

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other independent adviser immediately.

Bursa Malaysia Securities Berhad takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



SARAWAK CABLE BERHAD

(Company No.: 456400-V)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

in relation to:

PROPOSED RENEWAL OF AND NEW SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of form of proxy	: Sunday, 14 June 2015 at 11.00 a.m.
Date and time of general meeting	: Tuesday, 16 June 2015 at 11.00 a.m.
Place of annual general meeting	: M Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak

This Circular is dated 22 May 2015

For the purpose of this Circular, except where the context otherwise requires, the following definitions will apply:

- “AISB”** - Alpha Industries Sdn Bhd
- “AGM”** - Annual General Meeting
- “APLSB”** - Aerial Power Lines Sdn Bhd
- “Board”** - The Board of Directors of SCB
- “Bursa Securities”** - Bursa Malaysia Securities Berhad
- “Companies Act”** - The Malaysian Companies Act, 1965, as amended from time to time and any enactment thereof
- “Directors”** - The directors for the time being of SCB, and shall have the same meaning given in Section 2(1) of the Capital Markets and Services Act, 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a director or chief executive of SCB, its subsidiary or holding company
- “EGM”** - Extraordinary General Meeting
- “HNG Capital Group”** - HNG Capital Sdn Bhd and its subsidiaries
- “LCIB”** - Leader Cable Industry Berhad
- “Listing Requirements”** - The Main Market Listing Requirements of Bursa Securities and practice notes issued thereunder including any amendments thereto that may be made from time to time
- “LPD”** - 23 April 2015, being the latest practicable date prior to the printing of this Circular
- “LUASB”** - Leader Universal Aluminium Sdn Bhd
- “Major Shareholder”** - A person who has an interest or interests in one (1) or more voting shares in the Company and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is:
 - (a) 10% or more of the aggregate of the nominal amounts of all the voting shares in the Company; or
 - (b) 5% or more of the aggregate of the nominal amounts of all the voting shares in the Company where such person is the largest shareholder of the Company.

Includes any person who is or was within the preceding six (6) months of the date on which the terms of the transactions were agreed upon, a major shareholder of SCB or any other corporation which is its subsidiary or holding company

For the purpose of this definition, “interest in shares” shall have the same meaning given in Section 6A of the Companies Act.
- “Person Connected”** - This shall have the same meaning as in Paragraph 1.01 of the Listing Requirements
- “Proposed Shareholder Mandate”** - Proposed shareholder mandate for both the existing and new RRPT

“PT.IME”	- PT. Inpola Mitra Elektrindo
“Related Party”	- A director, major shareholder or person connected with such director or major shareholder. For the purpose of this definition, “director”, “major shareholder” and their person connected shall have the same meanings as defined herein
“Related Party Transaction”	- A transaction entered into by SCB or its subsidiaries which involves the interest, direct or indirect, of a related party
“RM”	- Ringgit Malaysia
“RRPTs”	- A related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of SCB Group and which has been made or will be made by SCB Group at least once in three (3) years in the ordinary course of business of SCB Group
“SCB” or “the Company”	- Sarawak Cable Berhad
“SCB Group or Group”	- SCB and its subsidiaries
“SEB”	- Sarawak Energy Berhad
“SEB Group”	- Sarawak Energy Berhad and its subsidiaries
“Shares”	- Ordinary shares of RM0.50 each in the capital of SCB
“Shareholder Mandate”	- Proposed shareholder mandate pursuant to Paragraph 10.09 of the Listing Requirements for the recurrent related party transactions to be entered into from the date of the forthcoming AGM of SCB until the date of the next AGM of SCB
“SPA”	- Conditional share purchase agreement dated 20 October 2014 entered into between SCB and HNG for the Proposed Acquisitions
“SPSSB”	- Sarawak Power Solutions Sdn Bhd
“SSB”	- Syarikat SESCO Berhad
“STSB”	- Sarwaja Timur Sdn Bhd
“TISB”	- Trenergy Infrastructure Sdn Bhd
“UCMB”	- Universal Cable (Malaysia) Berhad
“UCSSB”	- Universal Cable (Sarawak) Sdn Bhd

Words denoting the singular shall, where applicable, include the plural and vice versa, and words denoting the masculine gender shall, where applicable, include the feminine and neuter genders. Words denoting persons include corporations.

Any reference to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and used in this circular shall have the meaning assigned to it under the Companies Act.

