similar size, fees in relation to overall external audit firm's income and limit of non-audit fee size)
  - Communications (timeliness and transparency)
- b) Based on the satisfactory assessment of the suitability of services rendered by the external auditor and the review of the reasonableness of the proposed audit fee (benchmarked to audit fees incurred by other organisations of similar size), recommended to the Board the audit fee payable and their re-appointment as external auditors for the financial year ended 31 December 2022. The reviewed fee is also deemed sufficient to enable a quality audit to be conducted.


## BOARD AUDIT AND RISK MANAGEMENT

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- c) Ensured full compliance with the policy where the cumulative non-audit fee incurred in excess of 100% of the preceding year's approved audit fee for the Group would require the Committee's prior approval. In this regard, the Committee ensured the appointments of the affiliates to external auditors are in full compliance with established policies and procedures which include among others the consideration of:
  - the competence and resource capacity
  - the nature and extent of the non-audit services rendered
  - the appropriateness of the level of fees
- d) Reviewed the audit engagement letter on the audit scope, timelines and how key risks (e.g. fraud risk) are factored into their plan including written assurance of independence and objectivity to give assurance that the financial statements are free of material misstatement, whether caused by fraud or error.
- e) Reviewed the audit plan with the external auditor and their evaluation of the system of internal control.
- f) Reviewed and deliberated on the external auditor's report with regard to the relevant disclosures in the annual financial statement.
- g) Reviewed and deliberated on the external auditor's findings arising from audits including the comments and responses in management letters.
- h) Reviewed the assistance given by the Company's and Group's officers to the external auditor.
- i) Noted new and revised Auditing Standards on external auditor reporting.
- j) Held three (3) private meetings with the external auditors without the presence of Management to reinforce the independence of the external audit function.

### RISK MANAGEMENT

- a) Reviewed and recommended the Statement on Risk Management and Internal Control for Board approval for inclusion in the Company's Annual Report;
- b) One (1) of the Committee members is also a member of the Group Risk Committee and had attended meetings of the GRC in 2022. During the deliberation of risk matters in GRC meetings, the GRC members expressed their opinions based on specific events which were related to the risks.

 For the finer details of the Statement on Risk Management and Internal Control, please refer to pages 66 to 70 of this Annual Report.

### RELATED PARTY TRANSACTIONS

- a) Reviewed the Statement of Related Party Transactions and Procedures taking note of any possible conflict of interest transactions to ensure that all related party transactions are taken on arm's length basis and on normal commercial terms and consistent with the Company's procedures.
- b) Reviewed the estimated recurrent related party transactions ("RRPT") for the year. No shareholders' mandate for RRPT was sought as the estimated RRPT for the Group was not expected to reach/exceed the prescribed threshold under the Main Market Listing Requirements (MMLR).

### OTHERS

- a) Reviewed its Terms of Reference to ensure all the mandatory requirements under the MMLR (Revised) and other relevant statutory regulations, as well as other corporate governance best practices are met.
- b) Ensured succession planning for the Committee in consultation with the Board and the NRC.
- c) Reviewed major litigation, claims and/or issues that may have substantial financial impact.
- d) Reviewed disclosure statements on the Corporate Governance Overview Statement and Group Audit Committee Report for the financial year ended 31 December 2022 for inclusion in the Annual Report 2022 and recommended their adoption by the Board.
- e) Reviewed the recommendation to the Board on the proposed first and final dividend for the year ended 31 December 2022.

### SUMMARY OF WORK OF INTERNAL AUDIT FUNCTION

It is the policy of the Board to maintain and support an internal audit function for the provision of independent and objective assurance and consulting activities that is guided by a philosophy of adding value to improve the operations of the Cahya Mata Sarawak Group of companies.

The Internal Audit Department reports functionally to the Committee to ensure independence and objectivity, and administratively to the Group Managing Director.

The primary responsibility of the internal audit function is to conduct regular and systematic audits of the significant operations of the Group based on assessed risks so as to provide objective, reasonable and independent assurance to the Committee of the adequacy and effectiveness of the systems of internal control within the Group. The internal audit function undertakes its duties in accordance with the IIA's ISPPA.

## BOARD AUDIT AND RISK MANAGEMENT

The purpose, authority and responsibility of the internal audit function are articulated in an Internal Audit Charter reviewed by the Committee and approved by the Board. The risk-based audit plan is built on a structured risk assessment framework to allow the plan to be more focused, concentrating limited resources on the areas of higher concerns to ensure the best use of resources. The annual Group internal audit plan is approved by the Committee each year in November.

At present, the role of Head of Internal Audit for the Group is unoccupied, and the Group Audit Committee and Management are actively engaged in the search for a suitable candidate. Meanwhile, the Group Audit Committee is providing support to the Internal Audit Department in conducting its internal audit activities. The Group intends to implement a hybrid system of co-sourcing with external internal audit firms for the year 2023.

The Internal Audit function, which is independent of the activities they audit, has carried out seven (7) planned audits, one (1) ad-hoc audit and all related audit follow-up activities during the year. Areas reviewed include:

Group-wide Related Party Transactions Review (4)	Internal Control Review of the Enterprise Resource Planning system
Procurement and Tendering Processes Review (2)	Employees' Share Option Scheme ("ESOS") Verification

Reports on the adequacy of controls and extent of compliance with internal governance and financial policies and operational procedures in respect of the areas audited and recommendations to improve the existing systems of internal controls and operational efficiency and effectiveness have been provided to both operations Management and the Committee.

Significant audit findings and Committee recommendations pertaining to the Company's subsidiaries are tabled by the Group Internal Auditor to the respective subsidiary companies' Board of directors.

The Group Internal Audit Department is staffed by a team of five (5) and the cost of maintaining the function in 2022 amounted to RM1,333,837 (2021: RM1,380,886).

The Board is satisfied that the Committee has effectively discharged its roles and responsibilities as set out under its Terms of Reference (TOR). The TOR is available on the Company's website at [www.cahyamata.com](http://www.cahyamata.com)

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# ENGAGEMENT WITH STAKEHOLDERS

## UNDERSTANDING AND RESPONDING TO STAKEHOLDER EXPECTATIONS

Cahaya Mata recognises the significance of stakeholders as they hold the potential to affect our business operations, results, and long-term value creation prospects. Our stakeholders include individuals, interest groups, and organisations that are impacted or influenced, directly or indirectly, by our business activities and presence. Likewise, we may also influence them in various ways, such as through our operations as a private sector entity, employer, and business that contributes to local economies by generating revenue.

The following are the diverse stakeholder groups that influence Cahya Mata's decision-making:

Shareholders	Employees	Customers	Suppliers, Vendors and Service Providers	Government and Regulators	Communities	Media
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We conduct regular and systematic engagement activities with our stakeholders to gain insights into their perspectives and better understand their needs. The results of these engagements are crucial as they may influence management's decision-making process.

The table below showcases the various stakeholder engagement practices that the Group conducted in 2022 and their frequency. For each stakeholder, we discuss their relevance to Cahya Mata, the methods and platforms of engagement, the key areas of concern, and our measured response to stakeholders' expectations.

To ensure the quality of our engagement activities is constantly enhanced, we are continuously improving our engagement initiatives. It is essential for Cahya Mata to remain a respected entity and an integral part of society. We prioritise hearing the voices of the communities that surround us to maintain our reputation as an accountable and conscientious corporate citizen. We explore different ways to improve our engagement methods and practices to provide the best and most feasible platforms for communication with our stakeholders.

In 2022, most of our engagements, including our key sessions such as Annual Dinner, Annual General Meeting and Extraordinary General Meeting were held physically.

## SHAREHOLDERS

### Stakeholder Relevance

Being the key providers of financial capital, our shareholders are essential for business growth. Hence, the Group places emphasis on building trust and confidence with our shareholders by ensuring a robust, sustainable business with a resilient financial position.

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY	KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS
<ul style="list-style-type: none"> <li>AGM presentation by Group Managing Director</li> <li>Quarterly results briefings</li> <li>Media statements</li> <li>Investor presentations</li> <li>Investor roadshows conferences</li> <li>Meetings or telephone calls with analysts or (potential) investors</li> <li>Comprehensive investor relations portal</li> <li>Site visits to our plants</li> <li>Bursa Malaysia announcements</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Quarterly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>24/7</li> <li>Ad hoc</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>Business and Operational outlook and risks</li> <li>Continued growth and financial stability</li> <li>Cash utilisation and dividends</li> <li>Shareholder's returns</li> <li>Clear and transparent reporting</li> <li>Good corporate governance</li> <li>Sustainability matters</li> <li>Business viability and regulatory compliance</li> <li>Leadership changes</li> </ul>

### CAHYA MATA'S RESPONSE TO STAKEHOLDERS' EXPECTATIONS

- Consistent and transparent disclosure of financial and non-financial performance
- Timely reporting of operational and financial performance
- Effective investor relations engagement with investors
- Building Management's credibility and trust to steer investors into the future

- Transparent disclosure of corporate responsibility, integrity and accountability as enshrined in the Malaysian Code on Corporate Governance (MCCG) 2021



## ENGAGEMENT WITH STAKEHOLDERS

**EMPLOYEES**

**Stakeholder Relevance**  
Employees are advocates in shaping positive perceptions on Cahya Mata, hence the Group continues to focus on promoting a conducive and performance-driven work culture throughout its business operations. Acknowledging that employees form the backbone driving the Group's success, Cahya Mata ensures open lines of communication with all employees by keeping them engaged and motivated to harness greater productivity.

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY	KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS
<ul style="list-style-type: none"> <li>Townhall sessions</li> <li>Employee Performance Review</li> <li>Employee Satisfaction Surveys</li> <li>Departmental meetings</li> <li>Cahaya Mata intranet</li> <li>Festive open houses</li> <li>Employee engagement initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>Annually</li> <li>Biennially</li> <li>Regularly</li> <li>Daily</li> <li>Regularly</li> <li>Biennially</li> </ul>	<ul style="list-style-type: none"> <li>Business sustainability and growth</li> <li>Ethical leadership and business practices</li> <li>Recognition and competitive remuneration</li> <li>Fair and equitable benefits</li> <li>Recruitment and retention</li> <li>Training and development</li> <li>Health and safety</li> <li>Work/life integration</li> <li>Workplace environment</li> <li>Diversity, inclusivity and gender equality</li> </ul>

**CAHYA MATA'S RESPONSE TO STAKEHOLDERS' EXPECTATIONS**

- Creating a positive workplace culture and conducive workplace environment
- Providing adequate training and progressive capability development
- Fair and equitable employee benefits and welfare provision reflective of current practices and industry standards
- Employee commitment towards the Group's Code of Conduct
- Identifying risk and opportunities faced by employees
- Continuous staff engagement

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## ENGAGEMENT WITH STAKEHOLDERS

**CUSTOMERS**

**Stakeholder Relevance**  
A strong customer base is key to promoting sustainable business growth. Cahya Mata endeavours to deliver quality products and timely services.

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY	KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS
<ul style="list-style-type: none"> <li>Customer satisfaction surveys</li> <li>Customer training within the respective Divisions</li> <li>Code of Ethics and Business Conduct</li> <li>Dialogue with customers/dealers</li> <li>Corporate website and social media</li> <li>Product brochures or pamphlets</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Quarterly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>Positive customer experience to build confidence and trust in the Cahya Mata brand</li> <li>Delivery of quality products and timely services</li> <li>Respecting the needs and satisfaction levels of customers</li> <li>Competitive product pricing</li> <li>Customer data protection</li> </ul>

**CAHYA MATA'S RESPONSE TO STAKEHOLDERS' EXPECTATIONS**

- Ensuring efficient delivery of products and services
- Quality maintenance with continued development and innovation
- Implementing a Customer Satisfaction Survey system for each Division which is benchmarked against the previous years' achievements
- Providing customers an efficient engagement process
- Ensuring customers are aware of the company's policies and guidelines

**SUPPLIERS, VENDORS AND SERVICE**

**Stakeholder Relevance**  
Our suppliers are key to providing essential raw materials or products with added value to our operations, allowing Cahya Mata to deliver to the best of our capabilities and capacity.

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY	KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS
<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Tender, biddings, quotations and contract negotiations</li> <li>Product demonstrations and evaluations</li> <li>Procurement processes</li> <li>Code of Ethics and Business Conduct</li> <li>Dialogue with customers/dealers</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>Positive supplier experience to build confidence and trust in the Cahya Mata brand</li> <li>Compliance with applicable regulatory requirements and quality standards</li> <li>Availability of products and services and ability to provide continuous support</li> <li>Fair and transparent negotiations</li> <li>Active communications during the critical short of supplies</li> <li>Supply chain practices</li> </ul>

**CAHYA MATA'S RESPONSE TO STAKEHOLDERS' EXPECTATIONS**

- Ensuring efficient delivery of products and services
- Quality maintenance with continued development and innovation
- Implementing a Customer Satisfaction Survey system for each Division which is benchmarked against the previous years' achievements
- Providing customers an efficient engagement process
- Ensuring customers are aware of the company's policies and guidelines

## ENGAGEMENT WITH STAKEHOLDERS

### GOVERNMENT AND REGULATORS

#### Stakeholder Relevance

With Cahya Mata's presence in the various industrial sectors, it is key to ensure we conform to all Government laws and regulations. The support garnered from the Government will strengthen our reputation as a responsible company, and in return, Cahya Mata's businesses will continue to stimulate the economy, as well as enrich communities.

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY	KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS
<ul style="list-style-type: none"> <li>Meetings</li> <li>Progress updates</li> <li>Compliance reports</li> <li>Strategic and Informal Dialogue Sessions</li> <li>Participation in governmental programmes</li> <li>Licence applications</li> <li>Operational inspections</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Regularly</li> <li>Quarterly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Ethical business practices</li> <li>Operational impact</li> <li>Regulatory reforms</li> <li>Human capital and social development</li> </ul>

#### CAHYA MATA'S RESPONSE TO STAKEHOLDERS' EXPECTATIONS

- Adhering to regulatory requirements and providing strategic responses to operational queries
- Providing transparent, regular and concise business approach and sustainability updates
- Supporting the Malaysian Government's agenda for nation-building
- Supporting the State's economic transformation projects by empowering communities with self-sustaining skills

- Playing our role as a nation-building partner in providing advice (as a thought partner) to shape and facilitate the implementation of policies
- Providing clear, regular and concise business and sustainability updates
- Aiming to adhere to global agendas such as the United Nations Sustainable Development Goals (SDGs)

### COMMUNITIES

#### Stakeholder Relevance

Communities have the power to influence the viability and sustainability of Cahya Mata's business operations. As a responsible Group, we provide opportunities to improve the well-being and livelihood of communities through CSR collaboration for the benefit of all.

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY	KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS
<ul style="list-style-type: none"> <li>Partnerships in CSR activities</li> <li>Environmental programmes</li> <li>Sponsorships and donations</li> <li>Continuous investments in community engagement programmes</li> <li>Employee volunteerism</li> <li>Dialogue sessions</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> <li>Regularly</li> </ul>	<ul style="list-style-type: none"> <li>Development of communities with solidarity, social welfare, health and safety</li> <li>Governance and integrity</li> <li>Community well-being and environmental preservation</li> <li>Compliance with relevant legislation</li> </ul>

#### CAHYA MATA'S RESPONSE TO STAKEHOLDERS' EXPECTATIONS

- Continuous investments in identified community engagement programmes

## ENGAGEMENT WITH STAKEHOLDERS

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### MEDIA

#### Stakeholder Relevance

The Media helps to strengthen our reputation and credibility by providing a fair and balanced view of our organisation, which helps to amplify our efforts in attaining stakeholder advocacy.

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY	KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS
<ul style="list-style-type: none"> <li>Press releases</li> <li>Meet &amp; Greet the Media sessions</li> <li>Media get-togethers</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Yearly</li> <li>Yearly</li> </ul>	<ul style="list-style-type: none"> <li>Business performance</li> <li>Health and safety</li> <li>Sustainability (Environmental, Social and Governance impacts)</li> </ul>

#### CAHYA MATA'S RESPONSE TO STAKEHOLDERS' EXPECTATIONS

- Ensuring efficient delivery of products and
- Hosting networking and sharing sessions with the media

- Providing press releases or media statements in a timely manner

#### CONDUCT OF GENERAL MEETING

The Company's 47<sup>th</sup> AGM was held on 27 May 2022 at the Borneo Convention Centre Kuching while its Extraordinary General Meeting was held on 26 August 2022 at Pullman Hotel, Kuching.

For both the meetings, shareholders who were unable to attend, had the option to appoint their proxies to attend and vote on their behalf.

The Directors and Senior Management were in attendance to answer questions posed by the Shareholders at the 47<sup>th</sup> AGM and the EGM.

The relevant details of both the meetings were published in the Company's website.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**The Board of Directors of the Company is committed towards maintaining a sound system of risk management and internal control, and is pleased to provide this Statement on Risk Management and Internal Control (also referred to as the Statement) which outlines the scope and nature of risk management and internal control of Cahya Mata Sarawak Berhad Group of Companies for the financial year ended 31 December 2022.**

For the purpose of disclosure, this Statement is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code of Corporate Governance, and is in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

During the year under review, as part of the Group's continued efforts to enhance the risk management framework and processes, Group Risk led by the Chief Risk Officer (CRO) implemented the Project Risk Management (PRM) and Operational Risk Management (ORM) frameworks. These frameworks enable better risk oversight on projects and business operations respectively.

Additionally, to enable a more robust and effective risk assessment process to be instituted, a review of the risk matrix and parameters were undertaken by a consultant and the recommendations for improvement shall be implemented.

## BOARD RESPONSIBILITY

The Board recognises the importance of and its responsibility for sound risk management practices and internal control, and is committed to reviewing the adequacy and integrity of these systems. In this regard, the Board has a governance structure to ensure effective oversight of risks and controls in the Group. It is assisted by the Group Risk Committee (GRC) and Group Audit Committee (GAC) to oversee all matters with regards to risks, controls and governance. The GRC is established as a committee of the Board with the primary responsibility of supporting and assisting the Board on matters related to overseeing the Group's risk management framework. This includes the establishment of policies within the Group and to determine the Group's overall risk appetite and level of risk tolerance, whereas the GAC is entrusted to review the efficacy of internal controls. The Board also acknowledges the responsibility for the design of a risk-based system to prevent and detect fraud. In discharging its stewardship responsibilities, the Board has established an enterprise-wide risk management and internal control framework – Risk Management Framework (also referred to as the Framework) based on the COSO and ISO 31000 standards. The Framework integrates risk management in the structure and processes of the Group and provides ongoing procedures for identifying, evaluating and managing material risks faced by the Group that may affect the achievement of its strategic and business objectives. It is expected to embed a risk-based culture in the Group in the longer term. The Board also recognises that risk management is a continuing process designed to identify and manage principal risks that applies to the Group with the adequate processes to address and mitigate these risks to the acceptable risk tolerance limit levels. Therefore, with the system of risk management and internal control in place, the Board has reasonable assurances against the occurrence of material misstatement or loss for the Group.

## MANAGEMENT'S RESPONSIBILITIES

Management is accountable to the Board for the risk management and internal control system and for the implementation of processes to identify, evaluate, monitor and report risks and controls. In this regard, the senior management of Cahya Mata is responsible to ensure that the risk management process is implemented within the Group.

In this regard, the Group Risk Management Committee (GRMC) which is chaired by the Group Managing Director (GMD) meets on a quarterly basis and is tasked to:

- Review, manage and report on the implementation of risk management programmes and maintenance of the Business Continuity Management (BCM) programme;
- Review any material change in the Group's risks, including emerging risks; and
- Review and report to the Board on the effectiveness and the adequacy of the risk management processes and the support systems.

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## RISK MANAGEMENT FUNCTION

Group Risk facilitates the implementation of the Framework and processes at headquarters and the respective business divisions. Group Risk is also responsible for working closely with Management to continuously review the risks on an ongoing basis so that these risks can be adequately identified, analysed, treated and reported by Management on a timely basis.

During the year, on a quarterly basis Group Risk led by the CRO met with the respective Heads of Business Division to review the divisional risk profiles, key risk indicators and the mitigating measures. Separately, quarterly discussions were held with the senior management team to review the Group's significant risks, as well as obtain views on the internal and external factors as well as that of emerging challenges that may impact the business and operating environment. The Heads of Business Division presented their quarterly risk reports to the GRMC for review and deliberation and the significant risks were subsequently presented to the GRC.

Group Risk also conducts regular risk awareness and coaching sessions to ensure that the Group's employees have a better appreciation of the risk management principles in line with the Group's aim to embrace risk culture at all levels. As part of the risk management transformation process, these training and workshop sessions shall continue to be held on an ongoing basis.

## RISK MANAGEMENT FRAMEWORK

The Group's risk management objective is to create a consistent consideration between risks and opportunities in order to achieve the Group's business and corporate objectives. The key risk management framework adopted by the Group is summarized below:

### Enterprise Risk Management (ERM)

The Group's ERM framework aims to identify, evaluate and manage the corporate and business risks that may impede the achievement of the strategic and corporate objectives of Cahya Mata. This process also enables the board and management to focus on ways to manage and optimise the risks of highest importance and concern to the company and its stakeholders.

### Project Risk Management (PRM)

The PRM framework aims to identify, analyse and respond to risks during the project life cycle to achieve the project's objectives. Additionally, PRM also enables the identification and mitigation of risks that would impact the scope, cost, time and quality of a project. As a prerequisite, the project risk management process will be initiated from the inception of a project to its handover.

### Operational Risk Management (ORM)

The ORM framework aims to address the process level risks at the business division and to support the functional level of the company via a "bottom-up process" whereby risk assessments are decentralised and conducted by the respective business divisions and operational/ functional departments employing the risk control self-assessment approach. The process requires the business divisions and operational/functional departments to assess their respective process level risks and as well as risks that affect the achievement of departmental objectives and strategies.

### Corruption Risk Management (CRM)

The Group practices a zero-tolerance policy towards any form of bribery and corruption. In order to be more aligned with the government's commitment to combating corruption, the Group formulated and put in place an Anti-Bribery & Anti-Corruption Policy (ABAC) and three ABAC related policies namely (1) the Gifts & Hospitality Policy, (2) the Corporate Philanthropy & Community Investment Policy, and (3) the Third-Party Corruption Risk Due Diligence Policy, to provide guidance to all employees on what constitutes appropriate behavior and conduct, as well as what constitutes an improper benefit (which may be interpreted as bribery and corruption).

All policies have been rolled out and implemented across the Group. Regular training sessions on ABAC related policies have been conducted to create awareness among all employees. The Group is currently reviewing its ABAC policies together with the assistance of an external consultant and a revamp of its training sessions is also being formulated.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT PROCESS - KEY ASPECTS

The Group has established a comprehensive risk management framework that will enable the identification, evaluation and management of significant risks that may hinder the achievement of the Group's business and corporate objectives.

The key aspects of the Risk Management process are:

- ▶ The adoption of risk assessment methodologies to identify strategic, operational and project risks and evaluate the mitigation measures or controls;
- ▶ Business divisions, service and support departments are on a quarterly basis required to review their risk profiles and the status of the action plans;
- ▶ On a quarterly basis, re-assessment of the risks and controls are conducted to update the risk profiles;
- ▶ The CRO, Centre Management and the Heads of Business Division will meet on a quarterly basis to review the corporate and divisional risks, comprising the strategic, operational and project risks;
- ▶ On a quarterly basis, business divisions are required to present to the GRMC their risk management reports, detailing the status of risk reviews, the divisional risks and the status of action plans. A similar report for the service and support departments as well as Cahya Mata corporate risk report will be presented as well; and
- ▶ Following the review by GRMC, on a quarterly basis, the CRO and the Heads of Business Division will present and apprise the GRC, the significant corporate and business division risks respectively.

### KEY RISKS

- 01 BRAND & INTELLECTUAL PROPERTY**

The Group's brand and logo were exposed to potential abuse and deterioration in value and in this regard, as part of the brand transformation strategy, the Group unveiled its new corporate logo and identity. The Group has taken the necessary action to file and register the new corporate logo as a trademark under Cahya Mata IP Sdn Bhd and efforts have also been taken to include the registration in 16 countries in which the Group has businesses.
- 02 CORPORATE GOVERNANCE**
  - i. The Group's limits of authorisation structure and business process management were deemed ineffective as the group gears up its corporate and business transformation and growth strategy. The Group has since proceeded with the implementation of an Enterprise Resource Planning (ERP) solution to automate and streamline key business and support functions to improve governance, efficiency and productivity. In addition, a consultant has been engaged to review and enhance the limits of authorisation governance structure and to ensure consistency with the ERP implementation.
  - ii. The Group's appointment of the existing external auditor on a continuous basis for a considerable period, has not been subject to a maximum engagement period, which may impede the independence and quality of audits. In this regard, the external auditor complies with the audit partner rotation requirements of the IESBA Code and the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The audit partner rotation provides a fresh perspective and promotes independence, while retaining expertise and knowledge of the business. Audit partner rotation, combined with independence requirements, enhanced systems of internal quality controls and independent audit oversight, helps strengthen the corporate governance with the Group. In addition, the Group has also reassigned the audits of some of the business divisions to other audit firms.

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## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- 03 PHOSPHATE PLANT INVESTMENT**

The Group's investment in the phosphate plant, which had faced delays and challenges in the commencement of its operations, has successfully commissioned the phosphate plant and commercial production of yellow phosphate and its derivatives scheduled to commence in 2023.
- 04 ORGANISATIONAL DEVELOPMENT**

The Group's human capital development programme is a key strategy to ensure that its effectiveness is aligned with business objectives. In this regard, the Group has embarked on a number of initiatives including talent sourcing, talent management, succession planning, learning and development, etc.
- 05 ENVIRONMENTAL, SOCIAL, AND CORPORATE GOVERNANCE**

The Group's stakeholders may not be fully aware of the strategies adopted and executed to meet the ESG requirements. The Group has implemented the following:

  - Establishing a Sustainability Committee to drive ESG compliance and this will be based on the RAM Sustainability Ratings Review (ongoing);
  - Each business division assessing their respective ESG risks;
  - An integrated approach for green and economical cement production (i.e. Portland Limestone Cement) for environmental sustainability;
  - Venturing into recyclables by investing and acquiring a majority stake in Cahya Mata Alam Sdn Bhd (formerly known as Thermasite Malaysia Sdn Bhd) which is into producing building materials from industrial waste; and
  - Power requirements for the phosphate plant operations are from hydroelectric power, a renewable source of energy.

### INTERNAL CONTROL SYSTEM

- The key elements of the Group's internal control system are described below:
- Clearly defined delegation of responsibilities to Committees of the Board and management, including authorisation levels for all aspects of the businesses. Such delegation is subject to periodic review throughout the year as to their implementation and suitability;
  - Clearly documented internal procedures set out in the Group Financial Policies and Procedures Manual;
  - A detailed Group Procurement Policies and Procedures Manual to regulate procurement of goods and services in the Group. This includes the centralisation of competitive sourcing and evaluation of major purchases to leverage on the Group's buying power and the establishment of a Central Tender Committee which has the responsibility of reviewing and endorsing all high value purchases in the Group;
  - A detailed Group Human Resource (HR) Policies and Procedures Manual to regulate all aspects of employee engagement from conduct and discipline to benefits and entitlements. It provides a common and clear understanding of consistent HR practices, policies and procedures across the Group to effectively support the Group's operations;
  - Where parts of the Group's operations have received ISO certification for their products and/or work processes, these operating units are committed to maintaining their certification by ensuring strict compliance with their respective ISO requirements which include periodic reviews from the ISO;
  - A detailed strategic planning and budgeting process where operating units prepare business plans and detailed capital and operating budgets for the coming year. These plans are subject to robust challenges by the management before they are put forward for approval by the Board;
  - All major business commitments or investments are subject to review in accordance with the procedures set out in the Group Limits of Authority Manual so as to ensure that all such investments meet the risk appetite and investment criteria determined by the Board and that Division's budget;
  - A performance management system has been implemented wherein the individual performance of key executives will be monitored against agreed targets (Key Performance Indicators) to strengthen accountability control and to instill a stronger performance culture;
  - Monitoring of monthly results against budget through the monthly operations review meetings with subsidiaries with major variances being followed up on and management actions taken, where necessary;
  - An independent Audit Committee comprising non-executive members of the Board, the majority being independent directors who collectively oversee the financial reporting, internal controls, risk management and governance processes to provide assurance to the Board;
  - Regular internal audit activities to assess the adequacy of internal controls, the integrity of financial information provided and the extent of compliance with established procedures;

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- An emphasis on the quality and ability of employees with continuing education, training and development being actively encouraged through a wide variety of programmes; and
- The vetting of all significant contracts and legally enforceable agreements by the Group Legal Department.

The above control arrangements which are in place provide reasonable assurance to the Board that the structure of control is appropriate for the Group's operations and that risks are managed at an acceptable level throughout the Group's diverse businesses. Such arrangements, however, do not eliminate the possibility of human error or deliberate circumvention of control procedures by employees or others. The Group will continue to take measures to strengthen the internal control and risk management environment.

### RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

The Board has received assurances from the GMD and Acting Group Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

The Board maintains oversight of its interests in material associate companies and joint ventures through the appointments of representatives to the respective Boards as well as obtaining the quarterly financial reports thereon. While the Board does not regularly review the risk management and internal control system of its joint ventures and associate companies as it does not have direct control over their operations, these representatives also provide the Board with information to assess the performance of the Group's investments.

To further enhance the Board's oversight of material associated and joint ventures companies with regard to their risk management and internal control, representations in this regard have been obtained from these companies and have been taken into consideration in the issuance of this statement.

The Board is not aware of any significant weaknesses in risk management and internal control that resulted in material financial losses during the current financial year, save for those which have been presented by Management, and is of the view that the risk management and internal control system in place for the year under review and up to the date of approval of this Statement for inclusion into the annual report, is adequate and effective to safeguard the shareholders' investment and the Group's assets. The processes that the Board has applied to deal with material internal control aspects of any significant problems disclosed in the annual report appropriately reflect those processes.

There has been no known actual or possible non-compliance with laws and regulations that could have a material effect in the event of non-compliance.

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants (MIA) for inclusion in the annual report of the Group for the year ended 31 December 2022, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects, has not been prepared in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility for any person other than the Board of Directors in respect of any aspect of this report.

This Statement on Risk Management and Internal Control was approved by the Board on 4 April 2023.

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1. Utilisation of Proceeds raised from Corporate Proposal as at 31 March 2023 is as set out below:

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance/ (Deviation) (RM'000)	Intended Timeframe for Utilisation from date of listing of the Corporate Proposal
Future acquisition/ investments	119,707	-	119,707	Within 36 months
Capital expenditure	96,085	130	95,955	Within 24 months
Working capital	239,415	49,577	189,838	Within 24 months
Estimated Expenses	23,622	19,768	3,854	Upon completion of Corporate Proposal
<b>Total</b>	<b>478,829</b>	<b>69,475</b>	<b>409,354</b>	

2. Audit and Non-Audit Fees

The fees paid/payable to the external auditors for the financial year ended 31 December 2022 are set out below:

	Company RM'000	Group RM'000
Fees paid/payable to Messrs Ernst & Young PLT and its affiliates		
• Statutory Audit	329	928
• Non-audit services including tax services	121	572
Fees paid/payable to other firms		
• Statutory Audit	-	299
• Non-audit services including tax services	-	21
<b>Total</b>	<b>450</b>	<b>1,820</b>

3. Material Contracts

There were no material contracts entered into by the Group involving interests of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of a Revenue Nature

The Company did not seek any mandate from its shareholders pertaining to recurrent related party transactions of revenue and trading nature during the financial year ended 31 December 2022.

Details of recurrent related party transactions conducted during the financial year ended 31 December 2022 are disclosed in Note 39 to the Audited Financial Statements 2022.

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

**The Directors are required by the Companies Act 2016 (also referred to as the Act) to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and their results and cash flows for the financial year ended 31 December 2022.**

As required by the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the provisions of the Act and MMLR.


The Directors consider that in preparing the financial statements for the year ended 31 December 2022, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates.

The Directors have the responsibility to ensure that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company which enable them to ensure that the financial statements comply with the Act and MMLR.

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

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# DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The Company is principally an investment holding company. It also provides centralised treasury functions to the Group.

The Group is principally engaged in manufacturing of cement, construction, road maintenance, township, property & infrastructure development and provision of oilfield equipment, supplies and services. The principal activities of the subsidiaries are set out in Note 18 to the financial statements.

Other than the newly acquired subsidiaries which involved in the provision of oilfield equipment, supplies and services, there have been no significant changes in the nature of the principal activities during the year.

## RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
- Owners of the Company	287,134	103,599
- Non-controlling interests	2,792	-
	289,926	103,599

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

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

## TREASURY SHARES

As at 31 December 2022, the number of treasury shares were 200,000 and the outstanding ordinary shares in issue after set-off of treasury shares was therefore 1,074,175,720.

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## DIVIDENDS

Since the end of the previous financial year, the Company paid on 30 June 2022 a first and final tax exempt (single-tier) dividend of 2.00 sen per ordinary share, totalling RM21,484,000 in respect of the financial year ended 31 December 2021.

At the forthcoming Annual General Meeting, a first and final tax exempt (single-tier) dividend in respect of the financial year ended 31 December 2022, of 3.00 sen per share will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2023.

## DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

General Dato' Seri DiRaja Tan Sri (Dr.)  
Mohd Zahidi bin Haji Zainuddin (Retired)

Dato Sri Mahmud Abu Bekir Taib

Dato Sri Sulaiman Abdul Rahman b Abdul Taib

Tan Sri Datuk Amar (Dr.) Haji  
Abdul Aziz bin Dato Haji Husain

Dato' Maznah binti Abdul Jalil

Umang Nangku Jabu

Dr. Khor Jaw Huei

Jeyabalan A/L S.K. Parasingam

Datuk Ir. Kamarudin bin Zakaria (Retired on 27 May 2022)

Pursuant to Section 253 of the Companies Act 2016, the list of directors of the subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, is as follows:

Al Rabi'a Lacheheb

Chief Samuel Odu Ezediario

Datu Haji Muhamad Yakup bin Kari

Datuk Amar Haji Mohammad Ali Mahmud

Derek Chee Huong Xing

Dr Baskaran A/L Anandan

Emily Hii San San

Fariz Salleh bin Mohamad Ali

Datu Haji Abdul Hadi bin Datuk Haji Abdul Kadir

Grant Porter

Goh Say Jauw (Appointed on 3 March 2022)

**DIRECTORS' REPORT****DIRECTORS (CONTD.)**

Pursuant to Section 253 of the Companies Act 2016, the list of directors of the subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, is as follows: (contd.)

Haji Othman bin Abdul Rani

Ir. Dr. Md Zarulazam bin Md Eusofe (Appointed on 18 April 2022)

Iskandar bin Matjani (Appointed on 28 July 2022)

Kanesan A/L Veluppillai

Karl Vink @ Khalid Abdullah

Mastura binti Mansor

Muhammad Farook

Mohamed Sirajkumar bin Abdul Razack

Mok Chek Wei

Mukhnizam bin Mahmud (Appointed on 8 July 2022)

Nelson Roan Kebing

Norasazly bin Mohd Taha

Norhafiza binti Mohd (Appointed on 7 March 2022)

Norhafizal bin Johari (Appointed on 8 July 2022)

Raja Hisham Muddin bin R Mohd Iskandar (Appointed on 24 January 2022)

Ramesh A/L Ramankutty

Ramesh Veetikat Ramachandran (Appointed on 13 January 2023)

Rana Mitra

Rashad Muhammad Alzubair Alzubair

Shahrudin bin Abd Rahman (Appointed on 11 January 2023)

Shyawalludien bin Mahmud

Stephen Abednigo

Sultan Obaid Said Al Ghaith

Chen King Yu (Ceased on 7 July 2022 as alternate to Emily Hii San San)

Datuk Hasmi bin Hasnan (Resigned on 8 November 2022)

Lee Wen Giat (Resigned on 13 May 2022)

Lim Lee Wan (Resigned on 13 May 2022)

Mohammad Farish Nizar bin Othman (Resigned on 13 May 2022)

Suhadi bin Sulaiman (Resigned on 8 July 2022)

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**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the share options granted under the Employees' Share Option Scheme.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a Company in which the director has a substantial financial interest, except as disclosed in Note 39 to the financial statements.

**EMPLOYEES' SHARE OPTION SCHEME**

At an Extraordinary General Meeting held on 12 November 2020, the shareholders approved the Employees' Share Option Scheme (ESOS) for the granting of non-transferable options that are settled by physical delivery of the ordinary shares of the Company, to eligible executive directors and eligible employees of the Company and/or its eligible subsidiaries.

