2021

ANNUAL REPORT

CONSOLIDATE.
STRENGTHEN.
GROW.

CAHYA MATA SARAWAK

TABLE OF

The Cover Rationale

The Terendak, otherwise known as the Tapew in the Melanau Language, is a hat that is commonly used by the Melanau people to protect them from the sun and the rain. As a piece of protective headgear, the Tapew represents protection from the elements. As our design motif for this year's annual report, it symbolises CMS' role in safeguarding the welfare of its stakeholders and upholding our commitment to Shareholders, Staff, Customers and our Communities.

WHO WE ARE

Some insights into where CMS has come from, where we are today and what is material to us.

AT A GLANCE

Snippets of our 2021 performance and the achievements we are proud of.

STRATEGIC BUSINESS CONTEXT

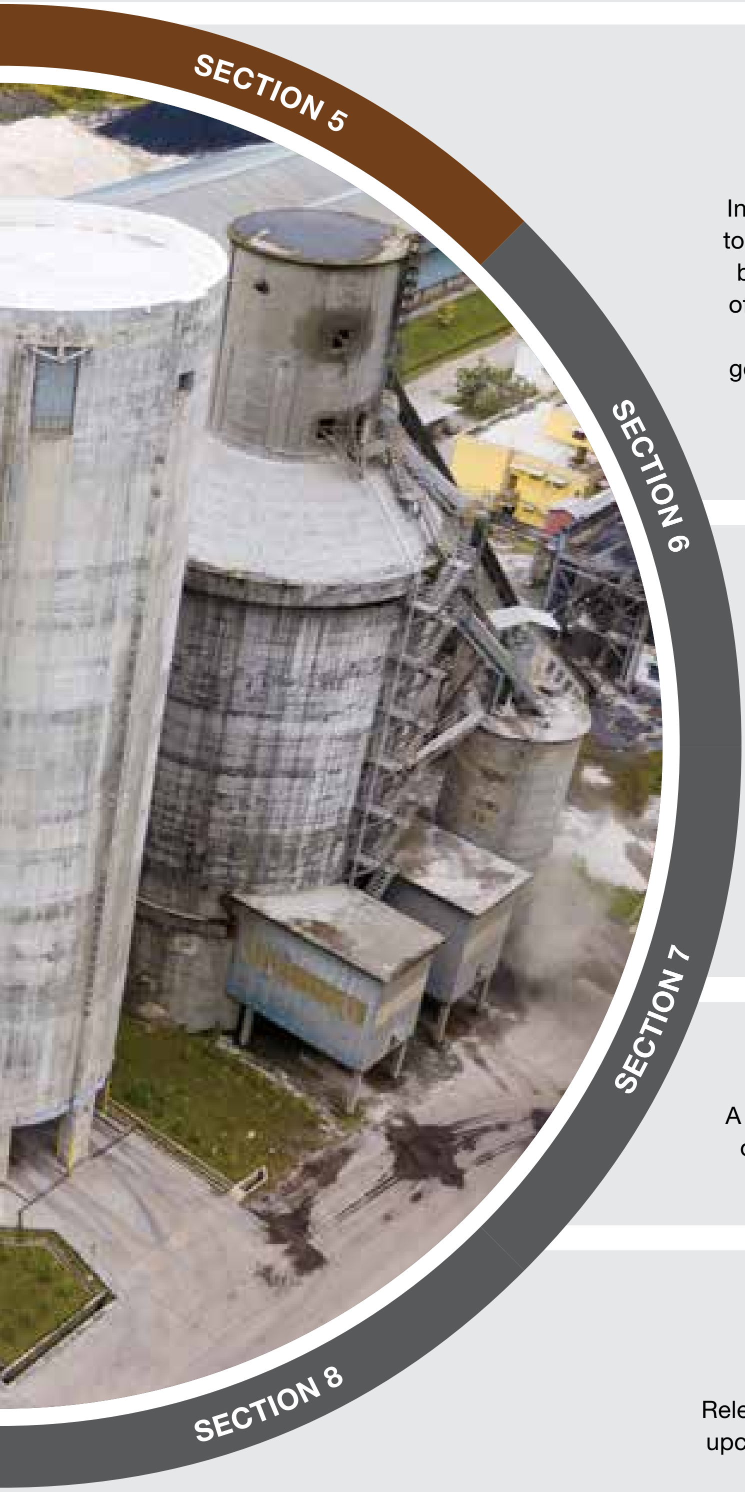
Leadership perspectives on the year that was 2021, our financial and operational performance, plus the Group's strategy moving forward.

SUSTAINABILITY STATEMENT

The Group's material matters, and the Economic, Environmental and Social & Community related initiatives implemented by the Group.

CONTENTS

Scan this QR code to view our Annual Report 2021 or go to our website www.cmsb.my/



GOVERNANCE & RISK MANAGEMENT

Insights into how CMS continues to uphold transparent and ethical business practices, an overview of the Group's leadership bench, as well as the details of our good governance and robust risk management practices.

FINANCIAL STATEMENTS

The audited financial statements of the Group.

ADDITIONAL INFORMATION

A summary of the Group's stable of properties and other relevant company information.

ANNUAL GENERAL MEETING 2022

Relevant information of the Group's upcoming Annual General Meeting.

ABOUT THIS REPORT

Our Reporting Philosophy

Welcome to Cahya Mata Sarawak's Annual Report for Financial Year 2021 ("FY 2021"). Our Annual Report 2021 serves as a platform for us to present a concise account of our businesses and strategies, as well as demonstrate how the CMS Group continues to create value for our stakeholders over the short, medium and long-term.

The overall objective of this Report is to communicate to our stakeholders how we are generating value for them. By articulating our value creation story in a transparent, objective and compelling manner, we are confident of meeting the specific information needs of discerning stakeholders and bolstering our position as a preferred company on Bursa Malaysia Securities Berhad ("Bursa Malaysia").

In developing this year's Report, we strived for a concise and focused business reporting that delivers a clear strategic vision of the Company. Stakeholders are thereby afforded greater readability and clarity when reading the Annual Report, with its narrowed focus on relevance in communication and information for stakeholders.

Reporting Boundary and Scope

CMS' 2021 Annual Report presents an accurate and straightforward account of how our business and strategies continue to create value over time.

Our 2021 Annual Report covers the period 1 January 2021 to 31 December 2021 and builds upon our previous publications. It encompasses the primary activities of the CMS Group, namely the activities of our six main business Divisions and our strategic investments.

CMS' core business Divisions comprise the Cement, Construction Materials & Trading, Construction, Road Maintenance, Property Development and Samalaju Development Divisions. We also provide an overview of the performance of our Unlisted and Listed Associates under our Strategic Investments portfolio.

Navigation Icons

The following icons are used in this Report to indicate where additional information can be found.

This icon tells you where you can find related information in this Report.

This icon tells you where you can scan or go to for more information online.

Approval by the Board

The Board has applied its collective mind in preparing and presenting CMS' 2021 Annual Report in line with nationally recognised reporting frameworks. Acknowledging its responsibility for ensuring the integrity of this Report through good governance practices and internal reporting procedures, the Board has approved the publication of CMS' 2021 Annual Report.

Materiality and Our Six Capitals

Financial Capital

The financial resources required to support the business as a going concern. This includes our day-to-day expenses and our capital requirements, and the necessary funds to enable expansion.

Human Capital

We are a high-performance organisation that requires competent employees in specialist fields. We work to attract, develop and retain top calibre human capital who are instrumental in the execution of our strategy.

Intellectual Capital

Our brand, which has endured for decades, encapsulates the intellectual capital that enables us to provide our services. This includes the technologies and systems we have developed and the intellectual know-how.

In 2021, the three-step materiality assessment we conducted the year before continues to hold relevance to the CMS Group and its stakeholders. As such, the Group continued to explore the best ways to link the materiality matrix and material matters that were mapped against our sustainability themes to our six capitals, namely:

Social and Relationship Capital

We play a critical role in the local economy. We interact with a broad range of stakeholder groups to ensure that we remain a trusted public-listed entity and a homegrown company that enables the creation of value for Sarawakians.

Manufactured Capital

We leverage on a range of physical sites, machinery and facilities throughout the State which enable us to develop, construct, procure and deliver our products and services.

Natural Capital

The resources we use for our business, such as water and electricity, are monitored and managed to integrate sustainability enablers across our company.

Reporting Suite for 2021 Navigation

For the 2021 reporting cycle, the Group's value creation process is articulated within a coherent framework (in terms of content and graphics) as per the following reporting suite:

Reporting Suite | **Reporting Framework**

Annual Report 2021

- Malaysian Code of Corporate Governance 2021
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Companies Act 2016

Corporate Governance Report 2021

- Malaysian Code of Corporate Governance 2021
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Companies Act 2016

Do send us your feedback:

To ensure that we report on issues that matter to our stakeholders, please provide your feedback or email any questions you may have to: investor.relations@cmsb.my or visit www.cmsb.my.

For our other reports, please scan the QR code or log on to www.cmsb.my/investor-relations/reports/

WHO WE ARE

Cahya Mata Sarawak Berhad ("CMS" or "the Group") is Sarawak's leading infrastructure facilitator and a prime mover in the State's growth story.

CMS' roots go back to 1974 when we began supporting the State's rapid growth as its first cement manufacturer. Having steadily grown from strength to strength, we are today a listed entity on the Main Market of Bursa Malaysia with an enlarged and diversified portfolio. Our portfolio encompasses our Core Businesses, namely our Cement, Construction Materials & Trading, Construction, Road Maintenance and Property Development businesses; as well as our Strategic Investments which centre on export-oriented industries within the Sarawak Corridor of Renewable Energy (SCORE) and also the telecommunications industry.

As the State moves into a new era of growth with SCORE, CMS' expansion path too is moving into a new trajectory to take advantage of the business investment opportunities in energy-intensive industries and their infrastructure and related needs. Given the vast business potential within SCORE and throughout the State, we continue to leverage on our healthy balance sheet, local knowledge, an experienced management team, proven strategies, and a synergised portfolio of Sarawak-based businesses, to maximise our participation in the Sarawak growth story.

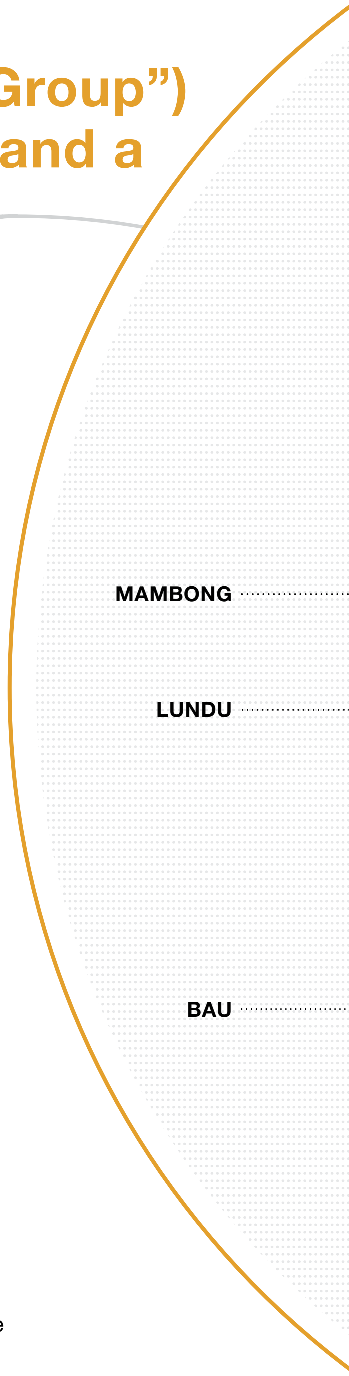
For more information on CMS' Group Directory, please scan the QR code or log on to www.cmsb.my/contact-us/

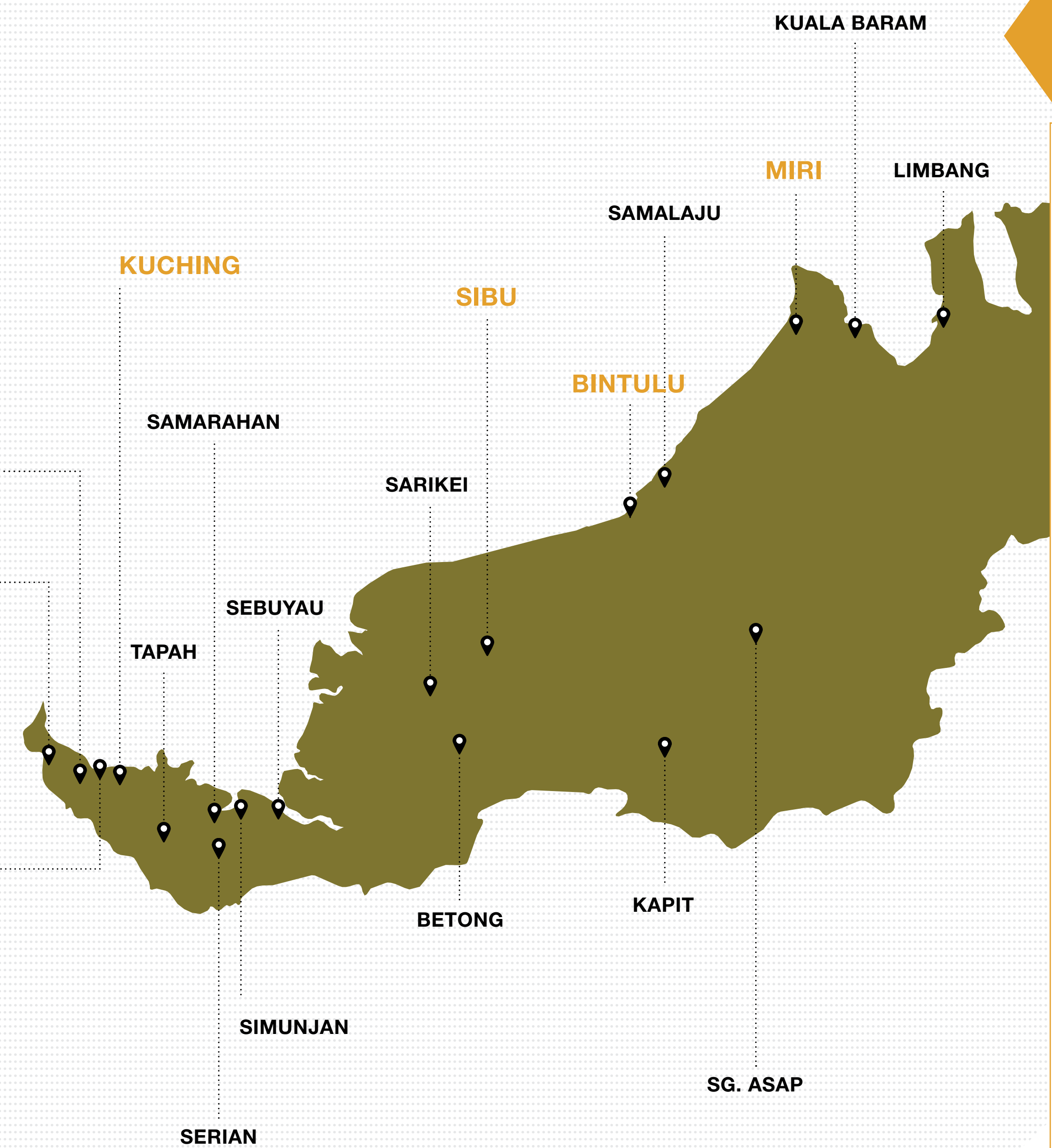
VISION
To be the PRIDE of Sarawak & Beyond

STAKEHOLDERS
Shareholders, Employees, Customers, Government, Suppliers, Communities & Media

MISSION

- **P** Producing Quality, On Spec & On Time
- **R** Respect & Integrity
- **I** Improving, Innovating & Investing in People
- **D** Delivering Sustainable Growth
- **E** Environmentally Conscious, Safe & Conducive Workplace





BUSINESS OVERVIEW

CMS' solid progress over the last 47 years mirrors Sarawak's own dynamic progress. Today, our operations encompass more than 30 companies across 6 business segments, and a workforce of over 2,113 people in 55 offices throughout the State.

Core Businesses	Strategic Investments
Cement	Malaysian Phosphate Additives (Sarawak) Sdn Bhd
Construction Materials & Trading	OM Materials (Sarawak) Sdn Bhd
Construction	SACOFA Sdn Bhd
Road Maintenance	Kenanga Investment Bank Berhad
Property Development	KKB Engineering Berhad

Our Commitment to Sustainability

We continue to embed a strong sustainability culture within all our businesses. Our aim is to create a vibrant performance-driven workplace, be a leader in good environmental practices, and serve as a model for giving back to the community. Moving forward, CMS' agenda of sustainability is set to gain greater momentum across the Group with the rollout of our Sustainability Roadmap by our leadership who are driving sustainability efforts from the top down to a greater extent.

Our Commitment to Responsible Operations

We measure performance by using financial and non-financial performance indicators related to our strategic objectives. We leverage on good governance practices and stringent risk control measures to ensure our operations at the Group, divisional and subsidiary levels are run in a responsible and transparent manner.

Our Commitment to Growing Our Diverse Businesses

We remain very clear about our plans for our core and strategic businesses. We intend to continue extracting value from our traditional core businesses by bolstering their overall operations and optimising efficiencies. We are also looking into re-focusing and growing our strategic businesses by expanding the market base of our strategic businesses beyond Sarawak.

CORPORATE INFORMATION

DIRECTORS

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

YBhg. Dato Sri Mahmud Abu Bekir Taib

YBhg. Dato Sri Sulaiman Abdul Rahman b Abdul Taib

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

YBhg. Datuk Ir. Kamarudin bin Zakaria

YBhg. Dato' Maznah binti Abdul Jalil

Madam Umang Nangku Jabu

Dr. Khor Jaw Huei

Mr. Jeyabalan A/L S.K. Parasingam

COMPANY NAME

Cahya Mata Sarawak Berhad

REGISTRATION NUMBER

197401003655 (21076-T)

COMPANY SECRETARY

Samantha Tai Yit Chan

REGISTERED OFFICE

Level 6, Wisma Mahmud
Jalan Sungai Sarawak
93100 Kuching
Sarawak

T +60 82 238 888
F +60 82 333 828
W www.cmsb.my

SHARE REGISTRAR

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

T +60 3 7890 4700
F +60 3 7890 4670

AUDITORS

Ernst & Young PLT

PRINCIPAL BANKERS

CIMB Islamic Bank Berhad
Hong Leong Bank Berhad
Kenanga Investment Bank Berhad
Maybank Islamic Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING

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

CORPORATE STRUCTURE

As at 6 April 2022

TRADITIONAL CORE BUSINESSES

CEMENT DIVISION

- **CMS CEMENT SDN BHD** 100%
  - CMS Cement Industries Sdn Bhd 100%
  - CMS Concrete Products Sdn Bhd 100%

PROPERTY DEVELOPMENT DIVISION

- **PROJEK BANDAR SAMARIANG SDN BHD** 100%
- **CMS PROPERTY DEVELOPMENT SDN BHD** 100%
  - CMS Property Management Sdn Bhd 51%
  - CMS Land Sdn Bhd 51%
  - CMS Hotels Sdn Bhd 100%
  - Samalaju Properties Sdn Bhd 51%
    - Samalaju Hotel Management Sdn Bhd 100%

SAMALAJU DEVELOPMENT DIVISION

- **SAMALAJU INDUSTRIES SDN BHD** 100%

INFORMATION & COMMUNICATION TECHNOLOGY DIVISION

CONSTRUCTION MATERIALS & TRADING DIVISION

- **CMS INFRA TRADING SDN BHD** 51%
- **CMS WIRES SDN BHD** 69.10%
- **SEDC RESOURCES SDN BHD** 49%
  - SEDC Concrete Product Sdn Bhd 100%
  - SEDC Quarries Sdn Bhd 100%
  - SEDC Premix (Miri) Sdn Bhd 60% / 20%
  - SEDC Premix Sdn Bhd 60% / 40%
  - SEDC Premix (Betong) Sdn Bhd 80%
  - Borneo Granite Sdn Bhd 56%

ROAD MAINTENANCE DIVISION

- **CMS WORKS SDN BHD** 100%
  - CMS Roads Sdn Bhd 100%
  - CMS Pavement Tech Sdn Bhd 100%

CONSTRUCTION DIVISION

- **PPES WORKS (SARAWAK) SDN BHD** 49%
  - PPESW BPSB JV Sdn Bhd 70%
  - PPES Works CCCC JV Sdn Bhd 70%

STRATEGIC INVESTMENTS

- **CMS CAPITAL SDN BHD** 95.19%
  - Kenanga Investment Bank Berhad* 18.66%
- **KKB ENGINEERING BHD*** 17.90%
- **CMS EDUCATION SDN BHD** 100%
  - Help Ibraco CMS Sdn Bhd 15.79%
- **OM MATERIALS (SARAWAK) SDN BHD** 25%
- **OM MATERIALS (SAMALAJU) SDN BHD** 25%
- **MALAYSIAN PHOSPHATE ADDITIVES (SARAWAK) SDN BHD** 60%
- **SACOFA SDN BHD** 50%
- **OILTOOLS INTERNATIONAL SDN BHD** 100%
- **CAHYA MATA OILTOOLS SDN BHD** 100%
- **CAHYA MATA SABAH SDN BHD** 100%

SERVICES

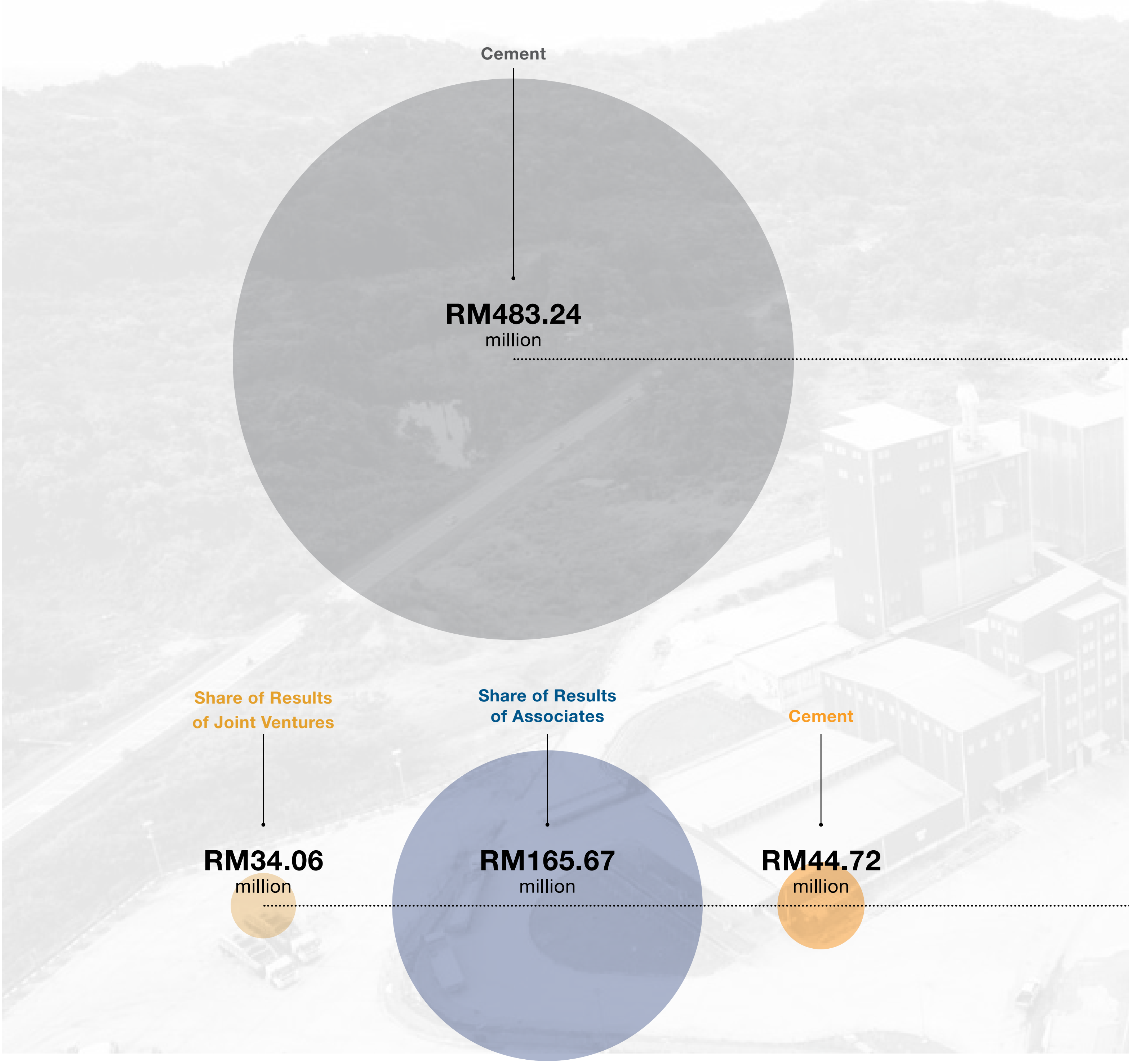
- **CAHYA MATA SARAWAK MANAGEMENT SERVICES SDN BHD** 100%
- **CMS I-SYSTEMS SDN BHD** 100%

* Listed on the Main Market of Bursa Malaysia

OUR 2021 PERFORMANCE HIGHLIGHTS AND ACHIEVEMENTS

FINANCIAL HIGHLIGHTS

As Sarawak's leading infrastructure facilitator and a prime mover in the Sarawak growth story, CMS continued to make steadfast progress on several fronts in FY 2021. The following are some of our performance indicators and achievements for the year in review.