Any reference to a time of day shall be a reference to Malaysian time.

TABLE OF CONTENTS

	Page
1. INTRODUCTION.....	1
2. BACKGROUND INFORMATION OF PROVISIONS IN THE LISTING REQUIREMENTS.....	2
3. FEATURES OF THE PROPOSED SHAREHOLDER MANDATE.....	2
3.1 Principal activities of SCB Group.....	2
3.2 RRPT.....	3
3.3 Amount due and owing by Related Parties pursuant to RRPT.....	11
3.4 The Related Parties.....	11
3.5 Review methods or procedures for RRPT.....	11
3.6 Threshold of Authority.....	13
3.7 Statement by Audit Committee.....	13
4. EFFECTS OF THE PROPOSED SHAREHOLDER MANDATE.....	13
5. RATIONALE AND BENEFIT OF THE PROPOSED SHAREHOLDER MANDATE.....	13
6. CONDITIONS OF THE PROPOSED SHAREHOLDER MANDATE.....	14
7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS.....	14
8. RECOMMENDATION BY DIRECTORS.....	15
9. ANNUAL GENERAL MEETING.....	16
10. ACTION TO BE TAKEN BY SHAREHOLDERS.....	16
11. FURTHER INFORMATION.....	16
APPENDIX A – ADDITIONAL INFORMATION.....	17



SARAWAK CABLE BERHAD

(Company No.: 456400-V)

(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Lot 767, Block 8
Muara Tebas Land District
Demak Laut Industrial Estate Phase III
Jalan Bako
93050 Kuching, Sarawak

22 May 2015

Board of Directors:

Dato Sri Mahmud Abu Bekir Taib	- <i>Non-Independent Non-Executive Chairman</i>
Datuk Fong Joo Chung	- <i>Non-Independent Non-Executive Deputy Chairman</i>
Toh Chee Ching	- <i>Group Managing Director / Chief Executive Officer</i>
Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba	- <i>Non-Independent Non-Executive Director</i>
Yek Siew Liong	- <i>Non-Independent Non-Executive Director</i>
Datuk Kevin How Kow	- <i>Independent Non-Executive Director</i>
Dato' Ahmad Redza bin Abdullah	- <i>Independent Non-Executive Director</i>
Erman bin Radin	- <i>Independent Non-Executive Director</i>
Kon Ted Liuk	- <i>Alternate Director to Tan Seri Dato' Seri H'ng Bok San @ H'ng Ah Ba</i>

To: The Shareholders of Sarawak Cable Berhad

Dear Sir/Madam,

PROPOSED RENEWAL OF AND NEW SHAREHOLDER MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

1. INTRODUCTION

At the Company's AGM held on 16 June 2014 and EGM held on 13 December 2014, your Board obtained Shareholder Mandate for SCB Group to enter into RRPT. The existing Shareholder Mandate shall, in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming AGM, which has been scheduled for 16 June 2015, unless by an ordinary resolution passed at the forthcoming AGM, the mandate is renewed.

Subsequently, on 24 April 2015, the Company announced through Bursa Securities that the Board proposes to seek Shareholder Mandate from the shareholders for both the existing and new RRPT.

The purpose of this Circular is to provide shareholders with details, effects and rationale pertaining to the Proposed Shareholder Mandate and to seek shareholders' approval for the resolution, which is to be tabled as an ordinary resolution at the forthcoming AGM scheduled to be held on 16 June 2015.

Shareholders of SCB are advised to read and consider carefully the contents of this Circular before voting on the resolution pertaining to this proposal at the forthcoming AGM scheduled to be held on 16 June 2015.

2. BACKGROUND INFORMATION OF PROVISIONS IN THE LISTING REQUIREMENTS

Paragraph 10.09(2) of the Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations, the Company may seek a mandate from its shareholders, subject to the following:

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
- (b) the Shareholder Mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Listing Requirements;
- (c) the Company's circular to shareholders for the Shareholder Mandate includes the information as may be prescribed by Bursa Securities. The draft circular must be submitted to Bursa Securities together with a checklist showing compliance with such information;
- (d) in a meeting to obtain Shareholder Mandate, the relevant related party must comply with the requirements set out in Paragraph 10.08(7) of the Listing Requirements; and
- (e) the Company must immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Company, exceeds the estimated value of the RRPT disclosed in the circular by ten percent (10%) or more and the Company must include the information as may be prescribed by Bursa Securities in its announcement.