The committee administering the ESOS comprises the following directors:

Dr. Khor Jaw Huei  
Dato' Maznah binti Abdul Jalil  
Umang Nangku Jabu

The salient features and other terms of the ESOS are disclosed in Note 36 to the financial statements.

The Company granted 60,607,500 share options under the ESOS in 2020. These options will expire on 12 November 2024 and are exercisable at an exercise price of RM1.14 per share if vesting conditions as detailed in Note 36 to the financial statements are met.

Details of options granted to directors are disclosed in the section on Directors' interests in this report.



**DIRECTORS' REPORT****DIRECTORS' REMUNERATION**

Included in the analysis below is remuneration for directors of the Company and its subsidiaries in accordance with the requirements of Companies Act 2016.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Executive:</b>				
Salaries and other emoluments	1,404	2,992	1,200	2,229
Defined contribution and social security plans	170	361	145	269
Share-based payment	-	99	-	-
Total executive directors' remuneration (excluding benefits-in-kind)	1,574	3,452	1,345	2,498
Benefits-in-kind	39	116	31	29
Total executive directors' remuneration (including benefits-in-kind)	1,613	3,568	1,376	2,527
<b>Non-executive:</b>				
Fees	1,115	1,361	950	1,153
Other emoluments	2,094	1,960	1,856	1,872
Defined contribution and social security plans	84	65	84	65
Total non-executive directors' remuneration (excluding benefits-in-kind)	3,293	3,386	2,890	3,090
Benefits-in-kind	58	52	58	52
Total non-executive directors' remuneration (including benefits-in-kind)	3,351	3,438	2,948	3,142
Total directors' remuneration	4,964	7,006	4,324	5,669

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**DIRECTORS' INTERESTS**

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of directors in office at the end of the financial year in shares and options over ordinary shares in the Company during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2022	Acquired	Disposed	At 31.12.2022
<b>Direct interest:</b>				
General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	-	100,000	-	100,000
Dato Sri Mahmud Abu Bekir Taib	1,000,000	-	-	1,000,000
Dato Sri Sulaiman Abdul Rahman B Abdul Taib	6,790,400	-	-	6,790,400
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain	60,000	-	-	60,000
Umang Nangku Jabu	200,000	-	-	200,000
<b>Indirect interest*:</b>				
Dato Sri Mahmud Abu Bekir Taib	4,407,100	-	-	4,407,100

\* Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016.

The other directors in office at the end of the financial year had no interest in shares and options over ordinary shares in the Company or its related corporations during the financial year.

**INDEMNIFICATION OF DIRECTORS AND OFFICERS**

The Group maintained a directors and officers liability insurance for the purpose of Section 289 of the Companies Act 2016, throughout the year, which provide appropriate insurance cover for the directors and officers of the Group. The amount of insurance premium effected for directors and officers of the Group during the financial year was RM182,000. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

**OTHER STATUTORY INFORMATION**

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- 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 there were no known bad debts and that adequate allowance had been made for doubtful debts; and
  - to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

**DIRECTORS' REPORT****OTHER STATUTORY INFORMATION**

- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render it necessary to write off any bad debts or the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading; or
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and
  - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (c) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (d) In the opinion of the directors:
- (i) 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 will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due;
  - (ii) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
  - (iii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**SUBSEQUENT EVENT**

Details of the subsequent event is disclosed in Note 45 to the financial statements.

**AUDITORS**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remunerations are disclosed in Note 8 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 April 2023.

**General Dato' Seri DiRaja Tan Sri (Dr.)  
Mohd Zahidi bin Haji Zainuddin (Retired)**

**Dato Sri Sulaiman Abdul Rahman b  
Abdul Taib**

**STATEMENT BY DIRECTORS**

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

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We, **General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)** and **Dato Sri Sulaiman Abdul Rahman b Abdul Taib**, being two of the directors of **Cahaya Mata Sarawak Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 89 to 236 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 31 December 2022 and of their financial performance and their cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 11 April 2023.

**General Dato' Seri DiRaja Tan Sri (Dr.)  
Mohd Zahidi bin Haji Zainuddin (Retired)**

**Dato Sri Sulaiman Abdul Rahman b  
Abdul Taib**

**STATUTORY DECLARATION**

pursuant to Section 251(1)(b) of the Companies Act 2016

I, Mukhnizam Bin Mahmud, being the officer primarily responsible for the financial management of Cahya Mata Sarawak Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 89 to 236 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed **Mukhnizam Bin Mahmud** at Kuching in the State of Sarawak on 11 April 2023

**Mukhnizam Bin Mahmud**  
Acting Group Chief Financial Officer

Before me,

**Phang Dah Nan**  
Commissioner For Oaths (Q 119)  
Kuching, Sarawak

# INDEPENDENT AUDITORS' REPORT

to the Members of Cahya Mata Sarawak Berhad (Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Cahya Mata Sarawak Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 89 to 236.

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 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for opinion

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

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International 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 year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

## INDEPENDENT AUDITORS' REPORT

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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)

### Key audit matters (contd.)

#### 1. Impairment assessment of property, plant and equipment

As at 31 December 2022, the carrying amount of property, plant and equipment of the Group is RM1,428,495,000. This is disclosed in Note 13 to the financial statements.

The Group is required to assess at each reporting date whether there is any indication that an asset may be impaired. As disclosed in Note 13(h) to the financial statements, included in property, plant and equipment of the Group at the reporting date is an Integrated Phosphate Complex Project (Phase 1) with a carrying amount of RM798,400,000, which is in the process of commissioning. There were indications that the carrying amount of this asset may be impaired as the commercial operation of the Integrated Phosphate Complex Project (Phase 1) had been subject to prolonged delay. Management had then undertaken an assessment of recoverable amount, which is defined as the higher of fair value less costs of disposal or value-in-use.

Management has determined the recoverable amount of this asset based on value-in-use. The aforementioned impairment review does not give rise to impairment losses of property, plant and equipment as the recoverable amount of the CGU is in excess of its carrying amount.

We have identified this is an important area of audit given the significance of property, plant and equipment and the judgement and estimates involved in the assessment of the recoverable amount.

Our procedures in reviewing the results of the procedures that have been performed by the component auditors, include inter alia the following:

- Assess the reasonableness of the key assumptions and methodology on which the cash flow projections are based, including, and where relevant, comparing them against price forecasts, market trends and useful lives of the assets;
- Assess the discount rates in calculating the present value of the cash flows and whether the rates used, reflects the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset;
- Assess the yellow phosphorus and food grade acid price assumptions through comparisons with price forecasts by independent market analysts.

#### 2. Accounting for acquisition of subsidiaries

During the year, the Group completed its acquisition of controlling interest in Scomi Oilfield Ltd and its nine subsidiaries which are principally involved in provision of oilfield equipment, supplies and services.

The acquisition has been accounted for as a business combination in accordance with MFRS 3 *Business Combinations*. As permitted by MFRS 3, the Group accounted for the assets acquired and liabilities assumed based on provisional assessment of their fair value while the Group procuring an independent valuation of the acquired assets and liabilities. The aforementioned acquisition had resulted in a gain on bargain purchase of RM71,066,000 as disclosed in Note 18 to the financial statements.

We have identified this is an important area of audit given the significance of the transaction and the judgement and estimates involved in the allocation of the purchase price to the assets and liabilities acquired and adjustments made to align accounting policies of the newly acquired subsidiaries with those of the Group.

**INDEPENDENT AUDITORS' REPORT**

to the Members of Cahya Mata Sarawak Berhad (Incorporated in Malaysia)

**INDEPENDENT AUDITORS' REPORT**

to the Members of Cahya Mata Sarawak Berhad (Incorporated in Malaysia)

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**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)***Key audit matters (contd.)*2. *Accounting for acquisition of subsidiaries (contd.)*

Our procedures in reviewing the accounting for acquisition of subsidiaries, include inter alia the following:

- We have read the sales and purchase agreements and the circulars issued to the shareholders in relation to these acquisitions to obtain an understanding of the transactions and the key terms and assessed whether appropriate accounting treatment has been applied to this transaction;
- We tested the identification and provisional fair valuation of the acquired assets and liabilities by corroborating this identification based on our discussion with management and understanding of the business of Oiltools segment and we reviewed the statement of financial position of the acquirees as at acquisition date as audited by component auditors;
- We also tested the calculation of the gain on bargain purchase arising from the acquisition, being the difference between the total net consideration paid and the fair value of the net assets based on provisional assessment of their fair value; and
- We reviewed the appropriateness of the disclosures pertaining to the acquisition provided in the notes to the financial statements.

*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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which is expected to be made available to us after the date of this auditors' report.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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

**INDEPENDENT AUDITORS' REPORT**

to the Members of Cahya Mata Sarawak Berhad (Incorporated in Malaysia)

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)***Auditors' responsibilities for the audit of the financial statements (contd.)*

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 18 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.

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Kuala Lumpur, Malaysia  
11 April 2023

**Ahmad Zahirudin Bin Abdul Rahim**  
No. 02607/12/2024 J  
Chartered Accountant

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the financial year ended 31 December 2022

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	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	4	1,010,570	814,550	149,278	553,470
Cost of sales		(822,083)	(669,289)	(13,696)	(16,713)
<b>Gross profit</b>		<b>188,487</b>	145,261	<b>135,582</b>	536,757
<b>Other items of income</b>					
Interest income	5	4,035	2,045	-	-
Other income	6	225,879	63,324	39,461	91,914
<b>Other items of expense</b>					
Administrative expenses		(88,898)	(54,586)	(35,906)	(24,397)
Selling expenses		(18,258)	(11,046)	-	-
Finance costs	7	(22,033)	(28,304)	(9,539)	(24,154)
Other expenses		(61,843)	(82,926)	(5,638)	(36,985)
Share of results of associates		139,113	166,734	-	-
Share of results of joint ventures		31,515	34,105	-	-
<b>Profit before tax</b>	8	<b>397,997</b>	234,607	<b>123,960</b>	543,135
Income tax expense	11	(108,071)	(29,859)	(20,361)	(1,858)
<b>Profit for the year</b>		<b>289,926</b>	204,748	<b>103,599</b>	541,277
<b>Other comprehensive income</b>					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):					
Share of other comprehensive income of associates		19,873	7,871	-	-
Exchange differences on translation of foreign operations		(11,175)	-	-	-
		8,698	7,871	-	-
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax):					
Net (loss)/gain on equity instrument designated at fair value through other comprehensive income		(8,786)	1,034	(8,786)	1,034
<b>Total other comprehensive income for the year, net of tax</b>		<b>(88)</b>	8,905	<b>(8,786)</b>	1,034
<b>Total comprehensive income for the year, net of tax</b>		<b>289,838</b>	213,653	<b>94,813</b>	542,311

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit attributable to:</b>					
Owners of the Company		287,134	204,218	103,599	541,277
Non-controlling interests		2,792	530	-	-
		<b>289,926</b>	<b>204,748</b>	<b>103,599</b>	<b>541,277</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		289,744	213,183	94,813	542,311
Non-controlling interests		94	470	-	-
		<b>289,838</b>	<b>213,653</b>	<b>94,813</b>	<b>542,311</b>
		<b>2022</b>	<b>2021</b>		
<b>Earnings per share attributable to owners of the Company (sen per share):</b>					
Basic/diluted	12	26.73	19.06		

**STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2022

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	Note	Group		Company	
		2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	1,439,436	1,342,344	6,014	5,218
Land held for property development	14(a)	194,969	194,743	-	-
Investment properties	15	5,216	4,804	-	-
Intangible assets	16	6,901	587	357	336
Goodwill	17	68,485	61,709	-	-
Investments in subsidiaries	18	-	-	1,173,334	1,190,082
Investments in associates	19	658,663	992,477	186,790	186,790
Investments in joint ventures	20	357,135	343,069	68,540	68,540
Deferred tax assets	21	6,258	4,511	-	-
Other receivables	24	1,511	17,797	72,849	41,142
Investment securities	27	100,923	105,833	69,251	78,037
		<b>2,839,497</b>	<b>3,067,874</b>	<b>1,577,135</b>	<b>1,570,145</b>
<b>Current assets</b>					
Property development costs	14(b)	107,464	124,076	-	-
Inventories	22	413,999	314,074	-	-
Trade and other receivables	24	243,025	190,995	443,586	216,930
Other current assets	25	31,419	37,533	-	-
Investment securities	27	143,463	407,875	143,463	407,875
Derivative financial asset	28	96,649	100,038	96,649	100,038
Tax recoverable		14,932	9,539	-	-
Cash and bank balances	29	965,357	545,737	312,538	498,891
		<b>2,016,308</b>	<b>1,729,867</b>	<b>996,236</b>	<b>1,223,734</b>
<b>TOTAL ASSETS</b>		<b>4,855,805</b>	<b>4,797,741</b>	<b>2,573,371</b>	<b>2,793,879</b>

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

**STATEMENTS OF FINANCIAL POSITION**

As at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Income tax payable		53,380	3,378	4,111	197
Loans and borrowings	30	282,005	625,128	45,000	500,000
Lease liabilities	31	13,569	6,047	824	644
Trade and other payables	32	652,040	564,147	777,515	639,736
Other current liabilities	33	3,393	9,682	-	-
		<b>1,004,387</b>	<b>1,208,382</b>	<b>827,450</b>	<b>1,140,577</b>
<b>Net current assets</b>		<b>1,011,921</b>	<b>521,485</b>	<b>168,786</b>	<b>83,157</b>
<b>Non-current liabilities</b>					
Deferred tax liabilities	21	80,797	60,203	14,734	37
Loans and borrowings	30	255,787	273,436	-	-
Lease liabilities	31	36,573	20,728	1,715	1,147
Trade and other payables	32	1,028	2,602	-	-
		<b>374,185</b>	<b>356,969</b>	<b>16,449</b>	<b>1,184</b>
<b>TOTAL LIABILITIES</b>		<b>1,378,572</b>	<b>1,565,351</b>	<b>843,899</b>	<b>1,141,761</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	34	867,902	867,902	867,902	867,902
Treasury shares	34	(352)	(352)	(352)	(352)
Other reserves	35	(29,506)	22,106	175,500	180,261
Retained earnings		2,388,652	2,122,940	686,422	604,307
		<b>3,226,696</b>	<b>3,012,596</b>	<b>1,729,472</b>	<b>1,652,118</b>
<b>Non-controlling interests</b>		<b>250,537</b>	<b>219,794</b>	<b>-</b>	<b>-</b>
<b>TOTAL EQUITY</b>		<b>3,477,233</b>	<b>3,232,390</b>	<b>1,729,472</b>	<b>1,652,118</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,855,805</b>	<b>4,797,741</b>	<b>2,573,371</b>	<b>2,793,879</b>

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

**STATEMENTS OF CHANGES IN EQUITY**

For the financial year ended 31 December 2022

	Group	Attributable to owners of the Company		Share capital (Note 34) RM'000	Treasury shares (Note 34) RM'000	Other reserves (Note 35) RM'000	Retained earnings RM'000	Non-controlling interests RM'000
		Total equity RM'000	Total RM'000					
<b>At 1 January 2022</b>		3,232,390	3,012,596	867,902	(352)	22,106	2,122,940	219,794
Profit net of tax		289,926	287,134	-	-	-	287,134	2,792
Other comprehensive income, net of tax		(88)	2,610	-	-	2,610	-	(2,698)
Total comprehensive income		289,838	289,744	-	-	2,610	287,134	94
<b>Transactions with owners</b>								
Acquisition of subsidiaries		37,025	-	-	-	-	-	37,025
Grant of equity-settled share options to employees		4,025	4,025	-	-	4,025	-	-
Dividends paid to owners of the Company	44(a)	(21,484)	(21,484)	-	-	-	(21,484)	-
Dividends paid to non-controlling interests		(6,376)	-	-	-	-	-	(6,376)
Total transactions with owners		13,190	(17,459)	-	-	4,025	(21,484)	30,649
Disposal of associates		(57,938)	(57,938)	-	-	(57,938)	-	-
Share of associates' reserves		(247)	(247)	-	-	(309)	62	-
<b>At 31 December 2022</b>		<b>3,477,233</b>	<b>3,226,696</b>	<b>867,902</b>	<b>(352)</b>	<b>(29,506)</b>	<b>2,388,652</b>	<b>250,537</b>

**STATEMENTS OF CHANGES IN EQUITY**

For the financial year ended 31 December 2022

Group (contd.)	Attributable to owners of the Company						
	Total equity RM'000	Total RM'000	Share capital (Note 34) RM'000	Treasury shares (Note 34) RM'000	Other reserves (Note 35) RM'000	Retained earnings RM'000	Non-controlling interests RM'000
<b>At 1 January 2021</b>	3,019,524	2,786,277	867,902	(19,994)	6,520	1,931,849	233,247
Profit net of tax	204,748	204,218	-	-	-	204,218	530
Other comprehensive income, net of tax	8,905	8,965	-	-	8,965	-	(60)
Total comprehensive income	213,653	213,183	-	-	8,965	204,218	470
<b>Transactions with owners</b>							
Acquisition of treasury shares	(3,723)	(3,723)	-	(3,723)	-	-	-
Disposal of treasury shares	28,369	28,369	-	23,365	-	5,004	-
Grant of equity-settled share options to employees	10,029	10,029	-	-	10,029	-	-
Dividends paid to owners of the Company	(21,484)	(21,484)	-	-	-	(21,484)	-
Dividends paid to non-controlling interests	(13,978)	-	-	-	-	-	(13,978)
Total transactions with owners	(787)	13,191	-	19,642	10,029	(16,480)	(13,978)
Disposal of an associate	-	(55)	-	-	(3,454)	3,399	55
Share of associates' reserves	-	-	-	-	46	(46)	-
<b>At 31 December 2021</b>	3,232,390	3,012,596	867,902	(352)	22,106	2,122,940	219,794

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 31 December 2022

Company	Attributable to owners of the Company						
	Total equity RM'000	Total RM'000	Share capital (Note 34) RM'000	Treasury shares (Note 34) RM'000	Other reserves (Note 35) RM'000	Retained earnings RM'000	Non-controlling interests RM'000
<b>At 1 January 2022</b>	1,652,118	867,902	(352)	180,261	604,307		
Profit net of tax	103,599	103,599	-	-	-	103,599	-
Other comprehensive income, net of tax	(8,786)	(8,786)	-	-	(8,786)	-	-
Total comprehensive income	94,813	94,813	-	-	(8,786)	103,599	-
<b>Transactions with owners</b>							
Grant of equity-settled share options to employees	4,025	4,025	-	-	4,025	-	-
Dividends paid to owners of the Company	(21,484)	(21,484)	-	-	-	(21,484)	-
Total transactions with owners	(17,459)	(17,459)	-	-	4,025	(21,484)	-
<b>At 31 December 2022</b>	1,729,472	867,902	(352)	175,500	686,422		
<b>At 1 January 2021</b>	1,096,616	867,902	(19,994)	169,198	79,510		
Profit net of tax	541,277	541,277	-	-	-	541,277	-
Other comprehensive income, net of tax	1,034	1,034	-	-	1,034	-	-
Total comprehensive income	542,311	542,311	-	-	1,034	541,277	-
<b>Transactions with owners</b>							
Acquisition of treasury shares	(3,723)	(3,723)	-	(3,723)	-	-	-
Disposal of treasury shares	28,369	28,369	-	23,365	-	5,004	-
Grant of equity-settled share options to employees	10,029	10,029	-	-	10,029	-	-
Dividends paid to owners of the Company	(21,484)	(21,484)	-	-	-	(21,484)	-
Total transactions with owners	13,191	13,191	-	19,642	10,029	(16,480)	-
<b>At 31 December 2021</b>	1,652,118	867,902	(352)	180,261	604,307		

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



# STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2022

Group	Note	2022 RM'000	2021 RM'000
<b>Operating activities</b>			
Profit before tax		397,997	234,607
<b>Adjustments for:</b>			
Amortisation of intangible assets	8	81	38
Depreciation of property, plant and equipment	8	67,853	62,979
Depreciation of investment properties	8	121	203
Dilution loss in investment in an associate	8	-	6,451
Fair value loss/(gain) in a derivative financial asset	8,6	3,389	(3,340)
Gain on disposal of investment in an associate	6	(89,079)	(28,515)
Gain on termination of lease contracts	6	(60)	(132)
Gross dividend income	4	(5,865)	(6,814)
(Reversal)/Impairment loss on amount due from an associate	6,8	(28,504)	28,504
(Reversal)/Impairment loss on investment in an associate	6,8	(9,128)	15,907
Net impairment loss on trade and other receivables	8	4,924	2,640
Interest expense	7	26,577	32,031
Interest income	4,5	(10,165)	(8,567)
Inventories written off	8	624	-
Gain on disposal of investment properties	6	-	(4,252)
Loss on disposal of investment securities	8	451	-
Negative goodwill	6	(71,066)	-
Net fair value changes in investment securities	8	939	8,470
Net gain on disposal of property, plant and equipment	6	(586)	(13,094)
Property, plant and equipment written off	8	375	33
Remeasurement gain on derecognition of investment in an associate	6	-	(1,090)
Reversal of impairment loss on property development costs		-	(364)
Reversal of impairment loss on trade and other receivables	6	-	(1,353)
Share-based payment	9	4,025	10,029
Share of results of associates		(139,113)	(166,734)
Share of results of joint ventures		(31,515)	(34,105)
Unrealised foreign exchange loss		16,834	7,998
<b>Total adjustments</b>		<b>(258,888)</b>	<b>(93,077)</b>
<b>Operating cash flows before changes in working capital</b>		<b>139,109</b>	<b>141,530</b>

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Group (contd.)	Note	2022 RM'000	2021 RM'000
<b>Changes in working capital</b>			
Decrease in property development costs		16,612	21,491
Increase in land held for development		-	(2,198)
(Increase)/decrease in inventories		(65,948)	12,991
Decrease/(increase) in other current assets		6,114	(18,512)
Decrease/(increase) in receivables		115,688	(4,551)
(Decrease)/increase in payables		(94,334)	121,884
Increase in other current liabilities		1,175	1,544
<b>Total changes in working capital</b>		<b>(20,693)</b>	<b>132,649</b>
<b>Cash flows from operations</b>			
Interest received		10,916	6,308
Interest paid		(50,033)	(41,297)
Income taxes paid, net of refund		(56,269)	(18,519)
<b>Net cash flows from operating activities</b>		<b>23,030</b>	<b>220,671</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment	13(d)	(67,728)	(88,844)
Acquisition of investment properties	15	(533)	-
Acquisition of land held for property development	14(a)	(226)	(16)
Additional costs incurred on intangible assets	16	(5,027)	(202)
Additional investments in an associate	19(d)	(2,000)	(9,228)
Additional investments in investment securities		(57,157)	(63,016)
Additional investments in a joint venture	20(a)	(910)	(3,947)
Dividends received from associates		68,260	31,506
Dividends received from investments		5,865	6,814
Distribution of profit from joint ventures		18,358	16,639
Loan repayment from associate		45,411	-
Net cash inflow arising from acquisition of a subsidiaries		29,191	-
Placement of deposits with licensed banks		(3,080)	(455)
Proceeds from disposal of an associate	19(a)	466,811	86,069
Proceeds from disposal of investment securities		316,302	-
Proceeds from disposal of property, plant and equipment		2,671	22,223
Proceeds from disposal of investment properties		-	27,500
<b>Net cash flows from investing activities</b>		<b>816,208</b>	<b>25,043</b>

**STATEMENTS OF CASH FLOWS**

For the financial year ended 31 December 2022

Group (contd.)	Note	2022 RM'000	2021 RM'000	
<b>Financing activities</b>				
Acquisition of treasury shares	34(b)	-	(3,723)	
Dividends paid to owners of the Company	44(a)	(21,484)	(21,484)	
Dividends paid to non-controlling interests		(6,377)	(13,978)	
Drawdown of borrowings		267,462	66,003	
(Increase)/decrease in deposits pledged to licensed banks	29	(26)	60	
Repayment of borrowings		(641,780)	(29,328)	
Repayment of lease liabilities	31	(14,240)	(10,743)	
Net proceeds from disposal of treasury shares	34(b)	-	28,369	
Proceeds from lease receivables	24(b)(vii)	1,624	1,523	
<b>Net cash flows (used in)/from financing activities</b>		<b>(414,821)</b>	<b>16,699</b>	
<b>Net increase in cash and cash equivalents</b>		<b>424,417</b>	<b>262,413</b>	
<b>Cash and cash equivalents at 1 January</b>		<b>540,747</b>	<b>277,224</b>	
<b>Effect of foreign exchange changes on cash and cash equivalents</b>		<b>(1,743)</b>	<b>1,110</b>	
<b>Cash and cash equivalents at 31 December</b>	29	<b>963,421</b>	<b>540,747</b>	
Reconciliation of movements of liabilities to cash flows arising from financing activities:				
		<b>Loans and borrowings (Note 30) RM'000</b>	<b>Lease liabilities (Note 31) RM'000</b>	<b>Total RM'000</b>
<b>At 1 January 2021</b>		851,266	36,693	887,959
Acquisition of new leases		-	3,531	3,531
Repayment of lease liabilities		-	(10,743)	(10,743)
Termination of lease contracts		-	(2,673)	(2,673)
Drawdown of borrowings		66,003	-	66,003
Repayment of borrowings		(29,328)	-	(29,328)
Rent concessions received		-	(33)	(33)
Unrealised foreign exchange loss		10,623	-	10,623
<b>At 31 December 2021 and 1 January 2022</b>		<b>898,564</b>	<b>26,775</b>	<b>925,339</b>
Acquisition of new leases		-	27,313	27,313
Acquisition of subsidiary		-	19,258	19,258
Repayment of lease liabilities		-	(14,240)	(14,240)
Termination of lease contracts		-	(8,749)	(8,749)
Drawdown of borrowings		267,462	-	267,462
Repayment of borrowings		(641,780)	-	(641,780)
Unrealised foreign exchange loss		13,546	-	13,546
Exchange adjustment		-	(215)	(215)
<b>At 31 December 2022</b>		<b>537,792</b>	<b>50,142</b>	<b>587,934</b>

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

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Company	Note	2022 RM'000	2021 RM'000
<b>Operating activities</b>			
Profit before tax		<b>123,960</b>	543,135
<b>Adjustments for:</b>			
Amortisation of intangible asset	8	<b>33</b>	5
Depreciation of property, plant and equipment	8	<b>1,378</b>	1,174
Fair value loss/(gain) in a derivative financial asset	8,6	<b>3,389</b>	(3,340)
Gain on derecognition of investment in an associate	6	-	(44,701)
Gain on disposal of an associate	6	-	(30,779)
Gain on disposal of property, plant and equipment	6	<b>(184)</b>	(12,739)
Gross dividend income	4	<b>(127,706)</b>	(538,253)
Interest expense	7	<b>22,827</b>	40,817
Interest income	4	<b>(21,572)</b>	(15,217)
Impairment loss on amount due from subsidiaries	8	-	28,511
Loss on disposal of investment securities	8	<b>451</b>	-
Net fair value changes in investment securities	8	<b>939</b>	8,470
Property, plant and equipment written off	8	-	5
Rent concessions received	6	-	(33)
Reversal of impairment loss on investment in a subsidiary	6	<b>(10,000)</b>	-
Reversal of impairment loss on trade and other receivables	6	<b>(26,963)</b>	-
Share-based payment	9	<b>51</b>	251
Total adjustments		<b>(157,357)</b>	(565,829)
<b>Operating cash flows before changes in working capital</b>		<b>(33,397)</b>	(22,694)
<b>Changes in working capital</b>			
Increase in receivables		<b>197,191</b>	(17,998)
(Increase)/decrease in payables		<b>1,407</b>	(19,031)
Total changes in working capital		<b>(195,784)</b>	(37,029)
<b>Cash flows used in operations</b>		<b>(238,549)</b>	(59,723)
Interest received		<b>5,994</b>	5,819
Interest paid		<b>(9,131)</b>	(20,356)
Taxes paid		<b>(1,750)</b>	(1,404)
<b>Net cash flows used in operating activities</b>		<b>(234,068)</b>	(75,664)

**STATEMENTS OF CASH FLOWS**

For the financial year ended 31 December 2022

Company (contd.)	Note	2022 RM'000	2021 RM'000
<b>Investing activities</b>			
Additional investment in a joint venture		-	(2,126)
Additional investments in investment securities		(53,281)	(55,181)
Acquisition of property, plant and equipment	13(d)	(136)	(165)
Acquisition of intangible assets	16	(54)	(90)
Acquisition of a subsidiary	18(a)	(5,942)	-
Capital repayment from a subsidiary	18(c)	35,000	
Dividends received		108,670	538,401
Proceeds from disposal of an associate	19(a)	-	55,540
Proceeds from disposal of investment securities		316,302	-
Proceeds from disposal of property, plant and equipment		293	20,000
Subscription of additional shares in subsidiaries		-	(9,228)
<b>Net cash flows from investing activities</b>		<b>400,852</b>	<b>547,151</b>
<b>Financing activities</b>			
Acquisition of treasury shares	34(b)	-	(3,723)
(Decrease)/increase in amounts due to joint ventures under central cash management accounts		(9,079)	120,010
Increase/(decrease) in amounts due to subsidiaries under central cash management accounts		133,824	(317,629)
Dividends paid to owners of the Company	44(a)	(21,484)	(21,484)
Drawdown of borrowings	30	45,000	-
Net proceeds from disposal of treasury shares	34(b)	-	28,369
Repayment of borrowings	30	(500,000)	-
Repayment of lease liabilities	31	(1,398)	(581)
<b>Net cash flows used in financing activities</b>		<b>(353,137)</b>	<b>(195,038)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(186,353)</b>	<b>276,449</b>
<b>Cash and cash equivalents at 1 January</b>		<b>498,681</b>	<b>222,232</b>
<b>Cash and cash equivalents at 31 December</b>	29	<b>312,328</b>	<b>498,681</b>

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Reconciliation of movements of liabilities to cash flows arising from financing activities:

	Loans and borrowings (Note 30) RM'000	Lease liabilities (Note 31) RM'000	Total RM'000
<b>At 1 January 2021</b>	500,000	997	500,997
Acquisition of new lease	-	1,408	1,408
Rent concession received	-	(33)	(33)
Repayment of lease liabilities	-	(581)	(581)
<b>At 31 December 2021 and 1 January 2022</b>	<b>500,000</b>	<b>1,791</b>	<b>501,791</b>
Acquisition of new lease	45,000	2,146	47,146
Repayment of lease liabilities	(500,000)	(1,398)	(501,398)
<b>At 31 December 2022</b>	<b>45,000</b>	<b>2,539</b>	<b>47,539</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

## NOTES TO THE FINANCIAL STATEMENTS

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### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business is located at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak.

The Company is principally an investment holding company. It also provides centralised treasury functions to the Group. The Group is principally engaged in manufacturing and trading of cement and construction materials, construction, road maintenance, township, property and infrastructure development and provision of oilfield equipment, supplies and services.

The principal activities of the subsidiaries are set out in Note 18. There have been no significant changes in the nature of the principal activities during the financial year.

### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

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

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as disclosed in the accounting policies below. The accounting policies below are adhered to by the Group and by the Company except when otherwise indicated.

The financial statements of the Group and the Company are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

#### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year, except in the current period, the Group and the Company adopted the following new and amended MFRS mandatory for annual financial periods beginning on or after 1 January 2022:

Description	Effective for annual period beginning on or after
Amendment to MFRS 16 Leases: Covid-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceed before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022

The adoption of the above new and amended MFRS did not have any significant financial impact to the Group and the Company.

### 2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 2.3 Standards and interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective 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
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2024
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group and the Company expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of application.

#### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

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. Specifically, the Group controls an investee if, and only if, the Group has:

- 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 involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2022

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.4 Basis of consolidation (contd.)**

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

- (a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (b) potential voting rights held by the Company, other vote holders or other parties;
- (c) rights arising from other contractual arrangements; and
- (d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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. Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("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 in 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 related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

**Business combinations and goodwill**

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.4 Basis of consolidation (contd.)****Business combinations and goodwill (contd.)**

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with the necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 9 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. All other contingent consideration shall be measured at fair value and such changes shall be recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.5 Subsidiaries**

A subsidiary is an entity over which the Group has:

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

**2.6 Current versus non-current classification**

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.7 Investments in associates and joint ventures**

An associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

On acquisition of an investment in associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or joint venture's profit or loss for the period in which the investment is acquired.

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture.

Under the equity method, on initial recognition the investment in an associate or a joint venture is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equal or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group applies MFRS 9 Financial Instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 Impairment of Assets as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

In the Company's separate financial statements, investments in associates and joint ventures are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.8 Foreign currency****(a) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

**(b) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

**(c) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rates of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.9 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to recognition, property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has unlimited useful lives and therefore are not amortised. Leasehold land are amortised over their lease terms. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and infrastructure	50 years or over the period of lease whichever is shorter
Plant and machinery	2 years to 50 years
Equipment and others	2 years to 30 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

A contract which involves the use of an item of property, plant and equipment that meets the definition of a lease is recognised as a right-of-use asset.

**2.10 Land held for property development and property development costs****(a) Land held for property development**

Land held for property development consists of land on which no significant development work has been undertaken other than earthwork, infrastructure work and professional fees incurred to put the land ready for development or where development activities are not expected to be completed within the normal operating cycle. Included in land held for property development consists of leasehold land that meet the definition of right-of-use asset.

**NOTES TO THE FINANCIAL STATEMENTS**

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.10 Land held for property development and property development costs (contd.)****(a) Land held for property development (contd.)**

Land held for property development is classified as non-current asset and is stated at the lower of cost and net realisable value.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

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

Land held for property development is transferred to property development costs (under current assets) when development activities have commenced and where the development activities can be completed within the Group's normal operating cycle.

**(b) Property development costs**

Property development costs that meet the definition of inventories are recognised as an asset and are stated at the lower of cost and net realisable value. Such inventory costs are determined based on a specific identification basis.

Property development costs comprise of costs of land, direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors. Leasehold land that are included in property development costs meets the definition of right-of-use asset.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. The asset is subsequently recognised as an expense in profit or loss when or as the control of the asset is transferred to the customer over time or at a point in time.

Where revenue recognised in profit or loss exceeds billings to purchasers, the balance is shown as contract assets under other current assets. Where billings to purchasers exceed revenue recognised in profit or loss, the balance is shown as contract liabilities under other current liabilities.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.11 Investment properties**

Investment properties are properties which are held either to earn rental income or for capital appreciation or both. These include land held for a currently undetermined future use. Transfers are made to or from investment properties only when there is a change in use. Properties that are occupied by the Companies in the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are stated at cost less accumulated depreciation and impairment losses consistent with the accounting policies for property, plant and equipment.

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.

**2.12 Intangible assets**

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Amortisation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer software	3 years to 5 years
Other intangible assets	8 years to 20 years

Other intangible assets consist of registered patents, technology and development works.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

The expenditure is capitalised and no amortisation is necessary as the asset is still under the development stage.



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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.13 Impairment of non-financial assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the profit or loss in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

Goodwill is tested for impairment annually as at the reporting date and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

Intangible assets with indefinite useful lives are tested for impairment annually as at the reporting date at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.14 Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials, consumables and spare parts: costs of purchases on a first-in first-out method or weighted average cost formula.
- Finished goods and work-in-progress: costs of raw materials, direct labour, other direct costs and appropriate proportions of manufacturing overheads based on normal operating capacity.
- Completed development units: cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

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

**2.15 Contract assets and contract liabilities**

A contract asset is the right to consideration for goods or services transferred to the customer. 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 subject to impairment in accordance to MFRS 9. When there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received the consideration or has billed 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 include advance payment and down payments received from customers and other deferred income where the Group has billed or has collected the payment before the goods are delivered or services are provided to the customers.

**2.16 Contract costs****(a) Incremental cost of obtaining a contract**

The Group recognises incremental costs of obtaining contracts when the Group expects to recover these costs.

**(b) Cost to fulfil a contract**

The Group recognises a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group, will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected loss that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.17 Financial instruments****(a) Initial recognition and measurement**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

**(b) Financial instrument categories and subsequent measurement****Financial assets**

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

**(i) Amortised cost (debt instruments)**

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

**(ii) Fair value through profit or loss (“FVTPL”)**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

**(iii) Fair value through OCI (“debt instruments”)**

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

**(iv) Financial assets designated at fair value through OCI (“equity instruments”)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 32 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 profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.17 Financial instruments (contd.)****(b) Financial instrument categories and subsequent measurement (contd.)****Financial liabilities**

The categories of financial liabilities at initial recognition are as follows:

**(i) Fair value through profit or loss (“FVTPL”)**

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- If doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- A group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group’s key management personnel; or
- If a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability’s credit risk would create or enlarge an accounting mismatch.

