Hume Cement Industries Berhad

A Member of the Hong Leong Group

Annual Report **2024**

INSIDE THIS REPORT

Company Profile

Hume Cement Industries Berhad ("HCIB") is principally an investment holding company whilst its subsidiaries are engaged in the manufacturing and sale of cement and cement related products, and manufacturing, marketing and sale of concrete and concrete related products.

HCIB is a public listed company and its shares are traded on the Main Market of Bursa Malaysia Securities Berhad.

Corporate Information

BOARD OF DIRECTORS

YBhg Datuk Kwek Leng San
(Chairman)

Ms Tai Sook Yee

YBhg Datuk Ir. Ahmad 'Asri Bin Abdul Hamid

YBhg Dato' Mohamad Kamarudin Bin Hassan

COMPANY SECRETARIES

Ms Wong Wei Fong
Ms Zoe Lim Hoon Hwa

AUDITORS

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REGISTRAR

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REGISTERED OFFICE

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COUNTRY OF INCORPORATION/DOMICILE

A public limited liability company,
incorporated and domiciled in Malaysia

Chairman's Statement

To our esteemed shareholders,

On behalf of Hume Cement Industries Berhad ("HCIB" or "the Company"), I am honoured to present our annual report and audited financial statements of the Group and of the Company for the financial year ended 30 June 2024 ("FY2024").

The financial year 2024 was undoubtedly a year of both challenges and opportunities. Geopolitical tensions disrupted the global supply chain while the global economy grappled with significant hurdles, including rising costs like wages, fuel, and transport.

Despite the challenges, the Group persevered to drive its business operations forward and create increased value for its stakeholders.

In FY2024, the Group successfully made two significant milestones. First, we registered a 19% increase in revenue to RM1,205.2 million from RM1,014.3 million in FY2023. We also recorded a significant increase in Profit Before Tax ("PBT") of RM279.4 million in FY2024 up from RM73.6 million in FY2023.

At HCIB, we reiterate our commitment to drive performance for shareholders' benefit and to enable strong returns. In the financial year under review, the Group's total dividend payout was RM55.9 million or 8 sen per share.

The Group is committed to maintaining high standards of corporate governance and ethical behaviour, aligning with the principles and practices outlined in the Malaysian Code on Corporate Governance (MCCG). To manage this, the Group has placed strong emphasis on transparency, accountability, good risk management, fair employment, labour rights and strong Board and Senior Management leadership.

HCIB is deeply committed to sustainable operations and improve environmental performance. This is mirrored in the Board's determination to integrate strong Environmental, Social and Governance (ESG) practices and to continue to maintain an excellent health and safety track record.

I take this opportunity to also thank the members of the Board for their dedicated leadership and astute business acumen in guiding the Group progressively forward through this very challenging period.

Chairman's Statement
(Cont'd)

On behalf of the Board, I extend our sincere appreciation to YBhg Datuk Wira Azhar Bin Abdul Hamid, who stepped down as an Independent Non-Executive Director after having served HCIB for a cumulative term of nine years. His dedication and contribution to the Group is immeasurable and we take this opportunity to wish him every success in his future undertaking.

The Board wishes to extend a warm welcome to YBhg Dato' Mohamad Kamarudin Bin Hassan, who joined the Board as an Independent Non-Executive Director. We have no doubt that his extensive business credentials and keen business acumen will further strengthen the capability of the Board.

I have seen the formidable resilience in our Management team and our committed employees, and wish to commend them for their exemplary esprit de corps and determined commitment.

My appreciation also goes out to the relevant Ministries and their agencies, business partners, bankers, fund managers and loyal customers for their continued support and unwavering confidence.

I have complete confidence that, with our dedicated team, vast experience, and credible expertise in the Group, we will continue to navigate through this economic and geo-political uncertainties to continue achieving satisfactory performances in the financial years ahead.

DATUK KWEK LENG SAN
Chairman

Management Discussion and Analysis

Hume Cement Industries Berhad ("HCIB" or "the Group") is pleased to present our Management Discussion and Analysis ("MD&A") for the financial period between 1 July 2023 and 30 June 2024 ("FY2024").

REVIEW OF OPERATING ENVIRONMENT

The market landscape in FY2024 presented a variety of challenges and opportunities within the global and domestic markets. Uncertain global economic market conditions, inflation, higher interest rates and geopolitical factors had significant impacts on the domestic property industry in the form of higher raw material and equipment prices due to higher exchange rates for imported materials and parts, as well as supply chain disruptions and labour shortages for developers.

Developments in national policies led to extended approval and review processes, which disrupted project schedules and construction progress.

In view of the weakening of the ringgit and growing inflation, Bank Negara Malaysia adopted a firm resolution in maintaining the overnight policy rate ("OPR") at 3.00% basis points throughout FY2024.

The local economy continued its post-pandemic recovery in 2023, culminating with gross domestic product ("GDP") growth of 4.5%, attributable primarily to strong export rebounds and resilient private consumption.

The country's GDP growth is anticipated to be sustaining its 2023 momentum. As with other countries within the region, the property market performance is expected to be cautiously optimistic, given the unpredictable external environment.

Malaysia's Foreign Direct Investment ("FDI") showed promise throughout 2023 and first half of 2024, considering the nation's competitive advantages of a skilled and available workforce, relatively low cost of living, and technological innovation.

Notwithstanding this, Malaysia's Twelfth Malaysia Plan is expected to support overall economic growth with enhanced government policies and implementation strategies and initiatives.

Such measures augur well for the progressive development of the construction sector, which is anticipated to grow by 4.4% by the end of 2024. This anticipated growth will open up opportunities for further contribution from industry and hence, HCIB, in support of the nation's economic progression.

In this journey, HCIB aims to solidify the Group's standing as a supplier of choice for high-quality cement and concrete products.

In FY2024, the Group achieved revenue of RM1,205.2 million, a significant 19% increase over RM1,014.3 million in FY2023. In the same financial year under review, profit before tax ("PBT") successfully achieved RM279.4 million, a significant increase of 279.6% over the RM73.6 million in FY2023. These achievements are largely attributable to the higher cement average selling price and sales volume, coupled with lower input costs.

This further cements our confidence in achieving a strong upward trajectory of growth and efforts to drive value creation for all our relevant stakeholders.

Management Discussion and Analysis
(Cont'd)

Given the strong uptake on awareness and requirement by Bursa on integrating sustainability practices, there is understandably a strong move within businesses to adopt this into their operations. At HCIB, we are proud to say we had earlier embarked on this ESG journey, which has been steadily gaining momentum throughout the length and breadth of the Group.

Climate change has morphed into a real concern for everyone, evident with the erratic changes affecting weather patterns in the country. Heightened period of drought and increase rainfall in areas not usually seen has occurred, in increasing frequency and intensity.

Such environmental factors serve to fortify our commitment to pursue increased integration of sustainable practices as our way of life at HCIB. We aim to not only manage our carbon footprint but additionally, reinforce the resilience of our operations to serve both the industry and national aspirations.

In the face of such environmental factors, HCIB's business agility and resilience have enabled us well to face such challenges head on in our stride.

Moving forward, the Group remains ever watchful and ready to face the emerging risks and trends within our industry. On this note, HCIB is confident in our ability to capitalise on opportunities and continue delivering sustainable growth in the years ahead.

STRATEGIC REVIEW

Business Operations Overview

On the basis of good business practice, HCIB has conducted a comprehensive and robust assessment of external factors using the internationally accepted Political, Economic, Social, Technology, Environment and Legal ("PESTEL") framework.

In this exercise, various potential impacts relating to our business operations have been identified. With this, the Group has formulated the appropriate response and strategic response to each possible impact, details of which are outlined below:

Management Discussion and Analysis
(Cont'd)

POLITICAL

Geo-political events such as the protracted Russia-Ukraine war, the conflict in Middle East and the ongoing trade dispute between USA and China pose a risk to the Group's business operations.

Such global conflicts have caused supply chain disruptions and material shortages, leading to increased operating costs, supply issues and material sourcing for the Group.

Potential Impacts

Increase in Commodity & Input Costs

Global events have brought about increased commodity costs which directly affects our operational expenses. This is especially felt in sourcing imported materials, such as coal, for our operations. The Russia-Ukraine and Middle East conflicts have resulted in volatility of coal prices. Although largely stabilised across FY2024, there is a potential escalation of geopolitical conflicts between key global economies which may undermine this stability.

If so, it will have a direct impact on our production expenses, potentially lowering profit margins and impeding our ability to remain cost-effective.

Our Response

Expand Supplier Pool

By expanding our pool of suppliers wider, especially for imported commodities, the Group would be able to mitigate supply chain disruptions and material shortages more effectively. Having alternative sources for key inputs reduces HCIB's exposure to geopolitical disruptions in a particular region, ensuring a more normalised flow of essential material.

Risk Management and Hedging Strategies

The current volatile geopolitical environment has elevated HCIB's awareness on the importance of effective risk management and need for hedging strategies.

With close monitoring of global trends appearing on the horizon, HCIB would be in a better position to proactively assess the potential impacts on our operations. Hence, HCIB would be able to implement appropriate risk mitigation measures and prudent hedging practices to strengthen our financial position and competitive edge.

Outlook

Cognisant of the potential for market volatility, the Group remains vigilant, aiming to stay one step ahead of any potential challenges by continuously monitoring global developments.

Management Discussion and Analysis
(Cont'd)

ECONOMIC

As highlighted in the FY2024 Operating Environment section above, both the national economy and the construction sector have recorded significant recovery and potential for higher growth. This provides an encouraging backdrop for the Group to progress and strengthen market growth.

However, potential risks that could inhibit HCIB's growth momentum. The Group has conducted due diligence to identify such risks and formulate with strategic measures to mitigate such potential risks.

Potential Impacts	Our Response
Forex Fluctuations due to Weakening Malaysian Currency The currently experienced weakening Malaysian Ringgit ("MYR") could result in higher import costs for raw materials, which would have an effect on HCIB's overall cost structure. This would result in undue pressure on our profit margins, making it a challenge to maintain pricing stability and profitability. **Increased Interest Rate** Given that interest rate hikes could elevate borrowing costs for HCIB, this could impact our investment decisions and delay crucial projects. Higher interest expenses may also limit the Group's financial flexibility and hinder our ability to capitalise on growth opportunities. **Escalating Inflation** Escalating inflationary pressures may lead to higher operating costs, including increased energy and labour expenses. This will eventually erode HCIB's profit margins and add pressure to our pricing strategies.	**Currency Forward Contract Mechanism** To mitigate such forex risks, HCIB utilises currency forward contracts, essentially buying currency forward contracts at a fixed currency rate for specific periods. This strategy aims to increase the level of certainty in financial planning and reduce the vulnerability of forex fluctuations, especially when procuring imported material. **Purchasing Strategies** Adopting a diversified approach to purchasing strategies, the Group combines fixed and index-linked pricing for raw materials. Such an approach enables HCIB to strike a balance between cost predictability and potential benefits from favourable market fluctuations. **Close Monitoring of Interest Rates** Keeping close watch on interest rate trends allows HCIB to evaluate opportunities to optimise our capital structure. This includes measures such as refinancing existing debt at more favourable rates and exploring alternative funding sources to mitigate the impact of rising borrowing costs. **Expanding into New Markets & Diversifying Our Customer Base** To minimise reliance on a single market segment, HCIB seeks to diversify our customer base and expand our presence into new markets. By doing so, we can spread the risk across various markets and industries, making the Group more resilient to localised downturns. **Financial Planning and Forecasting** The Group prioritises routine financial assessments and forecasting exercises to identify potential risks. This enables the Group to institute timely and appropriate actions to navigate potential economic challenges.

Outlook

In the face of potential economic volatility, HCIB remains cautiously optimistic about the continued growth rate in the Malaysian economy and construction industry. By leveraging our risk management strategies, we can be suitably positioned to capitalise on opportunities and manage potential challenges.

Looking at HCIB's business resilience and agility, the Group remains confident in maintaining our competitive edge for continued sustained business growth.

Management Discussion and Analysis

(Cont'd)

SOCIAL

The Group is cognisant of the importance of social risk management for sustainable long-term growth. This has a bearing on our workforce and the local community.

The wellbeing of our employees is of critical importance to the Group as it is directly linked to our ability to operate and remain competitive in the industry.

Within our local community, HCIB works to ensure an open and symbiotic relationship that extends beyond our workspace. With this engaging relationship, HCIB finds itself in a strategic vantage point to be able to understand better their needs and concerns, and hence, able to implement initiatives to foster a harmonious social imprint.

Potential Impacts

Occupational Health and Safety Issues

Inability to ensure priority on employees' health and safety can have a direct negative impact on the Group's operational performance. This could take the form of decreased productivity, increased absenteeism and potential accidents or injuries.

Besides this, it may also damage our reputation and subject us to avoidable legal liabilities and financial burdens. This essentially impacts HCIB's financial performance and ability to attract and retain skilled employees.

Adverse Public Perception

An adverse perception of the Group due to inadequate community engagement or social initiatives may trigger protests and resistance to our business operations. Additionally, the lack of transparency and responsiveness to community concerns may escalate tensions and hinder our ability to operate effectively.

Any adverse publicity or negative media coverage may erode HCIB's strong reputation and brand image painstakingly built up over the year, thus eroding customer trust and loyalty. This will ultimately affect our market share and sales performance.

Violation of Human Rights

Any violation of human rights, including forced labour or unethical practices, could lead to severe legal penalties and irreparable damage to HCIB's reputation.

Hence, upholding high ethical standards is not only a moral imperative but also essential for ensuring our long-term viability and success of HCIB's business.

Our Response

Safeguarding Employee Health & Safety

At HCIB, health and safety of our employees is our highest priority. With comprehensive safety training, regular assessments and the implementation of robust safety protocols, we empower our employees to work with confidence, assured in the knowledge that their wellbeing is HCIB's top priority.

Our investment in employee welfare reflects our determination to being an employer of choice, attracting top talent and fostering a positive corporate culture.

Community Engagement

We aim to actively engage with the communities surrounding our plants, fostering constructive dialogue and collaborative initiatives in the process. By listening to community concerns and feedback, the Group aims to be good neighbours and contribute positively to local development.

Additionally, we strive to support local economic growth and job creation. Such proactive community engagements not only enhance our social license to operate but also bolsters our reputation as a responsible corporate citizen.

Simen Rahmah Initiative

The Group's participation in the government's Simen Rahmah initiative has reinforced HCIB's commitment to support social welfare. Under this government initiative, HCIB contributes cement at reduced pricing for housing developers to construct more affordable housing for the marginalised community. This initiative reflects the Group's commitment to make a positive impact beyond our core business.

Outlook

HCIB continues to place a strong emphasis on promoting the welfare of our employees and the local community. By continually evaluating and enhancing our social responsibility efforts, we are confident that we can build a better future and foster sustainable growth for both the Group and the communities we serve. With a sense of responsibility and dedication, we aspire to be a catalyst for positive change.

Management Discussion and Analysis
(Cont'd)

TECHNOLGY

Malaysia's Fourth Industrial Revolution ("4IR") has firmly ingrained the need for technological advancements in businesses across all industries. As a forward-thinking organisation, the Group recognises the significance of integrating cutting-edge technologies into our operations.

As such, we look to harnessing the potential of automation and digitalisation to optimise plant efficiency, streamline processes and enhance customer relationships. By embracing technological innovations, HCIB aspires to be at the forefront of the industry and deliver exceptional value to our customers.

Potential Impacts	Our Response
Competitive Edge The adoption of advanced technologies can significantly impact the Group's competitiveness. Implementing automation can confer a cost advantage by reducing labour-intensive tasks and improving overall productivity and efficiency. By embracing digitalisation, HCIB can gain valuable insight into operations and market trends, allowing for more informed decision-making and enhanced strategic planning. **Efficiency and Productivity** Technological advancements have the power to revolutionise the efficiency and productivity. By automating routine tasks and employing automated control systems in our operations, the Group will be able to optimise resource utilisation and minimise wastage. Such increased efficiency will not just bring cost savings but also facilitates quicker response times to market demands. **Effective and Efficient Customer Service** Technological innovation can strengthen customer relationships, allowing HCIB to better understand customer preferences and hence, offer personalised solutions. With digital communication channels and real-time support systems, the Group can also provide efficient and effective customer service, enhancing customer satisfaction and promoting customer loyalty.	**Customer Relationship Management ("CRM")** HCIB looks to leveraging on advanced CRM systems to drive relationship management. By adopting such innovations, we can understand customer needs and preferences better and hence, customise our approach to meet their specific expectations. This approach goes a long way in fostering lasting and fruitful partnerships. **Implementation of Robotic Processing Automation ("RPA") for Routine Tasks** HCIB has ascertained that the implementation of RPA in routine tasks can lead to enhanced efficiency and productivity. RPA also allows for around-the-clock processing. This will not only increase operational efficiency but also lead to cost savings as resources are used more efficiently. **Upgraded Distribution Control System ("DCS")/ Programmable Logic Controllers ("PLCs") for Plant Operations** By upgrading our DCSs' and PLCs, the Group will be able to optimise plant operations and allow real-time monitoring and control. This integration will significantly streamline operation processes while increasing productivity and resource utilisation efficiency.

Outlook

The rapid evolution of innovation and digitalisation holds significant potential for enhancing productivity and efficiency across all industries. With this firmly in mind, HCIB stands committed to embracing these advancements to drive our growth.

By harnessing the capabilities of automation and data-driven insight, the Group remains confident of our ability to navigate challenges and continue delivering quality products to our valued customers. As we embrace the future of innovation, we remain dedicated to shaping a more sustainable and technologically-driven industry.

Management Discussion and Analysis

(Cont'd)

ENVIRONMENTAL

Environmental management remains a key priority at HCIB, given its critical importance in reducing emissions and pollution, as well as combatting climate change. We understand that these environmental factors pose a general risk to our operations, impacting the Group's regulatory compliance and our reputation and relationships with our stakeholders.

As responsible stewards of the environment, we aim to implement sustainable practices that reduce our environmental footprint and contribute to a cleaner and greener future.

Potential Impacts	Our Response
Penalties from Non-Compliance Failure to adhere to the relevant environmental regulations exposes the Group to avoidable penalties and legal consequences. This could result in severe financial implications as well as erode investor confidence. Non-compliance could also lead to reputational damage, given stakeholders' high expectation of businesses to uphold high environmental standards and ethical practices. **Risk of Closure** Repeated inadequate environmental practices and non-compliance with regulatory requirements can place our license to operate at risk. Regulatory authorities may impose stringent actions, which could involve temporary or permanent closures, if such violations persist. Such closures can have a significant impact on the Group's finances and also on our employees and local communities whose livelihood depend on us. Competitors may take advantage of this set back and make it difficult for the Group to re-establish our presence. **Community Resentment/Protests** Environmental pollution in the form of dust, noise and water pollution may cause discontent among the surrounding communities. This could culminate in protests or boycotts against HCIB's operations if pollution incidents persist. Such negative sentiments could harm our reputation and erode market share while making it difficult to operate. The loss of confidence in our local communities could hinder further growth potential and impede access to new markets.	**Alternative Fuel Usage** To mitigate HCIB's impact on climate change, we are seeking to reduce our carbon footprint by increasing the use of alternative fuels. This includes the incorporation of Supplementary Cementitious Materials ("SCMs"), as well as utilising waste or by-products from other industries as a substitute for traditional fossil fuels. This not only reduces emissions but is also resource efficient. This initiative not only reduces the Group's environmental impacts but also supports the transition towards a low-carbon economy. **Pollution Monitoring** To actively manage environmental challenges, we continuously track our emissions and pollutant levels. Such regular monitoring allows us to promptly identify any deviations from compliance standards, enabling swift corrective action. Our commitment to transparency in environmental reporting provides our stakeholders with the necessary information and status of our progress. This, in turn, promotes a higher level of internal accountability and fosters trust in the Group's environmental stewardship. **Community Engagement** Further to our efforts in pollution tracking, we place a high premium of open communication with the local communities. Through regular interactions with local residents, we learn about their concerns and suggestions which enable us to respond in a timely manner. We welcome opportunities to engage with the local communities, particularly on environmental and safety matters. The Group aims to broaden the community's understanding of our operations, environmental protection initiatives and safety measures which HCIB has implemented within the business. At the same time, we support the local community via donations for the needy and participate in their welfare activities. These interactions help to foster a sense of shared support and trust.

Outlook

Amidst the rising environmental concerns, HCIB recognises that stakeholders now expect higher standards of environmental practices. Hence, we strive to align with these expectations by adopting constructive initiatives that reflect our sustainability agenda.

Through such practices, we aim to contribute meaningfully to the industry's promotion of environmental sustainability and foster a greener future.

Management Discussion and Analysis
(Cont'd)

LEGAL

As a responsible corporate citizen, HCIB is cognisant of the sensitivity and importance of managing legal risks and adhering to the legal landscape requirements. The Group strives to ensure complete adherence to all legal requirements, address labour issues and ensure a robust anti-corruption framework that covers all facets of our operations.

Amidst the fast growing global attention on carbon reduction, adopting carbon credit mechanisms introduces new legal complexities and requirements, necessitating additional proactive approaches to legal risk management.

By proactively addressing these risks, we aim to uphold the highest standards of ethical conduct and legal compliance to ensure a sustainable and resilient future for HCIB.

Potential Impacts

Penalties from Non-Compliance

The Group is cognisant that failure to comply with the relevant laws and regulations could expose us to penalties and other legal consequences. Such violations may negatively impact financial profitability and erode shareholder confidence.

Ensuring strict adherence to local laws and regulations and addressing legal risks is critical to safeguarding our integrity as a good corporate citizen.

Reputational Damage

Legal issues, particularly those associated with labour practices or corruption, can significantly tarnish HCIB's reputation. Adverse media coverage will lead to a loss of credibility and trust among customers, business partners and investors. This will affect business opportunities and make it difficult for the Group to attract talent and investors.

Unexpected Costs from Regulatory Changes

Changes in existing regulations or the introduction of new laws can lead to unexpected costs. Compliance with new standards may require significant investments in technology, infrastructure or operational processes, all of which could impact financial resources and operational efficiency. Failure to anticipate and adapt to these changes may also result in additional expenses which impacts the Group's bottom line.

Our Response

Implementation of ISO 37001 Anti-Bribery and Corruption Management System ("ABCMS")

To ensure ongoing legal compliance with anti-corruption laws, the Group has implemented an ABCMS based on ISO 37001 standards.

This external accreditation by SIRIM showcases our commitment to preventing corruption and promoting transparency and governance throughout the length and breadth of the organisation.

Regular Updates for Employees' Awareness

To inculcate a culture of compliance and responsibility amongst our workforce, we conduct regular updates to equip them with awareness of relevant existing and latest laws.

These awareness campaigns and regular updates promote ethical behaviour and encourage employees to report any potential violations or wrongdoings, thus further reinforcing the Group's commitment to legal integrity.

Outlook

The Group is resolutely committed to abide by all relevant laws and regulations wherever we operate. Our proactive approach to manage legal risks underscores our pledge to conduct ethical and transparent business.

We maintain a close watch over the ever-changing legal landscape while continuously refining our practices. By ensuring legal compliance, we strive to build a strong foundation for sustainable growth that will ensure the success of HCIB for the future.

Management Discussion and Analysis

(Cont'd)

OUR BUSINESS MODEL

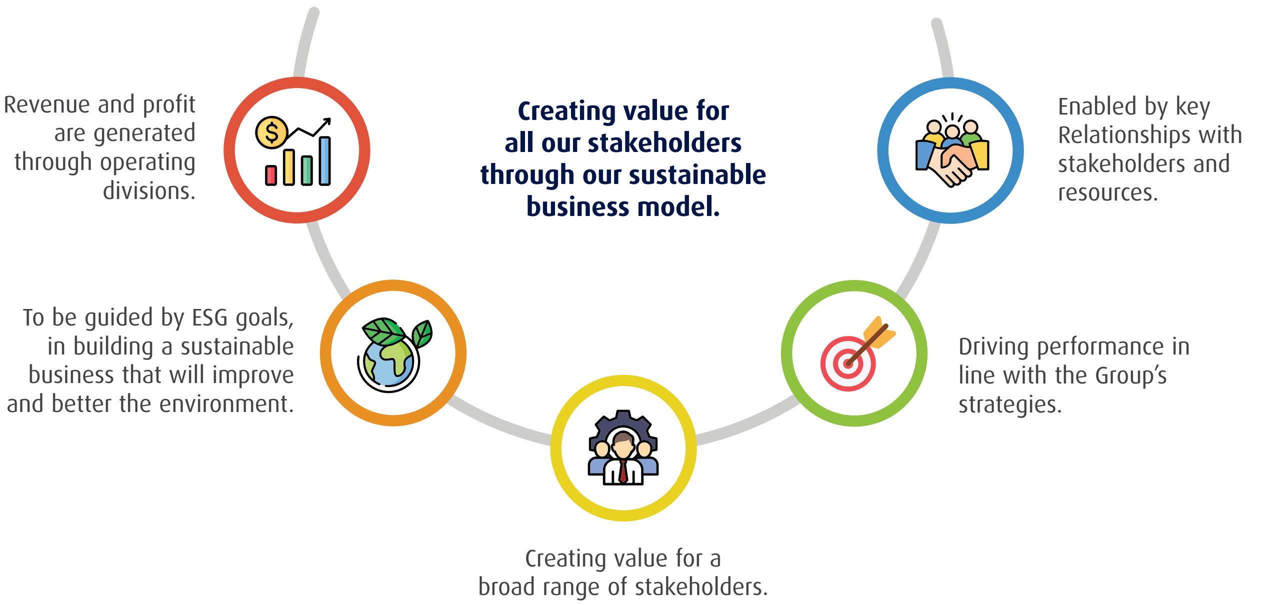
Our Business and Operations

HCIB is principally an investment holding company, while its subsidiaries' principal activities are investment holding, the manufacturing and sale of cement and cement related products, and the marketing and sale of concrete and concrete related products.

Hume Cement Sdn Bhd ("HCMT") operates an integrated cement plant located in Gopeng, Perak where advanced technology is applied. HCMT started its operations with Line 1 in 2012 and later commissioned its second line in 2016. Presently, the company has a total installed capacity of 3.0 million tonnes of clinker per annum.

Hume Concrete Sdn Bhd ("HCCT") has a vast history that dates back to 1929 when it established its first precast concrete factory. Over the years, it has flourished and earned a reputation as the premier manufacturer of precast concrete products for the construction industry in Malaysia. At present, HCCT operates three strategically positioned factories across Malaysia, enabling it to supply both the Peninsula and East Malaysia markets effectively.

The Group's business value chain model highlights the integration of financial performance with environmental and social responsibility, reflecting a commitment to delivering value beyond just profits. By balancing the interests of its stakeholders and working towards common goals, the Group aims to build a resilient and prosperous business that serves the needs of both the present and future generations.



Management Discussion and Analysis
(Cont'd)

RISK PROFILE AND MANAGEMENT APPROACH

The role of risk management in ensuring the integrity of an organisation's operations and financial performance cannot be emphasised enough. Cognisant of its critical importance, the Group's risk review management process involves a rigorous scrutiny covering both its potential operational and financial risks. This ensures a sound understanding of potential areas of vulnerability existing within the organisation.

In view of this, the Group's affirmative action plan is meticulously designed to address and mitigate such risks proactively. The Group's risk management plan is carried out on an ongoing and continuous basis.

This practice, embedded into the DNA of our working lives at HCIB, enables the Group to adapt quickly to the evolving business environment and emerging risks while also capitalising on potential opportunities.

Credit Risks

Description

- Credit risk refers to the potential financial loss the Group may face if a customer or counterparty fails to fulfill its contractual obligations regarding a financial instrument. The primary sources of credit risk for the Group include receivables from customers, short-term deposits, bank balances, and outstanding forward exchange contracts. In essence, credit risk highlights the possibility of not receiving expected payments or facing default from counterparties, which could impact the Group's financial stability and performance.

Strategic Approach

- The Group has a well-defined credit policy in place and regularly monitors its exposure to credit risk. For customers requiring credit over a specific amount, credit evaluations are conducted to assess their creditworthiness. The Group has taken appropriate measures to ensure that receivables, which are neither past due nor impaired, are valued at their realisable amounts. Many of these receivables come from regular customers who have a history of transacting with the Group.

- To monitor the credit quality of the receivables, the Group uses ageing analysis, which helps identify any potential credit risks based on the payment history. Receivables with significant balances that are past due and are considered to have higher credit risk are monitored individually.

- The Group's short-term deposits are placed in fixed-rate instruments which the management endeavors to secure the best available rates in the market for these investments.

Liquidity Risk

Description

- Liquidity risk refers to the risk that the Group may encounter difficulties in meeting its financial obligations when they become due. The primary sources of liquidity risk for the Group include its payables, loans, and borrowings. In essence, liquidity risk highlights the possibility of facing cash flow shortages, which could impede the Group's ability to fulfill its financial commitments on time.

Strategic Approach

- The Group actively manages its operating cash flows and funding availability to ensure it can meet all repayments and funding requirements.

- To maintain prudent liquidity management, the Group holds sufficient cash levels to meet its working capital needs to safeguard its financial stability and fulfill its financial obligations effectively.

Management Discussion and Analysis
(Cont'd)

Market Risk

Description

- Market risk refers to the risk of financial losses arising from changes in market prices, including foreign exchange rates, interest rates, and other prices that could impact the Group's financial position or cash flows. Fluctuations in these market prices could lead to potential gains or losses for the Group's financial instruments and investments, making market risk an important factor in managing the Group's overall financial risk exposure.

Strategic Approach

- The Group hedges material foreign currency transaction exposures on a case-by-case basis, primarily using derivative financial instruments like forward foreign exchange contracts. This approach helps mitigate potential risks arising from fluctuations in foreign currency exchange rates.

- As for interest rate exposures, the Group manages them by maintaining a combination of available lines of fixed and floating rate borrowings. This strategy allows the Group to navigate fluctuations in interest rates and optimise its overall interest cost while maintaining financial flexibility.

Operational Risk

Description

- The Group's principal activities are exposed to certain inherent risks in their respective sectors. These risks encompass cost increases and the availability of raw materials, manpower and critical spare parts.

- Additionally, the Group forsees potential impacts from changes in legal, regulatory, health and environmental requirements. To navigate these challenges, the Group implements proactive risk management strategies, ensuring operational resilience and compliance with evolving industry standards and regulations.

Strategic Approach

- The Group practices a systematic approach to reviewing all operational risk factors. A robust risk management system is integrated at all operation levels, with regular reviews conducted by Senior Management and the Audit and Risk Management Committee, overseen by the Board. Through this process, the Group identifies and assesses potential risks comprehensively.

- The risk report, which results from these evaluations, is thoroughly discussed, and affirmative action plans are formulated to address and minimise the identified risks. This proactive approach ensures that the Group is well-prepared to eliminate or mitigate risks effectively, fostering a stable and sustainable business environment.

BUSINESS REVIEW

Financial Performance Review

In the financial year under review, the Group recorded a remarkable 19% increase in revenue, achieving RM1,205.2 million compared to RM1,014.3 million in FY2023. This strong revenue growth demonstrates the Group's focused business operations, recording a profit before taxation of RM279.4 million in FY2024.

This commendable performance is attributable to the uptake in demand for the Group's products in the post-pandemic era. This is essentially due to the increase in construction projects and infrastructure development, leading to greater demand for cement and concrete products. The Group's business agility to capitalise on this uptrend underscores its prowess in managing both challenges and opportunities in its path.

Management Discussion and Analysis
(Cont'd)

PERFORMANCE OVERVIEW: HCMT

Over the years, Hume Cement Sdn Bhd ("HCMT") has successfully established itself as a premier cement manufacturer in Malaysia, with its leading brand, Panda Cement.

During the financial period under review, HCMT's cement plant underwent a rigorous reengineering and continuous improvement exercise designed to upgrade its equipment reliability to world-class operating standards.

To cater to customer requirements and market demand, the Group invested efforts into extending the useful life of its equipment and optimising its efficiency. In addition, the integration of digital transformation technologies enhanced work processes, facilitated maintenance inspections, and improved equipment performance, leading to an ongoing enhancement in plant efficiency while effectively managing maintenance costs.

Given HCMT's wide range of cement products, customers are presented with greater array of options to cater to their specific needs. On this note, the Group's recent product line, Panda Yellow (a Portland Limestone Cement), continued to be well received and has resulted in strong sales returns to complement its existing products.

PERFORMANCE OVERVIEW: HCCT

Given its remarkable 95 years of operations in the industry, Hume Concrete Sdn Bhd ("HCCT") proudly stands as a pioneering and distinguished manufacturer, renowned for its diverse range of precast concrete products tailored for the infrastructure sector. In keeping with its established tenets of quality and value for money, HCCT continues to deliver value-engineered solutions to meet the needs of its customers.

HCCT's performance is directly influenced by key factors such as nationwide labour shortages and sales volume related to project readiness, particularly given its close correlation to the construction market. Nonetheless, in support of HCCT's commitment to ensure the sustainability of operations, it remains dedicated to ongoing operational enhancements through eliminating wastage and streamlining processes.

SHAREHOLDER VALUE CREATION

As part of its value creation efforts for shareholders, the Group prioritises dividend payouts as a vital aspect of enhancing shareholder value. The Board carefully considers various factors, including earnings, capital expenditure requirements, borrowing repayments, capital adequacy, dividend yield, and other relevant financial indicators in determining the actual dividend payout.

As such, in FY2024, the Company declared and paid a first and second interim single tier dividend totalling 8 sen per share.

Prospects and Outlook

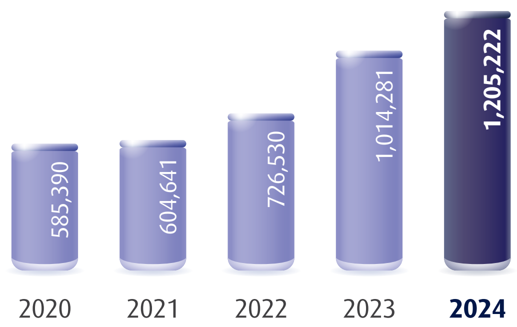
The Group, as with the industry, is cognisant of the heightened awareness and expectation of stakeholders on the existing regulatory compliance and emerging environmental sustainability practices. It is shaping up to meet this evolving landscape head on, remaining cautiously optimistic and continuing to explore avenues to further improve the overall sales of all its products.

This augurs well for the Group, given its investment into its manufacturing capacities and optimising its operations. In addition, the Group is actively engaged in its research and development, exploring new innovative products to meet future needs.

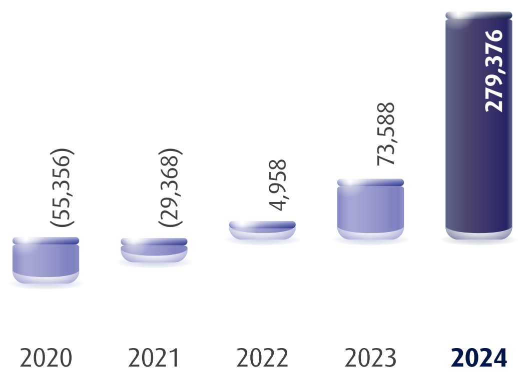
Group Financial Highlights

RM'000	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	585,390	604,641	726,530	1,014,281	**1,205,222**
Profit/(Loss) Before Taxation	(55,356)	(29,368)	4,958	73,588	**279,376**
Profit/(Loss) Attributable Owners Of The Company	(45,904)	(27,360)	3,118	60,034	**210,939**
Net Earnings/(Loss) Per Share (sen)	(9.3)	(5.5)	0.6	11.9	**36.0**
Net Dividend Per Share (sen)	-	-	-	-	**8.0**
Total Equity	391,755	364,757	368,019	428,833	**584,863**
Total Assets	1,314,744	1,210,056	1,297,648	1,186,241	**1,222,112**
Capital Expenditure	7,586	14,300	14,712	19,322	**33,155**

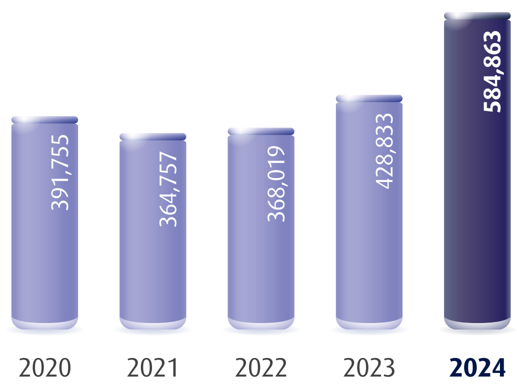
REVENUE
(RM'000)



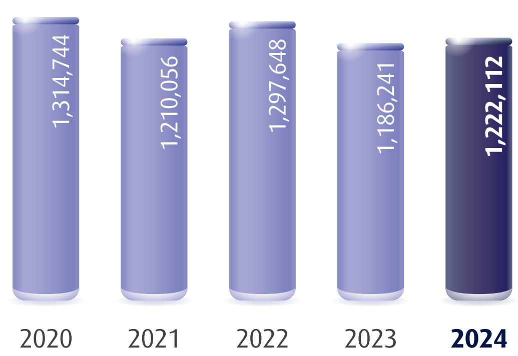
PROFIT/(LOSS) BEFORE TAXATION
(RM'000)



TOTAL EQUITY
(RM'000)



TOTAL ASSETS
(RM'000)



Sustainability Statement

1.0 ABOUT THIS STATEMENT

1.1 Introduction

Hume Cement Industries Berhad ("HCIB" or "the Group") principally functions as an investment holding company. Its subsidiaries are actively engaged in the production and sale of cement and related products as well as the manufacturing, marketing, and sale of concrete and associated items.

Hume Cement Sdn Bhd ("HCMT") operates an advanced cement plant in Gopeng, Perak. HCMT initiated operations with its first production line in 2012, expanding with a second line in 2016.

Hume Concrete Sdn Bhd ("HCCT") has a history dating back to 1929 when it established its inaugural precast concrete factory. Over the decades, HCCT has evolved into one of the significant manufacturers of precast products for Malaysia's construction sector. It operates three strategically located factories across Malaysia, catering to both Peninsular and East Malaysian markets.

The Group is committed to advancing sustainability by enhancing its environmental, economic, social, and governance ("EESG") disclosures and strengthening its dedication to transparency and accountability. This Sustainability Statement ("SS2024") covers the financial year from 1 July 2023 to 30 June 2024 ("FY2024"), unless otherwise noted.

The Statement aims to deliver thorough insights into the Group's sustainability practices, demonstrating our continuous commitment to responsible business operations and fostering stakeholder trust. It also details the Group's sustainability initiatives and strategies addressing pertinent material topics for FY2024. These strategies are designed to create financial and non-financial value for key stakeholders while promoting environmental stewardship and socio-economic development.