OUR 2021 PERFORMANCE HIGHLIGHTS AND ACHIEVEMENTS

REVENUE

RM814.55 million

Trading
RM103.47 million

Road Maintenance
RM120.47 million

Property Development
RM114.26 million

2021 PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS (PATNCI)

RM204.22 million

Trading
RM2.42 million

Road Maintenance
RM5.94 million

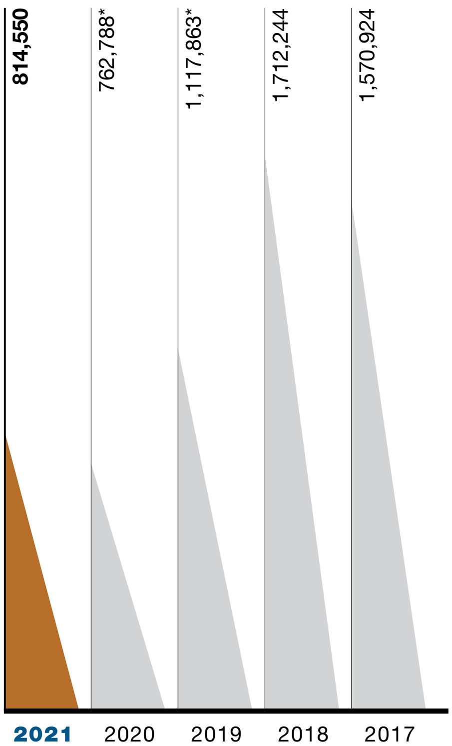
Property Development
RM23.52 million

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

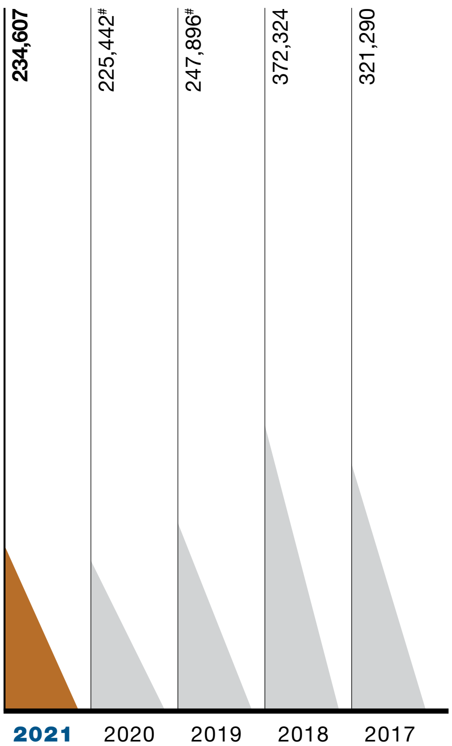
	2021
Revenue (RM'000)	814,550
Profit before taxation (RM'000)	234,607
Profit after tax (RM'000)	204,748
EBITDA (RM'000)	334,332
Profit attributable to owners of the Company (RM'000)	204,218
Weighted average number of shares ('000)	1,071,522
Basic earnings per share (sen)	19.06
Gross dividends per share (sen)	2.0
Current assets (RM'000)	1,729,867
Current liabilities (RM'000)	1,260,134
Total assets (RM'000)	4,849,493
Total borrowings (RM'000)	929,506
Total liabilities (RM'000)	1,617,103
Total equity (RM'000)	3,232,390
Return on average shareholders' equity (%)	7.04
Return on total assets (after tax) (%)	4.21
Current ratio (times)	1.37
Gearings (times)	0.29
Net tangible assets per share (RM)	2.75
Net assets per share (RM)	2.80

* *Excludes revenue from discontinued operations. Comparative figure has been restated accordingly.*
\# *Includes both continuing and discontinued operations.*

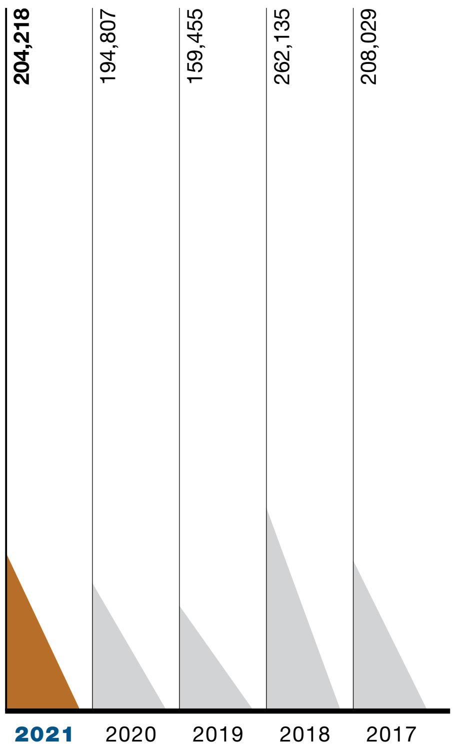
REVENUE
(RM'000)



PROFIT BEFORE TAXATION
(RM'000)



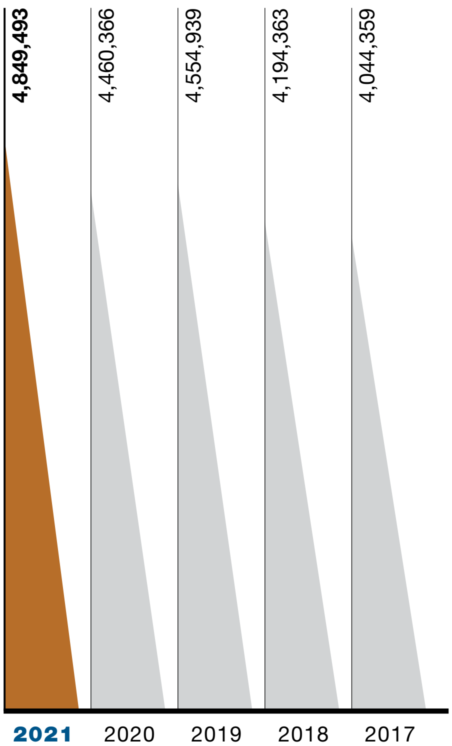
PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)



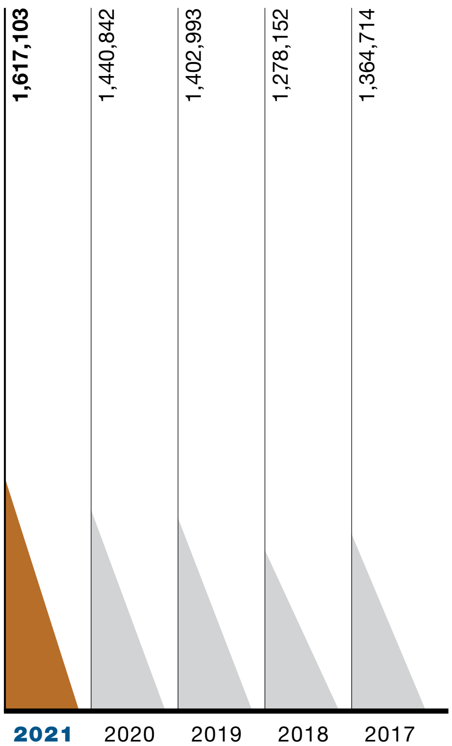
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

2020	2019	2018	2017
762,788*	1,117,863*	1,712,244	1,570,924
225,442#	247,896#	372,324	321,290
189,908	188,117	297,246	239,681
336,665	351,128	443,550	386,068
194,807	159,455	262,135	208,029
1,071,053	1,072,595	1,071,987	1,074,376
18.18	14.87	24.45	19.36
2.0	3.0	7.4	8.0
1,426,608	1,809,159	2,032,292	1,991,609
556,797	606,978	617,718	649,527
4,460,366	4,554,939	4,194,363	4,044,359
893,036	808,953	616,533	636,364
1,440,842	1,402,993	1,278,152	1,364,714
3,019,524	3,151,946	2,916,211	2,679,645
7.18	6.15	10.70	9.12
4.37	3.50	6.25	5.14
2.56	2.98	3.29	3.07
0.30	0.26	0.21	0.24
2.56	2.37	2.32	2.13
2.62	2.46	2.38	2.19

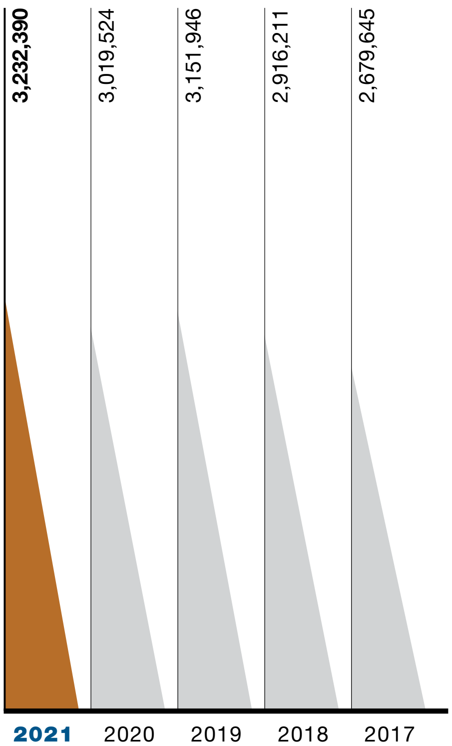
TOTAL ASSETS
(RM'000)



TOTAL LIABILITIES
(RM'000)



TOTAL EQUITY
(RM'000)



GROUP CHAIRMAN'S MESSAGE

Dear Valued Shareholders, I am pleased to present to you CMS Group's Annual Report for FY 2021. Following my appointment on 30 September 2021 as Group Chairman, I am looking forward to working together with the Board and Management on an exciting and new journey. I also want to extend my gratitude and thanks to our outgoing Chairman, YBhg. Tan Sri Abdul Rashid Abdul Manaf, for his leadership and contributions in helming the Board over the past three years, and wish him well in all his future undertakings. I would also like to express our appreciation to all Board of Directors who retired during the past year, for their esteemed contribution over the years while they served on the Board of CMS.

YBhg. General (R) Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin
Group Chairman

Preserving Value

The world went through the second year of the COVID-19 pandemic with strong economic growth momentum, but this was somewhat dampened in the middle of the year following the surge of infections from the Delta variant of the virus. In Malaysia, the third Movement Control Order ("MCO"), or MCO 3.0, was implemented between June and August 2021 to counter the resurgence of the virus from the Delta variant. Growth momentum slowed down during this time and turned negative before rebounding as more economic sectors and subsectors were gradually allowed to operate from mid-August onwards, with interstate travel allowed from October.

The Group's varied business interests, which includes telecommunications, investment banking, property development and trading, helped us weather the economic shock of MCO 3.0, as a number of these businesses were deemed essential services and allowed to operate. This helped mitigate the impact on the cement business, which is the largest contributor to revenue. Demand for cement weakened in mid-2021 when the movement restrictions were imposed as construction sites saw reduced activity, but this was not entirely unexpected given our experience from 2020. The challenges included cost pressures due to the supply chain disruptions that drove up the cost of transporting raw materials.

It is important to note that we continued to strive to protect and preserve value for our stakeholders, while ensuring the continuity and sustainability of the business through strategies that helped us to manage some of the impact from the pandemic. We also implemented growth strategies across all our businesses to enable us to capitalise on the economy's rebound following the full resumption of economic activities in the fourth quarter of 2021.

Governance – A Paradigm Shift

The Group is committed to sustaining long-term returns for stakeholders but we also want to ensure that the highest standards of governance and integrity are upheld as this is important for business sustainability. We recognise the critical need to overcome challenges to secure the future of the Group and have implemented significant changes to uplift our governance practices. In addition, we had appointed an independent financial advisor to review some of our past financial and investments and announced the findings to the investing public. We want to reassure all stakeholders that we have prioritised robust governance practices and following this review, pre-emptive and proactive initiatives to enhance the Group's governance, accountability and risk management have been rolled out.

GROUP CHAIRMAN'S MESSAGE

Some of the measures include:

- Strengthening Risk Oversight at the Board level on enterprise material risk to provide updates on key projects in a timely manner so that the Board will be continuously appraised of such risk exposure.
- Setting up of an Investment Committee chaired by the Group Managing Director to review and recommend all proposals and investments to the Board for our knowledge and onward approval.
- Setting up an independent Group Risk Division to drive risk management.
- Strengthen accountability and integrity at all levels of senior management to further build a culture of governance and growth across the Group.

To ensure these measures are implemented with the utmost urgency, we have introduced the appointment of Chief Risk Officer, Chief Technical Officer, Chief of Staff and Head of Compliance. We have bolstered these initiatives with a Group-wide revamp of processes, procedures and controls to improve project bidding, monitoring of project costs and significantly improving project management.

To ensure that governance and integrity remain embedded within the fabric of the CMS Group, we will also be embarking on a human capital transformation programme to create a culture of governance across the Group and to strengthen accountability and integrity at all levels of senior management. We are confident that by taking these steps, the Group will be able to generate higher returns from its business activities and thus deliver better results, while inculcating a more robust culture of governance, integrity, risk management and accountability.

Reaching Out to the Community

Although it has been a challenging year on the business front, we have definitely not forgotten our other stakeholders who we are committed to supporting. In these difficult times where the most vulnerable among us ended up being the hardest hit, we have stepped up once again to support our country, state, employees and communities.

Through our long-standing 'Doing Good' CSR programme, the Group has contributed in cash and in kind to a wide-range of recipients including the underprivileged, people with physical challenges, students, schools, sports associations, hospitals and religious institutions.

We leveraged on our core businesses to provide the materials required for critical infrastructure to serve the wider needs of the communities we operate in. Throughout the year, we have donated building materials to religious and educational facilities for them to improve their facilities. We also contributed directly to the community project by upgrading and repairing roads to ensure the comfort and safety of the people of Sarawak.

This approach, where the impact we want to make is tangible and sustainable, resonates through all our CSR efforts. In the year under review, we have made donations directly to non-profit organisations which are focused on helping the vulnerable, in addition to providing food baskets to those most impacted by the pandemic.

To find out more about our CSR efforts, please refer to our Sustainability Statement.

Acknowledgements

In closing, I would like to extend my gratitude to all CMS employees, whose hard work and dedication sustained the Group over what has been a very challenging two years. Their diligence and perseverance have strengthened our resilience. To our shareholders, thank you for your confidence in the Board and management of our company. Your continued confidence, support and trust has been a strong pillar of strength in facing and overcoming the challenges over the past year. To our business partners and suppliers, we sincerely appreciate your trust and support in our ongoing journey of growth.

The Board would also like to thank the management team, now led by Group Managing Director, Dato Sri Sulaiman Abdul Rahman bin Abdul Taib, for their efforts in navigating the Group through a challenging year.

To my fellow members of the Board, I want to extend my appreciation for the advice and counsel I have received from each and every one of you in my first few months as Chairman. I believe we have established a good working relationship and we will continue collaborating closely with management to ensure we achieve the Group's long-term goals and aspirations.

Finally, our sincere appreciation to the Prime Minister of Malaysia, the Premier of Sarawak, the Government of Malaysia and the Government of Sarawak, for their steady hand in managing the affairs of the nation, in particular Sarawak during the past challenging year. We would also like to specially acknowledge the support of our joint-venture partners, the Sarawak Economic Development Corporation ("SEDC") and our co-shareholders in our strategic investments. The Group looks forward to growing and to continue working together to deliver value to all our stakeholders.

YBhg. General (R) Dato' Seri DiRaja
Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin
Group Chairman

STRATEGIC REVIEW BY THE GROUP MANAGING DIRECTOR

Dear Valued Shareholders, it is my great pleasure to present to you Cahya Mata Sarawak Berhad's Annual Report 2021. I am pleased to report that the Group has undertaken significant improvements in governance, transparency and accountability to prepare ourselves to meet future business growth as we face greater challenges from the global markets. The Group's resilience has been demonstrated through continued value creation despite the challenges of the markets as we have delivered higher revenue and profit in FY 2021 compared to the year before.

YBhg. Dato Sri Sulaiman Abdul Rahman bin Abdul Taib
Group Managing Director

Overview

For the financial year ended 31 December 2021, the Group recorded revenue of RM814.55 million, 7% higher compared to the RM762.79 million achieved in FY 2020. Profit after tax and non-controlling interests ("PATNCI") was RM204.22 million, or 5% higher than the RM194.81 million registered in FY 2020.

Operationally, the Group was faced with a number of external challenges due to the resurgence of the pandemic that reached its peak in the second half of 2021. The persistent lockdowns slowed demand for our products and services, labour shortages and supply chain disruptions. We, however, adapted to these vagaries to overcome the challenges. More importantly, with high vaccination rates in Sarawak achieved by the fourth quarter of 2021 and the subsequent easing of movement restrictions, we have worked to capture the opportunities presented from the economy's recovery.

STRATEGIC REVIEW BY THE GROUP MANAGING DIRECTOR

Business Performance Review

From an overall perspective, our core businesses have performed relatively well, given the challenging external environment. Our share of profits from associates and joint ventures through our Strategic Investments has also increased significantly due to better business performance. The numbers presented below for joint ventures and associates represents the amounts in the MFRS financial statements of the associates and joint ventures and are not the Group's share of those amounts.

Cement Division

Revenue	PBT
FY 2021	**FY 2021**
RM483.24 million (FY 2020: RM476.03 million)	**RM61.65 million** (FY 2020: RM48.44 million)

For FY 2021, the Cement Division's business and operations were affected by a number of external factors that included:

- Movement restrictions between May and October 2021
- Delays in the rollout of new projects and slowdown in ongoing projects due to workforce limits and strict controls on the entry of foreign workers
- Shortage of vessels which disrupted the supply of raw materials that led to cost escalation

The improvements in performance was largely driven by the increase in the clinker plant's production days due to the less severe impact from 2021's lockdown. During the year, the cement industry was allowed to continue operating throughout the lockdown compared to the significant shutdown in 2020.

Construction Materials & Trading Division

Revenue	PBT
FY 2021	**FY 2021**
RM554.42 million (FY 2020: RM491.75 million)	**RM91.95 million** (FY 2020: RM68.25 million)

For FY2021, the Construction Materials Operations, attributed by its joint ventures, recorded improved revenue and profit mostly due to higher sales and gross profit. Whereas, the Trading Operations remained profitable in FY 2021 with diversified income from the sale of various new products which contributed 82% of its revenue.

Construction Division

Revenue	PBT
FY 2021	**FY 2021**
RM401.25 million (FY 2020: RM342.09 million)	**RM10.79 million** (FY 2020: RM4.20 million)

For FY 2021, the Group's Construction Division, primarily through its joint ventures recorded higher revenue as it continued to derive recurring income from construction and road works in Sarawak.

STRATEGIC REVIEW BY THE GROUP MANAGING DIRECTOR

Road Maintenance Division

Revenue	PBT
FY 2021	FY 2021
RM120.47 million (FY 2020: RM129.89 million)	**RM9.59 million** (FY 2020: RM19.14 million)

The Road Maintenance Division's revenue declined as a result of slower progress due to pandemic-induced disruptions.

Property Development Division

Revenue	PBT
FY 2021	FY 2021
RM114.26 million (FY 2020: RM70.91 million)	**RM32.43 million** (FY 2020: (RM5.33 million))

For FY 2021, the Property Development Division ended the year with higher revenue and profit before tax as a result of the increase in the number of properties sold and better performances from the operations of the hotel and lodges.

Strategic Investments - OM Materials (Sarawak) Sdn Bhd

Revenue	PBT
FY 2021	FY 2021
RM1,803.60 million (FY 2020: RM1,521.52 million)	**RM370.75 million** (FY 2020: (RM94.87 million))

In the year under review, OM Materials (Sarawak) faced several challenges from the COVID-19 pandemic, including temporary plant shutdowns and labour disruptions due to strict travel restrictions that have resulted in a decrease in production volumes.

OM Materials recorded higher profit before tax of RM370.75 million and a revenue of RM1,803.60 million due to strong ferroalloy prices.

Strategic Investments - Sacofa Sdn Bhd

Revenue	PBT
FY 2021	FY 2021
RM266.44 million (FY 2020: RM254.65 million)	**RM142.31 million** (FY 2020: RM114.31 million)

In the year under review, Sacofa recorded higher revenue and profit before tax as a result of higher utilisation rate of assets by customers and increased demand for telecommunications facilities and services.

Strategic Investments - Kenanga Investment Bank Berhad

Revenue	PBT
FY 2021	FY 2021
RM891.49 million (FY 2020: RM973.76 million)	**RM148.24 million** (FY 2020: RM134.72 million)

Despite a volatile year, Kenanga Investment Bank's stockbroking business continued to remain resilient in delivering a majority of the Bank's record profits. This was further supported by its asset management business which now has RM18.8 billion of assets under administration, as well as its private equity businesses.

STRATEGIC REVIEW BY THE GROUP MANAGING DIRECTOR

Strategic Investments - Malaysian Phosphate Additives Sarawak ("MPAS") Integrated Phosphate Complex

The delays in commissioning of the MPAS complex has persisted throughout 2021 due to the pandemic, the unavailability of foreign workers and supply chain disruptions. We have taken proactive measures to commission the plant and we target for the commissioning and trial operations of the furnaces to take place by mid-2022.

Safeguarding Our People

To keep our workforce safe, we strictly complied with the first phase of the Full Movement Control Order by mandating that all our employees work remotely from home. At the same time, the Senior Management Team met online to keep abreast of developments and to plan the way forward. The Board also met online and received updates from our Management across the Group reassuring them that the welfare, health and safety of our employees were our topmost priority.

On 1 October 2021 and with all our employees fully vaccinated, we started working at full capacity in line with the Standard Operating Procedures ("SOPs") under Phase 3 of the National Recovery Plan. We have continued to adhere strictly to the comprehensive workplace health and safety SOPs outlined by the authorities. This included strict social distancing, as well as other relevant measures to safeguard our people and others who frequented our facilities.

Outlook & Prospects

Moving forward, the Group is optimistic given the forecast of Gross Domestic Product growth of 5.5-6.5% in 2022. This is further bolstered by the increase in development expenditure which is expected to lift the construction segment and its related industries. Thus, the Group expects improved performance across all its Divisions against the prospects of better economic growth, development spend and more positive business sentiment in 2022. The prospects for each Division in the next financial year are discussed in further detail in our Operational Review section.

The Group is also on track to further enhance its corporate governance framework, management accountability and is proactively improving its risk management capability. Since June 2021, various actions including investigations and financial review have been carried out to identify areas for improvement and as a result measures have been put in place to strengthen those areas. These include appointments of Divisional Chief Financial Officers for all the Divisions as strengthening the core competencies in the finance teams across the Group has been a priority. We also undertook measures to strengthen legal, contracts management, risk and compliance by bringing onboard new competent talents with relevant capabilities that were critically needed throughout the Group. We aim to build a culture of governance and growth across the Group which will strengthen accountability and integrity at all levels.

Environmental, Social and Governance ("ESG") Initiatives and Circular Economy

The Group remains highly committed to our ESG journey as we have laid strong foundations within all three spheres over the years. In the Environment aspect, we have not only monitored our impact on the environment through emissions reporting, but further minimised it through innovative recycling initiatives for the various wastes we generate. In terms of the Social aspect, our labour practices are aligned to best practices with a strong respect for diversity and inclusion, human rights, fair working hours and career development, alongside our commitment to helping the communities around us. Our Governance efforts, meanwhile, has culminated in the paradigm shift that we have undertaken in 2021 to bolster our governance and risk mitigation culture.

Moving forward, we are advancing our journey in the Environment sphere, with a core strategy of embracing and venturing into the circular economy. Besides its positive effect on the environment, this move will help unlock other new revenue generating ventures for the Group. We will focus on ESG initiatives and new product and technology development within the context of the circular economy, in addition to enhancing the value-add of products in our existing businesses.

Acknowledgements

In closing, I would like to congratulate the Board, the management team and all employees for their adaptability in embracing change. Our employees have not only persevered during the most trying of times but also demonstrated their caring nature, by continuing to support our communities who needed assistance. Going forward, I am confident that with everyone's positive and concerted efforts, Cahya Mata Sarawak will become a group that we will be proud of.