**(ii) Amortised cost**

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.17 Financial instruments (contd.)****(c) Derecognition**

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of awards of ownership of the financial asset are transferred to another party. On derecognition of financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash asset transferred or liabilities assumed, is recognised in profit or loss.

**(d) Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amount and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

**2.18 Impairment of financial assets**

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at the amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balances and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.18 Impairment of financial assets (contd.)**

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt instruments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flow of the financial assets have occurred.

The gross carrying amount of a financial assets is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedure for recovery of amounts due.

**2.19 Fair value measurement**

Fair value of an asset or a liability is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.19 Fair value measurement (contd.)**

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted financial assets, and for non-recurring measurement, such as assets held for sale in discontinued operations.

At each reporting date, the Group analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Group verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Group also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

**2.20 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.21 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.22 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and the activities to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are recognised in profit or loss in the period they are incurred.

**2.23 Leases**

The Group and the Company assess 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) As a lessee**

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**(i) Right-of-use assets**

The Group and the Company recognise 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 classified within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.23 Leases (contd.)****(a) As a lessee (contd.)****(i) Right-of-use assets (contd.)**

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, as follows:

Leasehold land	1 to 94 years
Buildings	1 to 17 years
Motor vehicles	5 years
Plant and machinery	1 to 3 years

If ownership of the leased asset is transferred to the Group and the Company 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 instead of the lease term. The right-of-use assets are also subject to impairment.

**(ii) Lease liabilities**

At the commencement date of the lease, the Group and the Company recognise 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 by the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use 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.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.23 Leases (contd.)****(a) As a lessee (contd.)****(iii) Short-term leases and leases of low-value assets**

The Group and the Company apply 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). They also apply 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.

**(b) As a lessor**

Leases in which the Group or the Company 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 the 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.

**2.24 Revenue****Revenue from contracts with customers**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expects to be entitled in exchange for transferring promised goods or services to a customer. The Group has generally concluded that it is the principal in its revenue arrangements (unless otherwise stated below) because it typically controls the goods or services before transferring to the customers.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at the point in time or over time.

Where contracts with customers include multiple performance obligation, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost-plus margin.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.24 Revenue (contd.)**Revenue from contracts with customers (contd.)**(a) Sale of goods**

Revenue from sale of goods is measured based on the consideration specified in a contract with a customer in exchange for transferring goods to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product to customer. An asset is transferred when (or as) the customer obtains control over the asset.

The Group transfers control of a good at a point in time unless one of the following over time criteria is met:

- the customer simultaneously receives and consumes the benefits provided as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to-date.

**(b) Construction and road maintenance**

Revenue is recognised progressively based on the percentage of completion determined by the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in the contract work and claims that can be measured reliably. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Variation claim gives rise to a variable consideration which are estimated at either the expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not be reversed. No element of financing is deemed present as the payment schedule and credit terms of 30 days to 90 days are consistent with the market practice.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.24 Revenue (contd.)**Revenue from contracts with customers (contd.)**(c) Property development**

Revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method based on the construction and other costs incurred to date as a proportion of the estimated total construction and other costs to be incurred.

The Group recognises revenue at a point in time for the sale of completed properties, when the control of the properties has been delivered to the purchasers, being when the properties have been delivered to the purchasers and it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the assets sold.

**(d) Rendering of services**

Revenue from rendering of services is recognised when the Group and the Company transfer control upon performance of services over time to customers where the customer simultaneously receives and consumes the benefits provided as the Group and the Company perform.

Revenue from provision of road maintenance service is recognised in the period in which services are rendered in accordance with the concession.

Revenue from rendering of other services is recognised over time when the services are rendered, using an input method to measure the progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.24 Revenue (contd.)**Revenue from contracts with customers (contd.)**(e) Hotel operations, room rental and related revenue**

Room rental revenue is recognised over the period of the guests' stay at the hotel. Any cancellation of hotel reservation during the non-refundable periods are immediately recognised as room revenue. Revenue from the sale of food and beverages is recognised when the customer receives and consumes, and the Group has a present right to payment for the food and beverage product. Hotel room rental and food and beverages revenue are recorded based on the published rates, net of discounts and collectability is reasonably certain. Revenue for rendering of other services is recognised when the services are provided or on a straight line basis over the term of the service.

Revenue from other sources

Revenue from other sources are recognised as follows:

- (i) Interest income is recognised on an accrual basis using the effective interest method;
- (ii) Dividend income is recognised when the Group's and the Company's right to receive payment is established, which is generally when shareholders approve the dividend;
- (iii) Rental income is recognised on a straight-line basis over the tenure of the lease; and
- (iv) Grant income is recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss as other income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

**2.25 Taxes****(a) Income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.25 Taxes (contd.)****(b) Deferred tax**

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.26 Employee benefits****(a) Short term benefits**

Wages, salaries, overtimes, allowances and social security contributions are recognised as an expense in the year in which the associated services are rendered by the employees. 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.

**(b) Defined contribution plan**

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and Company make contributions to the Employees' Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to the defined contribution pension scheme are recognised as expenses in the period in which the related service is performed.

**(c) Termination benefits**

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer to those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

**(d) Share-based payments**

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

**Equity-settled transactions**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.26 Employee benefits (contd.)****(d) Share-based payments (contd.)****Equity-settled transactions (contd.)**

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

**2.27 Segment reporting**

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

**2.28 Equity instruments**

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(a) Issue expenses**

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

**(b) Ordinary shares**

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

**(c) Repurchased, disposal and reissued of share capital (treasury shares)**

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in retained earnings.



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**2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)****2.29 Contingencies**

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group or the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company but discloses its existence in the notes to the financial statements.

**3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES**

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

**3.1 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Impairment of property, plant and equipment**

Property, plant and equipment are tested for impairment when there is an indication that they may be impaired. If any such indication exists, the Group and the Company shall estimate the recoverable amount of cash-generating unit ("CGU") or groups of CGU.

During the year, the Group has carried out an impairment assessment on the property, plant and equipment in relation to the Integrated Phosphate Complex Project ("Phase 1"), which is considered the CGU for the purpose of impairment testing as the commercial operation of the Phase 1 had been subject to prolonged delay.

Due to lack of comparable market data, significant estimate and judgement involved in determining the recoverable amount of Phase 1 based on value-in-use. The estimation of future cash flows is subject to changes, from internal and external factors, actual results may differ materially from those estimated.

The accumulated impairment losses for property, plant and equipment are disclosed in Note 13.

**(b) Valuation of derivative assets**

The determination of the fair value of derivative financial assets that are linked to and must be settled by delivery of unquoted equity instruments is subjective and involves significant judgement and uncertainties due to the use of assumptions and certain unobservable inputs. The Group's and the Company's investment in warrants were valued using the Binomial approach and is sensitive to data inputs including stock price, strike price and risk-free rate as disclosed in Note 28.

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**4. REVENUE**

Revenue comprised the following:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers	977,694	796,474	-	-
Revenue from other sources:				
- Interest from financial institutions	6,130	6,522	6,130	6,522
- Interest from subsidiaries	-	-	15,442	8,695
- Dividends from investments	5,865	6,814	5,865	6,814
- Dividends from associates	-	-	53,893	19,466
- Dividends from joint ventures	-	-	14,403	14,551
- Dividends from subsidiaries	-	-	53,545	497,422
- Rental income	20,881	4,188	-	-
- Others	-	552	-	-
	32,876	18,076	149,278	553,470
Total revenue	1,010,570	814,550	149,278	553,470

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**4. REVENUE (CONTD.)****(a) Disaggregation of revenue from contracts with customers:**

Group	Property development and related services RM'000					Strategic investments and others RM'000	Total RM'000
	Cement RM'000	Trading RM'000	maintenance RM'000	Road RM'000	services RM'000		
<b>2022</b>							
- Sale of goods	579,727	82,060	-	-	25,570	-	687,357
- Construction and road maintenance	1,311	813	134,616	65	-	-	136,805
- Rendering of services	-	-	-	17,330	47,433	8,115	72,878
- Sale of land	-	-	-	25,802	-	-	25,802
- Sale of completed properties	-	-	-	28,062	-	-	28,062
- Sale of properties under construction	-	-	-	26,790	-	-	26,790
	<b>581,038</b>	<b>82,873</b>	<b>134,616</b>	<b>98,049</b>	<b>73,003</b>	<b>8,115</b>	<b>977,694</b>
<b>Timing of revenue recognition:</b>							
- At a point in time	579,727	82,060	16,906	58,323	25,570	-	762,586
- Over time	1,311	813	117,710	39,726	47,433	8,115	215,108
	<b>581,038</b>	<b>82,873</b>	<b>134,616</b>	<b>98,049</b>	<b>73,003</b>	<b>8,115</b>	<b>977,694</b>

**4. REVENUE (CONTD.)****(a) Disaggregation of revenue from contracts with customers: (contd.)**

Group (contd.)	Cement RM'000		Trading RM'000		Road and related services RM'000		Property development and related services RM'000		Strategic investments and others RM'000		Total RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>2021</b>											
- Sale of goods	461,427	89,962	-	-	-	-	-	-	-	-	551,389
- Construction and road maintenance	2,658	4,354	115,893	-	-	-	-	-	-	-	122,905
- Rendering of services	-	-	-	4,026	18,818	8,158	-	-	-	-	31,002
- Sale of land	-	-	-	-	20,015	-	-	-	-	-	20,015
- Sale of completed properties	-	-	-	-	32,276	-	-	-	-	-	32,276
- Sale of properties under construction	-	-	-	-	38,887	-	-	-	-	-	38,887
	<b>464,085</b>	<b>94,316</b>	<b>119,919</b>	<b>109,996</b>	<b>8,158</b>	<b>8,158</b>	<b>109,996</b>	<b>8,158</b>	<b>8,158</b>	<b>796,474</b>	
<b>Timing of revenue recognition:</b>											
- At a point in time	461,427	89,962	87	54,006	-	-	-	-	-	-	605,482
- Over time	2,658	4,354	119,832	55,990	8,158	8,158	109,996	8,158	8,158	190,992	796,474
	<b>464,085</b>	<b>94,316</b>	<b>119,919</b>	<b>109,996</b>	<b>8,158</b>	<b>8,158</b>	<b>109,996</b>	<b>8,158</b>	<b>8,158</b>	<b>796,474</b>	

Information regarding receivables and contract balances are disclosed in Note 24 and 26, respectively.

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**4. REVENUE (CONTD.)****(b) Transaction prices allocated to the remaining performance obligations:**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied as at the reporting date.

Group	2022				Total RM'000
	Cement RM'000	Trading maintenance RM'000	Road maintenance RM'000	Property development and related services RM'000	
<b>Within one year</b>					
Construction and road maintenance	201	529	83,340	3,400	87,470
Rendering of services	-	-	-	4,267	4,267
Sale of properties under construction	-	-	-	4,020	4,020
	<b>201</b>	<b>529</b>	<b>83,340</b>	<b>11,687</b>	<b>95,757</b>
<b>Over one year</b>					
Construction and road maintenance	-	-	644,440	-	644,440
Rendering of services	-	-	-	1,902	1,902
	<b>-</b>	<b>-</b>	<b>644,440</b>	<b>1,902</b>	<b>646,342</b>
	<b>201</b>	<b>529</b>	<b>727,780</b>	<b>13,589</b>	<b>742,099</b>

**4. REVENUE (CONTD.)****(b) Transaction prices allocated to the remaining performance obligations: (contd.)**

The following table includes revenue expected to be recognised in the future related to performance obligations that are unsatisfied or partially unsatisfied as at the reporting date (contd.).

Group (contd.)	2021				Total RM'000
	Cement RM'000	Trading maintenance RM'000	Road maintenance RM'000	Property development and related services RM'000	
<b>Within one year</b>					
Construction and road maintenance	1,776	822	94,943	3,300	100,841
Rendering of services	-	-	-	6,351	6,351
Sale of land	-	-	-	300	300
Sale of properties under construction	-	-	-	13,597	13,597
	<b>1,776</b>	<b>822</b>	<b>94,943</b>	<b>23,548</b>	<b>121,089</b>
<b>Over one year</b>					
Construction and road maintenance	-	-	745,685	3,400	749,085
Rendering of services	-	-	-	6,019	6,019
	<b>-</b>	<b>-</b>	<b>745,685</b>	<b>9,419</b>	<b>755,104</b>
	<b>1,776</b>	<b>822</b>	<b>840,628</b>	<b>32,967</b>	<b>876,193</b>

All consideration from contracts with customers is included in the amounts presented above.

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**4. REVENUE (CONTD.)****(c) Significant terms of sale are as follows:**

Sale of goods - Credit period of 30 to 90 (2021: 30 to 90) days from invoicing date.

Construction contracts - Credit period of 30 to 90 (2021: 30 to 90) days from invoicing date. Subject to defect liability period of at least 2 years from handover.

Road maintenance - Credit period of 60 (2021: 60) days from invoicing date.

Rendering of services - Credit period of 30 to 90 (2021: 30 to 90) days from invoicing date.

Rental income – Credit period of 30 to 90 days from invoicing date.

Sale of completed properties - Credit period of 30 to 90 (2021: 30 to 90) days from invoicing date. Subject to defect liability period of at least 12 months from vacant possession date.

Sale of properties under construction - Credit period of 30 to 90 (2021: 30 to 90) days from invoicing date. Subject to defect liability period of at least 12 months from vacant possession date.

Sale of land - Based on terms stipulated in sale and purchase agreements. Subject to fulfilment of condition precedents.

**5. INTEREST INCOME**

	Group	
	2022 RM'000	2021 RM'000
Interest income for financial assets:		
- Trade receivables	388	199
- Shareholder's loan to an associate	2,014	1,556
- Short term deposits	1,482	133
- Money held in trust	-	1
- Lease receivables (Note 24(b)(vii))	151	156
	<b>4,035</b>	<b>2,045</b>

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**6. OTHER INCOME**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fair value gain on derivative financial asset (Note 28)	-	3,340	-	3,340
Gain on a bargain purchase (Note 18)	71,066	-	-	-
Gain on disposal of investment in an associate (Note 19(a))	89,079	28,515	-	30,779
Gain on disposal of investment in a subsidiary	4,340	-	-	-
Gain on disposal of investment properties	-	4,252	-	-
Gain on disposal of property, plant and equipment	586	13,094	184	12,739
Gain on termination of lease contracts	60	132	-	-
Insurance settlement	1,996	389	-	-
Rent concessions received	-	33	-	33
Net foreign exchange gain:				
- Realised	3,222	-	-	-
- Unrealised	-	2,581	-	-
Remeasurement gain on derecognition of an associate (Note 19(b))	-	1,090	-	44,701
Rental income	5,565	4,396	-	-
Reversal of impairment loss on:				
- Amount due from an associate (Note 19(c))	28,504	-	-	-
- Amount due from subsidiaries	-	-	26,963	-
- Investment in an associate	9,128	-	-	-
- Investment in a subsidiary	-	-	10,000	-
- Trade and other receivables (Note 24(a)(ii))	-	1,353	-	-
Reversal of write down on property development cost (Note 14(b))	-	364	-	-
Sales of scrap and test products	6,692	512	-	-
Management fee income	1,943	-	1,943	-
Supervision fees	702	632	-	-
Wage subsidies - government grant	344	1,264	-	58
Others	2,652	1,377	371	264
	<b>225,879</b>	<b>63,324</b>	<b>39,461</b>	<b>91,914</b>

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**7. FINANCE COSTS**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense for financial liabilities:				
- Amounts due to joint ventures under central cash management account	5,275	4,060	5,275	4,060
- Amounts due to subsidiaries under central cash management account	-	-	8,422	12,653
- Amount due to a corporate shareholder	463	251	-	-
- Islamic medium-term notes	8,153	24,000	8,153	24,000
- Bank borrowings and bank overdrafts	22,484	15,076	882	-
- Lease liabilities (Note 31)	2,599	1,685	95	104
	<b>38,974</b>	<b>45,072</b>	<b>22,827</b>	<b>40,817</b>
Interest capitalised in property, plant and equipment (Note 13(f))	(12,397)	(13,041)	-	-
	<b>26,577</b>	<b>32,031</b>	<b>22,827</b>	<b>40,817</b>
Other finance costs:				
- Trade facility charges	303	283	-	-
- Facility fee and commitment fee	408	50	408	50
	<b>711</b>	<b>333</b>	<b>408</b>	<b>50</b>
	<b>27,288</b>	<b>32,364</b>	<b>23,235</b>	<b>40,867</b>
Recognised in profit or loss as:				
- Cost of sales	5,255	4,060	13,696	16,713
- Finance costs	22,033	28,304	9,539	24,154
	<b>27,288</b>	<b>32,364</b>	<b>23,235</b>	<b>40,867</b>

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**8. PROFIT BEFORE TAX**

The following amounts have been included in arriving at profit before tax:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amortisation of intangible assets (Note 16)	81	38	33	5
Auditors' remunerations paid to Ernst & Young PLT				
- Statutory audit	928	747	329	178
- Other services	572	148	121	113
Auditors' remunerations paid to other firms	299	40	-	-
Employee benefits expense (Note 9)	159,472	112,968	18,350	9,750
Depreciation of property, plant and equipment (Note 13)	67,853	62,979	1,378	1,174
Depreciation of investment properties (Note 15)	121	203	-	-
Fair value loss on derivative financial asset (Note 28)	3,389	-	3,389	-
Impairment loss on:				
- Amount due from an associate (Note 24)	-	28,504	-	-
- Amount due from subsidiaries (Note 24)	-	-	1,547	28,511
- Investment in an associate (Note 19(d))	-	15,908	-	-
- Trade and other receivables	4,924	2,640	-	-
Inventories written down	624	-	-	-
Loss arising from dilution of equity interests in an associate (Note 19(c))	-	6,451	-	-
Loss on disposal of investment securities	451	-	451	-
Net foreign exchange loss/(gain):				
- Realised	-	(141)	-	-
- Unrealised	16,834	7,998	-	-
Net fair value changes in investment securities	939	8,470	939	8,470
Property, plant and equipment written off	375	33	-	5

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**9. EMPLOYEE BENEFITS EXPENSE**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Salaries, allowances and others	144,068	95,021	16,975	8,572
Contributions to a defined contribution plan	11,599	10,340	1,255	857
Contributions to social security plans	1,424	1,078	47	37
Gratuity	23	33	23	33
Share-based payment	4,025	10,029	50	251
Termination benefits	85	516	-	-
	<b>161,224</b>	<b>117,017</b>	<b>18,350</b>	<b>9,750</b>
Less: Amount capitalised in property, plant and equipment (Note 13(g))	(1,752)	(4,049)	-	-
	<b>159,472</b>	<b>112,968</b>	<b>18,350</b>	<b>9,750</b>

Included in employee benefits expense of the Group and of the Company are directors' remuneration of RM4,511,000 (2021: RM5,831,000) and RM4,324,000 (2021: RM5,669,000) respectively, as further disclosed in Note 10.

**10. DIRECTORS' REMUNERATION**

The remuneration received and receivable by directors of the Group and of the Company is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Directors of the Company:</b>				
<b>Executive:</b>				
Salaries and other emoluments	1,200	2,229	1,200	2,229
Defined contribution and social security plans	145	269	145	269
Total short-term employee benefits	1,345	2,498	1,345	2,498
Benefits-in-kind	31	29	31	29
	<b>1,376</b>	<b>2,527</b>	<b>1,376</b>	<b>2,527</b>
<b>Non-executive:</b>				
Fees	1,050	1,263	950	1,153
Other emoluments	1,943	1,924	1,856	1,872
Defined contribution and social security plans	84	65	84	65
	<b>3,077</b>	<b>3,252</b>	<b>2,890</b>	<b>3,090</b>
Benefits-in-kind	58	52	58	52
	<b>3,135</b>	<b>3,304</b>	<b>2,948</b>	<b>3,142</b>
	<b>4,511</b>	<b>5,831</b>	<b>4,324</b>	<b>5,669</b>

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**10. DIRECTORS' REMUNERATION (CONTD.)**

The details of remuneration received and receivable by the directors of the Company are set out below:

Group	Other		Total RM'000
	Fees RM'000	emoluments RM'000	
<b>2022</b>			
<b>Executive:</b>			
Dato Sri Sulaiman Abdul Rahman b Abdul Taib	-	1,376	1,376
<b>Non-executive:</b>			
General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	150	713	863
Dato Sri Mahmud Abu Bekir Taib	150	701	851
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain	120	30	150
Datuk Ir. Kamarudin bin Zakaria	79	72	151
Dato' Maznah binti Abdul Jalil	120	132	252
Umang Nangku Jabu	150	137	287
Dr. Khor Jaw Huei	161	182	343
Jeyabalan A/L S.K. Parasingam	120	118	238
	<b>1,050</b>	<b>2,085</b>	<b>3,135</b>
	<b>1,050</b>	<b>3,461</b>	<b>4,511</b>

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**10. DIRECTORS' REMUNERATION (CONTD.)**

The details of remuneration received and receivable by the directors of the Company are set out below: (contd.)

Group (contd.)	Fees RM'000	Other emoluments RM'000	Total RM'000
<b>2021</b>			
<b>Executive:</b>			
Dato Sri Sulaiman Abdul Rahman b Abdul Taib	-	652	652
Dato Isaac Lugun	-	1,875	1,875
	-	2,527	2,527
<b>Non-executive:</b>			
General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	58	175	233
Dato Sri Mahmud Abu Bekir Taib	150	637	787
Dato Sri Sulaiman Abdul Rahman b Abdul Taib	5	2	7
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain	123	50	173
Datuk Ir. Kamarudin bin Zakaria	155	137	292
Dato' Maznah binti Abdul Jalil	15	19	34
Umang Nangku Jabu	174	112	286
Dr. Khor Jaw Huei	152	160	312
Jeyabalan A/L S.K. Parasingam	65	74	139
Tan Sri Abdul Rashid bin Abdul Manaf	113	532	645
Dato Isaac Lugun	10	4	14
Datuk Seri Dr. Yam Kong Choy	105	40	145
Ho Heng Chuan	66	57	123
Datu Hubert Thian	2	-	2
Chin Mui Khiong	70	42	112
	1,263	2,041	3,304
	1,263	4,568	5,831

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**10. DIRECTORS' REMUNERATION (CONTD.)**

The details of remuneration received and receivable by the directors of the Company are set out below: (contd.)

Company	Fees RM'000	Other emoluments RM'000	Total RM'000
<b>2022</b>			
<b>Executive:</b>			
Dato Sri Sulaiman Abdul Rahman b Abdul Taib	-	1,376	1,376
<b>Non-executive:</b>			
General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	150	713	863
Dato Sri Mahmud Abu Bekir Taib	150	681	831
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain	120	30	150
Datuk Ir. Kamarudin bin Zakaria	50	62	112
Dato' Maznah binti Abdul Jalil	120	132	252
Umang Nangku Jabu	120	115	235
Dr. Khor Jaw Huei	120	147	267
Jeyabalan A/L S.K. Parasingam	120	118	238
	950	1,998	2,948
	950	3,374	4,324

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**10. DIRECTORS' REMUNERATION (CONTD.)**

The details of remuneration received and receivable by the directors of the Company are set out below: (contd.)

Company (contd.)	Fees RM'000	Other emoluments RM'000	Total RM'000
<b>2021</b>			
<b>Executive:</b>			
Dato Sri Sulaiman Abdul Rahman b Abdul Taib	-	652	652
Dato Isaac Lugun	-	1,875	1,875
	-	2,527	2,527
<b>Non-executive:</b>			
General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	58	175	233
Dato Sri Mahmud Abu Bekir Taib	150	635	785
Dato Sri Sulaiman Abdul Rahman b Abdul Taib	5	2	7
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain	123	50	173
Datuk Ir. Kamarudin bin Zakaria	140	127	267
Dato' Maznah binti Abdul Jalil	15	19	34
Umang Nangku Jabu	140	96	236
Dr. Khor Jaw Huei	129	150	279
Jeyabalan A/L S.K. Parasingam	65	74	139
Tan Sri Abdul Rashid bin Abdul Manaf	113	532	645
Dato Isaac Lugun	10	4	14
Datuk Seri Dr. Yam Kong Choy	75	29	104
Ho Heng Chuan	58	54	112
Datu Hubert Thian	2	-	2
Chin Mui Khiong	70	42	112
	1,153	1,989	3,142
	1,153	4,516	5,669

Other emoluments comprised salaries, allowances, bonuses, defined contribution plan, social security plans, gratuity and benefits-in-kind.

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**11. INCOME TAX EXPENSE**

The major components of income tax expense are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Statements of profit or loss and other comprehensive income:</b>				
Current income tax:				
- Malaysian income tax	32,222	21,382	3,602	2,045
- Foreign tax	3,199	-	-	-
- Under/(over) provision in respect of previous years	11,798	(480)	2,062	(187)
- Real property gains tax	41,118	-	-	-
	88,337	20,902	5,664	1,858
Deferred income tax (Note 21):				
- Origination and reversal of temporary differences	23,058	9,191	14,697	-
- Over provision in respect of previous years	(3,324)	(234)	-	-
	19,734	8,957	14,697	-
<b>Income tax expense recognised in profit or loss</b>	<b>108,071</b>	<b>29,859</b>	<b>20,361</b>	<b>1,858</b>

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate are as follows:

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**11. INCOME TAX EXPENSE (CONTD.)**

The major components of income tax expense are as follows: (contd.)

	Group	
	2022 RM'000	2021 RM'000
Accounting profit before tax	397,997	234,607
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	95,519	56,306
Adjustments:		
Share of results of associates	(33,387)	(40,016)
Share of results of joint ventures	(7,563)	(8,185)
Non-deductible expenses	46,460	37,222
Income not subject to tax	(41,799)	(11,140)
Real property gains tax	41,118	-
Effect of different tax rates in other countries	(411)	-
Utilisation of previously unrecognised capital allowance	-	(512)
Utilisation of previously unrecognised other temporary differences	(362)	(358)
Utilisation of previously unrecognised tax losses	(1,878)	(2,754)
Deferred tax assets not recognised	1,900	10
Under/(over) provision of income tax in respect of previous years	11,798	(480)
Over provision of deferred tax in respect of previous years	(3,324)	(234)
Income tax expense recognised in profit or loss	108,071	29,859

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**11. INCOME TAX EXPENSE (CONTD.)**

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate are as follows: (contd.)

	Company	
	2022 RM'000	2021 RM'000
Accounting profit before tax	123,960	543,135
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	29,751	130,352
Adjustments:		
Non-deductible expenses	19,198	19,791
Income not subject to tax	(30,650)	(148,098)
Under/(Over) provision of income tax in respect of previous years	2,062	(187)
Income tax expense recognised in profit or loss	20,361	1,858

Income tax is calculated at the Malaysian statutory rate of 24% (2021: 24%) of the estimated assessable profit for the year.

**12. EARNINGS PER SHARE**

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders of the parent (after adjusting for Employees' Share Option Scheme (ESOS)) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2022	2021
Profit net of tax attributable to owners of the Company (RM'000)	287,134	204,218
Weighted average number of ordinary shares in issue ('000)	1,074,176	1,071,522
Basic earnings per share (sen) for:	26.73	19.06
Diluted earnings per share (sen) for:	26.73	19.06

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year. At 31 December 2022, ESOS were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS**

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**13. PROPERTY, PLANT AND EQUIPMENT**

Group	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Equipment and others RM'000	Total RM'000
Cost:					
<b>At 1 January 2021 (As previously stated)</b>	154,024	504,361	1,471,883	97,693	2,227,961
Restatements (Note 46)	25,576	-	(74,569)	-	(48,993)
<b>At 1 January 2021 (Restated)</b>	179,600	504,361	1,397,314	97,693	2,178,968
Additions	34	6,974	91,645	6,546	105,199
Disposals	(8,095)	(272)	(4,321)	(1,760)	(14,448)
Termination of lease contracts	(4,468)	(149)	-	-	(4,617)
Written off	-	-	(6)	(520)	(526)
<b>At 31 December 2021</b>	<b>167,071</b>	<b>510,914</b>	<b>1,484,632</b>	<b>101,959</b>	<b>2,264,576</b>
<b>At 1 January 2022 (as previously stated)</b>	141,495	510,914	1,558,282	101,959	2,312,650
Restatements (Note 46)	25,576	-	(73,650)	-	(48,074)
<b>At 1 January 2022 (Restated)</b>	167,071	510,914	1,484,632	101,959	2,264,576
Additions	13,536	8,570	74,552	8,474	105,132
Exchange adjustment	-	(39)	(147)	(399)	(585)
Acquisition of subsidiaries (Note 18(a))	-	13,116	7,298	32,394	52,808
Disposals	-	-	(408)	(4,098)	(4,506)
Termination of lease contracts	-	(5,702)	-	-	(5,702)
Transfer	-	25,631	(9,974)	(258)	15,399
Written off	-	(9)	(570)	(77)	(656)
<b>At 31 December 2022</b>	<b>180,607</b>	<b>552,481</b>	<b>1,555,383</b>	<b>137,995</b>	<b>2,426,466</b>

**13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)**

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Equipment and others RM'000	Total RM'000
Accumulated depreciation:					
<b>At 1 January 2021 (Restated)</b>	20,843	162,832	601,735	66,793	852,203
Restatements (Note 46)	2,759	-	-	-	2,759
<b>At 1 January 2021 (Restated)</b>	23,602	162,832	601,735	66,793	854,962
Depreciation charge for the year (Note 8)	4,596	12,956	38,610	7,736	63,898
Disposals	(834)	(272)	(2,759)	(1,454)	(5,319)
Termination of lease contracts	(2,046)	(30)	-	-	(2,076)
Written off	-	-	(6)	(487)	(493)
<b>At 31 December 2021</b>	<b>25,318</b>	<b>175,486</b>	<b>637,580</b>	<b>72,588</b>	<b>910,972</b>
<b>At 1 January 2022 (As previously stated)</b>	21,640	175,486	637,580	72,588	907,294
Restatements (Note 46)	3,678	-	-	-	3,678
<b>At 1 January 2022 (Restated)</b>	25,318	175,486	637,580	72,588	910,972
Depreciation charge for the year (Note 8)	4,012	15,339	37,643	10,859	67,853
Exchange adjustments	-	(23)	(8)	(23)	(54)
Disposals	-	-	-	(2,421)	(2,421)
Termination of lease contracts	-	(299)	-	-	(299)
Written off	-	(5)	(222)	(54)	(281)
<b>At 31 December 2022</b>	<b>29,330</b>	<b>190,498</b>	<b>674,993</b>	<b>80,949</b>	<b>975,770</b>

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## 13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Equipment and others RM'000	Total RM'000
<b>Accumulated impairment: (contd.)</b>					
<b>At 1 January 2021 (As previously stated)</b>	-	11,212	51,783	17	63,012
Restatements (Note 46)	-	-	(51,752)	-	(51,752)
<b>At 1 January 2021 (Restated)</b>	-	11,212	31	17	11,260
<b>At 1 January 2022 (As previously stated)</b>	-	11,212	51,783	17	63,012
Restatements (Note 46)	-	-	(51,752)	-	(51,752)
<b>At 1 January 2022 (Restated)/At 31 December 2022</b>	-	11,212	31	17	11,260
<b>Net carrying amount:</b>					
<b>At 31 December 2021</b>	141,753	324,216	847,021	29,354	1,342,344
<b>At 31 December 2022</b>	151,277	350,771	880,359	57,029	1,439,436

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## 13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Company	Leasehold land RM'000	Buildings RM'000	Motor vehicles RM'000	Equipment and others RM'000	Total RM'000
<b>Cost:</b>					
<b>At 1 January 2021</b>	8,435	1,708	6,344	3,103	19,590
Additions	-	1,408	-	165	1,573
Disposals	(8,095)	-	-	-	(8,095)
Written off	-	-	-	(6)	(6)
<b>At 31 December 2021 and 1 January 2022</b>	340	3,116	6,344	3,262	13,062
Additions	-	-	2,146	136	2,282
Disposal	-	-	(284)	-	(284)
<b>At 31 December 2022</b>	340	3,116	8,206	3,398	15,060
<b>Accumulated depreciation:</b>					
<b>At 1 January 2021</b>	852	732	2,982	2,939	7,505
Depreciation charge for the year (Note 8)	9	648	433	84	1,174
Disposals	(834)	-	-	-	(834)
Written off	-	-	-	(1)	(1)
<b>At 31 December 2021 and 1 January 2022</b>	27	1,380	3,415	3,022	7,844
Depreciation charge for the year (Note 8)	9	648	600	121	1,378
Disposal	-	-	(176)	-	(176)
<b>At 31 December 2022</b>	36	2,028	3,839	3,143	9,046
<b>Net carrying amount:</b>					
<b>At 31 December 2021</b>	313	1,736	2,929	240	5,218
<b>At 31 December 2022</b>	304	1,088	4,367	255	6,014

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**13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)****(a) Right-of-use assets**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows:

Group	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Equipment and others RM'000	Total RM'000
<b>At 1 January 2021 (As previously reported)</b>	133,181	18,140	6,939	-	158,260
Restatements (Note 46)	22,817	-	-	-	22,817
<b>At 1 January 2021 (Restated)</b>	155,998	18,140	6,939	-	181,077
Additions	34	2,361	-	-	2,395
Depreciation charge for the year (Note 31)	(4,596)	(2,865)	(5,552)	-	(13,013)
Disposal	(7,261)	-	-	-	(7,261)
Termination of lease contracts	(2,422)	(119)	-	-	(2,541)
<b>At 31 December 2021 and 1 January 2022</b>	<b>141,753</b>	<b>17,517</b>	<b>1,387</b>	<b>-</b>	<b>160,657</b>
Additions	13,536	993	16,645	2,146	33,320
Acquisition of subsidiaries	-	13,031	-	4,962	17,993
Exchange adjustments	-	(15)	-	(53)	(68)
Depreciation charge for the year (Note 31)	(4,012)	(4,233)	(5,550)	(1,134)	(14,929)
Termination of lease contracts	-	(5,402)	-	-	(5,402)
<b>At 31 December 2022</b>	<b>151,277</b>	<b>21,891</b>	<b>12,482</b>	<b>5,921</b>	<b>191,571</b>

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**13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)****(a) Right-of-use assets (contd.)**

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follows: (contd.)

Company	Land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
<b>At 1 January 2021</b>	7,583	976	-	8,559
Addition	-	1,408	-	1,408
Depreciation charge for the year	(9)	(648)	-	(657)
Disposal	(7,261)	-	-	(7,261)
<b>At 31 December 2021 and 1 January 2022</b>	<b>313</b>	<b>1,736</b>	<b>-</b>	<b>2,049</b>
Addition	-	-	2,146	2,146
Depreciation charge for the year	(9)	(648)	(184)	(841)
<b>At 31 December 2022</b>	<b>304</b>	<b>1,088</b>	<b>1,962</b>	<b>3,354</b>

The Group and the Company have lease contracts for various items of land, buildings, plant and machinery, motor vehicles, equipment and others used in their operations.

**(b) Assets under construction**

Included in the Group's property, plant and equipment which are under construction are as follows:

	Group	
	2022 RM'000	2021 RM'000 (Restated)
Buildings	103,279	106,209
Plant and machinery	668,560	584,602
	<b>771,839</b>	<b>690,811</b>

**(c) Fully depreciated property, plant and equipment**

The gross carrying amounts of fully depreciated property, plant and equipment that are still in use at the reporting date were RM446,506,000 (2021: RM454,986,000) and RM2,811,000 (2021: RM2,771,000) for the Group and the Company, respectively.

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**13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)****(d) Reconciliation to the statements of cash flows**

Reconciliation to the cash flows for purchase of property, plant and equipment is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Additions for the financial year	105,132	104,280	2,282	1,573
Less: Interest expense capitalised in assets under construction (Note 14(f))	(12,397)	(13,041)	-	-
Less Depreciation expense capitalised in assets under construction	(1,080)	-	-	-
Less: Leasing arrangements	(23,927)	(2,395)	(2,146)	(1,408)
Total cash payments during the financial year	67,728	88,844	136	165

**(e) Assets charged**

Property, plant and equipment with a carrying amount of RM767,073,000 (2021: RM733,268,000) are subject to a fixed charge to secure the bank loan of a subsidiary as disclosed in Note 30(c).

**(f) Capitalised borrowing costs**

Interest expense capitalised in construction in progress during the current financial year amounted to RM12,397,000 (2021: RM13,041,000). The capitalisation rate to determine the amount of borrowing costs to be capitalised was 5.65% (2021: 5.65%).

**(g) Capitalised employee benefits**

Employee benefits capitalised in construction in progress amounted to RM1,752,000 (2021: RM4,049,000), which includes executive directors' remuneration amounting to RMNil (2021: RM114,000).