For a comprehensive understanding of HCIB's sustainability efforts, this Statement should be read together with the Message from the Chairman, the Management Discussion and Analysis ("MD&A"), the Statement of Risk Management and Internal Control, and the Corporate Governance Overview Statement included in this Annual Report.

This Statement highlights HCIB's strengthened responsibility to advance the Group's sustainability agenda. It outlines the Group's collective sustainability objectives and achievements for FY2024.

1.2 Reporting Framework Applied

The preparation of this Sustainability Statement has been guided by the following frameworks and guidelines:

- Bursa Malaysia's Sustainability Reporting Guide Third Edition
- United Nations Sustainable Development Goals ("UNSDGs")
- Global Reporting Initiative ("GRI") Standards
- Task Force on Climate-Related Financial Disclosures ("TCFD")
- FTSE4Good Bursa Malaysia Index

1.3 Reporting Period and Cycle

This Sustainability Statement covers the period from 1 July 2023 to 30 June 2024 ("FY2024"). The Group has included data spanning three years (FY2022-FY2024) where relevant, enabling the depiction of trendlines that reflect overall performance trends for key material topics.

1.4 Statement of Use

This Statement is made following the Board's approval on 22 August 2024.

Sustainability Statement
(Cont'd)

1.5 Reporting Scope and Boundary

The scope of this Statement is confined to HCIB's operations in Malaysia, particularly where HCIB holds controlling interests or management control. This encompasses all subsidiaries within the Group. The focus is limited to HCIB's main operating activities, detailed as follows:

Operating companies	Location
Group ("HCIB")	- Petaling Jaya, Selangor (Head Office)
Hume Cement Sdn. Bhd. ("HCMT")	- Gopeng, Perak
Hume Concrete Sdn. Bhd. ("HCCT")	- Beranang, Selangor - Kuantan, Pahang - Kota Kinabalu, Sabah ("Hume Concrete (EM) Sdn Bhd")

All mentions of HCIB or "the Group" throughout this Sustainability Statement shall refer to the entire organisation. Specific mentions to the operating companies will use "HCMT" when referring to Hume Cement Sdn Bhd or "HCCT" when referring to Hume Concrete Sdn Bhd. HCCT shall collectively refer to all the plants under the operating company, with specific mentions made where necessary.

1.6 Limitations

The data and information in this Sustainability Statement are derived from the Group's ability to collect and present significant quantitative and qualitative data from official company sources and records. The same standards have been applied to obtain relevant and accurate data from the Group's value chain.

The Group recognises gaps in data availability for certain indicators and endeavours to improve data tracking and collection mechanisms to address and resolve these issues in the future.

1.7 Forward-Looking Statements

Any forward-looking statements, including targets, plans, operations, and forecasts, are obtained from reasonable assumptions based on current business trajectories. However, as HCIB's business, like all businesses, is susceptible to unforeseen risks, readers are encouraged to adopt a balanced perspective when evaluating these statements.

1.8 Assurance and Approval

Data and disclosures included in this report have been reviewed and approved by HCIB's Board of Directors. Similarly, data owners and the HCIB management have reviewed their respective disclosures to maintain credibility.

In addition, selected disclosures have been internally reviewed by the Group Internal Audit department and approved by the Board Audit and Risk Management Committee ("BARMC"). These disclosures fall under the common sustainability topics of anti-corruption, diversity, and health and safety. A complete Statement of Assurance is included in the appendices of this Sustainability Statement.

1.9 Distribution and Feedback

In an effort to constantly improve our sustainability approaches, HCIB welcomes constructive feedback from its valued stakeholders. Please direct any queries, feedback, or suggestions to:

Hume Sustainability Department
sustainability@humecementind.com

Sustainability Statement
(Cont'd)

2.0 SUSTAINABILITY OVERVIEW

2.1 Sustainability Highlights

In FY2024, the Group has achieved commendable progress in sustainability, which entails as follows:

Sustainability Pillar	Highlight
Economic	• HCIB's operations comply with ISO 9001, ISO 14001, and ISO 45001 certifications for quality, environment, and safety. • HCMT's laboratory in Gopeng has been accredited according to ISO/IEC 17025 standards.
Environmental	• HCMT's Gopeng cement plant holds ISO 14001 certification for environmental management systems. • HCMT's Panda Green and Panda Yellow cement products were certified with the Singapore Green Label. • Panda Green has also been listed in MyHIJAU, the official green recognition scheme endorsed by the Malaysian government. • In FY2024, HCMT planted 199 trees in its plant in Gopeng. • HCMT has progressively reduced around 10% of its CO_2e emissions since 2019. • HCCT has achieved a 10% reduction in CO_2 emissions in concrete production by incorporating supplementary cementitious materials such as fly ash and slag, reducing the traditional Portland cement portion.
Social	• Collectively, HCIB has provided over 7,000 hours of safety training to their employees. • HCIB has contributed RM60,554.75 to local community development through Corporate Social Responsibility ("CSR") initiatives.
Governance	• HCIB's FTSE Russell ESG rating for FY2023 is 3.4, showcasing the Group's continuous dedication towards ESG. • 100% of HCIB's plants have received ISO 37001 certification for Anti-Bribery & Corruption Management System (ABCMS).

Sustainability Statement
(Cont'd)


MyHIJAU • MARK

This is to certify that

HUME CEMENT SDN. BHD.

Level 5, Wisma Hume
Block D, PJ City Development
46100 Petaling Jaya
Selangor

has the rights to use the MyHIJAU Mark on the following item:

(Refer to Schedule Page for more details)

Compliance Category:
Green Label Certification (ISO 14024 Type I ECO-Labels)

Certification Scheme:
Singapore Green Labelling Scheme

Certificate no.: MyHP00017/24
Issue Date: 29-12-2023
Expiry Date: 17-10-2025

MGTC

This is a computer generated certificate hence no signature is required.


GreenLabel SINGAPORE

The Singapore Environment Council hereby grant
Hume Cement Sdn Bhd
Level 5, Wisma Hume, Block D, PJ City Development, 15A Jalan 51A/219
Petaling Jaya, Selangor, 46100 Malaysia
the right to use the Singapore Green Label for
PANDA GREEN
022-174-4193
Environmentally Preferred Cement & Concrete Products
(In accordance to SEC Green Label Category 22: Cement and Concrete Products)
Validity: 18 October 2023 to 17 October 2025

Singapore Environment Council
IAF

HCMT's Panda Green cement product holds the Singapore Green Label and is officially recognised in the MyHIJAU directory


GreenLabel SINGAPORE

The Singapore Environment Council hereby grant
Hume Cement Sdn Bhd
Level 5, Wisma Hume, Block D, PJ City Development, 15A Jalan 51A/219
Petaling Jaya, Selangor, 46100 Malaysia
the right to use the Singapore Green Label for
PANDA YELLOW
022-174-4270
Environmentally Preferred Cement & Concrete Products
(In accordance to SEC Green Label Category 22: Cement and Concrete Products)
Validity: 13 June 2024 to 12 June 2026

Cheang Kok Chung
Executive Director

Singapore Environment Council
IAF

HCMT's Panda Yellow cement product holds the Singapore Green Label

2.2 Memberships in Association

The Group actively participates in the industry through memberships in various industry associations. Participation in these associations allows HCIB to keep up-to-date with the current sustainability best practices and participate in the discussion. HCIB's membership in associations and professional bodies is as follows:

Association	Operating Company
Cement & Concrete Association Malaysia	HCMT
American Concrete Institute – Malaysian Chapter	HCMT
Federation of Malaysia Manufacturers ("FMM")	HCMT & HCCT
Malaysian Employer Federation ("MEF")	HCMT & HCCT
Malaysian Photovoltaic Industry Association ("MPIA")	HCCT

Sustainability Statement
(Cont'd)

2.3 Awards & Accolades

Awards

GOLD MiSHA Excellence Award in OSH Risk Management (Manufacturing Sector - Heavy Industry) 2023

- Gold Award

Star Rating Ceremony for the Sustainability of the Mining and Quarrying Industry – November 2023

- Four-star rating

GOLD MiSHA Excellence Award –HCMT has been honoured with the prestigious GOLD MiSHA Excellence Award in Occupational Safety and Health ("OSH") Risk Management for the Manufacturing Sector (Heavy Industry) 2023. This award was presented to HCMT on 10th January 2024.

Star Rating Ceremony for the Sustainability of the Mining and Quarrying Industry in November 2023
***** Four-star rating*

Sustainability Statement
(Cont'd)

Certifications

HCMT – SIRIM QAS International Certifications		
• ISO 9001: 2015 • MS EN 197-1: 2014 • ISO 37001:2016	• ISO 14001: 2015 • MS EN 413-1: 2012	• ISO 45001: 2018 • ISO/IEC 17025: 2017
HCCT – SIRIM QAS International Certifications		
• ISO 9001: 2015 • MS 881: Part 3: 1991 • MS 1314: Part 6: 2004 • BS EN 1168: 2005+A3: 2011 CIS 24:2021	• ISO 37001: 2016 • MS 1293: Part 1: 1992 • MS EN 206: 2016 CIS 21: 2018 • BS EN 13747: 2005+A2: 2010 CIS 24: 2021	• MS 881: Part 1: 1991 • MS 1314: Part 3: 2004 • BS EN 13225: 2013 CIS 24: 2021

3.0 SUSTAINABILITY GOVERNANCE

3.1 Sustainability Governance Structure

HCIB's sustainability governance operates through a top-down approach that clearly demonstrates the management's commitment to sustainability and ESG matters.

As the highest governing body, the Board of Directors ("Board") steers HCIB's sustainability and ESG goals. Under the supervision of Independent Non-Executive Directors, the Board oversees health and safety matters while developing and strategising relevant sustainability and climate change initiatives. The Board Audit and Risk Management Committee ("BARMC") also plays a critical role by overseeing the integration of sustainability and ESG deliberations into the Group's overall risk management framework.

The Board also has the crucial role of endorsing the Group's sustainability framework and strategies. They are responsible for closely monitoring sustainability performance to help HCIB meet our ESG objectives. At the same time, the Board consistently reviews reports from the BARMC on risk governance. This regular review process helps the Board stay informed and provide relevant guidance on the Group's sustainability initiatives.

The Board's guidance is important in determining the strategic focus of the Sustainability Steering Committee ("SSC") and Sustainability Working Committee ("SWC"). As management-level governing bodies, the SSC and SWC work towards translating the Board's sustainability vision into tangible and actionable goals.

Aligning with industry standards, subject matter leaders from HCMT and HCCT are organised according to sustainability themes outlined in the recognised sustainability framework to drive the Group's overall sustainability strategies at the operational level. This structure strives to ensure a comprehensive approach to sustainability across various aspects of the organisation.

Sustainability Statement
(Cont'd)

3.2 Sustainability Framework and Approach

VISION

To be a leader in sustainable cement and concrete products manufacturing, providing innovative solutions to build a better future for generations to come

MISSION

To produce high quality products while contributing positively to the environment and creating value for all stakeholders

Environmental
Contributing positively to the environment

Energy
Other Air Pollutants
GHG Emissions & Climate Change
Waste Management
Water Management
Biodiversity

Social
Composing positive impacts on social systems internally and externally

Health & Safety
Labour Standards & Employee Management
Local Community Engagement
Human Rights
Supply Chain Management

Governance
Conducting business ethically

Data Privacy
Corporate Governance
Anti Bribery & Corruption

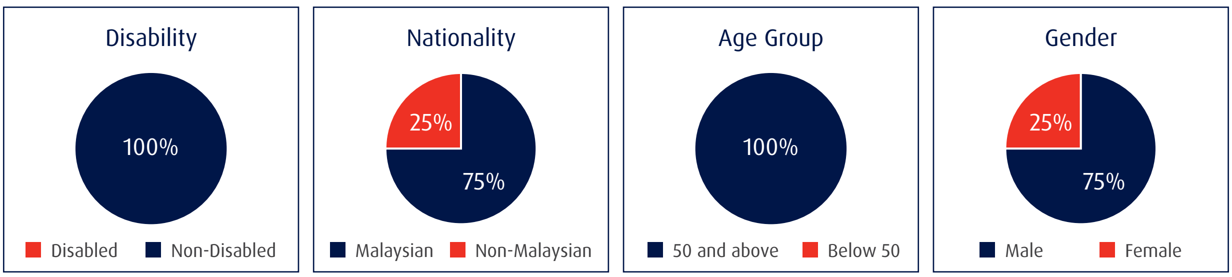
HCIB's framework aligns well with the Group's top-down sustainability governance structure. Together, they empower both the Board and Senior Management, allowing them to comprehensively oversee critical sustainability topics and the associated risks and opportunities.

More importantly, the framework facilitates effective two-way communication between the management and operational teams, serving to emphasise that HCIB's policies and decisions align with the Group's vision and mission while providing actionable guidance across the organisation. This plays a large part in developing an ESG-oriented culture while reinforcing HCIB's dedication to sustainable practices.

3.3 Board Composition and Diversity

HCIB's Board of Directors ("Board") currently comprises four (4) directors, three (3) of whom are Independent Non-Executive Directors ("INED"), with the Chairman being a Non-Independent Non-Executive Chairman.

HCIB's Latest Board Diversity



The Board is supported by the Group's Management and various committees enacted to bolster sustainability and corporate governance in the Group. More comprehensive details on the composition and background of our Board members can be referred to in the Board of Directors section of the Annual Report.

Sustainability Statement

(Cont'd)

3.4 Corporate Governance Policies and Practices

HCIB recognises the significance of policy commitments and their relevance to both our internal activities and external business relationships. The following outlines the list of policies that relevant parties within the Group must adhere to:

Safety, Health, & Environment ("SHE") Policy

- Each subsidiary has its own policy

Energy Policy & Management

- Only applicable for HCMT

Whistleblowing Policy

- Applicable to all

Anti-Bribery & Corruption ("ABC") Policy

- Applicable to all

Data Privacy Policy

- Applicable to all

Code of Conduct and Ethics

- Applicable to all employees. Directors refer to the "Code of Ethics for Company Directors", and suppliers will refer to the "Supplier Code of Conduct and Ethics."

Labour Standards Statement

- Available in English and Malay
- Applicable to all

The Group conducts all operations and engagements in alignment with established policies, thereby fostering responsible and ethical practices across our business through a comprehensive approach to these commitments. For further details on each policy, please visit our website at Codes and Policies (humecementind.com)

In this regard, the Annual General Meeting ("AGM") plays a pivotal role in corporate governance by fostering transparency, accountability, and alignment between shareholders and management. It serves as a forum for discussing financial results and strategic direction, as well as ethical standards and regulatory compliance.

Ultimately, the AGM aims to enhance the Group's credibility and sustainability, which is important for maintaining investor confidence and public trust.

ITEM		FY2023	FY2024
AGM	AGM Notice Filing Date (DD-MM-YYYY)	04-10-2023	08-10-2024
	AGM Date (DD-MM-YYYY)	02-11-2023	07-11-2024
	Number of days between the date of notice and date of meeting	28	29

Note: Please refer to page 170 of this Annual Report for the FY2024 Notice of AGM.

Sustainability Statement
(Cont'd)

3.4.1 Anti-Bribery and Corruption

HCIB stands firm against bribery and all forms of corruption at all levels of the organisation.

HCIB does not condone any form of bribery and corruption. To combat such practices, the Group has a Board-approved Anti-Bribery and Corruption ("ABC") policy. This policy, together with the Hong Leong Manufacturing Group Code of Conduct and Ethics, helps ensure compliance with the Malaysian Anti-Corruption Commission Act 2009 and other relevant anti-bribery laws.

The Group's Board of Directors and Management places high priority to the implementation, enforcement, and continuous enhancement of the ABC policy. HCIB has established a Compliance Function to support decision-making, overseeing the design and implementation of the Anti-Bribery and Corruption Management System ("ABCMS"). This system is endorsed by the Board, Board Audit and Risk Management Committee ("BARMC"), Group Managing Director, and Compliance Manager. Developed according to ISO 37001:2016 standards, the ABCMS was recently audited by SIRIM in FY2024 to uphold compliance.

FY2024: 100%

FY2023: 100%

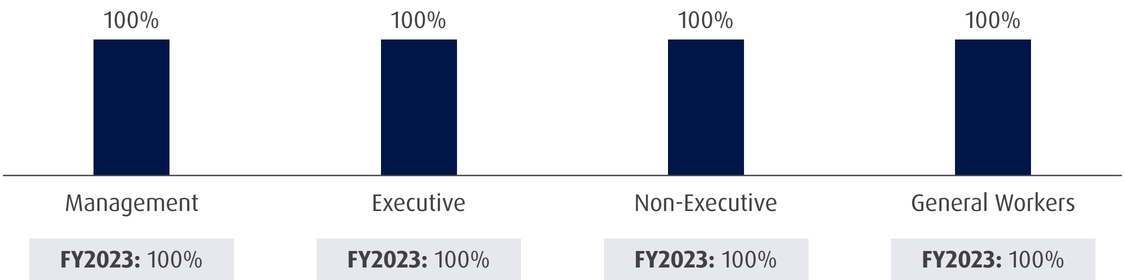
Corruption Risk Assessment

HCIB's ABC policy and ABCMS apply to employees as well as any third-party contractor who performs services on behalf of the Group. Employees annually declare their commitment under the Hong Leong Manufacturing Group Self-Declaration Policy. Similarly, every Board member also affirms their adherence annually to HCIB's ABC policy, Code of Ethics for company directors, in addition to self-declaration of their adherence to the Hong Leong Manufacturing Group Gift and Entertainment Policy. This policy strictly prohibits personal gain or compromising objectivity in duties.

In FY2024, Group employees received anti-corruption training totalling 679 hours. This included annual internal ABCMS training for employees. The Group also promotes ABCMS objectives through informational materials distributed to employees, routine awareness updates on the Group's intranet, and the publication of HCIB's ABC policy and commitments on our website.

In FY2024, 100% of our employees attended anti-corruption training.

Anti-Corruption Training Attended by Employee Category in FY2024



Training for staff on the Group's anti-corruption policy cover:

a) Elements/types of corruption, including bribery:

HCIB employees received ABCMS training, which includes the different types of corruption, including but not limited to bribery, fostering a well-informed workforce capable of identifying and preventing corrupt practices.

Sustainability Statement

(Cont'd)

b) Anti-corruption comprehensively:

We provided training on anti-corruption policies customised to the job levels of our employees, making them aware of the specific corruption and bribery risks relevant to their roles. Our training modules were translated into different languages to accommodate our foreign employees, promoting understanding and compliance across the workforce.

The training comprised various forms of corruption, how to recognise them, and the steps to prevent and report such activities. The content of anti-bribery training typically covers a broad range of topics designed to educate HCIB employees about the legal, ethical, and operational aspects of preventing bribery and corruption within an organisation. That includes:

- Introducing the basic concepts, definitions, and the differences between bribery and corruption.
- The ABCMS training for HCIB employees includes various elements or types of corruption, such as bribery, theft and fraud, and conflict of interest.
- A detailed explanation of HCIB's anti-bribery and corruption policies, including the ABCMS.
- An overview of whistle-blower protections to help employees feel secure and supported in reporting wrongdoing.
- An overview of the legal framework of the Anti-Corruption Commission Act 2009.
- Training on identifying high-risk situations and red flags that may indicate bribery or corrupt practices.
- Information on the importance of reporting suspected bribery and the mechanisms in place to do so safely and confidentially.

The Group's efforts in developing a robust ABCMS have been acknowledged by certification bodies such as SIRIM QAS. To date, 100% of our operating companies have implemented ABCMS in their operations. All our operating companies have received ISO37001:2016 certification.


CERTIFICATE


CERTIFICATE


CERTIFICATE


CERTIFICATE


CERTIFICATE


CERTIFICATE


CERTIFICATE

Sustainability Statement
(Cont'd)

Our effective implementation leading to corruption-free operations is evidenced by zero reported cases of corruption in FY2024, as follows:

Indicators	FY2022	FY2023	FY2024
Political contribution made (RM)	0	0	0
Staff disciplined or dismissed for anti-corruption policy breaches	0	0	0
Fines, penalties, or settlements related to corruption (RM)	0	0	0
Confirmed incidents of corruption and action taken	0	0	0

3.4.2 Code of Conduct and Ethics

HCIB recognises that ethical business conduct is crucial for fostering responsible business growth.

The Group adheres to the Hong Leong Manufacturing Group Code of Conduct and Ethics ("HLMG Code") to uphold exemplary business ethics and integrity. We maintain a steadfast commitment to professionalism and ethical standards throughout our business operations and supply chain activities.

3.4.3 Whistleblowing Policy and Mechanisms

At HCIB, we foster a culture that values transparency and accountability, actively supporting individuals who come forward to raise concerns.

To enhance HCIB's internal corporate governance and transparency, the Group has established a Whistleblowing Policy. This policy enables employees throughout the Group and its subsidiaries to report concerns regarding any wrongful acts, such as fraud, corruption, bribery, or blackmail, without fear of reprisal.

To facilitate the reporting of any complaints related to suspected or actual bribery and corruption, employees can utilise the "Whistleblowing Form" or email the BARMC chairman. The Group has implemented a confidential process to help ensure a secure channel for staff to disclose such concerns.

Concerns raised through the Whistleblowing Channel are directed straight to the Chairman of the Board Audit and Risk Management Committee. Subsequently, these reports undergo thorough review in accordance with the procedures outlined in the Whistleblowing policy.

In accordance with applicable laws, employees reporting in good faith will be protected from adverse employment actions, and, where feasible, their identity will be kept confidential, even if their concerns are later found to be mistaken.

3.4.4 ESG Risk Management and Internal Control

A robust risk management structure is crucial to HCIB's overarching business strategies.

HCIB's ESG risk management is decentralised to the operational level, with each operating company responsible for managing its specific ESG risks. Oversight is done by the SSC, which reports directly to the Board. Board-level ESG strategies and assessments are cascaded from the SSC to the SWC for implementation at the operational level. At the same time, identified ESG risks are also incorporated into the corporate risk management framework for supervision and continuous monitoring by the BARMC.

This structure helps ensure that each operating company maintains operational independence in managing its ESG risks while ensuring Board oversight in strategic decision-making.

Sustainability Statement
(Cont'd)

3.4.5 Regulatory Compliance

The Group prioritises adherence to regulatory standards across its operations. This highlights our dedication to integrity and accountability, with the aim of operating within the bounds of the law effectively and reliably.

Our business adheres to local environmental and social regulations. Environmental compliance is bolstered by integrating our Safety, Health and Environment ("SHE") Policy with Environmental Management Systems ("EMS"), promoting sustainable practices. Similarly, the Group's Occupational Health and Safety Management System ("OHSMS") supports social compliance, particularly concerning workplace health and safety.

Each operating company's SHE Committees, comprising SHE members, department management, and employee representatives, overseen by the Head of Plant, General Manager, and Regional Managers, are tasked to drive compliance efforts. These committees meet regularly to evaluate SHE matters, encompassing environmental and social compliance, leading to a Plant Performance Report ("PPR"). This report informs the Managing Directors and the SSC, facilitating Group-level strategic initiatives and implementation.

ITEM		FY2022	FY2023	FY2024
Regulatory Compliance	Incidents of non-compliance with regulations resulting in a fine or penalty;	0	1	0
	Incidents of non-compliance with regulations resulting in a warning;	0	0	0
	Total monetary value of significant fines;	RM0	RM1,500	RM0
	Total number of non-monetary sanctions;	RM0	RM0	RM0
	Cases brought through dispute resolution mechanisms.	0	0	0

3.5 Supply Chain Management

HCIB holds its supply chain to high ethical standards, aiming towards accountability and compliance with the Group's policies throughout the value chain.

As a vital part of the industry supply chain, HCIB relies on a diverse global network of suppliers, vendors, and service providers. We prioritise long-term partnerships with local suppliers to facilitate competitive pricing, consistent material quality, and reliable delivery schedules. This approach is essential for effective production planning, minimising disruptions, and enhancing operational efficiency.

Governance is integral to our supply chain strategy. HCIB implements rigorous frameworks to oversee operations, ensuring adherence to ethical standards and regulatory requirements. For instance, the Group's ABC policy and ABCMS are also applicable to any third-party contractors working on behalf of the Group. These policies prohibit individuals from providing or promising services for personal gain or requesting/receiving anything of value that could compromise their objectivity in performing their duties.

In addition to employees and third-party contractors, HCIB conducts thorough due diligence on potential business partners and stakeholders. This practice enables the Group to make well-informed decisions, mitigate risks, and uphold sustainable and ethical supply chain practices. To further formalise these expectations, HCIB has developed a Supplier Code of Conduct and Ethics ("Code") outlining the minimum standards expected from suppliers and third-party vendors.

Furthermore, HCIB has established internal SOPs to guide its operating companies in conducting due diligence when engaging with stakeholders. These procedures aim to reduce bribery and corruption risk across key decision-making processes such as employee recruitment, supplier selection, and tender processes.

Sustainability Statement
(Cont'd)

This commitment to ethical conduct extends throughout HCIB's value chain, where business partners are expected to share a similar commitment to conducting fair, ethical, and lawful business practices. The Supplier Code of Conduct helps ensure that these standards are cascaded down HCIB's supply chain, with the aim of reinforcing integrity and accountability at every level.

HCIB's Code also sets clear expectations for suppliers in terms of social and environmental conduct throughout their business operations when dealing with the Group. Specifically, suppliers are expected to adhere to the relevant environmental laws and regulations while upholding ethical labour and safety practices.

3.6 Data Privacy and Cybersecurity

HCIB places priority on safeguarding data privacy, implementing rigorous measures and protocols with the aim of ensuring the secure handling and protection of sensitive information.

Adhering to the Personal Data Protection Act ("PDPA") 2010, personal customer data is collected only with explicit consent from the data owners. Detailed notices regarding data usage, storage, and purposes are transparently provided to all relevant parties. Any data collected is strictly confidential and is not shared with external parties or vendors except as required by law.

The Group recognises the serious repercussions of data breaches, which can have profound implications not only for HCIB but also for our customers and business partners. Such breaches can lead to substantial costs for remediation efforts, potentially tarnishing the Group's reputation and our customers' trust.

FY2024: Zero

FY2023: Zero
FY2022: Zero

Number of substantiated complaints concerning breaches of customer privacy and losses of customer data

4.0 STAKEHOLDER ENGAGEMENT

HCIB values our stakeholders' input and actively integrates their perspectives into our business strategy and goals.

To this end, we strive to include stakeholders' input and perspectives in shaping our business direction and objectives. Below is a summary outlining the stakeholder groups engaged, the types of interactions utilised, and the sustainability topics covered:

Area of Interest	Engagement Method
Customers	
• Product quality and responsibility • Ethics and regulatory compliance	• Customer feedback surveys • Conferences and meetings • Roadshows and visits to customers • Corporate website
Employees	
• Occupational health and safety • Labour practices • Ethics and compliance • Career progression	• Employee engagement programmes • Internal communication channels (e-mails, work groups, etc.) • Town hall/briefings • Training sessions • *Genba* walks • '5S' activities • Surveys

Sustainability Statement
(Cont'd)

Area of Interest	Engagement Method
Suppliers/Business Partners	
• Supply chain responsibility • Fair and transparent procurement practices • Ethics and compliance	• Site visits and meetings • Audits and surveys • Vendor registration and feedback • Exhibitions, conferences, and technical roadshows
Government Agencies/Regulators	
• Regulatory compliance	• Dialogues and meetings • Exhibitions and conferences • Formal and informal correspondence • Site visits • Government initiatives and programmes
Local Community/Non-Governmental Organisations ("NGOs")	
• Corporate Social Responsibility (CSR) • Environmental and social impacts • Local employment opportunities	• Site visits • CSR activities • Sponsorships and donations
Shareholders/Investors	
• Corporate governance • Economic value generation • Financial performance	• Annual general meetings • Investor briefings • Corporate affairs correspondences • Corporate website and publications • Financial disclosures
Employee Unions	
• Employee rights and welfare • Peaceful grievance resolution	• Formal union meetings • Various ad-hoc communication sessions
Industry Association	
• Consultation • Policy making • Decarbonisation	• Meetings • Conferences • Working Committees

Active engagements with these stakeholder groups and addressing their concerns are evidence of HCIB's emphasis that sustainability remains at the core of its business activities. This collaborative approach allows the Group to align its direction and goals with stakeholder expectations, fostering a responsible and sustainable business model.

Sustainability Statement
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5.0 ASSESSING MATERIALITY

5.1 Materiality Assessment Process

HCIB's robust materiality process allows us to recognise and prioritise crucial ESG matters and incorporate them into our day-to-day decision-making.

In FY2024, HCIB has re-assessed its materiality topics to better align with the Group's business and sustainability strategies. Through this assessment, the Group has prioritised key material topics that could significantly impact environmental, social, and governance ("ESG") aspects.

01

Objective-setting, identification, and classification of materiality issues:

- Identify the most common external and internal ESG matters related to HCMT and HCCT.
- Shortlist and consolidate common matters at the Group level.

02

Stakeholder engagement and prioritisation of materiality aspects:

- Collect stakeholders' perspectives through surveys and meetings.
- Validate and review the materiality matrix.

03

Desktop verification on the relevance of outcomes/results from the materiality matrix:

- Consider global trends and major risks the Group may face.
- Consider adding new materiality to address important ESG issues the Group intends to focus on.

04

Approval from the Board:

- Present the outcomes of the materiality assessment and priority matrix to the Board for approval.

The materiality assessment process was guided by established frameworks, including GRI, FTSE4Good Bursa Malaysia Index ESG indicators, and the Bursa Malaysia Sustainability Reporting Guide. By incorporating industry benchmarks and best practices, HCIB aims to enhance its strategic alignment with global sustainability standards and foster robust management of ESG factors.

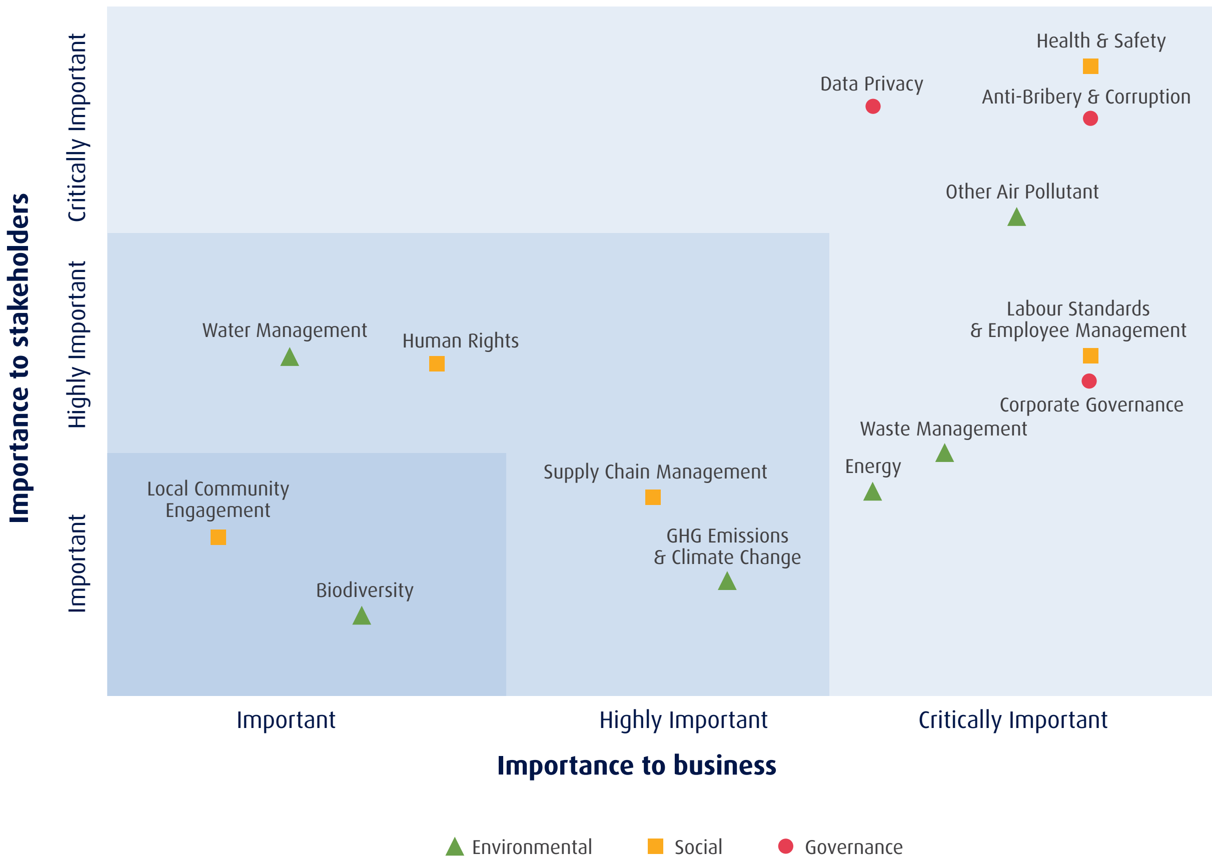
This approach enables the Group to identify and address critical risk and opportunity areas that may substantially impact the long-term sustainable growth of our subsidiary companies, both financially and operationally, as well as on the Group's reputation.

Sustainability Statement

(Cont'd)

5.2 Materiality Matrix

Below is the materiality matrix reflecting HCIB's current prioritisation of material topics. Further details on each topic are available in subsequent pages of the SS2024.



Sustainability Statement
(Cont'd)

Furthermore, the Group recognises the importance of aligning ESG materiality topics with the United Nations Sustainable Development Goals ("UNSDGs"). This alignment allows us to demonstrate our commitment to sustainability and effectively communicate these efforts to our stakeholders.

Material Topics	Our Approach
Environmental Pillar	
• **Other Air Pollutant** • **Waste Management** • **Energy** • **GHG Emissions & Climate Change** • **Water Management** • **Biodiversity**	• Operating companies under hard-to-abate industry certified to ISO14001 Environmental Management System. • Use waste/by-products from other industries. • Support co-processing in operations. • Prioritise fuel and energy optimisation. • Tree-planting activities around the operating plants and quarry. • Strictly comply with the rules and regulations on air and water effluent management. • Actively recycle water for day-to-day plant operations. • Improve energy efficiencies by practising the 10 Golden Rules. • Prioritise carbon reduction through energy efficiency initiatives and other decarbonisation levers.
Social Pillar	
• **Health & Safety** • **Labour Standards & Employee Management** • **Human Rights** • **Supply Chain Management** • **Local Community Engagement**	• Implement an Occupational Health and Safety Management System ("OHSMS") to avoid accidents or lost time injury ("LTI") cases from the operations. • Strictly denounce human rights violations, discrimination, and non-compliance in workforce diversity. • Committed to local community employment. • Provide financial and in-kind support to the community living around the operating plants. • Do not condone any form of gender discrimination. • Provide greater awareness to employees on whistleblowing and grievance channels through which cases of discrimination can be reported. • Conduct employee satisfaction surveys. • Developed a Labour Standards Statement to foster an inclusive and diverse work environment and support the labour rights of our employees.
Governance Pillar	
• **Data Privacy** • **Anti-Bribery & Corruption** • **Corporate Governance**	• 100% of sites continue to be certified to ISO37001 Anti Bribery Management System. • Do not condone any form of bribery and corruption. • Adhere to the high corporate governance standards. • Work with authorities and important stakeholders to achieve sustainability goals. • Ongoing reviewing of identified and potential new risks and opportunities.

Sustainability Statement
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6.0 ECONOMIC

6.1 Financial Values Creation

Through strategic initiatives, HCIB is able to generate direct economic value while fostering sustainable growth.

Achieving and enhancing financial performance, as measured by key economic indicators such as revenues and earnings, is imperative for ensuring the viability and expansion of any profit-oriented entity. Moreover, it plays a vital role in promoting environmental and social objectives, which are increasingly intertwined with financial performance through the lens of ESG considerations.

The interconnection between ESG factors and robust financial performance underscores the need for a reliable source of funding to drive initiatives and projects aimed at improving environmental and social outcomes. For example, decarbonisation often necessitates substantial upfront investments that can only be feasible when a business generates satisfactory profits. The same holds true for enhancing employee benefits and compensation and consistently implementing various CSR activities.

By enhancing financial performance, businesses are empowered to distribute wealth among their stakeholders, encompassing investors, employees, charitable organisations, non-governmental entities, and others. This equitable distribution of wealth serves as a crucial mechanism for fostering long-term value and sustainability for the stakeholders involved.

Presented below is an overview of HCIB's economic performance. For more comprehensive financial data, please refer to the financial statement section of the annual report.

	FY2022	FY2023	FY2024
Revenue (RM'000)	726,530	1,014,281	1,205,222
Group Profit After Tax (RM'000)	3,118	60,034	210,939
Net Cash Generated from Operating Activities (RM'000)	15,396	115,941	363,462
Net Asset Per Share (sen)	0.73	0.84	0.81
Earnings Per Share (sen)	0.62	11.91	36.02

6.2 Indirect Values Creation

HCIB understands the role we have in the broader economic impact on society.

HCIB's business model extends beyond the measurable direct and indirect economic benefits to drive socio-economic prosperity. This is achieved through a range of economic activities that generate a multiplier effect that creates job opportunities and support for entrepreneurial ventures.

Furthermore, our efforts positively impact the community and improve the overall quality of life. This is achieved through our engagement in various CSR initiatives, such as financial support for schools and communities by sponsoring bagged cement for infrastructure improvement projects.

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6.3 Product Quality and Customer Satisfaction

HCIB is dedicated to ensuring superior product quality and consistent customer satisfaction.

Product quality is important to HCIB as it influences customer satisfaction. This, in turn, translates to higher revenue and profitability and a better reputation within the industry. Given the importance of the topic, HCIB has several business units driven to achieve and sustain compliance with different quality and safety standards, such as ISO9001:2015, ISO14001:2015, and ISO45001:2018. Additionally, all Group plants have established a Quality Management System in line with ISO9001:2015 requirements and a Quality Policy Statement to increase quality awareness among staff and meet the relevant regulatory and legal requirements of the industry. Product quality is also committed through the establishment of Key Performance Indicators ("KPIs") that are identified in the business plan as a form of Quantifiable Quality Objective.

Product quality is monitored by the technical sales team, which is also the contact point for any customer complaints. Complaints received by the team will be investigated at the customer's site and escalated to the quality control team for further action if required.

HCIB's management maintains direct oversight of quality matters through weekly meetings. Customer feedback is also collected periodically via surveys, which allows the Group to establish customer experience in terms of pricing, delivery, quality, and customer support.

As of FY2024, HCIB received 34 complaints, all of which have been resolved except for one, which is still pending resolution.