3. FEATURES OF THE PROPOSED SHAREHOLDER MANDATE

3.1 Principal activities of SCB Group

The principal activities of SCB is that of investment holding and provision of management, secretarial, accounting, advisory and consultancy services whilst the principal activities of its subsidiaries are described on page 3 of this Circular.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

The subsidiaries of SCB as at 23 April 2015, with principal activities are as follows:

Name of Subsidiaries	Effective equity interest held (%)	Principal Activities
<u>Direct subsidiaries of SCB</u>		
APLSB	100.00	Power lines construction, inspection and maintenance services.
LCIB	100.00	Manufacture and sale of telecommunication and power cables.
PT.IME	78.33	Design, finance and construct a mini hydro power plant and supply of electricity to PT Perusahaan Listrik Negara Persero.
TISB	100.00	Undertake design, engineering, procurement and implementing of power transmission infrastructure network
SPSSB	100.00	Dormant. The intended principal activity is the manufacture of hybrid power inverters.
STSB	100.00	Manufacture, fabrication, hot-dip galvanising and sale of steel structures.
UCMB	100.00	Manufacture and sale of telecommunication and power cables
UCSSB	100.00	Manufacture and sale of power cables and wires
<u>Subsidiary of STSB</u>		
SCB Enterprise Sdn Bhd	100.00	Undertake engineering and construction projects

3.2 RRPT

In accordance to the Listing Requirements and the directive of Bursa Securities, SCB needs to seek Shareholder Mandate on RRPTs.

These RRPTs are all incurred in the Group's normal ordinary course of business and the names of the companies, details and value of the RRPT, the names of the Directors, Major Shareholders and Persons Connected with them who are interested in these RRPTs are outlined on pages 4 to 10 of this Circular.

The existing RRPT which require the renewal of Shareholder Mandate are outlined on pages 4 to 9 as follows:

Name of Related Parties	Nature of RRPT	Names of Interested Directors, Interested Major Shareholders of SCB Group and Interested Persons Connected	Manner of relationship with the Related Parties as at LPD		Estimated value from 16 June 2015 to the date of next AGM (RM'000)	Actual value transacted from 16 June 2014 up to LPD (RM'000) (A)	Estimated value as disclosed in the preceding year's Circular to Shareholders dated 23 May 2014 and 28 November 2014 (RM'000) (B)	Reason for deviation between (A) and (B) by ten percent (10%) or more
			Director	Shareholder				
HNG Capital Group								
AISB	<ul style="list-style-type: none"> • Purchase of copper rod and wires by the Group • Sales of scrap by the Group 	<i>Interested Directors</i>						} Not Applicable
		<ul style="list-style-type: none"> • Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba • Kon Ted Liuk 	√	√	900,000	150,000	310,000	
		<ul style="list-style-type: none"> • Dato' H'ng Chun Hsiang 	√	x	15,000	1,200	2,200	
		<i>Interested Person Connected:</i>						
		<ul style="list-style-type: none"> • Dato' H'ng Chun Hsiang 	x	√				
LCIB	<ul style="list-style-type: none"> • Purchase of cables and conductors by the Group* 	<i>Interested Directors</i>						Not Applicable
		<ul style="list-style-type: none"> • Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba • Kon Ted Liuk 	√	√	-	600	155,000	

* This RRPT was approved under the preceding mandate but does not require the renewal of shareholder mandate at the forthcoming AGM because LCIB is currently a wholly owned subsidiary of SCB.

Name of Related Parties	Nature of RRPT	Names of Interested Directors, Interested Major Shareholders of SCB Group and Interested Persons Connected	Manner of relationship with the Related Parties as at LPD		Estimated value from 16 June 2015 to the date of next AGM (RM'000)	Actual value transacted from 16 June 2014 up to LPD (RM'000) (A)	Estimated value as disclosed in the preceding year's Circular to Shareholders dated 23 May 2014 and 28 November 2014 (RM'000) (B)	Reason for deviation between (A) and (B) by ten percent (10%) or more
			Director	Shareholder				
HNG Capital Group (cont'd)								
LUASB	<ul style="list-style-type: none"> • Purchase of aluminium and aluminium alloy rods by the Group • Sales of scrap by the Group • Rental of factory located at Suratan Hakmilik Sementara HS(D) 218265, Lot TLO 5695, Bandar Johor Bahru, Johor containing an area of approximately 4,607.46 square meters by UCMB at RM15,000 per month (Tenancy period : 15 May 2012 to 14 May 2015)* 	<p><i>Interested Directors</i></p> <ul style="list-style-type: none"> • Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba • Kon Ted Liuk <p><i>Interested Person Connected:</i></p> <ul style="list-style-type: none"> • Dato' H'ng Chun Hsiang • Datin H'ng Hsieh Ling 	√	√	720,000	80,000	225,000	} Not Applicable
			√	x	15,000	1,200	1,200	
			x	√	-	100	105	

* This RRPT was approved under the preceding mandate but does not require the renewal of shareholder mandate at the forthcoming AGM because the contractual transaction has expired on 14 May 2015.