**(h) Impairment of property, plant and equipment**

During the current financial year, the Group has carried out an impairment assessment on the property, plant and equipment in relation to the Integrated Phosphate Complex Project (Phase 1), with a carrying amount of RM798,400,000, which is in the process of commissioning. There were indications that the carrying amount of this asset may be impaired as the commercial operation of the Integrated Phosphate Complex Project (Phase 1) had been subject to prolonged delay.

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**13. PROPERTY, PLANT AND EQUIPMENT (CONTD.)****(h) Impairment of property, plant and equipment (contd.)**

Management has determined the recoverable amount of this asset based on value-in-use ("VIU"). The aforementioned impairment review does not give rise to impairment losses of property, plant and equipment as the recoverable amount of the CGU is in excess of its carrying amount.

The key assumptions used in VIU calculations are as follows:

Number of projection years	20
Discount rate	11%
Average price range for raw materials – rock phosphate (USD)	200-250
<u>Average price for finished goods (USD)</u>	
Yellow phosphorus	5,750
Food grade acid	1,552
<u>Annual production volume (MT)</u>	
Yellow phosphorus	
Year 1	15,984
Year 2 – 20	31,968
Food grade acid	
Year 1	29,660
Year 2 – 20	59,320

The table below provides the sensitivity analysis to the changes of key assumptions:

Key assumptions	Sensitivity – impairment would arise if
Average range of purchase price of rock phosphate	Price increase above 49%
Average selling price of yellow phosphorus	Price decrease above 28%
Average selling price of food grade acid	Price decrease above 56%

In the previous financial year, the recoverable amount of this CGU is estimated based on an independent valuation carried out by phosphate plant construction specialist using the comparison method by reference to plants with similar production capacity, necessary facilities and equipment to commence the commercial production of the plant.

No impairment loss is required for this CGU in the current and previous financial year as the recoverable amount of the CGU is in excess of its carrying amount.

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**14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS****(a) Land held for property development**

Group	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>Cost:</b>			
<b>At 1 January 2021</b>	165,633	26,896	192,529
Additions	-	16	16
Transferred from property development costs	5	2,199	2,204
Transferred to inventories	(5)	(1)	(6)
<b>At 31 December 2021 and 1 January 2022</b>	<b>165,633</b>	<b>29,110</b>	<b>194,743</b>
Additions	-	226	226
<b>At 31 December 2022</b>	<b>165,633</b>	<b>29,336</b>	<b>194,969</b>

Certain long term leasehold land of the Group with a carrying amount of RM22,092,000 (2021: RM22,092,000) are pledged to secure revolving credit facilities granted to the subsidiaries (Note 30(b)).

The Group has entered into temporary lease arrangements on certain pieces of leasehold land. Rental income recognised during the year amounted to RM258,000 (2021: RM252,000).

Future minimum rental receivable under non-cancellable operating lease as at 31 December were as follows:

	Group	
	2022 RM'000	2021 RM'000
Within one year	258	252

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**14. LAND HELD FOR PROPERTY DEVELOPMENT AND PROPERTY DEVELOPMENT COSTS (CONTD.)****(b) Property development costs**

Group	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>Cumulative property development costs:</b>			
<b>At 1 January 2021</b>	75,535	356,187	431,722
Costs incurred during the year	-	31,299	31,299
Reversal of write-down (Note 6)	364	-	364
Transferred from land held for property development	(5)	(2,199)	(2,204)
Unsold units transferred to inventories	(1)	(1,582)	(1,583)
<b>At 31 December 2021 and 1 January 2022</b>	<b>75,893</b>	<b>383,705</b>	<b>459,598</b>
Costs incurred during the year	-	19,521	19,521
Unsold units transferred to inventories	(96)	(13,961)	(14,057)
<b>At 31 December 2022</b>	<b>75,797</b>	<b>389,265</b>	<b>465,062</b>
<b>Cumulative costs recognised in profit or loss:</b>			
<b>At 1 January 2021</b>	(2,148)	(284,371)	(286,519)
Recognised during the year	-	(49,003)	(49,003)
<b>At 31 December 2021 and 1 January 2022</b>	<b>(2,148)</b>	<b>(333,374)</b>	<b>(335,522)</b>
Recognised during the year	(9,698)	(12,378)	(22,076)
<b>At 31 December 2022</b>	<b>(11,846)</b>	<b>(345,752)</b>	<b>(357,598)</b>
<b>Property development costs:</b>			
<b>At 31 December 2021</b>	73,745	50,331	124,076
<b>At 31 December 2022</b>	<b>63,951</b>	<b>43,513</b>	<b>107,464</b>

The Group has entered into short-term operating lease agreements on certain pieces of leasehold land. Incidental rental income recognised on leasehold land during the year was RM136,000 (2021: RM138,000).

Future minimum rental receivable under non-cancellable operating lease at the reporting date were as follows:

	Group	
	2022 RM'000	2021 RM'000
Within one year	66	136
One to five years	-	66

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**15. INVESTMENT PROPERTIES**

Group	Leasehold land RM'000	Buildings RM'000	Equipment and others RM'000	Total RM'000
<b>Cost:</b>				
At 1 January 2021	9,328	26,044	2,620	37,992
Disposals	(6,151)	(23,126)	(2,620)	(31,897)
<b>At 31 December 2021 and 1 January 2022</b>	<b>3,177</b>	<b>2,918</b>	<b>-</b>	<b>6,095</b>
Additions	533	-	-	533
<b>At 31 December 2022</b>	<b>3,710</b>	<b>2,918</b>	<b>-</b>	<b>6,628</b>
<b>Accumulated depreciation:</b>				
At 1 January 2021	1,837	5,944	1,956	9,737
Depreciation charge for the year (Note 8)	124	79	-	203
Disposals	(1,538)	(5,155)	(1,956)	(8,649)
<b>At 31 December 2021 and 1 January 2022</b>	<b>423</b>	<b>868</b>	<b>-</b>	<b>1,291</b>
Depreciation charge for the year (Note 8)	43	78	-	121
<b>At 31 December 2022</b>	<b>466</b>	<b>946</b>	<b>-</b>	<b>1,412</b>
<b>Net carrying amount:</b>				
At 31 December 2021	2,754	2,050	-	4,804
<b>At 31 December 2022</b>	<b>3,244</b>	<b>1,972</b>	<b>-</b>	<b>5,216</b>

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2022 RM'000	2021 RM'000
Rental income	(180)	(180)
Direct operating expenses:		
- income generating investment properties	62	60
- non-income generating investment properties	133	117

The estimated fair values for the investment properties are RM27,538,000 (2021: RM22,316,000) and they are derived from directors' valuations based on transacted dealings of comparable properties in nearby locations.

The fair value of these properties is categorised under Level 3 of the fair value hierarchy.

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**15. INVESTMENT PROPERTIES (CONTD.)**

The Group has no restriction on the realisability of its investment properties and has no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

**16. INTANGIBLE ASSETS**

Group	Computer software RM'000	Others* RM'000	Total RM'000
<b>Cost:</b>			
At 1 January 2021	10,452	1,178	11,630
Additions	112	90	202
<b>At 31 December 2021 and 1 January 2022</b>	<b>10,564</b>	<b>1,268</b>	<b>11,832</b>
Additions	4,973	54	5,027
Acquisition of a subsidiary (Note 18)	-	1,368	1,368
<b>At 31 December 2022</b>	<b>15,537</b>	<b>2,690</b>	<b>18,227</b>
<b>At 1 January 2021</b>			
Amortisation charge for the year (Note 8)	26	12	38
<b>At 31 December 2021 and 1 January 2022</b>	<b>10,460</b>	<b>785</b>	<b>11,245</b>
Amortisation charge for the year (Note 8)	42	39	81
<b>At 31 December 2022</b>	<b>10,502</b>	<b>824</b>	<b>11,326</b>
<b>Net carrying amount:</b>			
At 31 December 2021	104	483	587
<b>At 31 December 2022</b>	<b>5,035</b>	<b>1,866</b>	<b>6,901</b>

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**16. INTANGIBLE ASSETS (CONTD.)**

Company	Others* RM'000
<b>Cost:</b>	
At 1 January 2021	252
Additions	90
<b>At 31 December 2021 and 1 January 2022</b>	<b>342</b>
Additions	54
<b>At 31 December 2022</b>	<b>396</b>
<b>Accumulated amortisation:</b>	
At 1 January 2021	1
Amortisation charge for the year (Note 8)	5
<b>At 31 December 2021 and 1 January 2022</b>	<b>6</b>
Amortisation charge for the year (Note 8)	33
<b>At 31 December 2022</b>	<b>39</b>
<b>Net carrying amount:</b>	
At 31 December 2021	336
<b>At 31 December 2022</b>	<b>357</b>

\*: Relates to intellectual property, i.e. patents and trademarks.

**17. GOODWILL**

	Group	
	2022 RM'000	2021 RM'000
At 1 January	61,709	61,709
Arising from acquisition of subsidiaries	6,776	-
<b>At 31 December 2022</b>	<b>68,485</b>	<b>61,709</b>

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**17. GOODWILL (CONTD.)**

The carrying amounts of goodwill arising from business combinations are allocated to the following Group's CGU:

	Group	
	2022 RM'000	2021 RM'000
Manufacturing of cement and clinker	61,709	61,709
Recycling plastic into thermasite materials and dealing in goods and articles related to the recycling industry	6,776	-
	<b>68,485</b>	<b>61,709</b>

The recoverable amounts of the CGU are determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three-year period. The key assumptions used for value-in-use calculations are:

	Gross Margin		Discount Rates	
	2022	2021	2022	2021
Manufacturing of cement and clinker	21%	21%	13%	13%
Recycling plastic into thermasite materials and dealing in goods and articles related to the recycling industry	26%	-	9%	-

**(a) Budgeted gross margin**

The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budgeted year and increased for expected efficiency improvements.

**(b) Discount rates**

The discount rates used are pre-tax and reflect specific risks relating to the segment.

The table below provides the sensitivity analysis for financial year ended 31 December 2022 to the change of key assumptions:

Manufacturing of cement and clinker:

Key assumptions	Sensitivity – impairment would arise if:
Budgeted gross margin	Margin falls below 17%
Discount rates	An increase of discount rate to above 14%

Recycling plastic into thermasite materials and dealing in goods and articles related to the recycling industry:

Key assumptions	Sensitivity – impairment would arise if:
Budgeted gross margin	Margin falls below 24%
Discount rates	An increase of discount rate to above 12%



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**18. INVESTMENTS IN SUBSIDIARIES**

	Company	
	2022 RM'000	2021 RM'000
Unquoted ordinary shares, at cost	1,184,190	1,210,938
Redeemable preference shares, at cost	43,690	43,690
Less: Accumulated impairment losses	(54,546)	(64,546)
	<b>1,173,334</b>	<b>1,190,082</b>

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
<b>Direct subsidiaries of the Company</b>				
Cahaya Mata Alam Sdn. Bhd. (formerly known as Thermasite (Malaysia) Sdn. Bhd.) <sup>(i)</sup>	Malaysia	Recycling plastic into dealing in goods and articles related to the recycling industry	70.0	-

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)**

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
<b>Direct subsidiaries of the Company (contd.)</b>				
Cahaya Mata Capital Sdn. Bhd. (formerly known as CMS Capital Sdn. Bhd.)	Malaysia	Investment holding	95.2	95.2
Cahaya Mata Cement Properties Sdn. Bhd. (formerly known as CMS Cement Sdn. Bhd.)	Malaysia	Investment and property holding	100.0	100.0
Cahaya Mata Development Sdn. Bhd. (formerly known as CMS Property Development Sdn. Bhd.)	Malaysia	Property holding, property development and project management	100.0	100.0
Cahaya Mata Education Sdn. Bhd. (formerly known as CMS Education Sdn. Bhd.)	Malaysia	Investment holding	100.0	100.0

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)**

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
<b>Direct subsidiaries of the Company (contd.)</b>				
Cahaya Mata Intelligent Technologies Sdn. Bhd. (formerly known as CMS I-Systems Sdn. Bhd.)	Malaysia	Provision of software and IT support related services	100.0	100.0
Cahaya Mata IP Sdn. Bhd.(iv)	Malaysia	Dormant	100.0	-
Cahaya Mata Oiltools Sdn. Bhd.(i)(ii)	Malaysia	Management services and rental of property and equipment	75.0	-
Cahaya Mata Professionals Sdn. Bhd. (formerly known as Cahya Mata Sarawak Management Services Sdn. Bhd.)	Malaysia	Provision of management services and rental of investment properties	100.0	100.0
Cahaya Mata Roads Sdn. Bhd. (formerly known as CMS Works Sdn. Bhd.) <sup>(i)</sup>	Malaysia	Investment holding, construction and provision of technical, machinery and motor vehicle rental services	100.0	100.0
Cahaya Mata Sabah Sdn. Bhd. <sup>(i)</sup>	Malaysia	Dormant	100.0	100.0
Cahaya Mata Wires Sdn. Bhd. (formerly known as CMS Wires Sdn. Bhd.)	Malaysia	Manufacture and sale of wire mesh and related products	69.1	69.1

**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)**

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
<b>Direct subsidiaries of the Company (contd.)</b>				
CMS Infra Trading Sdn. Bhd.	Malaysia	General trading and construction of telecommunication towers, products and services	51.0	51.0
Samalaju Industries Sdn. Bhd.	Malaysia	Investment holding and provision of supervisory services	100.0	100.0
Taibah Properties Sdn. Bhd. (formerly known as Projek Bandar Samariang Sdn. Bhd.)	Malaysia	Property development and construction works	100.0	100.0
<b>Subsidiary of Cahya Mata Alam Sdn. Bhd.</b>				
Thermasite Technology Sdn. Bhd. <sup>(iii)</sup>	Malaysia	Research and development activities in new composite materials, innovate and introduce new products and services	100.0	-

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)**

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
<b>Subsidiaries of Cahya Mata Cement Properties Sdn. Bhd. (formerly known as CMS Cement Sdn. Bhd.)</b>				
Cahaya Mata Cement Sdn. Bhd. (formerly known as CMS Cement Industries Sdn. Bhd.)	Malaysia	Manufacture and sale of cement and clinker	100.0	100.0
CMS Concrete Products Sdn. Bhd.	Malaysia	Manufacture and sale of concrete products & industrial building systems products and construction activities	100.0	100.0
<b>Subsidiaries of Cahya Mata Oiltools Sdn. Bhd.</b>				
Oiltools International Sdn. Bhd. <sup>(i)(ii)</sup>	Malaysia	Management services, asset ownership, property owner, rental of property and equipment	100.0	-
Scomi KMC Sdn. Bhd.	Malaysia	Provision of oilfield equipment, supplies and services	52.0	-
Scomi Oilfield Limited <sup>(i)</sup>	Bermuda	Investment holding	100.0	-
<b>Subsidiaries of Cahya Mata Development Sdn. Bhd. (formerly known as CMS Property Development Sdn. Bhd.)</b>				
Cahaya Mata Hotels Sdn. Bhd. (formerly known as CMS Hotels Sdn. Bhd.)	Malaysia	Property holding	100.0	100.0
CMS Land Sdn. Bhd.	Malaysia	Property holding, property development and construction	51.0	51.0
CMS Property Management Sdn. Bhd.	Malaysia	Property management and consultancy	51.0	51.0

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)**

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
<b>Subsidiaries of Cahya Mata Roads Sdn. Bhd. (formerly known as CMS Works Sdn. Bhd.)</b>				
CMS Roads Sdn. Bhd. <sup>(i)</sup>	Malaysia	Road assessment, maintenance and management	100.0	100.0
CMS Pavement Tech Sdn. Bhd. <sup>(i)</sup>	Malaysia	Road rehabilitation and maintenance	100.0	100.0
<b>Subsidiaries of Samalaju Industries Sdn. Bhd.</b>				
Cahaya Mata Phosphate Industries Sdn. Bhd. (formerly known as Malaysian Phosphate Additives (Sarawak) Sdn. Bhd.) Note 18(b)(i) <sup>(i)</sup>	Malaysia	Construction and operation of an integrated phosphate complex for the feed and fertiliser phosphate products	59.7	60.0
Samalaju Properties Sdn. Bhd.	Malaysia	Provision and management of temporary accommodation, property and township development	51.0	51.0
<b>Subsidiary of Samalaju Properties Sdn. Bhd.</b>				
Samalaju Hotel Management Sdn. Bhd.	Malaysia	Hotel owner and operator	100.0	100.0

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)**

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest	
			2022 %	2021 %
<b>Subsidiary of Scomi Oilfield Limited</b>				
Scomi Oiltools (RUS) LLC <sup>(i)</sup>	Russia	Provision of oilfield equipment, supplies and services	<b>100.0</b>	-
Scomi Oiltools (Cayman) Ltd. <sup>(i)</sup>	Cayman Island	Provision of oilfield equipment, supplies and services	<b>100.0</b>	-
Scomi Oiltools Oman LLC <sup>(i)</sup>	Oman	Supply of goods and specialised services principally to the oil and gas industry	<b>51.0</b>	-
WASCO Oil Services Company Nigeria Limited <sup>(i)</sup>	Nigeria	Provision of oilfield equipment, supplies and services	<b>60.0</b>	-
KMC Oiltools India Pvt. Ltd. <sup>(i)</sup>	India	Provision of oilfield equipment, supplies and services	<b>100.0</b>	-
PT Scomi Oiltools <sup>(i)</sup>	Indonesia	Provision of oilfield equipment, supplies and services	<b>95.0</b>	-
Scomi Oiltools (Africa) Limited <sup>(i)</sup>	Congo	Investment holding and provision of oilfield equipment, supplies and services	<b>100.0</b>	-
Scomi Oiltools (S) Pte. Ltd. <sup>(i)</sup>	Singapore	Investment holding	<b>100.0</b>	-

(i) Audited by firms other than Ernst &amp; Young PLT.

(ii) Newly incorporated on 4 January 2022.

(iii) Newly incorporated on 12 September 2022.

(iv) Newly incorporated on 2 November 2022.

**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)****(a) Acquisition of subsidiaries**

- (i) On 17 March 2022, the Company and wholly owned subsidiary, Oiltools International Sdn. Bhd. (“Oiltools International”) entered into four conditional sale and purchase agreements (“SPA”) with Scomi Energy Services Berhad (“Scomi Energy”) to acquire Scomi Oilfield Ltd (“Oilfield”) together with certain companies and assets within the Oilfield group of companies (collectively known as the “Oilfield Group”) for a total purchase consideration of RM20,400,000, as follows:
- (a) The first SPA is for the acquisition of Oilfield and its nine subsidiaries as well as a 48% equity interest in Scomi KMC from Scomi Energy for a cash consideration of RM13,505,000.
- (b) The second SPA involves Oiltools International acquiring from Scomi Oiltools Sdn. Bhd. (“SOSB”) a 4% equity interest in Scomi KMC and 25% equity interest in Scomi Oiltools Gulf W.L.L. for a cash consideration of RM2,000,000. Through the first and second SPAs, Oiltools hold 52% equity interest in Scomi KMC.
- (c) The third SPA involves the acquisition of a 5-storey shop office located in Dataran Prima, Petaling Jaya from SOSB for a cash consideration of RM3,000,000 by Oiltools International.
- (d) The fourth SPA involves the acquisition of the inventory and equipment from SOSB for a cash consideration of RM1,895,000 by Oiltools International.

Upon completion of acquisition in September 2022, contingent liabilities at fair value of RM6,232,000 and RM9,948,000 were recognised at the acquisition date resulting from a claim from a supplier and Congoles Tax Department as disclosed in Note 32(b)(ii).

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree’s identifiable net assets.

The net assets recognised at the date of acquisition were based on provisional assessment of their fair value while the Group procuring an independent valuation for the acquired subsidiaries. The valuation had not been completed by the 2022 financial statements were approved for issue by the Board of Directors. The Group shall retrospectively adjust the provisional amounts to reflect the new information obtained about facts and circumstances that existed as of the acquisition date which would have affected the measurement of the amounts recognised as of the acquisition date.

The Group expects to complete the valuation within 12 months from the acquisition date, i.e., September 2023 as permitted by MFRS 3 *Business Combinations*.

The gain on bargain purchase occurred as Scomi Energy had been in a distressed financial condition to dispose the assets lower than its fair value and were not able to generate sustainable profits from these assets.

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)****(a) Acquisition of subsidiaries (contd.)**

(i) (contd.)

From the date of acquisition, the amounts of revenue and loss for the period of Oilfield Group are RM89,057,000 and RM936,000 respectively. If the acquisition of business combination had taken place at the beginning of the annual reporting period, the revenue and loss for the period of the Group for the current reporting period would have been RM244,686,000 and RM45,246,000 respectively.

(ii) On 26 October 2022, the Company completed the acquisition of 4,245,054 ordinary shares, representing 70% of the equity interest in Cahya Mata Alam (formerly known as Thermasite (Malaysia) Sdn. Bhd.) for a total cash consideration of RM8,252,000 with RM2,310,000 will be considered as contingent consideration as it will be payable to the vendors upon acquisition of a list of specified assets from SIRIM Berhad. The directors are confident that Cahya Mata Alam will be able to purchase the said assets and have accordingly accrued for the contingent consideration liabilities.

The total purchase consideration was summarised as below:

The fair value of the identifiable assets and liabilities of the newly acquired subsidiaries as at the date of acquisition were:

	Fair value recognised on acquisition		
	Cahya Mata Oiltools RM'000	Cahya Mata Alam RM'000	Total RM'000
<b>Assets</b>			
Property, plant and equipment (Note 13)	52,239	569	52,808
Intangible assets (Note 16)	-	1,368	1,368
Inventories	49,861	139	50,000
Trade and other receivables	113,890	71	113,961
Tax recoverable	7,216	-	7,216
Cash and bank balances	48,639	2	48,641
<b>Liabilities</b>			
Lease liabilities (Note 31)	(19,258)	-	(19,258)
Trade and other payables	(106,184)	(40)	(106,224)
Deferred tax liabilities (Note 21)	937	-	937
Tax payables	(26,377)	-	(26,377)
<b>Total identifiable net assets at fair value</b>	<b>120,963</b>	<b>2,109</b>	<b>123,072</b>
Non-controlling interests	(36,392)	(633)	(37,025)
(Gain on bargain purchase (Note 6))/Goodwill arising on acquisition (Note 16)	(71,066)	6,776	(64,290)
<b>Purchase consideration transferred</b>	<b>13,505</b>	<b>5,942</b>	<b>19,447</b>

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)****(a) Acquisition of subsidiaries (contd.)**

	Cahya Mata Oiltools Group RM'000	Cahya Mata Alam RM'000	Total RM'000
Cash paid	13,505	5,942	19,447
Contingent consideration liabilities	-	2,310	2,310
<b>Total purchase consideration</b>	<b>13,505</b>	<b>8,252</b>	<b>21,757</b>

	Cash flow on acquisition		
	Cahya Mata Oiltools Group RM'000	Cahya Mata Alam RM'000	Total RM'000
Net cash acquired with the subsidiary	48,639	2	48,641
Cash paid	(13,505)	(5,942)	(19,447)
<b>Net cash inflow/(outflow) on acquisition</b>	<b>35,134</b>	<b>(5,940)</b>	<b>29,194</b>

**(b) Additional investments in subsidiaries**

- (i) On 26 August 2022, the Group subscribed for an additional 6,000,000 new ordinary shares in Cahya Mata Phosphates Industries Sdn. Bhd. for a consideration of RM6,000,000 by way of capitalising the amount due to Samalaju Industries Sdn. Bhd. of RM5,900,000 as equity in Cahya Mata Phosphates Industries Sdn. Bhd. and a cash consideration of RM100,000 from Cahya Mata Professionals Sdn. Bhd., thereby increasing the total equity in this subsidiary from 60.00% to 60.74%.
- (ii) In the previous financial year, the Company subscribed for an additional 9,228,428 ordinary shares in Samalaju Industries Sdn. Bhd. ("SISB") for a total cash consideration of RM9,228,000.

**(c) Capital repayment from a subsidiary**

On 26 September 2022, the Company has approved the Proposed Share Capital Reduction from Cahya Mata Professional (formerly known as Cahya Mata Sarawak Management Services Sdn. Bhd.), which entailed the reduction and cancellation of RM35,000,000 of the issued share capital of the subsidiary pursuant to Section 119(1) of the Companies Act 2016. The reduction in share capital was made by returning the excess cash to the Company.

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)****(d) Non-controlling interests in subsidiaries**

The Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information presented below relate to amounts before inter-company elimination.

	Samalaju Industries Sdn. Bhd. RM'000	Cahaya Mata Development Sdn. Bhd. RM'000	Cahaya Mata Oiltools RM'000
<b>Summarised Statements of Financial Position</b>			
<b>At 31 December 2022</b>			
Non-current assets	966,302	78,574	53,881
Current assets	712,523	176,404	166,098
<b>Total assets</b>	<b>1,678,825</b>	<b>254,978</b>	<b>219,979</b>
Current liabilities	434,340	22,833	121,850
Non-current liabilities	557,712	4,062	7,137
<b>Total liabilities</b>	<b>992,052</b>	<b>26,895</b>	<b>128,987</b>
<b>Net assets</b>	<b>686,773</b>	<b>228,083</b>	<b>90,992</b>
Equity attributable to owners of the Company	587,799	149,942	63,539
Non-controlling interests	98,974	78,141	27,453
<b>Summarised Statements of Profit or Loss and Other Comprehensive Income</b>			
<b>Year ended 31 December 2022</b>			
Revenue	30,208	38,015	89,057
Profit/(loss) for the year	87,838	11,913	70,130
Other comprehensive income	22,150	-	(11,175)
<b>Total comprehensive income</b>	<b>109,988</b>	<b>11,913</b>	<b>58,955</b>
Total comprehensive income attributable to owners of the Company	131,774	5,157	63,539
Total comprehensive (loss)/income attributable to non-controlling interests	(21,785)	6,756	(4,584)

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)****(c) Non-controlling interests in subsidiaries (contd.)**

The Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information presented below relate to amounts before inter-company elimination. (contd.)

	Samalaju Industries Sdn. Bhd. RM'000	Cahaya Mata Development Sdn. Bhd. RM'000	Cahaya Mata Oiltools RM'000
<b>Summarised Statements of Cash Flows</b>			
<b>Year ended 31 December 2022</b>			
Net cash (used in)/from operating activities	(131,846)	(3,588)	19,919
Net cash from/(used in) investing activities	477,084	(217)	21,787
Net cash from/(used in) financing activities	198,592	3,795	(7,812)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>543,830</b>	<b>(10)</b>	<b>33,894</b>
Cash and cash equivalents at beginning of the year	4,510	146	-
Effect of foreign exchange changes	(856)	-	371
<b>Cash and cash equivalents at end of the year</b>	<b>547,484</b>	<b>136</b>	<b>34,265</b>
<b>Summarised Statements of Financial Position</b>			
<b>At 31 December 2021</b>			
Non-current assets		1,320,957	78,695
Current assets		97,254	169,636
<b>Total assets</b>		<b>1,418,211</b>	<b>248,331</b>
Current liabilities		397,608	30,250
Non-current liabilities		388,281	1,910
<b>Total liabilities</b>		<b>785,889</b>	<b>32,160</b>
<b>Net assets</b>		<b>632,322</b>	<b>216,171</b>
Equity attributable to owners of the Company		513,961	144,786
Non-controlling interests		118,361	71,385

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**18. INVESTMENTS IN SUBSIDIARIES (CONTD.)****(c) Non-controlling interests in subsidiaries (contd.)**

The Group's subsidiaries that have material non-controlling interests are set out below. The summarised financial information presented below relate to amounts before inter-company elimination. (contd.)

	<b>Samalaju Industries Sdn. Bhd. RM'000</b>	<b>Cahaya Mata Development Sdn. Bhd. RM'000</b>
<b>Summarised Statements of Profit or Loss and Other Comprehensive Income</b>		
<b>Year ended 31 December 2021</b>		
Revenue	28,017	17,291
Profit for the year	25,583	3,649
Other comprehensive income	9,124	-
Total comprehensive income	34,707	3,649
Total comprehensive income attributable to owners of the Company	37,174	3,878
Total comprehensive loss attributable to non-controlling interests	(2,467)	(229)
<b>Summarised Statements of Cash Flows</b>		
<b>Year ended 31 December 2021</b>		
Net cash (used in)/from operating activities	(14,234)	916
Net cash used in investing activities	(79,859)	(1,013)
Net cash from/(used in) financing activities	71,570	(108)
Net decrease in cash and cash equivalents	(22,523)	(205)
Cash and cash equivalents at beginning of the year	26,554	351
Effect of foreign exchange changes	479	-
Cash and cash equivalents at end of the year	4,510	146

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**19. INVESTMENTS IN ASSOCIATES**

	<b>Group</b>		<b>Company</b>	
	<b>2022 RM'000</b>	<b>2021 RM'000</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Quoted shares in Malaysia, at cost	251,755	251,755	-	-
Less: Accumulated impairment losses	(58,775)	(58,775)	-	-
	<b>192,980</b>	<b>192,980</b>	<b>-</b>	<b>-</b>
Unquoted shares, at cost	188,790	424,991	186,790	186,790
Irredeemable convertible preference shares, at cost	-	43,690	-	-
Less: Accumulated impairment losses	-	(15,908)	-	-
	<b>188,790</b>	<b>452,773</b>	<b>186,790</b>	<b>186,790</b>
Share of post-acquisition reserves	276,893	346,724	-	-
	<b>658,663</b>	<b>992,477</b>	<b>186,790</b>	<b>186,790</b>
Fair value of investments in associates for which there is published price quotation	<b>124,509</b>	<b>160,083</b>	<b>-</b>	<b>-</b>

The fair value of the quoted investments in associates is categorised under Level 1 of the fair value hierarchy. Details of the associates, which are incorporated in Malaysia, are as follows:

<b>Name of associates</b>	<b>Principal activities</b>	<b>Proportion of ownership interest</b>	
		<b>2022 %</b>	<b>2021 %</b>
<b>Held by the Company:</b>			
SACOFA Sdn. Bhd.	Telecommunication infrastructure providers	<b>50.0</b>	50.0
<b>Held through subsidiaries:</b>			
Kenanga Investment Bank Berhad ("KIBB") <sup>(i)</sup>	Investment holding, stockbroking and financial services business	<b>18.9*</b>	18.7
OM Materials (Samalaju) Sdn. Bhd. <sup>(ii)</sup>	Processing, smelting and trading of ferro-alloy products	-	25.0
OM Materials (Sarawak) Sdn. Bhd. <sup>(ii)</sup>	Processing, smelting and trading of ferro-alloy products	-	25.0
Scomi Oiltools Gulf W.L.L.	Producing and supplying oil drilling materials and operating and servicing oil and gas facilities	<b>25.0</b>	-

(i): The Group considers that it exercises influence over KIBB due to the appointment of representative as director of KIBB.

(ii): Ceased to be an associate effective 6 December 2022.

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**19. INVESTMENTS IN ASSOCIATES (CONTD.)**

Details of the associates, which are incorporated in Malaysia, are as follows: (contd.)

**(a) Disposal of associates**

On 2 May 2022, the Company had entered into a binding offer with OM Materials (S) Pte. Ltd. (“OMS”) for the proposed disposals of its entire 25% equity interests in OM Materials (Sarawak) Sdn. Bhd. and OM Materials (Samalaju) Sdn. Bhd. for a total cash consideration of USD120,000,000.

The disposal was completed following the full settlement of the disposal consideration by the purchaser on 6 December 2022. The Group recognised a gain of RM89,079,000 as disclosed in Note 6. On completion, OM Materials (Sarawak) Sdn. Bhd. and OM Materials (Samalaju) Sdn. Bhd. ceased to be associates of the Group and the Company.

In the previous financial year, the Company and CMS Capital Sdn. Bhd., a 95.2% owned subsidiary of the Company, disposed 30,070,000 shares and 16,530,000 shares respectively in an associate, namely Kenanga Investment Bank Berhad (“KIBB”), totalling 7.1% for a total consideration of RM55,540,000 and RM30,529,000 respectively via off market transactions for placement of shares to institutional investors. The Group and the Company recognised a gain of RM28,515,000 and RM30,779,000 respectively, from the disposal of shares in this associate. The Group continues to exercise significant influence over this associate as at the reporting date.

**(b) Derecognition of an associate**

In the previous financial year, the Company’s interest in KKB Engineering Berhad (“KKB”) was diluted from 20.00% to 17.90% following 30,935,040 shares being issued by KKB pursuant to a private placement. Accordingly, investment in KKB was derecognised as investment in an associate and became a simple investment classified as investment securities with fair value recognised through other comprehensive income under non-current assets due to loss of significant influence. The Group and the Company recognised a remeasurement gain of RM1,090,000 and RM44,701,000 respectively.

**(c) Impairment loss on investment in an associate**

In the previous financial year, the Group has made an impairment loss of RM15,907,000 on its carrying amount of investment in OM Materials (Samalaju) Sdn. Bhd. after reviewing the progress of the project undertaken by OM Materials Samalaju and uncertainty over the future economic benefits to be derived from this investment.

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**19. INVESTMENTS IN ASSOCIATES (CONTD.)****(d) Additional investment in an associate**

In the previous financial year, the Group subscribed for an additional 9,228,428 ordinary shares in OM Materials Sarawak for a total cash consideration of RM9,228,000. There were no changes to the proportionate ownership interest in OM Materials (Sarawak) Sdn. Bhd. pursuant to the subscription.

**(e) Dilution of equity interest**

In the previous financial year, KIBB transferred its treasury shares to its employees pursuant to its employees’ shares scheme. Accordingly, the Group recognised a loss of RM6,451,000 arising from dilution of equity interests.

**(f) Material associates**

The following table summarises the financial information in respect of each of the Group’s material associates. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group’s share of those amounts.

	Kenanga Investment Bank Berhad Group RM’000	OM Materials (Sarawak) Sdn. Bhd. RM’000	SACOFA Sdn. Bhd. Group RM’000
<b>At 31 December 2022</b>			
Non-current assets	-	-	691,819
Current assets	5,962,357	-	537,645
Current liabilities	(4,946,871)	-	(202,623)
Non-current liabilities	-	-	128,195
<b>Net assets</b>	<b>1,015,486</b>	<b>-</b>	<b>898,646</b>
Revenue	723,086	-	295,116
Profit for the year	55,354	-	120,488
Other comprehensive income	(2,128)	-	-
Total comprehensive income	53,226	-	120,488
<b>Dividends received by the Group during the year</b>	<b>14,366</b>	<b>-</b>	<b>53,893</b>
<b>At 31 December 2021</b>			
Non-current assets	-	1,788,200	741,083
Current assets	6,418,522	1,176,914	505,931
Current liabilities	(5,371,002)	(1,096,949)	(224,124)
Non-current liabilities	-	(722,290)	(137,195)
<b>Net assets</b>	<b>1,047,520</b>	<b>1,145,875</b>	<b>885,695</b>
Revenue	884,081	1,803,600	266,445
Profit for the year	118,815	350,929	107,882
Other comprehensive income	(5,871)	37,679	(122)
Total comprehensive income	112,944	388,608	107,760
<b>Dividends received by the Group during the year</b>	<b>12,040</b>	<b>-</b>	<b>17,399</b>



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**19. INVESTMENTS IN ASSOCIATES (CONTD.)****(f) Material associates (contd.)**

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates.

	Kenanga Investment Bank Berhad Group RM'000	OM Materials (Sarawak) Sdn. Bhd. RM'000	SACOFA Sdn. Bhd. Group RM'000
<b>At 31 December 2022</b>			
Net assets	1,015,486	-	898,646
Total ICPS issued by an associate	-	-	-
Non-controlling interests	-	-	1,497
	<b>1,015,486</b>	<b>-</b>	<b>900,143</b>
	-	-	-
Effective interests in associates	18.94%	-	50.00%
Group's share of net assets	189,296	-	452,706
Goodwill	14,661	-	-
ICPS subscribed by the Group	-	-	-
Group's carrying amount	<b>203,957</b>	<b>-</b>	<b>452,706</b>
<b>At 31 December 2021</b>			
Net assets	1,047,520	1,145,875	885,694
Total ICPS issued by an associate	-	(174,761)	-
Non-controlling interests	-	-	1,497
	<b>1,047,520</b>	<b>971,114</b>	<b>887,191</b>
	-	-	-
Effective interests in associates	18.69%	25.00%	50.00%
Group's share of net assets	195,791	242,778	443,596
Goodwill	14,661	49,761	-
ICPS subscribed by the Group	-	43,690	-
Group's carrying amount	<b>210,452</b>	<b>336,229</b>	<b>443,596</b>

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**19. INVESTMENTS IN ASSOCIATES (CONTD.)****(f) Material associates (contd.)**

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in associates. (contd.)