6.4 Supporting Local Procurement

In line with the Group's overall agenda of shifting towards promoting a more sustainable supply chain, HCIB has been consistently prioritising more local procurement in recent years.

With that said, prioritising local procurement falls under the purview of each operating company's procurement department through a cross-functional management team approval matrix. Before securing a supplier, each operating company is advised to conduct site visits to assess the local suppliers' capability and capacity to fulfil their obligations in line with the Group's standards. Similar procurement practices are also applied to foreign companies, where applicable.

As HCIB is focused on conducting fair and ethical business in accordance with local laws and regulations, the same is expected of our business partners and suppliers along the supply chain. As such, the potential suppliers are first screened for any negative social impacts. They must then agree with the Group's policies, including the ABCMS and Supplier Code of Conduct and Ethics ("Code"). This outlines the Group's minimum business expectations. In the case that a supplier breaches these policies, the operating companies reserve the right to terminate business transactions and blacklist them from future contracts immediately.

FY2024: 66%

FY2023: 59%

Group Proportion of Spending on Local Suppliers

Sustainability Statement
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7.0 ENVIRONMENTAL

Environmental management is crucial not only for the surrounding environment and the communities that depend on it but also for HCIB. The environment supports the Group's business model by supplying essential resources, including water and energy. If not properly managed, this can lead to pollution and limit resource availability, ultimately affecting HCIB's productivity and business performance. As such, the Group is committed to a responsible approach to environmental stewardship. This not only ensures its license to operate but also safeguards the welfare of its stakeholders and their surrounding environment.

To better understand its potential impact on the environment, HCMT has previously conducted a risk assessment. Through this assessment, HCMT has been able to identify potential key risks and opportunities associated with critical environmental aspects. With this as a guideline, the Group aims to undertake the necessary initiatives to manage and mitigate potential environmental risks while capitalising on advantages.

Environmental Theme	Risks	Opportunities
Air Emissions - High ambient dust	- Non-compliance with legislation - Complaints from local communities	- Technology and monitoring system development for air emissions
Energy - High energy usage	- Increased wastage	- Increased efficiency of finite resources
Water - Cooling	- Large water footprint	- Reduced usage of domestic water - Water recycling system
Resource - Use of natural resources - High coal usage	- Depletion of natural resources - High greenhouse gas ("GHG") emissions	- New technology/system developed for fuel systems - Increased usage of alternative fuels and raw materials
Waste - Failure in scheduled waste management - Potential spills	- Non-compliance notice/complaints/ fines - Pollution	- Waste sent to licensed contractors for use in their processes - Remove harmful substances through process redesign
Biodiversity - Site erection/construction for new projects	- Habitat damage	- Development of local economy

25% plants received ISO 14001: 2015 certification on environmental management

25% plants received ISO/IEC 17025: 2017 certification on lab accreditation

Sustainability Statement
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7.1 Pollution Prevention

Through thorough environmental performance monitoring throughout its daily operations, HCIB is dedicated to reducing the risk of pollution from business operations.

Given the nature of the Group's operations, the main risk of pollution lies in air pollution from dust and other stack emissions, as well as solid waste. To drive the Group's efforts in mitigating the risk of pollution from these sources, 25% of HCIB plants have obtained certification for ISO 14001:2015. This certification establishes an environmental management system ("EMS") framework enabling the Group to pinpoint and address potential environmental hazards.

With this environmental management system framework in place, the Group assesses its environmental performance by conducting monitoring processes, including:

Water Sample Monitoring
The process assesses water quality and identifies potential pollutants in water before discharge.

Boundary Noise Monitoring
Monitoring noise levels around the Group's plants with the aim to ensure compliance with noise regulations.

Boundary Ambience Monitoring
This process involves measuring various environmental factors around the Group's plant to monitor potential impacts.

Bag Filter Inspection
Regular inspection of bag filters enhances air quality and reduces particle emissions.

EMS Management Review
Annual management reviews of the EMS to assess its effectiveness and align environmental approaches with the Group's corporate strategy.

EMS Internal & External Audits
Audits were conducted to measure the Group's EMS against the standards of ISO 14001:2015 internally and by certified external bodies.

Third-Party Environmental Audits
Objective assessments of the Group's environmental performance.

The Group's stringent approach to environmental management extends to third-party contractors as well. In cases where such contractors are appointed for tasks like waste management, they are also expected to adhere to the Group's environmental policies. To further drive this, the Group conducts routine audits with the aim of ensuring that HCIB's environmental practices are followed throughout the operational process.

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7.1.1 Air Pollution Management

The Group has implemented approaches to effectively monitor and control air emissions, with the aim to ensure that they remain within regulatory limits. To this end, HCIB monitors stack emissions released during operations for dust, nitrogen oxides ("NO_x"), sulphur oxides ("SO_x"), and volatile organic compounds in HCMT.

25% **of HCIB coverage.**

Note: NO_x, SO_x, VOC only measured for HCMT

HCMT has also been utilising bag filter air emission control systems, which have proven effective at keeping emissions well below the limits of the Clean Air Regulations prescribed by the Department of Environment ("DOE"). These measures help to maintain clean air quality in the surrounding area and support a healthy, dust-free work environment within the Group's plants.

This approach has been further reinforced with the appointment of certified personnel to take on the role of bag filter dust collector operator. These operators, along with HCMT's engineers, attend competency training and are registered as competent persons according to DOE Environment Institute of Malaysia ("EiMAS"). As such, they hold the key responsibility to conduct inspections of the bag filter dust collector and maintain operational excellence in air pollution control.

<u>Air emission data for HCMT, Gopeng</u>

Air Emissions (tonnes)	FY2022	FY2023	FY2024
NO_x	469	1,235	863
SO_x	96	285	70

Air Emissions (mg/m³)	Limit	FY2022		FY2023		FY2024	
		Line 1	Line 2	Line 1	Line 2	Line 1	Line 2
Particulate Matters ("PM")	< 50	14	2	17	6	6	12
Volatile Organic Compounds ("VOC")	< 20	< 0.5	< 0.5	4	3	17	18

There have been no cases of non-compliance related to air pollution in FY2024.

7.1.2 Solid Waste Management

Apart from general and recyclable waste, hazardous or scheduled waste ("SW") is also produced. This is mainly in spilled raw materials, spent lubricants, and oils that can be potentially hazardous to the environment and people's health. Due to this, the Group is striving to ensuring that such hazardous waste is handled according to stringent DOE regulations.

The first step in this process is monitoring the amount of SW produced by recording them using DOE's Electronic Scheduled Waste Information System ("eSWIS"). This allows the Group to properly monitor how much waste is being produced and its status at all times. This approach reduces the risk of accidental spillage or pollution. The SW is then collected by DOE-registered contractors to be disposed of at certified sites, creating a closed system that tracks various types of hazardous waste from the Group's facilities all the way to disposal.

Sustainability Statement
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Other than hazardous waste, when managing other forms of waste, HCIB prioritises waste reduction by recycling and repurposing waste materials throughout its operations whenever possible. For instance, used lubricants and hydraulic oils are reused as machine lubricants, while contaminated drums are utilised as cleaning chutes and storage containers. Certain waste products are also reintegrated back into the Group's energy initiative by serving as an alternate fuel source. These are usually combustible general waste, including sawdust, cotton rags, and paper bags. This approach to waste management plays a role in minimising the Group's overall environmental impact while also optimising resource consumption.

Drums used as a cleaning chute

Interior of Scheduled Waste store

Scheduled Waste store

At HCCT Kuantan, we have taken steps to make our operations more sustainable. The perimeter fence was constructed using recycled concrete cubes, showcasing an innovative approach to sustainability. Instead of traditional materials, the sturdy concrete cubes, repurposed from quality control sample testing, form the wall of the fence. This method not only reduces waste but also provides a durable and eco-friendly solution. The unique texture and appearance of the recycled concrete give the fence a distinctive character, blending functionality with environmental consciousness.

Perimeter fencing in HCCT Kuantan constructed with used concrete cubes

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Integrating waste into the Group's operations is one avenue HCIB has been exploring over the years. This involves using supplementary cementitious material ("SCM") in concrete production. Meanwhile, HCMT is also looking into this by integrating alternative raw materials ("ARM"), alternative fuels ("AF"), and cement additives ("CA") from waste in cement production.

HCIB's goal of reducing waste extends beyond the Group's own operations. It also receives and processes waste from other companies for the Group's own manufacturing processes. This type of waste is counted as recycled waste by the Group and is incorporated into HCIB's business model in various ways. Ultimately, this plays into HCIB's efforts to promote a circular economy where materials are reused or repurposed instead of discarded.

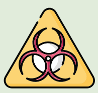
Such waste, including pulverised fly ash ("PFA") and ground granulated blast furnace slag ("GGBS"), is often incorporated as ARM in HCIB's production processes. By integrating these alternative materials, the Group can reduce its reliance on traditional raw materials. At the same time, it also allows HCMT to replace clinker, which is energy-intensive and emits more emissions. This conserves natural resources and reduces the Group's environmental footprint. Another benefit of utilising alternative materials from repurposed waste products is the improved durability and strength of concrete, resulting in longer-lasting products that support sustainable construction practices.

HCIB waste data for three years

Type and Quantity of Waste (tonnes)	FY2022	FY2023	FY2024
Hazardous Waste Generated	62	41	84
Non-Recycled Waste Generated	164	278	258
Recycled Waste Used	142,119	189,366	292,395

100%

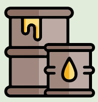
HCIB Coverage



Hazardous waste generated

100%

HCIB Coverage

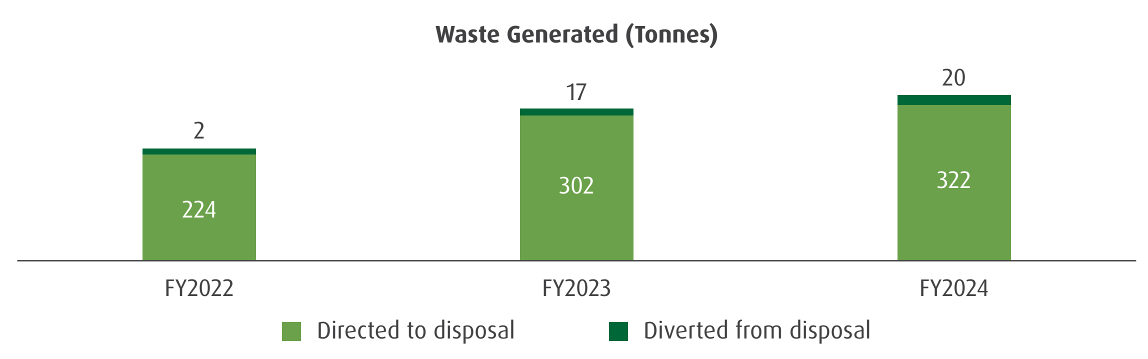


Non-recycled waste generated

100%

HCIB Coverage

Recycled waste used



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In addition to this, HCMT has also been licensed as a Schedule Waste Prescribed Premise since 2014. This license, granted by the DOE, allows for SW to be co-processed as part of HCMT's operations, further driving the Group's waste management initiatives.

In fostering proper waste management, HCIB endeavours to comply with local regulations, specifically the Environmental Quality Act 1974, which governs waste management practices. HCMT has obtained the necessary licenses for managing scheduled waste within its plants and for transporting scheduled waste between the point of generation and disposal centres, where the annual audits and inspections by the DOE are conducted for its plants. HCIB's waste management system has been independently inspected by DOE.

Regular inspections by the Department of Environment ("DOE")

Taking a proactive approach, HCIB endeavours to achieve proper waste management through rigorous employee training programs that focus on correct waste handling procedures. Additionally, HCIB appoints competent persons dedicated to managing scheduled waste, with the aim of complying with regulatory requirements and promoting sustainable waste management practices within the Group.

HCIB also aims to ensure that waste management procedures are maintained and continuously evolve through the monthly SWC and quarterly SSC meetings. These meetings help facilitate the adoption of best practices and allow the Group to review potential gaps and implement suitable corrective actions. At times, these meetings may also result in innovative approaches to waste management that reduce the Group's environmental impact and enhance sustainability performance.

Notably, there were no instances of non-compliance costs from environmental fines and penalties or pollution due to improper waste management in the financial year.

7.1.3 Water Pollution

Although water is extensively used in the Group's operations, it is used mainly for cooling plant equipment. This suggests that the risk of water pollution from the Group's activities is relatively low. However, HCIB aims to take proper precautions to ensure that no such issue arises. Water discharged from the Group's plants is first collected in retention ponds, where its water quality can be monitored. This method helps to lower the risk of contaminants, such as dust particulates, being present in the discharged water that goes back into the environment.

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HCIB water quality data for three years

Parameter	Unit	FY2022	FY2023	FY2024	Environmental Quality (Industrial Effluent) Regulations 2009 Fifth Schedule, Standard B
Biochemical Oxygen Demand ("BOD")	mg/L	9	7	3	< 50 mg/L
Chemical Oxygen Demand ("COD")*	mg/L	36	24	16	< 200 mg/L
Suspended Solid	mg/L	18	18	37	< 100 mg/L

**Note: COD levels are measured biannually to evaluate the organic and inorganic content in HCMT Gopeng effluent. This data is reported to the DOE to fulfil our Environmental Impact Assessment ("EIA") commitments.*

In FY2024, there were no incidents of non-compliance with water quality/quantity permits, standards, and regulations. More information on HCIB's water consumption and wastewater management can be referred to in the **Water Management** section on page 47.

7.2 Energy & Emissions

HCIB recognises the fundamental linkage between energy consumption and climate change and is, thus, focused to reducing its carbon footprint through responsible energy management.

Climate change poses a significant risk to HCIB's operations. If left unaddressed, it can increase the frequency of natural disasters and limit resource availability, ultimately leaving a substantial financial strain on the Group. Therefore, the Group endeavours to support initiatives and policies aimed at managing and reducing climate change risks, including the Malaysian government's commitment to achieving net zero carbon emissions by 2050.

As part of the Group's efforts to categorise the potential impacts climate change can have on HCIB's operations, a risk assessment exercise was conducted to identify the different risks and opportunities of climate change.

	Sub-Type	Climate-Related Risks	Description	Potential Financial Risk
TRANSITIONAL RISKS	Policy and Legal	Carbon Pricing	The introduction of carbon taxes or cap-and-trade systems could increase the cost of emissions, directly affecting the company's operational costs.	Increased operational costs due to higher taxes or the need to purchase emissions allowances.
	Technology	Emissions-Reduction Technologies	As global and local policies push for lower emissions, HCIB may need to invest in new technologies to reduce our carbon footprint.	Significant capital investment in new machinery or upgrades. While this can lead to higher upfront costs, it may also result in long-term operational savings and compliance with regulations.
PHYSICAL RISKS	Acute	Floods	HCIB's operations, if located in low-lying or flood-prone areas, are at risk of flooding, which can result from intense rainfall or storm surges associated with tropical storms.	Floods can cause immediate damage to manufacturing facilities, disrupt operations, damage raw material stockpiles, and affect distribution networks, leading to operational downtime and financial losses.

Sustainability Statement
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	Climate-Related Opportunities	Description	Potential Financial Risk
RESOURCE EFFICIENCY	Improved Energy Efficiency in Operations	Implementing more energy-efficient processes and technologies in cement production, such as upgrading to more efficient kiln technologies or adopting waste heat recovery systems.	Reduces energy costs, potentially leading to lower operational expenses and improved margins. Initial investments in energy-efficient technologies can be offset by long-term savings and may qualify for government incentives or credits related to energy conservation.
	Use of Alternative Fuels and Raw Materials	Utilising alternative fuels (such as biomass or waste-derived fuels) and alternative raw materials (such as fly ash or slag from other industries) in the cement manufacturing process.	Reduces our reliance on traditional, more expensive fuels and raw materials, leading to cost savings. It can also reduce HCIB's carbon footprint and potentially generate carbon credits under relevant regulatory frameworks.
ENERGY SOURCE	Adoption of Renewable Energy Sources	Investing in renewable energy sources, such as solar, wind, or biomass, to power HCIB's operations. This could involve installing solar panels at manufacturing sites or purchasing renewable energy through power purchase agreements ("PPAS") or renewable energy certificates ("REC").	Reduces our dependence on fossil fuels and exposure to volatile energy prices, potentially lowering energy costs over time. It can also improve HCIB's sustainability profile, attracting customers and investors interested in green practices.

Climate change management within HCIB has mainly been tackled through prudent energy management. A large portion of the Group's emissions stems from fossil fuel consumption, both directly (Scope One) and indirectly (Scope Two), for energy generation. Coal is the primary fuel source in HCIB, where it is used as the main heat source in cement kilns. Although the Group has been exploring alternative fuel sources in recent years, these alternatives are still unable to completely replace traditional fossil fuels and are used in combination with them. HCIB also relies on electricity from the national grid. As Malaysia still relies heavily on traditional fossil fuels for electricity generation, this also contributes to the Group's indirect emissions.

At the operational level, HCMT has implemented its Energy Policy to guide energy consumption, optimise energy usage, and reduce climate change risk. Under this policy, HCMT strives to efficiently monitor and manage energy usage while investing in energy optimisation measures. Furthermore, the Group's energy consumption and efficiency are periodically reviewed by the Malaysian Energy Commission, providing an objective perspective on its performance.

Given HCMT's significant energy needs, it has formed an Energy Management Commitment to oversee energy management and aim to improve efficiency through the "10 Golden Rules". The committee, which comprises various departments and is led by the Head of Manufacturing, employs these rules to endeavour to optimise energy use and reduce inefficiencies throughout various aspects of HCMT's operations.

HCMT Energy Management Committee

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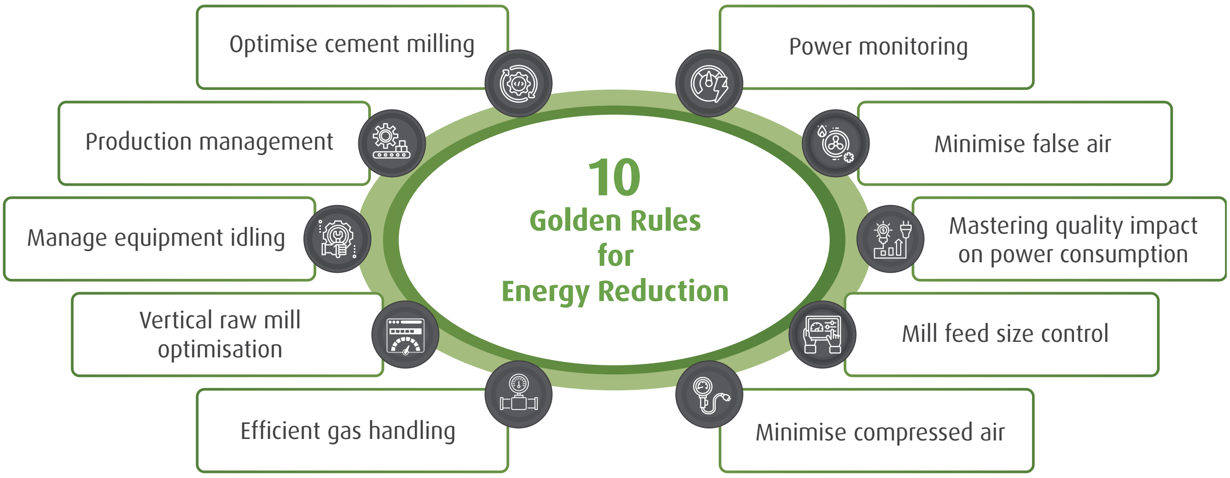


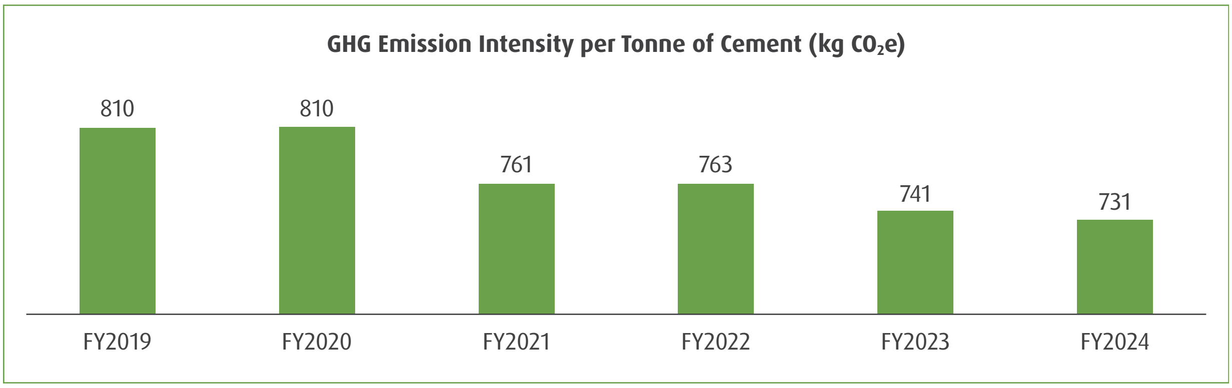
In FY2024, despite slightly higher energy consumption due to increased production, the Group's energy usage appears more efficient. This, in turn, translated to a decrease in carbon emissions per tonne of cement produced.

HCIB energy consumption data for three years

Energy Consumption ('000)	FY2022	FY2023	FY2024
Gigajoules ("GJ")	9,305	9,214	9,550
Megawatt hour ("MWh")*	2,585	2,559	2,653

Note: The unit used for Bursa disclosure in C4(a) is Megawatt-hour.

The Group's optimisation of energy consumption is part of our ongoing efforts to explore alternative energy sources that are less carbon-intensive. HCMT, in particular, is actively working to reducing its reliance on non-renewable fossil fuels by seeking out other sustainable energy sources.



HCMT GHG emission intensity per tonne of cement

A key aspect of this initiative is HCIB's circular energy approach, which has enabled us to explore alternative energy streams, such as biomass, sludge, shredded waste, and oils, for thermal heat generation. In FY2024, almost 6% of HCMT's thermal energy demand for clinker production was met by replacing traditional fossil fuels with alternative fuels on a volume basis. Our goal is to gradually increase this thermal substitution rate to 11% by the end of FY2026.

Starting in FY2024, the Group also began recording Scope Three emissions, focusing on employee commuting. This involves tracking the carbon emissions generated by employees travelling to and from their workplaces. This year, the Group's Scope Three emissions (Employee Commuting) amounted to 1,043.24 tCO_2e.

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(Cont'd)

The inclusion of Scope Three emissions is part of HCIB's strategy to develop a comprehensive carbon inventory and baseline. This approach allows the Group to identify specific areas for further emission reductions. One key initiative HCMT has adopted is the incorporation of by-products, such as pulverised fuel ash and ground granulated blast furnace slag, into the cement production process. These by-products reduce the clinker factor, enabling the Group to lower its carbon footprint while maintaining high-quality cement production in line with national standards.

To further support the Group's decarbonisation agenda, HCIB engages our operations team in an ongoing mission to reduce electricity consumption at the manufacturing level with a focus on optimising operational processes. Moving forward, the strategic focus would be emphasising areas beyond clinker production and cement grinding stabilisation.

Various equipment modifications and quality target revisions have also been implemented to achieve a 5% reduction in overall electricity consumption. This reduction is significant as it directly correlates to a 5% decrease in the Group's carbon footprint. We aim to enhance energy efficiency and contribute to our broader environmental goals by continuously refining our processes and making strategic adjustments.

7.3 Water Management

HCIB is dedicated to responsible water withdrawal and management, given its critical role in the Group's operations.

Water is an essential resource for cooling the Group's plant equipment and for general office use. As such, prudent water management practices are important in facilitating the smooth functioning of HCIB's operations.

Recognising the value of water as a key resource, the Group conducts reviews on water conservation during monthly sustainability meetings. The leaders responsible for HCIB's different sustainability pillars review individual indicators during this process and provide updates on the overall performance related to water conservation.

This monthly review process is important because risks related to water withdrawal can affect the Group's operations. This, in turn, impacts production and, ultimately, HCIB's finances. Therefore, it is crucial that the Group identifies any potential risks regarding water management early on and takes the necessary steps to address them before they occur.

Based on the World Resources Institute ("WRI") Aqueduct Water Risk Atlas, none of HCIB's plants or offices are situated in water-stressed areas, and they primarily rely on municipal water. However, the Group supplements this whenever possible by looking for additional water sources, such as rainwater or recycled wastewater.

The main source of water for HCIB's operations is municipal potable water. As such, the Group's different operating companies source water from their respective municipal councils and are billed according to their internal consumption. However, HCIB has increasingly begun supplementing our water needs with water from nearby ponds. This water is solely used for cooling plant equipment and is first processed, treated, and filtered before being recirculated to the ponds for future use without contamination.

Simultaneously, HCCT has consistently recycled wastewater from the dry pits during the concrete mixing process. As this can be done without any additional treatment, it is an effective way to reduce the Group's overall water consumption while also minimising the amount of wastewater discharged into the environment.

Over the past three years, we have tracked cement production water intensity (measured in m^3 per tonne of cement produced or cementitious materials). This metric helps us evaluate how efficiently we use water throughout our operations. By analysing this data, we can identify opportunities to improve water management, reduce environmental impact, and uphold our commitment to sustainable practices.

HCIB water withdrawal data for three years

Water Withdrawal Source	FY2022	FY2023	FY2024
Municipal Potable Water (Megalitres)	100	130	137

Note: The Group does not withdraw water from groundwater, used quarry water, external wastewater, harvested rainwater, or seawater sources.

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(Cont'd)

HCMT water intensity data for three years

	FY2022	FY2023	FY2024
Water Intensity (m³/Tonne Cement Produced)	0.015	0.018	0.020

7.3.1 Water Effluent Management

Presently, almost all water used to cool the Group's various operational plants has been returned to the environment. The exception is backwash, which is water used to flush the filter systems periodically. While the water does not come into contact with any contaminants during the cooling process, the flushed water is first channelled to a retention pond before being discharged. This eliminates any potential pollution from the Group's wastewater discharge.

The Group is dedicated to upholding environmental compliance standards, with a special focus on water and effluent management. Although our operations do not fall under general effluent regulations, we adhere to specific requirements outlined in the Malaysian regulations through the Environmental Impact Assessment ("EIA") process.

Water discharge at HCCT primarily stems from equipment cleaning, initially routed to a slurry pit for storage before reuse across various production needs, including additional cleaning processes. Meanwhile, at HCMT, water serves mainly as a cooling medium for machinery. While much is recycled internally, the excess is channelled to an on-site retention pond. During periods of heavy rainfall, overflow from the retention pond is discharged from the plant through the drainage system. Currently, there is no specific estimate available for the volume of water discharged from the plant. To maintain the quality of the discharged water, a Chemical Oxygen Demand ("COD") test is conducted every six months.

Retention pond in Hume Cement's Plant, Gopeng

As part of our sustainability efforts, all HCCT sites (Beranang, Kuantan, and Sabah) are equipped with settling ponds to manage the water used for washing, a by-product from our concrete mixing plants. To further enhance our environmental stewardship, we have initiated a plan to regularly monitor the pH levels of water in every slurry pit and discharge effluent from our plants. This proactive approach helps ensure that discharged water maintains a normal pH level, thereby minimising potential environmental impacts.

The following presents the total water discharge data over three years, categorised by destination:

HCCT water discharge data for three years

Water Discharge	FY2022	FY2023	FY2024
Surface Water (Litres)	7,525	9,314	8,315

Note: The Group does not discharge any water to the ocean, subsurface/ well, off-site water treatment, or for beneficial/other uses.

Through diligent monitoring and quality assurance of discharged water, we aim to reduce our environmental footprint and foster positive contributions to the communities surrounding our facilities.

Given our effective water discharge management, we have consistently maintained compliance with water quality and quantity permits, standards, and regulations over the past three consecutive years (FY2022 – FY2024).

Sustainability Statement
(Cont'd)

7.3.2 Water Conservation Initiatives

We are dedicated to water conservation and actively reduce our reliance on municipal potable water. For instance, we prioritise using water from nearby ponds for cooling, thereby conserving potable water and demonstrating our commitment to sustainability.

Our water conservation efforts include:

Effective Cooling System
Using water from nearby ponds to cool our plant equipment, reducing our need for municipal water.

Water Recycling
At the HCCT plant in Beranang, we recycle water from slurry pits for production purposes such as cleaning. This practice conserves fresh water and showcases our efficient resource recycling capabilities.

Flow Meter Installation
HCMT has installed flow meters at each water intake point to monitor water usage from nearby ponds.

These initiatives underscore HCIB's steadfast commitment to sustainable water management, playing a pivotal role in environmental stewardship and operational resilience. Moving forward, we are dedicated to establishing clear water reduction targets to optimise our water usage further and minimise consumption across our operations. By setting these targets and implementing innovative strategies, we aim to solidify our commitment to sustainability, promoting efficient resource utilisation and long-term environmental impact reduction.

7.4 Biodiversity

HCIB understands the profound impact the industry has on the local ecosystem and is determined to do its part in preserving our natural environment.

The cement industry may have significant impacts on local ecosystems and biodiversity, mainly due to the extraction of natural resources. Quarry and mining activities may often lead to the large-scale removal of flora and fauna from a site, causing environmental harm.

In addition to precautions, HCIB aims to invest considerable time, effort, and money into rehabilitating the natural environment. This includes identifying potential sites for rehabilitation and replanting them with native vegetation, as well as various other biodiversity initiatives.

7.4.1 Biodiversity Conservation Efforts

Recognising the impact of our business operations, HCIB has paid close attention to reducing potential risks by conducting annual self-regulatory audits. These audits are part of the Self-Regulatory Auditing for a Responsible and Sustainable Mining Industry and aim to ensure that mining activities follow proper safeguards to reduce environmental and ecological damage.

Beyond compliance, the Group invests significantly in rehabilitating natural environments and identifying and restoring sites with native vegetation. Notably, HCIB supports Malaysia's ambitious Penghijauan Malaysia campaign, contributing to the national goal of planting 100 million trees by FY2025. In FY2024, HCMT took proactive steps by planting 199 native trees in the Gopeng area, showcasing our dedication to fostering environmental sustainability at every opportunity.

Sustainability Statement
(Cont'd)

Tree Planting Initiatives

In FY2024, HCIB's Tree Planting Initiative focuses on reintroducing the following species:

- *Codiaeum variegatum* Taiwan
- Duratan Gold
- Durian Belanda
- *Eugenia oleina*
- Foxtail Palm
- *Samanea saman*

Tree planting activities in Hume Cement, Gopeng

Bird Sanctuary Initiatives

HCMT has taken steps to enhance biodiversity at its quarry. This commitment is highlighted by their Bird Sanctuary Initiative, demonstrating their dedication to sustainability and biodiversity preservation in their operational areas.

The area selected for HCMT's bird sanctuary initiative was a quarry site in Gopeng, home to numerous bird species. Rehabilitation and restoration of this site were found to be the perfect way to protect and promote avian biodiversity in the region. Marked with a signboard, this site has now been dedicated as HCMT's Bird Sanctuary, signalling its ambition to create a safe habitat for birds while enhancing the local ecosystem.

Birds at the quarry in Hume Cement, Gopeng

These initiatives highlight the Group's holistic and proactive approach to environmental conservation and protection by enhancing biodiversity within and around its operational areas.

7.5 Resource Consumption

Resource consumption is an environmental issue that directly affects HCIB's economic performance as it relates to the Group's operational costs.

Cement and concrete production requires large amounts of natural resources, particularly limestone and clay. However, the Group acknowledges that the extraction of these resources may only sometimes be environmentally friendly, especially for local ecosystems.

In addressing this challenge, the Group aims to balance cost considerations with environmental concerns by exploring alternative resources without creating excessive financial burden. Currently, HCIB has been looking into options such as integrating waste by-products from other industries into business operations. This would allow HCIB to adopt circular economy principles in its business model.

In line with this initiative, HCIB has already begun incorporating such by-products into its operations. For example, the Group has been using pulverised fly ash and granulated blast-furnace slag in the concrete and cement production process.

Sustainability Statement
(Cont'd)

7.5.1 Resources Efficiency

Sustainability goes beyond just commitment—it is an important aspect of our operations. We aim to reduce environmental impact while maximising resource efficiency within the cement and concrete industries. Key facets of these efforts include:

Efficient Material Use and Alternative Raw Materials

- HCIB integrates alternative raw materials like Pulverised Fuel Ash ("PFA") and Ground Granulated Blast Furnace Slag ("GGBS") into its processes. These materials reduce reliance on conventional resources, cut CO_2 emissions by replacing clinker in HCMT processing, and enhance concrete product durability and strength, supporting sustainable construction practices.
- HCCT also uses alternative raw materials such as PFA and slag in their concrete products. This will reduce the carbon footprint of precast concrete products.

Effective Waste Management and Recycling

- Strategies encompass recycling and repurposing waste materials within operations. For instance, used lubricant and hydraulic oils serve as machinery lubricants, while used drums are repurposed as cleaning chutes and storage containers.

Co-processing and Circular Economy

- HCIB utilises waste from other industries as raw materials, fuels, or cement additives, minimising waste generation and promoting a circular economy where materials are reused or repurposed instead of discarded.

Energy Efficiency and Emission Reduction

- Focuses include optimising kiln operations, adopting alternative fuels, and implementing energy recovery systems to reduce carbon emissions.

Monitoring and Compliance

- HCIB employs advanced systems such as eSwis from the DOE to monitor scheduled waste inventory and movements, ensuring adherence to environmental regulations and enhancing traceability in waste management processes.

Continuous Improvement and Innovation

- HCIB's sustainability practices evolve through monthly SWC and quarterly SSC meetings. These forums drive the adoption of best practices, implementation of corrective actions, and development of innovative solutions to further reduce environmental impact and enhance sustainability performance.

This steadfast commitment is evident in our robust implementation of sustainable practices aimed at not only reducing our ecological footprint but also enhancing the resilience and longevity of the construction materials we produce.

Sustainability Statement

(Cont'd)

8.0 SOCIAL

The Group is dedicated to generating positive social impacts both within and beyond its companies. The well-being of employees stands as one of the Group's utmost priorities. The Group enriches its workforce through development initiatives that not only benefit the community but also align with business values.

Enhancing human capital performance and prioritising their health and safety have been of importance to the Group. Simultaneously, the Group maintains a strong focus on upholding human rights while actively working to enhance workforce diversity, engagement, and inclusion.

8.1 Human and Labour Rights

The Group firmly believes in the universality of human rights, advocating for the dignified and fair treatment of employees and respecting their interests equally.

Continual improvement of employee welfare is a fundamental commitment of the Group. We strive to maintain a fair, respectful, and safe workplace for employees, regardless of their position within the organisation.

Furthermore, the Group endeavours to adhere to internationally recognised standards, including the United Nations ("UN") Guiding Principles on Business and Human Rights, the International Labour Organisation ("ILO") Declaration on Fundamental Principles and Rights at Work, and the UN Universal Declaration of Human Rights. These standards encompass vital principles such as freedom of association, the right to collective bargaining, the elimination of forced labour and child labour, and a steadfast commitment against different forms of discrimination.

In addition, the Group endeavours to uphold the essential provisions outlined in the Children and Young Persons (Employment) (Amendment) Act 2010, as well as the Employment Act 1955. The Group firmly opposes the use of child labour, forced labour, slavery, involuntary prison labour, and trafficking of persons under any circumstances. Employees are treated equitably, without any form of bias, in the workplace. The Group has also developed a new and comprehensive labour standard statement that can be found on the Group's website.

To translate this commitment into action, the Group has instituted thorough training programs targeted at addressing the issue of forced labour within the manufacturing sector. These training sessions are designed to heighten awareness among employees about the presence of forced labour practices and to furnish them with the necessary knowledge and tools to effectively prevent and combat such practices within our business operations. Through these training efforts, HCIB empowers our employees to play an active role in fostering a work environment that is free from any form of forced labour.

In FY2024, HCIB reported zero incidents of non-compliance with labour standards, reflecting our adherence to both Malaysian labour laws and HCIB's labour policies. Our HR department remains vigilant in maintaining compliance, underscoring our engagement to maintain a fair and lawful workplace. No further actions were required as no non-compliance incidents were reported by our organisation.

FY2024: Zero

FY2023: Zero
FY2022: Zero

Number of human rights violations

FY2024: Zero

Number of labour rights violations

Our actions to address labour issues include the following:

Indicator	Actions Taken
Prevention of Child Labour	HCIB sets the minimum hiring age at 18 according to the Local Employment Act 1955. The Human Resources department verifies each employee's age through official documents, including National Identity Cards, Birth Certificates, and Passports for local and foreign employees. In FY2024, our youngest employee in HCMT is 20 years old, and in HCCT, the youngest employee is 19 years old.

Sustainability Statement
(Cont'd)

Indicator	Actions Taken
Prevention of Forced Labour	HCIB does not have bonded foreign labourers; they are free to terminate their employment at any time with one month's prior notice. The workers are also not forced to work overtime, as our TMS system (as defined below) records the employees' daily working hours and time off. At HCIB, we endeavour to comply with The Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446) in Malaysia, providing proper housing and amenities for foreign labourers.
Mechanisms to Allow Employee Representatives to Engage with Company Management	HCIB has signed collective agreements with national unions. HCCT Union signed a collective agreement with the Non-Metallic Mineral Products Manufacturing Employees' Union, while HCMT Union signed a memorandum of agreement with the Cement Industries Employees Union. These agreements recognise the unions as the exclusive bargaining agents for their respective employees on matters affecting their interests.
Reduction of Excessive Working Hours	HCIB employs a centralised Time Management System ("TMS") to record and monitor employees' working hours and time off. This system analyses work hours to help ensure a balanced workload and identifies excessive hours undertaken without prior approval. This is a key action for us to reduce excessive working hours among our employees.

Additionally, in relation to the prevention of child labour and forced labour, HCIB has published a Labour Standards Statement. This statement is available in two languages- Bahasa Malaysia and English.

Employee Grievance Mechanisms

Employees must conduct themselves professionally and adhere to accepted standards of behaviour in Malaysia. The use of abusive language, bullying, harassment, or physical violence is strictly prohibited. Any instances of non-compliance or grievances can be reported through confidential whistleblowing channels or directly to the employee's immediate supervisor.

HCIB aims to foster a work environment devoid of bullying, harassment, victimisation, and any form of unacceptable behaviour, promoting the dignity of our staff in the workplace. The Group has taken a proactive stance in tackling workplace bullying and harassment by rolling out targeted training for managers on handling reports or instances of bullying or harassment. This training was designed to arm management with the knowledge and skills required to address these serious issues effectively. Besides that, the training also covered different topics, including grievance, sexual harassment, and forced labour. The aim is to create a supportive atmosphere where employees feel confident to report incidents and trust that their concerns will be managed with the utmost care and professionalism.