Name of Related Parties	Nature of RRPT	Names of Interested Directors, Interested Major Shareholders of SCB Group and Interested Persons Connected	Manner of relationship with the Related Parties as at LPD		Estimated value from 16 June 2015 to the date of next AGM (RM'000)	Actual value transacted from 16 June 2014 up to LPD (RM'000) (A)	Estimated value as disclosed in the preceding year's Circular to Shareholders dated 23 May 2014 and 28 November 2014 (RM'000) (B)	Reason for deviation between (A) and (B) by ten percent (10%) or more
			Director	Shareholder				
HNG Capital Group (cont'd)								
LUASB (cont'd)	<ul style="list-style-type: none"> Rental of factory located at Suratan Hakmilik Sementara HS(D) 234452, Lot TLO 5669, Bandar Johor Bahru, Johor containing an area of approximately 7,886.67 square meters by UCMB at RM25,000 per month (Tenancy period : 15 May 2012 to 14 May 2015)* Rental of factory located at HSD 67065, Lot No. PT 1653, Mukim Setul, District of Seremban, State of Negeri Sembilan measuring approximately 2,856 square meters by UCMB at RM25,000 per month (Tenancy period : 30 August 2014 to 31 December 2016) 	<p><i>Interested Directors</i></p> <ul style="list-style-type: none"> Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba Kon Ted Liuk <p><i>Interested Person Connected:</i></p> <ul style="list-style-type: none"> Dato' H'ng Chun Hsiang Datin H'ng Hsieh Ling 	<ul style="list-style-type: none"> √ √ x x 	<ul style="list-style-type: none"> √ x √ √ 	<p>-</p> <p>500</p>	<p>-</p> <p>150</p>	<p>175</p> <p>175</p>	Not Applicable

* This RRPT was approved under the preceding mandate but does not require the renewal of shareholder mandate at the forthcoming AGM because the contractual transaction has expired on 14 May 2015.

Name of Related Parties	Nature of RRPT	Names of Interested Directors, Interested Major Shareholders of SCB Group and Interested Persons Connected	Manner of relationship with the Related Parties as at LPD		Estimated value from 16 June 2015 to the date of next AGM (RM'000)	Actual value transacted from 16 June 2014 up to LPD (RM'000) (A)	Estimated value as disclosed in the preceding year's Circular to Shareholders dated 23 May 2014 and 28 November 2014 (RM'000) (B)	Reason for deviation between (A) and (B) by ten percent (10%) or more
			Director	Shareholder				
HNG Capital Group (cont'd)								
UCMB	• Purchase of cables and conductors by the Group*	<i>Interested Directors</i> <ul style="list-style-type: none"> • Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba • Kon Ted Liuk 	√	√	-	100,000	200,000	Not Applicable
			√	x				

* This RRPT was approved under the preceding mandate but does not require the renewal of shareholder mandate at the forthcoming AGM because UCMB is currently a wholly owned subsidiary of SCB.