	Kenanga Investment Bank Berhad Group RM'000	KKB Engineering Berhad Group RM'000	OM Materials (Sarawak) Sdn. Bhd. RM'000	SACOFA Sdn. Bhd. Group RM'000
<b>Group's share of results for the year ended 31 December 2022</b>				
Group's share of profit or loss	10,248	-	68,161	60,704
Group's share of other comprehensive income	(2,377)	-	22,150	100
Group's share of total comprehensive income	<b>7,871</b>	<b>-</b>	<b>90,311</b>	<b>60,804</b>
<b>Group's share of results for the year ended 31 December 2021</b>				
Group's share of profit or loss	22,127	5,211	87,732	58,086
Group's share of other comprehensive income	1,248	-	9,124	(4)
Group's share of total comprehensive income	<b>23,375</b>	<b>5,211</b>	<b>96,856</b>	<b>58,082</b>

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**20. INVESTMENTS IN JOINT VENTURES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	316,233	316,233	68,540	68,540
Redeemable preference shares, at cost	4,552	3,642	-	-
Share of post-acquisition reserves	36,350	23,194	-	-
	<b>357,135</b>	<b>343,069</b>	<b>68,540</b>	<b>68,540</b>

The joint arrangements are structured via separate unincorporated and incorporated entities and provide the Group with the rights to the net assets of the entities under the arrangements. Under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

Details of the joint ventures are as follows:

Name of joint ventures	Principal activities	Proportion of ownership interest	
		2022 %	2021 %
<b>Held by the Company:</b>			
SEDC Resources Sdn. Bhd.	Investment and property holding	49.0	49.0
<b>Held through subsidiaries:</b>			
COPE-KPF Opportunities 1 Sdn. Bhd. <sup>(i)</sup>	Investment holding	26.7	26.7
COPE Opportunities 2 Sdn. Bhd. <sup>(i) (ii)</sup>	Investment holding	16.4	16.4
Help Ibraco CMS Sdn. Bhd.	Education services	15.8	17.7
PPES Works (Sarawak) Sdn. Bhd.	Civil engineering, building works contractor, provision of road maintenance services and landscaping works	49.0	49.0

(i) Ownership interests in COPE-KPF Opportunities 1 Sdn. Bhd. and COPE Opportunities 2 Sdn. Bhd. are held through redeemable preference shares vide respective shareholders' agreements.

(ii) During the financial year, COPE Opportunities 2 Sdn. Bhd. has been placed under members' voluntary liquidation according to a special resolution passed on 1 September 2022.

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**20. INVESTMENTS IN JOINT VENTURES (CONTD.)****(a) Additional investment in joint ventures**

During the financial year, the Group subscribed for an additional 910,000 (2021: 1,821,333) preference shares in COPE-KPF Opportunities 1 Sdn. Bhd. for a total consideration of RM910,000 (2021: RM1,821,000).

(b) During the current and previous financial year, HICSB had a capital call in which the Group did not participate and consequently, the Group's interest was diluted from 17.65% to 15.79% (2021: 23.08% to 17.65%).

**(c) Material joint ventures**

The following table summarises the financial information in respect of each of the Group's material joint ventures. The summarised financial information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

	PPES Works (Sarawak) Sdn. Bhd. Group RM'000	SEDC Resources Sdn. Bhd. Group RM'000
<b>At 31 December 2022</b>		
Non-current assets	9,539	148,157
Cash and cash equivalents	20,043	11,521
Other current assets	244,430	437,965
Non-current liabilities	(3,330)	(7,391)
Current liabilities	(187,308)	(253,075)
Net assets	<b>83,374</b>	<b>337,177</b>
<b>Year ended 31 December 2022</b>		
Revenue	401,696	502,743
Profit for the year	6,045	59,516
Profit attributable to the owners of the Company	4,615	51,540
Profit attributable to non-controlling interests	1,430	7,976
<b>At 31 December 2021</b>		
Non-current assets	9,922	163,291
Cash and cash equivalents	12,542	13,273
Other current assets	236,099	390,944
Non-current liabilities	(5,068)	(7,920)
Current liabilities	(169,650)	(256,201)
Net assets	<b>83,845</b>	<b>303,387</b>
<b>Year ended 31 December 2021</b>		
Revenue	401,252	450,943
Profit for the year	4,273	62,840
Profit attributable to the owners of the Company	2,347	50,789
Profit attributable to non-controlling interests	1,926	12,051

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**20. INVESTMENTS IN JOINT VENTURES (CONTD.)****(c) Material joint ventures (contd.)**

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interests in joint ventures.

	PPES Works (Sarawak) Sdn. Bhd. Group RM'000	SEDC Resources Sdn. Bhd. Group RM'000
<b>At 31 December 2022</b>		
Net assets	83,373	337,178
Non-controlling interests	(8,655)	(51,290)
	74,718	285,888
Effective interest in joint ventures	49.00%	49.00%
Group's share of net assets	36,612	140,085
Company's share of net assets of subsidiaries of SEDCR through its direct interests	-	28,820
Goodwill	17,976	128,848
Group's carrying amount	54,588	297,753
<b>At 31 December 2021</b>		
Net assets	83,845	303,386
Non-controlling interests	(12,063)	(46,929)
	71,782	256,457
Effective interest in joint ventures	49.00%	49.00%
Group's share of net assets	35,173	125,664
Company's share of net assets of subsidiaries of SEDCR through its direct interests	-	28,281
Goodwill	17,976	128,848
Group's carrying amount	53,149	282,793

The Group has no share of contingent liabilities and commitment as at the reporting date (2021: Nil).

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**21. DEFERRED TAX**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>At 1 January</b>	(55,692)	(46,735)	(37)	(37)
Recognised in statements of profit or loss and other comprehensive income (net)	(19,734)	(8,957)	(14,697)	-
Acquisition of a subsidiary (Note 18)	936	-	-	-
Exchange Adjustment	(49)	-	-	-
<b>At 31 December</b>	<b>(74,539)</b>	<b>(55,692)</b>	<b>(14,734)</b>	<b>(37)</b>

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. Deferred tax assets and liabilities prior to offsetting are summarised as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deferred tax assets, net	6,258	4,511	-	-
Deferred tax liabilities, net	(80,797)	(60,203)	(14,734)	(37)
	(74,539)	(55,692)	(14,734)	(37)

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Group	Unutilised tax losses, reinvestment and infrastructure allowances and unabsorbed capital allowances RM'000	Other temporary differences RM'000	Total RM'000	
<b>Deferred tax assets:</b>				
<b>At 1 January 2021</b>		20,932	20,747	41,679
Recognised in statements of profit or loss and other comprehensive income	(11,395)	(4,073)	(15,468)	
<b>At 31 December 2021</b>		9,537	16,674	26,211
Recognised in statements of profit or loss and other comprehensive income	(7,187)	3,074	(4,104)	
Acquisition of a subsidiary	936	-	936	
Exchange adjustment	(49)	-	(49)	
<b>At 31 December 2022</b>		<b>3,246</b>	<b>19,748</b>	<b>22,994</b>

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**21. DEFERRED TAX (CONTD.)**

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (contd.)

Group (contd.)	Property, plant and equipment RM'000	Property, development costs RM'000	Derivative financial assets and others RM'000	Total RM'000
<b>Deferred tax liabilities:</b>				
<b>At 1 January 2021</b>	(83,083)	(4,820)	(511)	(88,414)
Recognised in statements of profit or loss and other comprehensive income	6,492	-	19	6,511
<b>At 31 December 2021</b>	(76,591)	(4,820)	(492)	(81,903)
Recognised in statements of profit or loss and other comprehensive income	(952)	-	(14,678)	(15,630)
<b>At 31 December 2022</b>	<b>(77,543)</b>	<b>(4,820)</b>	<b>(15,170)</b>	<b>(97,533)</b>

Company	Property, plant and equipment RM'000	Property, development costs RM'000	Derivative financial assets RM'000	Total RM'000
<b>Deferred tax liabilities:</b>				
<b>At 31 December 2021 and 1 January 2022</b>		(37)	-	(37)
Recognised in statements of profit or loss and other comprehensive income		-	(14,697)	(14,697)
<b>At 31 December 2022</b>		<b>(37)</b>	<b>(14,697)</b>	<b>(14,734)</b>

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**21. DEFERRED TAX (CONTD.)**

At the reporting date, the Group has losses and allowances as shown above that are available for offset against future taxable profits of the Group in which the losses and allowances arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability and they may not be used to offset taxable profits elsewhere in the Group.

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

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses	67,668	61,900
Unabsorbed capital allowances	18,613	20,484
Unutilised investment tax allowance	55,504	55,504
Other deductible temporary differences	3,560	42
	<b>145,345</b>	<b>137,930</b>
Deferred tax asset @ 24%, if recognised	34,883	33,103

Effective from year of assessment of 2019, any utilised tax losses can only be carried forward for a maximum period of ten (10) years of assessment. The unutilised tax losses and reinvestment allowances can only be carried forward until the following years of assessment:

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses to be carried forward until:		
- Year of assessment 2028	52,193	51,237
- Year of assessment 2029	7,655	9,082
- Year of assessment 2030	3,838	5,856
- Year of assessment 2031	1,705	4,236
- Year of assessment 2032	3,806	-
	<b>69,197</b>	<b>70,411</b>

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**22. INVENTORIES**

	Group	
	2022 RM'000	2021 RM'000
<b>Cost</b>		
Raw materials	112,131	40,252
Spare parts	116,941	102,284
Consumables	13,922	9,517
Work-in-progress	124	105
Finished goods	45,252	20,620
Properties held for sale	125,611	141,278
Land held for sale	18	18
	<b>413,999</b>	<b>314,074</b>

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM497,712,000 (2021: RM350,282,000).

The Group has entered into operating lease agreements on certain completed properties in inventories. Rental income recognised during the year was RM3,919,000 (2021: RM3,229,000). Notwithstanding that these properties are under lease arrangements, they are available for sale with the lease arrangements in the normal course of business.

Future minimum rental receivable under the operating lease at the reporting date were as follows:

	Group	
	2022 RM'000	2021 RM'000
Not later than 1 year	3,759	3,742
Later than 1 year and not later than 5 years	13,728	13,915
Later than 5 years	11,552	15,005
	<b>29,039</b>	<b>32,662</b>

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**23. FINANCIAL INSTRUMENTS****Categories of financial instruments**

The table below provides an analysis of financial instruments as at the reporting date categorised as follows:

Group	Carrying amount RM'000	Amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000
<b>Financial assets</b>				
<b>31 December 2022</b>				
Investment securities	244,386	-	175,135	69,251
Trade and other receivables	244,536	192,780	-	-
Derivative financial asset	96,649	-	96,649	-
Cash and bank balances	965,357	965,357	-	-
	<b>1,550,928</b>	<b>1,158,137</b>	<b>271,784</b>	<b>69,251</b>
<b>31 December 2021</b>				
Investment securities	513,708	-	435,671	78,037
Trade and other receivables	260,544	208,235	-	-
Derivative financial asset	100,038	-	100,038	-
Cash and bank balances	545,737	545,737	-	-
	<b>1,420,027</b>	<b>753,972</b>	<b>535,709</b>	<b>78,037</b>
<b>Financial liabilities</b>				
<b>31 December 2022</b>				
Loans and borrowings	537,792	537,792	-	-
Lease liabilities	50,142	50,142	-	-
Trade and other payables	653,068	645,122	-	-
	<b>1,241,002</b>	<b>1,233,056</b>	-	-
<b>31 December 2021</b>				
Loans and borrowings	898,564	898,564	-	-
Lease liabilities	26,775	26,775	-	-
Trade and other payables	618,501	612,267	-	-
	<b>1,543,840</b>	<b>1,537,606</b>	-	-

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**23. FINANCIAL INSTRUMENTS (CONTD.)**

The table below provides an analysis of financial instruments as at the reporting date categorised as follows:

Company	Carrying amount RM'000	Amortised cost RM'000	At FVTPL RM'000	At FVTOCI RM'000
<b>Financial assets</b>				
<b>31 December 2022</b>				
Investment securities	212,714	-	143,463	69,251
Trade and other receivables	516,435	516,435	-	-
Derivative financial asset	96,649	-	96,649	-
Cash and bank balances	312,538	312,538	-	-
	<b>1,138,336</b>	<b>828,973</b>	<b>240,112</b>	<b>69,251</b>
<b>31 December 2021</b>				
Investment securities	485,912	-	407,875	78,037
Trade and other receivables	258,072	258,072	-	-
Derivative financial asset	100,038	-	100,038	-
Cash and bank balances	498,891	498,891	-	-
	<b>1,342,913</b>	<b>756,963</b>	<b>507,913</b>	<b>78,037</b>
<b>Financial liabilities</b>				
<b>31 December 2022</b>				
Loans and borrowings	45,000	45,000	-	-
Lease liabilities	2,539	2,539	-	-
Trade and other payables	777,515	777,515	-	-
	<b>825,054</b>	<b>825,054</b>	-	-
<b>31 December 2021</b>				
Loans and borrowings	500,000	500,000	-	-
Lease liabilities	1,791	1,791	-	-
Trade and other payables	639,736	639,736	-	-
	<b>1,141,527</b>	<b>1,141,527</b>	-	-

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**24. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current</b>				
<b>Trade</b>				
Third parties	217,284	181,230	-	-
Less: Loss allowance	(14,478)	(9,554)	-	-
	<b>202,806</b>	<b>171,676</b>	-	-
<b>Non-trade</b>				
Other receivables	24,807	6,573	1,129	1,082
Other deposits	10,723	10,300	425	1,960
Amounts due from joint ventures	1,192	261	44	2
Amounts due from associate	2,026	-	2,026	-
Amounts due from subsidiaries under				
- Central cash management accounts	-	-	141,993	137,781
- Current accounts	-	-	280,369	75,402
Dividend receivable	-	-	19,037	-
GST receivable	3	557	-	-
Interest receivable	110	703	110	703
Lease receivables	1,484	1,600	-	-
	<b>40,345</b>	<b>19,994</b>	<b>445,133</b>	<b>216,930</b>
Less: Loss allowance				
- Related parties	-	-	(1,547)	-
- Third parties	(126)	(675)	-	-
Other receivables, net	<b>40,219</b>	<b>19,319</b>	<b>443,586</b>	<b>216,930</b>
	<b>243,025</b>	<b>190,995</b>	<b>443,586</b>	<b>216,930</b>

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**24. TRADE AND OTHER RECEIVABLES (CONTD.)**

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
<b>Non-current</b>				
<b>Non-trade</b>				
Amount due from a subsidiary under loans	-	-	41,214	38,253
Amounts due from associates under shareholders' loans	-	43,398	-	-
Amounts due from subsidiaries under				
- Central cash management accounts	-	-	68,330	68,095
- Current accounts	-	-	44,036	44,036
Advance payment	51,752	51,752	-	-
Lease receivables	1,511	2,903	-	-
	<b>53,263</b>	<b>98,053</b>	<b>153,580</b>	<b>150,384</b>
Less: Loss allowance				
- Loans to a subsidiary	-	-	-	(28,511)
- Shareholder's loans to an associate	-	(28,504)	-	-
- Subsidiary companies	-	-	(80,731)	(80,731)
- Advance payment	(51,752)	(51,752)	-	-
	<b>1,511</b>	<b>17,797</b>	<b>72,849</b>	<b>41,142</b>
<b>Total trade and other receivables (current and non-current)</b>	<b>244,536</b>	<b>208,792</b>	<b>516,435</b>	<b>258,072</b>

**(a) Trade receivables**

- (i) The Group's average credit period ranges from 30 to 90 days (2021: 30 to 90 days). No interest is charged on outstanding trade receivables, except for Cement Division which charges late payments interest of 1% (2021: 1%) per month for sales of goods and are assessed on case-by-case basis.

Information about the credit exposures are disclosed in Note 41(a).

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss ("ECL"). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

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**24. TRADE AND OTHER RECEIVABLES (CONTD.)****(a) Trade receivables (contd.)**

- (i) There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, i.e. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off were subject to enforcement activities.

- (ii) The movements in the allowance for impairment losses in respect of trade receivables during the year are shown below:

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
<b>At 1 January 2021</b>	1,627	6,640	8,267
Impairment loss	-	2,640	2,640
Reversal of impairment loss (Note 6)	(774)	(579)	(1,353)
<b>At 31 December 2021</b>	853	8,701	9,554
Impairment loss	564	6,673	7,237
Reversal of impairment loss (Note 6)	(78)	(2,235)	(2,313)
<b>At 31 December 2022</b>	<b>1,339</b>	<b>13,139</b>	<b>14,478</b>

- (iii) Included in trade receivables are related party balances as shown below:

	2022 RM'000	2021 RM'000
Amounts due from associates	-	5,609
Amounts due from joint ventures	65,760	65,363

- (iv) Included in trade receivables are retention sums of RM7,300,000 (2021: RM2,012,000) relating to construction work-in-progress. Retention sums are unsecured, interest free and are expected to be collected in full.

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**24. TRADE AND OTHER RECEIVABLES (CONTD.)****(b) Non-trade receivables****(i) Amounts due from subsidiaries under central cash management accounts**

All balances due to the Company are repayable on demand and earn interest at rates ranging from 3.18% to 4.28% (2021: 3.15% to 3.19%) per annum.

**(ii) Amounts due from subsidiaries under current accounts**

The amounts due from subsidiaries of the Company are unsecured, non-interest bearing and are repayable on demand.

**(iii) Amount due from a subsidiary under loans**

Amount due from a subsidiary under loans of the Company is unsecured and earns interest at 3.05% to 8.00% (2021: 1.24% to 4.53%) per annum.

**(iv) Amounts due from joint ventures and an associate**

These amounts are unsecured, non-interest bearing and are repayable on demand.

**(v) Amounts due from associates under shareholders' loans**

The amounts are unsecured and earns interest at 1.24% to 4.53% (2021: 1.24% to 4.53%) per annum.

**(vi) Other receivables that are impaired**

The movement in allowance accounts for impairment losses in respects of the other receivables during the year are shown below:

	Group	
	2022 RM'000 Restated	2021 RM'000
<b>Current (Note (a))</b>		
<b>At 1 January</b>	29,179	675
Reversal of impairment loss (Note 6)	(28,504)	-
Written off	(549)	-
Expected credit loss during the year	-	28,504
<b>At 31 December</b>	<b>126</b>	<b>29,179</b>
<b>Non-current (Note (b))</b>		
<b>At 1 January/31 December</b>	<b>51,752</b>	<b>51,752</b>

(a) The expected credit loss for the previous financial year was in respect of loan to an associate, OM Material (Samalaju) Sdn. Bhd and the reversal of expected credit loss due to fully repayment received during the current financial year.

(b) The Group recognised loss allowance for refundable advance payment made to contractors for the Integrated Phosphate Complex Project (Phase 2) of RM51,752,000.

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**24. TRADE AND OTHER RECEIVABLES (CONTD.)****(b) Non-trade receivables (contd.)****(vii) Lease receivables**

The Group has entered into lease arrangements with third parties on properties which are leased from property purchasers. These leases have terms of 2 to 6 (2021: 2 to 6) years.

Future minimum rental receivables under non-cancellable finance leases as at the reporting date were as follows:

	Group	
	2022 RM'000	2021 RM'000
Receivable within 1 year	1,610	1,836
Receivable between 1 to 5 years	1,732	3,655
	<b>3,342</b>	<b>5,491</b>
Less: unearned interest income	(347)	(988)
	<b>2,995</b>	<b>4,503</b>
The lease receivables are presented as follows:		
Current	1,484	1,600
Non-current	1,511	2,903
	<b>2,995</b>	<b>4,503</b>

The movement of finance lease receivables during the financial year were as follows:

	Group	
	2022 RM'000	2021 RM'000
<b>At 1 January</b>	<b>4,503</b>	<b>4,890</b>
Additions	3,353	1,136
Termination of lease contracts	(3,237)	-
Accretion of interests (Note 5)	151	156
Receipt of lease:		
- principal	(1,624)	(1,523)
- interests	(151)	(156)
<b>At 31 December</b>	<b>2,995</b>	<b>4,503</b>

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**24. TRADE AND OTHER RECEIVABLES (CONTD.)****(b) Non-trade receivables (contd.)****(viii) Deposits pledged**

Deposits of the Group amounting to RM372,500 is charged with a licensed bank as security for borrowings as referred to in Note 30(c).

**25. OTHER CURRENT ASSETS**

	Group	
	2022 RM'000	2021 RM'000
Prepaid operating expenses	3,194	2,335
Contract assets from construction contracts (Note 26)	16,190	22,696
Contract assets from property development (Note 26)	12,035	12,502
	<b>31,419</b>	<b>37,533</b>

**26. CONTRACT ASSETS/(CONTRACT LIABILITIES)****Contract assets**

Group	Property development		Construction contracts		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	12,502	13,018	22,696	3,823	35,198	16,841
Revenue recognised during the year	51,230	71,257	130,024	110,852	181,254	182,109
Progress billings during the year	(51,697)	(71,773)	(136,530)	(91,979)	(188,227)	(163,752)
At 31 December (Note 25)	<b>12,035</b>	<b>12,502</b>	<b>16,190</b>	<b>22,696</b>	<b>28,225</b>	<b>35,198</b>

Contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days (2021: 30 days) and payment is expected within 90 to 120 days (2021: 90 to 120 days). No expected credit losses have been recognised in respect of these contracts.

**Contract liabilities**

Group	Construction contracts		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	(9,682)	(8,138)	(9,682)	(8,138)
Revenue recognised during the year - continuing operations	10,014	12,054	10,014	12,054
Progress billings during the year	(3,725)	(13,598)	(3,725)	(13,598)
At 31 December (Note 33)	<b>(3,393)</b>	<b>(9,682)</b>	<b>(3,393)</b>	<b>(9,682)</b>

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**26. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONTD.)**

Contract liabilities primarily relate to advance consideration received from customers for construction contracts for which revenue is recognised over time during the construction work. The contract liabilities are expected to be recognised as revenue over a period of 90 to 120 days (2021: 90 to 120 days).

	Group	
	2022 RM'000	2021 RM'000
Retention sums on construction contracts included in:		
Trade receivable (Note 24(a)(iv))	7,300	2,012
Trade payables (Note 32)	(2,371)	(3,332)

**27. INVESTMENT SECURITIES**

Group	2022		2021	
	Carrying amount RM'000	Market value RM'000	Carrying amount RM'000	Market value RM'000
<b>Current</b>				
<b>Fair value through profit or loss</b>				
Income debt securities (unquoted)	143,458	143,458	253,213	253,213
Money market funds (quoted)	5	5	154,662	154,662
Total current investment securities	143,463	143,463	407,875	407,875
<b>Non-current</b>				
<b>Fair value through profit or loss</b>				
Redeemable participatory shares (unquoted)	31,672	31,672	27,796	27,796
<b>Fair value through other comprehensive income</b>				
Equity instrument (quoted)	69,251	69,251	78,037	78,037
Total non-current investment securities	100,923	100,923	105,833	105,833
Total current and non-current investment securities	244,386	244,386	513,708	513,708

During the current financial year, the equity instrument shares of the Group and of the Company of RM69,251,000 have been pledged to a financial institution for revolving credit facility of RM50,000,000 granted to the Group and the Company as disclosed in Note 30.

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**27. INVESTMENT SECURITIES (CONTD.)**

Company	2022		2021	
	Carrying amount RM'000	Market value RM'000	Carrying amount RM'000	Market value RM'000
<b>Current</b>				
<b>Fair value through profit or loss</b>				
Income debt securities (unquoted)	143,458	143,458	253,213	253,213
Money market funds (quoted)	5	5	154,662	154,662
Total current investment securities	143,463	143,463	407,875	407,875
<b>Non-current</b>				
<b>Fair value through other comprehensive income</b>				
Equity instrument (quoted)	69,251	69,251	78,037	78,037
Total current and non-current investment securities	212,714	212,714	485,912	485,912

**28. DERIVATIVE FINANCIAL ASSET**

	Group/Company	
	2022 RM'000	2021 RM'000
<b>At 1 January</b>	100,038	96,698
Fair value (loss)/gain (Note 8 & 6)	(3,389)	3,340
<b>At 31 December</b>	96,649	100,038

On 23 October 2015, the Group and the Company acquired 18,444,697 warrants of SACOFA Sdn. Bhd. ("SACOFA") for a purchase consideration of RM35,414,000 representing a warrant price of RM1.92 each. The original expiry date of the warrants was 25 January 2022 but was extended to 25 January 2022. Subsequent to the financial year, it was further extended to 25 January 2025. Each warrant entitles its holder to subscribe for one new SACOFA ordinary share at an exercise price of RM1.50 at any time during the exercise period.

The following table list the inputs to the Binomial model used to value the derivative financial asset:

	Group/Company	
	2022	2021
Fair value of warrant (RM)	5.24	5.42
Risk-free interest rate (%)	3.67	2.79
Expected life warrants (years)	2.07	3.07
Share price (RM)	6.74	6.92

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**29. CASH AND BANK BALANCES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash in hand and at banks	772,471	42,338	121,377	272
Short-term deposits with licensed banks	192,886	503,399	191,161	498,619
<b>Total cash and bank balances</b>	<b>965,357</b>	<b>545,737</b>	<b>312,538</b>	<b>498,891</b>

- (a) The Group's and the Company's deposits with licensed banks has a weighted average interest rate ranging from 1.60% to 2.03% (2021: 1.60% to 2.03%) and 2.03% (2021: 2.03%) per annum, respectively, and maturity period of one day to twelve months for the Group and one day to three months for the Company (2021: one day to three months) depending on the immediate cash requirements of the Group and of the Company.
- (b) Included in cash and bank balances of the Group and of the Company is overnight placement with a licensed bank of RM119,732,000 (2021: RMNil). The overnight deposits earned interest of 2.9% to 3.0% (2021: Nil%) per annum.
- (c) Short-term deposits of the Group and of the Company amounting to RM1,935,796 (2021: RM1,910,000) and RM210,000 (2021: RM210,000), respectively, have been pledged as security for banking facilities granted to the Group and the Company.

For the purpose of the statements of cash flows, cash and cash equivalents comprised the following at the reporting date:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	965,357	545,737	312,538	498,891
Less: Deposits pledged to licensed banks	(1,936)	(1,910)	(210)	(210)
Less: Deposits with maturity of more than three months	-	(3,080)	-	-
<b>Cash and cash equivalents</b>	<b>963,421</b>	<b>540,747</b>	<b>312,328</b>	<b>498,681</b>

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**30. LOANS AND BORROWINGS**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current</b>				
<b>Secured:</b>				
Onshore foreign currency loan (Note 30(e))	84,948	18,196	-	-
Revolving credits (Note 30(c))	39,065	33,880	45,000	-
Term loan (Note 30(d))	47,007	44,874	-	-
	<b>171,020</b>	<b>96,950</b>	<b>45,000</b>	<b>-</b>
<b>Unsecured:</b>				
Islamic medium-term notes	-	500,000	-	500,000
Bankers' acceptance	56,894	-	-	-
Revolving credits	55,000	10,000	-	-
Term loan	-	19,087	-	-
	<b>111,894</b>	<b>529,087</b>	<b>-</b>	<b>500,000</b>
Transaction costs on borrowings	(909)	(909)	-	-
<b>Total current loans and borrowings</b>	<b>282,005</b>	<b>625,128</b>	<b>45,000</b>	<b>500,000</b>
<b>Non-current</b>				
<b>Secured:</b>				
Term loan (Note 30(d))	258,119	276,694	-	-
Structuring and management fee	(2,332)	(3,258)	-	-
<b>Total non-current loans and borrowings</b>	<b>255,787</b>	<b>273,436</b>	<b>-</b>	<b>-</b>
<b>Total loans and borrowings</b>	<b>537,792</b>	<b>898,564</b>	<b>45,000</b>	<b>500,000</b>

The remaining maturities of the loans and borrowings are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
On demand or within 1 year	282,914	626,037	45,000	500,000
More than 1 year and less than 5 years	258,119	64,818	-	-
More than 5 years	-	211,876	-	-
	<b>541,033</b>	<b>902,731</b>	<b>45,000</b>	<b>500,000</b>

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**30. LOANS AND BORROWINGS (CONTD.)**

(a) The interest rates of the loans and borrowings of the Group and Company are as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Onshore foreign currency loan	3.18	1.38	-	-
Revolving credits	1.60 to 5.45	1.60 to 3.43	4.22 to 5.01	-
Term loans	3.25 to 7.38	3.25 to 5.00	-	-
Islamic medium term notes	-	4.80	-	4.80

(b) The revolving credits of subsidiaries are secured by legal charges over landed properties (Note 14(a)) and a leasehold land (Note 13) of certain subsidiary.

(c) A RM50,000,000 (2021: Nil) revolving credit facility of the Group and of the Company are secured over the quoted instrument shares of the Group and of the Company as disclosed in Note 27.

(d) The term loan is secured by a corporate guarantee from the Company, a fixed charge on the property, plant and equipment (Note 13(e)), a floating charge on certain cash and bank balances and deposit of a subsidiary (Note 24(b)(ix)). The term loan is to be repaid on a quarterly basis by tranches from year 2022 to year 2026.

(e) The onshore foreign currency loan facility is secured by a first party, second legal charge on a leasehold land of a subsidiary (Note 13(e)).

**31. LEASE LIABILITIES**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current</b>				
Lease liabilities	13,569	6,047	824	644
<b>Non-current</b>				
Lease liabilities	36,573	20,728	1,715	1,147
<b>Total lease liabilities</b>	<b>50,142</b>	<b>26,775</b>	<b>2,539</b>	<b>1,791</b>

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**31. LEASE LIABILITIES (CONTD.)**

The movement of lease liabilities during the financial year is as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>At 1 January</b>	<b>26,775</b>	<b>36,693</b>	<b>1,791</b>	<b>997</b>
Acquisitions of subsidiaries (Note 18)	19,258	-	-	-
Additions	27,313	3,531	2,146	1,408
Rent concessions received	-	(33)	-	(33)
Termination of lease contracts	(8,749)	(2,673)	-	-
Unwinding of interests (Note 7)	2,599	1,685	95	104
Payment of leases:				
- principal	(14,240)	(10,743)	(1,398)	(581)
- interests	(2,599)	(1,685)	(95)	(104)
Exchange adjustment	(215)	-	-	-
<b>At 31 December</b>	<b>50,142</b>	<b>26,775</b>	<b>2,539</b>	<b>1,791</b>

The following are the amounts recognised in the statements of profit or loss:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation of right-of-use assets	13,852	12,098	841	657
Interest expense on lease liabilities	2,599	1,685	95	104
Gain arising from early termination of leases	-	(6)	-	-
Expenses relating to short-term leases	1,785	1,577	-	-
Expenses relating to leases of low-value assets	208	226	9	11

The Group and the Company had total cash outflows for leases amounted to RM18,833,000 (2021: RM14,231,000) and RM1,502,000 (2021: RM696,000), respectively in 2022.

There were no leases with residual value guarantee or leases not yet commenced to which the Group and the Company are committed.

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**32. TRADE AND OTHER PAYABLES**

	Group		Company	
	2022 RM'000	2021 RM'000 (Restated)	2022 RM'000	2021 RM'000
<b>Current</b>				
<b>Trade</b>				
Trade payables	80,921	97,911	-	-
Deposits payable	2,012	1,530	-	-
Accruals	75,310	32,723	-	-
Retention sums on construction contracts (Note 27)	2,371	3,332	-	-
Amounts due to other related parties	12,001	14,412	-	-
	<b>172,615</b>	<b>149,908</b>	-	-
<b>Non-trade</b>				
Sundry payables	60,500	34,182	3,832	1,406
Accrued operating expenses	37,520	10,345	6,356	1,089
Provisions	16,180	-	-	-
Amounts due to joint ventures under central cash management accounts	326,816	330,620	326,816	330,620
Amounts due to subsidiaries under				
- Central cash management accounts	-	-	440,511	302,645
- Current accounts	-	-	-	228
Amounts due to joint ventures	53	165	-	-
Amount due to a corporate shareholder	10,626	5,263	-	-
Deposits payable	503	2,767	-	-
Interest payable	-	3,775	-	3,748
Service tax payables	7,945	6,234	-	-
Retention monies	19,282	20,888	-	-
	<b>479,425</b>	<b>414,239</b>	<b>777,515</b>	<b>639,736</b>
	<b>652,040</b>	<b>564,147</b>	<b>777,515</b>	<b>639,736</b>
<b>Non-current</b>				
Trade payables				
Deposit payable	1,028	1,152	-	-
Other payables				
Sundry payables	-	1,450	-	-
	<b>1,028</b>	<b>2,602</b>	-	-
<b>Total trade and other payables (current and non-current)</b>	<b>653,068</b>	<b>566,749</b>	<b>777,515</b>	<b>639,736</b>

**32. TRADE AND OTHER PAYABLES (CONTD.)****(a) Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from one month to four months (2021: one month to four months).

**(b) Non-trade****(i) Sundry payables**

Sundry payables are non-interest bearing and are repayable on demand, normally settled within an average term of six months (2021: average term of six months).

**(ii) Provisions**

Included in the provisions are the following:

- Provision for litigation suit against Scomi KMC filed by a vendor of a former related company for a claim of RM6,232,000 relating to the supply of chemicals to the said former related company.
- Provision of litigation of RM9,948,000 in respect of claims filed by Congolese Tax Department against Scomi Oiltools Africa Ltd, a subsidiary registered in Cayman Island for alleged outstanding tax amount of USD2,000,000.

**(iii) Amounts due to subsidiaries**

Amounts due to subsidiaries under central cash management accounts are unsecured, repayable on demand and bears interest at rates ranging from 1.70% to 2.91% (2021: 1.81% to 2.09%) per annum. The amounts under current accounts are unsecured, repayable on demand and non-interest bearing.

**(iv) Amounts due to joint ventures**

Amounts due to joint ventures under central cash management accounts are unsecured, repayable on demand and bears interest at rates ranging from 1.70% to 2.91% (2021: 1.81% to 2.09%) per annum.

**(v) Amount due to a corporate shareholder**

This amount is unsecured, bears interest at rate of 5.00% (2021: 5.00%) per annum and repayable on demand.

**(vi) Retention monies**

These represent retention sums payable to contractors for the construction of an integrated phosphate complex (Phase 2).

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**33. OTHER CURRENT LIABILITIES**

	Group	
	2022 RM'000	2021 RM'000
Contract liabilities from construction contracts (Note 26)	3,393	9,682

**34. SHARE CAPITAL**

	Group and Company			
	Number of shares		Amount	
	2022 '000	2021 '000	2022 RM'000	2021 RM'000
<b>Issued and fully paid shares classified as equity instruments:</b>				
<b>Ordinary shares</b>				
<b>At 31 December</b>	<b>1,074,376</b>	1,074,376	<b>867,902</b>	867,902
<b>Treasury shares</b>				
<b>At 1 January</b>	<b>(200)</b>	(11,246)	<b>(352)</b>	(19,994)
Acquisition of treasury shares	-	(1,661)	-	(3,723)
Disposal of treasury shares	-	12,707	-	23,365
<b>At 31 December</b>	<b>(200)</b>	(200)	<b>(352)</b>	(352)

**(a) Ordinary shares**

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 without restrictions and rank equally with regard to the Company's residual assets.

**(b) Treasury shares**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance. Treasury shares have no rights to voting, dividends and participation in other distribution. The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase scheme can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds and the shares repurchased are being held as treasury shares in accordance with Section 127(4) of the Companies Act 2016.

During current financial year, there was no repurchase and resell of treasury shares. In the previous financial year, the Company repurchased 1,661,000 of its issued ordinary shares from the open market at an average price of RM2.24 per share totalling RM3,723,000 and resold 12,707,000 treasury shares in the open market at an average price of RM2.23 per share for RM28,369,000 and recorded a gain of RM5,004,000.

None of the treasury shares held were cancelled during the financial year. As at 31 December 2022, the number of treasury shares were 200,000 (2021: 200,000) and the outstanding ordinary shares in issue after set-off of treasury shares was therefore 1,074,176,720 (2021: 1,074,175,720).

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**35. Other reserves**

	Capital reserve RM'000	Translation reserve RM'000	Merger deficit RM'000	Statutory and regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Employees' share option reserve RM'000	Total RM'000
<b>Group</b>									
<b>At 1 January 2022</b>	4,269	30,594	(12,000)	3,555	2,288	8,511	(26,338)	11,227	22,106
<b>Other comprehensive income:</b>									
Share of other comprehensive income of associates	-	23,465	-	-	(3,134)	(344)	-	-	19,987
Exchange differences on foreign operations	-	(8,591)	-	-	-	-	-	-	(8,591)
Fair value changes of an equity instrument	-	-	-	-	(8,786)	-	-	-	(8,786)
Disposal of an associate	-	14,874	-	-	(11,920)	(344)	-	-	2,610
Grant of equity-settled share options to employees	-	49,771	-	-	-	(8,167)	-	-	(57,938)
Share of associates' reserves	-	-	-	(309)	-	-	-	4,025	4,025
<b>At 31 December 2022</b>	<b>4,269</b>	<b>(4,303)</b>	<b>(12,000)</b>	<b>3,246</b>	<b>(9,632)</b>	<b>-</b>	<b>(26,338)</b>	<b>15,252</b>	<b>(29,506)</b>

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## 35. Other reserves (contd.)