Employees are informed about these reporting channels. If any such grievances arise, employees can immediately file a complaint with their immediate supervisor or manager, preferably within two weeks of the incident. If this incident involves their immediate supervisor or manager, then the grievance should be escalated one level further to their manager instead.

Once the grievance is received, a meeting shall be held between the employee and their immediate supervisor or manager. This meeting shall be conducted within seven working days of receiving the grievance and is primarily to resolve relevant issues amicably. If the employee is still unsatisfied with the outcome or if there is no decision within six weeks of the grievance, then the grievance can be escalated to the Human Resources ("HR") department for intervention. This can be done directly or through the Union.

If an acceptable resolution is still not reached, then the employee is entitled to exercise their rights to refer the grievance to the Labour or Industrial Relations Department. From here, the dispute will be then determined in accordance with the Employment Act 1955 or Industrial Act 1967.

Sustainability Statement
(Cont'd)

8.2 Talent Management

At HCIB, we value the profound benefits of a diverse workforce: attracting and retaining exceptional talent, nurturing high performance, and enhancing the Group's overall effectiveness.

We are dedicated to fostering a workplace that actively promotes diversity, equality of opportunity, and zero tolerance for unlawful discrimination. Our goal is to cultivate and sustain an inclusive environment that embraces diversity.

A) Hiring and Attrition

The Group supports the local community and economy. As part of our community engagement strategy, we strive to prioritise hiring from local communities within a 20-kilometre radius of our operating plants.

We may also employ foreign workers for specific roles to address our diverse business needs. However, such hiring decisions are made as a secondary option after efforts are made to fill these positions with Malaysian candidates.

Additionally, certain management roles require specialised skills and experience that may be filled by expatriates. Nevertheless, we actively facilitate knowledge transfer and succession planning by assigning local individuals to work with expatriates. This approach enables them to gain experience and eventually assume these responsibilities in the future.

Total Turnover by Employment Category	FY2024
Management	17
Executive	17
Non-Executive/Technical staff	23
General workers	5
Turnover Rate	8.81%

Employee Rights and Welfare

At HCIB, the Group adheres to relevant wage laws, following regulations concerning minimum wages, overtime hours, and legally mandated benefits. While the Group recognises and supports employees who may perform overtime work, which often results in exceeding the minimum wage, we have implemented necessary controls to manage their work hours in accordance with local labour laws.

- Upholding equal opportunity and non-discrimination
- Respecting workers' right to dignity at work
- Supporting a harassment-free and violence-free workplace
- Adhering to employment-related laws, including those governing working hours, overtime pay, and fair compensation (e.g., Minimum Wage Order 2022)
- Prohibition and prevention of forced labour, debt bondage, human trafficking, and other forms of modern slavery
- Recognition of children's rights and prohibition and prevention of child labour
- Respecting employees' right to wellness, mental health, and work-life balance
- Providing a minimum notice period for changes in terms of duties, work location, or other operational changes
- Upholding the right to safe working conditions
- Empowering collective bargaining at work
- Respecting employees' right to participate in a trade union as per the Industrial Relations Act 1967 and Trade Unions Act 1959
- Promoting a fair reward system and fostering transparency in the hiring process

Sustainability Statement
(Cont'd)

The Group upholds freedom of association, the right to collective bargaining, and anti-discrimination practices in the workplace to safeguard the civil liberties of its employees as mandated by local laws and regulations. Our employees are entitled to exercise their freedom to join a trade union of their choice, provided they adhere to both local legislation and the union's regulations.

Within HCCT, 10% of employees are currently covered by collective bargaining agreements, and in 2021, they signed the 18th Collective Agreement, which remains valid for a period of three years. Meanwhile, in HCMT, a union has been established, and the 1st Collective Agreement was signed in May 2023. It is anticipated that 33% of employees will be covered by the collective bargaining agreement.

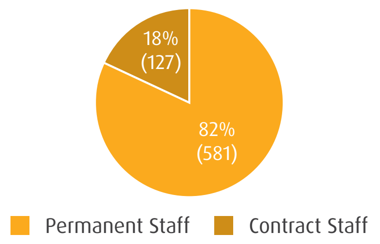
8.2.1 Diversity and Inclusivity

A diverse and inclusive workforce is crucial for fostering innovation, driving business success, and contributing to a sustainable future.

The Group acknowledges the significance of offering equal opportunities to employees, irrespective of sex, race, ethnic origin, nationality, marital status, pregnancy, maternity leave, disability, age, religion or belief, trade union membership, part-time working arrangements, or fixed-term employment status. This, in return, helps ensure that our staff have the chance to achieve their fullest potential.

Overall Workforce	FY2023	FY2024
Total Workforce	705	708
By Gender (%):		
Male Employees	86%	85%
Female Employees	14%	15%
By Nationality (%):		
Malaysian Employees	79%	80%
Foreign Nationals	21%	20%
By Employment Category (%):		
Managers	13%	14%
Executives	22%	23%
Non-Executives/Union	41%	46%
Foreign workers/General Workers	24%	18%

Proportion of Contract Staff in FY2024 (%)



FY2023
Permanent Staff - 79% (571)
Contract Staff - 21% (150)

FY2022
Permanent Staff - 86% (536)
Contract Staff - 14% (89)

Note: Figures have been rounded to the nearest whole number

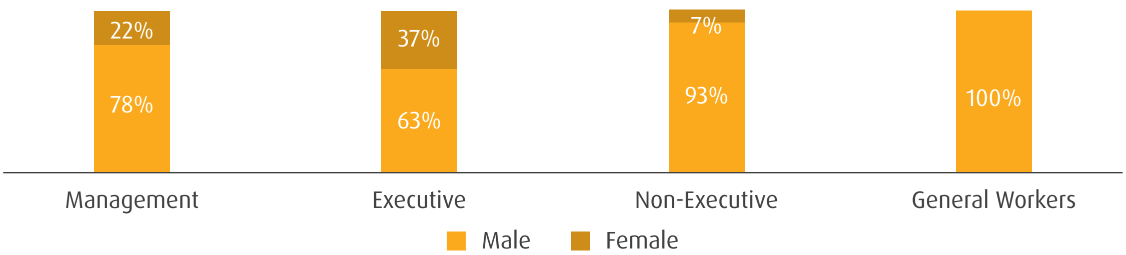
Within the Group, women are currently underrepresented in operational roles, primarily due to the historical male dominance in heavy industries such as ours.

Sustainability Statement

(Cont'd)

Nevertheless, we are pleased to note a more balanced gender distribution within our Administrative and Sales & Marketing departments. This underscores our commitment to creating an inclusive workplace where employees within our Group have equal opportunities, regardless of gender.

HCIB Employee Profile Based on Job Category and Gender in FY2024 (%)



Management

FY2023
Male : 76%
Female : 24%

FY2022
Male : 78%
Female : 22%

Executive

FY2023
Male : 70%
Female : 30%

FY2022
Male : 72%
Female : 28%

Non-Executive

FY2023
Male : 90%
Female : 10%

FY2022
Male : 90%
Female : 10%

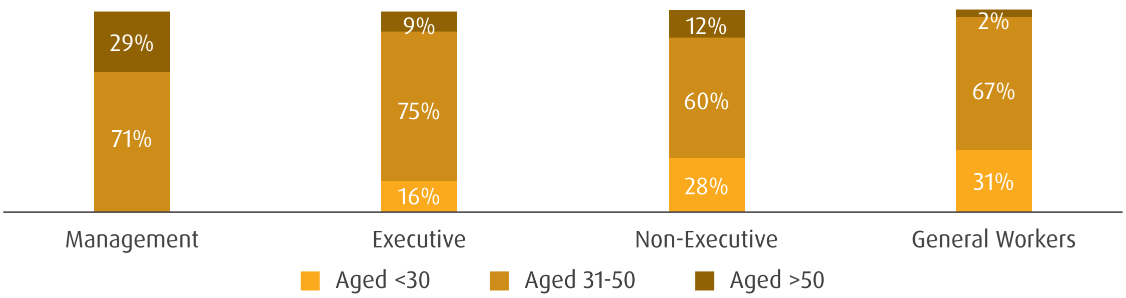
General Workers

FY2023
Male : 100%
Female : 0%

FY2022
Male : 100%
Female : 0%

Note: Figures have been rounded to the nearest whole number

HCIB Employee Profile Based on Job Category and Age Group in FY2024 (%)



Management

FY2023
Aged <30 : 0%
Aged 31-50 : 78%
Aged >50 : 22%

FY2022
Aged <30 : 0%
Aged 31-50 : 74%
Aged >50 : 26%

Executive

FY2023
Aged <30 : 16%
Aged 31-50 : 77%
Aged >50 : 7%

FY2022
Aged <30 : 15%
Aged 31-50 : 78%
Aged >50 : 7%

Non-Executive

FY2023
Aged <30 : 33%
Aged 31-50 : 57%
Aged >50 : 11%

FY2022
Aged <30 : 30%
Aged 31-50 : 61%
Aged >50 : 9%

General Workers

FY2023
Aged <30 : 37%
Aged 31-50 : 60%
Aged >50 : 3%

FY2022
Aged <30 : 34%
Aged 31-50 : 62%
Aged >50 : 4%

Note: Figures have been rounded to the nearest whole number

Sustainability Statement
(Cont'd)

HCIB has taken action to improve workforce diversity and equal opportunity, as well as reduce discrimination throughout the Group. These are based on:

Indicator	Action Taken
Race	HCIB has created a workforce that reflects a mix of different ethnic origins, aiming for inclusivity and equal opportunities regardless of race or nationality. HCIB celebrates Chinese New Year, Hari Raya Aidilfitri, and Deepavali annually, embracing the diverse celebrations of our workforce.
Religion	The company fosters a workplace environment that actively promotes equality of opportunity and strictly prohibits any form of unlawful discrimination, which includes religious beliefs. In our premises, we provide adequate space for our Muslim employees to perform their daily prayers. Additionally, we have designated separate halal and non-halal facilities in our food pantry, respecting the religious practices of our employees.
Gender	HCIB recognises the importance of gender diversity, especially in roles traditionally held by men. Women now make up 32% of our executive and management category, up from 28% last year. We share the national aspiration of achieving 30% female representation in decision-making positions across the sectors. HCIB continues to take proactive measures to increase female participation at executive levels in traditionally male-dominated heavy industries like ours.
Age	At HCIB, more than one-fifth (22%) of managerial positions are filled by employees aged 50 and above. While boosting young leaders in our business operations, we also view employees aged above 50 as a valuable resource for our business growth. We do not discriminate against employees for decision-making positions based on age.
Nationalities	HCIB hires employees from various nationalities, not only as regular workers but also for higher positions, including decision-making roles. Our head of manufacturing at Hume Cement is a foreign national. We have Indonesian workers in HCCT plants in Sabah, whereas employees from Nepal and Bangladesh work in HCCT plants located in Beranang and Kuantan.

8.2.2 Human Capital Development

Employee development and enhancing our human capital remain the top priorities at HCIB.

We prioritise the growth and development of our employees, recognising that continuous learning is crucial for maintaining our competitive edge. To maximise the value of this investment, learning and development initiatives must align with our business strategies and needs.

The HR department works alongside department heads to strategically allocate resources to areas that generate the highest returns for our business and invest in employees we aim to attract, retain, and develop. By taking a strategic approach to learning and development, we aim to optimise benefits for both our employees and the overall success of the Group.

Sustainability Statement
(Cont'd)

To support this objective, the Group has implemented diverse training centred on the four (4) core principles of our Learning & Development programs. These trainings are designed to enhance the skills of our workforce, enabling them to deliver high-quality services with significant impact.

Culture & Values

This pillar forms the cornerstone of our induction program, that includes:

- QPP & 5S training that promotes efficiency and organization.
- Weekly safety training that focuses on safety practices and fire extinguisher use.
- ABCMS awareness to educate on Anti-Bribery & Corruption Management to uphold integrity

Leadership

This pillar is tailored for selected employees to develop supervisory and leadership skills, fostering effective teamwork. The comprehensive training programs include:

- Train-the-Trainer ABCMS
- Hume Quality Leadership Journey ("HQL")
- Manufacturing Management
- Learning & Development Process Improvement

Business specific

This pillar is designed for technical and process-related employees to enhance their technical knowledge. The training programs include:

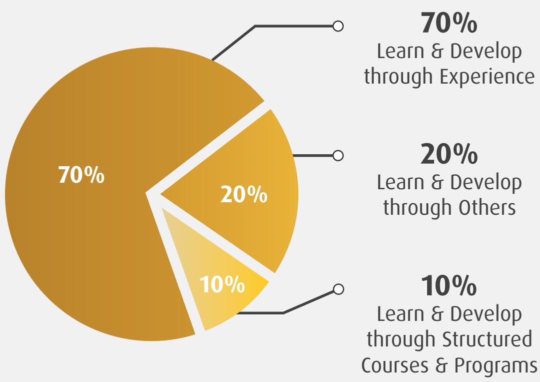
- EPICOR System for Finance Training
- Specialized training on Safety Standards
- Waste Spill Prevention, Control, and Recovery Measures
- Practical, hands-on training to apply technical skills in real-world scenarios

General Management

This pillar focuses on system and management-specific topics, including rules and regulations from government bodies. Key training areas include:

- Anti-Bribery & Corruption Management System
- Effective Internal Audit Skills of ISO 37001:2016
- Industrial First Aid Regulatory Compliance Trainings
- Data Protection and Privacy

In addition to our structured Learning & Development programs, we are guided by the 70-20-10 approach. This approach acknowledges the importance of experiential learning (70%), learning through relationships and interactions (20%), and formal learning interventions (10%). By embracing this framework, we aim to provide a comprehensive and holistic development experience for our employees, empowering them to excel both professionally and personally.



Sustainability Statement

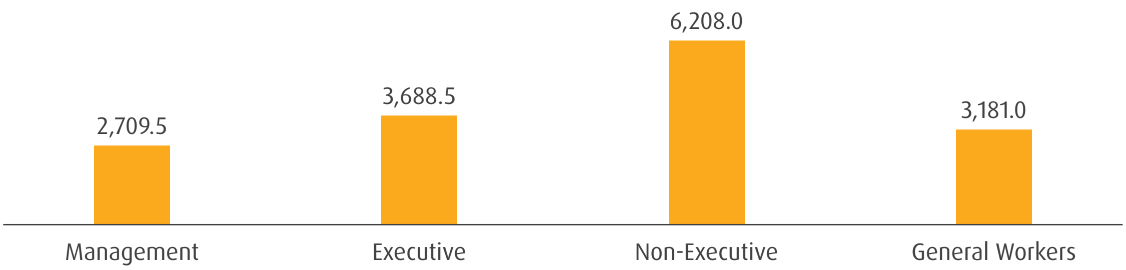
(Cont'd)

A) Group Training Data

In FY2024, the Group's training performance as presented in the following:

	Target	FY2024
Total training hours as a company		**15,787 Hours** FY2023: 21,416 Hours FY2022: 6,997 Hours
Average Training Hours Per Employee	> 20 Hours	**22.3 Hours** FY2023: 29.7 Hours FY2022: 11.2 Hours
Average Training Days Per Employee	> 0.8 Days	**0.9 Days** FY2023: 1.2 Days FY2022: 0.5 Days

Total Training Hours by Employee Category in FY2024



Youth Apprenticeships and Graduate Placements

In terms of boosting youth employment initiatives, HCIB prioritises nurturing and cultivating the younger generation to become skilled professionals in the manufacturing industry.

In FY2024, the Group offered a total of three Graduate Development Programme ("GDP") at HCMT. These programs are part of the Group's commitment to nurturing promising young talents, providing them with valuable learning opportunities to excel in the industry.

HCIB's Inclusive Employment Opportunity

HCIB supports the employment of underprivileged groups, including individuals from deprived backgrounds, those with poor social status, and individuals lacking formal education or qualifications. We are focused on contributing positively to the local community by offering employment opportunities to a segment of our support staff who only completed primary school education. This approach underlines our belief in inclusivity and social responsibility so that employees have the opportunity to find meaningful work and contribute to our collective success.

Sustainability Statement
(Cont'd)

8.2.3 Employee Engagement

Acknowledging the fundamental significance of employee satisfaction and engagement in driving overall business performance, the Group organises a diverse array of activities aimed at fostering a strong sense of belonging and promoting robust employee engagement.

These initiatives are designed to create a positive and inclusive work environment where employees are empowered to actively participate, contribute effectively, and feel appreciated within the Group. By nurturing a culture of belonging and engagement, the Group aims to enhance employee morale, increase productivity, and ultimately achieve better business results.

Throughout FY2024, various employee engagement activities have been conducted, including:

Celebrations

Chinese New Year

Hari Raya

Independence Day

Employee Welfare/ Appreciation

Kaizen Competition

Halloween Movie Day

Chocolate Day

Annual Dinner 2023

Hume Got Talent

Employee Appreciation Day

Townhall sessions with the employees

Health & Wellness

Sports Tournament

Hong Leong Group Wellness Day

Blood Donation Drive

SHE Week 2023

Badminton Tournament

Takraw Tournament

In a heartfelt demonstration of employee commitment and community spirit, HCMT Gopeng partnered with the Raja Permaisuri Bainun Hospital in Ipoh to organise a blood donation campaign. This event was met with an inspiring turnout, as 45 dedicated HCMT staff members came forward to donate blood. Their contributions played a crucial role in supporting this life-saving cause.

Halloween Movie Day

Hong Leong Group's Wellness Day, which was open to all subsidiary companies, including HCIB

Sustainability Statement
(Cont'd)

Hari Raya Celebration

8.3 Health and Safety

The Group remains steadfast in prioritising the health and safety of our employees and workers, thereby enhancing our credibility and reputation as a reliable company. This unwavering commitment underscores our dedication to safeguarding our workforce's well-being.

HCIB has established a strong safety, health, and environment ("SHE") culture supported by rigorous Board oversight. This culture boosts employee morale and minimises disruptions that could adversely affect the Group's operations, both financially and operationally.

We recognise the pivotal role of its Occupational Health and Safety Management System ("OHSMS") in fostering a productive workforce and driving economic growth. Every incident, especially those resulting in injuries or fatalities, is seen as preventable, with the OHSMS providing comprehensive protection to employees and workers.

The Group is committed to achieving 'Zero' incidents and accidents across our manufacturing plants, reflecting its unwavering dedication to continually improving safety and health records. Organisational resources, guided by board oversight, are allocated to enhance the Occupational Safety and Health ("OSH") agenda comprehensively, covering financial and non-financial aspects. This commitment promotes a robust safety culture, safeguards employee well-being, and enhances overall OSH performance.

Ybhg. Datuk Ir. Ahmad 'Asri Bin Abdul Hamid, the Director overseeing the Health & Safety at HCIB, and Dato' Mohamad Kamarudin Bin Hassan, the Director overseeing the Sustainability and Climate Change at HCIB, paid courtesy visits to the HCCT plant in Beranang on 13 June 2024 and the HCMT plant in Gopeng on 26 June 2024, respectively. They visited the plants to oversee the health and safety measures as well as the sustainability initiatives within HCIB operations.

Sustainability Statement
(Cont'd)

8.3.1 Health and Safety Policy and Compliance

HCIB strictly complies with local government regulations, and undergoes regular scrutiny from multiple authorities. These include yearly audits by the Standard and Industrial Research Institute of Malaysia ("SIRIM") QAS International, and inspections are carried out by the Department of Occupational Safety and Health ("DOSH"), the Department of Environment ("DOE"), the Fire and Rescue Department ("BOMBA"), and insurance assessors.

The Group prioritises safety through its comprehensive SHE Policy. This overarching framework establishes crucial guidelines to promote optimal safety standards for relevant stakeholders. Recognising the unique aspects of each operation, individual HCIB subsidiaries have developed their own specialised SHE policies to address their specific business needs.

HCIB has implemented Standard Operating Procedures ("SOPs") for SHE to support compliance with established health and safety practices. These SOPs are designed to meet the stringent requirements of ISO 45001:2018, an international standard for occupational health and safety management systems, as well as the Occupational Safety and Health Act ("OSHA") 1994. By aligning with these recognised standards, the Group demonstrates its commitment to maintaining a safe and healthy work environment while adhering to legal and regulatory obligations in its operations.

HCMT's manufacturing facility in Gopeng, Perak, has achieved ISO 45001:2018 certification, demonstrating its compliance with Occupational Health and Safety Management System ("OHSMS") standards. This certification covers the entire scope of HCMT's operations, including clinker and cement production, as well as quarry activities.

25% HCIB's plants have received ISO 45001:2018 certification

100% HCMT's operational staff underwent health surveillance`

Furthermore, SIRIM QAS International has awarded HCMT the IQNet certificate, recognising the company's effective implementation and consistent practice of OHSMS. This additional certification further validates HCMT's commitment to maintaining robust health and safety practices.

These certifications evidently showcase our unwavering commitment to upholding high health and safety standards, underscore our priority in safeguarding employee well-being, and allow us to measure our performance against recognised industry benchmarks. By adhering to these internationally acknowledged standards, we not only aim to ensure compliance but also strive for continuous improvement in our safety practices.

8.3.2 Health and Safety Management

The Group prioritises SHE performance through a structured review process. At the Group level, SHE performance is evaluated during Monthly Management Meetings, emphasising that safety remains a top priority across the organisation. Additionally, each operating plant conducts its own Plant Performance Meetings to assess and improve their individual safety records.

The Occupational Safety, Health, and Environment ("OSHE") Committee has been established to foster open communication and effectively address health and safety concerns. This committee includes representatives from both employees and employers, creating a balanced forum for discussing safety matters. Regular meetings are held with employee representatives from various departments, allowing for a comprehensive approach to addressing plant-specific health and safety issues.

Sustainability Statement
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These meetings serve a crucial role in the Group's safety culture, providing a platform for employees to actively participate in developing, implementing, and evaluating the OHSMS. This inclusive approach helps ensure that safety measures are practical, effective, and well-understood by those on the front lines.

Complementing the OSHE Committee, each plant has an HSE officer or coordinator. These individuals are responsible for establishing and discussing safety programs, considering budget constraints, operational capacities, and specific requirements of each facility. This targeted approach allows for the development of safety measures that are both effective and feasible within the context of each plant's operations. By empowering employees to contribute to safety initiatives, the company fosters a culture of collective responsibility for workplace safety.

Whistleblowing Form

Provides stakeholders with a confidential channel to report any violations or breaches of the Group's health and safety policies and procedures.

The 5S and Safety Penalty Online Platform

Includes a reporting e-form that allows employees to lodge complaints or report incidents related to health and safety violations within HCMT. Upon completion of corresponding investigations, appropriate actions are taken against the offenders.

SHE Reporting System

Allows employees to suggest improvement ideas *(Kaizen)* or report safety concerns specific to the plants. This system provides a means for employees to actively contribute to enhancing safety measures within the Group

8.3.3 Hazard Identification and Assessment

In alignment with the SHE targets, a committee consisting of members from HCMT and HCCT has identified hazards, risks, and the necessary controls associated with the ongoing processes of the companies. Trained individuals-in-charge, as well as members of the SHE committee, perform these assessments.

The Group conducts risk assessments at our operational sites using the Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") framework to manage HSE risks effectively. These assessments, performed at least annually with additional reviews as needed, are led by SHE working committees and include representatives from both management and workers. The findings inform the implementation of appropriate safety measures, which are documented and periodically reviewed by SHE committees to help ensure ongoing effectiveness and relevance.

The identified risks are categorised and addressed with specific mitigation actions. Annual health and safety programs, including medical surveillance, audiometric tests, and various monitoring activities, are implemented across the Group. Through careful analysis, risks and opportunities are classified into various categories, enabling the implementation of tailored strategies for effective risk management. This structured approach helps ensure a proactive stance towards maintaining a safe and healthy work environment while optimising operational efficiency.

8.3.4 Incident Reporting and Management

At HCIB, we maintain a rigorous system for accident reporting and investigation across our operating companies. SHE committees are responsible for promptly documenting any accidents or Lost-Time Injury ("LTI") cases through the SHE Accident Investigation Report. In compliance with DOSH regulations, our operating companies fulfil their obligation to submit JKKP 6, JKKP 7, and JKKP 8 reports as required.

Lost-time refers to the days an employee is absent from work due to an injury, diagnosis of occupational poisoning, or occupational disease. These lost days are counted from and include the day following the day of the accident and are measured in calendar days.

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According to the Department of Occupational Safety and Health ("DOSH"), a serious bodily injury is defined as one that prevents the employee from working for more than four consecutive days. If the additional medical leave exceeds four consecutive days, the injury is deemed serious and must be reported to DOSH. Therefore, medical leave exceeding four days and reported to DOSH will be considered as LTI records.

When an incident or accident occurs within HCIB's operations, we follow a structured protocol to investigate and address the situation effectively. This protocol helps ensure a thorough examination of each event, enabling us to implement appropriate corrective measures and prevent future occurrences.

For emergency preparedness and support, the facility maintains a dedicated Occupational Health Nurse and a treatment room for immediate medical care. For more serious situations, an ambulance is available on-site. The plant also has arrangements with a local clinic and General Hospital to provide additional medical support when needed.

8.3.5 Health and Safety Performance

The Group aims for zero accidents across its operations by tracking injury frequency rates to guide its safety approach and enable prompt interventions.

At HCIB, safety data is gathered through internal and external audits by organisations such as SIRIM, DOSH, DOE, BOMBA, and other operational entities. These audits are reviewed on a monthly basis, taking into account incident performance and online safety reporting, alongside a yearly Management Review.

Meanwhile, the Unsafe Act Unsafe Condition ("UAUC") audit aims to address ongoing HSE issues. A regular annual management review is scheduled to address OSH performance during the Safety Committee Meeting. Through the 5S program, safety audits are conducted involving internal and external assessments, including other Hong Leong Manufacturing Group plants.

Below are the comprehensive safety metrics for FY2024, providing a detailed overview of our safety performance for both employees and contractors.

Safety Data

Indicators	FY2022	FY2023	FY2024
Number of Lost Time Injury ("LTI") in HCIB	5	3	4
Lost time injury rate ("LTIR") in HCIB (%)	0.61	0.30	0.36
Lost time injury frequency rate ("LTIFR") in HCIB (%)	3.05	1.52	1.81
Coverage for LTIR, Group (%)	100	100	100
Coverage for LTIFR, Group (%)	100	100	100
Number of contractors in HCIB	219	270	293
Number of work-related contractor fatalities in HCIB	0	0	1
Number of work-related employee fatalities in HCIB	1	0	0

Note: In FY2024, the calculation for the Group LTIR and LTIFR includes manhours from HCMT, HCCT (employees and contractors), and our Head Office in Petaling Jaya.

Sustainability Statement
(Cont'd)

8.3.6 Health and Safety Training and Communication

HCIB regularly holds health and safety discussions with worker representatives to maintain a safe workplace. These take place through the Group's SHE Committee, which includes employee representatives from various plant departments.

The SHE meetings encourage open communication and teamwork, allowing employees to contribute to the OHSMS's development, implementation, and assessment. By including worker representatives, the Group emphasises the importance of employee input in shaping and improving the organisation's health and safety practices.

To enhance employee awareness and expertise, HCIB conducts regular training sessions for employees, focusing on providing a better understanding of the Group's internal SHE policies and procedures, as well as capacity building. This approach aims to build a competent workforce that helps ensure a safe and productive workplace. Training modes include SHE talks, toolbox briefings, and safety presentations. Additionally, new hires, especially those joining the Group's plants, receive safety induction training to familiarise them with HCIB's SHE policies and procedures.

HCCT, in particular, emphasises training and raising awareness among its workforce in its operational plants. Here, regular briefings are conducted, tailored to the specific needs of each site, to address the gaps in employee expertise. These briefings cover familiar topics, such as the dangers of chemicals and the correct use of personal protective equipment ("PPE"), to serve as a reminder of proper safety procedures.

Specialised training programmes are also conducted to build employee knowledge further. At HCCT's Beranang plant, for instance, monthly training sessions are conducted, covering topics such as noise exposure, scheduled waste awareness, and office safety. These training sessions also refresh employees' knowledge of the Group's procedures and safety measures, such as the HIRARC and Emergency Response Plan ("ERP").

Health and Safety Training	FY2022	FY2023	FY2024
Number of Staff Trained	625*	721*	708
Total Training Hours	2,684	7,155	7,682

*Note: *Data covers active and resigned employees*

Other such training and awareness programmes conducted in FY2024 include the following:

Safety Training Sessions in FY2024	
	Hearing Conservation Training
	Seminar Keselamatan Kebakaran
	PPE Training
	HIRARC Workshop
	Authorised Gas Tester for Confined Space ("AGTES")
	Gas Measurement for Process Optimisation
	Effective Internal Audit Skills of ISO 45001:2018
	Basic Rigging and Slinging Training
	DOSH Safety Talk
	ERP Training
	Behaviour Based Safety ("BBS")
	OSH Act 2022 - Amendment Seminar
	Chemical Safety Training
	Aspect Impact Training
	5S Activity

Sustainability Statement
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HCMT organised a Transporter' Safety and Appreciation Day on 30th June 2024 to recognise and thank the Group's exceptional drivers for their safe and timely cement deliveries. The event promoted safe driving practices and provided a platform for drivers to share their experiences and concerns. This event strengthened relationships, fostered teamwork, and reinforced our commitment to safety, timely deliveries, and lasting business success.

Demonstrating renewed commitment to the goal of "Safety First, Last & Always", HCMT launched SHE Week 2023, celebrating its dedication to workplace safety. This week-long series of events engaged the community and reinforced the Group's goal of a safer, healthier, and more productive work environment. Activities included competitions and safety awareness talks, promoting HCMT's safety objectives, and fostering a shared sense of responsibility among staff.

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(Cont'd)

8.4 Community Investment and Corporate Social Responsibilities

The Group places importance on uplifting disadvantaged communities. With a focus on areas surrounding its operational facilities, we pursue a diverse range of Corporate Social Responsibility ("CSR") initiatives as we believe in the profound impact of enhancing the well-being of those in need, demonstrating a dedication to positive social change beyond our business operations.

To uphold these commitments, the Sustainability Working Committee ("SWC") has appointed dedicated representatives from the Group to provide feedback and guidance on the HCIB's CSR and employee program initiatives. In FY2024, the Group demonstrated its commitment by investing RM 60,554.75 in various CSR initiatives throughout the year.

The SWC, in collaboration with a designated Group representative, strategically aligns the Group's investments with community needs and priorities. This representative serves as the company's visible ambassador within the community, actively participating in local events, sponsoring programs, and engaging with community leaders and stakeholders. This hands-on approach fosters trust and raises awareness among community members, strengthening the bond between the company and the areas it serves.

The Group's proactive outreach efforts have yielded substantial and far-reaching benefits for the community. These strategic initiatives have catalysed transformative change across several key domains:

Education Development

- Providing aid, resources, and infrastructure to underserved communities, particularly around the manufacturing plant, to improve their knowledge and social status.

Workforce Development

- Programmes such as the Graduate Trainee Program, internships, and Group Scholarship Programmes have helped enhance the skills and capabilities of the current workforce, leading to better job opportunities, performance, talent retention, and increased productivity and profitability.

Community Development

- Supporting infrastructure improvements and religious programmes, contributing to the community's growth and positively impacting their overall well-being.

Strengthening Stakeholder Relationships

- Building strong relationships with local communities, village leaders, employees, and other stakeholders, allowing the company to engage in social and environmental initiatives, thereby improving their bottom line while making a positive impact on the world.

The Group views our CSR initiatives as a vital opportunity to contribute to the welfare of the local communities around us. By reinvesting in these communities, we aim to enhance their overall wellbeing while supporting their aspirations and growth. This is done through our initiatives in educational and community development, as well as by supporting local agencies.

Sustainability Statement

(Cont'd)

A) Education Development

Throughout FY2024, HCIB implemented various programmes focused on supporting educational institutions. Recognising the transformative role schools play in community development, we consistently extend our support to nearby schools through financial and material contributions. Notably, in FY2024, the Group provided financial donations to SK Kota Bahru and SK Changkat Tin to support their school programmes, such as sports days and field trips. Additionally, HCIB donated a total of 400 cement bags to SJK (C) Pei Yuan and another 40 bags to SK Kota Bahru and SK Malim Nawar, respectively. This material contribution was used by the schools for necessary upgrades and repairs. We also supported SK Changkat Tin's *gotong royong* activity by sponsoring a three-day backhoe rental which was helpful in clearing bushes.

HCIB provided financial support to SK Changkat Tin for the school's annual Athletic Programme.

HCIB donated 400 bags of cement to SJK (C) Pei Yuan to renovate the school's basketball court.

The Group provided financial support and volunteers to help with SK Kota Bahru's gotong royong activity. This event helped to create a clean, conducive, and attractive environment for the students at the school.

Sustainability Statement
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B) Community Development

Beyond educational support, HCIB actively contributes to community welfare and development. In collaboration with one of our business partners, we provided household necessities to underprivileged families in Kampar. Similarly, HCCT Beranang also organised a programme to assist needy families in the Beranang area. Our charitable efforts were extended to religious institutions as well, with donations made to mosques and suraus to support the Ramadhan and Hari Raya Aidilfitri celebrations.


The donation drive organised by HCCT Beranang provided household necessities, such as rice, noodles, and biscuits, to underprivileged families in the Beranang area.


A donation was made to Masjid Jamek Kota Bahru to help sponsor their Iftar celebrations during Ramadhan.

C) Local Agency Support

HCIB also fosters the development of local agencies. In FY2024, we made several donations to agencies, such as Ibu Pejabat Mineral dan Geosains Malaysia, Kelab Polis IPK Perak, and Persatuan Kebajikan dan Sukan JKKP Perak, to support their various activities. At the same time, the Group donated 60 bags of cement for the construction of a volleyball court at the Gopeng Police Station. We also had a further collaboration with Polis Diraja Malaysia ("PDRM") by providing financial support for their "Projek Tangan Bersalaman PDRM & NGO/Agensi Swasta Bersama Golongan Asnaf". This was a welfare initiative by the Kampar Police Department to provide aid to the needy during Hari Raya Aidilfitri.

Aside from social welfare, the Group's support also extends to agencies involved in environmental preservation and conservation. In FY2024, HCIB donated 320 cement bags to Zoo Negara for various projects within the zoo. These included habitat enhancements, construction of enrichment structures, and general repair and restoration work around the zoo.

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HCIB was one of the sponsors who supported PDRM's "Projek Tangan Bersalaman PDRM & NGO/Agensi Swasta Bersama Golongan Asnaf", which aimed to provide donations to poor and needy families in conjunction with Hari Raya Aidilfitri.



HCIB's donation of cement bags to Zoo Negara was used to improve animal habitats and enrich the visitor experience through various projects, including new habitats and facility upgrades.

8.4.1 Employee Volunteering

HCIB recognises and values the volunteering initiatives of our employees, whether these efforts are part of the Group's in-house CSR activities or external community services. By promoting employee engagement and collaboration with charitable partners, HCIB emphasises the significance of community service and social responsibility. To celebrate this dedication, HCIB regularly identifies and honours employees who actively participate in volunteering activities. These dedicated individuals are awarded certificates to recognise their exceptional contributions and positive impact on the community.



Through the Employee Volunteering Recognition initiative, HCIB awarded certificates of appreciation to employees involved in both internal CSR activities and with non-profit organisations, acknowledging their valuable contributions.

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FY2024's Employee Volunteering Snapshot

376
Volunteer Hours
(FY2023: 193 Hours)

2,190
Beneficiaries
(FY2023: 2,983)

76
Employees Volunteered
(FY2023: 34)

This recognition programme not only celebrates the achievements of our employees but also serves as an inspiration for others to get involved and make a difference. By highlighting their efforts, the Group aims to foster a culture of service and encourage collective responsibility to improve community wellbeing.

Group employees volunteering in HCIB's various CSR initiatives.

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APPENDICES

PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive	Percentage	100.00
General Workers	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	60,554.75
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	2,190
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30-50	Percentage	71.43
Management Above 50	Percentage	28.57
Executive Under 30	Percentage	16.05
Executive Between 30-50	Percentage	75.31
Executive Above 50	Percentage	8.64
Non-executive Under 30	Percentage	28.09
Non-executive Between 30-50	Percentage	59.57
Non-executive Above 50	Percentage	12.35
General Workers Under 30	Percentage	30.65
General Workers Between 30-50	Percentage	66.94
General Workers Above 50	Percentage	2.42
Gender Group by Employee Category		
Management Male	Percentage	77.55
Management Female	Percentage	22.45
Executive Male	Percentage	62.96
Executive Female	Percentage	37.04
Non-executive Male	Percentage	92.59
Non-executive Female	Percentage	7.41
General Workers Male	Percentage	100.00
General Workers Female	Percentage	0.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.00
Female	Percentage	25.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00

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Indicator	Measurement Unit	2024
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	2,652,856.46
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	1
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.36
Bursa C5(c) Number of employees trained on health and safety standards	Number	708
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	2,710
Executive	Hours	3,689
Non-executive	Hours	6,208
General Workers	Hours	3,181
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	18.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	17
Executive	Number	17
Non-executive	Number	23
General Workers	Number	5
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	66.35
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	137.332000

Internal assurance | External assurance | No assurance | (*)Restated

Note: The measurement unit for C4(a) Total Energy Consumption is in Megawatt Hour.

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STATEMENT OF ASSURANCE

In strengthening the credibility of Hume Cement Industries Berhad's **(HCIB)** Sustainability Statement, the following selected common sustainability matters were subjected to an internal review by the Group Internal Audit department; the outcome of which has been approved by the Board Audit and Risk Management Committee.