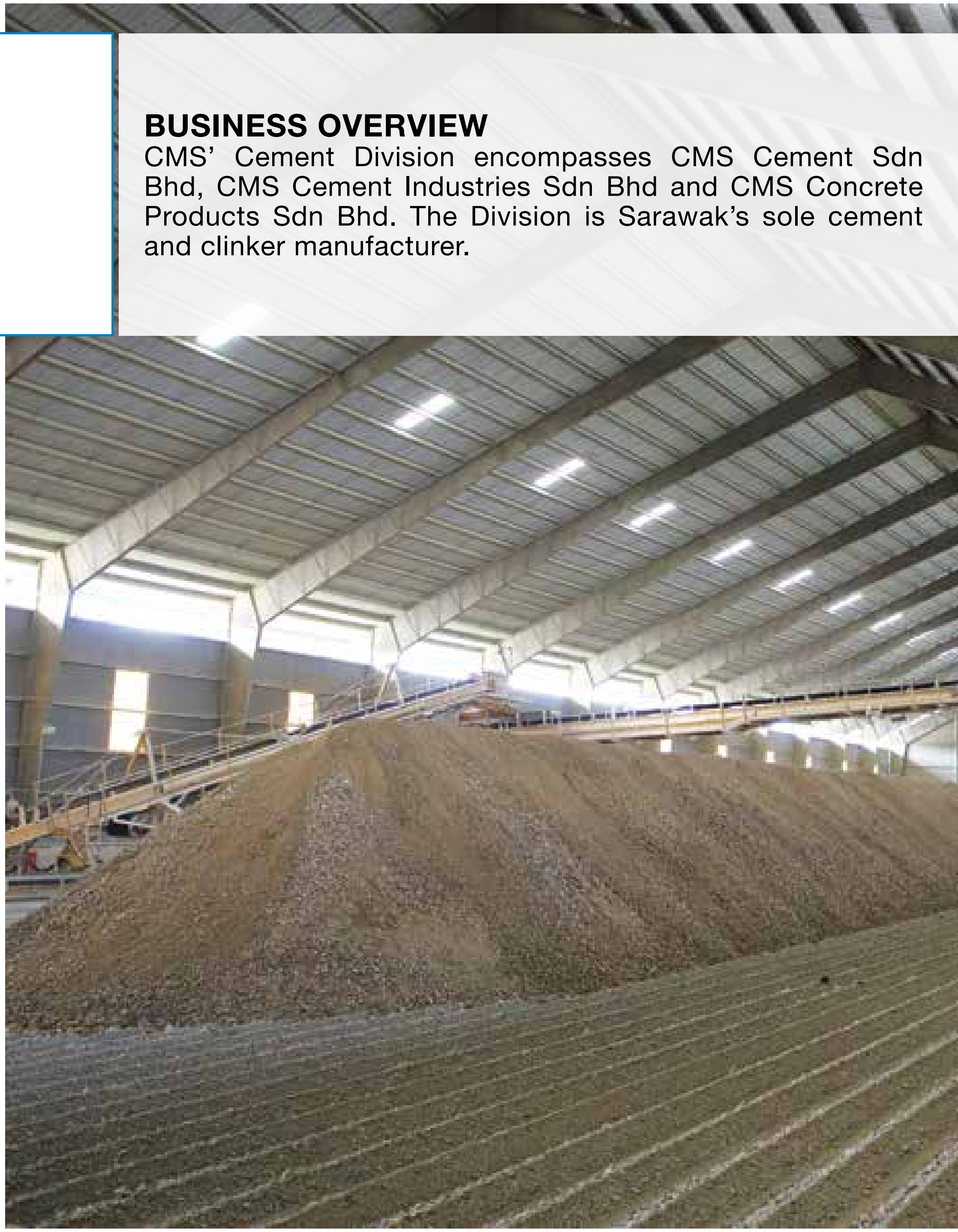
YBhg. Dato Sri Sulaiman Abdul Rahman bin Abdul Taib
Group Managing Director

OPERATIONAL REVIEW

CEMENT DIVISION

BUSINESS OVERVIEW

CMS' Cement Division encompasses CMS Cement Sdn Bhd, CMS Cement Industries Sdn Bhd and CMS Concrete Products Sdn Bhd. The Division is Sarawak's sole cement and clinker manufacturer.



1.5% ▲

Revenue

RM483.24
million in FY 2021

27.3% ▲

PBT

RM61.65
million in FY 2021

For more information about the Group's Cement Division, scan the QR code or log on to www.cmsb.my/business-divisions/cement/

As one of the main contributors to the Group's revenue, CMS Cement Division remains committed towards supporting the State's construction industry. The Division is committed to ensuring fair, transparent and ethical practices and policies across its operations and business activities.

OPERATIONAL REVIEW
CEMENT DIVISION

PERFORMANCE HIGHLIGHTS

For FY 2021, the Cement Division's revenue and cement sales volume were greatly impacted by the resurgence of the COVID-19 pandemic. From May to October 2021, a Conditional Movement Control Order ("CMCO") was implemented by the Federal Government to curb the spread of the Delta variant which had caused a higher number of COVID-19 cases in the State. This led to a slow-down in activities at construction sites, thus weakening cement demand.

While economic sectors were allowed to remain open, the execution of major construction projects remained slow due to manpower shortage brought on by the strict controls on the entry of foreign workers. Other than weak cement demand, the Division was also affected operationally. Its clinker operations were affected as scheduled critical maintenance activities were delayed due to a 30% to 50% reduction in on-site manpower.

The delays in the rollout of new private and public projects, coupled with the movement restrictions between East Malaysia and Peninsular Malaysia also caused cement demand to remain below pre-COVID levels. This was followed by a global shortage of seafaring vessels between September and November 2021 which caused delays in raw materials shipments and substantial cost escalations.

Despite this challenging backdrop, the Division showed improvements in its revenue, increasing 1.5% to RM483.24 million in FY 2021 against FY 2020's revenue of RM476.03 million. PBT increased by 27.3% to RM61.65 million against FY 2020's PBT of RM48.44 million. The improvements in performance were driven by a modest growth in cement demand of 2.5% and a 15% higher production volume for clinker. Another major factor for the improved performance was that in spite of the continuing COVID-19 pandemic in 2021, there was no State-wide lockdown implemented by the Government unlike in 2020. We were also able to mitigate higher materials and logistic costs through cost savings initiatives and operational efficiency improvements that were introduced in 2020.

OPERATIONAL HIGHLIGHTS

Cement Operations

The Group's cement operations, which comes under CMS Cement Industries Sdn Bhd ("CMSCI"), produces three types of cement, namely CEM 1 Portland Cement 42.5N (PC-42.5) and Portland Limestone Cement 32.5N (PLC-32.5) grades to meet customers' general requirements while 52.5N grade (MS EN 197-1 standard) Portland Cement (PC-52.5) are for specific projects that require higher-grade cement and for export purposes.

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

Operations at the cement plants, namely Mambong Integrated Plant, Pending Grinding Plant and Bintulu Grinding Plant, remained stable throughout FY 2021, even though some plants were in the midst of their rejuvenation programmes. The rejuvenation exercise for the clinker plant which began in 2019 and targeted for completion in 2021 was extended to 2023 due to the pandemic.

OPERATIONAL REVIEW

CEMENT DIVISION

OPERATIONAL HIGHLIGHTS

Concrete Operations

CMS Concrete Products Sdn Bhd ("CMSCP") is the Cement Division's arm that manages concrete-related products. CMSCP has three main plants, namely its main 70,000 MTpa facility in Kuching, as well as production facilities in Sarikei (Central Region), Bintulu and Samalaju (Northern Region).

These plants produce diverse grades of Ready-Mix Concrete (RMC), reinforced concrete square piles (RCP), bridge beams, pipe and box culverts, as well as Industrialised Building System (IBS) components, all of which comply with existing construction standards and safety requirements. CMSCP also offers clients complete solution packages given its wide product range and strong market reputation.

MOVING FORWARD

Notwithstanding the challenging economic environment, the Cement Division continuously works to improve its systems and processes, in line with its aim to become a highly resilient segment with strong core competencies, supported by a culture that drives positive change.

The Division targets to strengthen and improve its clinker production with a medium-term goal of achieving volumes of 90% of the annual rated capacity as this will lower reliance on imported clinker, reduce operational costs and improve long-term profit margins.

As part of the Division's drive to decrease its carbon footprint, the Division expects to increase the use of PLC-32.5N cement over the traditional PC-42.5N cement as PLC-32.5N uses less clinker, thus lowering its carbon footprint significantly.

For its Concrete Operations, the Division's immediate goal is to re-establish ground loss due to the COVID-19 outbreak and return to pre-pandemic revenue levels.

Going forward, the Cement Division remains vigilant against the threat of new strains of the COVID-19 virus. Nevertheless, armed with the experiences gained from the last two years, the Division is well-prepared to face new challenges and leverage on new opportunities in the future.

OPERATIONAL REVIEW

CONSTRUCTION MATERIALS & TRADING DIVISION

BUSINESS OVERVIEW

CMS' Construction Materials & Trading Division* is responsible for the Group's quarrying and premix manufacturing operations, pavement laying services, the production of wire mesh and cold drawn wires, as well as trading activities related to construction, electrical and water-related products.

13% ▲

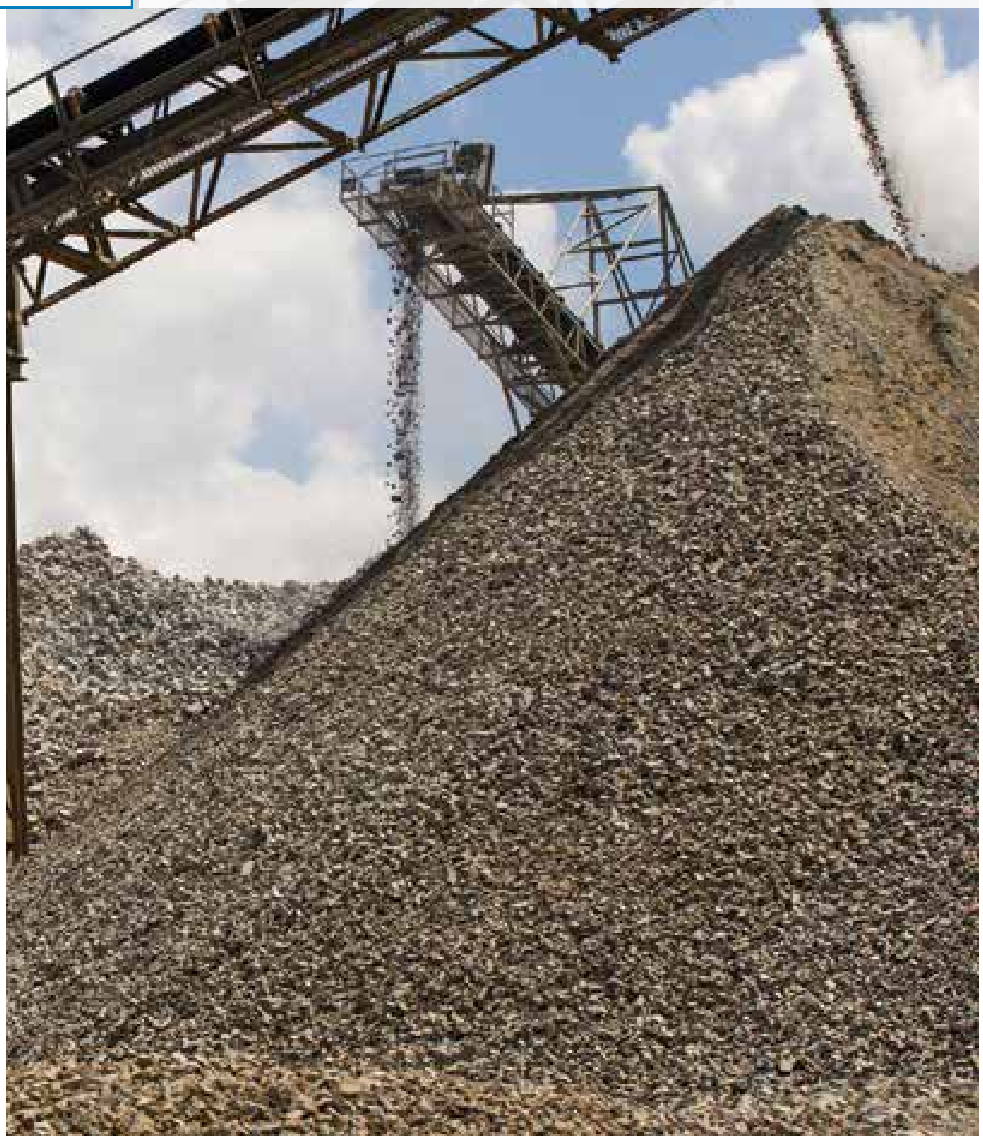
Revenue*

RM554.42
million in FY 2021

34% ▲

PBT*

RM91.95
million in FY 2021



For more information about the Group's Construction Materials & Trading Division, scan the QR code or log on to www.cmsb.my/business-divisions/construction-materials-trading/

* *Although SEDC Resources Sdn Bhd is now a joint venture company of the CMS Group, CMS still continues to manage the day-to-day operations of this holding company and the companies under its ambit through the management of the Construction Materials & Trading Division. As such, we continue to report on SEDC's quarry, premix and concrete product-related operations per normal in this Annual Report.*

OPERATIONAL REVIEW

CONSTRUCTION MATERIALS & TRADING DIVISION

PERFORMANCE HIGHLIGHTS

In FY 2021, CMS' Construction Materials & Trading recorded RM554.42 million in revenue, which is an increase of 13% in comparison to the revenue of RM491.75 million in FY 2020. During the full MCO lockdown between March to mid of May 2020, no production or sales activities were carried out. Comparatively in the year 2021, the lockdown was not as extensive. The construction material sector was classified as an essential business and was thus allowed to operate under strict standard operating procedures, including restricted workforce and operation hours.

As a result, the Division's PBT increased to RM91.95 million (FY 2020: RM68.25 million). The higher PBT result in the year 2021 included a one-off reversal of provision of RM6.8 million for impairment provision, without which the Division would have still registered a profit of RM85.15 million.

OPERATIONS HIGHLIGHTS

Quarry Operations

The Division's quarry operations are operated by SEDC Quarries Sdn Bhd and Borneo Granite Sdn Bhd, companies that produce crushed aggregates of granite, microtonalite and limestone. The Group's quarrying operations encompasses four quarries, namely the Sibanyis, Akud, Sebuyau and Borneo Granite quarries.

The year 2021 saw SEDC Quarries successfully renewing its Integrated Management System (IMS) certification which combines the ISO 9001:2015 UKAS, ISO 14001:2015 UKAS and ISO 450001:2018 Standards, thereby attesting to the high standards the Company upholds.

Premix Operations

The Division has premix operations encompassing asphalt plants in Kuching, Sarikei, Sibu, Bintulu, Kuala Baram and Limbang. These operations come under the purview of SEDC Premix Sdn Bhd, SEDC Premix (Miri) Sdn Bhd and SEDC Premix (Betong) Sdn Bhd.

With a combined rated capacity of 1,870 MT per hour, as well as a 10 MT per hour bitumen emulsion plant in Kuching, the Division's three premix companies today serve approximately 50% of the asphaltic concrete (premix) and bitumen emulsion markets in Sarawak.

The year 2021 also saw SEDC Premix successfully renewing its Integrated Management System (IMS) recertification which combines the ISO 9001:2015 UKAS, ISO 14001:2015 UKAS and ISO 450001:2018 standards — attesting to the high standards the Company upholds.

OPERATIONAL REVIEW

CONSTRUCTION MATERIALS & TRADING DIVISION

OPERATIONS HIGHLIGHTS

Wire Operations

CMS Wires Sdn Bhd, a 69.10% subsidiary of the CMS Group, is involved in manufacturing steel drawn wires and wire mesh for the local construction industry. In FY 2021, the Company's sole 4,179 MTpa plant produced some 4,361 MTpa of steel wires and mesh, with the reduced number attributed to the MCO.

Trading Operations

CMS Infra Trading Sdn Bhd, a 51% subsidiary of CMS, today distributes a varied range of products and services relating to water management and mechanical, electrical, construction and telecommunication activities.

The Company remained profitable in FY 2021, with diversified income from the sale of water related products, building materials and telecommunication infrastructure products which contributed 82% of its revenue.

MOVING FORWARD

To mitigate the impact from the closure of operations due to the various phases of the MCO, the Division has initiated catch-up strategies. Given SEDC's (and hence the State's) majority stake in the quarry and premix related operations, the Division is on a stronger footing to capture opportunities from the infrastructure developments in the State, especially with several mega infrastructure projects underway or in the pipeline.

Moving forward, the Division's quarry operations will set its sights on optimising production output from the existing four quarries.

Today, the premix operation remains agile and is all set to capitalise on the new opportunities presented by the development of several mega infrastructure projects.

CMS Wires continues to hold a healthy market share of the wire mesh market in the State.

Meanwhile, CMS Infra Trading will continue to seek out opportunities to strengthen its position in works related to the various mega infrastructure projects in the State.

OPERATIONAL REVIEW

CONSTRUCTION DIVISION

BUSINESS OVERVIEW

The Group's Construction Division* undertakes a wide range of infrastructure construction projects activities across Sarawak, ranging from construction of roads, buildings, infrastructure works to pavement rehabilitation works.

17% ▲

Revenue*

RM401.25
million in FY 2021

157% ▲

PBT*

RM10.79
million in FY 2021

* *Although PPES Works (Sarawak) Sdn Bhd ("PPES Works") is now a joint venture company of the CMS Group, CMS still continues to manage the day-to-day operations of this holding company and the companies under its ambit through the management of the Construction Division. As such, we continue to report on PPES Works' construction-related operations per normal in the Annual Report.*

For more information about the Group's Construction Division, scan the QR code or log on to www.cmsb.my/business-divisions/construction-road-maintenance/

PERFORMANCE HIGHLIGHTS

For FY 2021, the Group's Construction Division recorded a higher revenue, increasing 17% from RM342.09 million in the previous year to RM401.25 million. The Division's PBT improved by 157% as compared to previous year due to the better performance of the Borneo Cultures Museum Project.

OPERATIONAL REVIEW
CONSTRUCTION DIVISION

OPERATIONS HIGHLIGHTS

The Construction Division continues to derive recurring income from construction and road maintenance works in Sarawak, as well as other key projects, namely the Borneo Cultures Museum, Pan Borneo WPC06 and the Jepak Bridge.

With PPES Works now mainly involved in the construction segment, it has focused its resources on construction-related machinery, direct procurement of construction materials and waste management, labour supply, supervision team and more. In this regard, the Division will be able to establish its internal production rate or internal built-up rate, obtain greater control of the business and compete effectively in open tenders without having to rely on other contractors.

As at 31 December 2021, the Division's construction order book, excluding road concessions, is currently valued at RM0.670 billion (31 December 2020: RM1.03 billion).

MOVING FORWARD

While the Division has completed most of its major projects in 2021, it is confident that the acquisition of new projects from the State Government and SEDC will grow its order book by an average increase of 80% per year and sustaining earnings momentum over the next two years.

Moving forward, the Construction Division is focused on strengthening its competitive edge by bidding for new projects related to mega infrastructure works in Sarawak.

The Group also expects other infrastructure projects such as the upgrading and improvement works of urban roads to take form in 2022.

The Group is confident that it is well-positioned to benefit directly from these projects as a contractor, and indirectly as a supplier of construction materials.

OPERATIONAL REVIEW

ROAD MAINTENANCE DIVISION

BUSINESS OVERVIEW

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

8% ▼

Revenue

RM120.47
million in FY 2021

50% ▼

PBT

RM9.59
million in FY 2021

For more information about the Group's Road Maintenance Division, scan the QR code or log on to www.cmsb.my/business-divisions/road-maintenance-division/

The majority of these projects were executed through the Division's subsidiaries, namely CMS Roads Sdn Bhd ("CMS Roads") and CMS Pavement Tech Sdn Bhd ("CMSPT").

OPERATIONAL REVIEW
ROAD MAINTENANCE DIVISION

PERFORMANCE HIGHLIGHTS

For FY 2021, the Road Maintenance Division's revenue declined by 8% from RM129.89 million to RM120.47 million. The Division's PBT dropped by 50% to RM9.59 million in comparison to PBT of RM19.14 million for FY 2020. The Division's revenue declined due to lower progress on Instructed Works and routine maintenance works affected by the global COVID-19 pandemic in which various measures implemented by the Government to control the pandemic have caused severe disruptions to the Division and its supply chains, subcontractors and consultants. The shorter road length as compared to last year also affected the Division's performance.

OPERATIONS HIGHLIGHTS

During the period under review, the Road Maintenance Division continued to uphold the CMS mission of 'Producing Quality, On Spec and On Time', as it strengthened its reputation as a trusted contractor in the State.

The Road Maintenance Division continues to derive recurring income from road maintenance works throughout Sarawak, taking into consideration the length of roads maintained, as well as the extent of upgrading and emergency works to be undertaken.

The road construction arm of the division, CMSPT is responsible for numerous projects involving roads construction activities such as Road Rehabilitation, Cold In-Place Recycling ("CIPR"), Milling and Resurfacing and Road Marking.

The Health, Safety and Environment Department ("HSE") in the Division recorded zero (0) Lost Time Injury in 2021. In 2021, the department actively conducted COVID-19 and toolbox briefing in order to keep everyone abreast of the current and new Standard Operating Procedures (SOP) and policies. Apart from that, *Jabatan Kerja Raya Sarawak* (JKRS) has also invited CMS Roads to organise State Road User Campaigns to promote road safety awareness.

To remain updated with the current trends and technological innovations in this area, the Division also strengthened its technical abilities via investments in new machinery, as well as Research and Development (R&D) initiatives.

As part of this initiative, the Division also entered into strategic R&D collaboration initiatives with several clients and institutions such as UNIMAS, focusing on "Research on Investigation on River Gravel as Road Construction Material" as this will serve to improve the Division's service levels.

MOVING FORWARD

With more players entering the industry landscape, the Road Maintenance Division, particularly CMS Roads will continue to focus on technological innovation to further enhance performance and efficiency.

Currently, CMS Roads is one of the organisations in Southeast Asia that has a performance-based model for road maintenance. It expects to further strengthen its value proposition to customers by enhancing its proprietary software to improve the service quality by integrating real-time reporting and seamless data analysis.

CMS Roads' proven track record of accomplishments and forward-thinking approach puts it in a strong position to continue the good work it has been effectively undertaking to date.

OPERATIONAL REVIEW

PROPERTY DEVELOPMENT DIVISION

61% ▲

Revenue

RM114.26
million in FY 2021

708% ▲

PBT

RM32.43
million in FY 2021

BUSINESS OVERVIEW

The Group's Property Development Division is vested with two major landbanks in Kuching, namely The Isthmus, a 182-acre landbank located 5 km to the east of Kuching city, and Bandar Samariang, a 3,575-acre township to the north of Kuching.

Despite the economic challenges, the Property Development Division remained resilient and demonstrated sustainable growth in the last 12 months. The Division is focused on unlocking the value of our landbanks and have identified strategic avenues to accelerate growth. The Group's Property Development Division currently has landbanks in strategic locations throughout Sarawak.

It is the custodian of two major landbanks in Kuching, namely The Isthmus which is positioned as the extension of the Kuching Central Business District ("CBD") and Bandar Samariang, a township located to the north of Kuching. It also has smaller parcels of land within Kuching. The sizeable landbanks held by the Division provide a sustainable pipeline for the Division to meet the steady demand of Kuching city's urban population.

The Division also has significant landbanks in Samalaju Industrial Park ("SIP") in Samalaju, Bintulu which is the largest industrial park in Malaysia and one of the five growth nodes under the Sarawak Corridor of Renewable Energy ("SCORE") initiative. It is responsible for developing a new township, commercial/service hub, light industrial park, workers' accommodation, as well as a hotel and ancillary services for SIP.

For more information about the Group's Property Development Division, scan the QR code or log on to www.cmsb.my/business-divisions/property-development/

OPERATIONAL REVIEW

PROPERTY DEVELOPMENT DIVISION

PERFORMANCE HIGHLIGHTS

For FY 2021, the Property Development Division ended the year with higher revenue and profit before tax of RM114.26 million and RM32.43 million respectively in comparison to revenue of RM70.91 million and loss before tax of RM5.34 million in FY 2020. The positive results achieved were mainly attributable to an increase in the number of properties sold, higher revenue and profit from the operations of the hotel, lodges and a land sale.

OPERATIONS HIGHLIGHTS

Kuching

Bandar Samariang is located approximately 7 km from Kuching city centre and within easy reach of the resort areas of Damai and Santubong. This integrated township consists of 4,868 residential homes, a commercial centre which has the first Mydin Hypermarket in Sarawak, two schools and is continuing to expand and grow.

During the year under review, the sale of its single storey and double storey terraces and semi-detached properties have remained robust – recording take-up rates between 80% and 90% amidst a challenging property market. Meanwhile, the development of Alam Impian residential development set across 35.6 acres, comprising affordable terraces and semi-detached housing is ongoing, with 184 units at various stages of construction. In addition, the Division has also launched Cahya Intan Phase 1A and 1B with a GDV of RM32.09 million and Alam Impian 9G and 9F with a GDV of RM28.63 million during the year under review, comprising single storey terrace, double storey terrace and single storey semi-detached housing, totaling 177 units. These developments also experienced positive take-up rates of 80% to 90%.

Meanwhile, The Isthmus is home to several notable iconic corporate towers developed by the Division, built on c.200 acres of land. The Division completed the Raintree Square Commercial and Isthmus Showrooms in 2018 and 2016 respectively. These projects are 90% and 100% sold.

Another development completed by the Division in Kuching, is the Rivervale Condominium totalling 292 units with a total GDV of RM195.72 million, which was completed in 2019. During the year under review, the Division sold 22 units amounting to RM12.3 million bringing the take up rate to 95%.

OPERATIONAL REVIEW

PROPERTY DEVELOPMENT DIVISION

OPERATIONS HIGHLIGHTS

Samalaju Industrial Park (SIP)

The Group's Property Development Division also oversees property development activities within the SIP which caters to a host of energy-intensive industries. These activities are carried out via Samalaju Properties Sdn Bhd, a joint-venture between CMS-owned Samalaju Industries Sdn Bhd (51%), Naim Holdings Berhad (39%) and State agency, Bintulu Development Authority (10%).

Spread across 1,094 acres, the development components consist of Samalaju Eco Park, Samalaju Central, Samalaju Light Industrial Park, Samalaju Lodges and Samalaju Resort Hotel.

To date, two projects have been completed within the Samalaju Eco Park township. Construction of Phase 1 residential and commercial were completed between 2017-2020, comprising 352 units of three-bedroom apartments and 16 units of two-storey shophouses which cater to the residents at Samalaju Eco Park and the surrounding areas. Today, these apartments, which remain the preferred long-term accommodation choice for the players in the SIP, boast a high occupancy rate of above 95%.

The first phase of Samalaju Central, completed in 2017, comprising 34 units of three-storey shop offices are 95% tenanted. Subsequent developments will be rolled out in line with market demands.

For the year in review, the occupancy rate at Samalaju Lodges remained robust at 41%, going up to between 55% to 58% during the MCO periods, from February to March 2021, and again from May to June 2021. Performance is expected to remain unchanged over the medium-term. The pandemic has caused delays for new projects compounded by the inability of foreign workers to enter the country.