Group (contd.)	Capital reserve RM'000	Translation reserve RM'000	Merger deficit RM'000	Statutory and regulatory reserve RM'000	Fair value reserve RM'000	Cash flow hedge reserve RM'000	Premium paid on acquisition of non-controlling interests RM'000	Employees' share option reserve RM'000	Total RM'000
At 1 January 2021	4,269	24,964	(12,000)	4,680	4,095	5,652	(26,338)	1,198	6,520
<b>Other comprehensive income:</b>									
Share of other comprehensive income of associates	-	6,732	-	-	(1,660)	2,859	-	-	7,931
Fair value changes of an equity instrument	-	-	-	-	1,034	-	-	-	1,034
Disposal of an associate	-	6,732	-	-	(626)	2,859	-	-	8,965
Grant of equity-settled share options to employees	-	(1,102)	-	(1,171)	(1,181)	-	-	-	(3,454)
Share of associates' reserves	-	-	-	-	-	-	-	10,029	10,029
<b>At 31 December 2021</b>	<b>4,269</b>	<b>30,594</b>	<b>(12,000)</b>	<b>3,555</b>	<b>2,288</b>	<b>8,511</b>	<b>(26,338)</b>	<b>11,227</b>	<b>22,106</b>

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## 35. Other reserves (contd.)

Company	Merger reserve RM'000	Fair value reserve RM'000	Employees' share option reserve RM'000	Total RM'000
<b>At 1 January 2020 and 31 December 2020</b>	168,000	-	1,198	169,198
<b>Other comprehensive income:</b>				
Fair value changes in an equity Instrument	-	1,034	-	1,034
Grant of equity-settled share options to employees	-	-	10,029	10,029
<b>At 1 January 2021 and 31 December 2021</b>	168,000	1,034	11,227	180,261
<b>Other comprehensive income:</b>				
Fair value changes in an equity instrument	-	(8,786)	-	(8,786)
Grant of equity-settled share options to employees	-	-	4,025	4,025
<b>At 31 December 2022</b>	<b>168,000</b>	<b>(7,752)</b>	<b>15,252</b>	<b>175,500</b>

**(a) Capital reserve**

Capital reserve of the Group comprises accretion from shares issued by subsidiaries, retained earnings capitalised for bonus issues by subsidiaries and share of capital reserve in an associate.

**(b) Translation reserve**

Translation reserve of the Group represents foreign exchange differences arising from the translation of the financial statements of a foreign subsidiary and an associate whose functional currency is different from that of the Group's presentation currency.

**(c) Statutory and regulatory reserve**

Relates to the Group's share of statutory reserve of an associate which is in compliance with the requirements of the BNM Guidelines on Capital Fund, pursuant to Section 47(2)(f) of the Financial Services Act 2013 and are not distributable as dividends.

Regulatory reserve is also maintained in compliance with the requirements of the BNM in addition to the collective impairment allowance that has been assessed and recognised in accordance with Malaysian Financial Reporting Standards.

**(d) Fair value reserve**

The fair value reserve of the Group is the share of fair value reserve of an associate is in respect of unrealised fair value changes on financial instruments, net of tax.

Fair value reserve of the Company is in respect of unrealised fair value changes of an equity instrument.

**NOTES TO THE FINANCIAL STATEMENTS**

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**35. Other reserves (contd.)****(e) Cash flow hedge reserve**

The cash flow hedge reserve is the Group's share of an associate's hedging reserve which comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

**(f) Premium paid on acquisition of non-controlling interests**

This represents the difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid for the changes in the Group's and the Company's ownership interests in subsidiaries that do not result in a loss of control.

**(g) Employees' share option reserve**

Employees' share option reserve represents the equity-settled share options granted to employees (Note 37). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

**36. Employee benefits****Employees' share option scheme ("ESOS")**

The Company implemented an ESOS which came into effect on 13 November 2021. The ESOS is governed by the bylaws which were approved by the shareholders on 12 November 2021.

The salient features of the ESOS are as follows:

- the total number of new shares which may be made available under the scheme shall not exceed seven percent (7%) of the total issued and paid-up share capital of the Company at any point of time during the existence of the ESOS;
- eligible persons are confirmed employees including full-time executive directors of the Group;
- the aggregate number of new shares to be offered to selected employee in accordance with the ESOS shall be determined at the discretion of the ESOS Committee. No option shall be granted for less than 100 shares;
- the option price may be at a discount of not more than ten percent (10%) from the five (5) days weighted average market price of the underlying shares preceding the date of offer or at par value of the ordinary shares of the Company, whichever is higher;
- the ESOS shall be in force for a period of four (4) years and extended period shall not in aggregate exceed ten (10) years from the date of the first offer;
- the ESOS Committee may, at its discretion, at any time before and after an option is granted, limit the maximum number or percentage of exercisable options within the option period; and

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**36. Employee benefits (contd.)**

- the exercise of the options is subjected to vesting conditions being met by respective grantees. These vesting conditions may be affected by, inter-alia, performance targets being achieved before the options can be exercised. The vesting of the first tranche of the options granted will be reviewed by the ESOS Committee in April 2022. The vesting conditions, if any, shall be determined by the ESOS Committee whose decision shall be final and binding.

None of the options outstanding as at the reporting date is vested or exercisable. The exercise period for the above options will lapse on 12 November 2024.

**Movements during the year**

The number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial year are as follows:

	Number of options 2022 '000	Number of options 2021 '000
Outstanding at 1 January	51,854	60,033
Cancelled	(11,642)	(8,179)
Outstanding at 31 December	40,212	51,854
Exercisable at 31 December	10,053	-
	RM	RM
WAEP	1.14	-

The aggregate maximum allocation of share options to executive directors and senior management of the Group and the Company shall not exceed 50%. The actual allocation of share options to executive directors and senior management as at 31 December 2022 was 1.94% (2021: 2.5%).



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**36. Employee benefits (contd.)****Fair value of share options granted**

The fair value of the share options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing models:

Dividend yield (%)	1.14
Expected volatility (%)	47.11
Risk-free interest rate (% p.a.)	2.12
Expected life of option (years)	4.00
Exercise price (RM)	1.14
Weighted average share price (RM)	1.27

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

**37. Capital and other commitments**

Capital commitments as at the reporting date were as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Approved and contracted for:				
- Property, plant and equipment	46,284	44,605	-	-
- Intangible assets	304	1,409	-	-
- Investment in subsidiary	-	-	-	-
- Investment in redeemable preference shares in joint ventures	13,702	20,026	-	-
	60,290	66,040	-	-
Approved but not contracted for:				
- Property, plant and equipment	200,778	144,593	2,842	90
- Intangible assets	13,045	5,711	36	100
- Investment in subsidiaries	-	14,300	-	14,300
	213,823	164,604	2,878	14,490
	274,113	230,644	2,878	14,490

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**38. Contingencies**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Share of contingent liabilities of an associate	682	673	-	-

In current financial year, the Group disposed its entire shareholding in this associate and no longer share its contingent liabilities.

- (b) The Company has, on the basis of its 60% (2021: 60%) ownership interest in Cahya Mata Phosphates Industries Sdn Bhd (“Cahaya Mata Phosphates”) extended an unsecured proportionate corporate guarantee to Syarikat SESCO Berhad (“SESCO”) to guarantee the payment by Cahya Mata Phosphates of its obligations under the power purchase agreement entered into with SESCO.

Cahaya Mata Phosphates had entered into Power Purchase Agreement on 15 January 2019 (“PPA”) with SESCO in respect of the supply of electric power and energy for the integrated phosphate complex. Under this arrangement, the Company either has to take a minimum electric supply capacity based on the computation in the contract upon commencement of commercial operations or the Company will have to pay for the electricity consumption shortfall. As at 31 December 2022, the integrated phosphate complex has not achieved the stage of completion to produce phosphate on a commercial basis and therefore, the Company is not deemed to have commenced commercial operations. However, SESCO has billed the Company for approximately RM266 million for cumulative electricity consumption shortfall and payment security shortfall as of 31 December 2022.

Based on advice obtained from an external legal counsel, the Group has evaluated that Cahya Mata Phosphates is not liable to pay for the amount billed by SESCO on the basis that it has yet to commence commercial operations during the financial year. As there is a possible obligation arising from this event although the Group has assessed that there is no probable outflow of resources to settle the obligation, this event has been disclosed as a contingent liability in this financial statements.

- (c) The Company had provided and irrevocable and unconditional guarantee to a consortium of banks in respect of all Cahya Mata Phosphates obligations and liabilities in a Facility Agreement dated 18 January 2020 entered into for a credit facility of USD80.00 million and RM64.80 million provided that the aggregate does not exceed the facility limit of RM400.00 million granted to Cahya Mata Phosphates to part finance the construction and development cost of its project. Cahya Mata Phosphates is a 60.74% owned subsidiary of the Company.

As at the reporting date, no values were placed on the unsecured corporate guarantees provide by the Company as the directors regard the value of the credit enhancement provided by the corporate guarantees to be minimal and the likelihood of default to be low.

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2022

**38. Contingencies (contd.)**

- (d) At an Extraordinary General Meeting held on 21 March 2013, the Company obtained approval from its shareholders to provide a proportionate corporate guarantee in the amount of up to USD43 million and RM87.2 million and other financial assistance (including shareholders' support and other collateral) for the benefit of OM Materials (Sarawak) Sdn. Bhd. ("OM Sarawak").

Following the shareholders' approval on 21 March 2013, OM Sarawak entered into the Facilities Agreement ("FA") dated 28 March 2013 with a consortium of banks ("Lenders") for credit facilities of USD215 million and RM436 million to part finance the construction and operation of its ferro silicon alloy smelters ("Project"). As required under the FA, both the Company and its wholly owned subsidiary, Samalaju Industries Sdn. Bhd. ("SISB") entered into the Project Support Agreement ("PSA") dated even date which provides for a proportionate corporate guarantee (guaranteeing all of OM Sarawak's payment obligations under the FA until 18 months after completion of the Project, including without limitation, the principal amount, the interest accrued thereon and related hedging payments, the completion of the Project, and all of SISB's obligations under the finance documents, which consist primarily of providing the shareholders' support described below); shareholders' support (which may be in the form of shareholders' advances or subscription to fully paid up ordinary shares in OM Sarawak); and other collateral from the shareholders of OM Sarawak, proportionate to their respective shareholdings, as security for the FA.

On 31 October 2017, OM Sarawak formalised a restructuring and rescheduling exercise ("R&R Exercise") with the Lenders whereby OM Sarawak was granted, inter alia, a 3-year moratorium on the principal repayments by the Lenders. Accordingly, the FA and PSA were amended to reflect the consequential changes arising from the R&R Exercise but the essential terms and the principle of the Company's obligations remain the same as those in the original FA and PSA (as stated above). In essence, under the amended and restated FA and PSA, the Company is still providing a proportionate corporate guarantee guaranteeing all of OM Sarawak's payment obligations under the amended and restated FA until 18 months after completion of the Project or the end of the moratorium period, whichever is the later.

In July 2022, as financial relief due to the COVID-19 outbreak and at the request of OM Sarawak, the Lenders agreed to a temporary reduction of the margin rates of interest until 31 December 2022. As a condition of the reduction of interest rates, the PSA was amended to extend the Company's obligation as Sponsors under the guarantee until the Termination Date which is currently, 30th September 2024.

The Company's obligation as Sponsors under the guarantee to the lender has been fully discharged upon disposal of OM Sarawak on 6 December 2022.

**NOTES TO THE FINANCIAL STATEMENTS**

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**38. Contingencies (contd.)**

- (e) The Company has also, on the basis of its 25% ownership interest in OM Sarawak, extended an unsecured proportionate corporate guarantee to SSB to guarantee the payment by OM Sarawak of its obligations under the Second Amended and Restated Power Purchase Agreement entered into between the said parties on 13 June 2016.

On 31 July 2020, OM Sarawak entered into a power purchase agreement with Syarikat SESCO Berhad ("SESCO") to increase its power offtake from the current 350MW to 430MW to meet its increased production requirements. Accordingly, and consistent with the terms of the current terms of the power purchase agreement, the Company has provided a proportionate sponsor guarantee to SESCO in relation to its 25% equity stake in OM Sarawak.

Following the outbreak of the COVID-19 pandemic, on 15th December 2021, OM Sarawak entered into an Amendment Agreement with SESCO to amend the power purchase agreement for a better payment term, a reduction in unconsumed power, an offsetting arrangement, a permanent cut of 80 MW without penalty in addition to flexible take or pay subject to a minimum of 70% take-out rate. Correspondingly, the Company agreed to the amendments and to continue to provide its obligations under the sponsor guarantee to SESCO in relation to its 25% equity stake in OM Sarawak.

The Company's proportionate sponsor guarantee to SESCO has been fully discharged upon disposal of OM Sarawak on 6 December 2022.

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**39. Significant related party transactions**

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Note 24 and 32.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>(a) Subsidiaries</b>				
Dividend income from subsidiaries	-	-	(53,545)	(497,422)
Interest income	-	-	(4,842)	(8,695)
Interest expense	-	-	8,422	12,653
Group services fee expense	-	-	5,022	5,278
Receipts for share options granted	-	-	(3,974)	(9,778)
<b>(b) Associates</b>				
Dividend income	-	-	(53,893)	(19,466)
Interest income	(4,020)	(2,254)	-	(698)
Sale of goods	(4,689)	(13,775)	-	-
Rental income	(7,493)	(7,975)	-	-
Management fee income	(1,943)	(1,946)	(1,943)	-
Construction service income	(813)	(4,354)	-	-
Payment of services	205	229	-	-
<b>(c) Joint ventures</b>				
Dividend income	-	-	(14,403)	(14,551)
Sale of goods	(2,252)	(2,697)	-	-
Group services fee income	(4,964)	(4,274)	-	-
Management fee income	(2,040)	(1,938)	-	-
Supervision fee/project management fee	(702)	(632)	-	-
Rental income	(3,975)	(4,222)	-	-
License fee income	(60)	(60)	-	-
Construction service income	(115,569)	(102,537)	-	-
Interest expense	5,275	4,060	5,275	4,060
Rental expense	180	180	-	-
Purchase of goods	30,299	25,974	-	-
Payment of services	1,348	2,467	-	-

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**39. Significant related party transactions (contd.)**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>(d) Related parties</b>				
Payment of services to:				
- R. T. Cargo Sdn. Bhd. <sup>(i)</sup>	1,183	1,717	-	-
- Satria Realty Sdn. Bhd. <sup>(ii)</sup>	2,022	2,110	476	471
Payment of interest to:				
- Malaysian Phosphate Ventures Sdn. Bhd. <sup>(iii)</sup>	176	251	-	-
<b>(e) Key management personnel</b>				
Directors' remuneration (Note 10)	4,511	5,831	4,324	5,669
Other key management personnel				
- Short-term employee benefits	7,506	3,580	6,882	2,739
- Defined contribution and social security plans	608	347	532	247
- Share-based payment	54	138	-	-
Total short-term employee benefits	8,168	4,065	7,414	2,986
Benefits-in-kind	188	98	154	64
	8,356	4,163	7,568	3,050
Total key management personnel	12,867	9,994	11,892	8,719

Other key management personnel comprise persons, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

In 2020, 5,780,000 and 2,737,500 share options were granted to the Group's and the Company's key management personnel under the company's ESOS at an exercise price of RM1.14 each.

At the reporting date, the total number of outstanding share options granted by the holding company to the abovementioned key management personnel under the ESOS amounting to 500,000 (2021: 1,515,000).

<sup>(i)</sup> Umang Nangku Jabu is a director of the Company and R.T. Cargo Sdn. Bhd..

<sup>(ii)</sup> Dato Sri Mahmud Abu Bekir Taib is a director of the Company and Majaharta Sdn. Bhd. which controls Satria Realty Sdn. Bhd..

<sup>(iii)</sup> Malaysian Phosphate Ventures Sdn. Bhd. is a corporate shareholder of a subsidiary of the Group.

Other than as disclosed above, there were no material contracts entered into since the end of the financial year by the Company or its subsidiaries which involved the interests of substantial shareholders.

All outstanding balances are unsecured and repayable in accordance with agreed terms.

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**40. Fair value measurements****(a) Determination of fair value and the fair value hierarchy**

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes on Bloomberg and Reuters.

Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived.

The Group and the Company generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held.

MFRS 13 Fair Value Measurement requires each class of assets and liabilities measured at fair value in the statements of financial position after initial recognition to be categorised according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable. The following levels of hierarchy are used for determining and disclosing the fair value of those financial instruments and non-financial assets:

Level 1	- Quoted market prices: quoted prices (unadjusted) in active market for identical instruments;
Level 2	- Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and
Level 3	- Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.

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**40. Fair value measurements (contd.)****(b) Financial instruments measured at fair value**

The following tables provide an analysis of financial instruments and non-financial assets carried at fair values at the reporting date analysed by the various levels within the fair value hierarchy:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>31 December 2022</b>				
<b>Financial assets</b>				
Investment securities (Note 27):				
- Equity instrument	69,251	-	-	69,251
- Income debt securities	-	143,458	-	143,458
- Redeemable preference shares	-	-	31,672	31,672
- Money market funds	5	-	-	5
Derivative financial asset (Note 28)	-	-	96,649	96,649
	<b>69,256</b>	<b>143,458</b>	<b>128,321</b>	<b>341,035</b>
<b>31 December 2021</b>				
<b>Financial assets</b>				
Investment securities (Note 27):				
- Equity instrument	78,037	-	-	78,037
- Income debt securities	-	253,213	-	253,213
- Redeemable preference shares	-	-	27,796	27,796
- Money market funds	154,662	-	-	154,662
Derivative financial asset (Note 28)	-	-	100,038	100,038
	<b>232,699</b>	<b>253,213</b>	<b>127,834</b>	<b>613,746</b>
<b>Company</b>				
<b>31 December 2022</b>				
<b>Financial assets</b>				
Investment securities (Note 28):				
- Equity instrument	69,251	-	-	69,251
- Income debt securities	-	143,458	-	143,458
- Money market funds	5	-	-	5
Derivative financial asset (Note 29)	-	-	96,649	96,649
	<b>69,256</b>	<b>143,458</b>	<b>96,649</b>	<b>309,363</b>

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**40. Fair value measurements (contd.)****(b) Financial instruments measured at fair value (contd.)**

The following tables provide an analysis of financial instruments and non-financial assets carried at fair values at the reporting date analysed by the various levels within the fair value hierarchy: (contd.)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Company (contd.)</b>				
<b>31 December 2021</b>				
<b>Financial assets</b>				
Investment securities (Note 28):				
- Equity instrument	78,037	-	-	78,037
- Income debt securities	-	253,213	-	253,213
- Money market funds	154,662	-	-	154,662
Derivative financial asset (Note 29)	-	-	100,038	100,038
	232,699	253,213	100,038	585,950

The fair value of Level 1 financial instruments above is based on available quoted market prices.

The fair value of Level 2 financial instruments is based on confirmation by a licensed fund manager regulated by the Securities Commission of Malaysia.

The fair value of the redeemable preference shares is based on the estimated fair value less cost to sell these shares.

The fair value of the derivative financial asset is based on the Binomial Option Pricing Model which observable inputs include stock price, exercise price, risk free rate and dividend yield.

The Group and the Company recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between the Levels of the fair value hierarchy during the financial year.

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**40. Fair value measurements (contd.)****(c) Financial instruments not measured at fair value**

The following tables provide an analysis of financial instruments not carried at fair values at the reporting date analysed by the various levels within the fair value hierarchy:

	Carrying amount RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'0000
<b>Group</b>					
<b>31 December 2021</b>					
<b>Financial liabilities</b>					
Interest-bearing loans and borrowings:					
- Islamic medium term notes	500,000	-	-	508,015	508,015
<b>Company</b>					
<b>31 December 2021</b>					
<b>Financial liabilities</b>					
Interest-bearing loans and borrowings:					
- Islamic medium term notes	500,000	-	-	508,015	508,015

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**40. Fair value measurements (contd.)****(c) Financial instruments not measured at fair value (contd.)**

The methods and assumptions used to estimate the fair values of the financial instruments not carried at fair value are as follows:

**Loans and borrowings**

The fair values of fixed rate loans and borrowings with remaining maturity of less than one year and variable rate loans and borrowings are estimated to approximate their carrying amounts. For fixed rate loans and borrowings with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using prevailing market rates of loans and borrowings of similar credit risks and maturity. The fair values of impaired loans and borrowings are represented by their carrying amounts, net of any collective and individual assessment allowances, being the expected recoverable amount.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade and other receivables	24
Lease liabilities	31
Trade and other payables	32

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or they are already discounted at appropriate discount rates.

For lease receivables and liabilities with remaining maturity of more than one year, the fair values are estimated based on discounted cash flows using a rate based on the current market rate of borrowing of the respective entity at the reporting date.

**41. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's overall risk management strategy seeks to minimise potential adverse effects on the financial performance of the Group. The key financial risks include credit risk, liquidity risk and market risk.

Financial risk management policies are reviewed and approved by the Board of Directors and executed by the management of the respective operating units. The Group Risk Committee provides independent oversight on the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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**41. Financial risk management objectives and policies (contd.)****(a) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's exposure to credit risk arises primarily from trade and other receivables. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries and an associate.

**(i) Trade receivables and contract assets**

- Risk management objectives, policies and process for managing the risk**

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over the approved limits.

At each reporting date, the Group and the Company assess whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

- Exposure to credit risk, credit quality and collateral**

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

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**41. Financial risk management objectives and policies (contd.)****(a) Credit risk (contd.)****(i) Trade receivables and contract assets (contd.)**

- Exposure to credit risk, credit quality and collateral (contd.)**

The Group receives financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks. At the end of the reporting period, financial guarantees received by the Group amounted to RM33,320,000 (2021: RM30,438,000) in respect of RM21,636,000 (2021: RM20,870,000) trade receivables. The remaining balance of trade receivables are not secured by any collateral or supported by any other credit enhancements.

Information regarding financial assets that are either past due or impaired and ageing analysis is disclosed below. Management believes that no additional credit risk beyond that provided for is inherent in the Group's trade and other receivables.

- Concentration of credit risk**

The Group determines concentrations of credit risk by monitoring the business segments of its trade receivables on an ongoing basis. The Group does not have significant credit risk exposure to any single counter party or any group of counter parties having similar characteristics. The Group defines counter parties as having similar characteristics if they are related entities. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The credit risk concentration profile of the Group's trade receivables at the reporting date were as follows:

	Group	
	2022 RM'000	2021 RM'000
Cement	47,754	45,367
Construction materials and trading	14,004	15,896
Construction and road maintenance	66,870	69,092
Property development	23,780	49,759
Oiltools	61,601	-
Others	3,275	1,116
<b>Total</b>	<b>217,284</b>	<b>181,230</b>

**41. Financial risk management objectives and policies (contd.)****(a) Credit risk (contd.)****(i) Trade receivables and contract assets (contd.)**

- Recognition and measurement of impairment loss**

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is as follows:

- Above 90 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales management team; and
- Above 180 days past due, the Group will commence a legal proceeding against the customer.

The Group uses an allowance matrix to measure ECLs of trade receivables for all except for government agencies. Consistent with the debt recovery process, balances which are past 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due. Loss rates are based on actual credit loss experience over the past three years. The Group also considers differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

For some trade receivables, the Group has obtained security in the form of bank guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

For construction contracts, as there are only a few customers, the Group assesses the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

In respect of trade receivables arising from the sale of development properties, the Group mitigates its credit risk by withholding the transfer of registered ownership of the development properties until full settlement by the purchaser of the self-financed portion of the purchase consideration or upon undertaking of end-financing by the purchaser's end-financier.

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**41. Financial risk management objectives and policies (contd.)****(a) Credit risk (contd.)****(i) Trade receivables and contract assets (contd.)**

- Recognition and measurement of impairment loss (contd.)**

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2022 which are grouped together as they are of similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>31 December 2022</b>			
Current (not past due)	72,381	(60)	72,321
1 to 30 days past due	49,309	(430)	48,879
31 to 60 days past due	38,646	(268)	38,378
61 to 90 days past due	13,497	(242)	13,255
More than 90 days past due	27,099	(3,954)	23,145
	<b>200,932</b>	<b>(4,954)</b>	<b>195,978</b>
<b>Credit impaired</b>			
More than 90 days past due	1,948	(340)	1,608
Individually impaired	14,404	(9,184)	5,220
	<b>16,352</b>	<b>(9,524)</b>	<b>6,828</b>
	<b>217,284</b>	<b>(14,478)</b>	<b>202,806</b>
<b>31 December 2021</b>			
Current (not past due)	107,219	(67)	107,152
1 to 30 days past due	19,639	(25)	19,614
31 to 60 days past due	8,963	(55)	8,908
61 to 90 days past due	9,107	(15)	9,092
More than 90 days past due	24,370	(1)	24,369
	<b>169,298</b>	<b>(163)</b>	<b>169,135</b>
<b>Credit impaired</b>			
More than 90 days past due	3,794	(2,897)	897
Individually impaired	8,138	(6,494)	1,644
	<b>11,932</b>	<b>(9,391)</b>	<b>2,541</b>
	<b>181,230</b>	<b>(9,554)</b>	<b>171,676</b>

**41. Financial risk management objectives and policies (contd.)****(a) Credit risk (contd.)****(i) Trade receivables and contract assets (contd.)**

- Recognition and measurement of impairment loss (contd.)**

There are trade receivables where the Group has not recognised any loss allowance as the trade receivables are customers that have been transacting with the Group for over five years, and these customers are considered unlikely to have default in payments.

The movements in the allowance for impairment is disclosed in Note 25(a)(ii).

**(ii) Financial guarantees**

- Risk management objectives, policies and process for managing the risk**

The Company provides unsecured financial guarantees to banks and a third party for banking and other facilities granted to associates. The Company monitors on an ongoing basis the results of the associates and repayments made by the associates.

- Exposure to credit risk, credit quality and collateral**

The maximum exposure to credit risk relates to corporate guarantees given to SESCO and banks for power supply and banking facilities granted to a subsidiary as disclosed in Note 38(b).

**(iii) Cash and cash equivalents**

The cash and cash equivalents are held with banks and financial institutions. At the reporting date, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.



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**41. Financial risk management objectives and policies (contd.)****(a) Credit risk (contd.)****(iv) Other receivables**

Credit risks on other receivables are mainly arising from deposits paid for office buildings and equipment rented. These deposits will be received at the end of each lease terms.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position. As at the end of the reporting period, the Group and the Company did not recognise any loss allowance.

**(v) Investments in investment securities**

At the end of the reporting date, the Group's investment securities portfolio mainly invested in government bonds and AAA rated bonds. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

There is no history of default on these bonds and there is no indication that these bonds may default. The Group is of the view that the loss allowance is not material and hence, it is not provided for.

**(b) Liquidity risk**

Liquidity risk is the risk that the Group or 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 adopt a prudent approach to manage their liquidity risk. The Group and the Company always maintain sufficient cash and cash equivalents, and have available funding through a diverse source of committed and uncommitted credit facilities from various banks. It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

**Analysis of financial instruments by remaining contractual maturities**

The table below analyses the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted repayment obligations.

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**41. Financial risk management objectives and policies (contd.)****(b) Liquidity risk (contd.)****Analysis of financial instruments by remaining contractual maturities (contd.)**

	Carrying amount RM'000	Cash Flows			Total RM'000
		On demand or within 1 year RM'000	1 to 5 years RM'000	Over years RM'000	
<b>Group</b>					
<b>At 31 December 2022</b>					
<b>Financial liabilities:</b>					
Trade and other payables	653,068	652,040	1,028	-	653,068
Loans and borrowings	537,792	307,611	305,042	-	612,653
Lease liabilities	50,142	18,568	39,979	18,205	76,752
Financial guarantees <sup>(i)</sup>	-	332,869	-	-	332,869
	<b>1,241,002</b>	<b>1,311,088</b>	<b>346,049</b>	<b>18,205</b>	<b>1,675,342</b>
<b>At 31 December 2021</b>					
<b>Financial liabilities:</b>					
Trade and other payables	566,749	564,147	2,602	-	566,749
Loans and borrowings	898,564	647,063	318,784	-	965,847
Lease liabilities	26,775	7,216	15,393	9,992	32,601
Financial guarantees <sup>(i)</sup>	-	332,869	-	-	332,869
	<b>1,492,088</b>	<b>1,551,295</b>	<b>336,779</b>	<b>9,992</b>	<b>1,898,066</b>
<b>Company</b>					
<b>At 31 December 2022</b>					
<b>Financial liabilities:</b>					
Trade and other payables	777,515	777,515	-	-	777,515
Loans and borrowings	45,000	45,148	-	-	45,148
Lease liabilities	2,539	914	1,828	-	2,742
Financial guarantees <sup>(i)</sup>	-	400	-	-	400
	<b>825,054</b>	<b>823,977</b>	<b>1,828</b>	<b>-</b>	<b>825,805</b>
<b>At 31 December 2021</b>					
<b>Financial liabilities:</b>					
Trade and other payables	639,736	639,736	-	-	639,736
Loans and borrowings	500,000	511,901	-	-	511,901
Lease liabilities	1,791	717	1,220	-	1,937
Financial guarantees <sup>(i)</sup>	-	732,869	-	-	732,869
	<b>1,141,527</b>	<b>1,885,223</b>	<b>1,220</b>	<b>-</b>	<b>1,886,443</b>

<sup>(i)</sup> Based on the maximum amount that can be called under the financial guarantee contracts as disclosed in Note 39.

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**41. Financial risk management objectives and policies (contd.)****(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

**(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from purchases and imports that are denominated in a currency other than the functional currencies of the Group.

The Group also has exposure to foreign exchange risk as a result of providing unsecured advances to associates.

- **Risk management objectives, policies and process for managing the risk**

It is the Group's policy to hedge this risk where the exposures are certain and cost-efficient. The Group and the Company do not apply hedge accounting and do not issue derivative financial instruments for trading purposes.

- **Exposure to foreign currency risk**

The currencies giving rise to this risk are primarily United States Dollar (USD). Exposure to foreign currency risk is monitored on an ongoing basis to ensure that the exposure is at an acceptable level. At 31 December 2022 and 31 December 2021, the Group and the Company have not entered into any forward foreign currency contracts.

- **Currency risk sensitivity analysis**

A reasonable possible 10% (2021:10%) strengthening of the USD at the end of the reporting period would have decreased the Group's profit for the year by RM27,918,000 (2021: decreased by RM19,718,000), being net of purchases and imports transaction amount, bank borrowings and advances to associate, with all other variables held constant at the reporting date.

A 10% weakening of the above foreign currency against the underlying functional currency at the reporting date would have had the equal but opposite effect on the above currency to the amount shown above, on the basis that all other variables remain constant.

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**41. Financial risk management objectives and policies (contd.)****(c) Market risk (contd.)****(ii) Interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

- **Risk management objectives, policies and process for managing the risk**

Interest rate exposure arising from the Group's and the Company's borrowings is managed through the use of fixed and floating rate debts. The Group will consider entering into derivative financial instruments where necessary to achieve an appropriate mix of fixed and floating rate exposure.

- **Exposure to interest rate risk**

As the Group and the Company have no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits and money market funds. The Group's borrowings at floating rates are contractually re-priced at monthly intervals (2021: monthly). The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Fixed rate instruments</b>				
Financial assets	192,886	500,319	19,161	498,619
Financial liabilities	(50,142)	(526,775)	(2,539)	(501,791)
<b>Floating rate instruments</b>				
Financial assets	-	43,397	473,772	249,895
Financial liabilities	(480,899)	(398,564)	(767,327)	(633,265)

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**41. Financial risk management objectives and policies (contd.)****(c) Market risk (contd.)****(ii) Interest rate risk (contd.)**

- Interest risk sensitivity analysis**

At the reporting date, it is estimated that a hundred basis points increase in interest rate, with all other variables held constant, would decrease the Group's profit net of tax by approximately RM4,621,000 (2021: RM3,810,000), arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had the equal but opposite effect on the aforesaid amount, on the basis that all other variables remain constant.

**42. Capital management**

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios to support their businesses and maximise shareholder value. No changes were made in the objectives, policies and processes during the years ended 31 December 2022 and 2021.

The Group and the Company review their capital structure and make adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

The Group and the Company monitor capital using a gearing ratio. The gearing ratio is calculated as total borrowings (excluding transaction costs) divided by total equity of the Group and of the Company.

The Group and the Company have complied with all externally imposed capital requirements in respect of their external borrowings for the financial years ended 31 December 2022 and 2021.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans and borrowings (Note 30)	537,792	898,564	45,000	500,000
Lease liabilities (Note 31)	50,142	26,775	2,539	1,791
Total borrowings	587,934	925,339	47,539	501,791
Total equity	3,477,233	3,232,390	1,729,472	1,652,118
Gearing ratio (times)	0.17	0.29	0.03	0.30

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**43. Segment information**

Segmental information is prepared on the basis of the "management approach", which requires presentation of the segments on the basis of internal reports about the components of the entity.

The Group is organised into businesses based on their activities, and has seven reportable operating segments as follows:

- Cement - manufacturing of cement, clinker and concrete products;
- Construction materials and trading – quarry operations, production and sale of premix, wires and general trading;
- Road maintenance - road construction and maintenance;
- Construction – construction and road construction operations;\*
- Property development and related services - property holding, development, project management, lodges accommodation, hotel operations;
- Oiltools – provision of oilfield equipment, supplies and services;
- Phosphate – manufacturing of food, feed and fertiliser phosphate products;
- Strategic investments - education and various investments through the associates and joint ventures; and
- Others - head office, management services, investment holding and dormant companies.

\* This division was previously reported under construction and road maintenance division and currently reported as a segment by itself.

For each of the divisions, the Group Managing Director reviews the internal management reports on a monthly basis and conducts performance dialogues with the divisions on a regular basis. The Group assesses the performance of the operating segments based on measure of revenue and profit before tax.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities, income and expenses.

Segment analysis by geographical locations has not been presented as the Group's operations are predominantly conducted in Malaysia.