No.	Common Sustainability Matters	Common Indicators	Scope
(a)	Anti-Corruption	(i) Percentage of employees who have received training on anti-corruption by employee category (ii) Percentage of operation assessed for corruption-related risks (iii) Confirmed incidents of corruption and action taken	HCIB Group's* operations in Malaysia
(b)	Diversity	(i) Percentage of employees by gender and age group, for each employee (ii) Percentage of directors by gender and age group	
(c)	Health and Safety	(i) Number of work-related fatalities (ii) Lost time incident rate (iii) Number of employees trained on health and safety standards	

Note:
** HCIB Group comprises:*
- *Hume Cement Industries Berhad;*
- *Hume Cement Sdn Bhd;*
- *Hume Concrete Sdn Bhd; and*
- *Hume Concrete (EM) Sdn Bhd.*

GLOBAL REPORTING INITIATIVES (GRI) INDEX

STATEMENT OF USE	HCIB has reported the information cited in this GRI content index for the period 1 July 2023 until 30 June 2024 with reference to the GRI Standards.
GRI 1 USED	GRI 1: Foundation 2021

GRI STANDARD		DISCLOSURE	PAGE REFERENCE/ REASONS FOR OMISSIONS
GRI 2: General Disclosures 2021	2-1	Organisational details	20
	2-2	Entities included in the organisation's sustainability reporting	20
	2-3	Reporting period, frequency and contact point	19-20
	2-4	Restatements of information	NA
	2-5	External assurance	NA
	2-6	Activities, value chain and other business relationships	19; 22
	2-7	Employees	55-56

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GRI STANDARD		DISCLOSURE	PAGE REFERENCE/ REASONS FOR OMISSIONS
GRI 2: General Disclosures 2021	2-9	Governance structure and composition	24
	2-10	Nomination and selection of the highest governance body	
	2-11	Chair of the highest governance body	
	2-12	Role of the highest governance body in overseeing the management of impacts	
	2-13	Delegation of responsibility for managing impacts	
	2-14	Role of the highest governance body in sustainability reporting	
	2-15	Conflicts of interest	Refer to Profiles of Board of Directors & Key Senior Management in the Annual Report (pages 81 and 83)
	2-16	Communication of critical concerns	20; 29
	2-17	Collective knowledge of the highest governance body	Refer to the Governance section of the Annual Report (pages 80-98)
	2-18	Evaluation of the performance of the highest governance body	
	2-19	Remuneration policies	
	2-20	Process to determine remuneration	
	2-21	Annual total compensation ratio	NA
	2-22	Statement on sustainable development strategy	25
	2-23	Policy commitments	26
	2-24	Embedding policy commitments	26-30
	2-25	Processes to remediate negative impacts	26-30
	2-26	Mechanisms for seeking advice and raising concerns	29
	2-27	Compliance with laws and regulations	30
	2-28	Membership associations	22
	2-29	Approach to stakeholder engagement	31-32
	2-30	Collective bargaining agreements	54-55
GRI 3: Material Topics 2021	3-1	Process to determine material topics	33
	3-2	List of material topics	34-35
	3-3	Management of material topics	35
ECONOMIC			
GRI 201: Economic Performance 2016	3-3	Management of material topics	36
	201-1	Direct economic value generated and distributed	
GRI 203: Indirect Economic Impacts 2016	3-3	Management of material topics	Refer to Statements of Cash Flows in the Annual Report (pages 114 - 117)
	203-1	Infrastructure investments and services supported	
	203-2	Significant indirect economic impacts	
GRI 204: Procurement Practices 2016	3-3	Management of material topics	38
	204-1	Proportion of spending on local suppliers	

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GRI STANDARD		DISCLOSURE	PAGE REFERENCE/ REASONS FOR OMISSIONS
GOVERNANCE			
GRI 205: Anti-corruption 2016	3-3	Management of material topics	27-29
	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
GRI 418: Customer Privacy 2016	3-3	Management of material topics	31
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	
ENVIRONMENTAL			
GRI 301: Materials 2016	3-3	Management of material topics	50-51
GRI 302: Energy 2016	3-3	Management of material topics	44-47
	302-1	Energy consumption within the organisation	46
	302-4	Reduction of energy consumption	45-47
	302-5	Reductions in energy requirements of products and services	
GRI 303: Water and Effluents 2018	3-3	Management of material topics	47-49
	303-1	Interactions with water as a shared resource	47-48
	303-2	Management of water discharge-related impacts	48
	303-3	Water withdrawal	47-48
	303-4	Water discharge	
	303-5	Water consumption	
GRI 304: Biodiversity 2016	3-3	Management of material topics	49-50
	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	
	304-2	Significant impacts of activities, products and services on biodiversity	
	304-3	Habitats protected or restored	
GRI 305: Emissions 2016	3-3	Management of material topics	46-47
	305-1	Direct (Scope 1) GHG emissions	NA
	305-2	Energy indirect (Scope 2) GHG emissions	
GRI 306: Waste 2020	3-3	Management of material topics	40-43
	306-1	Waste generation and significant waste-related impacts	
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	42
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
GRI 308: Supplier Environmental Assessment 2016	3-3	Management of material topics	39

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GRI STANDARD		DISCLOSURE	PAGE REFERENCE/ REASONS FOR OMISSIONS
SOCIAL			
GRI 401: Employment 2016	3-3	Management of material topics	54-61
	401-1	New employee hires and employee turnover	54
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	54-55; 60-61
45GRI 403: Occupational Health and Safety 2018	3-3	Management of material topics	61-66
	403-1	Occupational health and safety management system	61-63
	403-2	Hazard identification, risk assessment, and incident investigation	63-64
	403-5	Worker training on occupational health and safety	65-66
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	61-64
	403-9	Work-related injuries	64
GRI 404: Training and Education 2016	3-3	Management of material topics	57-59
	404-1	Average hours of training per year per employee	59
	404-2	Programs for upgrading employee skills and transition assistance programs	
GRI 405: Diversity and Equal Opportunity 2016	3-3	Management of material topics	55-57
	405-1	Diversity of governance bodies and employees	
GRI 406: Non-discrimination 2016	3-3	Management of material topics	29
	406-1	Incidents of discrimination and corrective actions taken	
GRI 407: Freedom of Association and Collective Bargaining 2016	3-3	Management of material topics	30-31
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labor 2016	3-3	Management of material topics	30-31; 52
	408-1	Operations and suppliers at significant risk for incidents of child labour	
GRI 409: Forced or Compulsory Labor 2016	3-3	Management of material topics	30-31; 52
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	
GRI 413: Local Communities 2016	3-3	Management of material topics	67-71
	413-1	Operations with local community engagement, impact assessments, and development programs	
	413-2	Operations with significant actual and potential negative impacts on local communities	
GRI 414: Supplier Social Assessment 2016	3-3	Management of material topics	30-31

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TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

Recommended Disclosures		Location/Explanation
Governance ***Disclose the company's governance around climate-related risks and opportunities***		
a)	**Board Oversight**	The Board of Directors at HCIB, as the highest governing body, takes a proactive role in steering sustainability and ESG goals. Led by Independent Non-Executive Directors, the Board Audit and Risk Management Committee ("BARMC") supports the integration of sustainability into the Group's risk management. Additionally, the Board endorses HCIB's sustainability framework, monitoring performance and ESG objectives closely where the Board also directly oversees the Sustainability Steering Committee ("SSC"). For further details, please refer to the **Sustainability Governance Structure** on page 24.
b)	**Management's Role**	The Group's management significantly influences HCIB's performance through the SSC and the SWC. The SSC facilitates communication between the Board and operating companies, serving as a crucial link. Meanwhile, the SWC oversees the implementation of the Board's strategies and targets at the operational level. For more information, please refer to the **Sustainability Governance Structure** section on page 24.
Strategy ***Disclose the actual and potential impacts of climate-related risks and opportunities on the company's businesses, strategy, and financial planning where such information is material***		
a)	**Risks and Opportunities**	ESG risk management, encompassing climate change-related risks, is directly overseen at the operational level by the SSC and SWC, under the direct supervision of the Board. In FY2024, the Group initiated its inaugural climate risk assessments, addressing both physical and transition risks and opportunities, alongside potential financial impacts on its operations. More details on the specific climate risk profile can be referred to in the **Energy & Emissions** section on pages 44 to 45.
c)	**Resilience of Strategy**	At the Group level, climate-related risks and opportunities are integrated into the core strategy of the Group's business operations. One of the HCIB's operating company, HCMT, has developed Energy Policy and Objective guidelines to implement the Group's climate strategies, emphasising the reduction of emissions through efficient energy management. To bolster climate resilience across the organisation, HCMT has formed an Energy Management Committee comprising representatives from various internal departments. This committee is instrumental in upholding the Group's climate resilience by following the 10 Golden Rules, strategic guidelines that optimise energy utilisation within the company. For more information, please see the **Energy & Emissions** section on pages 44 to 45.

Sustainability Statement
(Cont'd)

Recommended Disclosures		Location/Explanation
Metrics and Targets ***Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material***		
a)	**Climate-Related Metrics**	HCIB calculates its emissions by consolidating Scope One (from fossil fuel consumption) and Scope Two (from purchased electricity), presenting the total carbon emission intensity per tonne of cement produced. To enhance the coverage of carbon accounting, the Group has begun to calculate its Scope 3 emissions, which now include categories such as employee commuting. This expansion allows HCIB to more comprehensively assess its carbon footprint and identify opportunities for emission reductions. For further details, please refer to page 46 under the **Energy & Emissions** section.
b)	**Scope 1, 2, and 3 GHG Emissions**	HCIB has strategically chosen not to separately disclose Scope One and Scope Two emissions. This decision is driven by the imperative to safeguard proprietary industry information, as such disclosures could potentially provide competitors with insights that may compromise our competitive advantage. While maintaining compliance with environmental reporting guidelines and regulations, our priority lies in balancing transparency with protecting critical business interests. Therefore, HCIB has elected to disclose the total carbon intensity per tonne of cement produced instead. For FY2024, the combined Scope 1 and Scope 2 emissions intensity totalled 731 $kgCO_2e$ per tonne, marking a slight decrease from the previous year (FY2023: 741 $kgCO_2e$). Additionally, Scope 3 emissions attributable to employee commuting amounted to 1,043,240 $kgCO_2e$. More detailed carbon emissions data can refer to page 46 under **Energy & Emissions** section.

Profile of Board of Directors

YBHG DATUK KWEK LENG SAN

Chairman; Non-Executive/Non-Independent

Age 69 | Male | Singaporean

Datuk Kwek Leng San graduated from University of London with a Bachelor of Science (Engineering). He also holds a Master of Science (Finance) from City University London. He has extensive business experience in various business sectors, including financial services and manufacturing.

Datuk Kwek was appointed to the Board of Directors ("Board") of Hume Cement Industries Berhad ("HCIB") on 1 July 2001 and assumed the position of Managing Director on 1 March 2003. He was appointed as Chairman of HCIB on 21 February 2012. He does not sit on any Board committee of HCIB.

He is the Chairman of Malaysian Pacific Industries Berhad, Hong Leong Industries Berhad and Southern Steel Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). He is also a Director of Hong Leong Company (Malaysia) Berhad, a public company.

MS TAI SOOK YEE

Non-Executive Director/Independent

Age 60 | Female | Malaysian

Ms Tai Sook Yee is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants.

Ms Tai has more than 30 years of experience spanning the profession, governance, corporate, investments, strategies and, for most parts of her career, leading businesses with wide geographical operations. Ms Tai is culturally attuned as she has worked for family businesses and multi-nationals with bases in Malaysia and abroad. She has also served on the board of companies listed on the Australian Stock Exchange. During that time, she was a member of their sub-committees, including as Chairman of their Remuneration and Nomination Committee.

She has nearly 20 years of experience leading large businesses, including industrial, lifestyle and investment groups. She was the Group Managing Director of an integrated maritime and supply chain solutions provider, with operations spanning 16 countries and employing approximately 10,000 employees. Before this, Ms Tai also headed the Malaysian operation of a global heavy building materials supplier. Currently, she dedicates most of her time in mentoring business leaders on sustainable and new social economic business models.

Ms Tai was appointed to the Board of HCIB on 23 January 2018. She is the Chairman of the Board Audit & Risk Management Committee and a member of the Nominating Committee of HCIB.

She is a Director of Hengyuan Refining Company Berhad, a company listed on the Main Market of Bursa Securities.

Profile of Board of Directors

(Cont'd)

YBHG DATUK IR. AHMAD 'ASRI BIN ABDUL HAMID

Non-Executive Director/Independent

Age 62 | Male | Malaysian

Datuk Ir. Ahmad 'Asri Bin Abdul Hamid graduated from University of Adelaide, Australia with a Bachelor in Mechanical Engineering (First Class Honours) and also holds a Master of Business Administration from Open University, the United Kingdom. He is a Professional Engineer with practising certificate registered with the Board of Engineers Malaysia.

He is a Fellow of the Institution of Engineers, Malaysia, a Patron of the Chartered Institute of Building, an Honorary Member of Association of Consulting Engineers Malaysia and an Honorary Fellow of ASEAN Federation of Engineering Organisations.

Datuk Ir. Ahmad 'Asri has extensive experience in the construction industry being involved for almost 37 years through his services in the public sector. He served the Construction Industry Development Board Malaysia ("CIDB") for the last 21 years, moving up from Senior Manager to General Manager and then to Senior General Manager before assumed the position of Chief Executive on 1 March 2016, a position he held until his retirement on 31 August 2023. Prior to joining CIDB, he was a mechanical engineer at Public Works Department (JKR) for 13 years and was later appointed as President of Professional Services Development Corporation Sdn Bhd for 3 years.

Datuk Ir. Ahmad 'Asri was appointed to the Board of HCIB on 1 September 2023. He is a member of the Board Audit & Risk Management Committee and Nominating Committee of HCIB.

He is a Director of IJM Corporation Berhad, a company listed on the Main Market of Bursa Securities.

YBHG DATO' MOHAMAD KAMARUDIN BIN HASSAN

Non-Executive Director/Independent

Age 69 | Male | Malaysian

Dato' Mohamad Kamarudin Bin Hassan graduated from University of Malaya with a Bachelor of Economics (Honours) (Majoring in Business Administration) and also holds a Master of Business Administration (Majoring in Finance) from Oklahoma City University, United States of America ("USA").

Dato' Mohamad Kamarudin began his career with the Administrative and Diplomatic Service in 1979 with his first posting to the Macro-economic Division of the Economic Planning Unit in the Prime Minister's Department. In 1988, he was placed in the Ministry of International Trade and Industry (MITI) where he had served in various divisions of the Ministry. From 1992 to 1994, he was posted to the Malaysian Embassy in Washington DC, USA, as an Economic Counselor. Subsequently, in January 2006, Dato' Mohamad Kamarudin was seconded to Malaysia External Trade Development Corporation (MATRADE) as Deputy Chief Executive Officer, a post he held until his retirement on 31 August 2013.

Dato' Mohamad Kamarudin was appointed to the Board of HCIB on 2 April 2024. He is the Chairman of the Nominating Committee and a member of the Board Audit & Risk Management Committee of HCIB.

He is the Chairman of Muhibbah Engineering (M) Bhd, a company listed on the Main Market of Bursa Securities and a Director of ManagePay Systems Berhad, a company listed on the ACE Market of Bursa Securities.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***

   YBhg Datuk Kwek Leng San is a brother of YBhg Tan Sri Quek Leng Chan, a major shareholder of HCIB. Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or major shareholder of HCIB.

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

   None of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with HCIB or its subsidiaries.

3. ***Conviction of Offences***

   None of the Directors has been convicted of any offences (excluding traffic offences) within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

4. ***Attendance of Directors***

   Details of Board meeting attendance of each Director are disclosed in the Corporate Governance Overview Statement, Risk Management and Internal Control in the Annual Report.

Profile of Key Senior Management

MR TONG WOEI LUEN

Chief Financial Officer,
Hume Cement Industries Berhad

Age 44 | Male | Malaysian

Mr Tong Woei Luen is a Member of the Malaysian Institute of Accountants with qualification from Association of Chartered Certified Accountants.

He has more than 20 years of experience in energy and manufacturing industries where he has held various senior finance positions in Asia and the United States of America ("USA").

Before joining Hong Leong Manufacturing Group in 2022, Mr Tong worked at Schlumberger, most recently as Asia Division Controller. Prior to that, he was Northern Asia Finance Director in Beijing, where he led the finance organisation for operations in China and Japan, corporate reporting role in Houston as well as regional operations controller roles for China, Japan and Southeast Asia operations headquartered in Beijing and Kuala Lumpur.

Mr Tong is currently the Group Chief Financial Officer of Hong Leong Manufacturing Group Sdn Bhd, the holding company of Hume Cement Industries Berhad ("HCIB"). He also assumed the role of the Chief Financial Officer of HCIB on 1 October 2023.

MR LEE SIONG SENG

Managing Director,
Hume Concrete Sdn Bhd

Age 55 | Male | Malaysian

Mr Lee Siong Seng graduated from the Western Michigan University, USA with a Bachelor of Business Administration.

He started his career as Management Trainee in Lafarge Concrete (M) Sdn Bhd ("Lafarge Concrete") in 1995 where he spent 14.5 years rising through the ranks to assume the position of Country Performance Manager in 2009. He left Lafarge Concrete to join Sterling Glory Mix & Super Sterling Mix in January 2010 as their General Manager, where he was responsible for the general management of the 2 companies including their financial performance, cash flow management, business development, health & safety, human resource management and continuous improvement on the companies' systems & processes.

In 2010, he joined Hume Concrete Sdn Bhd ("HCCT") as Senior Manager - Operation Central Region, a position he held until April 2012. Thereafter, he joined Hume Cement Sdn Bhd as General Manager – Sales where he was instrumental in developing marketing strategies, overseeing all sales activities and ensuring smooth operations of the logistic department for despatches of cement, both bagged and bulk, within Peninsular Malaysia.

Mr Lee was subsequently elevated to the position of Managing Director of HCCT on 6 March 2019.

Profile of Key Senior Management

(Cont'd)

MR WILLIAM TAN KOK SIANG

Managing Director,
Hume Cement Sdn Bhd

Age 37 | Male | Malaysian

Mr William Tan Kok Siang graduated from National University of Malaysia with a Bachelor of Science (Honours) Degree majoring in Material Science.

Mr William Tan has 14 years of experience in cement industry. He started his career as Management Trainee in Lafarge Malayan Cement Berhad, now known as Malayan Cement Berhad, subsequently as Supply Chain Executive and thereafter was appointed as Project Analyst in Marketing Department.

In 2012, he joined Hume Cement Sdn Bhd ("HCMT") as Marketing Executive. He has held various positions in Marketing, Sales & Logistics before assumed the position of General Manager - Sales & Logistics in 2019 where he was responsible for overseeing the sales team, developing strategies, and managing customer relationships to achieve sales targets and contribute to the overall success of the cement plant. He was promoted as General Manager - Sales, Logistics & Packing Plant and subsequently as General Manager - Sales, Marketing, Logistics & Packing Plant.

Mr William Tan was appointed as Managing Director of HCMT on 1 October 2023.

Notes:

1. ***Family Relationship with Director and/or Major Shareholder***

   None of the Key Senior Management has any family relationship with any Director and/or major shareholder of HCIB.

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

   None of the Key Senior Management has any conflict of interest or potential conflict of interest, including interest in any competing business with HCIB or its subsidiaries.

3. ***Conviction of Offences***

   None of the Key Senior Management has been convicted of any offences (excluding traffic offences) within the past five (5) years and there were no public sanctions or penalties imposed by the relevant regulatory bodies during the financial year ended 30 June 2024.

Corporate Governance Overview Statement, Risk Management and Internal Control

"Corporate Governance is the process and structure used to direct and manage the business and affairs of the Company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long term shareholder value, whilst taking into account the interest of other stakeholders."

~ Finance Committee on Corporate Governance

The Board of Directors of Hume Cement Industries Berhad ("Company") ["Board"] is pleased to present this statement with an overview of the corporate governance ("CG") practices of the Group which supports the three (3) key principles of the Malaysian Code on Corporate Governance ("MCCG"), namely Board leadership and effectiveness, effective audit and risk management, and integrity in corporate reporting and meaningful relationship with stakeholders.

The Corporate Governance Report 2024 of the Company in relation to this statement is published on the Company's website at www.humecementind.com ("Website").

BOARD LEADERSHIP AND EFFECTIVENESS

A. Roles And Responsibilities Of The Board

The Board assumes responsibility for effective stewardship and control of the Company and has established terms of reference ("TOR") to assist in the discharge of this responsibility.

In discharging its responsibilities, the Board has established functions which are reserved for the Board and those which are delegated to management. The key roles and responsibilities of the Board are set out in the Board Charter, which is reviewed annually by the Board and published on the Website. The key roles and responsibilities of the Board broadly cover reviewing and approving corporate policies and broad strategies, overseeing and evaluating the conduct of the Group's businesses, identifying principal risks and ensuring the implementation of appropriate systems to manage those risks, and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

The day-to-day business of the Group is managed by the Managing Directors ("MDs") of their respective businesses. The MDs are accountable to the Board for the performance of their respective businesses. In addition, the Board delegates certain of its responsibilities to Board Committees, which operate within clearly defined TOR primarily to support the Board in the performance of its duties and responsibilities.

To discharge its oversight roles and responsibilities more effectively, the Board has delegated the independent oversight over, inter alia, internal and external audit functions, internal controls and risk management to the Board Audit & Risk Management Committee ("BARMC"). The Nominating Committee ("NC") is delegated the authority to, inter alia, assess and review Board, Board Committees and Chief Executive appointments and/or re-elections, and assess and evaluate the performance of the Board, Board Committees and Chief Financial Officer ("CFO"). Although the Board has granted such authority to Board Committees, the ultimate responsibility and the final decision rest with the Board. The Chairmen of Board Committees report to the Board on matters dealt with at their respective Board Committee meetings. Minutes of Board Committee meetings are also tabled at Board meetings.

There is a clear division of responsibilities between the Chairman of the Board and the MDs. This division of responsibilities between the Chairman and the MDs ensures an appropriate balance of roles, responsibilities and accountability.

The Chairman leads the Board and ensures its smooth and effective functioning.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

A. Roles And Responsibilities Of The Board (cont'd)

The MDs are responsible for formulating the vision and recommending policies and the strategic direction of their respective businesses for approval by the Board, implementing the decisions of the Board, initiating business ideas and corporate strategies to create competitive edge and enhancing shareholder wealth, providing management of the day-to-day operations and tracking compliance and business progress of their respective businesses.

Independent Non-Executive Directors ("ID" or "IDs") are responsible for providing insights, unbiased and independent views, advice and judgment to the Board and bring impartiality to Board deliberations and decision-making. They also ensure effective checks and balances on the Board. There are no relationships or circumstances that could interfere with or are likely to affect the exercise of IDs' independent judgment or their ability to act in the best interest of the Company and its shareholders.

The Group continues to operate in a sustainable manner and seeks to contribute positively to the well-being of stakeholders. The Group takes a progressive approach in integrating sustainability into its businesses as set out in the Sustainability Statement which forms part of the Annual Report.

The Board observes the Company's Code of Ethics for Company Directors ("Director Code"), as adopted by the Board. The Director Code is reviewed annually by the Board and published on the Website.

B. Board Composition

The Board currently comprises four (4) Directors, three (3) of whom are IDs. The profiles of the members of the Board are set out in the Annual Report.

The Company is guided by the Policy on Board Composition adopted by the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa") ["MMLR"] in determining its Board composition. The policy includes the following:

- The Board shall determine the appropriate size of the Board to enable an efficient and effective conduct of Board deliberation.
- The Board shall have a balance of skills and experience to commensurate with the complexity, size, scope and operations of the Company and shall have an appropriate balance of IDs comprising at least half of the Board.
- The Board shall comprise at least one (1) woman Director.
- Board members should have the ability to commit time and effort to carry out their duties and responsibilities effectively.

The Company has in place a Board Diversity Policy. The Board recognises the merits of Board diversity in adding value to collective skills, perspectives and strengths to the Board. The Board will consider appropriate targets in Board diversity including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate. Currently, there is one (1) woman Director, representing 25% of women participation, on the Board. The Board will work towards meeting the target of 30% women participation on Board.

Based on the review of the Board composition in August 2024, the Board is of the view that the size and composition of the Board are appropriate and effective for the control and direction of the Group's strategy and business. The composition of the Board also fairly reflects the investment of shareholders in the Company.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees

Board Committees have been established by the Board to assist in the discharge of its duties.

- BARMC

  The composition of the BARMC and a summary of its activities in the discharge of its functions and duties for the financial year ("FY") ended 30 June 2024 ("FY 2024") are set out in the Board Audit & Risk Management Committee Report in the Annual Report.

  The TOR of the BARMC are published on the Website.

- NC

  The NC was established on 29 April 2013 and its TOR are published on the Website.

  The composition of the NC has been re-constituted as follows:

  YBhg Dato' Mohamad Kamarudin Bin Hassan
  Chairman, Independent Non-Executive Director
  (Appointed with effect from 2 April 2024)

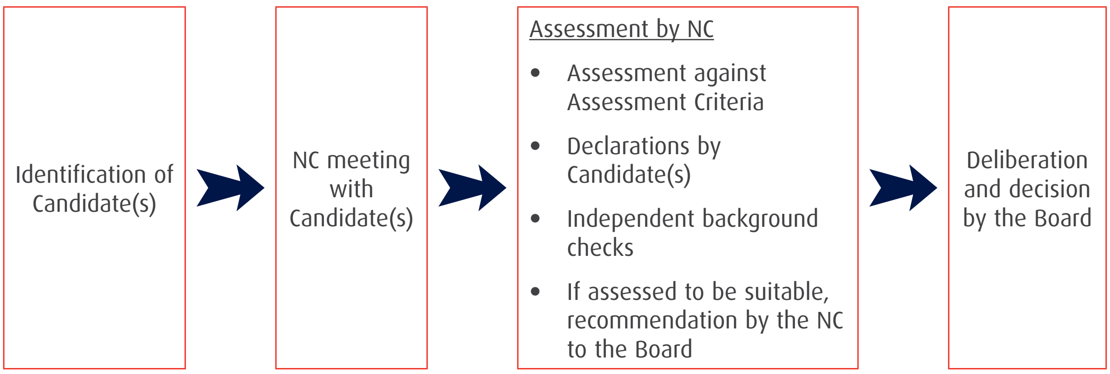
  Ms Tai Sook Yee
  Independent Non-Executive Director

  YBhg Datuk Ir. Ahmad 'Asri Bin Abdul Hamid
  Independent Non-Executive Director

  YBhg Datuk Wira Azhar Bin Abdul Hamid
  Chairman, Independent Non-Executive Director
  (Resigned with effect from 2 April 2024)

  (i) New Appointments

  The nomination, assessment and approval process for new appointment of Directors, in accordance with the Directors' Fit and Proper Policy, shall be as follows:



Corporate Governance Overview Statement, Risk Management and Internal Control
(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- NC (cont'd)

(i) New Appointments (cont'd)

All candidates to the Board are assessed by the NC prior to their appointments, taking into account the assessment criteria, inter alia, the candidates' character and integrity, the strategic and effective fit of the candidates for the Board, the overall desired Board composition including Board diversity and the required mix of skills, expertise, knowledge and experience in the industry, market and segment to enhance the Board's overall effectiveness and having regard to the candidates' attributes, qualifications, management, leadership, business experience, independence, conflict of interest or potential conflict of interest and time commitment, before they are recommended to the Board for approval. The Company maintains a pool of potential Board candidates from internal and external introductions, recommendations and independent sources with Director databases in its search for suitable Board candidates.

In evaluating any new appointment of senior management ("SM"), the Company is guided by the Hong Leong Group Recruitment Policy where all potential candidates are given equal opportunity regardless of gender, race, and religion and/or whether or not one has disability. SM positions are awarded based on qualifications, experience and potential.

In the case of Chief Executive, the NC will take into account the candidate's knowledge and experience in the industry, market and segment.

(ii) Re-elections

The assessment and approval process for re-election of Directors as set out in the Directors' Fit and Proper Policy are as follows:

<u>Assessment by NC</u> • Assessment against Assessment Criteria • Declarations • If assessed to be suitable, recommendation by the NC to the Board	➔	Deliberation and decision by the Board

The Directors will be evaluated on the effectiveness of their performance in the discharge of duties and responsibilities, including, inter alia, contribution to Board deliberations, time commitment as well as the Annual Board Assessment (as defined below) results, fit and proper declaration and assessment in respect of their probity, competence, personal integrity, reputation, qualifications, skills, experience and financial integrity, contributions during the term of office, attendance at Board meetings, and for IDs, their continued independence.

(iii) Removal

For removal of Directors, the Company shall carry out such removal in accordance with the provisions of the Companies Act 2016 ("Act") and any other relevant regulatory requirements. The NC may recommend to the Board the removal of a Director who is ineligible, disqualified, incapacitated or who has failed in the discharge of fiduciary duties.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. **Board Committees** (cont'd)

- NC (cont'd)

  (iv) Board Committee Appointments

  The nomination, assessment and approval process for appointments to Board Committees ("Board Committee Appointments") is as follows:

  Identification of Directors for Board Committees membership

  →

  Assessment by NC
  - Assessment against Assessment Criteria
  - If assessed to be suitable, recommendation by the NC to the Board

  →

  Deliberation and decision by the Board

  In line with the Directors' Fit and Proper Policy, the assessment for Board Committee Appointments will be based on the Directors' potential contributions and value-add to the Board Committees with regard to Board Committees' roles and responsibilities.

In addition, a formal evaluation process has been put in place to assess the effectiveness of the Board as a whole, Board Committees as a whole and the contribution and performance of each individual Director, Board Committee member, Chief Executive and CFO on an annual basis ("Annual Board Assessment"). For newly appointed Chairman, Directors, Chief Executive and CFO, the Annual Board Assessment will be conducted at the next annual assessment exercise following the completion of one (1) year of service.

For management succession planning, it has been embedded in the Group's process over the years to continuously identify, groom and develop key talents from within the Group. The Group also has a talent development programme to identify, retain and develop young high potential talents.

The NC meets at least once in each FY and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions.

During FY 2024, two (2) NC meetings were held and the attendance of the NC members was as follows:

Members	Attendance
YBhg Dato' Mohamad Kamarudin Bin Hassan *(Appointed with effect from 2 April 2024)*	- #
Ms Tai Sook Yee	2/2
YBhg Datuk Ir. Ahmad 'Asri Bin Abdul Hamid *(Appointed with effect from 1 September 2023)*	1/1*
YBhg Dato' Ir. Tan Gim Foo *(Resigned with effect from 1 September 2023)*	1/1*
YBhg Datuk Wira Azhar Bin Abdul Hamid *(Resigned with effect from 2 April 2024)*	2/2

\# *there was no meeting held after his appointment*

* *reflects the attendance and the number of meetings held during the period the NC members held office*

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

C. Board Committees (cont'd)

- NC (cont'd)

  The NC discharged its duties in accordance with its TOR during FY 2024. The NC considered and reviewed the following:

  - revised Nominating Committee Charter;
  - Board Diversity Policy and revised policies on Board Composition, Independence of Directors, Directors' Training and Directors' Fit and Proper;
  - Nominating Committee Report for inclusion in the Company's Annual Report;
  - performance of the Board, Board Committees, each individual Director, each Board Committee member and the CFO;
  - composition of the Board and Board Committees;
  - mix of skills, professional qualification, experience and other qualities of Directors including gender, ethnicity and age balance;
  - independence of IDs and their tenure;
  - trainings undertaken by Directors and recommendation of training programmes for Directors;
  - re-election of a Director;
  - appointment of YBhg Dato' Mohamad Kamarudin Bin Hassan as an ID of the Company; and
  - re-constitution of Board Committees.

  Subsequent to FY 2024, the NC has evaluated the performance of the Board, Board Committees, each individual Director and each Board Committee member, benchmarking their respective TOR and assessment criteria, through the annual assessment conducted for FY 2024. The NC was satisfied that they have continued to operate effectively in discharging their duties and responsibilities. They have also fulfilled their responsibilities and are suitably qualified to hold their positions. Having reviewed the Board composition, the NC was satisfied that the current Board comprises a good mix of skills and that the current size and composition of the Board are appropriate and effective in discharging its functions. The NC took cognisance of the merits of Board diversity, including gender, ethnicity and age balance on the Board and will take the necessary measures to meet these targets from time to time as appropriate.

- Remuneration Committee ("RC")

  The Company does not have a RC. The Board is of the view that it is not necessary for the Company to establish a RC for the time being given the current size of the Board. The Board as a whole functions as the RC.

D. Remuneration

The Group's remuneration scheme for Executive Directors ("EDs") and SM is linked to performance, service seniority, experience and scope of responsibility and is periodically benchmarked to market/industry surveys conducted by human resource consultants. Performance is measured against profits and targets set in the Group's annual plan and budget.

The level of remuneration of Non-Executive Directors reflects the scope of responsibilities and commitment undertaken by them, industry benchmark as well as complexity of the Group's businesses.

The remuneration packages of EDs and key SM ("Key SM") are reviewed by the entire Board. EDs and Key SM shall not participate in the deliberations and shall vacate the meeting room during deliberations of their remuneration packages. The Board, in assessing and reviewing the remuneration packages of EDs and Key SM, ensures that a strong link is maintained between their rewards and individual performance, based on the provisions in the Group's Human Resources Manual, which are reviewed from time to time to align with market/industry practices.

The fees of Directors are recommended and endorsed by the Board for approval by the shareholders of the Company at its Annual General Meeting ("AGM").

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

D. Remuneration (cont'd)

The detailed remuneration of each Director is set out in the Corporate Governance Report which is published on the Website.

Hong Leong Manufacturing Group adopts Hong Leong Group's total compensation philosophy which promotes high performing culture, alignment of corporate values and vertical and horizontal equity. The rewards strategy focuses on providing a competitive remuneration and benefits package, as well as ample career progression opportunities for employees.

The rewards framework focuses on a balanced and right pay mix to achieve the desired long term business performance. The framework includes base pay, cash allowances, performance-based variable pay, long term incentives, benefits and other employees' programmes.

The rewards framework ensures that employees are paid competitively against the industry and talent market the company is operating in, delivered via a combination of cash and non-cash elements such as shares or share-linked instruments.

Key performance indicators and key results areas of employees are measured and tracked diligently to ensure strong alignment of employee output to the overall business strategy and direction of the company.

E. Independence

The Board takes cognisance of the provisions of the MCCG, which states that the tenure of an ID should not exceed a cumulative term of nine (9) years and upon completion of the nine (9) years, an ID may continue to serve on the Board subject to the Director's re-designation as a Non-ID. It further states that in the event the Board wishes to retain an ID who has served a cumulative term of nine (9) years and above, shareholders' approval shall be annually sought with justification through a two-tier voting process.

The Company has in place an Independence of Directors Policy ("ID Policy") which sets out the criteria for assessing the independence of IDs. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops. The ID Policy states that the tenure of an ID shall not exceed a cumulative term of nine (9) years from the date of his or her first appointment in the Company.

The IDs have declared their independence, and the NC and the Board have determined, at the annual assessment carried out, that the IDs have continued to bring independent and objective judgment to Board deliberations and decision making.

The tenure of all the IDs on the Board does not exceed nine (9) years.

F. Commitment

The Directors are aware of their responsibilities and devote sufficient time to carry out such responsibilities. In line with the MMLR, Directors are required to comply with the restrictions on the number of directorships in public listed companies. Board meetings are scheduled ahead in order to enable full attendance at Board meetings. The Board meets quarterly with timely notices of issues to be discussed. Additional meetings may be convened on an ad-hoc basis as and when necessary. Where appropriate, decisions are also taken by way of Directors' Circular Resolutions. Directors are required to attend at least 50% of Board meetings held in each FY pursuant to the MMLR.

All Board members are supplied with information in a timely manner. The Company has moved towards electronic Board reports. Board reports are circulated electronically prior to Board and Board Committee meetings and the reports provide, among others, financial and corporate information, significant operational, financial and corporate issues, updates on the performance of the Company and of the Group and management's proposals which require the approval of the Board.

Corporate Governance Overview Statement, Risk Management and Internal Control
(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

F. Commitment (cont'd)

All Directors have access to the advice and services of qualified and competent Company Secretaries to facilitate the discharge of their duties effectively. The Company Secretaries are qualified to act under Section 235 of the Act. They are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and hold practising certificates issued by the Companies Commission of Malaysia. The Company Secretaries support the effective functioning of the Board, provide advice and guidance to the Board on policies and procedures, relevant rules, regulations and laws in relation to corporate secretarial and governance functions and facilitate effective information flow among the Board, Board Committees and SM. The Company Secretaries attend programmes and seminars to keep themselves abreast with, inter alia, regulatory requirements, company law and CG.

All Directors also have access to the advice and services of the internal auditors and in addition, to independent professional advice, where necessary, at the Company's expense, in consultation with the Chairman of the Company.

At Board meetings, active deliberations of issues by Board members are encouraged and such deliberations, decisions and conclusions are recorded by the Company Secretaries accordingly. Any Director who has an interest in the subject matter to be deliberated shall abstain from deliberating and voting on the same during the meetings.

The Board met four (4) times during FY 2024 with timely notices of issues to be discussed. Details of attendance of each Director are as follows:

Directors	Attendance
YBhg Datuk Kwek Leng San	4/4
Ms Tai Sook Yee	4/4
YBhg Datuk Ir. Ahmad 'Asri Bin Abdul Hamid *(Appointed with effect from 1 September 2023)*	3/3*
YBhg Dato' Mohamad Kamarudin Bin Hassan *(Appointed with effect from 2 April 2024)*	1/1*
YBhg Dato' Ir. Tan Gim Foo *(Resigned with effect from 1 September 2023)*	1/1*
Mr Hugo Enrique Losada Barriola *(Resigned with effect from 30 September 2023)*	1/1*
YBhg Datuk Wira Azhar Bin Abdul Hamid *(Resigned with effect from 2 April 2024)*	2/3*

* *reflects the attendance and the number of meetings held during the period the Directors held office*

The Company recognises the importance of continuous professional development and training for its Directors.

The Company is guided by a Directors' Training Policy, which covers an Induction Programme and Continuing Professional Development ("CPD") for Directors of the Company. The Induction Programme which may include visits to the Group's business operations, is organised for newly appointed Directors to assist them to familiarise and to get acquainted with the Group's businesses. The CPD encompasses areas related to, among others, the industry or business of the Group, environmental, social and governance ("ESG"), risk management, accounting, laws and regulations through a combination of courses, conferences and workshops. A training budget is allocated for Directors' training programmes.

All Directors of the Company have completed the Mandatory Accreditation Programme ("MAP") Part I and MAP Part II.

The Company organises in-house programmes, briefings and updates by its in-house professionals. The Directors are also encouraged to attend seminars and briefings in order to keep themselves abreast with the latest developments in the business environment and to enhance their skills and knowledge. Directors are kept informed of available training programmes on a regular basis.

Corporate Governance Overview Statement, Risk Management and Internal Control
(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

F. Commitment (cont'd)

In assessing the training needs of Directors, upon recommendation by the NC, the Board has determined that appropriate training programmes covering matters on CG, finance/accounting, legal and regulatory framework, risk management, internal control, cyber security, anti-bribery and corruption, ESG, industry-related and/or statutory/regulatory compliance, be recommended and arranged for the Directors to enhance their contributions to the Board.

During FY 2024, the Directors received regular briefings and updates on the Group's businesses, strategies, operations, risk management and compliance, internal controls, CG, finance/accounting, anti-bribery and corruption management, ESG and any changes to relevant legislation, rules and regulations from in-house professionals. In-house programmes/briefings were also organised for the Directors and SM of the Company.