Meanwhile, the 175-room Samalaju Resort Hotel performed significantly above its targets for FY 2021, achieving an average occupancy of 30%, against its historical average occupancy of 10% in the previous year. The four-star business hotel leveraged on the cross-border travel restrictions during the MCO periods in the year with extended stays from the industries' workers. In addition, the hotel was also used by industries in SIP for workers' isolation purposes prior to returning to work.

MOVING FORWARD

In the immediate term, the Property Development Division will continue to focus its efforts in the delivery of affordable housing at Bandar Samariang. The Division aims to leverage on the current resilience of this market segment given the current lacklustre nature in other segments.

For the Bandar Samariang Cahya Intan development, another 499 units of single storey terrace have been planned for development and these will be launched in stages over the coming years in response to the demand for landed properties. For FY 2022, the Division plans to launch approximately 288 units totalling a Gross Development Value of RM100 million. The low interest rate environment and the Government's Home Ownership Campaign, which ended on 31 December 2021, has continued to support the mid-market segment demand. The long-term plan for Bandar Samariang will be guided by the development of a strategic masterplan which will be developed by the Group in FY 2022. The masterplan will address community needs, introduce economic generators, with infrastructure and amenities implemented in a sustainable manner within the existing natural setting.

The Isthmus masterplan is also currently being reviewed and this is expected to be completed in the third quarter of 2022. With the new masterplan, the development is targeted to set new liveability benchmarks designed to appeal to Kuching residents and visitors, underpinned by sound investment rationale. The Isthmus is envisaged to be a vibrant community within a living urban sanctuary.

As part of the State Government's plans to modernise Sarawak's public transportation system, The Isthmus will also have a dedicated autonomous rail transit ("ART") station.

Meanwhile, prospects for greenfield development projects at SIP remain challenging due to the lack of public infrastructure and amenities such as schools and hospitals. In the meantime, the Division has plans to develop another 80 three-bedroom apartments units spread across 2.68 acres with an expected GDV of RMRM 22.80 million within the Township, with construction anticipated to commence in the second quarter of 2022.

STRATEGIC INVESTMENTS DIVISION

MALAYSIAN PHOSPHATE ADDITIVES (SARAWAK) INTEGRATED PHOSPHATE COMPLEX

BUSINESS OVERVIEW

The Malaysian Phosphate Additives (Sarawak) Sdn Bhd ("MPAS") is the first integrated phosphate complex in Malaysia.

Revenue

Nil
in FY 2021

67% ▼

LBT

RM18.11
million in FY 2021

MPAS is a joint venture company following a strategic alliance between Samalaju Industries Sdn Bhd ("SISB"), a wholly owned subsidiary of Cahaya Mata Sarawak, Malaysia Ventures Sdn Bhd ("MPV") and Arif Enigma Sdn Bhd ("AESB").

Located strategically opposite Samalaju Port in Samalaju Industrial Park, the integrated phosphate complex project is being realised in two overlapping phases. It is expected to increase the Group's footprint across SCORE, as well as strengthen its earnings base once first phase production commences in Q4, 2022.

OPERATIONAL HIGHLIGHTS

Under Phase 1, three plants, namely the yellow phosphorus (YP), Technical Phosphoric Acid (TPA) and Food Grade Phosphoric Acid (FGA) plant with an annual capacity of 48,000, 75,000 and 60,000MT respectively were originally scheduled for completion by end-FY 2020.

However, construction works for the integrated complex slowed as a result of the multiple lockdowns throughout FY 2020 and FY 2021. Apart from delays in equipment delivery, this was further compounded by strict border closures that prevented Chinese technical and commissioning specialists from entering Malaysia, causing further delays in plant commissioning.

There were also occasions where on-site plant pre-commissioning activities had to be suspended due to the development of COVID-19 clusters. In the second half of 2021, 44 staff were tested positive for COVID-19 and underwent quarantine which resulted in the closure of the site for over a 10-week period. Overall, the pandemic resulted in an excess of 10 months delay to MPAS' project execution.

Commissioning of the first yellow phosphorus furnace began in July 2021 but works were temporarily put on hold to allow the team to carry out certain modifications/rectifications which are typical for any new plant. Sourcing for new raw materials continued to progress but at a slower rate due to the backlog experienced in global logistics, particularly for sea freight. This was due to countries slowly relaxing their COVID-19 restrictions and the reopening of trade borders.

Although these issues are being addressed expeditiously, the situation is expected to spill over to Q1 of 2022. The targeted date for the commissioning and trial operations of the furnaces is mid-2022, subject to the delivery of additional raw materials.

MOVING FORWARD

Management is actively sourcing for new raw materials in order to resume commissioning activities. A globally recognised phosphate consulting firm has been engaged to assist in this and other areas in order to expedite the generation of revenue stream for the project.

From a market perspective, the outlook is very promising. Since the last quarter of 2021, global prices of yellow phosphorus almost doubled as a result of the Chinese Government imposing restrictions on energy-intensive industries such as yellow phosphorus plants which are currently powered by fossil fuels. This shift is part of the country's pledge to be carbon neutral by 2060. Hence, MPAS is well-positioned in this regard as the plant is currently the only one in the world that is entirely powered by renewable hydroelectric energy. The Company believes that prices of yellow phosphorus will continue on an upward trajectory once a new equilibrium is established as more plants that rely on fossil fuels are forced to reduce their operating capacity.

For more information about the Group's Integrated Phosphate Complex, scan the QR code or log on to www.cmsb.my/businessdivisions/strategic-investments/

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION

FERROSILICON & MANGANESE ALLOYS SMELTING PLANT

BUSINESS OVERVIEW

CMS is involved in the development and operation of a ferrosilicon and manganese alloy smelter in the SIP by virtue of its 25% equity stake in OM Materials (Sarawak) Sdn Bhd ("OM Sarawak") and OM Materials (Samalaju) Sdn Bhd ("OM Samalaju").

19% ▲

Revenue

RM1,803.60
million in FY 2021

491% ▲

PBT

RM370.75
million in FY 2021

The remaining 75% equity is owned by a wholly-owned subsidiary of OM Holdings Limited, a vertically integrated miner, smelter and trader of ferroalloys and ores, primarily listed on the Australian Securities Exchange and secondarily listed on the Bursa Malaysia. Currently, OM Sarawak operates a production facility with a 200,000 to 210,000 MTpa ferrosilicon capacity and a 250,000 MTpa to 300,000 MTpa manganese alloy capacity (silicomanganese and high carbon ferromanganese).

For more information about the Group's Ferrosilicon and Manganese Alloy Smelter, scan the QR code or log on to www.cmsb.my/business-divisions/strategic-investments/

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION - FERROSILICON & MANGANESE ALLOYS SMELTING PLANT

PERFORMANCE HIGHLIGHTS

For the year under review, OM Materials (Sarawak) posted a stronger performance registering a 19% increase in revenue to RM1,803.60 million in comparison to revenue of RM1,521.52 million in the preceding year. At the same time, it recorded a profit before tax (PBT) of RM370.75 million in FY 2021, a 491% increase from the loss before tax (LBT) of RM94.87 million registered in FY 2020.

Due to a confluence of global factors, including reduced output by most of the world's major producers, and China's power shortage and subsequent re-pricing of industrial power in late 2021, prices of ferroalloys reached their highest ever recorded levels in Q3 2021. Despite a reduction in production volumes, the record high prices effectively mitigated the impact on earnings, leading to OM Sarawak's better financial performance.

According to price reporting agency S&P Global Platts, ferrosilicon prices have decreased since hitting an unprecedented record high of USD4,150 per metric tonne at the end of September 2021. Prices then trended down in the range of USD2,000 to USD3,000 per metric tonne in November 2021 before stabilizing at the lower end of the range, in part due to the normalised cost of Chinese exports. The new-found equilibrium price is still higher than the last recorded historical high (between 2017 to 2018), attributed to the increased cost of smelting in China largely due to changes in power costs after new policies and regulations were passed in Q3 2021.

Silicomanganese prices remained relatively stable, as prices increased to USD1,500 per metric tonne at the end of Q2 2021, briefly touching USD1,800 per metric tonne before retracing back.

OPERATIONS HIGHLIGHTS

Over the course of FY 2021, 12 out of 16 furnaces were in operation with 6 furnaces producing ferrosilicon and 6 furnaces producing manganese alloys. Of the remaining 4 ferrosilicon furnaces, 2 furnaces were idled for the purpose of conversion to produce manganese alloys, while the other 2 furnaces were idled due to manpower constraints. OM Sarawak subsequently initiated another conversion project to convert 2 units of ferrosilicon furnaces to produce silicon metal in December 2021.

In operating the ferrosilicon and manganese alloy furnaces as per the standard equipment design and producing beyond their respective design capacity of 55 and 90 tonnes per furnace per day, the team at OM Sarawak continues to prove their proficiency and the depth of their technical knowledge. By the end of FY 2021, the plant's ferrosilicon production output had recorded 131,059 tonnes (FY 2020: 167,443 tonnes) while total manganese alloy production recorded 216,539 tonnes (FY 2020: 227,406 tonnes). Compared to last year, ferrosilicon production reduced by 22% due to the reduction of production capacity with 4 ferrosilicon furnaces idled throughout 2021. Manganese alloys production volume decreased by 5%, mainly attributed to the change in the product mix as 95% of the production output was silicomanganese, a product with lower daily production output compared to high carbon ferromanganese. Sinter ore production output achieved 99,824 tonnes during trial production while awaiting final onsite commissioning.

As the Malaysian Government shifts into an endemic COVID-19 phase, restrictions for interstate and international travel for Malaysian residents fully vaccinated against COVID-19 have been lifted. Foreigners' entry into Malaysia however remains subject to various considerations depending on travellers' country of origin and the respective mandatory safety procedures prior to and upon entry into Malaysia. Entry applications for new foreign employees are approved by the Government authorities on a case-by-case basis. Given the long lead time to mobilise additional workforce due to COVID-19 protocols, it is anticipated that the workforce shortage will persist in the short-term due to employee home leave rotations.

MOVING FORWARD

OM Sarawak plans to resume home leave rotation for foreign employees who have stayed in Sarawak for more than 2 years. It is expected that the challenge of insufficient skilled workers will persist, leading to lower production in the first half of 2022. OM Sarawak also has plans to perform major maintenance for furnaces which are due for refractory relining.

Upon the easing of border restrictions to allow the entry of foreign skilled labours and contractors, OM Sarawak will be able to complete the conversion of 2 idled ferrosilicon furnaces to manganese alloy and the final performance testing of the sinter plant by Q3 2022.

In addition, OM Sarawak is looking to further diversify its product offering by venturing into the production of silicon metal by end of Q4 2022. Silicon metal is a higher value-added product of strategic interest to many industries and has a 98-99% purity level, classified for use in different industries depending on the level of contaminants. The conversion and related ancillary works will enable OM Sarawak to diversify its end customer base away from the steelmaking industry, and into sectors such as aluminum, chemicals for the production of silicones, and ultimately into the renewable energy industry for the production of solar panels.

These conversion plans are subject to constraints beyond OM Sarawak's control, particularly on bringing in the foreign skilled contractors due to tighter immigration rules as a result of the prolonged pandemic.

On the macro environment front, it is a mixed outlook for ferroalloy in the near term as crude steel recovery had been strong this year despite global supply and logistical constraints. China has been successful in restricting growth for steel production in the second half of 2021, with industrial policies remaining unclear for 2022.

In the long run, market demand for both ferrosilicon and manganese alloy is envisaged to remain positive on the back of strong demand for steel and basic infrastructure as urbanisation continues in the ASEAN region. OM Sarawak is well-positioned for future growth, benefiting from competitively priced and reliable hydropower, direct access to port facility, strategic proximity to both raw material sources and East and South East Asian market and tax incentives.

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION

INFORMATION & COMMUNICATIONS TECHNOLOGY

BUSINESS OVERVIEW

CMS' Information & Communications Technology (ICT) Division is tasked with growing the Group's ICT-related businesses.

4.6% ▲

Revenue

RM266.44
million in FY 2021

24.5% ▲

PBT

RM142.31
million in FY 2021

The Division fulfils this responsibility by managing the Group's interests in its associate company, SACOFA Sdn Bhd (Sacofa), in which the Group has a 50% non-controlling equity stake.

PERFORMANCE HIGHLIGHTS

In FY 2021, Sacofa recorded a revenue of RM266.44 million (FY 2020: RM254.65 million) and PBT amounting to RM114.31 million (FY 2020: RM114.31 million). As a major telecommunications infrastructure provider in Sarawak and responsible for the majority of the mobile telecommunications traffic in the State, Sacofa was deemed an essential services provider and was able to continue to operate unhampered throughout the pandemic period.

For more information about the Group's Information & Communications Technology Division, scan the QR Code or log on to www.cmsb.my/business-divisions/information_communication_technology/

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION - INFORMATION & COMMUNICATIONS TECHNOLOGY

OPERATIONS HIGHLIGHTS

Sacofa continues to play an important role in developing the telecommunications infrastructure in Sarawak. In the year under review, the Company not only widened its capabilities but also pushed ahead in providing the basic connectivity required by rural communities as it seeks to close the digital gap between rural and urban areas.

Sarawak Rural Broadband Network (MySRBN)
Sacofa is pleased to announce that it has been awarded the contract to implement the MySRBN initiative by the Sarawak Digital Economy Corporation ("SDEC").

MySRBN is a digital transformation initiative mooted by the Sarawak Government to digitalise Sarawak's economy and to connect rural and suburban communities with the world. The current MySRBN initiative involves the deployment of over 150 fixed wireless access (FWA) sites across Sarawak.

A sum of RM200 million has been allocated to the SDEC to establish the FWA sites, with the aim of increasing Sarawak's high-speed broadband network coverage in rural and suburban areas to 93.6% by the end of 2022, as mandated by the State Government.

In supporting this noble initiative, Sacofa will be responsible for the installation and commissioning of telecommunications equipment, inclusive of eNodeB, backhauling and customer premise equipment (CPE) at 45,000 customer premises in rural and remote areas.

Sacofa has also accomplished a significant milestone in support of the MySRBN initiative by being awarded its maiden Very Small Aperture Terminal ("VSAT") project to provide connectivity to nine remote sites in Kapit. This project officially makes Sacofa a full-fledged transmission provider covering terrestrial, microwave, submarine and now satellite systems. In the year under review, Sacofa also improved connectivity within the communities in Mulu with the launch of 800 Mbps high-speed broadband and enabled 4G telecommunications services in one of the most remote places in Malaysia.

Within the State, Sacofa continues to improve overall connectivity, speed and access with the expansion of its fibre-optic network. In 2021, Sacofa commenced a project to fiberise 73 telco towers in support of the Federal Government's Jalinan Digital Negara (JENDELA) plan to expand 4G throughout Sarawak.

In FY 2021, Sacofa continued to grow its asset portfolio by constructing 31 towers across Sarawak in support of its major customers, as well as in line with State and Federal Government initiatives. To date, Sacofa owns and manages over 1,800 towers throughout Sarawak, with more than 11,000 km of fibre-optic cable. Over 55% of the towers owned by Sacofa have been fiberised and made 5G-ready.

MOVING FORWARD

Looking ahead, there continues to be a number of positive growth drivers for Sacofa, given the strong impetus to develop Sarawak's digital economy, as well as investments in telecommunications infrastructure to improve connectivity.

In addition, Sarawak's digital transformation under the State's Post-COVID-19 Development Strategy will further accelerate the requirements for digital telecommunications infrastructure. Overall, Sacofa continues to be well-positioned to capitalise on a broad range of opportunities to help advance its growth and the growth of the State and the Nation.

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION

KENANGA INVESTMENT BANK BERHAD

BUSINESS OVERVIEW

The CMS Group is the single largest shareholder of Kenanga Investment Bank Berhad and its Group of Companies (Kenanga) via an 18.66% equity stake in Kenanga.

8.4% ▼

Revenue

RM891.49
million in FY 2021

10% ▲

PBT

RM148.24
million in FY 2021

Established over 45 years ago, Kenanga which is listed on the Main Market of Bursa Securities, is recognised today as one of Malaysia's largest independent investment banks.

The Kenanga Group brings to the table its extensive experience in equity broking, investment banking, listed derivatives, treasury, corporate advisory, Islamic banking, wealth management and investment management.

For more information about Kenanga Investment Bank Berhad, scan the QR code or log on to kenanga.com.my/

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION - KENANGA INVESTMENT BANK BERHAD

PERFORMANCE HIGHLIGHTS

In FY 2021, the Kenanga Group registered a lower revenue of RM891.49 million compared to revenue of RM973.76 million garnered in FY 2020 mainly due to lower brokerage fees income, net interest income and trading and investment income but partially mitigated by higher management fee income. Despite that, Kenanga reported a higher PBT of RM148.24 million for FY 2021 as compared to a PBT of RM134.72 million in FY 2020, mainly due to higher contributions from its investment management business, revaluation gain from private equity investments, as well as lower administrative expenses. The Group remains on a strong financial footing with a total capital ratio of 29% (FY 2020: 24%) well above the 10.50% minimum prescribed by Bank Negara Malaysia ("BNM") which includes a capital conservation buffer of up to 2.50%.

OPERATIONAL HIGHLIGHTS

The year 2021 was a year of two halves for the Malaysian capital markets. The first half was largely shaped by the same robust momentum that fuelled Kenanga's bumper year in 2020. The retail-driven strong trading volumes on Bursa Malaysia led to the excellent performance in the Group's stockbroking business.

However, this momentum moderated sharply in the second half of the year, as the country was hit by multiple headwinds – the reintroduction of lockdown measures in the middle of the year due to surging COVID-19 cases, as well as concerns over new taxes introduced under Budget 2022. The FBM KLCI which hovered above 1,600 points at the start of the year, slipped below 1,500 points during second half. Daily average trading value weakened to RM4.1 billion in December from a high of RM10.6 billion in February.

The waning market conditions, spurred the urgent need for Kenanga's businesses to swiftly pivot to capture new opportunities. Guided by the same customer-centric approach deep rooted in its DNA, the leadership teams of the Group's various core business units joined hands to accelerate alternative investment solutions, which allowed Kenanga to respond to new demands and tap into new opportunities that served to mitigate some of the impacts from the volume decline in the equities market.

In February 2021, Kenanga Group's Wealth and Investment Management division, Kenanga Investors Group ("KIG") completed the acquisition of i-VCAP Management Sdn Bhd, a Shariah-compliant investment management services provider. This acquisition will serve to broaden KIG's product suite and investment expertise while also providing greater access to the U.S. market, thus providing additional breadth and depth to investment solutions available to Kenanga's clients.

Kenanga joined hands with Malaysia Debt Ventures Berhad ("MDV") in March 2021, a Government-linked agency to set up a new fund size of RM300 million intended to increase access to capital for the fintech and technology start-up sectors in the country. The collaboration will leverage on Kenanga's expertise in equity and debt financing, as well as investment capabilities and established capital market access.

In the same month, Kenanga was awarded a Digital Investment Management license from Securities Commission Malaysia, allowing the Group to begin offering a proprietary robo-advisory platform to investors.

The year in review saw Kenanga continuing to receive a host of awards and accolades, thus underscoring its strong market position. The Group was recognised by The Edge Billion Ringgit Club for its excellence performance and won the coveted award for Highest Returns to Shareholder Over Three Years.

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION - KENANGA INVESTMENT BANK BERHAD

OPERATIONAL HIGHLIGHTS

At the prestigious annual Bursa Excellence Awards, the Group's Equity Broking Division was recognised as the Champion for Best Overall Equities Participating Organisation and Best Structured Warrant Issuer. It was also named the 1st Runner Up in Best Retail Equities Participating Organisation – Investment Bank category, and 2nd Runner Up in the Best Institutional Equities Participating Organisation – Investment Bank category.

Additionally, the Group's Investment Banking and Islamic Banking was awarded Project Infrastructure Finance Deal of the Year – Malaysia at the Asian Banking & Finance – Corporate & Investment Banking Awards, as well as Best IPO for Malaysia at The Asset Triple A – Islamic Financial Awards.

Similarly, Kenanga's asset management subsidiary, Kenanga Investors Group continued to receive its fair share of accolades. KIG bagged three awards at the prestigious FSMOne Recommended Unit Trust Awards 2021/2022 event.

At the 2021 iFast Malaysia Awards event, KIG's OnePRS Conservative Fund was hailed as the Best Selling PRS for 2020 whereas at the Refinitiv Lipper Fund Awards 2020 - Global Islamic Markets event, the Kenanga SyariahEXTRA Fund was awarded the Mixed Asset MYR Balanced for 3 Years and Mixed Asset MYR Balanced for 5 Years. The fund also received recognition at the Refinitiv Lipper Fund Awards, winning Mixed Asset MYR Balanced (Malaysia) for 3 Years and Mixed Asset MYR Balanced (Malaysia) for 5 Years. The Kenanga Growth Opportunities Fund, on the other hand, won the Equity Malaysia Small & Mid-Caps for 3 Years, under the Malaysia Provident Funds category. In addition to this, Kenanga Investors Berhad was named the winner of the Malaysia Islamic Funds Group Award (Equity) and Malaysia Provident Funds Group Award (Mixed Assets).

KIG also clinched a number of awards from the 2022 Best of the Best Awards by Hong Kong-based Asia Asset Management. It was recognised in the categories of Malaysia Best Equity Manager (4th consecutive win), Malaysia Best Impact Investing Manager, Best Application of ESG (ASEAN), Malaysia Best House for Alternatives, Malaysia CEO of the Year (for the third time) and, Malaysia CIO of the year (sixth win). As a result, Malaysian Rating Corporation Berhad reaffirmed KIG's IMR-2 rating, thereby underscoring the Company's well-established investment processes, sound risk management practices and strong operating track record.

Kenanga's listed derivatives subsidiary, Kenanga Futures Sdn Bhd ("KF") was named Best Trading Participant for Equity and Financial Derivatives at the Bursa Excellence Awards, maintaining its market leadership for a record 18 years running. KF was also named Champion for Best Institutional Derivatives Trading Participant – Investment Bank and accorded the title 2nd Runner Up for Best Institutional Derivatives Trading Participant.

Finally, Kenanga was awarded the coveted Company of the Year Award for Championing Sustainability and Community Initiatives for its HumanKIND Project at the Sustainability and CSR Malaysia Awards 2021. The Group also received an award under the category of Best Use of CSR (Silver) at The Loyalty and Engagement Awards 2021 and the Sustainability Award (Bronze) at the Malaysia PR Awards 2021, both for The HumanKIND Project. On top of this, at the Marketing Events Awards 2021, Kenanga received a Silver Award for Best Event by an In-House Team for its Celebrating the Kenanga Culture campaign.

MOVING FORWARD

On the back of an improved global backdrop in 2021, the rollout of the COVID-19 vaccine and the further acceleration of demand for advanced technology, Malaysia's Gross Domestic Product (GDP) rebounded by 3.1% in 2021 from a contraction of 5.6% in 2020. GDP growth is expected to expand further between 5.0% - 5.5% in 2022 on the back of an improved global and domestic backdrop with the rollout of the COVID-19 vaccine for children and the aggressive vaccine booster campaign. This will be bolstered by the restoration of global supply chains and the unleashed global pent up demand.

The underlying recovery in the economy bodes well for the stock market as it provides the base for corporate earnings to recover, especially for sectors that have been directly impacted by the lockdown measures. While the U.S. Federal Reserve and many central banks are moving towards monetary policy tightening, Bank Negara Malaysia is expected to retain its accommodative policy stance to support the growth momentum. Interest rates and statutory reserve requirements for banks are expected to remain low at least for the first half of 2022. Sustained high energy and commodity price could accelerate the shift towards monetary tightening.

Nevertheless, current liquidity conditions are supportive of positive stock market returns, and coupled with the steep market decline back in 2021, as well as regional underperformance, value has emerged. However, as price catalysts are still lacking, returns may not be broad-based.

On many levels, 2021 validated Kenanga's efforts to be at the forefront of technological innovation. The Kenanga Group remains on track with its digitisation agenda and will continue to build a robust ecosystem for its customers while accelerating growth, reinforcing resilience, and safeguarding stakeholders' interests.

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION

KKB ENGINEERING BERHAD

4.0% ▼

Revenue

RM391.64
million in FY 2021

3.9% ▼

PBT

RM34.10
million in FY 2021

BUSINESS OVERVIEW

The CMS Group owns a 17.90% equity stake in KKB Engineering Berhad (KKB) which is listed on the Main Board of Bursa Malaysia.

KKB's activities today encompass steel fabrication, hot-dip galvanising, civil construction and LP gas cylinder manufacturing, as well as steel pipes and special pipes manufacturing.

For more information about KKB Engineering Berhad, scan the QR code or log on to www.kkbeb.com.my/home/

The Company continues to focus its resources on expanding its steel fabrication activities with a view to taking on larger and more complex projects, including projects from oil and gas sector customers. With its offer of a modern fabrication plant incorporating an open yard and heavy load-out jetty facility fronting the Sarawak River, as well as sizeable covered all-weather mega workshops, KKB continues to be an attractive draw to potential customers. As KKB works to strengthen its order book, it continues to set its sights on expansion to ensure capacity readiness.

OPERATIONAL REVIEW

STRATEGIC INVESTMENTS DIVISION - KKB ENGINEERING BERHAD

PERFORMANCE HIGHLIGHTS

In FY 2021, KKB recorded lower revenue of RM391.64 million in comparison to RM407.87 million reported in the preceding year. Net profit however increased by 32.6% to RM28.91 million as compared to RM21.79 million achieved in the preceding year.