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**43. Segment information (contd.)**

	Cement RM'000	Construction materials and trading RM'000	Road maintenance RM'000	Construction RM'000	Property development and related services RM'000	Phosphate RM'000	Oiltools RM'000	Strategic Investments and others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
<b>31 December 2022</b>											
<b>Revenue:</b>											
External customers	581,038	82,873	134,616	-	102,876	-	89,057	20,110	-	-	1,010,570
Inter-segment of sales	20,848	7,968	-	-	2,136	-	-	164,842	(195,794)	A	-
<b>Total revenue</b>	<b>601,886</b>	<b>90,841</b>	<b>134,616</b>	<b>-</b>	<b>105,012</b>	<b>-</b>	<b>89,057</b>	<b>184,952</b>	<b>(195,794)</b>		<b>1,010,570</b>
<b>Results:</b>											
Interest income	2,959	337	1,550	-	2,449	254	205	4,725	(8,444)		4,035
Depreciation and amortisation	43,479	426	10,763	-	3,074	1,787	5,471	3,116	(61)		68,055
Other non-cash expenses	(379)	(100)	1,019	-	-	-	8,402	25,387	109	B	34,438
Segment profit/(loss) before tax:											
Company and subsidiaries	80,053	2,362	17,107	-	33,166	(61,312)	73,355	151,244	(68,606)		227,369
Associates	-	-	-	-	-	-	-	139,113	-		139,113
Joint ventures	-	29,364	-	2,261	-	-	-	(110)	-		31,515
<b>Total</b>	<b>80,053</b>	<b>31,726</b>	<b>17,107</b>	<b>2,261</b>	<b>33,166</b>	<b>(61,312)</b>	<b>73,355</b>	<b>290,247</b>	<b>(68,606)</b>		<b>397,997</b>
<b>Assets:</b>											
Investments in associates	-	-	-	-	-	-	2,000	656,663	-		658,663
Investments in joint ventures	-	297,753	-	54,588	-	-	-	4,794	-		357,135
Additions to non-current assets	35,975	116	995	-	3,909	50,808	11,731	7,384	-	C	110,918
<b>Segment assets</b>	<b>993,160</b>	<b>343,189</b>	<b>138,138</b>	<b>54,588</b>	<b>671,507</b>	<b>957,017</b>	<b>217,103</b>	<b>1,921,441</b>	<b>(440,338)</b>	<b>D</b>	<b>4,855,805</b>
<b>Segment liabilities</b>	<b>134,235</b>	<b>7,115</b>	<b>50,911</b>	<b>-</b>	<b>408,637</b>	<b>52,669</b>	<b>114,525</b>	<b>970,815</b>	<b>(360,335)</b>	<b>E</b>	<b>1,378,572</b>

**43. Segment information (contd.)**

	Cement RM'000	Construction materials and trading RM'000	Road maintenance RM'000	Construction RM'000	Property development and related services RM'000	Phosphate RM'000	Oiltools RM'000	Strategic Investments and others RM'000	Adjustments and elimination RM'000	Notes	Per consolidated financial statements RM'000
<b>31 December 2021</b>											
<b>Revenue:</b>											
External customers	464,085	94,316	120,471	-	114,184	-	-	21,494	-	-	814,550
Inter-segment of sales	19,151	9,157	-	-	78	-	-	29,019	(57,405)	A	-
<b>Total revenue</b>	<b>483,236</b>	<b>103,473</b>	<b>120,471</b>	<b>-</b>	<b>114,262</b>	<b>-</b>	<b>-</b>	<b>50,513</b>	<b>(57,405)</b>		<b>814,550</b>
<b>Results:</b>											
Interest income	4,247	648	4,851	-	1,399	40	1,666	1,847	(12,653)		2,045
Depreciation and amortisation	46,465	453	10,876	-	2,114	480	-	2,893	(61)		63,220
Other non-cash expenses	1,628	-	20	-	381	-	6,451	61,524	-	B	70,004
Segment profit/(loss) before tax:											
Company and subsidiaries	61,647	6,110	9,591	-	32,426	(18,112)	363	(47,257)	(11,000)		33,768
Associates	-	-	-	-	-	-	166,734	-	-		166,734
Joint ventures	-	32,027	-	1,150	-	-	928	-	-		34,105
<b>Total</b>	<b>61,647</b>	<b>38,137</b>	<b>9,591</b>	<b>1,150</b>	<b>32,426</b>	<b>(18,112)</b>	<b>168,025</b>	<b>(47,257)</b>	<b>(11,000)</b>		<b>234,607</b>
<b>Assets:</b>											
Investments in associates	-	-	-	-	-	-	992,477	-	-		992,477
Investments in joint ventures	-	282,793	-	53,149	-	-	7,127	-	-		343,069
Additions to non-current assets	16,329	147	738	-	3,899	81,222	-	2,163	-	C	104,498
<b>Segment assets</b>	<b>883,064</b>	<b>336,415</b>	<b>130,174</b>	<b>53,149</b>	<b>674,730</b>	<b>800,211</b>	<b>58,563</b>	<b>1,613,088</b>	<b>300,099</b>	<b>D</b>	<b>4,849,493</b>
<b>Segment liabilities</b>	<b>105,327</b>	<b>14,394</b>	<b>48,176</b>	<b>-</b>	<b>220,197</b>	<b>105,090</b>	<b>44,126</b>	<b>795,066</b>	<b>284,727</b>	<b>E</b>	<b>1,617,103</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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**43. Segment information (contd.)****Notes** Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Other material non-cash expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2022 RM'000	2021 RM'000
Impairment loss on amount due from an associate	8	-	28,504
Impairment loss on investment in an associate	8	-	15,908
Impairment loss on trade and other receivables	8	1,079	2,640
Inventories written off	8	624	-
Right-of-use assets written off	8	4,743	-
Loss arising from dilution of equity interests in an associate	8	-	6,451
Net fair value changes in investment securities	8	8,786	8,470
Project development costs written off	8	2,198	-
Property, plant and equipment written off	8	1	33
Unrealised forex exchange loss/(gain)	8	17,007	7,998
		<b>34,438</b>	<b>70,004</b>

C Additions to non-current assets consist of:

	2022 RM'000	2021 RM'000
Property, plant and equipment	105,132	104,280
Land held for property development	226	16
Intangible assets	5,027	202
Investment properties	533	-
	<b>110,918</b>	<b>104,498</b>

D The following items are added to/(deducted from) segment assets to arrive at total assets reported in the Group's statement of financial position:

	2022 RM'000	2021 RM'000
Investments in associates	658,663	992,477
Investments in joint ventures	357,135	343,069
Deferred tax assets	6,258	4,511
Inter-segment assets	(1,462,394)	(1,039,958)
	<b>(440,338)</b>	<b>300,099</b>

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**43. Segment information (contd.)****Notes** Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (contd.)

E The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the Group's statement of financial position:

	2022 RM'000	2021 RM'000
Deferred tax liabilities	80,797	60,203
Income tax payable	53,380	3,378
Loans and borrowings	537,792	898,564
Lease liabilities	50,142	26,775
Inter-segment liabilities	(1,082,446)	(704,193)
	<b>(360,335)</b>	<b>284,727</b>

**44. Dividends**(a) **Recognised during the financial year:**

	Sen per share	Total amount RM'000
<b>2022</b>		
First and final tax exempt 2021 ordinary (single-tier)	2.00	21,484
<b>2021</b>		
First and final tax exempt 2020 ordinary (single-tier)	2.00	21,484

(b) **Proposed but not recognised as a liability:**

The following dividend will be proposed for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

	Sen per share
First and final tax exempt 2022 ordinary (single-tier)	<b>3.00</b>

**NOTES TO THE FINANCIAL STATEMENTS**

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**45. Subsequent event****Additional Investment in Subsidiary**

On 28 February 2023, Samalaju Industries Sdn. Bhd. (“SISB”) and Cahya Mata Professionals Sdn Bhd (“Cahaya Mata Professionals”), wholly owned subsidiaries of the Company has subscribed for a capital call of RM315,650,000, for a total of RM315,649,514 shares via debt conversion in relation to Cahya Mata Phosphates Industries Sdn Bhd (“Cahaya Mata Phosphates”) and RM3,898,000, for a total of 3,898,305 shares in Cahya Mata Phosphates via cash injection respectively.

The Group’s effective shareholding increased from 60.73% to 80.18% in Cahya Mata Phosphates.

**46. Restatements of comparatives**

The following restatements have been made to the audited financial information of the Group for the statement of financial position as at 1 January 2021 and 31 December 2022 and statement of profit or loss and other comprehensive income for the financial year ended 31 December 2021:

- (a) The Group restated comparatives to correct the settlement of an amount payable to vendors for non-current advance payment of RM51,752,783 towards construction of Integrated Phosphate Complex Project (Phase 2) which was recorded as additions to plant and machinery rather than offset against the said amount payable. Consequentially, the impairment provision made against these plant and machinery was transferred to offset against the non-current advance payment.
- (b) The Group also restated the comparative figures between the leasehold land and construction in progress. As at 1 January 2021 and 31 December 2021, the accumulated depreciation of leasehold land was RM3,678,000 and RM2,759,000 respectively.
- (c) Certain comparative figures between the trade and non-trade payables have been restated to conform with the current year’s presentation.

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**46. Restatements of comparatives (contd.)**

The effects of the restatements are disclosed as follows:

	Note	As previously stated RM'000	Restatement RM'000	As restated RM'000
<b>As at 1 January 2021</b>				
<b>Group</b>				
<b>Notes to financial statements</b>				
<b>Property, plant and equipment (Note 13)</b>				
Plant and equipment				
- Cost	(a)	1,471,883	(51,752)	1,397,314
	(b)		(25,576)	
	(b)		2,759	
- Accumulated impairment	(a)	(51,783)	51,752	(31)
<b>Property, plant and equipment (Note 13)</b>				
Leasehold land				
- Cost	(b)	154,024	25,576	179,600
- Accumulated depreciation	(b)	(20,843)	(2,759)	(23,602)
<b>As at 31 December 2021</b>				
<b>Group</b>				
<b>Statement of financial position</b>				
Other receivables (non-current)	(a)	69,549	(51,752)	17,797
Trade and other payables (current)	(a)	615,899	(51,752)	564,147
<b>Notes to financial statements</b>				
<b>Property, plant and equipment (Note 13)</b>				
Plant and machinery				
- Cost	(a)	1,558,282	(51,752)	1,484,632
	(b)		(25,576)	
	(b)		3,678	
- Accumulated impairment	(a)	(51,752)	51,752	(31)

**NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 December 2022

**46. Restatements of comparatives (contd.)**

The effects of the restatements are disclosed as follows: (contd.)

	Note	As previously stated RM'000	Restatement RM'000	As restated RM'000
<b>Group (contd.)</b>				
<b>Notes to financial statements (contd.)</b>				
<b>Property, plant and equipment (Note 13)</b>				
Leasehold land				
- Cost	(b)	141,495	25,576	167,071
- Accumulated depreciation	(b)	(21,640)	(3,678)	(25,318)
<b>Trade and other receivables (Note 24)</b>				
Loss allowance for advance payment (non-current)	(a)	-	(51,752)	(51,752)
<b>Trade and other payables (Note 32)</b>				
<b>Trade</b>				
Trade payables	(c)	84,825	13,086	97,911
Accruals	(c)	-	32,723	32,723
<b>Non-trade</b>				
Sundry payables	(a)	120,979	(51,752)	34,182
	(c)		(35,045)	
Accrued operating expenses	(c)	21,109	(10,764)	10,345

A third statement of financial position as at 1 January 2021 is not presented as the restatements do not have material effect on the information in the statement of financial position at the beginning of the comparative period.

**47. Authorisation of financial statements for issue**

The financial statements for the year ended 31 December 2022 were authorised for issue by the Board in accordance with a resolution of the directors on 11 April 2023.

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Location	Date of acquisition/ revaluation	Description	Usage	Tenure	Remaining lease period (expiry date)	Land area/ Built up area (hectare/m <sup>2</sup> )	Age of buildings	Net book value (RM'000)
Lot 4747, Block 18, Salak Land District, Kuching.	2009	Mixed zone land	Vacant land	Leasehold	34 years (2056)	0.23/ N/A	-	303
Lot 5895, Section 64, Sungai Tabuan, Pending Industrial Estate, Kuching.	1996	Land & cement mill	Office & factory	Leasehold	14 years (2036)	6.25/ 15,223	45 years	18,578
Lot 766, Block 20, Kemena Land District, Bintulu.	1997	Land & cement mill	Office & factory	Leasehold	40 years (2062)	6.88/ 68,797	26 years	12,862
Lot 767, Block 20, Kemena Land District, Bintulu.	1997	Land & cement mill	Office & factory	Leasehold	40 years (2062)	7.365/ N/A	24 years	6,346
Lot 1240, Block 20, Kemena Land District, Bintulu.	1997	Mixed zone land	Office & factory	Leasehold	40 years (2062)	7.37/ N/A	-	3,072
Lot 11332-11334, Block 59, Muara Tuang Land District, Samarahan, Sarawak	2017	Land	Vacant land	Leasehold	55 years (2077)	4.44/ N/A	-	9,292
Lot 571, Block 4, Sentah Segu Land District, Kuching.	1992/2002	Land & clinker mill	Office & factory	Leasehold	20 years (2042)	18.27/ 58,595	25 years	108,645
Lot 528, Block 4, Sentah Segu Land District, Kuching.	1996	Mixed zone land	Vacant land	Leasehold	50 years (2072)	0.11/ N/A	-	0
Lot 872, Block 4, Sentah Segu Land District, Kuching.	1996	Mixed zone land	Vacant land	Leasehold	49 years (2071)	0.22/ N/A	-	0
Lot 70, Block 9, Sentah Segu Land District, Kuching.	2013	Mixed zone land	Vacant land	Leasehold	98 years (2120)	1.3112 hectares N/A	-	51

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Location	Date of acquisition/ revaluation	Description	Usage	Tenure	Remaining lease period (expiry date)	Land area/ Built up area (hectare/m <sup>2</sup> )	Age of buildings	Net book value (RM'000)
Lot 73, Block 9, Sentah Segu Land District, Kuching.	2013	Mixed zone land	Vacant land	Leasehold	98 years (2120)	0.75/ N/A	-	50
Lot 145, Block 8, Sentah Segu Land District, Kuching.	2014	Mixed zone land	Vacant land	Leasehold	91 years (2113)	3.77/ N/A	-	1,078
Lot 151, Block 8, Sentah Segu Land District, Kuching.	2014	Mixed zone land	Vacant land	Leasehold	48 years (2070)	1.66/ N/A	-	440
Lot 71, 74 & 79, Block 9, Sentah Segu Land District, Kuching.	2014	Mixed zone land	Vacant land	Leasehold	91 years (2113)	6.46/ N/A	-	1,849
Lot 727, Sentah Segu Land District	2018	Land	Vacant land	Leasehold	41 years (2063)	2.77/ 1.9441	-	826
Lot 482 Block 4 Miri Concession Land District	2018	Land	Vacant land	Leasehold	14 years (2036)	1.9441/ 0	-	22,813
Lot 56, Block 5 Seduan Land District	2019	Land	Vacant land income	Leasehold	88 years (2110)	1.1857/ N/A	-	7,455
Lot 57 & 58, Block 5 Seduan Land District	2019	Land	Vacant land income	Leasehold	92 years (2114)	1.9441/ N/A	-	8,671
Lot 415, Block 32, Kemena Land District, Bintulu.	1996	Industrial land	Held for rental income	Leasehold	22 years (2044)	2.23/ 712	23 years	1,150
Lot 34 & 35, Section 15, Kuching Town Land District, Kuching.	1994	4-storey shophouse	Held for rental income	Leasehold	793 years (2815)	0.41/ 1,400	26 years	3,228
Lot 1241, Block 20, Kemena Land District, Bintulu.	1997	Industrial land	Vacant land	Leasehold	40 years (2062)	2.76/ N/A	-	1,459

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Lot 9882, Section 64, Kuching Town Land District, Kuching.	2010	Mixed zone land	Vacant land	Leasehold	76 years (2098)	3.19/ N/A	-	22,374
Lot 4717-4718, Block 18, Salak Land District, Kuching.	2013	Mixed zone land	Vacant land	Leasehold	35 years (2057)	0.80/ N/A	-	1,016
Lot 4719-4720, Block 18, Salak Land District, Kuching.	2013	Mixed zone land	Vacant land	Freehold	In perpetuity	0.56/ N/A	-	1,014
Lot 212, Block 17, Kuching Central Land District, Kuching.	1996	Mixed zone land	Office & factory	Leasehold	34 years (2056)	5.04/ 1,700	25 years	1,209
Lot 2128, Sublot 2, Kuching Town Land District, Kuching.	1998	3-storey shophouse	Office	Leasehold	38 years (2060)	0.01/ 334	24 years	265
Lot 2116, Sublot 2, Kuching Town Land District, Kuching.	2003	3-storey shophouse	Office	Leasehold	38 years (2060)	0.01/ 328	24 years	343
Lot 220-222, Section 63, Kuching Land District, Kuching.	2007	4-storey shophouses	Office	Leasehold	775 years (2797)	0.04/ 1,560	14 years	2,614
Lots 3169-3171, 2985-2987 & 2992, Block 7, Muara Tebas Land District, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	95 years (2117)	16.27/ N/A	-	16,411

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Lot 2839, Block 7, Muara Tebas Land District, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	87 years (2109)	1.67/ N/A	-	1,682
Lot 2850, Block 7, Muara Tebas Land District, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	87 years (2109)	1.67/ N/A	-	3,523
Lot 2852, Block 7, Muara Tebas Land District, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	87 years (2109)	3.49/ N/A	-	2,617
Lot 3165-3166, Block 7, Muara Tebas Land District, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	87 years (2109)	2.59/ N/A	-	13,141
Lot 3241-3245, 3247 & 3179, Block 7, Muara Tebas Land District, Kuching.	1997	Mixed zone land	Land held for development	Leasehold	74 years (2096)	13.03/ N/A	-	23,882
Lot 622, Section 66, Kuching Town Land District, Kuching.	1998	Mixed zone land	Land held for development	Leasehold	36 years (2058)	3.14/ N/A	-	3,671
Lot 2520, Section 66, Kuching Town Land District, Kuching.	1998	Mixed zone land	Land held for development	Leasehold	51 years (2073)	1.71/ N/A	-	2,148
Lot 2521, Section 66, Kuching Town Land District, Kuching.	1998	Mixed zone land	Land held for development	Leasehold	36 years (2058)	11.66/ N/A	-	14,657
Lot 195, Block 207, Kuching North Land District, Kuching.	2019	Mixed zone land	Land held for development	Leasehold	15 years (2037)	3.15/ N/A	-	15,556

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Location	Date of acquisition/ revaluation	Description	Usage	Tenure	Remaining lease period (expiry date)	Land area/ Built up area (hectare/m <sup>2</sup> )	Age of buildings	Net book value (RM'000)
Lot 616, Block 207, Kuching North Land District, Kuching.	2020	Mixed zone land	Land held for development	Leasehold	15 years (2037)	0.42/ N/A	-	2,340
Sublot 14, Survey Lot 7648, Block 9, Salak Land District, Kuching.	2017	3-storey intermediate shophouse	Held for rental income	Leasehold	76 years (2098)	0.11/ 328	7 years	367
Lot 7450, 8580 & 9613, Block 9, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	76 years (2098)	238.18/ N/A	-	2,725
Lot 4786 & Lot 8740, Block 14, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	78 years (2100)	4.42/ N/A	-	51
Lot 8582, Block 9, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	92 years (2114)	824.28/ N/A	-	9,068
Lot 3712, 8567,6443-6460, 6462-6478 & 7687 Block 9, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	76 years (2098)	28.23/ N/A	-	286
Lot 1, Block 13, Salak Land District, Kuching.	1999	Mixed zone land	Land held for township development	Leasehold	76 years (2098)	349.70/ N/A	-	3,765

**LIST OF PROPERTIES**

As at 31 December 2022

Location	Date of acquisition/ revaluation	Description	Usage	Tenure	Remaining lease period (expiry date)	Land area/ Built up area (hectare/m <sup>2</sup> )	Age of buildings	Net book value (RM'000)
Lot 2082, Section 66, Kuching Town Land District, Kuching.	1996	Land & factory	Office & factory	Leasehold	23years (2045)	0.85/ 3,936	39 years	1,809
Samalaju Industrial Park, Lot 117, Block 1, Kemena Land District, Bintulu.	2013	Industrial land	Vacant land	Leasehold	51 years (2073)	123.02/ N/A	-	25,083
Samalaju Industrial Park, Lot 108 & 109, Block 1, Kemena Land District, Bintulu.	2015	Mixed zone land	Land held for development	Leasehold	92 years (2114)	32.95/ N/A	-	4,654
Samalaju Industrial Park, Lot 33, Block 54, Kemena Land District, Bintulu.	2015	Mixed zone land	Land held for development	Leasehold	92 years (2114)	311.53/ N/A	-	68,043
Samalaju Industrial Park, Lot 143, Block 1, Kemena Land District, Bintulu.	2015	Mixed zone land	Land held for development	Leasehold	92 years (2114)	22.68/ N/A	-	4,049
Samalaju Industrial Park, Lot 293, Block 1, Kemena Land District, Bintulu.	2015	Mixed zone land	Land held for development	Leasehold	92 years (2114)	83.40/ N/A	-	12,914
Samalaju Industrial Park, Lot 148, Block 1, Kemena Land District, Bintulu.	2015	Industrial land	For bulding of phosphate plant	Leasehold	52 years (2073)	141.64/ N/A	-	180,391

**LIST OF PROPERTIES**

As at 31 December 2022

Location	Date of acquisition/ revaluation	Description	Usage	Tenure	Remaining lease period (expiry date)	Land area/ Built up area (hectare/m <sup>2</sup> )	Age of buildings	Net book value (RM'000)
Lot 42410, Pekan Cempaka, Daerah Petaling, Negeri Selangor.	2023	Five-storey shophouse	Office	Freehold	In perpetuity	0.02/ 886	26 years	3,153
Samalaju Industrial Park, Lot 132, Block 1, Kemena Land District, Bintulu.	2014	Mixed zone land	Hotel	Leasehold	91 years (2113)	9.35/ 14,460	8 years	32,969
Samalaju Industrial Park, Jalan Bintulu- Miri (Coastal Road) Bintulu.	-	**	Quarters, office, lodge	-	-	N/A/ 49,498	12 years	4,144
Lot 2586, Block 19, Seduan Land District, Sibu.	-	**	Bulk terminal	-	-	N/A/ 6,049	12 years	9,520
Lot 3494 & Lot 3043, Block 5, Miri Concession Land District, Miri.	-	**	Bulk terminal	-	-	N/A/ 5,507	12 years	11,077
Plot 73, Lot 15 & 37, Block 20 Kemena Land District	-	**	Bintulu port	-	-	N/A/ 13,621	-	1,101

\*\* Land owned by third party

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# ANALYSIS OF SHAREHOLDINGS

TOTAL NUMBER OF ISSUED SHARES : 1,074,376,020 ORDINARY SHARES (INCLUDING 200,000 TREASURY SHARES)  
 VOTING RIGHTS : ONE VOTE PER ORDINARY SHARE  
 AS AT 20 APRIL 2023

## Shareholdings of Directors as at 20 April 2023

### In Cahya Mata Sarawak Berhad

Name of Directors	Number of Ordinary Shares Held			
	Direct Shareholding	% of Issued Capital*	Indirect Shareholding	% of Issued Capital*
1. General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	100,000	0.01	-	-
2. Dato Sri Mahmud Abu Bekir Taib	1,000,000	0.09	4,407,100 <sup>1</sup>	0.41
3. Dato Sri Sulaiman Abdul Rahman b Abdul Taib	6,790,400	0.63	-	-
4. Umang Nangku Jabu	200,000	0.02	-	-
5. Dr Khor Jaw Huei	-	-	-	-
6. Jeyabalan A/L S.K. Parasingam	-	-	-	-
7. Dato' Maznah binti Abdul Jalil	-	-	-	-

Name of Directors	Number of Options Held
1. General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	-
2. Dato Sri Mahmud Abu Bekir Taib	-
3. Dato Sri Sulaiman Abdul Rahman b Abdul Taib	-
4. Umang Nangku Jabu	-
5. Dr Khor Jaw Huei	-
6. Jeyabalan A/L S.K. Parasingam	-
7. Dato' Maznah binti Abdul Jalil	-

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### Analysis by Size of Shareholdings as at 31 March 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Ordinary Shares Held*	% of Issued Capital*
Less than 100 shares	54	0.37	1,664	0.00 <sup>#</sup>
100 to 1,000 shares	1,635	11.22	1,200,120	0.11
1,001 to 10,000 shares	7,848	53.87	40,637,582	3.78
10,001 to 100,000 shares	4,220	28.97	143,159,422	13.33
100,001 to less than 5% of issued shares	807	5.54	502,325,846	46.77
5% and above of issued shares	4	0.03	386,851,386	36.01
<b>Total</b>	<b>14,568</b>	<b>100.00</b>	<b>1,074,176,020</b>	<b>100.00</b>

### Analysis of Equity Structure as at 31 March 2023

Category of Shareholders	No. of Shareholders	% of Shareholders	No. of Ordinary Shares Held*	% of Issued Capital*
Individual	10,386	71.29	392,097,326	36.50
Body Corporate				
Banks/Finance Companies	17	0.12	81,646,300	7.60
Investment Trusts/Foundation/Charities	-	-	-	-
Other type of companies	135	0.93	153,228,206	14.27
Government Agencies/Institutions	6	0.04	70,918,180	6.60
Nominees	4,022	27.61	376,271,005	35.03
Others	2	0.01	15,003	0.00 <sup>#</sup>
<b>Total</b>	<b>14,568</b>	<b>100.00</b>	<b>1,074,176,020</b>	<b>100.00</b>

## ANALYSIS OF SHAREHOLDINGS

## Thirty Largest Securities Account Holders as per Record of Depositors as at 31 March 2023

Name of Shareholders	No. of Ordinary Shares Held	% of Issued Capital <sup>*</sup>
1. Majaharta Sdn Bhd	134,775,306	12.55
2. Lejla Taib	111,000,000	10.33
3. Lembaga Tabung Haji	78,890,000	7.34
4. Sarawak Economic Development Corporation	60,896,080	5.67
5. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	40,743,643	3.79
6. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 14)</i>	22,636,500	2.11
7. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 22)</i>	12,120,000	1.13
8. Lembaga Tabung Angkatan Tentera	9,364,100	0.87
9. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Total International Stock Index Fund</i>	7,558,570	0.70
10. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Vanguard Emerging Markets Stock Index Fund</i>	7,274,600	0.68
11. Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Sulaiman Abdul Rahman b Abdul Taib</i>	6,790,400	0.63
12. Lim Gaik Bway @ Lim Chiew Ah	6,560,000	0.61
13. Maybank Nominees (Tempatan) Sdn Bhd <i>Wong Tung Ann</i>	6,372,800	0.59
14. AllianceGroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Ta Kin Yan (7000778)</i>	5,500,000	0.51
15. Citigroup Nominees (Asing) Sdn Bhd <i>UBS AG</i>	5,495,012	0.51
16. CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB For Tan Kian Aik (PB)</i>	5,265,000	0.49
17. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Manulife Investment Al-Faid (4389)</i>	5,115,900	0.48
18. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Manulife Investment Al-Fauzan (5170)</i>	4,826,100	0.45
19. AMSEC Nominees (Tempatan) Sdn Bhd <i>Exempt An For Ambank (M) Berhad (PB-D)</i>	4,770,060	0.44
20. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad For Hong Leong Dividend Fund</i>	4,400,000	0.41

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## Thirty Largest Securities Account Holders as per Record of Depositors as at 31 March 2023 (Cont'd)

Name of Shareholders	No. of Ordinary Shares Held	% of Issued Capital <sup>*</sup>
21. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc</i>	4,181,400	0.39
22. Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB For Prulink Equity Fund</i>	4,171,500	0.39
23. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad For Dana Makmur Pheim (211901)</i>	4,116,200	0.38
24. Chong Fook Kian	4,000,000	0.37
25. HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Manulife Investment Progress Fund (4082)</i>	3,891,000	0.36
26. Phillip Nominees (Tempatan) Sdn Bhd <i>Exempt An For Phillip Capital Management Sdn Bhd</i>	3,767,200	0.35
27. Raden Murya Abdul Taib Mahmud	3,700,000	0.34
28. Muk Chee Onn	3,500,000	0.33
29. TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account For Kho Chai Yam</i>	3,500,000	0.33
30. Low Kok Kong	3,472,100	0.32
<b>Total</b>	<b>578,653,471</b>	<b>53.85</b>

## Substantial Shareholders as per Register of Substantial Shareholders as at 31 March 2023

Name of Substantial Shareholders	Direct Shareholding	Indirect Shareholding	% of Issued Capital <sup>*</sup>
1. YB Dato Hajjah Hanifah Hajar Taib-Alsree	2,230,500	134,775,306 <sup>2</sup>	12.75
2. Majaharta Sdn Bhd	134,775,306	-	12.55
3. Jamilah Hamidah Taib	-	134,775,306 <sup>2</sup>	12.55
4. Lejla Taib @ Datuk Patinggi Dr. Hajjah Lejla Taib (deceased)	111,000,000	-	10.33
5. Lembaga Tabung Haji	80,180,000	-	7.46
6. Sarawak Economic Development Corporation	60,896,080	-	5.67

\* Excludes 200,000 ordinary shares retained as Treasury Shares  
# negligible

<sup>1</sup> Deem interest pursuant to Section 59 (11) (c) of the Companies Act 2016

<sup>2</sup> Deem interest pursuant to Section 8 of the Companies Act 2016

# ADMINISTRATIVE GUIDE

48<sup>th</sup> Annual General Meeting (“AGM”) of Cahya Mata Sarawak Berhad

Date : Friday, 26 May 2023  
 Time : 3:00 p.m.  
 Venue : Ranyai Ballroom, Level 4, The Waterfront Hotel 68, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak

## Parking

- You are advised to park your vehicle at Plaza Merdeka. Please scan the QR code at The Waterfront Hotel’s Front Desk at Ground Floor or at the foyer of Ranyai Ballroom at Level 4 for a flat rate.

## Registration

- Registration will start at 2:00 p.m. at the foyer of Ranyai Ballroom, Level 4 of The Waterfront Hotel.
- Please read the signage to ascertain where you should register yourself for the AGM and join the queue accordingly.
- Please produce your original National Registration Identity Card (“MyKad”) or passport to the registration clerk for verification. Please make sure you collect your MyKad or passport thereafter.
- After the verification, you are required to write your name and sign on the Attendance List placed on the registration table.
- You will also be given a barcoded wristband. No person will be allowed to enter the meeting room (Ranyai Ballroom) without the barcoded wristband. There will be no replacement in the event that you lose or misplace the barcoded wristband.
- No person will be allowed to register on behalf of another person even with the original MyKad or passport of that other person.
- The registration counter will handle only verification of identity and registration. If you have any enquiry, please proceed to the Help Desk. The Help Desk will be located next to the registration counters at the foyer of Ranyai Ballroom, Level 4 of The Waterfront Hotel.

## Entitlement to Participate and Vote

- Only a member whose name appears on the Record of Depositors as at 19 May 2023 shall be entitled to participate and vote at the AGM or appoint a proxy to participate and/or vote on his/her behalf.

## Proxy

- A member entitled to attend and vote is entitled to appoint a proxy, to attend and vote instead of him. If you are unable to attend the AGM and wish to appoint a proxy to vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.
- Shareholders who are unable to attend the AGM are encouraged to appoint the Chairman of the Meeting to vote on their behalf.
- If you wish to attend the AGM yourself, please do not submit any Form of Proxy for the AGM that you wish to attend. You will not be allowed to attend the AGM together with a proxy appointed by you.
- If you have submitted your Form of Proxy prior to the AGM and subsequently decided to attend the AGM yourself, please proceed to the Help Desk to revoke the appointment of your proxy.
- If you wish to submit your Form of Proxy, please ensure that the original Form of Proxy is deposited at the Registered Office of Cahya Mata Sarawak Berhad at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak or at Boardroom Share Registrars Sdn Bhd, 11<sup>th</sup> Floor, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the AGM, i.e. before 3:00 p.m. on 24 May 2023 or at any adjournment thereof.
- We do not acknowledge receipt of the Form of Proxy. The submission of Form of Proxy via facsimile transmission or email is not acceptable.

## Seating Arrangement for the AGM

- Free seating. All shareholders/proxies/corporate representatives will be allowed to enter the Ranyai Ballroom from 2:00 p.m. onwards.
- All shareholders/proxies/corporate representatives are encouraged to be seated at least ten (10) minutes before the commencement of the AGM.

## Mobile Devices

- Please ensure that all mobile devices, i.e. phones/other sound emitting devices are switched off or put on silent mode during the AGM to ensure smooth and uninterrupted proceedings.

## No Smoking Policy

- A no smoking policy is maintained inside The Waterfront Hotel. Your cooperation is much appreciated.

## ADMINISTRATIVE GUIDE

48<sup>th</sup> Annual General Meeting (“AGM”) of Cahya Mata Sarawak Berhad

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## Surau/Prayer Room

- The Surau is located at Cafe Via Mare, Level 4 of The Waterfront Hotel.

## Voting Procedure

- The voting at the AGM will be conducted on a poll. Boardroom Share Registrars Sdn Bhd is appointed as Poll Administrator to conduct the polling process. Sky Corporate Services Sdn Bhd is appointed as Independent Scrutineers to verify the results of the poll.
- Upon the conclusion of the poll session by the Chairman, the Independent scrutineer will verify and announce the poll results followed by the Chairman whether the resolutions put to the vote were successfully carried or not.

## Personal Belongings

- Please take care of your personal belongings. The organiser will not be held responsible for any item that has gone missing.

## Annual Report 2022

- The Annual Report 2022 is made available online and can be downloaded from the Company’s website at [www.cahyamata.com](http://www.cahyamata.com).
- In our effort of going green and preserving the environment, we urge the shareholders to refer to the soft copies of the documents. However, shareholders may request for the printed Annual Report 2022 by completing and submitting the Request Form provided to you.

## Communication Guidance

- Shareholders are advised to monitor the Company’s website for announcement of changes to the 48<sup>th</sup> AGM arrangements, if any.

## Enquiry

- If you have any enquiry prior to the AGM, please contact the following persons during office hours:

### (a) Cahya Mata Sarawak Berhad

Level 6, Wisma Mahmud  
 Jalan Sungai Sarawak  
 93100 Kuching, Sarawak

Mr Sahil Singh Dev  
 Telephone Number:  
 Facsimile Number:  
 Email:

082-257078  
 082-333828  
[www@cahyamata.com](mailto:www@cahyamata.com)

### (b) Boardroom Share Registrars Sdn Bhd

11<sup>th</sup> Floor, Menara Symphony  
 No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13  
 46200 Petaling Jaya  
 Selangor Darul Ehsan

Telephone Number: 03-7890 4700  
 (1) Puan Rozleen Monzali  
 (2) Encik Zulkernaen Abdul Samad  
 Facsimile Number:  
 Email:

03-7890 4739  
 03-7890 4741  
 03-7890 4670  
[bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

## Personal Data Privacy

- By submitting the instrument appointing a proxy and/or representative, the Shareholder of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Shareholder agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.

# NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 48<sup>th</sup> Annual General Meeting (“AGM”) of Cahya Mata Sarawak Berhad (“Cahaya Mata” or “the Company”) will be held at the **Ranyai Ballroom, Level 4, The Waterfront Hotel, 68, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak on Friday, 26 May 2023 at 3:00 p.m.** for the following purposes:

## AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31 December 2022 and the Reports of the Directors and Auditors thereon.
2. To declare a first and final tax exempt (single-tier) dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2022.
3. To re-elect the following Directors who retire pursuant to Article 111 of the Company’s Constitution and being eligible offer themselves for re-election:
  - a) Madam Umang Nangku Jabu
  - b) Dr Khor Jaw Huei
4. To approve the payment of Directors’ fees amounting to RM150,000 per annum for the Non-Executive Chairman, RM150,000 per annum for the Non-Executive Deputy Chairman and RM120,000 per annum for each of the Non-Executive Directors for the financial year ended 31 December 2022.
5. To approve the payment of Directors’ remuneration and benefits payable to Non-Executive Chairman, Non-Executive Deputy Chairman and Non-Executive Directors up to an amount of RM3,000,000 from 27 May 2023 until the next AGM of the Company.
6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to determine their remuneration.

## AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolutions:

### 7. Authority to Directors to Issue Shares

“THAT subject to the Companies Act, 2016 (“the Act”), the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the Company’s Constitution, subject to the approvals of the relevant governmental/regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot shares in the Company, grant rights to subscribe for shares in the Company, at any time to such persons and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time (“10% General Mandate”); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 10% General Mandate on Bursa Securities, if required; AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.”

### Ordinary Resolution 7

## NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

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### 8. Proposed Renewal of Share Buy-Back Authority

“THAT subject to Section 127 of the Companies Act 2016, provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Company be and is hereby authorised to renew the approval granted by the shareholders of the Company at the 47<sup>th</sup> Annual General Meeting of the Company held on 27 May 2022, authorising the Directors of the Company to exercise the power of the Company to purchase such amount of ordinary shares in the Company from time to time through Bursa Securities subject further to the following:

- (a) the aggregate number of shares purchased does not exceed 10% of the total number of issued shares of the Company (“Purchased Shares”) at the point of purchase;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the Purchased Shares shall not exceed the Company’s audited retained profits as at 31 December 2022 amounted to RM686,422,000; and
- (c) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:
  - (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the expiration of the period within the next Annual General Meeting of the Company subsequent to the date it 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; or
  - (iii) revoked or varied by a resolution passed by the shareholders in general meeting,
 whichever occurs first.
- (d) Upon the completion of the purchase(s) of the Purchased Shares, the Directors of the Company be and are hereby authorised to deal with the Purchased Shares in the following manner:
  - (i) to cancel the Purchased Shares so purchased; or
  - (ii) to retain the Purchased Shares so purchased as treasury shares for distribution as dividend to the shareholders, resell in accordance with the relevant rules of Bursa Securities, transfer for the purposes of or under an employees’ share scheme, transfer as purchase consideration, cancel the shares and/or sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; or
  - (iii) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
  - (iv) to deal in such other manner as Bursa Securities and such other relevant authorities may allow from time to time.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary to implement, finalise and give full effect to the Proposed Renewal of Share Buy-Back Authority with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities and with fullest power to do all such acts and things thereafter as the Directors may deem fit and expedient in the best interest of the Company.”