The Directors of the Company have also attended various programmes and forums facilitated by external professionals in accordance with their respective needs in discharging their duties as Directors.

During FY 2024, the Directors of the Company, collectively or on their own, attended various training programmes, seminars, briefings and/or workshops including:

- Briefing Session on Sustainability Reporting Requirements
- Briefing Session on Bursa's Enhanced Sustainability Disclosure and ISSB's IFRS S1 and IFRS S2
- Webinar on Sustainability Disclosure Standards
- Bursa Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers
- MAP Part I
- MAP Part II: Leading for Impact
- Navigating Recent Tax Changes in Malaysia: A Guide for Employers and Directors
- SIDC's SRI 2024 Conference – Investing in Human Wellbeing and the Planet
- Webinar on "What You Need To Know About the Bursa's Amended Listing Requirements on Conflict of Interest"
- Webinar on Budget 2024
- Bina Townhall on IBS by CIDB

During FY 2024, site visits to Hume Cement Sdn Bhd's Gopeng Plant and Hume Concrete Sdn Bhd's Beranang Plant were organised for the newly appointed Directors.

G. Strengthening CG Culture

- **Code of Conduct and Ethics**

  The Group is committed to good business ethics and integrity as set out in the Hong Leong Manufacturing Group Code of Conduct and Ethics ("HLMG Code"). To this, the Group commits to a high standard of professionalism, ethics and integrity in the conduct of business and professional activities.

  The HLMG Code is applicable to:

  - all employees who work in the Group across the jurisdictions in which the Group operates – including but not limited to permanent, part-time and temporary employees; and
  - any other persons permitted to perform duties or functions within the Group – including but not limited to vendors, service providers, contractors, secondees, interns, industrial attachment and agency staff.

- **Anti-Bribery and Corruption Policy**

  The Group has adopted ISO 37001:2016 as its Anti-Bribery and Corruption Management System to provide a strong framework to prevent its employees, Directors, partners or persons who perform services for or on behalf of the Group from undertaking corrupt practices in relation to its business activities. The Anti-Bribery and Corruption Policy, published on the Website, outlines the Group's commitment to conducting business ethically in compliance with all applicable anti-bribery and corruption laws of every country in which the Group operates.

  Reports of any concern or suspicion may be made to the Head of Internal Audit or the Chief Human Resource Officer.

Corporate Governance Overview Statement, Risk Management and Internal Control
(Cont'd)

BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

G. Strengthening CG Culture (cont'd)

- **Whistleblowing Policy**

  The Company has a Whistleblowing Policy and it provides a structured channel for all employees of the Group to report any concern on any improper conduct or wrongful act committed within the Group. The Whistleblowing Policy is published on the Website.

  The Board has identified the Chairman of the BARMC to whom reports of any such concerns may be conveyed.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Accountability And Audit

The financial reporting and internal control system of the Group is overseen by the BARMC which comprises all IDs. The primary responsibilities of the BARMC are set out in the Board Audit & Risk Management Committee Report.

The BARMC is supported by the Group Internal Audit Department ("GIAD") whose principal responsibilities are to conduct risk-based audits to ensure that adequate and effective controls are in place to mitigate risks, operational audits to identify opportunities for operational improvement, and also ensure compliance with standard operating procedures of the Group.

Investigation or special review will be carried out at the request of the BARMC and SM on specific areas of concern when necessary. Significant breaches and deficiencies identified are discussed at the BARMC meetings where appropriate actions will be taken.

I. Financial Reporting

The Board has a fiduciary responsibility to ensure the proper maintenance of accounting records of the Group. The Board receives the recommendation to adopt the financial statements from the BARMC, which assesses the integrity of financial statements with the assistance of the external auditors.

II. Directors' Responsibility in Financial Reporting

The MMLR require the Directors to prepare a statement explaining the Board of Directors' responsibility for preparing the annual audited financial statements and the Act requires the Directors to make a statement stating whether in their opinion, the audited financial statements are drawn up, in accordance with the applicable accounting standards, to give a true and fair view of the financial position and of the financial performance of the Group and of the Company for the FY.

The Directors of the Company are satisfied that the financial statements of the Group and of the Company for FY 2024 have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board and the Act in Malaysia and that the Group and the Company have adopted appropriate accounting policies and have applied them consistently.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control

The Statement on Risk Management and Internal Control ("SORMIC") provides an overview of the system of internal controls and risk management framework of the Group.

- Responsibility of the Board

  The Board recognises its overall responsibility for the adequacy and effectiveness of the Group's system of internal controls and risk management framework to safeguard shareholders' investment and the Group's assets. The Board adopts MS ISO 31000:2010 as its risk management framework.

  Accordingly, the Board has entrusted the BARMC to provide oversight of the system of internal controls and risk management framework which covered the business, operations and ESG. The BARMC is assisted by the GIAD in this role.

- Risk Management Framework

  For FY 2024, management has structured the risk management framework using MS ISO 31000:2010. Based on the framework, management has carried out the following:

  - establish the context of risk pertaining to the business, operations and ESG in relation to the Group's risk appetite, i.e. how risks are perceived and the levels at which they are acceptable or otherwise;
  - identify risks in relation to the objectives of every business function of the Group's operating companies;
  - identify emerging risks faced by the Group in the operating environment of its various industries;
  - assess the likelihood and impact of such risks identified, using qualitative and also quantitative measures where applicable, to determine the risk level, i.e. "Severe", "Major", "Significant", "Minor" or "Trivial";
  - evaluate the severity of the risks and their treatment options to set priority of management's attention and devise appropriate actions to avoid, share, retain or mitigate risks within reasonable timeframes; and
  - record the details of risks and treatment plans in the risk registers and present to the BARMC quarterly to review the adequacy and effectiveness of the risk management measures.

  For bribery and corruption risks, the Group has adopted the Anti-Bribery Management System ("ABMS") under the ISO 37001:2016 and the Guidelines on Adequate Procedures pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009 to prevent, detect and respond to bribery and corruption risks. The Company and its core subsidiaries have been certified for ISO 37001:2016 (ABMS) by SIRIM QAS International Sdn Bhd.

  Further, on an ongoing basis, each operating company's chief executive and authorised risk owners have clear accountabilities to:

  - monitor its existing risks, identify emerging risks and update the enterprise-wide risk registers;
  - maintain the adequacy, effectiveness and relevance of action plans and control systems to manage risks; and
  - prepare risk management report on a quarterly basis for reporting to the BARMC.

Corporate Governance Overview Statement, Risk Management and Internal Control
(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control (cont'd)

- System of Internal Controls

  The key elements of the Group's system of internal controls are described below:

  - A management structure exists with clearly defined delegation of responsibilities to the management of the Group's operating companies, including authorisation levels for the business and operations. The management of the Group's operating companies own and manage risks and they are responsible for implementing controls to mitigate the risks pertaining to the business, operations and ESG.
  - Documented corporate policies and procedures covering various aspects of the business and operations of the Group.
  - Promotion of a strong internal control culture through the Group's values and ethics and also the "tone at the top".
  - Diligent review of the quarterly financial results and reports and identifying the reasons for any unusual variances.
  - Internal control assurance activities such as self-audits and completion of internal control questionnaires undertaken by management of the operating companies. These activities are part of the Group's risk and control assurance framework, provide the breadth in risk and control assurance, and demonstrate management's commitment to effective risk management.
  - Risk-based internal audits carried out by the GIAD focusing on key risk areas which are selected from the Group's audit universe. The key risk areas are documented in the annual audit plan which is approved by the BARMC. The risk-based internal audits in FY 2024 covered sales and marketing management, selling price and sales incentive management, tender and procurement management, network security, quarry management and review of selected eight (8) Indicators of the three (3) Sustainability Matters disclosed in the Sustainability Statement.
  - Quarterly reporting to the BARMC on the results of control assurance and audit activities, and also the management of risks throughout the Group.

- Management and Decision-Making Processes

  The internal control and risk management processes of the Group are in place for FY 2024 and up to the date of approval of the SORMIC for inclusion in the annual report, and reviewed quarterly by the BARMC. The BARMC reviews the principal risks, significant audit observations and/or areas for improvement and ascertains that appropriate remedial actions or improvements are taken by the management of the Group's operating companies. These processes are intended to manage and not expected to eliminate all risks of failure to achieve business objectives. Accordingly, they can only provide reasonable and not absolute assurance against material misstatement of management and financial information or against financial losses and fraud.

  The Board has received assurance from the CFO and the chief executive of the respective operating company that the Group's system of internal controls and risk management framework are operating adequately and effectively, in all material aspects, based on the internal control system and risk management framework of the Group.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

Accountability And Audit (cont'd)

III. Risk Management and Internal Control (cont'd)

- Review of the SORMIC by External Auditors

  Pursuant to Paragraph 15.23 of the MMLR, the external auditors have reviewed the SORMIC pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the 2024 Annual Report, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control Guidelines for Directors of Listed Issuers, nor is the SORMIC factually inaccurate. AAPG 3 does not require the external auditors to consider whether the SORMIC 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 Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

- Board's Opinion

  The Board, through the BARMC, is of the view that the Group's risk management framework and system of internal controls are adequate and effective in safeguarding the shareholders' investments and the Group's assets.

IV. Relationship with Auditors

The Board, through the BARMC, maintains a formal and transparent professional relationship with the external auditors, KPMG PLT. The appointment of external auditors and their fees are recommended by the BARMC. The BARMC reviews the performance, suitability, independence and objectivity of the external auditors annually. The BARMC also reviews the nature and fees of non-audit services provided by the external auditors in assessing the independence of the external auditors. In accordance with the MIA's By-Laws, KPMG PLT rotates its Engagement Partner and Engagement Quality Control Review Partner once every seven (7) years to ensure objectivity, independence and integrity of the audit opinions.

The external auditors meet with the BARMC to:

- present the scope of the audit before the commencement of audit; and
- review the results of the audit, including key audit matters, as well as the management letter after the conclusion of the audit.

At least twice a year, the BARMC will have a separate session with the external auditors without the presence of SM.

For FY 2024, the BARMC undertook an annual assessment on the performance, suitability, independence and objectivity of the external auditors. No major concerns were noted from the results of the assessment. The external auditors also gave their assurance confirming their independence and objectivity throughout the conduct of the audit engagement and the internal processes undertaken by them to determine their independence.

Corporate Governance Overview Statement, Risk Management and Internal Control

(Cont'd)

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

A. Disclosure

The Company has complied with the disclosure requirements set out in the MMLR. All timely disclosure and material information documents will be posted on the Website after release to Bursa.

B. Shareholders

I. Dialogue between Companies and Investors

The Board acknowledges the importance of regular communication with shareholders and investors via the annual reports, corporate governance reports, circulars to shareholders, quarterly financial reports and the various announcements made during the year, through which shareholders and investors can have an overview of the Group's performance and operation.

Notices of general meetings and the accompanying explanatory notes are provided within the prescribed notice period on the Website, Bursa's website, in the media and by post to shareholders. This allows shareholders to make the necessary arrangements to attend and participate in general meetings either in person, by corporate representative, by proxy or by attorney.

Shareholders can access the Company's information at the Website which includes the Board Charter, TORs of Board Committees, corporate information, announcements/press releases/briefings, financial information, products information and investor relations. Minutes of AGM and a summary of the key pertinent matters discussed at the AGM are published on the Website.

In addition, shareholders and investors can have a channel of communication with the Company Secretary to direct queries and provide feedback to the Group.

Queries may be conveyed to the following person:

Name	: Ms Wong Wei Fong
Tel	: 03-2080 9200
Fax	: 03-2080 9238
Email	: IRelations@humecementind.com

II. AGM

The AGM provides an opportunity for the shareholders to seek and clarify any issues and to have a better understanding of the Group's performance. Pursuant to the Company's Constitution, each member shall be entitled to be present and to vote at the AGM either personally or by proxy or if the member is a corporation by its duly authorised representative. Shareholders are encouraged to attend and vote on all resolutions. Directors, CFO, SM and the external auditors are also available to respond to shareholders' queries during the AGM. All Directors of the Company attended the AGM held on 2 November 2023. Minutes of AGM and a summary of the key pertinent matters discussed at the said AGM are published on the Website.

Pursuant to Paragraph 8.29A(1) of the MMLR, all resolutions tabled at general meetings will be put to a vote by way of a poll and the voting results will be announced at the meetings and through Bursa.

The Company has adopted electronic voting for the conduct of poll on all resolutions at the AGM.

This Corporate Governance Overview Statement, Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors.

Board Audit & Risk Management Committee Report

CONSTITUTION

The Board Audit & Risk Management Committee ("the Committee") of Hume Cement Industries Berhad ("HCIB" or "the Company") was established since 20 October 1997.

COMPOSITION

The composition of the Committee has been re-constituted as follows:

Ms Tai Sook Yee
Chairman, Independent Non-Executive Director

YBhg Datuk Ir. Ahmad 'Asri Bin Abdul Hamid
Independent Non-Executive Director

YBhg Dato' Mohamad Kamarudin Bin Hassan
Independent Non-Executive Director
(Appointed with effect from 2 April 2024)

YBhg Datuk Wira Azhar Bin Abdul Hamid
Independent Non-Executive Director
(Resigned with effect from 2 April 2024)

SECRETARY

The Secretary(ies) to the Committee shall be the Company Secretary(ies) of HCIB.

TERMS OF REFERENCE

The Committee's terms of reference ("TOR") are published on the Company's website at www.humecementind.com.

AUTHORITY

The Committee is authorised by the Board of Directors ("Board") to review any activity of the Group within its TOR. The Committee is authorised to seek any information it requires from any Director or member of management and all employees are directed to co-operate with any request made by the Committee.

The Committee is authorised by the Board to obtain independent legal or other professional advice if it considers necessary.

MEETINGS

The Committee meets at least four (4) times in each financial year ("FY") and additional meetings may be called at any time as and when necessary. Recommendations and decisions may also be taken by way of Circular Resolutions. All meetings to review the quarterly reports and annual financial statements are held prior to such quarterly reports and annual financial statements being presented to the Board for approval.

The head of finance, head of internal audit, risk manager and senior management may attend Committee meetings, at the invitation of the Committee, to provide information and clarification required on items on the agenda. Representatives of the external auditors are also invited to attend the Committee meetings to present their audit scope and plan, audit report and findings together with management's response thereto, and to brief the Committee members on significant audit and accounting areas which they noted in the course of their audit.

Board Audit & Risk Management Committee Report
(Cont'd)

MEETINGS (cont'd)

Issues raised, discussions, deliberations, decisions and conclusions made at the Committee meetings are recorded in the minutes of the Committee meetings. Where the Committee is considering a matter in which a Committee member has an interest, such member abstains from reviewing and deliberating on the subject matter.

Two (2) members of the Committee shall constitute a quorum and the majority of members present must be independent Directors.

After each Committee meeting, the Chairman of the Committee shall report and update the Board on significant issues and concerns discussed during the Committee meetings and where appropriate, make the necessary recommendations to the Board.

ACTIVITIES

During FY ended 30 June 2024 ("FY 2024"), four (4) Committee meetings were held and the attendance of the Committee members was as follows:

Members	Attendance
Ms Tai Sook Yee	4/4
YBhg Datuk Ir. Ahmad 'Asri Bin Abdul Hamid *(Appointed with effect from 1 September 2023)*	3/3*
YBhg Dato' Mohamad Kamarudin Bin Hassan *(Appointed with effect from 2 April 2024)*	1/1*
YBhg Dato' Ir. Tan Gim Foo *(Resigned with effect from 1 September 2023)*	1/1*
YBhg Datuk Wira Azhar Bin Abdul Hamid *(Resigned with effect from 2 April 2024)*	2/3*

* *reflects the attendance and the number of meetings held during the period the Committee members held office*

The Committee carried out the following activities during FY 2024 in accordance with its TOR:

Financial Reporting

The Committee reviewed and recommended to the Board for approval:

- the annual financial statements of the Group and of the Company, prepared in accordance with the relevant accounting standards, laws and regulations to provide a true and fair view of their financial positions; and

- the quarterly reports, focusing on changes in accounting policies and practices, significant audit adjustments and going concern assumptions to ensure compliance with relevant accounting standards, laws and regulations.

The Committee also reviewed the Group's financial performance, including results against budget, as well as reviewed the Group's financial obligations, including banking facilities and covenants.

Related Party Transactions

The Company has put in place the Policy and Procedures of Recurrent Related Party Transactions ("Procedures"). The Committee reviewed the Procedures on an annual basis and as and when required, to ensure that the Procedures are adequate to monitor, track and identify recurrent related party transactions ("RPT") in a timely and orderly manner, and are sufficient to ensure that the recurrent RPT are conducted on commercial terms consistent with the Group's usual business practices and policies and on terms not more favourable to the related parties than those generally available to and/or from the public.

The Committee conducted a review of the recurrent RPT on quarterly basis, and the proposed mandate for recurrent RPT of the Group with various related parties prior to the Board's recommendation for shareholders' approval.

Board Audit & Risk Management Committee Report

(Cont'd)

ACTIVITIES (cont'd)

Conflict of Interest

There were no situations of conflict of interest or potential conflict of interest reported to the Committee.

External Audit

The Committee discussed and reviewed with the external auditors, KPMG PLT:

- the audit plan for the financial audit of the Group for FY 2024, including the scope of audit, audit methodology and timing, pertinent issues which had significant impact on the results of the Group, applicable accounting and auditing standards, and significant changes in accounting and auditing issues, where relevant; and
- the potential key audit matters and other significant audit matters identified by the external auditors.

The Committee held two (2) separate sessions with the external auditors, without the presence of senior management to discuss all major issues, including co-operation of the Group's officers rendered to the external auditors. During the separate sessions, no critical issues were raised.

The Committee reviewed and recommended to the Board for approval, the audit fees and non-audit fees payable to the external auditors in respect of services provided to the Group. Additionally, the Committee reviewed the provision of non-audit services by the external auditors to ascertain that such services would not impair their independence or objectivity. Details of non-audit fees incurred by the Group for FY 2024 are stated in the notes to the annual financial statements.

The Committee reviewed and recommended to the Board for approval the adoption of the non-assurance services ("NAS") policy. A list of NAS provided by the external auditors to the Group will be presented to the Committee annually for review.

The Committee also assessed the performance, suitability, independence and objectivity of the external auditors, taking into consideration factors such as quality of service, adequacy of experience and resources of the firm and the professional staff assigned to the audit, and communication and interaction, prior to recommending the re-appointment of the external auditors to the Board for shareholders' approval.

Internal Audit

The Committee reviewed and approved the annual internal audit scope and plan. The Committee also reviewed the internal audit findings, investigation reports, and recommendations, including management's responses, progress updates and status of management's action plans related to the audit findings and recommendations thereto.

In addition, the Committee reviewed the Internal Audit Charter and recommended the same to the Board for approval. The Committee also assessed the performance of the internal audit function, as well as the adequacy of the scope, competency and resources of the internal audit function to carry out its work.

Risk Management and Internal Control

The Committee reviewed the adequacy and integrity of internal control systems, including risk management covering areas on strategic, compliance, operational and financial, as well as the relevant management information system, including the processes in place to identify, evaluate and manage significant risks encountered by the Group.

The Committee also reviewed the Statement on Risk Management and Internal Control ("SORMIC") of the Group and received the report of the external auditors in respect of their review on the SORMIC prior to the Board's approval for inclusion in the Company's Annual Report.

The Committee recommended to the Board for approval the appointment of a new risk manager.

Board Audit & Risk Management Committee Report
(Cont'd)

ACTIVITIES (cont'd)

Anti-Bribery and Corruption Management System

The Committee, acts as Governing Body of Anti-Bribery and Corruption Management System ("ABCMS"), reviewed the Governing Body Report on a quarterly basis, which included ABCMS activities, progress updates on the Group's ISO 37001:2016 Anti-Bribery Management System re-certification, bribery and corruption risk assessment and ABCMS internal audit report.

The Committee reviewed and recommended to the Board for approval, the Anti-Bribery and Corruption Policy, Group Anti-Bribery and Corruption Management System Manual, and revised Gifts and Entertainment Policy.

Whistleblowing

The Committee reviewed and recommended to the Board for approval, the Whistleblowing Policy, and Whistleblowing Communications Plan and Investigation Procedures. The Committee received and deliberated on the whistleblowing reports and further steps to be taken.

Others

The Committee also reviewed and recommended to the Board for approval, the revised Board Audit & Risk Management Committee Charter, and the Board Audit & Risk Management Committee Report for inclusion in the Company's Annual Report.

INTERNAL AUDIT ("IA")

The IA function is carried out in-house by the Group IA Department ("GIAD") of HLMG Management Co Sdn Bhd, a wholly owned subsidiary of Hong Leong Manufacturing Group Sdn Bhd ("HLMG"). The provision of the IA services is part of the shared services of companies within the HLMG Group. As at 30 June 2024, there were fifteen (15) staff in the GIAD and the total cost incurred by the GIAD for FY 2024 amounted to RM3,451,400.

The purpose, authority, scope, independence and responsibilities of IA function are provided in the Internal Audit Charter, which is approved by the Committee.

The GIAD, led by the Head of IA, reports to the Committee which has the authority to decide, among others, the appointment and removal; scope of work; and performance evaluation of the IA function. Dr Teh Boon Ang has been appointed as Head of IA since 1 July 2017. Dr Teh is a Professional Member of the Institute of Internal Auditors ("IIA") Malaysia and holds the qualifications of Doctor of Business Administration, Master of Criminal Justice, Certified Internal Auditor and Certified Fraud Examiner. The Committee is satisfied that the Head of IA has the relevant experience and sufficient standing and authority to discharge his duties as Head of IA.

The GIAD supports the Committee in the effective discharge of its responsibilities in respect of governance, internal controls and the risk management framework of the Group. The GIAD also challenges and adds value to the efficiency, effectiveness and economy of operating companies' operations; usage of assets and resources; and the integrity of management information systems. In doing so, the IA function is performed with impartiality, proficiency and due professional care. The GIAD has received co-operation in the performance of their work and do not have any disagreement that may have adverse impact on the audit process or findings.

All the IA personnel had declared to the Committee that they are free from any relationships or conflicts of interest which would impair their impartiality or objectivity. The Committee had undertaken an assessment on the performance of the GIAD for FY 2024 whereby it is satisfied with the performance of the GIAD. The Committee had also reviewed the GIAD's resources, in particular the qualifications, experience and designations of all the IA personnel. As their continuous professional development, the IA personnel had kept abreast with developments in the profession, industry and regulations by attending internal and external training courses. The Committee is hence satisfied with the competency of the GIAD and that it has adequate resources to carry out its functions.

Board Audit & Risk Management Committee Report
(Cont'd)

INTERNAL AUDIT ("IA") (cont'd)

The annual audit plan prepared by the GIAD is submitted to the Committee for review and approval. Internal audits are carried out as per the approved annual audit plan. IA reports are discussed and issued to management for their feedback and to formulate action plans with target implementation dates for improvements. Any resulting salient control concerns are reviewed by the Committee, and the implementation status of audit recommendations are monitored and reported to the Committee on a quarterly basis. The areas of IA's review during FY 2024 are described in the SORMIC. In FY 2024, GIAD has reviewed the selected common sustainability indicators disclosed in the Sustainability Statement.

The GIAD also facilitates the maintenance of the risk management framework of the Group on an ongoing basis.

The GIAD applies appropriate auditing standards in assessing the integrity and effectiveness of internal controls and compliance with the established policies and procedures; and is committed to continuously monitoring and improving the IA function. In FY 2023, the IIA Malaysia was engaged as the external assessor to conduct Quality Assessment Review on GIAD in ascertaining whether the activities and performances are in conformance with the requirements of the International Professional Practices Framework issued by the IIA, Inc., USA.

The Board Audit & Risk Management Committee Report is made in accordance with the resolution of the Board of Directors.

FINANCIAL
STATEMENTS

Directors' Report

For the financial year ended 30 June 2024

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding whilst the principal activities of the significant subsidiaries consist of manufacturing and sale of cement and cement related products, and manufacturing, marketing and sale of concrete and concrete related products as disclosed in Note 4 to the financial statements.

There has been no significant change in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company during the financial year until the date of this report.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	210,939	58,320

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in Note 16 and Note 27 to the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company paid:

(i) a first interim single tier dividend of 2 sen per ordinary share amounting to RM12.4 million in respect of the financial year ended 30 June 2024 on 20 December 2023; and

(ii) a second interim single tier dividend of 6 sen per ordinary share amounting to RM43.5 million in respect of the financial year ended 30 June 2024 on 27 June 2024.

The Directors do not recommend a final dividend for the financial year ended 30 June 2024.

Directors' Report

For the financial year ended 30 June 2024
(Cont'd)

DIRECTORS

Directors who served during the financial year until the date of this report are:

Company

YBhg Datuk Kwek Leng San*, Chairman
Ms Tai Sook Yee
YBhg Datuk Ir. Ahmad 'Asri Bin Abdul Hamid *(Appointed on 1 September 2023)*
YBhg Dato' Mohamad Kamarudin Bin Hassan *(Appointed on 2 April 2024)*
YBhg Dato' Ir. Tan Gim Foo *(Resigned on 1 September 2023)*
Mr Hugo Enrique Losada Barriola, Group Managing Director^ *(Resigned on 30 September 2023)*
YBhg Datuk Wira Azhar Bin Abdul Hamid *(Resigned on 2 April 2024)*

Subsidiaries

Mr Lee Siong Seng
Mr Tong Woei Luen
Ms Khor Sau Mooi
Mr William Tan Kok Siang
Mr Lau Ping Ong #

* This Director is also Director of subsidiaries.
^ This Director was also Director of subsidiaries.
\# Director of a company which is in member's voluntary liquidation.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year who have beneficial interests in the ordinary shares and/or redeemable convertible unsecured loan stocks over ordinary shares of the Company and/or its related corporations during the financial year ended 30 June 2024 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares/ordinary shares to be issued arising from the conversion of redeemable convertible unsecured loan stocks#/ordinary shares received or to be received arising from vesting of share grant*			
	At 1.7.2023	**Acquired**	**Sold**	**At 30.6.2024**
Shareholdings in which the Director has direct interests				
Interests of YBhg Datuk Kwek Leng San in:				
Hong Leong Company (Malaysia) Berhad	160,895	-	-	160,895
Hong Leong Industries Berhad	2,632,500	-	-	2,632,500
Malaysian Pacific Industries Berhad	1,215,834	16,666 (1)	-	1,232,500
	16,666*	-	(16,666) *(1)	-
Hong Leong Bank Berhad	536,000	-	-	536,000
Hong Leong Financial Group Berhad	654,000	-	-	654,000
Hume Cement Industries Berhad	3,921,600	2,017,142 (2)	(1,227,000)	4,711,742
	2,017,142#	-	(2,017,142) #(2)	-

Legend:

(1) Vesting of shares.
(2) Conversion of redeemable convertible unsecured loan stocks.

Directors' Report

For the financial year ended 30 June 2024
(Cont'd)

DIRECTORS' BENEFITS

No Director of the Company has since the end of the previous financial year received or become entitled to receive any benefit (other than fees, remunerations, other benefits and benefit-in-kind included in the aggregate amount of remuneration received or due and receivable by Directors as shown below or the fixed salary of full-time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefit paid to or receivable by Directors in respect of the financial year ended 30 June 2024 are as follows:

	Group RM'000	Company RM'000
Directors of the Company:		
Fees	388	388
Remuneration and other benefits	305	-

There were no arrangements during and at the end of the financial year which has the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued share capital of the Company has been increased from 510,372,782 ordinary shares to 725,484,731 ordinary shares by the issuance and allotment of 215,111,949 new ordinary shares arising from the conversion of RM150,578,464 nominal value of redeemable convertible unsecured loan stocks ("RCULS"), which included the mandatory conversion of all outstanding RCULS upon maturity of which RM68,052,360 nominal value of RCULS were automatically converted into 97,217,534 new ordinary shares of the Company, at the conversion price at RM0.70 for every 1 new ordinary share in the Company.

There were no issue of debentures of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of Hong Leong Manufacturing Group Sdn. Bhd., together with its subsidiaries (the "Group" which includes Hume Cement Industries Berhad and its subsidiaries and where applicable, associated companies) are covered under the Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors and Officers Liability Insurance effected for the Directors and Officers of the Group was RM10 million. The total amount of premium paid for the Directors and Officers Liability Insurance by the Group was RM66,472 and the apportioned amount of the said premium paid by the Company was RM18,855.

OTHER STATUTORY INFORMATION

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

i) all known bad debts have been written off and adequate provision made for doubtful debts; and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Directors' Report

For the financial year ended 30 June 2024
(Cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent; or

ii) that 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 render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 30 June 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the financial year are RM270,000 and RM45,000 respectively.

On behalf of the Board,

Datuk Kwek Leng San

Tai Sook Yee

22 August 2024

Statements of Financial Position

As at 30 June 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Assets					
Property, plant and equipment	5	700,637	740,637	11	21
Right-of-use assets	6	38,331	35,786	-	-
Investment property	7	5,679	5,933	-	-
Investments in subsidiaries	8	-	-	584,914	799,914
Deferred tax assets	9	2,483	4,143	-	1,608
Tax credit receivables	10	144,703	144,703	-	-
Total non-current assets		891,833	931,202	584,925	801,543
Inventories	11	126,532	127,156	-	-
Trade and other receivables, including derivatives	12	94,225	76,219	456	112
Current tax assets		1	4	-	-
Cash and cash equivalents	13	108,305	51,660	67,294	1,043
		329,063	255,039	67,750	1,155
Assets classified as held for sale	14	1,216	-	-	-
Total current assets		330,279	255,039	67,750	1,155
Total assets		1,222,112	1,186,241	652,675	802,698
Equity					
Share capital	15	651,567	500,989	651,567	500,989
Reserves	16	(66,704)	(196,776)	13	21,620
RCULS - equity portion	17	-	124,620	-	124,620
Total equity attributable to owners of the Company		584,863	428,833	651,580	647,229
Liabilities					
Loans and borrowings	18	177,315	89,637	-	-
Lease liabilities		3,205	52	-	-
Deferred tax liabilities	9	86,670	22,313	-	-
Deferred income	19	71,064	78,222	-	-
Employee benefits	20(a)	264	250	-	-
Other payable	21	579	579	-	-
Total non-current liabilities		339,097	191,053	-	-

Statements of Financial Position

As at 30 June 2024

(Cont'd)

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Loans and borrowings	18	124,601	422,665	-	147,503
Lease liabilities		965	239	-	-
RCULS - liability portion	17	-	6,660	-	6,660
Deferred income	19	7,158	7,158	-	-
Trade and other payables	21	160,379	125,453	444	1,251
Contract liabilities	22	3,794	3,730	-	-
Tax payable		1,255	450	651	55
Total current liabilities		298,152	566,355	1,095	155,469
Total liabilities		637,249	757,408	1,095	155,469
Total equity and liabilities		1,222,112	1,186,241	652,675	802,698

The notes on pages 118 to 164 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Revenue	23	1,205,222	1,014,281	52,340	1,401
Cost of sales		(743,952)	(767,332)	-	-
Gross profit		461,270	246,949	52,340	1,401
Distribution expenses		(138,513)	(124,576)	-	-
Administrative expenses		(33,639)	(27,092)	(1,432)	(1,425)
Other operating expenses		(5,728)	(8,387)	-	-
Other operating income		12,761	12,233	-	-
Results from operations		296,151	99,127	50,908	(24)
Interest income		1,693	1,537	14,379	15,346
Finance costs	24	(18,468)	(27,076)	(4,233)	(6,721)
Profit before taxation	24	279,376	73,588	61,054	8,601
Taxation	25	(68,437)	(13,554)	(2,734)	(1,956)
Profit for the year		210,939	60,034	58,320	6,645
Other comprehensive (expense)/income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(351)	29	-	-
Cash flow hedge		(590)	609	-	-
Total other comprehensive (expense)/ income for the year	27	(941)	638	-	-
Total comprehensive income for the year attributable to owners of the Company		209,998	60,672	58,320	6,645
Basic earnings per ordinary share (sen)	26	36.02	11.91		
Diluted earnings per ordinary share (sen)	26	36.02	8.40		

Statements of Changes in Equity

For the year ended 30 June 2024

Group	Attributable to owners of the Company							
	Non-distributable							
	Share capital	RCULS - equity portion	Hedging reserve	Exchange fluctuation reserve	Reserve for own share	Executive Share Scheme reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2022	496,267	128,527	13	322	(50)	68	(257,128)	368,019
Profit for the year	-	-	-	-	-	-	60,034	60,034
Other comprehensive income								
- Foreign currency translation differences for foreign operations	-	-	-	29	-	-	-	29
- Cash flow hedge	-	-	609	-	-	-	-	609
Total comprehensive income for the year	-	-	609	29	-	-	60,034	60,672
Contribution by and distribution to owners of the Company:								
- Conversion of RCULS	4,722	(3,907)	-	-	-	-	(588)	227
- Share-based payments	-	-	-	-	-	40	-	40
- Own share acquired	-	-	-	-	(125)	-	-	(125)
- Shares vested under ESS	-	-	-	-	50	(86)	36	-
Total transactions with owners of the Company	4,722	(3,907)	-	-	(75)	(46)	(552)	142
At 30 June 2023	500,989	124,620	622	351	(125)	22	(197,646)	428,833

Statements of Changes in Equity

For the year ended 30 June 2024

(Cont'd)

Group (continued)	Share capital	RCULS - equity portion	Hedging reserve	Exchange fluctuation reserve	Reserve for own share	Executive Share Scheme reserve	Accumulated losses	Total equity
	Attributable to owners of the Company							
	Non-distributable							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2023	500,989	124,620	622	351	(125)	22	(197,646)	428,833
Profit for the year	-	-	-	-	-	-	210,939	210,939
Other comprehensive income/ (expense)								
- Foreign currency translation differences for foreign operations	-	-	-	(351)	-	-	-	(351)
- Cash flow hedge	-	-	(590)	-	-	-	-	(590)
Total comprehensive income/ (expense) for the year	-	-	(590)	(351)	-	-	210,939	209,998
Contribution by and distribution to owners of the Company:								
- Conversion of RCULS	150,578	(124,620)	-	-	-	-	(23,999)	1,959
- Share-based payments	-	-	-	-	-	564	-	564
- Own share acquired	-	-	-	-	(583)	-	-	(583)
- Dividends (Note 28)	-	-	-	-	-	-	(55,908)	(55,908)
Total transactions with owners of the Company	150,578	(124,620)	-	-	(583)	564	(79,907)	(53,968)
At 30 June 2024	651,567	-	32	-	(708)	586	(66,614)	584,863

Statements of Changes in Equity

For the year ended 30 June 2024

(Cont'd)

	Attributable to owners of the Company			
	Non-distributable		Distributable	
Company	**Share capital RM'000**	**RCULS - equity portion RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
At 1 July 2022	496,267	128,527	15,563	640,357
Profit and total comprehensive income for the year	-	-	6,645	6,645
Contribution by and distribution to owners of the Company:				
- Conversion of RCULS	4,722	(3,907)	(588)	227
Total transactions with owners of the Company	4,722	(3,907)	(588)	227
At 30 June 2023/1 July 2023	500,989	124,620	21,620	647,229
Profit and total comprehensive income for the year	-	-	58,320	58,320
Contribution by and distribution to owners of the Company:				
- Conversion of RCULS	150,578	(124,620)	(23,999)	1,959
- Dividends (Note 28)	-	-	(55,928)	(55,928)
Total transactions with owners of the Company	150,578	(124,620)	(79,927)	(53,969)
At 30 June 2024	651,567	-	13	651,580

Statements of Cash Flows
For the year ended 30 June 2024

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from operating activities					
Profit before taxation		279,376	73,588	61,054	8,601
Adjustments for:					
Amortisation of deferred income		(7,158)	(7,158)	-	-
Depreciation of investment property		254	255	-	-
Depreciation of property, plant and equipment		67,317	65,784	10	12
Depreciation of right-of-use assets		2,418	2,061	-	-
Dividend income from subsidiaries		-	-	(52,340)	(1,401)
Dividend income from other investments		-	(45)	-	-
Finance costs		18,468	27,076	4,233	6,721
Gain on disposal of property, plant and equipment		(112)	(222)	-	-
Interest income		(1,693)	(1,537)	(14,379)	(15,346)
Property, plant and equipment written off		4,933	3,408	-	-
Provision for slow moving inventories		4,695	4,562	-	-
Provision for retirement benefits		14	17	-	-
Share-based payments		564	40	-	-
Unrealised gain on foreign exchange		(199)	(716)	-	-
Operating profit/(loss) before changes in working capital		368,877	167,113	(1,422)	(1,413)
Inventories		(4,071)	31,912	-	-
Trade and other receivables		(18,006)	5,025	(344)	1
Trade and other payables		34,731	(62,406)	(167)	(55)
Cash generated from/(used in) operations		381,531	141,644	(1,933)	(1,467)
Tax paid		(1,612)	(1,205)	(530)	(192)
Interest income received		1,693	1,537	14,379	15,346
Finance costs paid		(18,150)	(26,063)	(4,000)	(5,917)
Dividend received from subsidiaries		-	-	52,340	1,401
Dividend received from other investments		-	45	-	-
Retirement benefits paid		-	(17)	-	-
Net cash generated from operating activities		363,462	115,941	60,256	9,171

Statements of Cash Flows

For the year ended 30 June 2024

(Cont'd)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Cash flows from investing activities					
Proceeds from disposal of property, plant and equipment		112	222	-	-
Acquisition of property, plant and equipment		(33,155)	(19,322)	-	(4)
Addition of investment in a subsidiary		-	-	-	(10,000)
Proceeds from redemption of RCULS from a subsidiary		-	-	215,000	-
Proceeds from capital reduction of a subsidiary		-	-	-	2,500
Net cash (used in)/generated from investing activities		(33,043)	(19,100)	215,000	(7,504)
Cash flows from financing activities					
Payment of lease liabilities	(i)	(1,395)	(1,126)	-	-
Interest paid in relation to lease liabilities	(i)	(191)	(35)	-	-
Drawdown of borrowings	(ii)	980,514	1,339,527	132,000	71,550
Repayment of borrowings	(ii)	(1,190,393)	(1,439,967)	(279,610)	(65,550)
RCULS coupon payment	(ii)	(5,467)	(7,758)	(5,467)	(7,758)
Dividends paid to owners of the Company		(55,908)	-	(55,928)	-
Purchase of trust shares		(583)	(125)	-	-
Net cash used in financing activities		(273,423)	(109,484)	(209,005)	(1,758)
Net increase/(decrease) in cash and cash equivalents		56,996	(12,643)	66,251	(91)
Effect of exchange rate fluctuations on cash held		(351)	29	-	-
Cash and cash equivalents at 1 July 2023/2022		51,660	64,274	1,043	1,134
Cash and cash equivalents at 30 June		108,305	51,660	67,294	1,043

Statements of Cash Flows

For the year ended 30 June 2024

(Cont'd)

(i) Cash outflows for leases as a lessee

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Included in net cash from operating activities				
Payment relating to short-term leases and leases of low-value assets	10,928	9,489	-	-
Payment relating to variable lease payments not included in the measurement of lease liabilities	18,028	20,110	-	-
Included in net cash from financing activities				
Payment of lease liabilities	1,395	1,126	-	-
Interest paid in relation to lease liabilities	191	35	-	-
Total cash outflows for leases	30,542	30,760	-	-

Statements of Cash Flows

For the year ended 30 June 2024

(Cont'd)

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 July 2022	Drawdown	Repayment	Interest accreted	Acquisition of new lease	Others	At 30 June 2023/ 1 July 2023	Drawdown	Repayment	Interest accreted	Acquisition of new lease	Others	At 30 June 2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group													
Term loans	169,999	-	(30,000)	124	-	-	140,123	135,000	(50,610)	221	-	(835)	223,899
Medium term notes	99,666	-	-	227	-	-	99,893	-	(100,000)	107	-	-	-
Term revolving credit	40,000	-	(40,000)	-	-	-	-	-	-	-	-	-	-
Revolving credits	263,230	100,550	(198,050)	-	-	-	165,730	172,000	(297,730)	-	-	-	40,000
Trade financing	39,496	1,238,977	(1,171,917)	-	-	-	106,556	673,514	(742,053)	-	-	-	38,017
Total loans and borrowings	612,391	1,339,527	(1,439,967)	351	-	-	512,302	980,514	(1,190,393)	328	-	(835)	301,916
Lease liabilities	1,298	-	(1,126)	-	157	(38)	291	-	(1,395)	-	5,890	(616)	4,170
RCULS liabilities	14,050	-	(7,758)	576	-	(208)	6,660	-	(5,467)	766	-	(1,959)	-
Total liabilities from financing activities	627,739	1,339,527	(1,448,851)	927	157	(246)	519,253	980,514	(1,197,255)	1,094	5,890	(3,410)	306,086
Company													
Term loans	20,610	-	-	-	-	-	20,610	-	(20,610)	-	-	-	-
Medium term notes	99,666	-	-	227	-	-	99,893	-	(100,000)	107	-	-	-
Revolving credits	21,000	71,550	(65,550)	-	-	-	27,000	132,000	(159,000)	-	-	-	-
Total loans and borrowings	141,276	71,550	(65,550)	227	-	-	147,503	132,000	(279,610)	107	-	-	-
RCULS liabilities	14,050	-	(7,758)	576	-	(208)	6,660	-	(5,467)	766	-	(1,959)	-
Total liabilities from financing activities	155,326	71,550	(73,308)	803	-	(208)	154,163	132,000	(285,077)	873	-	(1,959)	-

The notes on pages 118 to 164 are an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Hume Cement Industries Berhad ("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 addresses of its registered office and principal place of business are as follows:

Registered office
Level 31, Menara Hong Leong,
No. 6, Jalan Damanlela,
Bukit Damansara,
50490 Kuala Lumpur.