The improved gross profit margin alongside the higher sales registered by the Group's Steel Fabrication and Civil Construction divisions within the Engineering sector have been a major factor contributing to the improved bottom line.

The Manufacturing division was impacted, with revenue down by more than triple in FY 2021 due to lower revenue from the Steel Pipes Manufacturing business. Cost remained under pressure due to the jump in key raw materials such as steel prices during the year. Additionally, the division's supply chain was also impacted which caused an increase in the cost of raw materials. The surge in global steel prices coupled with the increase in freight cost did not augur well for the Group.

OPERATIONS HIGHLIGHTS

KKB has a 60.81% equity stake in OceanMight Sdn Bhd ("OMSB"), an Approved Service Provider licensed by PETRONAS to undertake major onshore fabrication for offshore facilities and related works. Between 2014 and 2021, OMSB was awarded 12 projects related to major onshore fabrication works for the oil and gas sector. Of these, OMSB has successfully completed nine contracts including two Engineering, Procurement and Construction (EPC) contracts secured from Repsol Oil & Gas Malaysia Limited for EPC works on the Bunga Pakma Wellhead Riser platforms and the Kinabalu Redevelopment Project; an Engineering, Procurement, Construction, Installation & Commissioning (EPCIC) contract for PETRONAS Carigali Sdn Bhd; an Engineering, Procurement, Construction and Commissioning (EPCC) contract from MISC Offshore Floating Terminals (L) Limited; as well as the Procurement and Construction of Wellhead Deck, Piles and Conductor for Sapura Fabrication Sdn Bhd. Of these projects, the fast-tracked D28 EPCIC contract was completed in a record nine months from the date of the award in 2018 – thereby underscoring OMSB's capabilities as a reliable and skilled oil and gas services provider.

Among the projects OMSB is currently working on is an EPCIC contract for wellhead platforms for the BAKAU Non-Associated Gas Development Project under Petronas Carigali, an EPCC contract for the PEMANIS Satellite Topside project awarded by PTTEP Sarawak Oil Limited and an EPC contract for a flare platform for the Kasawari Gas Development Project from the Unincorporated Joint Venture between Malaysia Marine and Heavy Engineering Sdn Bhd and Technip Geoproduction (M) Sdn Bhd. In July 2021, OMSB was awarded the Procurement, Fabrication & Transportation of Jacket Levelling System and Gripper Cans for the Ilijan Marine Jetty Installation Support from 2H Offshore (Asia Pacific) Sdn Bhd.

MOVING FORWARD

The operating environment for KKB remains volatile given the challenges posed by the ongoing COVID-19 pandemic and the uncertain outlook for the global economy. On top of this, the Company also has to contend with escalating costs due to inflationary pressures, volatile global steel raw material prices and fluctuating exchange rates. While many of KKB's project sites have resumed work, it will take some lead time for these operations to regain their momentum before returning to normalcy.

Against this backdrop, KKB will continue to implement measures to maintain its resilience and remain competitive. To strengthen the operations and margins of its core business segments, KKB will continue to optimise costs and enhance operational efficiencies, whilst improving project delivery and execution.

Moving forward, the Group expects to turn in a resilient performance underpinned by the current orders on hand and ongoing construction works. These include works for the Pan Borneo Highway project in Sarawak (Phase 1 of Works Package Contract 09); water-related construction projects including the supply, laying and commissioning of water pipes, as well as other related infrastructure works under the Sarawak Water Supply Grid Programme; and ongoing major onshore fabrication jobs for oil and gas facilities. These projects are expected to contribute to KKB's revenue streams and see it through over the next two years.

Barring unforeseen circumstances, the KKB Group will continue to leverage on its sound track record, experienced and insightful management team, as well as its strong cash position to reinforce its position and explore new avenues of opportunity. It will also set its sights on increasing its order book, as well as securing oil and gas fabrication orders in spite of the highly competitive market environment.

SUSTAINABILITY STATEMENT

SUSTAINABILITY APPROACH

We are committed to embedding a strong sustainability culture within all our businesses. Our aim is to create a vibrant performance driven workplace, be a leader in good environmental practices, and serve as a model for giving back to the community.

SCOPE & BOUNDARY

The scope of this Statement only covers the businesses and operations in which the CMS Group has full Board and Management control over. The activities of the Group's associate companies are not covered in this Sustainability Statement.

SUSTAINBILITY GOVERNANCE

To provide direction across the Group, there is a two-tier Sustainability Steering Committee consisting of the C-Suite and Heads of Divisions, respectively, who report to the Group Managing Director and is further supported by the Sustainability Working Committee.

REPORTING PERIOD

1 January to 31 December 2021 (Financial Year or FY 2021), unless specified.

REPORTING CYCLE

Annual

REPORTING GUIDELINES

Bursa Malaysia's Main Market Listing Requirements

OUR MATERIAL MATTERS

Topics that are material or important to CMS are defined as those topics which have a direct or indirect impact on our ability to create, preserve or erode Economic, Environmental and Social (EES) value for CMS, our stakeholders and the environment that we operate in.

In 2020, we conducted a three-step materiality assessment to produce an updated materiality matrix. The first step involved the identification of relevant matters by making a preliminary assessment of CMS' 2018 materiality matrix, then a comparative analysis of peer companies' current material matters, locally and globally. Additional matters which the then-Sustainability Working Committee thought relevant were incorporated in the relevant list which resulted in a preliminary list of 25 relevant material matters.

The second step involved evaluating the importance of these relevant matters and prioritising them accordingly. The then-C-suite and Senior Management from all core business Divisions were engaged in rating the 25 matters based on their Significance of EES Impacts to Business (x-axis) and Influence on Stakeholder Assessment & Decisions (y-axis).

The results were assessed based on their weightage and the list was consolidated into 14 material matters (i.e., 8 existing, 5 consolidated, 1 new). All 14 material matters were then prioritised relative to each other, and the results plotted onto a preliminary matrix. To finalise the materiality matrix, the preliminary materiality matrix was validated and prioritised by Senior Management. As all issues were important to some degree, scales from 'Influential' to 'Most Influential' and 'Significant' to 'Most Significant' were adopted and a materiality matrix was developed.

The issues that could impact our ability to create value are presented in the diagram below. As per the diagram, the topics that are most relevant to our stakeholders are plotted towards the top of the matrix; with those towards the right being the most important to CMS. The issues in the top right quadrant are material to both stakeholders and CMS and qualify as the top seven material matters. There has been no change to our material matters in 2021.

Mapping the 14 Material Matters to the Economic, Environmental and Social ("EES") Pillars

The 14 material matters were then also mapped against the EES pillars of Sustainability.

Economic

1. Economic Performance
2. Corporate Governance
3. Market Presence

Environmental

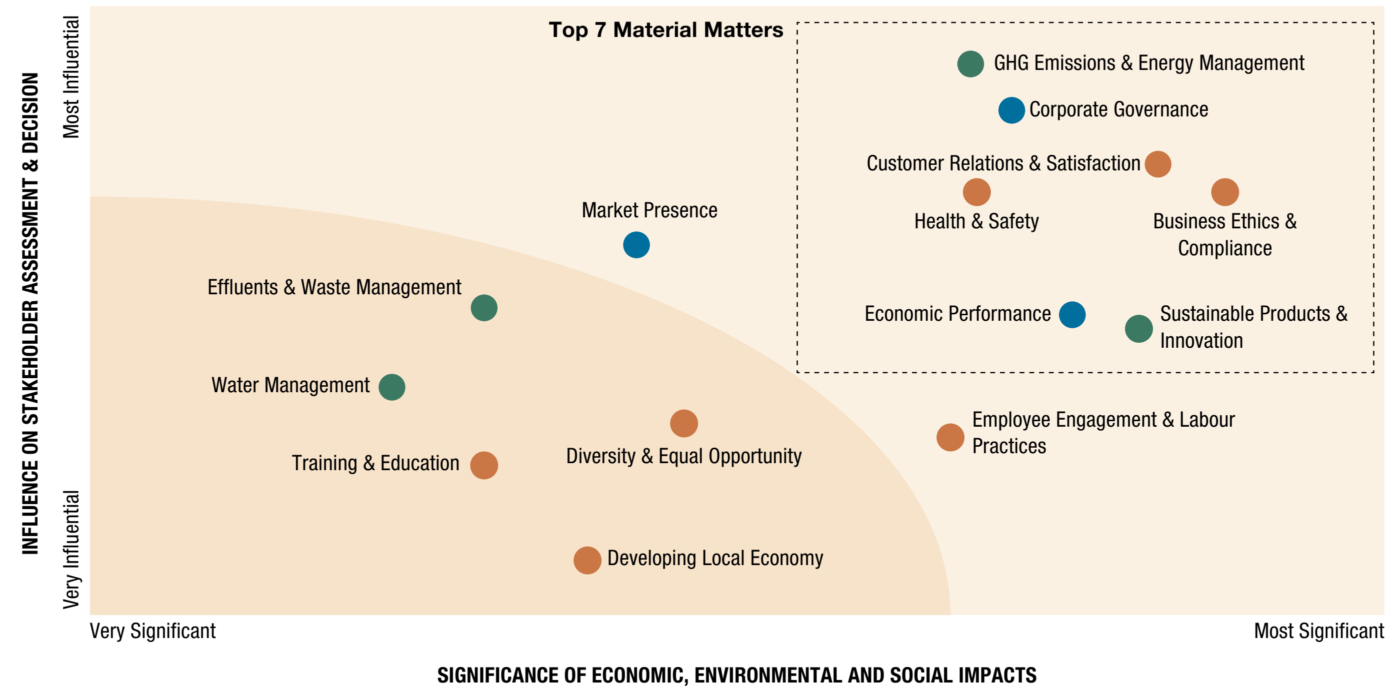
4. Effluents & Waste Management
5. Water Management
6. Sustainable Products & Innovation
7. GHG Emissions & Energy Management

Social

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

SUSTAINABILITY STATEMENT

CMS 2021 MATERIALITY MATRIX



LEGEND: Economic Environmental Social

AXES DEFINITIONS

1 'Influence on Stakeholder Assessment & Decision' is defined as the importance of a sustainability matter to a stakeholder

2 'Significance of EES Impacts' on the business is defined as the importance of a sustainability matter to CMS

Our top seven material matters identified are as follows:

1	2	3	4	5	6	7
GHG Emissions & Energy Management	Corporate Governance	Customer Relations & Satisfaction	Health & Safety	Business Ethics & Compliance	Economic Performance	Sustainable Products & Innovation

SUSTAINABILITY STATEMENT

ALIGNING OUR MATERIAL MATTERS

We also mapped all 14 material matters onto three Strategic Sustainability Themes, namely Innovation at Core, Integrity at Heart, Nurturing Growth in People, in line with CMS' vision 'To be the PRIDE of Sarawak and Beyond.' The 14 material matters were then aligned with CMS' corporate strategy, demonstrating the integration of sustainability in the fabric of our organisation.

The sustainability matrix and material matters were also aligned to CMS corporate strategy.

CMS Vision	**To be the PRIDE of Sarawak & Beyond**				
CMS Mission	**Producing Quality, On Spec and On Time**	**Respect and Integrity**	**Improving, Innovating and Investing in People**	**Delivering Sustainable Growth**	**Environmentally Conscious, Safe and Conducive Workplace**
Philosophy	**Committed to Delivering Sustainable Growth**				

Themes	**Integrity at Heart**	**Nurturing Growth in People**	**Innovation at Core**
Value Propositions	To build a transparent, responsible and an accountable reputation	To empower and develop the well-being of employees and local communities	To be a leader in carbon reduction initiatives through innovation and circular economy
Material Matters	• Corporate Governance • Business Ethics & Compliance • Diversity & Equal Opportunity	• Health & Safety • Training & Education • Customer Relations and Satisfaction • Developing Local Economy/ Community Engagement • Employee Engagement & Labour Practices	• Economic Performance • Market Presence • Effluents & Waste Management • Water Management • Sustainable Products & Innovation • GHG Emissions

MOVING FORWARD INTO 2022

Moving forward, the Group will be directing its sustainability efforts based on a Sustainability Policy and Sustainability Plan which are to be developed in 2022.

The Sustainability Policy shall be aligned to CMS' corporate mission alongside a Sustainability Plan that outlines the suggested timeframe in which CMS is to carry out the proposed strategic sustainability initiatives, as well as highlights the initiatives to expand and enhance our sustainability agenda and capabilities in sustainability reporting. The Group will also highlight on how it will manage its key Sustainability Matters through the aforementioned document.

The Group's overall objective in its sustainability reporting is to present a holistic and clear-cut view of our strategic thinking and responses to the issues that are most significant to our stakeholders, and which have the most influence on our long-term value creation efforts.

Moving forward, we will continue to implement measures that will enable us to continue creating value on the EES fronts while meeting growing investee company compliance criteria.

ECONOMIC

CORPORATE GOVERNANCE AND REGULATORY COMPLIANCE

Ensuring good corporate governance practices is of the highest importance to CMS. On 24 November 2021, the Group announced that it would embark on a Human Capital Transformation Programme to build a culture of governance and growth across the Group to strengthen the accountability and integrity at all levels of Senior Management. The Group has taken initial steps toward this direction by bringing in several key leaders including a Chief Risk Officer, Chief Technical Officer, Chief of Staff and Head of Compliance.

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

- Strengthening Risk Oversight at Board level on enterprise material risk and to provide updates on key projects on a timely manner so that the Board will be continuously appraised of such risk exposure.
- Setting up of an Investment Committee chaired by the Group Managing Director to review and recommend all proposals and investments to the Board for information and approval as appropriate and timely.
- Setting up an independent Group Risk Division to drive risk management throughout the Company.
- Strengthening accountability and integrity at all levels of Senior Management to further build a culture of governance and growth across the Group.

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

Anti-Bribery and Anti-Corruption

The CMS Group is committed to upholding high standards of ethical, moral and legal business conduct. In line with this commitment, we have strengthened our anti-bribery and anti-corruption policies to comply with the amendments to the Malaysian Anti-Corruption Commission Bill 2018. Four new policies, namely the Anti-Bribery and Anti-Corruption Policy, the Gift & Hospitality Policy, the Donation, Sponsorship & Community Investment Policy, and the Third-Party Corruption Risk Due Diligence Policy were drawn up by CMS' external consultant with input from various departments. The Anti-Bribery and Anti-Corruption policy has been made available publicly on the corporate website and internally on the company's intranet, whereas the rest of the policies are only available through the intranet.

All employees have been informed about the Group's anti-corruption policies and procedures. In 2021, a total of 1,444 employees participated in a virtual Anti-Bribery & Anti-Corruption Awareness briefing. There were no incidents of corruption in the year under review.

Whistleblowing Policy

The Group has a Whistleblowing Policy in place and through our Whistleblowing Channel, a person who is a member of the public or an employee of the Company can lodge a complaint or report on acts of misconduct or suspected misconduct to the Designated Authority (DA) which includes the Group Managing Director, Board Chairman and Deputy Chairman. Acts of misconduct can include:

1. Any conduct that connotes a disciplinary or criminal offence;
2. Contravention to Company policies, procedures, rules and regulations;
3. Non-compliance to terms of engagement for contracts or agreements;
4. Fraud, misappropriation, abuse of authority or corrupt practices;
5. Regulatory infringements; and
6. Any other forms of misconduct or breach of trust.

All complaints and reports will be treated with the utmost privacy and confidentiality, although actions can be taken against whistle-blowers if the complaints are found to be unsubstantiated or malicious in nature.

Responsible Subcontracting and Procurement

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

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

In 2021, we spent 87.25% of our procurement budget on local suppliers and contractors, accounting for 99.68% of all the Group's contracts awarded to local suppliers and contractors.

ENVIRONMENTAL

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

Emissions Management

CMS' operations can impact the environment, especially in the context of carbon emissions. To better manage this, CMS has taken the initial steps of measuring its greenhouse gas ("GHG") emissions in order to set baselines and targets to identify and develop mitigation measures to further lower our carbon emissions. Our GHG emissions are reported according to Scope 1, 2 and 3 as below.

Scope 1

Refers to direct emissions from vehicles, machinery, equipment and gensets owned or controlled by CMS. Due to the complexity of this scope and with CMS being in the initial stages of reporting GHG emissions, the current disclosure under this scope focuses on the vehicle fuel consumption across the Group and all operations.

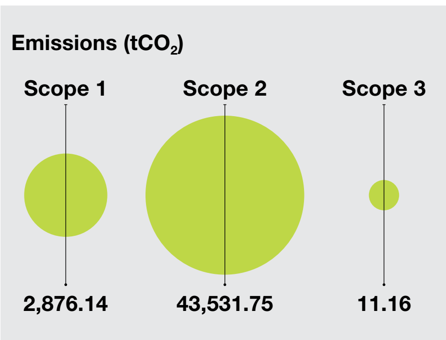
Scope 2

Refers to indirect emissions from purchased electricity.

Scope 3

Indirect GHG emissions are from our value chain, which are therefore within the responsibility of the Company (e. g. business trips). Although Scope 3 has 15 categories as identified by the World Resources Institute*, CMS currently focuses on business air travels.

*Source: https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporing-Standard_041613_2.pdf



Alternative Raw Materials and Alternative Fuel

Cement Division

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

Road Maintenance Division

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

Products & Services Responsibility

CMS has made it a priority to consistently monitor our operations to ensure that they align with the stringent quality management systems that we have implemented. The Group's dedication to upholding product and service excellence is reflected in the many quality certifications and licenses that we continue to receive accreditation for.

CMS has embraced the ISO standards throughout its operations to maximize time and finances, and the improving of the proficiency of internal processes and management systems. The common ISO standards attained are ISO 9001, ISO 14001 & ISO 45001. The Group's subsidiaries have also obtained the necessary licenses to manufacture, construct and sell from the relevant authorities.

Non-Compliance with Environmental Standards and Regulations

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

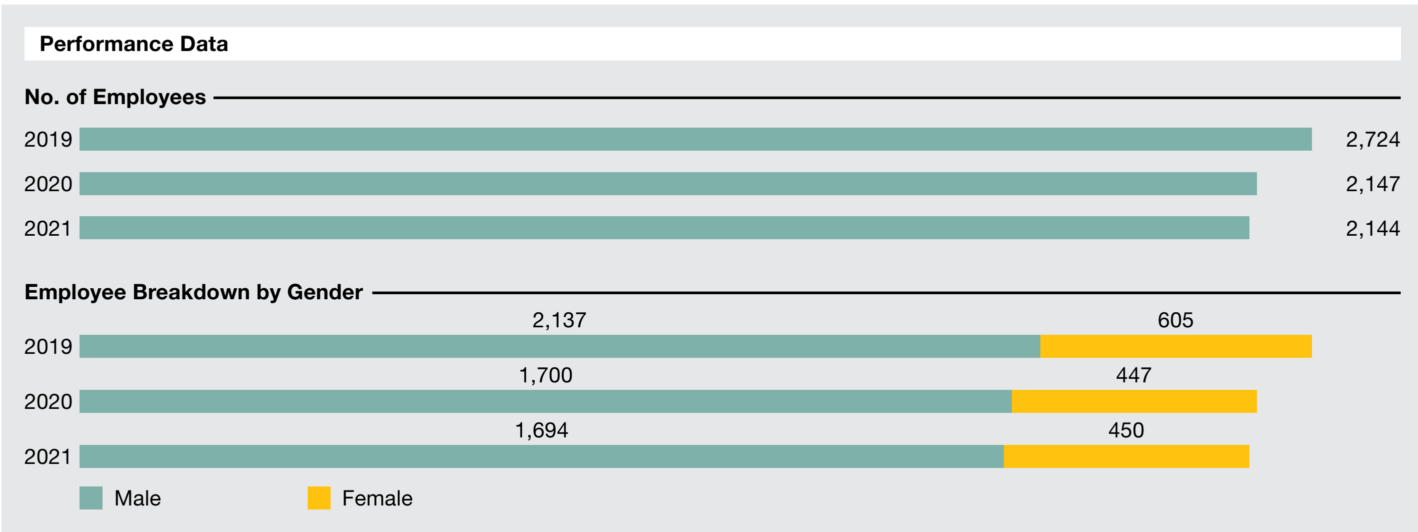
SOCIAL & COMMUNITY

DIVERSITY & EQUAL OPPORTUNITIES

CMS acknowledges that it owes its success to its diligent and loyal employees. As such, we are committed to creating a conducive working environment, and implementing wholesome and decent work practices that ensure the wellbeing of our employees. As embracing diversity and equality is necessary to enhance an organisation's performance and branding, we are committed to providing equal employment opportunities and merit based promotion.

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

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



Employee Welfare

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

Our employee welfare is guided by our robust policies covering healthcare to insurance, educational assistance and compassionate funds. CMS makes it a priority to ensure that all our remuneration and benefits are above the enforceable statutory minimum. The Group's pay rates and benefits are reviewed regularly to ensure that they are in line with the job market. We believe in fair pay and benefits for all workers and monitor all issues regarding income inequality closely.

Among the notable benefits are the Long Service Award, Group Term Life Insurance, Employees' Share Option Scheme ("ESOS"), Retirement Gratuity, Annual Health Screening, Work Life Balance Benefits, Educational Assistance and Annual Bonus.

SOCIAL & COMMUNITY

The year under review saw us rolling out several initiatives to encourage healthy and work life balance amidst the various lockdown periods, which led to several months of Working from Home arrangements. We introduced Work Life Balance benefits (e.g., limited claims for sportswear and health equipment) and Health and Wellness Management including organising health talks, workout sessions, Koffee Talk sessions and counselling sessions for employees. In addition, we initiated a CMS Group Compassionate Fund to provide financial support to sick employees or their immediate family members. The said fund could also be used to support employees affected by fire incidents or natural disasters such as flood.

With the continued onslaught of COVID-19, CMS continued to take precautions to keep everyone safe. All employees were advised to be fully vaccinated as required by the Ministry of Health while those who have not completed vaccination or could not be vaccinated due to medical reasons under the advice of doctors were required to work from home.

Employee Engagement

Listening to our employees is more important than ever amid the current challenging times. We acknowledge the need to connect with our employees to build and strengthen their relationship with the Company and ensure that our employees share the Company's vision, goals and values. We aim to keep our employees engaged to shape a high performance workforce and integrate a positive work culture across the Group.

In the year under review, townhall sessions with employees of respective Divisions and Head Office were held in December 2021 to discuss important issues affecting the organisation and the workforce which strengthened employees' faith in the Group. Moving forward, we will continue to take steps to ensure our employees are kept fully engaged and motivated to achieve the Company's objectives and goals.

Talent Development

Investing in the learning and development of our people is vital for the long term sustainability of the Group. The Group is thus committed to providing every employee with training and career development opportunities through strategic measures and they include skill gap evaluations, as well as reskilling and upskilling.

This will ensure that CMS remain at the top of the ever-changing global market, leading to more profits and better retention rates. Amid the pandemic, continuous training and development opportunities were provided virtually.

In FY 2021, CMS Group invested RM211,854.91 in training and development and fulfilled 4,317 of training hours for company employees.

By Employee Category

Employee Category	Total No. of Training Hours	Average Training Hours Per Employee
Executive	879.8	5.36
Non-Executive	2,426.2	7.65
Management	883.0	12.79
Senior Management	48.0	8.00
Top Management	80.0	13.33

Human Rights

Our human rights practices are underpinned by our robust guidelines that encompass strong corporate governance practices that safeguard the rights of every stakeholder and the sustainability of the Company. We are guided by our Code of Ethics/Conduct that emphasises clauses such as "fair and equitable treatment", "protection of personal data privacy", and "no discrimination and harassment". These clauses are further supported by the "Equity, Inclusion, Diversity & Sustainability Policy", a company employment policy which underpins our commitment to creating and maintaining an equitable and harmonious work environment that encompasses recruitment, employment and career advancement, to ensuring the workplace is free from any form of discrimination and/or harassment on the basis of religion, race, descent, place of birth, gender or any other similar discriminatory biases.

Occupational Safety & Health

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

The year in review saw the Group Health, Safety, Security and Environment department organising the 'COVID-19 Management in the Workplace' initiative to ensure employees are compliant with the Standard Operating Procedures ("SOPs") and to maintain a safe working environment across all business operations.

SOCIAL & COMMUNITY

Community Investment & Development

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

CMS continues to work closely with institutions and communities to promote local economic growth by integrating community investment as part of our business strategy.

To ensure the Group's corporate philanthropy arm operates in a manner that aligns with our business activities, corporate values and social responsibility, we are guided by the Group's Corporate Philanthropy & Community Investment Policy which is also supported by other policies including the Anti-Bribery & Anti- Corruption Policy and the Gifts of Hospitality Policy.

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

Corporate Philanthropy Initiatives

A total of
56
Initiatives were carried out

54 under People

2 under Planet

CMS Group contributed a total of
RM845,404.53
in these initiatives.

Employee Volunteerism Initiatives

A total of
9,031 hours
were invested by CMS employees in volunteerism under the following initiative pillars:

i	ii	iii	iv	v
Rebuilding Communities	Sustaining Charitable Organisations	Environmental & Health Awareness	Saving Lives	Community Clean-up

In 2021, CMS employees raised a total of RM35,708.51 for the local community.

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

YBHG. GENERAL DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HJ ZAINUDDIN (RETIRED)

Group Chairman
Senior Independent,
Non-Executive Director

Age: **73**

Gender: **Male**

Nationality: **Malaysian**

Date appointed to the Board:
9 August 2021

Number of Board meetings attended:
9/9

Shareholding in CMS
Nil

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

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

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

General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi (R) is the Chancellor of Asia Metropolitan University (AMU) since June 2015, and also the Pro-Chancellor of University Sultan Azlan Shah (USAS) since December 2018. He was awarded an Honorary Doctorate in Management of Defense and Strategic Studies from National Defence University of Malaysia, also known as Universiti Pertahanan Nasional Malaysia (UPNM) in 2016.