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

Name of Related Parties	Nature of RRPT	Names of Interested Directors, Interested Major Shareholders of SCB Group and Interested Persons Connected	Manner of relationship with the Related Parties as at LPD		Estimated value from 16 June 2015 to the date of next AGM (RM'000)	Actual value transacted from 16 June 2014 up to LPD (RM'000) (A)	Estimated value as disclosed in the preceding year's Circular to Shareholders dated 23 May 2014 (RM'000) (B)	Reason for deviation between (A) and (B) by ten percent (10%) or more
			Director	Shareholder				
SEB Group								
SEB	<ul style="list-style-type: none"> Construction of transmission lines by the Group 	<i>Interested Major Shareholder</i> <ul style="list-style-type: none"> SEB State Financial Secretary Sarawak Delegateam Sdn Bhd <i>Interested Director</i> <ul style="list-style-type: none"> Datuk Fong Joo Chung 	<ul style="list-style-type: none"> x x x 	<ul style="list-style-type: none"> √ √ √ 	700,000	35,000	725,000	Not Applicable
SSB	<ul style="list-style-type: none"> Purchase of iron drums by the Group* Sale of cables and conductors by the Group Fabrication of steel structures and sales of steel products by the Group 	<i>Interested Major Shareholder</i> <ul style="list-style-type: none"> SEB State Financial Secretary Sarawak Delegateam Sdn Bhd <i>Interested Director</i> <ul style="list-style-type: none"> Datuk Fong Joo Chung 	<ul style="list-style-type: none"> x x x 	<ul style="list-style-type: none"> √ √ √ 	<ul style="list-style-type: none"> - 120,000 10,000 	<ul style="list-style-type: none"> 10 35,000 5,000 	<ul style="list-style-type: none"> 50 50,000 50,000 	

* This RRPT was approved under the preceding mandate but does not require the renewal of shareholder mandate at the forthcoming AGM because SCB Group foresees only minimal or nil transactions in the coming months.

Name of Related Parties	Nature of RRPT	Names of Interested Directors, Interested Major Shareholders of SCB Group and Interested Persons Connected	Manner of relationship with the Related Parties as at LPD		Estimated value from 16 June 2015 to the date of next AGM (RM'000)	Actual value transacted from 16 June 2014 up to LPD (RM'000) (A)	Estimated value as disclosed in the preceding year's Circular to Shareholders dated 23 May 2014 (RM'000) (B)	Reason for deviation between (A) and (B) by ten percent (10%) or more
			Director	Shareholder				
SEB Group (cont'd)								
Mukah Power Generation Sdn Bhd	• Sale of cables and conductors by the Group	<i>Interested Major Shareholder</i> • SEB • State Financial Secretary Sarawak • Delegateam Sdn Bhd	x x x	√ √ √	5,000	3,000	5,000	} Not Applicable
SESCO-EFACEC Sdn Bhd	• Sale of cables and conductors by the Group • Galvanising services by the Group*	<i>Interested Major Shareholder</i> • SEB • State Financial Secretary Sarawak • Delegateam Sdn Bhd	x x x	√ √ √	5,000 -	3,000 -	5,000 1,000	
Sejingkat Power Corporation Sdn Bhd	• Sale of cables and conductors by the Group	<i>Interested Major Shareholder</i> • SEB • State Financial Secretary Sarawak • Delegateam Sdn Bhd	x x x	√ √ √	5,000	3,000	5,000	

* This RRPT was approved under the preceding mandate but does not require the renewal of shareholder mandate at the forthcoming AGM because SCB Group does not foresee any future transactions.

The detail of new RRPT is outlined below:

Name of Related Party	Nature of RRPT	Names of Interested Directors, Interested Major Shareholders of SCB Group and Interested Persons Connected	Manner of relationship with the Related Party as at LPD		Estimated value from 16 June 2015 to the date of next AGM (RM'000)
			Director	Shareholder	
SEB Group					
PPLS Power Generation Sdn Bhd	<ul style="list-style-type: none"> Sale of cables and conductors by the Group 	<i>Interested Major Shareholder</i> <ul style="list-style-type: none"> SEB State Financial Secretary Sarawak Delegatam Sdn Bhd 	<p style="text-align: center;">x x x</p>	<p style="text-align: center;">√ √ √</p>	5,000

3.3. Amount due and owing by Related Parties pursuant to RRPT

There is no outstanding amount due under the RRPT which has exceeded the credit term as at the end of the financial year ended 31 December 2014.