Principal place of business
Level 5, Wisma Hume, Block D,
15A, Jalan 51A/219,
46100 Petaling Jaya,
Selangor Darul Ehsan.

The immediate and ultimate holding companies of the Company are Hong Leong Manufacturing Group Sdn. Bhd. and Hong Leong Company (Malaysia) Berhad ("HLCM") respectively, both incorporated in Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2024 comprise the Company and its subsidiaries (together referred to as "the Group"). The financial statements of the Company as at and for the financial year ended 30 June 2024 do not include other entities.

The Company is an investment holding company whilst the principal activities of the subsidiaries are as disclosed in Note 4 to the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 22 August 2024.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

These financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Derivative financial instruments	Fair value

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the Financial Statements
(Cont'd)

2. **BASIS OF PREPARATION** (cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the followings note:

(i) Note 5.1 – Measurement for impairment in value of property, plant and equipment.

(ii) Note 6.3 – Leases

(iii) Note 8 – Impairment assessment on investment in the subsidiaries.

(iv) Note 9 and 10 – Measurement of deferred tax assets and tax credit receivables.

(v) Note 11 – Measurement for obsolescence and net realisable value for inventories.

(vi) Note 31.3.1 – Measurement of expected credit losses ("ECL").

Standards and interpretations issued but not yet effective

The following are amendments of the MFRS Accounting Standards but have not been adopted by the Group and the Company:

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2024
- Amendments to MFRS 7, *Finance Instruments: Disclosures - Supplier Finance Arrangement* and MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 16, *Leases: Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements: Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027
- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective at date to be confirmed
- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned amendments, where applicable, when they become effective in their respective financial periods.

The initial application of the amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.

Notes to the Financial Statements

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES

(a) Global minimum tax

The Group and the Company have adopted the amendments to MFRS 112, *Income Taxes - International Tax Reform – Pillar Two Model Rules* that was effective for the financial year beginning on or after 1 July 2023, where the Group and Company are still assessing their impact to the Group's and Company's financial statements in the year of initial application.

The ultimate holding company and its subsidiaries (the "UHC Group") of which the Group is a part of, is within the scope of the Organisation for Economic Co-operation and Development ("OECD") Pillar Two model rules whereby top-up tax on profits is required in any jurisdictions in which it operates when the blended effective tax rate in each of those jurisdictions is lower than the minimum effective tax rate of 15%.

Malaysia will be implementing the Pillar Two model rules effective from the financial year beginning on or after 1 January 2025.

The Amendments to MFRS 112 "Income Taxes – International Tax Reform – Pillar Two Model Rules" introduce a temporary mandatory exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two Model Rules as well as disclosure requirements on the exposure to Pillar Two income taxes upon adoption.

Accordingly, the Group has applied the temporary mandatory exception in Amendments to MFRS 112 "International Tax Reform – Pillar Two Model Rules" retrospectively and is not accounting for deferred taxes arising from any top-up tax due to the Pillar Two model rules in the consolidated financial statements.

The UHC Group is in the process of assessing the potential exposure to the Pillar Two income taxes for all of its subsidiaries that operate in the same jurisdictions as the Group. The potential exposure, if any, to Pillar Two income taxes is currently not known or reasonably estimable. The Group expects to be in a position to report the potential exposure in the period of application.

(b) Material accounting policy information

The Group also adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosures of Accounting Policies* from 1 July 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements by the Group and the Company, unless otherwise stated.

(c) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

Notes to the Financial Statements
(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(c) Property, plant and equipment (cont'd)

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:-

Buildings	Over period of land lease or 50 years, whichever is shorter
Plant and machinery	4 – 45 years
Office equipment, fittings, software, spare parts and motor vehicles	5 – 20 years

(d) Right-of-use assets and leases

(i) Recognition and measurement

All right-of-use assets are measure at cost less any accumulated depreciation and any accumulated impairment losses.

(ii) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(iii) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(e) Investment property

Investment property carried at cost

Investment properties carried at cost are stated at cost less any accumulated depreciation and any accumulated impairment losses, consistent with the accounting policy for property, plant and equipment as stated in accounting policy Note 3(c).

(f) Investment in subsidiaries

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

Notes to the Financial Statements

(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(g) Taxation

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

The Group regards the unutilised investment tax allowances and unutilised reinvestment allowances as investment tax credits ("ITCs") and these ITCs are recognised using accounting treatment similar to that of a government grant. Unutilised investment tax allowances and unutilised reinvestment allowances to the extent that it is probable that the future taxable profit will be available against the unutilised investment tax allowances and unutilised reinvestment allowances can be utilised are recognised as a tax credit receivable and correspondingly deferred income.

The tax credit receivable will be charged out to the profit or loss based on the utilisation of investment tax allowances and utilisation of reinvestment allowances in each financial period. Deferred income, on the other hand, will be amortised over the estimated remaining useful lives of the assets concerned to the profit or loss or other income.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.

(i) Employee benefits

(i) Share-based payments

The Group operates equity-settled, share based compensation plans for the employees of the Group under Hume Cement Industries Berhad's Executive Share Scheme ("ESS").

In connection with the ESS, trusts have been set up and are administered by an appointed trustee ("ESS Trust"). The trustee will be entitled from time to time, to accept advances from the Group, upon such terms and conditions as the Group and the trustee may agree to purchase the ordinary shares of the Company from the open market for the ESS Trust ("Trust Shares").

The ESS Trust Shares is amalgamated in the financial statements of the Company for the portion related to the Company and consolidated into the Group's consolidated financial statements as a deduction from equity and classified as reserves for own shares. Dividends received by the ESS Trusts are eliminated against the Company's dividend payment.

(ii) Defined benefit plan

The Group operates an unfunded defined benefit scheme for the eligible employees. The present value of the defined benefit obligation as required by MFRS 119, *Employee Benefits* has not been used in deriving the provision, as the amount involved is not material to the Group and the Company. Accordingly, no further disclosure as required by the standard is presented.

Notes to the Financial Statements
(Cont'd)

3. MATERIAL ACCOUNTING POLICIES (cont'd)

(j) Financial instruments

(i) Regular way purchase or sale of financial asset

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting or settlement date in the current year.

Generally, the Group or the Company applied settlement date accounting unless otherwise stated for the specific class of asset.

(k) Hedge accounting - Cash flow hedge

In a cash flow hedge, the Group recognises the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge in other comprehensive income and accumulated in equity while the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ("forward points") is separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Notes to the Financial Statements
(Cont'd)

4. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their country of incorporation and the effective interest of Hume Cement Industries Berhad are shown below:

Name of company	Country of incorporation	Effective interest 2024 %	2023 %	Principal activities
Subsidiaries				
Hume Cement Sdn Bhd	Malaysia	100	100	Manufacture and sale of cement and cement related products.
Hume Concrete Sdn Bhd	Malaysia	100	100	Manufacture, marketing and sale of concrete and concrete related products and investment holding.
• Hume Concrete (EM) Sdn Bhd	Malaysia	100	100	Manufacture and sale of concrete and concrete related products.
• Forestwood Sdn Bhd	Malaysia	100	100	In member's voluntary liquidation.
Hume RMX Sdn Bhd	Malaysia	100	100	Dormant.
Hume RMC Sdn Bhd	Malaysia	100	100	Investment holding.

Notes:

- Sub-subsidiaries

5. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Plant and machinery RM'000	Office equipment, fittings, software, spare parts and motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 July 2022	75,174	1,204,271	46,293	2,459	1,328,197
Additions	69	6,368	11,572	1,313	19,322
Disposal	-	(11)	(861)	-	(872)
Written off	-	(435)	(4,738)	-	(5,173)
Reclassification	-	2,077	160	(2,237)	-
At 30 June 2023/1 July 2023	75,243	1,212,270	52,426	1,535	1,341,474
Additions	88	8,909	18,020	6,138	33,155
Disposal	-	(29)	-	-	(29)
Written off	-	(2,044)	(6,838)	-	(8,882)
Reclassification	-	1,313	36	(1,349)	-
Reclassified to assets held for sale	(9,128)	(9,399)	(350)	-	(18,877)
At 30 June 2024	66,203	1,211,020	63,294	6,324	1,346,841

Notes to the Financial Statements
(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	**Buildings** RM'000	**Plant and machinery** RM'000	**Office equipment, fittings, software, spare parts and motor vehicles** RM'000	**Capital work-in-progress** RM'000	**Total** RM'000
Accumulated depreciation and impairment loss					
At 1 July 2022					
Accumulated depreciation	30,771	471,532	34,426	-	536,729
Accumulated impairment	813	118	30	-	961
	31,584	471,650	34,456	-	537,690
Charge for the year	1,451	59,207	5,126	-	65,784
Disposal	-	(11)	(861)	-	(872)
Written off	-	(221)	(1,544)	-	(1,765)
At 30 June 2023/1 July 2023					
Accumulated depreciation	32,222	530,507	37,147	-	599,876
Accumulated impairment	813	118	30	-	961
	33,035	530,625	37,177	-	600,837
Charge for the year	1,343	60,083	5,891	-	67,317
Disposal	-	(29)	-	-	(29)
Written off	-	(1,303)	(2,646)	-	(3,949)
Reclassified to assets held for sale	(8,223)	(9,399)	(350)	-	(17,972)
At 30 June 2024					
Accumulated depreciation	25,342	579,859	40,042	-	645,243
Accumulated impairment	813	118	30	-	961
	26,155	579,977	40,072	-	646,204
Carrying amounts					
At 1 July 2022	43,590	732,621	11,837	2,459	790,507
At 30 June 2023/1 July 2023	42,208	681,645	15,249	1,535	740,637
At 30 June 2024	40,048	631,043	23,222	6,324	700,637

Notes to the Financial Statements
(Cont'd)

5. **PROPERTY, PLANT AND EQUIPMENT** (cont'd)

Company	Office equipment RM'000
Cost	
At 1 July 2022	66
Additions	4
At 30 June 2023/1 July 2023	70
Written off	(2)
At 30 June 2024	68
Accumulated depreciation	
At 1 July 2022	37
Charge for the year	12
At 30 June 2023/1 July 2023	49
Charge for the year	10
Written off	(2)
At 30 June 2024	57
Carrying amounts	
At 1 July 2022	29
At 30 June 2023/1 July 2023	21
At 30 June 2024	11

5.1 Impairment testing of property, plant and equipment

Concrete

The Group has evaluated whether the property, plant and equipment of the concrete plant used in the operations are stated in excess of their estimated recoverable amounts. The recoverable amounts are estimated based on fair value less costs of disposal method. The fair value has been derived mainly by valuing the land and building plus net working capital of the cash-generating units. The fair value of land and building is based on market comparison of similar properties carried out by external valuers and is categorised as Level 3 in accordance with MFRS 13, *Fair Value Measurement*.

The Group has determined that there is no impairment due to the recoverable amounts are higher than the carrying amounts of the cash-generating units.

Notes to the Financial Statements

(Cont'd)

6. RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Premises RM'000	Office equipment RM'000	Total RM'000
Group				
At 1 July 2022	36,498	1,215	15	37,728
Addition	-	91	66	157
Lease modification	-	(38)	-	(38)
Depreciation	(984)	(1,061)	(16)	(2,061)
At 30 June 2023/1 July 2023	35,514	207	65	35,786
Addition	-	5,878	12	5,890
Derecognition	-	(616)	-	(616)
Depreciation	(963)	(1,438)	(17)	(2,418)
Reclassified to assets held for sale	(311)	-	-	(311)
At 30 June 2024	34,240	4,031	60	38,331

The Group leases a number of land and office premises with an option to renew the lease after that date.

6.1 Extension options

Some leases of office premises contain extension options exercisable by the Group up to three years before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

6.2 Variable lease payments based on production

The quarry related machineries contain variable lease payments that are based on production that the Group makes. Fixed and variable payments for the period ended are as follows:

Group	Fixed payments RM'000	Variable payments RM'000	Total payments RM'000	Estimated annual impact on lease payments of a 1% increase in production RM'000
2024				
Leases with lease payments based on production	-	18,028	18,028	180
2023				
Leases with lease payments based on production	-	20,110	20,110	201

The Group expects the relative proportions of fixed and variable lease payments to remain broadly consistent in future years.

Notes to the Financial Statements

(Cont'd)

6. RIGHT-OF-USE ASSETS (cont'd)

6.3 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

6.4 Restriction imposed by lease contracts

The lease contracts for buildings restrict the Group's ability to sublease the leased assets in the respective contracts.

7. INVESTMENT PROPERTY

	Group RM'000
Cost	
At 1 July 2022/30 June 2023/1 July 2023/30 June 2024	12,131
Accumulated depreciation	
At 1 July 2022	5,943
Charge for the year	255
At 30 June 2023/1 July 2023	6,198
Charge for the year	254
At 30 June 2024	6,452
Carrying amounts	
At 1 July 2022	6,188
At 30 June 2023/1 July 2023	5,933
At 30 June 2024	5,679

Investment property comprises a commercial property that is leased to third party. The lease contains an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee and on average renewal periods are 3 years. No contingent rents are charged.

Notes to the Financial Statements

(Cont'd)

7. INVESTMENT PROPERTY (cont'd)

The following are recognised in profit or loss in respect of investment property:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Lease income	2,314	2,314
Direct operating expenses:		
- income generating investment property	652	622

7.1 Operating lease payments receivable

The operating lease payments to be received are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Less than 1 year	2,798	2,314
1 - 2 years	5,684	193
2 - 3 years	237	-
Total undiscounted lease payments	8,719	2,507

7.2 Fair value information

Fair value of investment property is categorised as Level 3 as follows:

	2024	**2023**
	RM'000	**RM'000**
Land and building	65,546	65,546

Level 3 fair value of the land and building has been determined by Directors' valuation by reference to past sale transactions. The significant unobservable input included in the Directors' valuation is price per square feet of comparable properties. The estimated fair value would increase/(decrease) if the price per square feet is higher/(lower).

Notes to the Financial Statements
(Cont'd)

8. INVESTMENTS IN SUBSIDIARIES

	Company 2024 RM'000	Company 2023 RM'000
At cost		
Unquoted shares	499,410	499,410
Redeemable Convertible Unsecured Loan Stock	117,500	332,500
Less: Accumulated impairment loss	(31,996)	(31,996)
	584,914	799,914

Impairment losses are recognised based on the excess of carrying amount over recoverable amount, which is determined based on either the fair value of the net assets of the subsidiaries or the recoverable amount of the cash-generating unit based on value in use and the fair value less costs of disposal whichever is higher.

The subsidiaries and their principal activities are disclosed in Note 4 to the financial statements.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024	2023	2024	2023	2024	2023
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Property, plant and equipment	-	-	(144,296)	(156,878)	(144,296)	(156,878)
Right-of-use assets	-	-	(1,103)	(65)	(1,103)	(65)
Lease liabilities	1,001	70	-	-	1,001	70
Unabsorbed capital allowances	36,794	116,143	-	-	36,794	116,143
Other deductible temporary differences	11,866	10,290	-	-	11,866	10,290
Tax losses carry-forwards	8,877	8,877	-	-	8,877	8,877
RCULS	-	1,608	-	-	-	1,608
Other items	2,674	1,785	-	-	2,674	1,785
Tax assets/(liabilities)	61,212	138,773	(145,399)	(156,943)	(84,187)	(18,170)
Set off of tax	(58,729)	(134,630)	58,729	134,630	-	-
Net tax assets/(liabilities)	2,483	4,143	(86,670)	(22,313)	(84,187)	(18,170)

Notes to the Financial Statements
(Cont'd)

9. **DEFERRED TAX ASSETS/(LIABILITIES)** (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2024	2023
	RM'000	RM'000
Tax losses carry-forwards	117,440	116,391
Unutilised reinvestment allowances	3,840	3,840
Unabsorbed capital allowances	5,981	-
Other deductible temporary differences	953	953
	128,214	121,184

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits.

The tax losses carry-forwards will expire in the following year of assessment:

	Group	
	2024	2023
	RM'000	RM'000
Year of assessment:		
2028	70,911	70,911
2029	7,750	7,750
2030	16,091	16,091
2031	8,478	8,478
2032	8,878	8,878
2033	3,483	4,283
2034	1,849	-
	117,440	116,391

Unutilised reinvestment allowance can be carried forward for seven years after the qualifying period of fifteen years under current tax legislation.

Notes to the Financial Statements
(Cont'd)

9. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Movement in temporary differences during the year

Group	At 1.7.2022	Recognised in profit or loss (Note 25)	At 30.6.2023/ 1.7.2023	Recognised in profit or loss (Note 25)	At 30.6.2024
	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	(169,428)	12,550	(156,878)	12,582	(144,296)
Right-of-use assets	(296)	231	(65)	(1,038)	(1,103)
Lease liabilities	311	(241)	70	931	1,001
Unabsorbed capital allowances	145,119	(28,976)	116,143	(79,349)	36,794
Other deductible temporary differences	9,141	1,149	10,290	1,576	11,866
Tax losses carry-forwards	3,969	4,908	8,877	-	8,877
RCULS	3,392	(1,784)	1,608	(1,608)	-
Other items	1,627	158	1,785	889	2,674
	(6,165)	(12,005)	(18,170)	(66,017)	(84,187)

Recognised deferred tax assets

Deferred tax assets are attributable to the following:

	Company	
	2024	2023
	RM'000	RM'000
RCULS	-	1,608

Movement in temporary differences during the year

Company	At 1.7.2022	Recognised in profit or loss (Note 25)	At 30.6.2023/ 1.7.2023	Recognised in profit or loss (Note 25)	At 30.6.2024
	RM'000	RM'000	RM'000	RM'000	RM'000
RCULS	3,392	(1,784)	1,608	(1,608)	-

Notes to the Financial Statements
(Cont'd)

9. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

9.1 Assessment of future taxable profits

Hume Cement Sdn. Bhd. has recognised RM8,877,000 (2023: RM8,877,000) of deferred tax assets arising from tax losses carry-forwards. The Group considered that it is probable that future taxable profits will be available against which the tax benefit can be utilised. The management has applied the key assumptions as stated in Note 10 in arriving at the projected future taxable profits.

The estimation of future taxable profits requires management to make judgements, estimates and assumptions about future events that are inherently uncertain. Accordingly, the deferred tax assets recognised are subject to estimation uncertainty and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

10. TAX CREDIT RECEIVABLES

	Group	
	2024	**2023**
	RM'000	**RM'000**
Unutilised investment tax allowance	68,839	68,839
Unutilised reinvestment allowance	75,864	75,864
	144,703	144,703

The Group considered that it is probable that future taxable profits will be available against which the tax benefit can be utilised. The management has applied the following key assumptions in arriving at the projected future taxable profits:

(a) The management has projected cash flows for 5 years (2023: 5 years) and extended the cash flows projections for a further 20 years (2023: 20 years) by applying no growth rate (2023: no growth rate) during the extended years; and

(b) The annual growth rate for selling prices and sales volume used in the cash flows projection ranges from 0% to 1% (2023: 1% to 8%) and 0% to 5% (2023: 0% to 2%) respectively, taking into consideration past business performance and management's expectation on the current and future market conditions.

The estimation of future taxable profits requires management to make judgements, estimates and assumptions about future events that are inherently uncertain. Accordingly, the tax credit receivables recognised are subject to estimation uncertainty and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

In accordance with current tax legislation, the unused reinvestment allowances will expire in YA 2038, 7 years after the qualifying period of 15 years. Investment tax allowances do not expire under current tax legislation. In view of the substantial period before reinvestment allowances expires in YA 2038, the Group considered that it is probable that future taxable profits will be available against which the tax benefit can be utilised.

Notes to the Financial Statements
(Cont'd)

11. INVENTORIES

	Group 2024 RM'000	Group 2023 RM'000
Raw materials, consumables and engineering spares	100,362	92,363
Work-in-progress	40	148
Finished goods	26,130	34,645
	126,532	127,156
Recognised in profit or loss:		
Inventories recognised as cost of sales	549,546	607,396

12. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Trade					
Trade receivables from contracts with customers					
- Third parties		82,027	68,379	-	-
- Related companies	12.1	2,591	718	-	-
		84,618	69,097	-	-
Less: Allowance for impairment losses		(469)	(454)	-	-
		84,149	68,643	-	-
Non-trade					
Other receivables		1,096	1,884	60	61
Deposits		2,654	2,492	2	2
Prepayments		6,294	2,578	394	49
Derivative used for hedging - forward exchange contract	12.2	32	622	-	-
		10,076	7,576	456	112
		94,225	76,219	456	112

Note 12.1
The trade amounts due from related companies are subject to the normal trade terms.

Note 12.2
The total notional amount of the forward exchange contracts as at 30 June 2024 was USD9,979,000 (RM46,732,000) (2023: USD1,400,000 (RM5,894,980)).

Notes to the Financial Statements
(Cont'd)

13. CASH AND CASH EQUIVALENTS

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	19,000	12,230	7,750	1,000
Cash and bank balances	89,305	39,430	59,544	43
	108,305	51,660	67,294	1,043

Included in the cash and cash equivalents are the following balances placed with related companies arising from normal business transactions:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits with licensed banks	6,000	6,030	-	1,000
Cash and bank balances	88,873	37,856	59,544	43
	94,873	43,886	59,544	1,043

14. ASSETS HELD FOR SALE

The Company announced that Hume Concrete Sdn Bhd ("HCCT"), a wholly-owned subsidiary of the Company, had on 14 February 2024, entered into a conditional sale and purchase agreement with Skygate Technology (KL) Sdn Bhd ("Skygate KL") for the proposed disposal by HCCT to Skygate KL of a parcel of land together with the buildings thereon and all fixtures, fittings and other things thereon located in Prai Industrial Estate, Pulau Pinang for a cash consideration of RM39,800,000 ("Proposed Disposal").

Barring any unforeseen circumstances, the Proposed Disposal is expected to be completed in the first half of the financial year ending 30 June 2025.

		Group
	Note	**2024**
		RM'000
Assets classified as held for sale (Carrying amount)		
Property, plant and equipment	5	905
Right-of-use assets	6	311
		1,216

Notes to the Financial Statements

(Cont'd)

15. SHARE CAPITAL

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2024	2024	2023	2023
	'000	RM'000	'000	RM'000
Issued and fully paid shares with no par value:				
Ordinary shares:				
At 1 July	510,373	500,989	503,628	496,267
Conversion of RCULS	215,112	150,578	6,745	4,722
At 30 June	725,485	651,567	510,373	500,989

During the financial year, the issued share capital of the Company has been increased from 510,372,782 ordinary shares to 725,484,731 ordinary shares by the issuance and allotment of 215,111,949 new ordinary shares arising from the conversion of RM150,578,464 nominal value of RCULS, which included the mandatory conversion of all outstanding RCULS upon maturity of which RM68,052,360 nominal value of RCULS were automatically converted into 97,217,534 new ordinary shares of the Company, at the conversion price of RM0.70 for every 1 new ordinary share in the Company.

16. RESERVES

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Exchange fluctuation reserve	16.1	-	351	-	-
Executive share scheme reserve	16.2	586	22	-	-
Hedging reserve	16.3	32	622	-	-
Reserve for own shares	16.4	(708)	(125)	-	-
(Accumulated losses)/Retained earnings		(66,614)	(197,646)	13	21,620
		(66,704)	(196,776)	13	21,620

Note 16.1
The exchange fluctuation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Note 16.2
Executive share scheme reserve represents the corresponding share-based payments expense related to the Group's Executive Share Scheme as stated in Note 3(i)(i).

Note 16.3
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedge related to hedged translations that have not yet occurred.

Note 16.4
Reserve for own shares represents Trust Shares purchased by the ESS Trusts as disclosed in Note 3(i)(i). As at 30 June 2024, the total number of HCIB Shares held by the ESS Trusts at the Group level was 323,000 (2023: 95,800) HCIB Shares.

Notes to the Financial Statements

(Cont'd)

16. RESERVES (cont'd)

At the Group level, during the financial year:

a) a total of 227,200 (2023: 95,800) HCIB Shares were purchased by the ESS Trusts; and
b) none of the (2023: 66,667) existing ordinary shares in the Company held in the ESS Trusts were transferred to the eligible executives arising from the vesting of free HCIB shares.

17. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS ("RCULS")

	Group and Company	
	2024	**2023**
	RM'000	**RM'000**
RCULS - equity portion	-	124,620
RCULS - liability portion:		
- Current	-	6,660
	-	6,660
	-	131,280

The Company had on 30 May 2019 ("Issue Date") issued and allotted RM172,473,768 nominal value of 5-year 5% RCULS at 100% of its nominal value of RM1.00. The RCULS were officially listed on Bursa Malaysia Securities Berhad on 3 June 2019.

The RCULS are constituted by a Trust Deed dated 16 April 2019.

The RCULS have a maturity date of 29 May 2024 ("Maturity Date"). The coupon rate of the RCULS is 5% per annum calculated on the nominal value of the RCULS then outstanding and payable semi-annually in arrears each year. The RCULS holders have the right to convert all or any part of the RCULS held by them into ordinary shares of HCIB ("HCIB Shares") at any time on any market day after the Issue Date and up to the Maturity Date. All the outstanding RCULS which have not been earlier converted or redeemed on the Maturity Date will be automatically converted into new HCIB Shares on the Maturity Date. The conversion price has been fixed at RM0.70 per HCIB Share to be satisfied by surrendering the equivalent nominal value of RCULS for cancellation by the Company. The new HCIB Shares to be issued upon conversion of the RCULS will, upon allotment and issue, rank equally in all respects with the existing HCIB Shares, except that they will not be entitled to any dividends, rights, allotments and any other distributions in respect of which the entitlement date is before the date of allotment of the new HCIB Shares.

Subject to the Company giving irrevocable notice to the RCULS holders of at least 30 days before the Maturity Date, the Company has the option to redeem the outstanding RCULS (if not earlier converted) in cash at 100% of its nominal value, in whole or in part, on the Maturity Date.

During the financial year, RM150,578,464 (2023: RM4,721,623) nominal value of RCULS were converted into 215,111,949 (2023: 6,745,173) new HCIB Shares.

Notes to the Financial Statements

(Cont'd)

17. REDEEMABLE CONVERTIBLE UNSECURED LOAN STOCKS (cont'd)

The RCULS have matured on the Maturity Date. As at the Maturity Date, the outstanding RM68,052,360 nominal value of RCULS were automatically converted into 97,217,534 new HCIB Shares credited as fully paid-up capital of the Company, at RM0.70, being the conversion price of the RCULS for every 1 new HCIB Share.

At the end of the reporting period, there were Nil (2023: RM150,578,464) RCULS remained unconverted.

	Group and Company	
	2024	2023
	RM'000	RM'000
RCULS - Equity portion		
At 1 July	124,620	128,527
Conversion of RCULS to share capital	(124,620)	(3,907)
At 30 June	-	124,620
RCULS - Liability portion		
At 1 July	6,660	14,050
Coupon payment	(5,467)	(7,758)
Interest accreted	126	576
Movement in accrued coupon payment	640	19
Conversion of RCULS to share capital	(1,959)	(227)
At 30 June	-	6,660

18. LOANS AND BORROWINGS

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Non-current (Unsecured)					
Term loans		177,315	89,637	-	-
Current (Unsecured)					
Term loans		46,583	50,486	-	20,610
Medium term notes	(a)	-	99,893	-	99,893
Revolving credits		40,000	165,730	-	27,000
Trade financing		38,018	106,556	-	-
		124,601	422,665	-	147,503
		301,916	512,302	-	147,503

Notes to the Financial Statements
(Cont'd)

18. LOANS AND BORROWINGS (cont'd)

(a) In the financial year ended 30 June 2021, the Company had established an unrated medium term notes ("MTN") programme for the issuance of up to RM500 million in nominal value of MTN which provides the Company the flexibility to raise funds from time to time.

On 18 December 2020, the Company issued its first MTN of RM100 million in nominal value to refinance its existing borrowings. The MTN of RM100 million is subject to coupon rate at 4.05% per annum, payable semi-annually.

On 18 December 2023, the Company had fully redeemed the MTN of RM100 million in nominal value.

19. DEFERRED INCOME

	Group	
	2024	**2023**
	RM'000	**RM'000**
Non-current		
Investment tax allowance	27,143	30,537
Reinvestment allowance	43,921	47,685
	71,064	78,222
Current		
Investment tax allowance	3,394	3,394
Reinvestment allowance	3,764	3,764
	7,158	7,158
	78,222	85,380

The tax benefits arising from investment tax allowance and reinvestment allowance are being amortised over the estimated useful lives of the underlying plant and equipment for which investment tax allowance and reinvestment allowance were claimed. During the financial year, a total of RM7,158,000 (2023: RM7,158,000) has been amortised and recognised as other operating income in profit or loss of the Group.

20. EMPLOYEE BENEFITS

(a) Retirement benefits

	Group	
	2024	**2023**
	RM'000	**RM'000**
At 1 July	250	250
Provision	14	17
Payments	-	(17)
At 30 June	264	250

Notes to the Financial Statements

(Cont'd)

20. EMPLOYEE BENEFITS (cont'd)

(b) Executive Share Scheme ("ESS")

The main features of the ESS are, inter alia, as follows:

1. Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or directors of the Group. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

2. The aggregate number of shares comprised in:

   (i) exercised options;
   (ii) unexercised options;
   (iii) unexpired option offers and unexpired grant offers pending acceptances by the eligible executives;
   (iv) outstanding grants;
   (v) completed grants; and
   (vi) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by the Company which are still subsisting,

   shall not exceed 10% of the total number of issued ordinary shares (excluding treasury shares) of the Company at any one time ("Maximum Aggregate").

3. The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

4. The exercise of the options or vesting of shares may, at the absolute discretion of the Board, be satisfied by way of issuance of new ordinary shares in the Company (unless otherwise adjusted); transfer of existing shares, or a combination of both new shares and existing shares.

5. At any point in time during the existence of the ESS, the allocation to an eligible executive who, either singly or collectively through persons connected with the eligible executive, holds 20% or more of the total number of issued ordinary shares (excluding treasury shares) of the Company, must not exceed 10% of the Maximum Aggregate.

6. The option offered to an option holder under the executive share option scheme ("ESOS") is exercisable by the option holder or the shares to be vested to a grant holder under the executive share grant scheme ("ESGS") will be vested to the grant holder only during his employment or directorship with the Group and within the option exercise period of the ESOS, subject to any maximum limit as may be determined by the Board under the By-Laws of the ESS.

Notes to the Financial Statements

(Cont'd)

20. **EMPLOYEE BENEFITS** (cont'd)

(b) **Executive Share Scheme ("ESS")** (cont'd)

(i) The Company had, on 12 November 2014, implemented an ESS comprising an ESOS and an ESGS of up to 10% of the total number of issued ordinary shares of the Company for the benefit of eligible executives ("ESS 2014"). The ESS 2014 will be in force for a period of 10 years from 12 November 2014.

ESGS

During the financial year ended 30 June 2024, there were no grant or vesting of ordinary shares of HCIB ("HCIB Shares"), free of consideration, to eligible executives (including directors and chief executive) of the Group. No HCIB Shares remained outstanding as at 30 June 2024.

Since the commencement of the ESS 2014, the Group has granted a total of 200,000 free HCIB Shares to a past director/chief executive of the Group. All of 200,000 free HCIB Shares have been vested and none remained outstanding. The actual percentage of total HCIB Shares granted to a past director/senior management of the Group was 0.03% based on the total number of issued shares of the Company as at 30 June 2024.

The aggregate allocation of HCIB Shares granted to directors and senior management of the Group pursuant to the ESS 2014 was at the discretion of the Board provided that such allocation does not exceed the Maximum Aggregate.

(i) Value of employee services received for HCIB Shares grant

	Group	
	2024	**2023**
	RM'000	**RM'000**
HCIB Shares Grant	-	(18)

(ii) HCIB Shares grant – Weighted average fair value and assumptions

	Group	
	2024	**2023**
Fair value at grant date	-	RM1.26

Notes to the Financial Statements

(Cont'd)

20. EMPLOYEE BENEFITS (cont'd)

(b) Executive Share Scheme ("ESS") (cont'd)

(ii) The Company had, on 8 November 2022, implemented an ESS which comprises an ESOS and an ESGS of up to 10% of the total number of issued HCIB Shares (excluding treasury shares) for eligible executives and/or directors of the Company and its subsidiaries ("ESS 2022"). The ESS 2022 will be in force for a period of 10 years from 8 November 2022.

ESGS

During the financial year ended 30 June 2024, 3,850,000 free HCIB Shares were granted to eligible executives (including directors and chief executive) of the Group, subject to the achievement of certain performance criteria over a performance period. No HCIB Shares were vested during the financial year ended 30 June 2024 and 3,850,000 free HCIB Shares remained outstanding as at 30 June 2024.

Since the commencement of the ESS 2022, the Group has granted a total of 3,945,744 free HCIB Shares to eligible executives of the Group, out of which, 3,850,000 free HCIB Shares granted are subject to the achievement of certain performance criteria over a performance period. As at 30 June 2024, no HCIB Shares had been vested, 95,744 free HCIB Shares had lapsed and 3,850,000 free HCIB Shares remained outstanding. The aggregate of free HCIB Shares granted to directors (including a past director)/chief executive of the Group amounted to 1,895,744 free HCIB Shares, out of which, no HCIB Shares had been vested, 95,744 free HCIB Shares had lapsed and 1,800,000 free HCIB Shares remained outstanding. The actual percentage of total HCIB Shares granted to directors (including a past director)/senior management of the Group was 0.26% based on the total number of issued shares of the Company as at 30 June 2024.

(i) Value of employee services received for HCIB Shares grant

	Group	
	2024	**2023**
	RM'000	**RM'000**
HCIB Shares Grant	(586)	(22)

(ii) HCIB Shares grant – Weighted average fair value and assumptions

	Group	
	2024	**2023**
Fair value at grant date	RM2.53	RM1.05

The aggregate allocation of HCIB Shares granted to directors and senior management of the Group pursuant to the ESS 2022 is at the discretion of the Board provided that such allocation does not exceed the Maximum Aggregate.

Notes to the Financial Statements

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21. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Non-current					
Other payable	21.1	579	579	-	-
Current					
Trade					
Trade payables					
- Third parties		133,814	102,389	-	-
- Related companies	21.2	339	1,053	-	-
		134,153	103,442	-	-
Non-trade					
Amount due to related companies	21.3	23	-	-	-
Other payables	21.4	5,247	2,307	-	-
Accrued expenses		20,956	19,704	444	1,251
		26,226	22,011	444	1,251
		160,379	125,453	444	1,251
		160,958	126,032	444	1,251

Note 21.1
The other payable relates to deposit received from a tenant.

Note 21.2
The trade amounts due to related companies are subject to the normal trade terms.

Note 21.3
The non-trade amounts due to related companies are unsecured, interest free and repayable on demand.

Note 21.4
Included in other payables consist of deposits from land sales located in Prai Industries Estate amounted to RM2,786,000.

22. CONTRACT LIABILITIES

	Group 2024 RM'000	Group 2023 RM'000
Contract liabilities	3,794	3,730

The contract liabilities relate primarily to advances received from customers.