### Ordinary Resolution 8

**NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING****9. Proposed Granting Of Existing Employees' Share Option Scheme to YBhg Dato Sri Sulaiman Abdul Rahman b Abdul Taib**

“THAT pursuant to the Employees' Share Option Scheme of up to 7% of the total number of issued shares of the Company (excluding treasury shares, if any) for the eligible Executive Directors of the Company and employees of Cahya Mata Sarawak Berhad (“Cahaya Mata”) and employees of Cahya Mata and its subsidiaries (excluding dormant subsidiaries) (“ESOS”) as approved by the shareholders at the Extraordinary General Meeting of the Company held on 12 November 2020, approval be and is hereby given to the Board to authorise the ESOS Committee, to offer and to grant to, at any time and from time to time throughout the duration of the ESOS, YBhg Dato Sri Sulaiman Abdul Rahman b Abdul Taib, being the Group Managing Director of the Company, ESOS Option to subscribe for up to such number of new ordinary shares in the Company subject to the provisions of the By-Laws, provided always that:

- (i) he must not participate in the deliberation or discussion of his own allocation, as well as that of the persons connected with him, under the ESOS; and
- (ii) not more than 10% (or such other percentage as may be permitted by Bursa Malaysia Securities Berhad (“Bursa Securities”) or any other relevant authorities from time to time) of the total number of ordinary shares made available under the ESOS shall be allocated to him, if he, either singly or collectively through persons connected with him (as defined in the Listing Requirements), holds 20% (or such other percentage as may be permitted by Bursa Securities or any other relevant authorities from time to time) or more of the total number of issued shares of the Company (excluding treasury shares, if any), subject always to such terms and conditions and/or any adjustments which may be made in accordance with the provisions of the By-Laws and any prevailing guidelines issued by Bursa Securities, the Listing Requirements or any other relevant authorities as amended from time to time.

AND THAT, the Board be further authorised to issue such number of ordinary shares arising from the exercise of the options under the ESOS, from time to time, to the abovementioned person.”

**Ordinary Resolution 9****NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING**

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**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a Member who shall be entitled to participate, speak and vote at the 48<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 77(2) of the Company's Constitution to issue a General Meeting Record of Depositors (“ROD”) as at 19 May 2023. Only a Depositor whose name appears in the Register of Members/ROD as at 19 May 2023 shall be entitled to participate at the said meeting or appoint a proxy to participate, speak and vote on his/her behalf.

**NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT**

**NOTICE IS ALSO HEREBY GIVEN THAT** subject to the approval of the shareholders at the 48<sup>th</sup> AGM of the Company to be held on 26 May 2023 for the payment of the first and final dividend under single-tier system in respect of the financial year ended 31 December 2022 (“Dividend”) under Ordinary Resolution 1, the Dividend will be paid on 28 June 2023 to Depositors whose names appear in the ROD on 1 June 2023.

Depositors shall be only entitled to the Dividend in respect of:

- (a) securities transferred into the Depositor's Securities Account before 4:30 p.m. on 1 June 2023 for ordinary transfers; and
- (b) securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**BY ORDER OF THE BOARD**

**SAMANTHA TAI YIT CHAN**

SSM PC No.: PC 202008001023 (MAICSA 7009143)

Company Secretary

Kuching, Sarawak

26 April 2023

**Notes:****1. Audited Financial Statements for financial year ended 31 December 2022**

Agenda 1 is for discussion at the meeting and no voting is required.

**2. Ordinary Resolution 1 – First and final tax exempt (single-tier) dividend**

Pursuant to Section 131 of the Companies Act 2016 (“Act”), a company may only make a distribution to the shareholders out of profits of the company available if the company is solvent. On 27 February 2023, the Board had considered the amount of dividend and recommended the same for the shareholders' approval. The Directors of the Company are satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within twelve (12) months immediately after the distribution is made on 28 June 2023 in accordance with the requirements under Section 132(2) and (3) of the Act.

**3. Ordinary Resolutions 2 to 3 – Re-election of Directors who retire by rotation in accordance with Article 111**

Article 111 of the Company's Constitution provides that one third (1/3) of the Directors of the Company for the time being shall retire by rotation at the AGM of the Company. Pursuant thereto, two (2) Directors of the Company, namely Madam Umang Nangku Jabu and Dr Khor Jaw Huei shall retire in accordance with Article 111 of the Company's Constitution. Madam Umang Nangku Jabu and Dr Khor Jaw Huei are standing for re-election as Directors of the Company and being eligible have offered themselves for re-election. Details of the assessment of the directors standing for re-election are on page 55 of the Annual Report 2022.

NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

## 4. Directors' Remuneration – Fees and benefits payable to the Non-Executive Director (“NED”)s

4.1 Section 230(1) of the Act provides amongst others, that “the fees” of the directors and “any benefits” payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, the Board agreed that the shareholders’ approval shall be sought at the 48<sup>th</sup> AGM on the Directors’ remuneration in two (2) separate resolutions as below:

- (a) Ordinary Resolution 4 on payment of Directors’ fees in respect of the preceding year 2022; and
- (b) Ordinary Resolution 5 on payment of Directors’ remuneration and benefits from 27 May 2023 to the next AGM in 2024.

4.2 The Board Remuneration policy for the NEDs as set out in the table below:

**Ordinary Resolution 4: Directors’ fees to the NEDs**

Directors’ Fee	Approved at 47 <sup>th</sup> AGM for Financial Year (“FY”) 2021	Approval sought for FY2022
Non-Executive Chairman	RM150,000	RM150,000
Non-Executive Deputy Chairman	RM150,000	RM150,000
Non-Executive Director	RM120,000	RM120,000

The payment of the fees to the Non-Executive Chairman, Non-Executive Deputy Chairman and NEDs in respect of the financial year ended 31 December 2022 will only be paid if the proposed Ordinary Resolution 4 is passed at the 48<sup>th</sup> AGM.

**Ordinary Resolution 5: Remuneration and benefits payable to the NEDs**

The remuneration and benefits payable to the NEDs comprise the allowances and other emoluments payable to the Chairman and members of the Board, Board of subsidiaries, Board Committees and such other committees as may be established by the Board.

Board Committee Fees Approved at 47 <sup>th</sup> AGM and Approval sought at 48 <sup>th</sup> AGM	Chairman	NED/Member
Group Audit Committee	RM24,000	RM16,000
Nomination and Remuneration Committee	RM16,000	RM12,000
Group Risk Committee	RM16,000	RM12,000
Digital Transformation Committee	RM16,000	RM12,000
Employees’ Share Option Scheme Committee	RM16,000	RM12,000

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Type of Meeting Attendance Allowance (per meeting) Approved at 47 <sup>th</sup> AGM and approval sought at 48 <sup>th</sup> AGM	Chairman	NED/Member
Board of Cahya Mata	RM2,200	RM2,000
General meeting of Cahya Mata	RM2,200	RM2,000
Group Audit Committee	RM2,000	RM1,800
Nomination and Remuneration Committee	RM1,800	RM1,600
Group Risk Committee	RM1,800	RM1,600
Digital Transformation Committee	RM1,800	RM1,600
Employees’ Share Option Scheme Committee	RM1,800	RM1,600

The NEDs’ other remuneration and benefits are set out in the table below:

Description	Chairman	Deputy Chairman	NED
Monthly Fixed Allowance	RM50,000	RM40,000	-
Other Benefits	Driver, motor vehicle, petrol, medical coverage		Medical coverage

The Directors’ fee policy for subsidiary companies in the Group is set out in the table below:

	Chairman	NED
Directors’ fee for subsidiary company which achieves an annual turnover of RM90.0 million and/or a net assets size of RM100.0 million and over (per annum)	RM22,500	RM15,000
Subsidiary Company Directors’ meeting attendance allowance (per meeting)	RM2,000	RM2,000

Payment of the remuneration and benefits to the NEDs will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred, if the proposed Ordinary Resolution 5 has been passed by shareholders at the 48<sup>th</sup> AGM. The Board’s view is that it is equitable for the NEDs to be paid Directors’ remuneration and benefits (excluding Directors’ fees) after they have rendered their services to the Company and/or its subsidiaries and discharged their duties and responsibilities.



NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

## 5. Ordinary Resolution 6 – Re-appointment of Auditors

- 5.1 The Audit Committee (“AC”) at its meeting held on 3 April 2023 undertook an annual assessment of the objectivity, independence and quality of service delivery of the external auditors, Messrs Ernst & Young PLT (“EY”). In its assessment, the AC considered several factors which include the following:
- Quality of EY’s performance and their communications with the AC and Cahya Mata group, based on feedback obtained via assessment questionnaires from personnel who had substantial contact with the external audit team and EY throughout the year;
  - Adequacy of experience and resources provided to the Group by EY, in terms of the firm and the competency of the professional staff assigned to the audit; and
  - Independence and objectivity of EY and the level of non-audit services rendered by EY to the Company for the FY2022.
- 5.2 The AC was satisfied with the suitability of EY based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Group. The AC was also satisfied in its review that the provisions of non-audit services by EY to the Company for the FY2022 did not in any way impair their objectivity and independence as external auditors of the Company.
- 5.3 The Board at its meeting held on 4 April 2023 approved the AC’s recommendation for the shareholders’ approval to be sought at the 48th AGM on the appointment of EY as external auditors of the Company for the FY2023, under Ordinary Resolution 6 in accordance with Section 340(1)(c) and Section 274(1)(a) of the Act.

## 6. Ordinary Resolution 7 – Authority to Directors to Issue Shares

The proposed Ordinary Resolution 7, if passed, will give a renewed mandate to the Directors of the Company, pursuant to Sections 75 and 76 of the Act (“Renewed Mandate”) for such purposes as the Directors may deem fit and in the interest of the Company. The Renewed Mandate, unless revoked or varied by the Company in a general meeting will expire at the conclusion of next AGM of the Company.

The Directors of the Company, after due consideration, is of the opinion that this Renewed Mandate will enable the Company further flexibility to raise funds expeditiously other than incurring additional interest costs as compared to bank borrowings, thereby allowing the Company to preserve its cash flow and achieve a more optimal capital structure. Any funds raised from this Renewed Mandate is expected be used for the purpose of a possible fund raising exercise including but not limited to placement of shares for the purpose of funding future investment project(s), working capital and/or acquisitions and to avoid any delay and cost in convening general meetings to specifically approve such an issue of shares.

The Directors, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 10% General Mandate is in the best interest of the Company. As of the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM held on 27 May 2022 and which will lapse at the conclusion of the 48th AGM. The Renewed Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises, or in the event of business opportunities, or other arising circumstances which involve the issue of new shares, and to avoid delay and cost in convening general meetings to approve such issue of shares.

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## 7. Ordinary Resolution 8 – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase the Company’s shares of an aggregate amount of up to 10% of the total number of issued shares of the Company for the time being. The shareholders’ mandate for the Proposed Renewal of Share Buy-Back Authority is subject to renewal on an annual basis. Further information on the Proposed Renewal of Share Buy-Back Authority is set out in the Share Buy-Back Statement dated 26 April 2023 which is despatched together with the Notice of 48<sup>th</sup> AGM.

## 8. Ordinary Resolution 9 – Proposed Granting of Employees’ Share Option Scheme (“ESOS”) to YBhg Dato Sri Sulaiman Abdul Rahman b Abdul Taib

The shareholders had at the Extraordinary General Meeting of the Company held on 12 November 2020 approved the establishment of an ESOS of up to 7% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time during the duration of the ESOS for the eligible Executive Directors of the Company and employees of the Company and its subsidiaries (excluding dormant subsidiaries). The proposed Ordinary Resolution 9, if passed, will enable YBhg Dato Sri Sulaiman Abdul Rahman b Abdul Taib who is the Group Managing Director of the Company effective 8 July 2021, to participate in the ESOS. YBhg Dato Sri Sulaiman Abdul Rahman b Abdul Taib being the interested Director, will abstain and has also undertaken to ensure that persons connected to him will abstain from voting on this resolution. He has also abstained from the deliberations and voting on this resolution at the Board of Directors’ Meeting.

## 9. Abstention from Voting

All the NEDs who are shareholders of the Company will abstain from voting on Ordinary Resolutions 4 and 5 concerning Directors’ fees and Directors’ remuneration and benefits (excluding Directors’ fees) at the 48th AGM. Any Director referred to in Ordinary Resolutions 2 and 3 who is a shareholder of the Company will abstain from voting on the resolution in respect of his/her re-election as a Director at the 48<sup>th</sup> AGM.

## 10. Proxy and Entitlement of Participation

- 10.1 A member entitled to participate and vote at the meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to vote in his stead. If the proxy is not a member, he shall be any person and there shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
- 10.2 Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint a proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- 10.3 Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- 10.4 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
- 10.5 The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak or at Boardroom Share Registrars Sdn Bhd, 11<sup>th</sup> Floor, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
- 10.6 Only members whose names appear in the Record of Depositors as at 19 May 2023 shall be entitled to participate at the meeting.

## NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

### 11. Poll Voting

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll. Please refer to the details in the Administrative Guide.

### 12. Publication of AGM Notice on the Company's Website

Pursuant to Section 320 of the Act, the Notice of the Company's 48<sup>th</sup> AGM is also available on the Company's website [www.cahyamata.com](http://www.cahyamata.com) throughout the period beginning from the date of notice until the conclusion of the 48<sup>th</sup> AGM.

### 13. Personal Data Privacy

By submitting the instrument appointing a proxy and/or representative, the Shareholder of the Company has consented to the use of such data for purposes of processing and administration by the Company (or its agents); and to comply with any laws, listing rules, regulations and/or guidelines. The Shareholder agrees that he/she will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

## STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING (“AGM”)

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

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- A. The profiles of the Directors who are standing for re-election as per Agenda 3 of the Notice of 48<sup>th</sup> AGM are stated on pages 41 and 42 of the Company's Annual Report 2022.
- B. The profiles of the Directors are stated on pages 38 to 44 of the Company's Annual Report 2022. Their shareholdings in the Company are set out on page 242 of the Company's Annual Report 2022.
- C. Details on the authority to allot and issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Note 6 of the Notice of 48<sup>th</sup> AGM.



# STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

## SHARE BUY-BACK STATEMENT

### 1. IMPORTANCE

If you are in any doubt as to the course of action to be taken, you should consult your Stockbroker, Bank Manager, Solicitor, Accountant or other Professional Adviser immediately.

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Share Buy-Back Statement (“Statement”) prior to its issuance as it is an exempt Statement. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

### 2. DETAILS OF THE PROPOSED SHAREHOLDERS’ MANDATE FOR SHARE BUY-BACK

#### 2.1 Introduction

At the 47<sup>th</sup> Annual General Meeting (“AGM”) held on 27 May 2022, Cahya Mata Sarawak Berhad (“Cahaya Mata” or “the Company”) obtained shareholders’ approval for the purchase of up to a maximum of ten percent (10%) of the total number of issued shares of the Company on Bursa Securities.

This authority conferred by the shareholders will expire at the conclusion of the forthcoming 48<sup>th</sup> AGM of the Company.

On 11 April 2023, the Board of Directors of Cahya Mata (“Board”) announced to Bursa Securities that Cahya Mata proposed to seek shareholders’ approval for the renewal of the Shareholders’ Mandate at the forthcoming 48<sup>th</sup> AGM to allow the Directors to exercise the power of the Company to purchase its own Shares (referred to the Ordinary Shares of Cahya Mata “Share(s)” or “Cahaya Mata Shares”) of up to a maximum of ten percent (10%) of the total number of issued shares of Cahya Mata at any point of time through Bursa Securities (“Proposed Shareholders’ Mandate for Share Buy-Back” or “Proposed Share Buy-Back”).

The purpose of this statement is to provide you with information on the Proposed Share Buy-Back, and to seek your approval for the ordinary resolution to be tabled under special businesses at the forthcoming 48<sup>th</sup> AGM of the Company.

The Proposed Shareholders’ Mandate for Share Buy-Back will take effect immediately after the passing of the ordinary resolution at the forthcoming 48<sup>th</sup> AGM and will continue in force until:

- (a) the conclusion of the next AGM of the Company;
- (b) the expiration of the period within the next AGM of the Company subsequent to the date it is required to be held pursuant to Section 340(2) of the Malaysian Companies Act 2016 (“the Act”) but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
- (c) revoked or varied by a resolution passed by the shareholders in general meeting,

whichever occurs first.

The Shareholders’ Mandate for Share Buy-Back, if obtained, would give authority to the Directors to exercise the power of the Company to purchase its own Shares in circumstances which the Directors consider would be in the interest of the Company.

## STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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### 2.2 The maximum number or percentage of share to be acquired

The Board proposes to seek a mandate from the shareholders of Cahya Mata to purchase and/or hold in aggregate up to ten percent (10%) of the total number of issued shares of the Company at any point of time through Bursa Securities.

### 2.3 Funding

The Board proposes to allocate a maximum amount not exceeding the audited retained profits of Cahya Mata for the purchase of its own Shares. As at 31 December 2022, the audited retained profits of the Company amounted to RM686,422,000. As at 28 February 2023, the unaudited retained profits of the Company amounted to RM682,210,000.

The funding of the Proposed Share Buy-Back will be sourced from internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of purchase consideration as well as the availability of internally generated funds and borrowings and repayment capabilities of the Company at the time of purchase. In the event that the Proposed Share Buy-Back is to be partly financed by bank borrowings, the Board will ensure that the Company will have sufficient funds to repay such borrowing and that the repayment would not have any material effect on the cash flow of Cahya Mata and its subsidiaries companies, collectively (“Cahaya Mata Group” or “the Group”).

### 3. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

#### 3.1 Potential Advantages

The Proposed Share Buy-Back will enable the Company to utilise its surplus financial resources not immediately required for use, to purchase its own Shares. The Proposed Share Buy-Back may enhance the Earning Per Share and reduce the liquidity level of the Shares of the Company in Bursa Securities, which generally shall have a positive impact on the market price of the Shares of the Company. Other potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- (a) to allow the Company to take preventive measures against speculation particularly when its Share are undervalued which would in turn stabilise the market price of the Shares and hence, enhance investors’ confidence;
- (b) when the Shares bought back by the Company are cancelled, shareholders of the Company are likely to enjoy an increase in the value of their investment in the Company as the net Earning Per Share of the Company and the Group will increase proportionately; and
- (c) the Purchased Shares may be held as Treasury Shares and distributed to shareholders as dividends and/or resold in the open market with the intention of realising a potential capital gain in the Purchased Shares are resold at price(s) higher than their purchase price(s).

## STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

### 3.2 Potential Disadvantages

The potential disadvantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows:

- the Proposed Share Buy-Back will reduce the immediate financial resources of the Group;
- the Proposed Share Buy-Back will reduce the amount of financial resources available for distribution to shareholders of the Company in the form of cash dividends;
- Cahaya Mata Group foregoing other better investment opportunities which may emerge in the future and/or any income that may be derived from other alternatives uses of such funds as deposit in interest bearing instruments; and
- The cash flow of the Company may be affected if the Company decides to utilise bank borrowing to finance the Proposed Share Buy-Back.

Nevertheless, the Board is of the view that the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the shareholders of the Company as well as the Group as it will be implemented only after careful consideration of the financial resources of the Group and the resultant impact on the shareholders of the Company.

### 4. FINANCIAL EFFECTS

The financial effects of the Proposed Share Buy-Back shown below are based on two (2) scenarios:

- Minimum Scenario : Assuming none of the 62,080,700 outstanding shares under the Company's Employees' Share Option Scheme ("ESOS") are exercised into new Cahya Mata shares
- Maximum Scenario : Assuming all 62,080,700 outstanding shares under ESOS as at 31 March 2023 being the latest practicable date prior to printing of this Statement ("LPD") are exercised into new Cahya Mata shares

The proforma effects of the Proposed Share Buy-Back (assuming no resale, cancellation or distribution of Treasury Shares and Cahya Mata purchased up to ten percent (10%) of the total number of its issued shares) are set out below.

## STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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### (a) Share capital

Assuming the Proposed Shareholders' Mandate for Share Buy-Back is implemented in full and all the purchased Cahya Mata Shares are cancelled, the effect of the minimum and maximum number of Cahya Mata Shares to be bought back as permitted under the Proposed Share Buy-Back on the issued share capital of the Company are illustrated below.

	Minimum Scenario	Maximum Scenario
Total number of issued shares of Cahya Mata (including Treasury Shares)	1,074,376,020	1,074,376,020
Assuming full exercise of the outstanding ESOS via issuance of new shares	-	62,080,700
Enlarged total number of issued shares of Cahya Mata after the exercise of the outstanding ESOS	1,074,376,020	1,136,456,720
(Less): Maximum number of Cahya Mata shares and purchased pursuant to the Proposed Share Buy-Back	(107,437,602)	(113,645,672)
Total number of issued shares after the Proposed Share Buy-Back	966,938,418	1,022,811,048

The actual quantum of Shares purchased under the Proposed Share Buy-Back is limited to the availability of the retained earnings of Cahya Mata.

### (b) Dividends

Assuming the Proposed Shareholders' Mandate for Share Buy-Back is implemented in full and the dividend quantum is maintained at historical levels, the Proposed Share Buy-Back will have the effect of increasing the dividend rate of Cahya Mata as a result of the reduction in the issued and paid-up share capital of Cahya Mata as described under Section 4 (a) above.

### (c) Net Assets ("NA") Per Share and Earning Per Share ("EPS")

The NA per share of the Company may be increased or decreased, depending on the purchase prices of the Shares to be bought back by the Company. Should the purchase prices exceed the existing NA per share, the NA of the remaining Shares should decrease accordingly. And conversely, should the purchase price be lower than the existing NA per share unit, the resultant NA per share should increase accordingly. The effective reduction in the issued and paid-up share capital of the Company pursuant to the Proposed Share Buy-Back would generally, all else being equal, increase the consolidated EPS of the Company. However, the Proposed Share Buy-Back, if exercised, is not expected to have any material effect on the NA per share and EPS of the Company for the financial year ending 31 December 2023.

### (d) Working Capital

The Proposed Share Buy-Back, as and when implemented will reduce the working capital and cash flow of the Group, the quantum being dependent on the number of Purchased Shares, the purchase price of Cahya Mata Ordinary Shares and the amount of financial resources to be utilised for the purchase of Cahya Mata Ordinary Shares. However, it is not expected to have a material effect on the working capital and cash flow of the Group.

For Purchased Shares which are retained as treasury shares or transfer, upon its resale or transfer, the working capital and cash flow of the Company will increase. Again, the quantum of the increase in the working capital and cash flow will depend on the actual selling price of the Treasury Shares and the number of Treasury Shares resold or transferred.

## STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

### 5. SHAREHOLDINGS OF DIRECTORS AND MAJOR/SUBSTANTIAL SHAREHOLDERS AND PERSON CONNECTED WITH THE DIRECTORS AND MAJOR SHAREHOLDERS

Based on the Record of Depositors as at LPD and assuming that Cahya Mata purchases shares of up to ten percent (10%) of its total number of issued shares and that the Purchased Shares are from public shareholders, the effects of the Proposed Share Buy-Back on the shareholdings of the Directors, Major/Substantial Shareholders and persons connected with the Directors and/or Major Shareholders are as follows:

#### Minimum Scenario

Directors	No. of Cahya Mata Shares held							
	As at LPD				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary share capital are bought back and cancelled Minimum Scenario			
	Direct	% <sup>(i)</sup>	Indirect	% <sup>(i)</sup>	Direct	% <sup>(ii)</sup>	Indirect	% <sup>(ii)</sup>
General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	100,000	0.01	-	-	100,000	0.01	-	-
Dato Sri Mahmud Abu Bekir Taib	1,000,000	0.09	4,407,100 <sup>(1)</sup>	0.41	1,000,000	0.10	4,407,100 <sup>(1)</sup>	0.46
Dato Sri Sulaiman Abdul Rahman b Abdul Taib	6,790,400	0.63	-	-	6,790,400	0.70	-	-
Umang Nangku Jabu	200,000	0.02	-	-	200,000	0.02	-	-

## STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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Major/Substantial Shareholders	No. of Cahya Mata Shares held							
	As at LPD				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary share capital are bought back and cancelled Minimum Scenario			
	Direct	% <sup>(i)</sup>	Indirect	% <sup>(i)</sup>	Direct	% <sup>(ii)</sup>	Indirect	% <sup>(ii)</sup>
YB Dato Hajjah Hanifah Hajar Taib-Alsree	2,230,500	0.21	134,775,306 <sup>(2)</sup>	12.55	2,230,500	0.23	134,775,306 <sup>(2)</sup>	13.94
Majaharta Sdn Bhd	134,775,306	12.55	-	-	134,775,306	13.94	-	-
Jamilah Hamidah Taib	-	-	134,775,306 <sup>(2)</sup>	12.55	-	-	134,775,306 <sup>(2)</sup>	13.94
Lejla Taib @ Datuk Patinggi Dr. Hajjah Lejla Taib (deceased)	111,000,000	10.33	-	-	111,000,000	11.48	-	-
Sarawak Economic Development Corporation	60,896,080	5.67	-	-	60,896,080	6.30	-	-
Lembaga Tabung Haji	80,180,000	7.46	-	-	80,180,000	8.29	-	-
<b>Person Connected with Directors and/or Major Shareholders</b>								
Datin Sri Elena Vasilenko	707,100	0.07	-	-	707,100	0.07	-	-
Raden Murya Abdul Taib Mahmud	3,700,000	0.34	-	-	3,700,000	0.38	-	-

#### Notes:

<sup>(1)</sup> Deemed interested pursuant to Section 59(11)(c) of the Act.

<sup>(2)</sup> Deemed interested pursuant to Section 8(4) of the Act.

<sup>(3)</sup> negligible.

<sup>(4)</sup> Based on the existing number of issued shares of 1,074,176,020 shares (excluding 200,000 Treasury Shares held by the Company as at LPD).

<sup>(5)</sup> Based on the number of issued shares of 966,938,418 Shares, assuming the Company purchases the maximum 107,437,602 Shares, representing ten per centum (10%) of its total number of issued shares of 1,074,376,020 Shares.

**STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**Maximum Scenario**

Directors	No. of Cahya Mata Shares held				After Proposed Shareholders' Mandate for Share Buy-Back assuming 10% of the ordinary share capital are bought back and cancelled Maximum Scenario			
	As at LPD							
	Direct	% <sup>(i)</sup>	Indirect	% <sup>(i)</sup>	Direct	% <sup>(ii)</sup>	Indirect	% <sup>(ii)</sup>
General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired)	100,000	0.01	-	-	100,000	0.01	-	-
Dato Sri Mahmud Abu Bekir Taib	1,000,000	0.09	4,407,100 <sup>(1)</sup>	0.41	1,000,000	0.10	4,407,100 <sup>(1)</sup>	0.43
Dato Sri Sulaiman Abdul Rahman Taib	6,790,400	0.63	-	-	6,790,400	0.66	-	-
Umang Nangku Jabu	200,000	0.02	-	-	200,000	0.02	-	-
Major/Substantial Shareholders	Direct	% <sup>(i)</sup>	Indirect	% <sup>(i)</sup>	Direct	% <sup>(ii)</sup>	Indirect	% <sup>(ii)</sup>
YB Dato Hajjah Hanifah Hajar Taib-Alsree	2,230,500	0.21	134,775,306 <sup>(2)</sup>	12.55	2,230,500	0.22	134,775,306 <sup>(2)</sup>	13.18
Majaharta Sdn Bhd	134,775,306	12.55	-	-	134,775,306	13.18	-	-
Jamilah Hamidah Taib	-	-	134,775,306 <sup>(2)</sup>	12.55	-	-	134,775,306 <sup>(2)</sup>	13.18
Lejla Taib @ Datuk Patinggi Dr. Hajjah Lejla Taib (deceased)	111,000,000	10.33	-	-	111,000,000	10.85	-	-
Sarawak Economic Development Corporation	60,896,080	5.67	-	-	60,896,080	5.95	-	-
Lembaga Tabung Haji	80,180,000	7.46	-	-	80,180,000	7.84	-	-
Person Connected with Directors and/or Major Shareholders								
Datin Sri Elena Vasilenko	707,100	0.07	-	-	707,100	0.07	-	-
Raden Murya Abdul Taib Mahmud	3,700,000	0.34	-	-	3,700,000	0.36	-	-

**Notes:**<sup>(1)</sup> Deemed interested pursuant to Section 59(11)(c) of the Act.<sup>(2)</sup> Deemed interested pursuant to Section 8(4) of the Act.<sup>(3)</sup> negligible.<sup>(4)</sup> Based on the existing number of issued shares of 1,074,176,020 shares (excluding 200,000 Treasury Shares held by the Company as at LPD).<sup>(5)</sup> Based on 1,022,811,048 Cahya Mata shares (which excludes 113,645,672 Cahya Mata Shares, being (10%) of the enlarged total number of issued shares of Cahya Mata after exercise of the outstanding ESOS).

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**STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**6. IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2010, AS AMENDED FROM TIME TO TIME AND ANY RE-ENACTMENT THEREOF ("CODE")**

Based on the Company's issued and paid-up share capital and the shareholdings of the substantial shareholders of the Company as at LPD, the Proposed Share Buy-Back is not expected to trigger any obligation by the substantial shareholders of the Company and/or parties acting in concert with them to undertake a mandatory offer under the Code. The effect on the shareholdings of the substantial shareholders of the Company after the implementation of the Proposed Share Buy-Back is shown in Section 5 of this Statement.

**7. PURCHASE AND RESALE OF ITS OWN SHARES IN THE PRECEDING TWELVE (12) MONTHS**

Cahaya Mata does not have any transaction on purchase and resale of its own Shares in the preceding twelve (12) months prior to the LPD.

The cumulative number of Shares held as Treasury Shares as at 31 March 2023, being the LPD prior to the printing of this Statement was 200,000 Shares.

**8. PRICING**

- (a) Cahya Mata shall purchase its own Shares or resell its Treasury shares (if applicable) only on the market of Bursa Securities. The price for the purchase shall not be more than fifteen percent (15%) above the weighted average market price of Cahya Mata Shares for the five (5) market days immediately preceding the date of purchase.
- (b) If the Purchased Shares are subsequently resold on Bursa Securities, the price for the resale or transfer of Treasury Shares shall:
- not be less than the weighted average market price for Cahya Mata Shares for five (5) market days immediately prior to the resale or transfer; or
  - not be more than 5% to the weighted average market price for Cahya Mata Shares for five (5) market days immediately prior to the resale or transfer provided that:
    - the resale or transfer takes place no earlier than thirty (30) days from the date of the purchase; and
    - the resale or transfer price is not less than the cost of purchase of the Purchased Shares being resold or transferred.

**STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**9. SHARE PRICES**

The following table sets out the monthly highest and lowest transacted prices of the Company's Shares on Bursa Securities for the last twelve (12) months from April 2022 to March 2023:

Year	Highest (RM)	Lowest (RM)
2022 - April	1.190	1.070
May	1.140	1.070
June	1.130	0.950
July	0.980	0.885
August	0.995	0.915
September	0.940	0.800
October	0.870	0.800
November	1.090	0.835
December	1.270	1.050
2023 - January	1.270	1.040
February	1.360	1.180
March	1.270	1.070

(Source: cahyamata.com)

The last transacted price per share unit of the Company on 31 March 2023 being the LPD prior to the printing of this Statement, was RM 1.140.

**10. TREATMENT OF SHARES PURCHASED**

In accordance with Section 127 of the Act, the Company would be able to deal with any Cahya Mata Ordinary Shares so purchased by the Company in the following manner:

- (i) to cancel the Purchased Shares so purchased; or
- (ii) to retain the Purchased Shares so purchased as Treasury Shares for distribution as dividend to the shareholders, resell in accordance with the relevant rules of the Bursa Securities, transfer for the purposes of or under an employees' share scheme, transfer as purchase consideration, cancel the shares and/or sell, transfer or otherwise use the shares for such other purposes as the Minister may be order prescribe; or
- (iii) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
- (iv) to deal in such other manner as the Bursa Securities and such other relevant authorities may allow from time to time.

The decision whether to retain the Purchased Shares as treasury shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

**STATEMENT ACCOMPANYING NOTICE OF 48<sup>TH</sup> ANNUAL GENERAL MEETING**

(Pursuant to Paragraph 12.06(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

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**11. PUBLIC SHAREHOLDING SPREAD**

The Proposed Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with the 25% public shareholding spread as required under paragraph 8.02 (1) of the Listing Requirements.

As at LPD the public shareholding spread of the Company was 69.97%.The Board will ensure that the Company complies with the minimum public spread of 25% in implementing the Proposed Share Buy-Back.

**12. DIRECTORS' RECOMMENDATION**

The Board of Directors, having considered all aspects of the Proposed Share Buy-Back, is of the opinion that the Proposed Share Buy-Back is in the best interest of the Company and therefore recommends for the shareholders to vote in favour of the Ordinary Resolution 8 on the Proposed Shareholders' Mandate for Share Buy-Back at the forthcoming 48<sup>th</sup> AGM of the Company.

**13. DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement has been seen and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy and correctness of the information contained in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts the omission of which would make this Statement misleading.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for inspection at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak, during the normal office hours from Mondays to Fridays (except public holidays) from the date of this Statement to the time set for the convening of the 48<sup>th</sup> AGM:

- (i) Constitution of the Company; and
- (ii) Statutory financial statements of the Company for the past two (2) financial years ended 31 December 2021 and 31 December 2022.

This Statement is dated 26 April 2023.

Number of shares held:
CDS Account No.:
Email Address:



**CAHYA MATA SARAWAK BERHAD**  
 Registration No. 197401003655 (21076-T)  
 (Incorporated in Malaysia)

**Notes:**

**Proxy and/or Authorised Representatives**

1. A member entitled to participate and vote at the meeting is entitled to appoint a proxy (or in the case of a corporation, a duly authorised representative) to vote in his stead. If the proxy is not a member, he shall be any person and there shall be no restriction as to the qualification of the proxy. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
2. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint a proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 6, Wisma Mahmud, Jalan Sungai Sarawak, 93100 Kuching, Sarawak or at Boardroom Share Registrars Sdn Bhd, 11<sup>th</sup> Floor, Menara Symphony, No 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than forty-eight (48) hours before the time set for holding the meeting or at any adjournment thereof.
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements, all the Resolutions set out in this Notice will be put to vote by poll. Please refer to the details in the Administrative Guide.

I/We (full name) .....

NRIC/Passport/Co. No. .... of (full address) .....

.....  
 being a member/members of Cahya Mata Sarawak Berhad (“the Company”) hereby appoint (full name & NRIC/Passport No.)

..... of

(full address) .....

or, failing him, the Chairman of the Meeting as my/our proxy to participate and vote for me/us and on my/our behalf at the 48<sup>th</sup> Annual General Meeting of the Company to be held at the Ranyai Ballroom, Level 4, The Waterfront Hotel, 68, Jalan Tun Abang Haji Openg, 93000 Kuching, Sarawak on Friday, 26 May 2023 at 3:00 p.m. and at any adjournment thereof and to vote as indicated below:

No.	Ordinary Resolutions	For	Against
1.	To declare a first and final tax exempt (single-tier) dividend of 3.0 sen per ordinary share in respect of the financial year ended 31 December 2022		
2.	To re-elect Madam Umang Nangku Jabu as Director of the Company		
3.	To re-elect Dr Khor Jaw Huei as Director of the Company		
4.	To approve the payment of Directors’ fees amounting to RM150,000 per annum for the Non-Executive Chairman, RM150,000 per annum for the Non-Executive Deputy Chairman and RM120,000 per annum for each of the Non-Executive Directors for the financial year ended 31 December 2022		
5.	To approve the payment of Directors’ remuneration and benefits payable to Non-Executive Chairman, Non-Executive Deputy Chairman and Non-Executive Directors up to an amount of RM3,000,000 from 27 May 2023 until the next AGM of the Company		
6.	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Board of Directors to determine their remuneration		
7.	To approve the authority to Directors to issue shares		
8.	To approve the proposed renewal of Share Buy-Back authority		
9.	To approve the proposed granting of Employees’ Share Option Scheme to YBhg Dato Sri Sulaiman Abdul Rahman b Abdul Taib		

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AFFIX  
STAMP

**CAHYA MATA SARAWAK BERHAD**  
 Registration No.:197401003655 (21076-T)  
 Level 6, Wisma Mahmud, Jalan Sungai Sarawak  
 93100 Kuching, Sarawak  
 T +60 82 238 888  
 F +60 82 333 828

1<sup>st</sup> fold here

Date:.....

Signature: .....

**Members entitled to Participate**

For the purpose of determining a Member who shall be entitled to participate, speak and vote at the 48<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Article 77(2) of the Company’s Constitution to issue a General Meeting Record of Depositors (“ROD”) as at 19 May 2023. Only a Depositor whose name appears in the Register of Members/ROD as at 19 May 2023 shall be entitled to participate at the said meeting or appoint a proxy to participate, speak and vote on his/her behalf.



**[www.CAHYAMATA.com](http://www.CAHYAMATA.com)**

**CAHYA MATA SARAWAK BERHAD**  
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