Other Current Appointments
- Chairman of Genting Plantations Berhad
- Director of Genting Malaysia Berhad, Bintang Capital Partners Berhad, Only World Group Berhad, SOGO (K.L.) Department Store, as well as Nishiin-Panmatex (M) Sdn Bhd

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

Key Committees

A	Group Audit Committee Member	R	Group Risk Committee Member	NR	Nomination & Remuneration Committee Member
DT	Digital Transformation Committee	☐	Chair of Committee	E	Employees' Share Option Scheme Committee Member

NR DT R

YBHG. DATO SRI MAHMUD ABU BEKIR TAIB

Deputy Group Chairman
Non-Independent,
Non-Executive Director

Age: **58**

Gender: **Male**

Nationality: **Malaysian**

Date appointed to the Board: **23 January 1995**

Number of Board meetings attended:
16/21

Shareholding in CMS
Direct – 1,000,000 ordinary shares
Indirect – 4,407,100 ordinary shares

Academic/Professional Qualifications
Tertiary education in USA and Canada

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

Other Current Appointments
- Chairman of Sarawak Cable Berhad
- Director of CMS subsidiary companies, associate company and joint venture company with Sarawak Economic Development Corporation

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

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

YBHG. DATO SRI SULAIMAN ABDUL RAHMAN B ABDUL TAIB

Group Managing Director

Age: **53**

Gender: **Male**

Nationality: **Malaysian**

Date appointed to the Board: **22 June 2021**

Number of Board meetings attended:
11/11

Shareholding in CMS
Direct – 6,790,400 ordinary shares

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

Skills & Experience
Dato Sri Sulaiman Abdul Rahman b Abdul Taib ("Dato Sri Sulaiman") was appointed as a Director of the Company on 22 June 2021 and redesignated as Group Managing Director on 8 July 2021. He is the former Deputy Minister of Tourism for the Government of Malaysia (March 2008 - December 2009) and was a member of Parliament Malaysia (2008 - 2013). Dato Sri Sulaiman was appointed to the Board of CMS in 1995 and retired in 2008.

During his tenure at CMS, he held the position of Group Chairman, Group Deputy Chairman, Acting Group CEO and Group Executive Director. He was also the Executive Chairman of RHB Capital Berhad (2003 - 2006) and chairman of boards for various companies including Rashid Hussain Berhad, RHB Insurance Berhad, RHB Asset Management Sdn Bhd, RHB Research Institute Sdn Bhd, CMS Property Development Sdn Bhd, and CMS Works International Ltd. Other previous notable non-executive directorships include Sarawak Securities Sdn Bhd, Malaysian Industry-Government Group for High Technology Sdn Bhd (MIGHT) Utama Banking Group Berhad, K&N Kenanga Holdings Berhad, Bank Utama (Malaysia) Berhad, Utama Merchant Bank Berhad, RHB Islamic Bank Berhad, RHB Sakura Bankers Berhad and RHB Bank Berhad.

Other Current Appointments
- Director of CMS subsidiary and associate companies

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

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

YBHG. TAN SRI DATUK AMAR (DR.) HAJI ABDUL AZIZ BIN DATO HAJI HUSAIN

Non-Independent, Non-Executive Director

Age: **71**

Gender: **Male**

Nationality: **Malaysian**

Date appointed to the Board: **1 November 2020**

Number of Board meetings attended:
21/21

Shareholding in CMS
Direct – 60,000 ordinary shares

Academic/Professional Qualifications
- Bachelor in Economics majoring in Business Administration from the University of Malaya, Malaysia
- Masters in Business Administration majoring in Finance from the Syracuse University, New York, United States of America

Skills & Experience
Tan Sri Aziz has served in the Sarawak State Government in various capacities since 1973, his last appointment being that of the Sarawak's State Secretary in August 2000 until his retirement in December 2006.

Other Current Appointments
- Chairman of Sarawak Economic Development Corporation ("SEDC"), a substantial shareholder of CMS
- Chairman of joint venture companies with SEDC, PPES Works (Sarawak) Sdn Bhd and SEDC Resources Sdn Bhd
- Chairman of Sarawak Skills Development Centres
- Director of Eksons Corporation Berhad, Borneo Housing Mortgage Finance Berhad, Permodalan Satok Berhad, Yayasan Ilmu Sarawak and several joint venture companies with SEDC

Tan Sri Aziz has not been convicted of any offence (other than traffic offences) within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

Number of Board meetings attended:
21/21

Shareholding in CMS
Direct – 15,900 ordinary shares

Academic/Professional Qualifications
- Chemical Engineering Degree from the University of Surrey, United Kingdom
- Fellow of the Institute of Chemical Engineers, UK and a professional engineer registered with the Board of Engineers Malaysia

Skills & Experience
Datuk Ir. Kamarudin has over 35 years of tenure in petrochemical and refinery with a wide range of experience in operations, asset management, health, safety & environment, technical & commercial services, project & corporate studies, audit and business development. He started his career as a process engineer with ESSO, followed by PETRONAS where he served in various senior management roles. His last appointment at PETRONAS was as a Vice President, Petchem. Datuk Ir. Kamarudin also served as a member of the PETRONAS Management Committee and was a former chairman and member of boards of various subsidiaries and affiliate companies within the PETRONAS Group. He is now semi-retired from PETRONAS since May 2017 and is currently managing a consulting company providing artificial intelligence and machine learning to the oil and gas industry.

Other Current Appointments
- Chairman of CMS subsidiary company, Malaysian Phosphate Additives (Sarawak) Sdn Bhd
- Director of a CMS subsidiary company

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

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

Number of Board meetings attended:
20/21

Shareholding in CMS
Direct – 200,000 ordinary shares

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

Skills & Experience
Madam Umang has been working in the private sector as a Director of a number of companies.

Other Current Appointments
- Independent Non-Executive Director of Ta Ann Holdings Berhad
- Member of the Board of Trustees of The Iban Women Charitable Trust
- Director of several CMS subsidiary companies and a joint venture company with Sarawak Economic Development Corporation ("SEDC")

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

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

E A
NR R

DR. KHOR JAW HUEI

Independent,
Non-Executive Director

Age: **71**

Gender: **Male**

Nationality: **Malaysian**

Date appointed to the Board: **15 July 2020**

Number of Board meetings attended:
21/21

Shareholding in CMS
Nil

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

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

Other Current Appointments
- Chairman of CMS subsidiary company, CMS Cement Industries Sdn Bhd
- Director of a CMS subsidiary company

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

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

Number of Board meetings attended:
11/11

Shareholding in CMS
Nil

Academic/Professional Qualifications
- Member of Certified Public Accountant (MICPA) and Chartered Financial Analyst (CFA)

Skills & Experience
Mr. Jeyabalan started his career with Ernst & Young in 1990 and is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and a CFA Charter Holder. He is also a member of the Institute of Corporate Directors Malaysia (ICDM). He has over 26 years of experience in corporate finance, business development, real estate investment management and private equity. He was the founder, CEO and shareholder of Alpha REIT Managers Sdn Bhd, an unlisted shariah compliant REIT Manager until February 2019.

Other Current Appointments
- Managing Director of Silver Formula Capital Sdn Bhd
- Independent Director and Risk Management and Audit Committee Chairperson of Merchantrade Asia Sdn Bhd

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

EXPERIENCED, EFFECTIVE AND DIVERSE LEADERSHIP

NR DT R

YBHG. DATO' MAZNAH BINTI ABDUL JALIL

Independent,
Non-Executive Director

Age: **68**

Gender: **Female**

Nationality: **Malaysian**

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

Number of Board meetings attended:
2/2

Shareholding in CMS
Nil.

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

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

Other Current Appointments
- Non-Independent Non-Executive Director of Boustead Heavy Industries Corporation Berhad
- Senior Independent Non-Executive Director of Innature Berhad
- Independent Non-Executive Director of Malayan Flour Mills Berhad
- Director of Opus Asset Management Sdn Bhd, Pavilion Reit Management Sdn Bhd, SCS Global Advisory (M) Sdn Bhd and Lembaga Angkatan Tentera

Dato' Maznah has no family relationship with any other director and/or major shareholder of the Company. She has not been convicted of any offence (other than traffic offences) within the past 5 years and any public sanction/penalty imposed by the relevant regulatory bodies during the financial year.

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

Age: 53	Nationality: Malaysian
Gender: Male	Date Joined CMS: 8 July 2021

Responsibilities

- Responsible for developing and implementing the Group's strategic plans as approved by the Board and managing the entire operations of the Group in line with the strategic plans for the benefit of all stakeholders.

Skills & Experience

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

Academic/Professional Qualifications

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

Other Current Appointments

- Director of CMS Subsidiary and associate Companies

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

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

KANESAN VELUPPILLAI

Chief Strategic Communications Officer

Age: 62
Gender: Male
Nationality: Malaysian
Date Joined CMS: 1 September 2021

Responsibilities

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

Skills & Experience

- He has over 35 years of experience in financial services, automotive, property and infrastructure, transportation and oil & gas sectors.
- He has served various companies in various senior management capacities namely CEO, US Artbank International Ltd; Deputy CEO, Scomi Group Berhad; International Business Director, Rex Berhad/Safeguards Group; CEO, Scomi Engineering; Head Group Corporate Communications, RHB Capital Berhad; Group Director – Strategic Communications, DRB-HICOM Group; and General Manager – Corporate Services, Credit Corporation Malaysia.

Academic/Professional Qualification

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

Other Current Appointments

- Director, CMS Capital Sdn Bhd
- Director, Samalaju Properties Sdn Bhd
- Director, Samalaju Industries Sdn Bhd
- Director, Samalaju Hotel Management Sdn Bhd

MASTURA MANSOR

Chief of Staff

Age: 57
Gender: Female
Nationality: Malaysian
Date Joined CMS: 1 November 2021

Responsibilities

- Works together with the senior leadership team to streamline procedures and enhance collaboration and coordination within the Group.
- Oversees Group Procurement, Group Human Resources, Group General Counsel and Group Company Secretary.

Skills & Experience

- She has over 30 years of experience in production planning, human resources, supply chain management and managing companies' overall operations in diverse industries such as automotive, rail, oil & gas, and marine transportation.
- She was the Country President – Indonesia/Country Head of Malaysia Business for Scomi Energy Services Berhad. She has served several companies in various senior management capacities namely: President Director of PT Rig Tenders tbk, Vice President, Global Supply Chain Management, Scomi Oiltools & Vice President, Strategic Procurement and Contracts for Scomi Rail; Head of Human Resources, Scomi Group; and Head of Human Resources, Proton. Her area of expertise is in Business Management, Supply Chain Management and Human Resources.

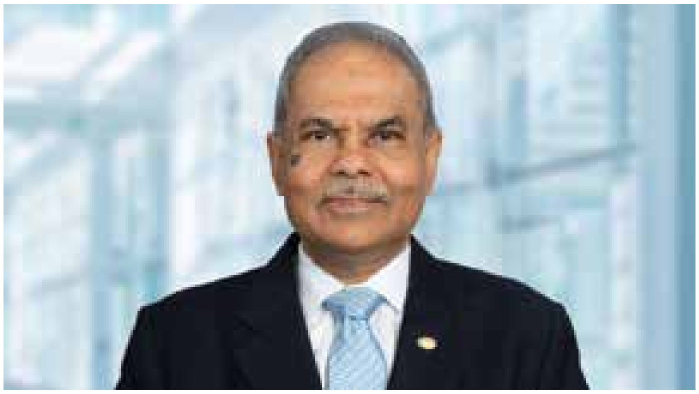
Academic/Professional Qualification

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

Other Current Appointments

- Director, Perstima Berhad
- Director, Cahya Mata Sabah Sdn Bhd
- Director, CMS Hotels Sdn Bhd
- Director, Malaysian Phosphate Additives (Sarawak) Sdn Bhd
- Director, Samalaju Properties Sdn Bhd
- Director, Cahya Mata Sarawak Management Services Sdn Bhd
- Director, CMS Education Sdn Bhd

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE



MOHAMED SIRAJ ABDUL RAZACK

Chief Technical Officer

Age: 65

Gender: Male

Nationality: Malaysian

Date Joined CMS: 1 November 2021

Responsibilities

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

Skills & Experience

- He has over 40 years of experience in upstream, midstream and downstream oil & gas, engineering, environmental/waste management businesses.
- He has served various companies in senior leadership and management positions namely: Advisor to Executive Director, MRCB; Director of Projects & Executive Projects Sponsor, Petrofac ECOM, Asia Pacific; Senior Vice President, Wasco Energy/CEO, Petro-Pipe (Sabah) Sdn Bhd; Director, Hicom Petro Pipe Board, DRB-HICOM Berhad; Director, PPSC Sdn Bhd, DRB HICOM Berhad; CEO, Alam Flora Sdn Bhd; CEO, Gas Malaysia Sdn Bhd; and Managing Director of Oil & Gas Division, MMC Bhd.
- His areas of expertise cover program and project management of engineering and complex EPCC projects, contract management, quality management, health, safety & environmental management, strategic planning and business planning of start-ups and ongoing companies and other related corporate experience.

Academic/Professional Qualification

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

Other Current Appointments

- Director, Samalaju Industries Sdn Bhd

SHAUN MOK CHEK WEI

Group Chief Operating Officer
Head, Property Development Division

Age: 39

Gender: Male

Nationality: Malaysian

Date Joined CMS: 1 May 2020

Responsibilities

- Responsible for the Group's traditional core businesses, namely Cement, Construction Materials & Trading, Construction and Road Maintenance whilst also driving the Group's sustainability initiatives.
- As the Head of the Group's Property Development Division, he is responsible for the strategic direction, management and performance of the Division. He focuses on the conceptualisation and delivery of the Group's land banks, as well as identification of strategic development opportunities to ensure a robust pipeline of projects to propel the Division into its next phase of growth.

Skills & Experience

- He established his career in property development and consultancy services holding various management and directorial positions in companies across Australia and Malaysia.
- Prior to joining CMS, he was the Chief Operating Officer at Triterra Sdn Bhd, a property development company in Kuala Lumpur.

Academic/Professional Qualification

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

Other Current Appointments

- Director of several CMS subsidiary and associate companies

RAMESH RAMANKUTTY

Chief Risk Officer

Age: 64
Gender: Male
Nationality: Malaysian
Date Joined CMS: 1 October 2021

Responsibilities

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

Skills & Experience

- He has over 45 years of experience in the banking, financial, gaming, leisure and hospitality, power generation, oil and gas, plantations, biotechnology and property development sectors.
- He has served multiple companies in various senior management capacities namely, Vice President, Nagaworld, Phnom Penh, Cambodia; Head Risk Management, Genting Berhad; and Vice President, JP Morgan – Labuan, Malaysia.

Academic/Professional Qualification

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

Other Current Appointments

- Director, Projek Bandar Samariang Sdn Bhd

MUKHNIZAM BIN MAHMUD

Acting Group Chief Financial Officer

Age: 56
Gender: Male
Nationality: Malaysian
Date Joined CMS: 15 February 2022

Responsibilities

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

Skills & Experience

- He has had over 30 years of experience serving companies in Malaysia, Singapore and Indonesia in diverse industries such as plantation, bulking, manufacturing, telecommunications, transportation and oil & gas. He has served various companies in senior leadership and management positions namely: Group Chief Financial Officer, Scomi Group Berhad; Chief Financial Officer, Scomi Group Berhad; Finance Director, PT Rig Tender Tbk; Chief Financial Officer/President, Scomi Marine Berhad; Chief Financial Officer, CH Offshore LTD; Executive Director, Kaspadu Sdn Bhd; Head, Finance Division, Nationwide Express Courier Services Berhad; and Assistant Vice President, Kumpulan Fima Berhad.
- His area of expertise is in Corporate Finance, Corporate & Strategic Plannig and Business Development.

Academic/Professional Qualification

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

Other Current Appointments

- Nil.

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

KARL VINK

Chief Information Officer

Age: 44
Gender: Male
Nationality: Malaysian
Date Joined CMS: 1 October 2021

Responsibilities

- Responsible for the overall management and operations of CMS I-Systems Sdn Bhd.
- Overseeing a team of IT employees, systems, networks/servers, applications and support services throughout the Group.

Skills & Experience

- He completed his education in Australia and has established a career of over 20 years in IT, Technology and Mass Communications across South East Asia, North America and Europe.
- Prior to joining CMS, he served as the Chief Executive Officer of Silver Lining Systems (SLS) Sdn Bhd/Silver Lining Software Pvt Ltd, which provides cloud solutions in the Asia region. He has also held various senior positions in Data Forest Sdn Bhd and Data Forest Inc., USA, Cocoon Security Sdn Bhd, JKV Media UG, Germany, Syrius Productions, and AV Solutions.

Academic/Professional Qualification

- Nil.

Other Current Appointments

- Director, CMS I-Systems Sdn Bhd

SUHADI SULAIMAN

Head, Cement Division

Age: 51
Gender: Male
Nationality: Malaysian
Date Joined CMS: 1 March 2005

Responsibilities

- Responsible for the strategic direction, performance and management of the Division.
- Responsible for all day-to-day management decisions and for implementing the Division's long and short-term plans which covers the production of semi-finished product clinker, production of various grades of Portland Cement and the production of downstream products such as ready-mix concrete and precast concrete products such as the Industrialised Building System (IBS) components and solutions.

Skills & Experience

- He has more than 25 years of experience in various industries in Kuala Lumpur and Sarawak.
- He has various experiences in the CMS Group with the unique position of having been in the positions of user/customer, dealer and now manufacturer of cement and concrete.
- Since joining CMS, he has also held positions in the Construction & Road Maintenance Division and CMS Infra Trading Sdn Bhd.
- He assumed his current position on 1 August 2017.

Academic/Professional Qualification

- Bachelor Degree in Accountancy, Universiti Teknologi MARA (UiTM)
- Council Member of The Cement and Concrete Association of Malaysia
- Member of The Federation of Malaysian Manufacturers

Other Current Appointments

- Managing Director, CMS Cement Industries Sdn Bhd
- Director, CMS Cement Sdn Bhd
- Director, CMS Cement Industries Sdn Bhd
- Director, CMS Concrete Products Sdn Bhd
- Director, SACOFA Sdn Bhd

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

ROZITA MOHAMAD IBRAHIM

Head, Construction Division

Age: 48
Gender: Female
Nationality: Malaysian
Date Joined CMS: 1 January 2021

Responsibilities

- Overseeing the management and development of the Construction Division which includes all support services functions – Finance, HR, Administration, Contract Management, Business Development, Commercial, Compliance, Safety & Health, Risk Management and Quality.

Skills & Experience

- She has an established career spanning 25 years in the Government sector.
- She was the Executive Engineer/Network Modeller in the Kuching Water Board for 23 years.
- She held the position as Director for Engineering and Project Management Divisions in Sarawak Economic Development Corporation (SEDC) in 2020.

Academic/Professional Qualification

- Bachelor of Civil Engineering (B.Eng) (Hons), University of Leeds, UK

Other Current Appointments

- Managing Director, PPES Works (Sarawak) Sdn Bhd

DEREK CHEE HUONG XING

Head, Construction Materials & Trading Division

Age: 34
Gender: Male
Nationality: Malaysian
Date Joined CMS: 1 March 2020

Responsibilities

- Responsible for the strategic direction, management and performance of the Division's quarrying, premix, trading, wires and related services businesses.

Skills & Experience

- He established a career in the quarry and construction industry, holding directorial and management positions in companies throughout Sarawak.
- Prior to joining CMS, he was a director of RDA Industries Sdn Bhd, a company involved in civil construction work.
- He joined CMS as Head, Construction Materials & Trading Division on 1 March 2020.

Academic/Professional Qualification

- Bachelor in Engineering (Mechanical), Sheffield Hallam University

Other Current Appointments

- Managing Director, SEDC Resources Sdn Bhd
- Director of several CMS subsidiary companies

DELIVERING OUR STRATEGY, DRIVING PERFORMANCE

TIONG HUO CHIONG

Chief Executive Officer,
Malaysian Phosphate Additives (Sarawak) Sdn Bhd

Age: 64

Gender: Male

Nationality: Malaysian

Date Joined CMS: 1 October 2018

Responsibilities

- Responsible for leading the formulation and implementation of the strategic plan and direction, management and performance of Malaysian Phosphate Additives (Sarawak) Sdn Bhd (MPAS), which includes the ongoing pre-commissioning, commissioning, and thereafter the operation of MPAS plant at Samalaju, Bintulu.

Skills & Experience

- He has a total of 40 years of experience in Electricity Power Utility and Petroleum Industry in the field of major Project Execution, Plant Maintenance, Plant Turnaround Management, Project Feasibility Study, Design, Procurement, Construction and Commissioning Management.
- He joined SESCO as an Electrical Engineer from 1981 to 1988. He later joined Asean Bintulu Fertiliser Sdn Bhd (ABF) of PETRONAS at Bintulu, Sarawak as an Electrical Engineer in 1988 and moved up to Electrical Maintenance/Engineering Service/Project Service Manager until 2000. He was then assigned to project management as a Senior Project Manager for a plant revamp project in 2001, Senior Manager of Maintenance at ABF and Senior Manager of Engineering at Ethylene and Polyethylene Plant at Kertih, Terengganu, Project Execution Director of Sabah Ammonia and Urea (SAMUR) project at Sipitang, Sabah, and Project Manager for Electrical & Instrumentation of Utilities and Interconnecting Package for Refinery & Petrochemical Integrated Plant (RAPID) at Pengarang, Johor until 2018.
- He joined Malaysian Phosphate Additives (Sarawak) Sdn Bhd as Project Director in 1 October 2018 and was reappointed as Chief Executive Officer on 1 March 2021.

Academic/Professional Qualification

- Bachelor of Science in Electrical Engineering (Distinction), University of Saskatchewan, Canada
- Professional Engineer, Board of Engineers, Malaysia (BEM)
- Fellow of The Institution of Engineers, Malaysia (FIEM)
- Chartered Engineer, C. Eng. (UK)
- Member of the Institute of Engineering and Technology (IET), UK
- Electrical Competent Engineer, Suruhanjaya Tenaga, Malaysia

Other Current Appointments

- Nil.

IR. DR. MD ZARULAZAM MD EUSOFE

Managing Director,
CMS Roads Sdn Bhd

Age: 40

Gender: Male

Nationality: Malaysian

Date Joined CMS: 18 April 2022

Responsibilities

- Responsible for overseeing and achieving Road Maintenance Division's and the annual business/operational goals and objectives.

Skills & Experience

- He has over 17 years of experience in industries such as property development, road and highway engineering.
- He has served various companies in leadership and management positions such as: General Manager/Head of SUKE, Prolintas Holdings Sdn Bhd; Senior Manager, Prolintas Holdings Sdn Bhd; Assistant General Manager, Ekovest Berhad; and Assistant Director, Malaysian Highway Authority.

Academic/Professional Qualification

- Bachelor of Engineer in Civil Engineering (Hons), University Putra Malaysia
- Master of Business Administration, University Utara Malaysia
- PHD in Civil Engineering, University of Birmingham
- Certified Professional Engineer with a Practising Certificate (BEM)
- Certified Member of the ASEAN Chartered Professional Engineer
- Member/Talent Pool Committee of the Road Engineering Association, Malaysia
- Member of Chartered Institute of Highway & Transportation, UK

Other Current Appointments

- Nil.

Unless stated specifically, all Senior Management do not have any family relationship with any director and/or major shareholder of the listed issuer, any conflict of interest with the listed issuer, any convictions for offences within the past 5 years other than traffic offences, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("the Board") and Management of CMSB are pleased to present the Corporate Governance Overview Statement ("CGOS"), which highlights key areas on how the Company complies with the principles, practices and step-ups of the Malaysian Code on Corporate Governance 2021 ("MCCG 2021"), for the year 2021.

While the landscape is still reeling from the effects of the COVID-19 pandemic, the Board is committed to the adoption of the code and principles of corporate governance policies and practices based on the MCCG 2021, which supports the building of long-term resilience of the Group.

This CGOS is complemented with a Corporate Governance Report ("CG Report 2021"), prepared in accordance with the prescribed format pursuant to paragraph 15.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and is made available on the Company's website at www.cmsb.my and the Bursa Securities website. The CG Report 2021 provides a detailed explanation of how the Company has applied each Practice under the MCCG during financial year 2021 ("FY2021") which are broadly categorised as follows:

(i) **Principle A:**
Board leadership and effectiveness;

(ii) **Principle B:**
Effective audit and risk management; and

(iii) **Principle C:**
Integrity in corporate reporting and meaningful relationship with stakeholders.

BOARD LEADERSHIP AND EFFECTIVENESS

The Board is responsible for formulating and reviewing key policies and charting the course of the Group's business operations. The Board, through the Group Audit Committee, Group Risk Committee, Nomination & Remuneration Committee, Digital Transformation Committee and Employees' Share Option Scheme Committee, provides effective oversight of the Management's performance, risk assessment and controls over business operations, and compliance with regulatory requirements. The Board is responsible for determining the nature and extent of the principal risks it is willing to take in achieving its strategic objectives. The key responsibilities of the Board are disclosed in the Group's Corporate Governance Report for the financial year ended 31 December 2021 which can be downloaded from corporate website at www.cmsb.com. The Board has delegated its authority to various Board Committees to enable them to support the Board effectively in accordance with their TOR.

The Board as at 12 April 2022 comprises only one Executive Director and a strong presence of eight (8) Non-Executive Directors, of whom five (5) or more than half of the Board Members are Independent Non-Executive Directors. The presence of a majority of Independent Non-Executive Directors provides effective check and balance in the functioning of the Board to safeguard the interests of the Group and all stakeholders.