Notes to the Financial Statements
(Cont'd)

22. CONTRACT LIABILITIES (cont'd)

The contract liabilities are recognised as revenue when the Group fulfils its performance obligation under the contract with customer. The significant changes in the contract liabilities during the year are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
At the beginning of the year	3,730	3,612
Recognised as revenue	(2,974)	(3,592)
Advances received	3,038	3,710
At the end of the year	3,794	3,730

23. REVENUE

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers	1,202,908	1,011,967	-	-
Other revenue				
- Rental income	2,314	2,314	-	-
- Dividend income	-	-	52,340	1,401
Total revenue	1,205,222	1,014,281	52,340	1,401

23.1 Disaggregation of revenue

	Construction materials		Total	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Major products				
Cement	1,137,257	942,691	1,137,257	942,691
Concrete	65,651	69,276	65,651	69,276
	1,202,908	1,011,967	1,202,908	1,011,967
Timing and recognition				
At a point in time	1,202,908	1,011,967	1,202,908	1,011,967

Notes to the Financial Statements

(Cont'd)

23. REVENUE (cont'd)

23.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognised revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds
Cement	Revenue is recognised at a point in time when the control is transferred to customer based on respective sales terms	Credit period of 30 - 90 days from invoice date	Prompt payment discount and volume incentive	Returns allowed only for damaged goods
Concrete	Revenue is recognised at a point in time when the control is transferred to customer based on respective sales terms	Credit period of 30 - 90 days from invoice date	Prompt payment discount and volume incentive	Returns allowed only for damaged goods

24. PROFIT BEFORE TAXATION

		Group		Company	
	Note	2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
Other than those disclosed elsewhere in the financial statements, profit before taxation is arrived at after charging/ (crediting):					
Auditors' remuneration					
Audit fees:					
- KPMG PLT		270	256	45	43
Non-audit fees					
- KPMG PLT		4	6	4	4
- Local affiliates of KPMG PLT		87	-	-	-

Notes to the Financial Statements
(Cont'd)

24. PROFIT BEFORE TAXATION (cont'd)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
Other than those disclosed elsewhere in the financial statements, profit before taxation is arrived at after charging/ (crediting): (cont'd)					
Material (income)/expenses					
Dividend income from subsidiaries		-	-	(52,340)	(1,401)
Dividend income from other investments					
- Recognised in other operating income		-	(45)	-	-
(Gain)/Loss on foreign exchange					
- Realised		(1,700)	3,421	-	-
- Unrealised		(199)	(716)	-	-
Personnel expenses (including Directors of the Company):					
- Wages, salaries and others		45,442	43,983	-	-
- Contribution to Employees Provident Fund		4,928	4,277	-	-
- Share-based payment		564	40	-	-
Provision for slow moving inventories		4,695	4,562	-	-
Property, plant and equipment					
- Written off		4,933	3,408	-	-
- Gain on disposal		(112)	(222)	-	-
Expenses arising from leases					
Expenses relating to short-term leases and leases of low-value assets	a	10,928	9,489	-	-
Expenses relating to variable lease payments not included in the measurement of lease liabilities		18,028	20,110	-	-
Net loss/(gain) on impairment of financial instruments					
Financial assets at amortised cost		15	168	-	-
Finance costs					
Interest expense on lease liabilities		191	35	-	-
Other finance costs		18,277	27,041	4,233	6,721
		18,468	27,076	4,233	6,721

Note a
The Group leases mobile equipment and photocopier with contract terms less than 1 year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements

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25. TAXATION

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current year	2,403	1,551	1,126	172
- Prior years	17	(2)	-	-
	2,420	1,549	1,126	172
Deferred taxation				
- Current year	66,262	12,138	1,608	1,784
- Prior years	(245)	(133)	-	-
	66,017	12,005	1,608	1,784
	68,437	13,554	2,734	1,956

The reconciliation of income tax applicable to profit before taxation at the statutory income tax rate to income tax at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation	279,376	73,588	61,054	8,601
Taxation at Malaysian statutory tax rate of 24%	67,050	17,661	14,653	2,064
Non-deductible expenses	452	898	286	187
Non-taxable income	(881)	(1,412)	(12,562)	(336)
Deferred tax assets not recognised	1,687	5,378	-	-
Recognition of previously unrecognised tax losses	-	(8,877)	-	-
Effect of early conversion of RCULS	357	41	357	41
	68,665	13,689	2,734	1,956
Over provision in prior years	(228)	(135)	-	-
	68,437	13,554	2,734	1,956

Notes to the Financial Statements
(Cont'd)

26. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The basic earnings per ordinary share is calculated by dividing the Group's profit for the year attributable to owners of the Company of RM210,939,000 (2023: RM60,034,000) by the weighted average number of ordinary shares outstanding during the financial year of 585,479,225 (2023: 504,214,386) as follows:

	2024 '000	2023 '000
Weighted average number of ordinary shares		
Number of ordinary shares at beginning of year	510,373	503,628
Less: ESS Trust Shares held at beginning of year	(96)	(67)
	510,277	503,561
Effect of conversion of RCULS	75,259	633
Effect of ESS Trust Shares purchased	(57)	(8)
Effect of ESS Trust Shares vested	-	28
Weighted average number of ordinary shares outstanding during the year	585,479	504,214
Basic earnings per ordinary share (sen)	36.02	11.91

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 30 June 2023 was based on profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares, calculated as follows:

Profit attributable to ordinary shareholders (diluted)

Group	Total 2023 RM'000
Profit attributable to ordinary shareholders (basic)	60,034
Interest expense on RCULS, net of tax	412
Profit attributable to ordinary shareholders (diluted)	60,446

Group	Total 2023 '000
Weighted average number of ordinary shares as at 30 June (basic)	504,214
Effect of conversion of RCULS	215,112
Weighted average number of ordinary shares as at 30 June (diluted)	719,326

Notes to the Financial Statements

(Cont'd)

26. EARNINGS PER ORDINARY SHARE (cont'd)

Diluted earnings per ordinary share (cont'd)

Group	2023
Diluted earnings per ordinary share (sen)	8.40

The Group's diluted earnings per ordinary share for the financial year ended 30 June 2024 approximates its basic earnings per ordinary share.

27. OTHER COMPREHENSIVE (EXPENSES)/INCOME

	Before tax RM'000	Taxation RM'000	Net of tax RM'000
2024			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	(351)	-	(351)
Cash flow hedge	(590)	-	(590)
	(941)	-	(941)
2023			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations	29	-	29
Cash flow hedge	609	-	609
	638	-	638

28. DIVIDENDS

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
First interim				
2 sen per share single tier	12,397	-	12,399	-
Second interim				
6 sen per share single tier	43,511	-	43,529	-
	55,908	-	55,928	-

Dividends received by the ESS Trusts amounting to RM20,000 (2023: RM Nil) for the Group is eliminated against the dividend expense of the Company upon consolidation of the ESS Trusts as disclosed in Note 3(i)(i).

Notes to the Financial Statements

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29. OPERATING SEGMENTS

The Board of Directors reviews internal management reports at least on a quarterly basis. Operating segments are components in which separate financial information that is available and is evaluated regularly by the Board of Directors on resources allocation and in assessing performance. The Group has identified the business of construction materials includes the manufacture and sale of cement, concrete and related products as its sole operating segment.

Segment profit

Performance is measured based on segment profit before interest income, finance costs and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented to the Board of Directors and hence, no disclosure is made on the segment asset.

Segment liabilities

Segment liabilities information is not presented to the Board of Directors and hence, no disclosure is made on the segment liabilities.

	Construction materials	
	2024	**2023**
	RM'000	**RM'000**
Segment profit	295,506	98,924
Included in the measure of segment profit are:		
Revenue from external customers	1,202,908	1,011,967
Depreciation	(69,725)	(67,833)

Reconciliation of reportable segment profit

	2024	**2023**
	RM'000	**RM'000**
Profit		
Reportable segment	295,506	98,924
Non-reportable segment	645	203
Interest income	1,693	1,537
Finance costs	(18,468)	(27,076)
Consolidated profit before taxation	279,376	73,588

Notes to the Financial Statements
(Cont'd)

29. OPERATING SEGMENTS (cont'd)

Reconciliation of reportable segment profit (cont'd)

	2024		2023	
	External revenue	**Depreciation**	**External revenue**	**Depreciation**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reportable segment	1,202,908	69,725	1,011,967	67,833
Non-reportable segment	2,314	264	2,314	267
Total	1,205,222	69,989	1,014,281	68,100

Geographical information

Revenue of the Group by geographical location of the customers is as follows:

	Revenue	
	2024	**2023**
	RM'000	**RM'000**
Malaysia	1,205,222	1,014,281

Non-current assets of the Group are maintained within Malaysia as at the end of the current and previous financial year.

Major customer

During the financial year, there was a single customer has contributed to 13% (2023: 15%) of the Group's revenue.

30. RELATED PARTIES

30.1 The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or related corporations and/or persons connected with them as follows:

i. HLCM is a major shareholder of the Company through Hong Leong Manufacturing Group Sdn Bhd ("HLMG"), GuoLine Capital Assets Limited is a person connected with certain major shareholders of the Company and persons connected with them (collectively referred to as "Hong Leong Group").

ii. Tasek Corporation Berhad ("Tasek") is a person connected with Mr Kwek Leng Kee and Mr Kwek Leng Beng, both major shareholders of the Company; and

iii. Hong Bee Hardware Company, Sdn Berhad ("Hong Bee Hardware") is a person connected with Mr Kwek Leng Kee and Mr Kwek Leng Beng, both major shareholders of the Company.

Notes to the Financial Statements

(Cont'd)

30. RELATED PARTIES (cont'd)

30.1 The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or related corporations and/or persons connected with them as follows: (cont'd)

Significant transactions with related parties are as follows:

			Group	
			2024	2023
Transaction		**Related party**	**RM'000**	**RM'000**
a)	Rental of office	Hong Leong Group	834	834
b)	Receipt of group management and/or support services	Hong Leong Group	12,756	5,859
c)	Purchase of goods	Hong Leong Group	4,368	4,983
		Hong Bee Hardware	428	919
d)	Sale of goods	Hong Leong Group	-	635
		Hong Bee Hardware	48,823	37,453
		Tasek	199	-

Significant balances with related parties at the reporting date are disclosed in Note 12 and Note 21 to the financial statements.

The above transactions have been carried out on commercial terms consistent with the usual business practices and policies of the Group and of the Company.

30.2 Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Company.

The fees, remuneration and other benefits of the Directors of the Company are as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors				
Remuneration and other benefits	305	1,566	-	-
Non-Executive Directors				
Fees	388	388	388	388

The estimated monetary value of benefit-in-kind of Directors of the Group and the Company are as follows:

	Group		Company	
	2024	**2023**	**2024**	**2023**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive Directors	6	351	-	-

Notes to the Financial Statements

(Cont'd)

31. FINANCIAL INSTRUMENTS

31.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Financial assets measured at amortised cost ("FAAC"); and
(b) Financial liabilities measured at amortised cost ("FLAC")

	Carrying amount RM'000	FAAC/ FLAC RM'000	Derivative used for hedging RM'000
2024			
Group			
Financial assets			
Trade and other receivables, including derivatives (excluding prepayments)	87,931	87,899	32
Cash and cash equivalents	108,305	108,305	-
	196,236	196,204	32
Financial liabilities			
Loans and borrowings	301,916	301,916	-
Trade and other payables	160,958	160,958	-
	462,874	462,874	-
Company			
Financial assets			
Trade and other receivables (excluding prepayments)	62	62	-
Cash and cash equivalents	67,294	67,294	-
	67,356	67,356	-
Financial liabilities			
Trade and other payables	444	444	-

Notes to the Financial Statements

(Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

31.1 Categories of financial instruments (cont'd)

	Carrying amount RM'000	FAAC/ FLAC RM'000	Derivative used for hedging RM'000
2023			
Group			
Financial assets			
Trade and other receivables, including derivatives (excluding prepayments)	73,641	73,019	622
Cash and cash equivalents	51,660	51,660	-
	125,301	124,679	622
Financial liabilities			
RCULS – liability portion	6,660	6,660	-
Loans and borrowings	512,302	512,302	-
Trade and other payables	126,032	126,032	-
	644,994	644,994	-
Company			
Financial assets			
Trade and other receivables (excluding prepayments)	63	63	-
Cash and cash equivalents	1,043	1,043	-
	1,106	1,106	-
Financial liabilities			
RCULS – liability portion	6,660	6,660	-
Loans and borrowings	147,503	147,503	-
Trade and other payables	1,251	1,251	-
	155,414	155,414	-

31.2 Net gains and losses arising from financial instrument

	Group		Company	
	2024 RM'000	**2023 RM'000**	**2024 RM'000**	**2023 RM'000**
Net gains/(losses) on:				
Financial assets measured at amortised cost	3,577	1,408	66,719	16,747
Financial liabilities measured at amortised cost	(18,277)	(29,749)	(4,233)	(6,721)
Derivative used for hedging	(590)	609	-	-
	(15,290)	(27,732)	62,486	10,026

Notes to the Financial Statements
(Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

31.3.1 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, short-term deposit and bank balances and outstanding forward exchange contracts.

Receivables

Risk management objectives, policies and processes 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 all customers requiring credit over a certain amount.

As at the end of the reporting period, there were no significant concentrations of credit risk other than two customers which represented 30% (2023: two customers – 27%) of trade receivables. The maximum exposure to credit risk for the Group is represented by the carrying amount of each financial asset.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured 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, which are deemed to have higher credit risk, are monitored individually.

There is no exposure of credit risk for trade receivables, net of allowance for impairment losses, as at the end of the reporting period by geographic region.

Notes to the Financial Statements

(Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Financial risk management (cont'd)

31.3.1 Credit risk (cont'd)

Receivables (cont'd)

Expected credit loss ("ECL") assessment for trade receivables

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period.

Group	**Gross**	**Impairment loss allowance**	**Net**
	RM'000	**RM'000**	**RM'000**
2024			
Current (not past due)	80,616	-	80,616
Past due 0 – 30 days	3,355	-	3,355
Past due 31 – 60 days	153	-	153
Past due 61 – 90 days	7	-	7
Past due more than 90 days	487	(469)	18
	84,618	(469)	84,149
2023			
Current (not past due)	65,785	-	65,785
Past due 0 – 30 days	2,176	-	2,176
Past due 31 – 60 days	132	-	132
Past due 61 – 90 days	549	(196)	353
Past due more than 90 days	455	(258)	197
	69,097	(454)	68,643

Notes to the Financial Statements
(Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Financial risk management (cont'd)

31.3.1 Credit risk (cont'd)

Receivables (cont'd)

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Balance at 1 July	454	286
Net allowance of impairment loss	15	168
Balance at 30 June	469	454

The allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Expected credit loss of other receivables

Expected credit loss of other receivables are determined individually after considering the financial strength of the other receivables. Based on management's assessment, the probability of the default of these receivables is low and hence, no loss allowance has been made.

Cash and cash equivalents and forward exchange contracts

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's short-term deposits are placed as fixed rates investments and upon which management endeavours to obtain the best rate available in the market.

Cash and cash equivalents of the Group and the Company are placed with licensed financial institutions which are mainly placed with a related company licensed financial institutions as disclosed in Note 13 to the financial statements.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

The Group and the Company consider that their cash and cash equivalents and forward exchange contracts have low credit risk.

Notes to the Financial Statements

(Cont'd)

31. **FINANCIAL INSTRUMENTS** (cont'd)

31.3 **Financial risk management** (cont'd)

31.3.2 **Liquidity risk**

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayments and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash to meet their working capital requirements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 – 5 years
	RM'000	%	RM'000	RM'000	RM'000
Group					
2024					
Non-derivative financial liabilities					
Trade and other payables	160,958	-	160,958	160,379	579
Loans and borrowings	301,916	3.98 - 4.85	322,546	131,214	191,332
Lease liabilities	4,170	4.16 - 5.00	4,378	1,013	3,365
	467,044		487,882	292,606	195,276
Company					
2024					
Non-derivative financial liabilities					
Trade and other payables	444	-	444	444	-

Notes to the Financial Statements
(Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Financial risk management (cont'd)

31.3.2 Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount	Contractual interest rate	Contractual cash flows	Under 1 year	1 – 5 years
	RM'000	%	RM'000	RM'000	RM'000
Group					
2023					
Non-derivative financial liabilities					
Trade and other payables	126,032	-	126,032	125,453	579
RCULS - liability portion	6,660	5.0	6,869	6,869	-
Loans and borrowings	512,302	3.9 - 5.0	529,166	432,203	96,963
Lease liabilities	291	3.4 - 5.0	300	243	57
	645,285		662,367	564,768	97,599
Company					
2023					
Non-derivative financial liabilities					
Trade and other payables	1,251	-	1,251	1,251	-
RCULS - liability portion	6,660	5.0	6,869	6,869	-
Loans and borrowings	147,503	4.1 - 5.0	150,761	150,761	-
	155,414		158,881	158,881	-

Notes to the Financial Statements

(Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Financial risk management (cont'd)

31.3.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

31.3.3.1 Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case by case basis.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the respective functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in USD	
	2024	**2023**
	RM'000	**RM'000**
Group		
Cash and cash equivalents	29	170
Trade and other payables	(34,279)	(16,414)
	(34,250)	(16,244)

Currency risk sensitivity analysis

A 5% strengthening of the Ringgit Malaysia against USD at the end of the reporting period would have increased profit before taxation of the Group by RM1,713,000 (2023: RM812,000). A 5% weakening of Ringgit Malaysia against USD at the end of the reporting period would have equal but opposite effect on profit or loss. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Notes to the Financial Statements
(Cont'd)

31. **FINANCIAL INSTRUMENTS** (cont'd)

31.3 **Financial risk management** (cont'd)

31.3.3 **Market risk** (cont'd)

31.3.3.2 **Interest rate risk**

The Group and the Company manage its interest rate exposure by maintaining available lines of fixed and floating rate borrowings.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Fixed rate instruments		
Deposits with licensed banks	19,000	12,230
RCULS - liability portion	-	(6,660)
Loans and borrowings	-	(99,893)
Lease liabilities	(4,170)	(291)
	14,830	(94,614)
Floating rate instruments		
Loans and borrowings	(301,916)	(412,409)

	Company	
	2024	**2023**
	RM'000	**RM'000**
Fixed rate instruments		
Deposits with licensed banks	7,750	1,000
RCULS - liability portion	-	(6,660)
Loans and borrowings	-	(99,893)
	7,750	(105,553)
Floating rate instruments		
Loans and borrowings	-	(47,610)
	-	(47,610)

Notes to the Financial Statements

(Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

31.3 Financial risk management (cont'd)

31.3.3 Market risk (cont'd)

31.3.3.2 Interest rate risk

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedged accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

An increase of 50 basis points ("bp") (2023: 50 bp) in interest rates at the end of the reporting period would have decreased the profit before taxation of the Group and the Company by RM1,510,000 and RM Nil respectively (2023: RM2,062,000 and RM238,000 respectively). A decrease of 50 bp in interest rates would have had equal but opposite effect on profit or loss. This analysis assumes that all other variables remained constant.

31.4 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings approximate their fair values due to the relatively short-term nature of these financial instruments. Accordingly, the fair values and fair values hierarchy levels have not been presented for these instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Fair value	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
2024										
Financial assets										
Forward exchange contract	-	32	-	32	-	-	-	-	32	32
Financial liabilities										
Term loans	-	-	-	-	-	-	223,898	223,898	223,898	223,898
Other payables	-	-	-	-	-	-	539	539	539	579
	-	-	-	-	-	-	224,437	224,437	224,437	224,477

Notes to the Financial Statements
(Cont'd)

31. FINANCIAL INSTRUMENTS (cont'd)

31.4 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Fair value	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
2023										
Financial assets										
Forward exchange contract	-	622	-	622	-	-	-	-	622	622
Financial liabilities										
Term loans	-	-	-	-	-	-	140,123	140,123	140,123	140,123
Medium term notes	-	-	-	-	-	-	93,764	93,764	93,764	99,893
RCULS - Liability portion	-	-	-	-	-	-	6,660	6,660	6,660	6,660
Other payables	-	-	-	-	-	-	546	546	546	579
	-	-	-	-	-	-	241,093	241,093	241,093	247,255
Company										
2023										
Financial liabilities										
Term loans	-	-	-	-	-	-	20,610	20,610	20,610	20,610
Medium term notes	-	-	-	-	-	-	93,764	93,764	93,764	99,893
RCULS - Liability portion	-	-	-	-	-	-	6,660	6,660	6,660	6,660
	-	-	-	-	-	-	121,034	121,034	121,034	127,163

Level 2 fair value

Derivatives

The fair value of derivatives are obtained from observable market prices in active markets, including recent market transactions and valuation techniques that include discounted cash flow models and option pricing models, as appropriate.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

In respect of financial instruments not carried at fair value, the fair value is derived based on the discounted cash flow valuation method.

Notes to the Financial Statements

(Cont'd)

32. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investors, creditors and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio. There was no change in the Group's approach to capital management during the financial year.

The debt-to-equity ratios are as follows:

	Group	
	2024	**2023**
	RM'000	**RM'000**
Loans and borrowings	301,916	512,302
Lease liabilities	4,170	291
RCULS – liability portion	-	6,660
Less: Cash and cash equivalents	(108,305)	(51,660)
Net debt	197,781	467,593
Total equity	584,863	428,833
Debt-to-equity ratio	0.34	1.09

Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 108 to 164 are drawn up in accordance with MFRS Accounting Standards, IFRS Accounting Standards and the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2024 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Datuk Kwek Leng San

Tai Sook Yee

22 August 2024

Statutory Declaration

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

I, Tong Woei Luen, the person primarily responsible for the financial management of Hume Cement Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 108 to 164 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Tong Woei Luen, MIA CA 31513, at Kuala Lumpur in the Federal Territory on 22 August 2024.

Tong Woei Luen

Before me:

Rajeev Saigal A/L Ramlabaya Saigal
Commissioner for Oaths
Kuala Lumpur

Independent Auditors' Report

To the Members of Hume Cement Industries Berhad

(Registration No. 198001008443 (62227-X)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Hume Cement Industries Berhad, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 108 to 164.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2024 and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Independent Auditors' Report

To the Members of Hume Cement Industries Berhad

(Registration No. 198001008443 (62227-X)) (Incorporated in Malaysia)

(Cont'd)

Key Audit Matters (cont'd)

1. Tax credit receivables
   Refer to Note 10 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Group recognised RM144.7 million of tax credit receivables as at the end of the current financial year. As disclosed in 10 to the financial statements, the tax credit receivables was mainly related to investment tax allowance and reinvestment allowance of RM68.84 million and RM75.86 million respectively. This is a key audit matter due to the degree of management judgement involved in determining whether it is probable that the subsidiary will have sufficient future taxable profits to utilise the tax benefits therefrom. Changes in judgements and the unpredictability of future events could impact on the amount of tax credit receivables recognised by the Group.	Our audit procedures included, amongst others: • Assessed taxable profits projection prepared by management in supporting the recognition and measurement of tax credit receivables, and the key assumptions used in the projection. • Compared current year's actual results with previous year's projection and assessed the quality of management's projection. • Assessed whether the Group's disclosure of recognised tax credit receivables appropriately reflect the Group's deferred tax position.

We have determined that there are no key audit matters in the audit report of the separate financial statements of the Company in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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 identified above 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 remaining parts of 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 actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Independent Auditors' Report

To the Members of Hume Cement Industries Berhad

(Registration No. 198001008443 (62227-X)) (Incorporated in Malaysia)

(Cont'd)

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 MFRS Accounting Standards, IFRS Accounting 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 ability of the Group and of the Company 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 conducted 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 internal control of the Group and of the Company.

- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

To the Members of Hume Cement Industries Berhad
(Registration No. 198001008443 (62227-X)) (Incorporated in Malaysia)
(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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 auditors' 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 4 to the financial statements.

Other Matter

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Koh Ree Nie
Approval Number: 03339/12/2025 J
Chartered Accountant

Petaling Jaya

Date: 22 August 2024

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-fourth Annual General Meeting of Hume Cement Industries Berhad ("the Company") will be held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia on Thursday, 7 November 2024 at 10.30 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2024.

2. To approve the payment of Director Fees of RM388,000/- (2023: RM388,000/-) for the financial year ended 30 June 2024, to be divided amongst the Directors in such manner as the Directors may determine and Directors' Other Benefits of up to an amount of RM39,000/- from the Forty-fourth Annual General Meeting ("AGM") to the Forty-fifth AGM of the Company. **Resolution 1**

3. To re-elect the following Directors pursuant to the Company's Constitution:

   (a) YBhg Datuk Kwek Leng San **Resolution 2**
   (b) Ms Tai Sook Yee **Resolution 3**
   (c) YBhg Dato' Mohamad Kamarudin Bin Hassan. **Resolution 4**

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

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions as resolutions:

5. **Ordinary Resolution**
   - Authority To Directors To Allot Shares
   - Waiver Of Pre-Emptive Rights Over New Ordinary Shares ("Shares") Or Other Convertible Securities In The Company Under Section 85(1) Of The Companies Act 2016 ("Act") Read Together With Clause 50 Of The Company's Constitution

   "**THAT** subject to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["MMLR"], the Company's Constitution and approval 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 issue and allot new Shares in the Company, grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, to any persons who are not caught by Paragraph 6.04(c) of the MMLR provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional Shares so allotted on Bursa Securities and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

   AND THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 50 of the Company's Constitution, the shareholders of the Company do hereby waive their pre-emptive rights over all new Shares, options over or grants of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities, such new Shares when issued, to rank pari passu with the existing Shares in the Company." **Resolution 6**

Notice of Annual General Meeting

(Cont'd)

6. **Ordinary Resolution**
- Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM"), GuoLine Capital Assets Limited ("GCA") And Persons Connected With Them

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(A) of the Circular to Shareholders dated 8 October 2024 with HLCM, GCA and persons connected with them ("Hong Leong Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("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 resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 7**

7. **Ordinary Resolution**
- Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Bee Hardware Company, Sdn Berhad ("Hong Bee Hardware")

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(B) of the Circular to Shareholders dated 8 October 2024 with Hong Bee Hardware provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to Hong Bee Hardware than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("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 resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 8**

Notice of Annual General Meeting
(Cont'd)

8. **Ordinary Resolution**
- Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Investment Holdings Pte. Ltd. ("HLIH") And Persons Connected With HLIH

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(B) of the Circular to Shareholders dated 8 October 2024 with HLIH and persons connected with HLIH ("HLIH Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the HLIH Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("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 resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 9**

9. To consider any other business of which due notice shall have been given.

By Order of the Board

Wong Wei Fong
SSM PC No. 201908001352
MAICSA 7006751

Zoe Lim Hoon Hwa
SSM PC No. 202108000147
MAICSA 7031771

Company Secretaries

Kuala Lumpur
8 October 2024

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 30 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*

2. *Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one (1) securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*

Notice of Annual General Meeting

(Cont'd)

3. *Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.*

4. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 31, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia or lodged electronically via email at cosec-hlmg@hlmg.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.*

5. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to a vote by way of a poll.*

Explanatory Notes:

1. *Resolution 1 - Director Fees And Directors' Other Benefits*

   Director Fees of RM388,000/- are inclusive of Board Committee Fees of RM148,000/-; and Directors' Other Benefits refer to Directors and Officers Liability Insurance coverage based on premium paid/payable and Directors' training benefits of up to an amount of RM39,000/-.

2. *Resolutions 2 to 4 - Re-Election Of Directors*

   The Nominating Committee ("NC") has assessed:

   a) *the performance and contribution of the Directors, who are retiring by rotation and seeking for re-election at the Forty-fourth Annual General Meeting ("AGM"), as well as the independence of the retiring Independent Non-Executive Director ("ID"). Based on the results of the Board Annual Assessment conducted for the financial year ended 30 June 2024 ("FY 2024"), the performance of the retiring Directors were found to be satisfactory; and*

   b) *the independence of a retiring ID, who was appointed subsequent to the last AGM and seeking for re-election at the Forty-fourth AGM.*

   The NC has further assessed the retiring Directors in terms of their quality and integrity in complying with Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"). Based on the results of the Fit and Proper, and Independence Assessments conducted for FY 2024, the fit and properness of the retiring Directors were found to be satisfactory with the retiring IDs complied with the independence criteria as required by the MMLR.

   The Board has endorsed the NC's recommendation on the re-election of the retiring Directors. The retiring Directors had abstained from deliberations and decisions on their own re-election at the NC and Board meetings.

   The details and profiles of the Directors who are standing for re-election at the Forty-fourth AGM are provided in the Profile of Board of Directors on pages 80 to 81 of the Company's Annual Report 2024.

3. *Resolution 6 - Authority To Directors To Allot Shares And Waiver Of Pre-Emptive Rights*

   The proposed ordinary resolution, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares ("Shares") of the Company from time to time and expand the mandate to grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer, provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares of the Company for the time being ("Renewed General Mandate"). In computing the aforesaid 10% limit, Shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   As at the date of this Notice, no new Shares in the Company were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 2 November 2023 and which will lapse at the conclusion of the Forty-fourth AGM. The Renewed General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issuance and allotment of new Shares, grant of rights to subscribe for Shares, conversion of any security into Shares, or allotment of Shares under an agreement or option or offer, and to avoid delay and cost in convening general meetings to approve the same.

Notice of Annual General Meeting
(Cont'd)

Please refer Section 85(1) of the Companies Act 2016 ("Act") and Clause 50 of the Company's Constitution as detailed below.

Details Of Section 85(1) Of The Act And Clause 50 Of The Company's Constitution

Pursuant to Section 85(1) of the Act read together with Clause 50 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new Shares in the Company which rank equally to the existing issued Shares in the Company or other convertible securities.

Section 85(1) of the Act provides as follows:

"85. Pre-emptive rights to new shares

(1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Clause 50 of the Company's Constitution provides as follows:

"50. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities, shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled...

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person."

In order for the Board to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed ordinary resolution, if passed, will exclude your pre-emptive rights over all new Shares, options over or grant of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities under the Authority To Directors To Allot Shares.

4. *Resolutions 7 to 9 - Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature*

The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Hume Cement Industries Berhad Group, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company ("Proposed Shareholders' Mandate").

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 8 October 2024, which is available on the Company's website at www.humecementind.com/index.php/pages/investor-relations-current/current-general-meetings.

Statement Accompanying
Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors

   No individual is seeking election as a Director at the Forty-fourth Annual General Meeting of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

   Details of the general mandate to allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 3 of the Notice of the Forty-fourth Annual General Meeting.

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2024

Location	Tenure	Existing use	Year of last Revaluation /Acquisition	Approximate Area (Sq Ft)	Approximate Age of Building (Year)	Net Book Value as at 30 June 2024 (RM'000)
Lot 5777, Mukim Setul Nilai Industrial Estate Negeri Sembilan Darul Khusus	Leasehold 60 years expiring 2046	Industrial land with office and factory buildings	1991	602,206	30	5,679
PT11979 & Lot 2353 Beranang Industrial Estate Selangor Darul Ehsan	Leasehold 99 years expiring 2085	Industrial land with office and factory buildings	1982	1,928,421	38	4,867
Lot 244, Pasir Gudang Industrial Estate Johor Bahru Johor Darul Takzim	Leasehold 60 years expiring 2045	Vacant land	1985	609,840	39	668
Lot 46, Semambu Industrial Estate, Kuantan Pahang Darul Makmur	Leasehold 66 years expiring 2041	Industrial land with office and factory buildings	1982	522,720	49	465
Lot 16280925 and 17514395 Tuaran Road Kota Kinabalu, Sabah	Leasehold 60 years expiring 2078	Industrial land with office, store and factory buildings	1982	302,742	56 /60	3,096
Lot 300254, 300255 300256 Mukim Teja Kampar, Perak	Leasehold 99 years expiring 2057/2096	Quarry and cement plant	2013	29,155,060	12	64,997

Other Information

(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 12 SEPTEMBER 2024

Class of Shares : Ordinary shares
Voting Rights : 1 vote for each share held

Distribution Schedule Of Shareholders As At 12 September 2024

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	630	13.26	17,567	0.00
100 – 1,000	1,090	22.95	673,825	0.09
1,001 – 10,000	2,032	42.78	8,009,474	1.11
10,001 – 100,000	786	16.55	24,604,386	3.39
100,001 – less than 5% of issued shares	211	4.44	164,269,041	22.64
5% and above of issued shares	1	0.02	527,910,438	72.77
	4,750	100.00	725,484,731	100.00

List Of Thirty Largest Shareholders As At 12 September 2024

Name of Shareholders	No. of Shares	%
1. Hong Leong Manufacturing Group Sdn Bhd	527,910,438	72.77
2. AmanahRaya Trustees Berhad - Public Smallcap Fund	13,416,938	1.85
3. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Singular Value Fund	7,656,200	1.05
4. Kong Goon Siong	6,513,500	0.90
5. Kong Goon Khing	5,696,900	0.78
6. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Insurance Berhad (Equity Fund)	5,577,700	0.77
7. AmanahRaya Trustees Berhad - Public Strategic Smallcap Fund	5,432,700	0.75
8. Kong Goon Khing	4,500,000	0.62
9. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (UOBAMM6939-406)	3,815,000	0.53
10. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Singular Asean Fund	3,768,800	0.52
11. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Progress Fund (4082)	3,677,300	0.51
12. AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad	3,527,138	0.49
13. Maybank Nominees (Tempatan) Sdn Bhd - National Trust Fund (IFM UOBAM) (446560)	3,000,000	0.41

Other Information
(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 12 SEPTEMBER 2024 (cont'd)

List Of Thirty Largest Shareholders As At 12 September 2024 (cont'd)

Name of Shareholders	No. of Shares	%
14. HSBC Nominees (Asing) Sdn Bhd - Exempt AN for UBS AG (SG-CLT-A-MY PR)	2,944,000	0.41
15. Soon Seong Keat	2,870,000	0.40
16. Yeoh Yew Choo	2,657,400	0.37
17. AmanahRaya Trustees Berhad - Public Strategic Growth Fund	2,513,300	0.35
18. Quah Thain Khan	2,360,428	0.32
19. Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Areca Equitytrust Fund (211882)	2,349,000	0.32
20. Hong Bee Hardware Company, Sdn. Berhad	2,185,879	0.30
21. HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Manulife Investment Dividend Fund (5311-401)	2,159,300	0.30
22. HSBC Nominees (Asing) Sdn Bhd - BNPP Lux/2S for Milltrust Singular Asean Fund SP (Milltrust SPC)	2,113,600	0.29
23. AmanahRaya Trustees Berhad - PB Smallcap Growth Fund	2,089,800	0.29
24. Kim Poh Sitt Tat Feedmill Sendirian Berhad	2,000,000	0.27
25. Teo Chee Hoon	1,999,400	0.27
26. Ng Seng Beng	1,870,900	0.26
27. Soft Portfolio Sdn. Bhd.	1,723,195	0.24
28. Kenanga Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tang Hong Cheong (029)	1,708,214	0.23
29. HSBC Nominees (Asing) Sdn Bhd - SMTBUSA for Asean Equity Active Mother Fund	1,704,600	0.23
30. Megamix Sdn Bhd	1,673,100	0.23
	631,414,730	87.03

Other Information

(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 12 SEPTEMBER 2024 (cont'd)

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 12 September 2024 are as follows:

	Direct Interest		Indirect Interest	
Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1. Hong Leong Manufacturing Group Sdn Bhd	527,910,438	72.77	12,919	0.002@
2. Hong Leong Company (Malaysia) Berhad ("HLCM")	-	-	527,923,357	72.77@
3. HL Holdings Sdn Bhd	-	-	527,923,357	72.77#
4. YBhg Tan Sri Quek Leng Chan	-	-	529,655,837	73.01**
5. Hong Realty (Private) Limited	-	-	530,109,236	73.07*
6. Hong Leong Investment Holdings Pte Ltd	-	-	530,109,236	73.07*
7. Kwek Holdings Pte Ltd	-	-	530,109,236	73.07*
8. Mr Kwek Leng Beng	-	-	530,109,236	73.07*
9. Davos Investment Holdings Private Limited	-	-	530,109,236	73.07*
10. Mr Kwek Leng Kee	-	-	530,109,236	73.07*

Notes:

@ *Held through subsidiary(ies)*
# *Held through HLCM*
* *Held through HLCM and a company in which the substantial shareholder has interest*
** *Held through HLCM and companies in which YBhg Tan Sri Quek Leng Chan and his children have interests*

3. DIRECTORS' INTERESTS AS AT 12 SEPTEMBER 2024

Subsequent to the financial year end, there was no change, as at 12 September 2024, to the Directors' interests in the ordinary shares of the Company and/or its related corporations, appearing in the Directors' Report on page 105 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 except for the change set out below:

Direct interest of YBhg Datuk Kwek Leng San in:	No. of ordinary shares	%
Hume Cement Industries Berhad	2,944,000	0.41

4. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors, chief executives and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

Hume Cement Industries Berhad

A Member of the Hong Leong Group

Registration No. 198001008443 (62227-X)

FORM OF PROXY

I/We ____________________

NRIC/Passport/Company No. ____________________ Tel No. ____________________

of ____________________

____________________ Email address ____________________

being a member of **HUME CEMENT INDUSTRIES BERHAD** ("the Company"), hereby appoint ____________________

____________________ NRIC/Passport No. ____________________

of ____________________

Tel No. ____________________ Email address ____________________

or failing him/her ____________________ NRIC/Passport No. ____________________

of ____________________

Tel No. ____________________ Email address ____________________

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Forty-fourth Annual General Meeting of the Company to be held at the Auditorium, Ground Floor, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia on Thursday, 7 November 2024 at 10.30 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote on a poll as indicated below with an "X":

	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Director Fees and Directors' Other Benefits		
2	To re-elect YBhg Datuk Kwek Leng San as a Director		
3	To re-elect Ms Tai Sook Yee as a Director		
4	To re-elect YBhg Dato' Mohamad Kamarudin Bin Hassan as a Director		
5	To re-appoint KPMG PLT as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
6	To approve the ordinary resolution on authority to Directors to allot shares and waiver of pre-emptive rights		
7	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad, GuoLine Capital Assets Limited and persons connected with them		
8	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Bee Hardware Company, Sdn Berhad		
9	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Investment Holdings Pte. Ltd. ("HLIH") and persons connected with HLIH		

Dated this __________ day of ______________ 2024

Number of shares held: ____________________

CDS Account No.: ____________________

____
Signature(s) of Member

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 30 October 2024 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*
2. *If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.*
3. *If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.*
4. *A proxy may but need not be a member of the Company.*
5. *Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one (1) securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*
6. *Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid (please see note 9 below).*
7. *In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its duly authorised officer or attorney.*
8. *All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 31, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia or lodged electronically via email at cosec-hlmg@hlmg.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.*
9. *In the event two (2) or more proxies are appointed, please fill in the ensuing section:*

Name of proxies	*% of shareholdings to be represented*

10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Forty-fourth Annual General Meeting will be put to a vote by way of a poll.*

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretaries
HUME CEMENT INDUSTRIES BERHAD
Registration No. 198001008443 (62227-X)
Level 31, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

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