ROLES OF CHAIRMAN, MANAGING DIRECTOR AND NON-EXECUTIVE DIRECTORS

The Board has established the roles and responsibilities of the independent non-executive Chairman which are distinct and separate from the duties and responsibilities of the Managing Director. This segregation between the duties of the Non-Executive Chairman and the Managing Director ensures an appropriate balance of role, responsibility and accountability at Board level. The Non-Executive Directors scrutinise the performance of Management in meeting key performance targets and monitor the reporting of performance. The Non-Executive Directors are responsible to satisfy themselves on the integrity of financial information and that financial controls and system of risk management are robust and defensible. Specifically the Independent Non-Executive Directors engage with the external and internal auditors to address matters concerning the oversight of management and other oversight functions of the Group's business and operations to provide a further check and balance role for all stakeholders. The roles are depicted on page 68.

BOARD LEADERSHIP AND EFFECTIVENESS

COMPOSITION OF THE BOARD

1 Chairman (Senior Independent Non-Executive Director)

1 Deputy Group Chairman (Non-Independent Non-Executive Director)

OUR GOVERNANCE FRAMEWORK

The Group's primary decision-making body is the Board. It is accountable to shareholders for the Group's financial and operational performance, and is responsible for setting the strategy and ensuring that risk is managed effectively. The Board maintains a schedule of items which it is required to consider and approve. We review this schedule regularly and update it to reflect developments in corporate governance and emerging practice.

MATTERS RESERVED FOR THE BOARD

a. Group strategy, plans and budgets
b. Approval of audited and quarterly financial statements
c. Constitution of the Company including amendments
d. Terms of Reference of Board and Board Committees
e. Appointment and/or removal of external auditors and auditors' remuneration
f. Corporate exercise including new business activities and/or ventures
g. Key policies of the Group
h. Group organisational structure

RISK/OPPORTUNITY

CONTROL/ASSURANCE

DIRECTORS

Directors	Attendance
General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin *(Retired)* *Senior Independent Non-Executive* *(Appointed on 09.08.2021)* *(Redesignated as Chairman w.e.f. 01.10.2021)*	9/9
Dato Sri Mahmud Abu Bekir Taib *Deputy Group Chairman, Non-Independent Non-Executive*	16/21
Dato Sri Sulaiman Abdul Rahman B Abdul Taib *(Appointed on 22.06.2021)* *(Redesignated as Group Managing Director on 08.07.2021)*	11/11
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain *Non-Independent Non-Executive*	21/21
Datuk Ir. Kamarudin bin Zakaria *Independent Non-Executive*	21/21

GROUP AUDIT COMMITTEE ("GAC")

The GAC assists and supports the Board's responsibility of overseeing the Group's operations by reviewing the Group's processes for producing financial information, internal controls and policies and procedures to assess the suitability, objectivity and independence of the Group's external auditors and internal audit functions.

DIRECTORS	ATTENDANCE
Jeyabalan A/L S.K. Parasingam (Chairman) *(Appointed as Chairman on 28.06.2021)*	8/8
Datuk Ir. Kamarudin bin Zakaria	12/13
Umang Nangku Jabu	12/13
Dr. Joe Khor Jaw Huei	13/13
Ho Heng Chuan *(Ceased as Chairman on 21.06.2021)*	5/5

NOMINATION & REMUNERATION COMMITTEE ("NRC")

The NRC assists and supports the Board's responsibility on matters related to nomination of new Directors, Board and Senior Management succession planning and annual assessment of Board, Board Committees and individual Directors' performance. The NRC also oversees the remuneration framework for the Board and employees in the Group.

DIRECTORS	ATTENDANCE
Dato' Maznah binti Abdul Jalil *(Chairman)* *(Appointed as Chairman on 15.11.2021)*	2/2
Dato Sri Mahmud Abu Bekir Taib	12/12
Dr. Joe Khor Jaw Huei *(Appointed on 28.06.2021)*	10/10
Tan Sri Abdul Rashid bin Abdul Manaf *(Stepped down as Chairman and remained as member w.e.f. 25.02.2021. Ceased as member on 30.09.2021)*	7/7
Jeyabalan A/L S.K. Parasingam *(Appointed as Chairman on 28.06.2021 and stepped down w.e.f. 15.11.2021)*	8/8
Ho Heng Chuan *(Appointed as Chairman on 25.02.2021 and ceased on 01.06.2021)*	2/2
Datuk Seri Dr. Michael Yam Kong Choy *(Stepped down as member on 25.02.2021)*	N/A

GROUP MANAGING DIRECTOR

- Has the day-to-day responsibility of managing the Group's operations
- Makes decisions on matters affecting operations, performance and strategy
- Provides leadership and direction to the Senior Management

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

Principle A — BOARD LEADERSHIP AND EFFECTIVENESS

- Board Responsibilities
- Board Composition
- Remuneration

For more information about BOARD LEADERSHIP AND EFFECTIVENESS, please refer to pages 66 to 73.

Principle B — EFFECTIVE AUDIT AND RISK MANAGEMENT

- Audit Committee
- Risk Management and Internal Control Framework

For more information about EFFECTIVE AUDIT AND RISK MANAGEMENT, please refer to pages 74 to 77.

1 Executive Director	2 Non-Independent Non-Executive Directors	4 Independent Non-Executive Directors	596 Board Hours	96.7% Attendance

As shown in the diagram below, the Board has delegated certain responsibilities to a number of committees. The Board retains overall accountability and the Committee Chairs are responsible for reporting back to the Board on the Committees' activities. Minutes of the Committees' meetings are made available to all the Directors. Both the Board Charter and Committee Terms of Reference are reviewed regularly and available online.

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

BOARD MEETING

Director	Attendance
Dr. Joe Khor Jaw Huei *Independent Non-Executive*	21/21
Jeyabalan A/L S.K. Parasingam *Independent Non-Executive (Appointed on 22.06.2021)*	11/11
Dato' Maznah binti Abdul Jalil *Independent Non-Executive (Appointed on 15.11.2021)*	2/2
Umang Nangku Jabu *Non-Independent Non-Executive*	20/21
Tan Sri Abdul Rashid bin Abdul Manaf *Independent Non-Executive* *(Retired as Group Chairman on 30.09.2021)*	14/16
Dato Isaac Lugun *Non-Independent Non-Executive* *(Retired on 07.08.2021)*	12/12
Ho Heng Chuan *(Resigned on 21.06.2021)*	10/10
Datuk Seri Dr. Michael Yam Kong Choy *Non-Independent Non-Executive* *(Resigned on 21.06.2021)*	10/10
Peter Chin Mui Khiong *Independent Non-Executive* *(Retired as Independent Non-Executive on 31.05.2021)*	10/10

GROUP RISK COMMITTEE ("GRC")

The GRC assists and supports the Board in overseeing the risk management framework for the Group.

DIRECTORS	ATTENDANCE
Datuk Ir. Kamarudin bin Zakaria *(Chairman)* *(Appointed as Chairman on 25.02.2021)*	4/4
Datuk Seri Dr. Michael Yam Kong Choy *(Stepped down as Chairman on 25.02.2021)*	1/1
Dr. Joe Khor Jaw Huei	4/4
Dato Isaac Lugun *(Ceased as member on 07.08.2021)*	2/2
Peter Chin Mui Khiong *(Ceased as member on 31.05.2021)*	2/2
Dato Sri Mahmud Abu Bekir Taib *(Appointed as member on 15.11.2021)*	2/2
Dato' Maznah binti Abdul Jalil *(Appointed as member on 15.11.2021)*	2/2

DIGITAL TRANSFORMATION COMMITTEE ("DTC")

The DTC assists and supports the Board's 5-year Digital Transformation initiative for the Group from 2019-2023 for the Group.

DIRECTORS	ATTENDANCE
Jeyabalan A/L S.K. Parasingam *(Chairman)* *(Appointed as Chairman on 15.11.2021)*	1/1
Dato Sri Mahmud Abu Bekir Taib *(Stepped down on 28.06.2021 and appointed as a member on 15.11.2021)*	1/1
Tan Sri Datuk Amar (Dr.) Haji Abdul Aziz bin Dato Haji Husain *(Appointed as Chairman on 28.06.2021 and stepped down on 15.11.2021)*	N/A
Datuk Seri Dr. Michael Yam Kong Choy *(Ceased as member on on 21.06.2021)*	N/A
Datuk Ir. Kamarudin bin Zakaria *(Stepped down as member on 15.11.2021)*	N/A
Dr. Joe Khor Jaw Huei *(Stepped down as member on 15.11.2021)*	N/A
Umang Nangku Jabu	1/1
Dato' Maznah binti Abdul Jalil *(Appointed as member on 15.11.2021)*	1/1

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE ("ESOS")

The ESOS Committee was formed on 30 October 2020 to administer the Company's ESOS which was implemented on 13 November 2020.

DIRECTORS	ATTENDANCE
Dr. Joe Khor Jaw Huei *(Chairman)* *(Appointed as Chairman on 28.06.2021)*	1/1
Datuk Ir. Kamarudin bin Zakaria	1/1
Umang Nangku Jabu *(Appointed as member on 28.06.2021)*	1/1
Peter Chin Mui Khiong *(Ceased as Chairman on 31.05.2021)*	N/A

- Coordinates all activities to implement strategy for managing the business in accordance with the Group's risk appetite and business plan set by the Board
- Promotes the Company's culture and standards

Principle C — INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

- Engagement with Shareholders
- Conduct of General Meeting

For more information about INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS, please refer to pages 78 to 82.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report Card which is accessible online on our website at www.cmsb.my.

BOARD LEADERSHIP AND EFFECTIVENESS

ROLES AND RESPONSIBILITIES

GROUP CHAIRMAN

- Leadership of the Board
- Leads the Board in establishing and monitoring good corporate governance practices in the Company
- Oversees the effective discharge of the Board's fiduciary duties
- Sets the Board agenda and ensure Board members receive complete, clear and accurate information in a timely manner
- Leads in discussions at meetings and ensures effective and efficient conduct of Board meetings
- Manages Boardroom dynamics and encourages active participation, promoting open debate and allowing dissenting views to be freely expressed thus facilitating the effective contribution of all Directors
- Schedules regular and effective evaluation of the Board's performance
- Promotes constructive and respectful relations between Board members and between the Board and Senior Management
- Ensures the Directors have access to necessary training programmes or materials that match up with the identified development areas
- Ensures steps are taken for effective communications with stakeholders

INDEPENDENT NON-EXECUTIVE DIRECTORS

- Independent of management and free from any business or other relationships which could materially interfere with the exercise of their independent judgement
- Provide unbiased and independent views in their deliberations
- Provide an objective, independent and balanced view in the Board's deliberations

NON-INDEPENDENT NON-EXECUTIVE DIRECTORS

- Review and challenge Management's strategic proposals taking into consideration the risks involved, merits of the transactions and/or business arrangements
- Monitor Management's implementation of the approved strategies

GROUP MANAGING DIRECTOR

- Implementation of broad policies and strategic investments approved by the Board
- Acts as a conduit between the Board and Senior Management
- Formulates and oversees implementation of major corporate policies and strategies adopted by the Board
- Ensures the CMS Group has an effective management team including an active succession plan and development

The principal activities of the Board are conducted at regular scheduled meetings of the Board and its committees. The Board normally meets five (5) times a year.

BOARD ACTIVITIES IN 2021

The Chair and GMD maintain regular contact with the other directors to discuss matters relating to the Group and the Board receives regular reports and briefings to ensure the directors are suitably briefed to fulfil their roles. The Non-Executive Directors (including the chair) meet as and when required in the absence of the executive directors to discuss and appraise the performance of the Board as a whole and the performance of the executive directors.

FOCUS AREAS OF BOARD ACTIVITY DURING THE YEAR

LEADERSHIP AND PEOPLE

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

FINANCIAL PERFORMANCE

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

GOVERNANCE

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

INTERNAL CONTROL AND RISK MANAGEMENT

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

STRATEGY

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

BOARD LEADERSHIP AND EFFECTIVENESS

NR

Nomination & Remuneration Committee Report

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

COMMITTEE MEMBERS

CHAIRMAN
DATO' MAZNAH BINTI ABDUL JALIL
(Appointed as Chairman on 15.11.2021)

MEMBERS
DATO SRI MAHMUD ABU BEKIR TAIB

DR. JOE KHOR JAW HUEI
(Appointed as member on 28.06.2021)

TAN SRI ABDUL RASHID BIN ABDUL MANAF
(Stepped down as Chairman and remained as member on 25.02.2021. Ceased as member on 30.09.2021)

JEYABALAN A/L S.K. PARASINGAM
(Appointed as Chairman on 28.06.2021 and stepped down w.e.f. 15.11.2021)

HO HENG CHUAN
(Appointed as Chairman on 25.02.2021 and ceased on 01.06.2021)

DATUK SERI DR. MICHAEL YAM KONG CHOY
(Stepped down as member on 25.02.2021)

More detailed information on the role and responsibilities of the Committee can be found in the Committee's Terms of Reference which can be accessed on the Company's website at www.cmsb.my

KEY RESPONSIBILITIES

- Responsible for size, structure and composition of the Board and Board Committees
- Plays a key role in the Board recruitment and selection process and recommends new appointments to the Board
- Responsible for succession planning to ensure that the Board is refreshed progressively and systematically such that the balance of skills and experience available to the Board remains appropriate to the needs of the business
- Responsible for annual evaluation of Board and Board Committees
- Recommends the appointments to the Boards of subsidiary/associate companies in the Group
- Recommends the remuneration for the Non-Executive Directors
- Recommends the appointment of key officers and remuneration packages of Senior Management
- Recommends guidelines for staff performance contract payments and salary increment
- Recommends continuing appropriate training programmes for Directors

CHAIRMAN AND GROUP MANAGING DIRECTOR

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

NOMINATION AND RECRUITMENT

The NRC plays a key role in the Board recruitment process. As part of the robust succession plan in 2021 the NRC and Board considered and approved the appointment of General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired) on 9 August 2021 and Dato' Maznah binti Abdul Jalil on 15 November 2021 as Directors of the Company. Dato Sri Sulaiman was redesignated as Group Managing Director on 8 July 2021. The candidates were identified by members of the NRC and Board as suitable candidates to join the Board as Directors based on their respective background, experience and industry knowledge.

BOARD TIME COMMITMENT

All Directors are required to obtain permission of the Board in respect of any proposed appointments to other listed company boards prior to committing to them. The Non-Executive Directors are required, by their letters of appointment, to devote sufficient time to meet the expectations of their role as required by the Board from time-to-time. The Board remains satisfied that all of the Directors spend considerably more than this amount of time on Board and Committee activity. Each of the Directors has committed to attend all scheduled Board and relevant Committee meetings and has committed to make every effort to attend ad-hoc meetings, either in person or by video call.

BOARD LEADERSHIP AND EFFECTIVENESS

ANNUAL EVALUATION OF DIRECTORS

The effectiveness of the Board is critical to the success of the Group and it is the Company's policy to conduct its Board Effectiveness Evaluation ("BEE") on an annual basis, in order to assess the effectiveness of the Board as a whole, the respective Board Committees and the contribution of individual Directors. The results of the BEE are discussed and deliberated at the NRC meetings, and recommendations to improve the Board's effectiveness are tabled to the Board.

For the year 2021, the Board engaged Boardroom Corporate Services Sdn Bhd ("BCS") to undertake an independent evaluation of the effectiveness of the main Board, its Committees and the individual Directors. The BEE exercise was carried out by BCS in assessing CMS' Board, Board Committees and individual Directors, including Independent Directors and the Group Managing Director:

- Develop an understanding of CMS' philosophy, expectations of Directors' roles and responsibilities and the current Board evaluation process deployed by the Company
- Review the Board Charter and Terms of Reference ("TOR") for CMS' Board and Board Committees as well as findings from past evaluations, the policies and procedures governing the conduct of the Board and Board Committees, including a review on the issues that have impacted the Company
- Conduct analyses based on the responses provided by Directors and insights from Directors

The BEE covered the following assessment topics wherein in each section, the respective Directors or members of the Committees responded to the questionnaires provided by BCS, who then analysed the responses from Directors and selected members of Senior Management on the following:

Assessment Topic 1	Board of Directors and Directors' Skill Set Assessments
Assessment Topic 2	Directors' Self and Peer Assessment
Assessment Topic 3	Independent Directors' Assessment
Assessment Topic 4	Audit Committee ("AC")
Assessment Topic 5	Risk Committee ("GRC")
Assessment Topic 6	Nomination and Remuneration Committee ("NRC")

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

FORMS	TO BE COMPLETED BY
Assessment Topic 1 & 2	All Directors
Assessment Topic 3	Independent Directors only
Assessment Topic 4	AC members
Assessment Topic 5	GRC members
Assessment Topic 6	NRC members

BOARD LEADERSHIP AND EFFECTIVENESS

Based on the results and comments gathered from the questionnaires, several positive highlights were identified and clustered into the following three (3) distinct themes:

Strategic partnerships	Specialist oversight on operational excellence	Responsiveness to crisis

There were also a number of improvement considerations highlighted, clustered into the following five (5) categories:

Efficacy of the nomination functionalities	Boardroom administration	Information flow to Board and Board Committees	Realignment of Non-Executive Directors' remuneration

The assessment results were presented and adopted by the Board of Directors in April 2022. Overall, the results of the evaluation were favourable. The results of the BEE 2021 assessments form the basis of the NRC's recommendations to the Board for the re-election of Directors at the forthcoming Annual General Meeting ("AGM") in 2022.

ASSESSMENT OF THE INDEPENDENCE OF NON-EXECUTIVE DIRECTORS

The Chairman is committed to ensuring the Board comprises a balance of Independent Non-Executive Directors who objectively challenge management, balanced against the need to ensure continuity in the Board. The Independent Non-Executive Directors are responsible for bringing independent and objective judgement and scrutiny to matters before the Board and its Committees. The Board considers that all of the Independent Non-Executive Directors bring considerable expertise, strong independent oversight to the Group's businesses. On an annual basis, the Board reviews the independence of its Non-Executive Directors.

The assessment of the independence of the Directors was carried out as part of the BEE 2021.

DIRECTORS' RE-ELECTION

The NRC ensures that the Directors retire and are re-elected in accordance with the relevant regulations and laws, as well as the Company's Constitution. Pursuant to Article 111 of the Company's Constitution, all Directors are subject to election by shareholders at the first AGM after their appointment. One-third (1/3) of the Directors, or if their number is not a multiple of three (3), the number nearest to one-third (1/3) with a minimum number of one (1), shall retire from office at each AGM and they may offer themselves for re-election. All Directors must submit themselves for re-election at least once in every three (3) years.

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

The NRC is responsible to recommend the Directors who are eligible to stand for re-election based on the schedule of retirement by rotation. In assessing the suitability of candidates, the NRC takes into account the competencies, contribution, commitment, tenure and other attributes, as well as the self/peer assessment based on the BEE. The NRC also assesses the Board structure and balance including independence criteria. Directors are requested to give their written consent on their intention to seek re-election at an AGM. The NRC's recommendations are then submitted to the Board and Shareholders respectively for approval.

BOARD LEADERSHIP AND EFFECTIVENESS

The Board recommends the re-election of the following Directors who will be retiring pursuant to Articles 111 and 113 at the forthcoming AGM and are standing for re-election:

ARTICLE 111

YBhg Dato Sri Mahmud Abu Bekir Taib ("Dato Sri Mahmud"), aged 58, joined the Board on 23 January 1995 as a Non-Independent Non-Executive Director and is a representative of the major shareholders. He served more than 26 years as at April 2022. The recommendation to re-elect Dato Sri Mahmud is supported by his role as the Deputy Group Chairman, a member of NRC, GRC and DTC.

YBhg Datuk Ir. Kamarudin bin Zakaria who also retires by rotation pursuant to Article 111 of the Company's Constitution, has expressed his intention not to seek re-election. Hence, he will retain office until conclusion of the 47th AGM.

ARTICLE 113

Dato Sri Sulaiman Abdul Rahman b Abdul Taib and Jeyabalan A/L S.K. Parasingam who were appointed on 22 June 2021 respectively and General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin (Retired) on 9 August 2021 and Dato' Maznah binti Abdul Jalil on 15 November 2021 as Directors of the Company. Pursuant to Article 113 they are required to submit themselves for election at their first AGM which is the 47th AGM.

BOARD REMUNERATION FRAMEWORK

Directors' remuneration is governed by the CMS Group's Remuneration Policy for the Non-Executive Directors. The objective of this Remuneration Policy is to determine the level of remuneration packages of the Non-Executive Directors of CMS to attract and retain experienced, qualified, high-calibre key talent with competitive remuneration packages to drive the business, strategy, objectives, values and long-term interests of CMS.

The Non-Executive Directors remuneration comprises a fixed fee, plus meeting attendance allowances and other benefits-in-kind as consideration for their Board duties. Additional fees are accorded to Non-Executive Directors for assuming additional responsibilities. The aggregate amount of Directors' fees to be paid to Non-Executive Directors is subject to the approval of the shareholders at the AGM. Remuneration of Non-Executive Directors is not linked to individual performance.

The Company provides a fair and reasonable, competitive remuneration for its Group Managing Director, to ensure that the Company attracts and retains a high calibre Group Managing Director who has the skills, experience and knowledge necessary to create value for the benefit of all shareholders. The remuneration for the Group Managing Director is based on his achievements and contributions, measured against his Key Performance Indicators. The Board determines the remuneration of the Group Managing Director, taking into consideration the recommendations of the NRC.

BOARD DEVELOPMENT

Directors are offered the opportunity to attend formal training courses to update their knowledge of their duties as directors. Guidance notes, papers and presentations on changes to law and regulations are provided as appropriate. Non-executive Directors are invited to attend internal conferences, which provide information to the Group on new product development and marketing initiatives, to meet with business units and functions, as well as attending investor days. Business presentations are given at Board meetings to provide updates on, and opportunities to discuss, products and business strategies.

The Board has an induction programme for new Directors that is facilitated by the former Group Company Secretary. The programme included briefing by Management and site visits in Kuching. However, in the later part of the year when travel and border restrictions were imposed, online briefing sessions were held as part of the on-boarding and induction programme for the four (4) new Directors, Dato Sri Sulaiman Abdul Rahman b Abdul Taib, Jeyabalan A/L S.K. Parasingam, General Dato' Seri DiRaja Tan Sri (Dr.) Mohd Zahidi bin Haji Zainuddin and Dato' Maznah binti Abdul Jalil.

In addition to the Mandatory Accreditation Programme as required by Bursa Securities, the Directors continue to update their knowledge and enhance their skills through appropriate continuing education programmes. This enables Directors to effectively discharge their duties and sustain active participation in Board deliberations. The NRC and Board assess the training needs of the Directors from time to time, and ensures Directors have access to continuing education programmes.

BOARD LEADERSHIP AND EFFECTIVENESS

The training attended by the Directors throughout 2021 were as follows:	
GENERAL DATO' SERI DIRAJA TAN SRI (DR.) MOHD ZAHIDI BIN HAJI ZAINUDDIN (RETIRED)	1. Corporate Liability and Corruption Offences by Commercial Organisation 2. Outlook on Market Share 3. Corporate Liability under Section 17A of the MACC Act 2009 4. AML/CFT & TFS: Evolving Challenges & Expectations in Regulatory Compliance 5. Briefing on Environmental, Social and Governance in the Leisure and Hospitality industry by Dr. Jayanthi of Synergio Sdn Bhd
TAN SRI DATUK AMAR (DR.) HAJI ABDUL AZIZ BIN DATO HAJI HUSAIN	1. Building Resilience for Tomorrow by Messrs Deloitte Tax Services Sdn Bhd
DATUK IR. KAMARUDIN BIN ZAKARIA	1. Data Analytics for Auditors 2. Board and Audit Committee Priorities 2021 3. MIA Conference 2021 – MIA
MADAM UMANG NANGKU JABU	1. Delivering Business Resilience In Transformative Times – Setting An Efficient Growth Framework 2. Blockchain Technology for Accountants to Prevent Corruption In Covid-19 Response: How Can It Help Overcome Risks?
DR. JOE KHOR JAW HUEI	1. Board Transformational & Future Governance Roundtable Program Malaysia 2021 – Igniting Intelligence & Smart Governance 2. SC's Audit Oversight Board conversation with Audit Committees 3. Building Resilience for Tomorrow by Messrs Deloitte Tax Services Sdn Bhd
MR. JEYABALAN A/L S.K. PARASINGAM	1. The Mandatory Accreditation Program for Directors of Public Listed Companies 2. Building Resilience for Tomorrow by Messrs Deloitte Tax Services Sdn Bhd
DATO' MAZNAH BINTI ABDUL JALIL	1. Building Resilience for Tomorrow by Messrs Deloitte Tax Services Sdn Bhd

BOARD AUDIT AND RISK MANAGEMENT

A

Group Audit Committee Report

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

COMMITTEE MEMBERS

CHAIRMAN

MR. JEYABALAN PARASINGAM
(Independent, Non-Executive Director) – appointed on 28 June 2021

MR. HO HENG CHUAN
(Independent, Non-Executive Director) – stepped down as Chairman and member of the Group Audit Committee on 21 June 2021

MEMBERS

YBHG DATUK IR. KAMARUDIN BIN ZAKARIA
(Independent, Non-Executive Director)

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

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

More detailed information on the role and responsibilities of the Committee can be found in the Committee's Terms of Reference which can be accessed on the Company's website at www.cmsb.my

KEY OBJECTIVES

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

KEY RESPONSIBILITIES

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

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

COMPOSITION

The Committee is a fundamental element of the Company's governance framework. The Committee is chaired by Mr. Jeyabalan Parasingam who was appointed to the Board on 22 June 2021. YBhg Datuk Ir. Kamarudin bin Zakaria, Madam Umang Nangku Jabu and Dr. Khor Jaw Huei are the other members of the Committee. Members of the Committee are appointed by the Board following recommendations by the Nomination and Remuneration Committee ("NRC") and membership is reviewed annually by the NRC as part of the annual Board evaluation exercise. As at 31 December 2021 the Committee comprised a majority of Independent Non-Executive Directors. The Committee members collectively have a broad range of financial and commercial experiences that enables them to provide oversight of both financial and risk matters, and to advise the Board accordingly.

ACTIVITIES OF THE COMMITTEE

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

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

BOARD AUDIT AND RISK MANAGEMENT

FINANCIAL REPORTING

In overseeing financial reporting, the Committee:

a) Reviewed, with the appropriate officers of the Group, the quarterly results and annual financial statements of the Company and the Group, focusing particularly on significant changes in or implementation of accounting policies and practices, accounting treatments, significant judgements made by Management, adjustments arising from the audits, compliance with accounting standards (MFRS) used and disclosure requirements, comments and responses to audit issues and other legal requirements to ensure that the financial statements present a true and fair view of the Company's financial performance prior to making recommendations to the Board for approval and public release thereof;

b) Deliberated significant accounting/audit issues and unusual events or transactions and reasonableness of accounting standards application highlighted by the external auditor and/or Management to derive the Company's financial statements, and ensured that appropriate action was taken;

c) Assessed the effectiveness of the Company's internal control system over financial reporting by both internal and external auditors, including information security and control for effective and efficient financial reporting.

INTERNAL AUDIT

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

The Committee in discharging its duties,

a) Reviewed and approved the adequacy of the risk-based internal audit plan, scope of examination and internal audit reports for the Company and its subsidiaries issued by Group Internal Audit Department on the effectiveness and adequacy of governance, risk management, operational and compliance processes.

b) Reviewed the adequacy and effectiveness of appropriate actions taken by Management in respect of the audit findings and the Committee's recommendations through review of the status of implementation reports tabled by Group Internal Auditor at each meeting.

c) Reviewed the effectiveness of the internal audit function through the following ways:
   - ensured the Internal Audit function conforms with The Institute of Internal Auditors' Definition of Internal Auditing and Code of Ethics, and is carried out under the framework of the International Standards for Professional Practice of Internal Auditing ("ISPPIA") in achieving an acceptable level of auditing performance
   - appraised the annual performance of the internal audit staff and reviewed the Key Performance Indicators and Management Performance Appraisal of the Group Internal Auditor to ensure that the quality of team members' performances is maintained and/or improved
   - reviewed and recommended the performance contract payment for the Group Internal Auditor to be in line with the Group
   - reviewed results of internal assessment performed on the internal audit function through Management's feedback on the quality of internal audit services rendered to ensure quality of internal audit work
   - reviewed the competency of the internal audit staff and adequacy of resources to achieve the scope as outlined in the annual audit plan
   - reviewed and approved the annual training budget to equip the internal audit team with an appropriate level of skills and knowledge to carry out the function effectively
   - reviewed the on-going training and competency of the internal audit staff to ensure that the internal audit function is effective and carries out constant improvement to provide quality and value-added services

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

   In this respect, the Committee held two meetings with the Group Internal Auditor on 24 February 2021 and 24 August 2021 without the presence of Management to discuss issues and/or any other observations that he may have during the internal audit and the extent of cooperation provided by the Group and its officers.

BOARD AUDIT AND RISK MANAGEMENT

EXTERNAL AUDIT

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

a) Conducted a formal assessment of the external auditor's performance, independence and objectivity to assess the suitability and independence of the external auditors before recommending to the Board their re-appointment as external auditor of the Group. The assessment covered:
   - Suitability of the firm
   - Quality process/performance (audit judgement, risks including fraud risk assessment, reporting process, understanding of key issues and transparency in communication)
   - Audit team competency (Senior personnel involvement and staff expertise)
   - Independence and objectivity (compliance to By-Laws on professional independence of Malaysian Institute of Accountants, partner rotation and non-audit services rendered)
   - Audit scope and planning
   - Fees (compared to organizations of similar size, fees in relation to overall external audit firm's income and limit of non-audit fee size)
   - Communications (timeliness and transparency)

b) Based on the satisfactory assessment of the suitability of services rendered by the external auditor and the review of the reasonableness of the proposed audit fee (benchmarked to audit fees incurred by other organizations of similar size), recommended to the Board the audit fee payable and their re-appointment as external auditors for the financial year ended 31 December 2021. The reviewed fee is also deemed sufficient to enable a quality audit to be conducted.

c) Ensured full compliance with the policy where the cumulative non-audit fee incurred in excess of 50% of the preceding year's approved audit fee for the Group would require the Committee's prior approval. In this regard, the Committee ensured the appointments of the affiliates to external auditors are in full compliance with established policies and procedures which include among others the consideration of:
   - the competence and resource capacity
   - the nature and extent of the non-audit services rendered
   - the appropriateness of the level of fees

d) Reviewed the audit engagement letter on the audit scope, timelines and how key risks (e.g. fraud risk) are factored into their plan including written assurance of independence and objectivity to give assurance that the financial statements are free of material misstatement, whether caused by fraud or error.

e) Reviewed the audit plan with the external auditor and their evaluation of the system of internal control.

f) Reviewed and deliberated on the external auditor's report with regard to the relevant disclosures in the annual financial statement.

g) Reviewed and deliberated on the external auditor's findings arising from audits including the comments and responses in management letters.

h) Reviewed the assistance given by the Company's and Group's officers to the external auditor.

i) Noted new and revised Auditing Standards on external auditor reporting.

j) Held three (3) private meetings with the external auditors without the presence of Management to reinforce the independence of the external audit function.

RISK MANAGEMENT

a) Reviewed and recommended the Statement on Risk Management and Internal Control for Board approval for inclusion in the Company's Annual Report;

For the finer details of the Statement on Risk Management and Internal Control, please refer to pages 83 to 85 of this Annual Report.

b) Two (2) of the Committee members are also members of the Group Risk Committee ("GRC"). They along with the Group Internal Auditor had attended meetings of the GRC in 2021 since their appointment and reviewed quarterly status reports on Enterprise Risk Management focusing on key risks reporting. Post mortem of risk events were also deliberated in the same meetings.

RELATED PARTY TRANSACTIONS

a) Reviewed the Statement of Related Party Transactions and Procedures taking note of any possible conflict of interest transactions to ensure that all related party transactions are taken on arm's length basis and on normal commercial terms and consistent with the Company's procedures.

b) Reviewed the estimated recurrent related party transactions ("RRPT") for the year. No shareholders' mandate for RRPT was sought as the estimated RRPT for the CMS Group was not expected to reach/exceed the prescribed threshold under the Main Market Listing Requirements ("MMLR").

BOARD AUDIT AND RISK MANAGEMENT

OTHERS

a) Reviewed its Terms of Reference to ensure all the mandatory requirements under the MMLR (Revised) and other relevant statutory regulations, as well as other corporate governance best practices are met.

b) Ensured succession planning for the Committee in consultation with the Board and the NRC.

c) Reviewed major litigation, claims and/or issues that may have substantial financial impact.

d) Reviewed disclosure statements on the Corporate Governance Overview Statement and Group Audit Committee Report for the financial year ended 31 December 2021 for inclusion in the Annual Report 2021 and recommended their adoption by the Board.

e) Reviewed the recommendation to the Board on the proposed first and final dividend for the year ended 31 December 2021.

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTION

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

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

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

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

The role of the Head of Internal Audit for the Group is fulfilled by the Group Internal Auditor who has thirty (30) years of working experience. He is a Certified Member of the Institute of Internal Auditors and has relevant experience to execute the roles and responsibilities of the internal audit function.

The Internal Audit function, which is independent of the activities they audit, has carried out thirteen (13) planned audits, six (6) ad-hoc audits and all related audit follow-up activities during the year. Areas reviewed include:

- Group-wide Related Party Transactions Review
- Group-wide Review on Group Financial Policies Manual
- Group-wide Anti Bribery & Anti-Corruption ("ABAC") Annual Review
- IA Enhancement – Review of internal audit manual and management survey of internal audit performance
- In-depth Review of Follow-Up Status from Past Audits
- Project Management Review
- Tendering, Sub-Contracting and Outsourcing Processes Review (3)
- Property Sales and Marketing Processes Review
- Telecommunications Infrastructure Audits (1 - outsourcing)
- Review of Whistleblower Report
- Employees' Share Option Scheme ("ESOS") Verification
- Review of Systems, Policies & Processes for Major Procurement Items
- Review on Project Report Submission
- Review on Incorporation of Special Purpose Companies

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

Significant audit findings and Committee recommendations pertaining to the Company's subsidiaries are tabled by the Group Internal Auditor to the respective subsidiary companies' Board of directors. In 2021, four (4) such reports were tabled by the Group Internal Auditor.

The Group Internal Audit Department is staffed by a team of nine (9) and the cost of maintaining the function in 2021 amounted to RM1,380,886 (2020: RM1,263,011).

The Board is satisfied that the Committee has effectively discharged its roles and responsibilities as set out under its Terms of Reference ("TOR"). The TOR is available on the Company's website at www.cmsb.my

ENGAGEMENT WITH STAKEHOLDERS

UNDERSTANDING AND RESPONDING TO STAKEHOLDER EXPECTATIONS

Stakeholders are important to CMS as they can influence our business activities, outcomes, and our value creation abilities over time. We define our stakeholders as individuals, interest groups or organisations who are impacted or influenced in one way or another by our business activities and/or presence and vice versa. We may influence them through several ways i.e., via our role as a private sector corporation, an employer, or a business that generates revenue and helps to boost local economies.

The following are the diverse stakeholder groups that influence CMS' decision-making:

- Shareholders
- Employees
- Customers
- Suppliers, Vendors and Service Providers
- Government and Regulators
- Communities
- Media

Through undertaking systematic and regular engagement activities with our various stakeholders, we aim to garner insights into their perspectives, as well as better understand their needs. The results of these engagement activities are essential as they may influence the Management's decision-making process.

The Group is continually looking to strengthen its engagement methods and practices to ensure that the quality of these engagements is constantly enhanced. Above all, we are continuously improving our engagement initiatives to ensure that CMS remains a respected and integral part of the fabric of society. In order to ensure that we maintain our reputation as an accountable and conscientious corporate citizen, it is imperative that we hear the voices of the communities that surround us. As such, we continue to explore different ways by which we can improve our engagement methods and practices so as to provide the best and most feasible platforms for communication with our stakeholders.

The following tables highlight the diverse stakeholder engagement practices that the Group undertook in 2021 and the frequency of those activities. For each stakeholder we discuss their relevance to CMS, the method and platforms of engagement, the key areas of concern, and CMS' measured response to stakeholders' expectations.

Note that whilst many of our key engagement activities are typically held on an annual basis, however, because of the strict but necessary COVID-19 restrictions, we were unable to carry out some of these activities in 2021. However, where practical, key activities like our Annual General Meeting and Townhall sessions were conducted via virtual means.

SHAREHOLDERS

STAKEHOLDER RELEVANCE

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

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY
AGM presentation by Group Managing Director	Annually
Quarterly results briefings	Quarterly
Media statements	Regularly
Investor presentations	Regularly
Investor roadshows conferences	Regularly
Meetings or telephone calls with analysts or (potential) investors	Regularly
Comprehensive investor relations portal	24/7
Site visits	Ad hoc
Bursa Malaysia announcements	Regularly

KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS

- Business and Operational outlook and risks
- Continued growth and financial stability
- Cash utilisation and dividends
- Shareholder's returns
- Clear and transparent reporting
- Good corporate governance
- Sustainability matters
- Business viability and regulatory compliance
- Leadership changes

In the time of the pandemic:
- Operational and financial performance recovery

CMS' RESPONSE TO STAKEHOLDERS' EXPECTATIONS

- Consistent and transparent disclosure of financial and non-financial performance
- Timely reporting of operational and financial performance
- Effective investor relations engagement with investors
- Building Management's credibility and trust to steer investors into the future
- Transparent disclosure of corporate responsibility, integrity and accountability as enshrined in the Malaysian Code on Corporate Governance (MCCG) 2017

In the time of the pandemic:
- Active communication in updating operational performance and responding to the impact of the pandemic
- Ensuring financial resilience and exploring cost control efforts

ENGAGEMENT WITH STAKEHOLDERS

EMPLOYEES

STAKEHOLDER RELEVANCE

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

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY
Townhall sessions	Biennially
Management/Senior Management retreats*	Annually
Employee Performance Review	Annually
Employee Satisfaction Surveys	Biennially
Departmental meetings	Regularly
CMS intranet	Daily
E-blasts	Regularly
CMS Friendly Games*	Biennially
Safety Month	Annually
Family Day	Annually
Bowling games/birthdays*	Ad hoc
Festive open houses*	Annually
Employee engagement initiatives	Ad hoc
Incentive trips*	Regularly
CMS Doing Good Website	Daily

KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS

- Business sustainability and growth
- Ethical leadership and business practices
- Recognition and competitive remuneration
- Fair and equitable benefits
- Recruitment and retention
- Training and development
- Health and safety
- Work/life integration
- Workplace environment
- Diversity, inclusivity and gender equality

In the time of the pandemic:
- Workplace safety, strict SOP guidelines
- Effective communication on all COVID-19 related data and information

* Due to the strict but necessary COVID-19 restrictions, we were unable to carry out these activities in FY 2021.

CMS' RESPONSE TO STAKEHOLDERS' EXPECTATIONS

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

In the time of the pandemic:
- Active communication in updating operational performance and responding to the impact of the pandemic
- Upholding strict adherence to SOP guidelines within all businesses and at the operational ground-level
- Enhancing workplace resources and effective dissemination of COVID-19 status updates, Business Resumption Guidelines and Workplace Management Guidelines
- Ensuring rotational workforce arrangements and encouraging an active Work-From-Home culture
- Active use of our unified digital platform to ensure business continuity via virtual meetings, real-time work collaboration, etc.

ENGAGEMENT WITH STAKEHOLDERS

CUSTOMERS

STAKEHOLDER RELEVANCE

A strong customer base is key to promoting sustainable business growth. CMS endeavours to deliver quality products and timely services.

METHODS OF ENGAGEMENT/PLATFORMS

Methods of Engagement/Platforms	Frequency
Customer satisfaction surveys	Regularly
Customer training within the respective Divisions	Quarterly
Code of Ethics and Business Conduct	Regularly
Dialogue with customers/dealers	Regularly
Corporate website and social media	Regularly
Product brochures or pamphlets	Regularly

KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS

- Positive customer experience to build confidence and trust in the CMS brand
- Delivery of quality products and timely services
- Respecting the needs and satisfaction levels of customers
- Competitive product pricing
- Customer data protection

In the time of the pandemic:
- Supply shortage
- Delayed delivery and service interruptions

CMS' RESPONSE TO STAKEHOLDERS' EXPECTATIONS

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

In the time of the pandemic:
- Ensuring customer concerns are attended to efficiently

SUPPLIERS, VENDORS AND SERVICE

STAKEHOLDER RELEVANCE

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

METHODS OF ENGAGEMENT/PLATFORMS

Methods of Engagement/Platforms	Frequency
Regular meetings	Regularly
Tender, biddings, quotations and contract negotiations	Regularly
Product demonstrations and evaluations	Regularly
Procurement processes	Regularly
Code of Ethics and Business Conduct	Regularly
Dialogue with customers/dealers	Regularly

KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS

- Positive supplier experience to build confidence and trust in the CMS brand
- Compliance with applicable regulatory requirements and quality standards
- Availability of products and services and ability to provide continuous support
- Fair and transparent negotiations
- Active communications during the critical short of supplies
- Supply chain practices

In the time of the pandemic:
- Delayed bill settlements
- Service interruptions

CMS' RESPONSE TO STAKEHOLDERS' EXPECTATIONS

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

In the time of the pandemic:
- Ensuring customer concerns are attended to efficiently

ENGAGEMENT WITH STAKEHOLDERS

GOVERNMENT AND REGULATORS

STAKEHOLDER RELEVANCE

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

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY
Meetings	Regularly
Progress updates	Regularly
Compliance reports	Quarterly
Strategic and Informal Dialogue Sessions	Regularly
Participation in governmental programmes	Regularly
Licence applications	Regularly
Operational inspections	Regularly
CMS Friendly Games	Regularly

KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS

- Compliance with laws and regulations
- Ethical business practices
- Operational impact
- Regulatory reforms
- Human capital and social development

In the time of the pandemic:
- Providing donation-in-kind

CMS' RESPONSE TO STAKEHOLDERS' EXPECTATIONS

- Adhering to regulatory requirements and providing strategic responses to operational queries
- Providing transparent, regular and concise business approach and sustainability updates
- Supporting the Malaysian Government's agenda for nation-building
- Supporting the State's economic transformation projects by empowering communities with self-sustaining skills
- Playing our role as a nation-building partner in providing advice (as a thought partner) to shape and facilitate the implementation of policies
- Providing clear, regular and concise business and sustainability updates
- Adhering to global agendas such as the United Nations Sustainable Development Goals (SDGs)

In the time of the pandemic:
- Donating medical equipment to hospitals
- Providing construction materials to the military

COMMUNITIES

STAKEHOLDER RELEVANCE

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

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY
Partnerships in CSR activities	Regularly
Environmental programmes	Regularly
Sponsorships and donations	Regularly
Employee volunteerism	Regularly
CMS Friendly Games	Regularly
Dialogue sessions	Regularly

KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS

- Development of communities with solidarity, social welfare, health and safety
- Governance and integrity
- Community well-being and environmental preservation
- Compliance with relevant legislation

In the time of the pandemic:
- Sufficient support on the economic front to ensure the well-being of local communities

CMS' RESPONSE TO STAKEHOLDERS' EXPECTATIONS

- Continuous investments in identified community engagement programmes

In the time of the pandemic:
- Providing food and financial aid to various local communities

ENGAGEMENT WITH STAKEHOLDERS

MEDIA

STAKEHOLDER RELEVANCE

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

METHODS OF ENGAGEMENT/PLATFORMS	FREQUENCY
Press releases	Regularly
Meet & Greet the Media sessions	Ad hoc
Media get-togethers	Ad hoc

KEY AREAS OF CONCERN FOR STAKEHOLDER GROUPS

- Ethical business practices
- Timely disbursement of business-related updates or information
- Regulatory compliance
- Media investment and support

In the time of the pandemic:

- Up-to-date and accurate business updates on risks and opportunities

CMS' RESPONSE TO STAKEHOLDERS' EXPECTATIONS

- Ensuring efficient delivery of products and
- Hosting networking and sharing sessions with the media
- Providing press releases or media statements in a timely manner

In the time of the pandemic:

- Ensuring the swift dissemination of operations-related statements or releases

CONDUCT OF GENERAL MEETING

The Company's 46th AGM held on 31 May 2021 was convened through live streaming using the RPV facilities. Shareholders unable to attend, may appoint their proxies to attend and vote on their behalf.

The Directors and Senior Management were in attendance to answer questions posed by the Shareholders at the 46th AGM. The external auditors were in attendance at the Broadcast Venue of the 46th AGM.

The entire AGM proceeding was held through Boardroom Smart Investor Portal. The Administrative Details of the AGM as well as the Boardroom Smart Investor Portal user guide were shared with the Shareholders and also published in the Company's website.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD OF DIRECTORS OF THE COMPANY ("BOARD") IS COMMITTED TOWARDS MAINTAINING A SOUND SYSTEM OF RISK MANAGEMENT AND INTERNAL CONTROL, AND IS PLEASED TO PROVIDE THIS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (THE "STATEMENT") WHICH OUTLINES THE SCOPE AND NATURE OF RISK MANAGEMENT AND INTERNAL CONTROL OF CAHYA MATA SARAWAK BERHAD GROUP OF COMPANIES ("CMS" OR "THE GROUP") FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021.

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

During the year under review, the Group implemented several measures to underscore the importance of risk management. In this regard, the Group has appointed a Chief Risk Officer ("CRO") and established a risk management department to enhance risk management capability, whereas a management level Group Risk Management Committee ("GRMC") has been set up to enhance risk governance and oversight at the corporate level.

BOARD RESPONSIBILITY

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

MANAGEMENT'S RESPONSIBILITIES

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

In this regard, the GRMC which is chaired by the Group Managing Director ("GMD") is tasked to:

- Review, manage and report on the implementation of enterprise risks and maintenance of the business continuity management ("BCM") program;
- Review any material change in the Group's risks, including emerging risk; and
- Review and report to the Board on the effectiveness and the adequacy of the risk management processes and the support systems.

RISK MANAGEMENT FUNCTION

The Risk Management Department ("RMD") facilitates the implementation of the ERM Framework and processes at headquarters and the respective Business Divisions. RMD is also responsible for working closely with Management to continuously review the risks on an ongoing basis so that these risks can be adequately identified, analysed, treated and reported by Management on a timely basis.

During the year, additionally, RMD led by the CRO conducted a revamp of the ERM framework and training sessions were held for the Heads of Business Divisions. The Heads of Business Divisions presented their quarterly risk reports to the GRMC for review and deliberation and the significant risks were subsequently presented to the GRC.

RMD also conducts regular risk awareness and coaching sessions to ensure that the Group's employees have a better appreciation of risk management principles in line with the Group's aim to embrace risk culture at all levels. As part of the risk management transformation process, these training and workshop sessions shall continue to be held in 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT FRAMEWORK

The Group's risk management objective is to create a consistent consideration between risks and opportunities in order to achieve the Group's business and corporate objectives.

RISK MANAGEMENT PROCESS - KEY ASPECTS

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

KEY ASPECTS OF THE RISK MANAGEMENT PROCESS:

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

CORRUPTION RISK MANAGEMENT ("CRM")

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

Earlier this year, a Group-wide MACC post-implementation review was carried out to provide assurance to the GAC and the Board on the effectiveness of the MACC implementation exercise and that there are adequate controls and procedures in place to prevent the occurrence of corrupt practices in business activities across the Group.

There were also continuous briefing sessions conducted twice a month (from March to December 2021) on the ABAC related policies to create awareness for all employees throughout the year.

INTERNAL CONTROL SYSTEM

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

- Clearly defined delegation of responsibilities to Committees of the Board and Management, including authorisation levels for all aspects of the businesses. Such delegation is subject to periodic review throughout the year as to their implementation and suitability;
- Clearly documented internal procedures set out in the Group Financial Policies and Procedures Manual;
- A detailed Group Procurement Policies and Procedures Manual to regulate procurement of goods and services in the Group. This includes the centralisation of competitive sourcing and evaluation of major purchases to leverage on the Group's buying power and the establishment of a Central Tender Committee which has the responsibility for reviewing and endorsing all high value purchases in the Group;
- A detailed Group Human Resource ("HR") Policies and Procedures Manual to regulate all aspects of employee engagement from conduct and discipline to benefits and entitlements. It provides a common and clear understanding of consistent HR practices, policies and procedures across the Group to effectively support the Group's operations;
- Where parts of the Group's operations have received ISO certification for their products and/or work processes, these operating units are committed to maintaining their certification by ensuring strict compliance with their respective ISO requirements which include periodic reviews from the ISO;
- A detailed strategic planning and budgeting process where operating units prepare business plans and detailed capital and operating budgets for the coming year. These plans are subject to robust challenges by the Management before they are put forward for approval by the Board;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- All major business commitments or investments will be subject to review in accordance with the procedures set out in the Group Limits of Authority Manual so as to ensure that all such investments meet the risk appetite and investment criteria determined by the Board and that Division's budget;

- A performance management system has been implemented wherein individual performance of key executives will be monitored against agreed targets (Key Performance Indicators) to strengthen accountability control and to instil a stronger performance culture;

- Monitoring of monthly results against budget through the monthly operations review meetings with subsidiaries with major variances being followed up on and management actions taken, where necessary;

- An independent Audit Committee comprising non-executive members of the Board, the majority being independent directors who collectively oversee the financial reporting, internal controls, risk management and governance processes to provide assurance to the Board;

- Regular internal audit activities to assess the adequacy of internal controls, the integrity of financial information provided and the extent of compliance with established procedures;

- An emphasis on the quality and ability of employees with continuing education, training and development being actively encouraged through a wide variety of programmes; and

- The vetting of all significant contracts and legally enforceable agreements by the Group Legal Department.

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

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM EFFECTIVENESS

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

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

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

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

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

There has been no known instances of fraud or suspected fraud that may have affected the Group for the financial year under review.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

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

This Statement on Risk Management and Internal Control was approved by the Board on 6 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised by the Company from any corporate proposals during the financial year.

2. AUDIT AND NON-AUDIT FEES

The fees paid/payable to the external auditors, Messrs Ernst & Young PLT for the financial year ended 31 December 2021 are set out below:

	COMPANY RM'000	GROUP RM'000
Fees paid/payable to Messrs Ernst & Young PLT and its affiliates		
• Statutory Audit	178	747
• Non-audit services including tax services	129	524
TOTAL	**307**	**1,271**

3. MATERIAL CONTRACTS

There was no material contract entered into by the Company and its subsidiary companies involving interests of Directors, Chief Executives who are not a Director or major shareholders either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year.

4. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE NATURE

The Company did not seek any mandate from its shareholders pertaining to recurrent related party transactions of revenue or trading nature during the financial year ended 31 December 2021.

Details of recurrent related party transactions conducted during the financial year ended 2021 are disclosed in Note 40 to the Audited Financial Statements 2021.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the Group and the Company at the end of the financial year and their results and cash flows for the financial year ended 31 December 2021.

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

The Directors consider that in preparing the financial statements for the year ended 31 December 2021, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgement and estimates.

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

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