3.4 The Related Parties

Name	Relationship in the Group
1. HNG Capital Group - AIB - LCIB - LUASB - UCMB - Cambodia Transmission Limited	Deemed Person Connected with Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba Deemed Person Connected with Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba Deemed Person Connected with Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba Deemed Person Connected with Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba Deemed Person Connected with Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba
2. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba	<ul style="list-style-type: none"> ▪ Non-Independent Non-Executive Director of SCB
3. Kon Ted Liuk	<ul style="list-style-type: none"> ▪ Alternate Director to Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba
4. Dato' H'ng Chun Hsiang	<ul style="list-style-type: none"> ▪ Person Connected to Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba (being the son of Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba)
5. Datin H'ng Hsieh Ling	<ul style="list-style-type: none"> ▪ Person Connected to Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba (being the daughter of Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba)
6. SEB - SSB - Mukah Power Generation Sdn Bhd - SESCO-EFACEC Sdn Bhd - Sejingkat Power Corporation Sdn Bhd - PPLS Power Generation Sdn Bhd - State Financial Secretary Sarawak - Delegateam Sdn Bhd	Major Shareholder of SCB Deemed Person Connected with SEB (being a subsidiary of SEB) Deemed Person Connected with SEB (being a subsidiary of SEB) Deemed Person Connected with SEB (being a subsidiary of SSB) Deemed Person Connected with SEB (being a subsidiary of SSB) Deemed Person Connected with SEB (being a subsidiary of SSB) Deemed interested by virtue of their interests in SEB pursuant to Section 6A of the Companies Act Deemed interested by virtue of their interests in SEB pursuant to Section 6A of the Companies Act
7. Datuk Fong Joo Chung	<ul style="list-style-type: none"> ▪ Non-Independent Non-Executive Director of SEB ▪ Non-Independent Non-Executive Deputy Chairman of SCB ▪ Chairman of UCSSB (being a wholly owned subsidiary of SCB) ▪ Chairman of STSB (being a wholly owned subsidiary of SCB)

3.5 Review methods or procedures for RRPT

The Board has in place an internal control system, which includes review methods or procedures to ensure that the transactions with Related Parties are undertaken on normal commercial terms not prejudicial to the interests of the minority shareholders. These procedures are in place to ensure that each major Related Party Transaction is approved and reviewed by the Directors or authorised personnel, based on the prices and terms which are not more favourable to the Related Parties than those generally available to the public, on arm's length basis and are not detrimental to the interest of the minority shareholders, giving due consideration to all circumstances of each transaction.

3.5 Review methods or procedures for RRPT (cont'd)

These procedures include the followings:

- (a) Market surveys will be conducted to gather information to compare the prices, fees or charges quoted by third parties and Related Parties for the purpose of determining the competitive market price, fee or charges of materials, goods and services. It is SCB Group's policy to purchase materials, goods or services from Related Parties when the prices, fees or charges are competitive with prices, fees or charges obtained from third parties. Other factors such as availability of raw material or resources, reliability of supply, delivery, services and quality of material or goods will also be taken into consideration for evaluation purposes.
- (b) On a periodic basis, the methods and procedures pertaining to Related Parties Transactions will be reviewed by Senior Management of SCB Group and the Audit Committee to ensure that the prices and terms of the transactions are not more favourable to the Related Parties than those generally available to the public, and are not detrimental to the interest of the minority shareholders.
- (c) The annual internal audit plan shall incorporate a review of all RRPT to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions are adhered to. Should any discrepancies arise relating to the methods and procedures, proper steps would be taken to rectify them accordingly.
- (d) The Audit Committee shall, amongst others, review these internal audit plan and reports on RRPT and any conflict of interests situation that may arise within the SCB Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- (e) At least two (2) other contemporaneous transactions and/or quotations with unrelated third parties for similar products/services and/or quantities will be used as comparison to determine whether the prices and terms offered to/by the Related Parties are fair and reasonable and comparable to those offered to/by other unrelated third parties for the same or substantially similar type of products/services and/or quantities.

In the event that quotation or comparative pricing from unrelated third parties cannot be obtained, the transaction price will be determined based on the normal margin for similar or comparable products to ensure that the RRPTs are not detrimental to the SCB Group.

- (f) The SCB Group shall maintain a register to record all RRPT entered into pursuant to the Proposed Shareholder Mandate to ensure accurate disclosure thereof. The aggregate value of the RRPT shall be appropriately disclosed in the annual report of SCB.
- (g) A list of Related Parties mandated pursuant to the Shareholder Mandate will be circulated within the Group with notification that all RRPTs are required to be undertaken on arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.
- (h) The cost plus method will be used where appropriate in the determination of fair price or contract rates. This method determines the arm's length price or rate by adding an appropriate handling charge.
- (i) The terms and conditions on purchases and sales are determined by market forces, under similar commercial terms for transaction with third parties which depend on the demand and supply of the products and subject to the availability of the products in the market.
- (j) Market prices will be used to determine the transaction price for sales to the Related Parties.
- (k) All RRPTs are reviewed by the Audit Committee of the Company periodically.

3.6 Threshold of Authority

There are no specific thresholds for approval of RRPTs within the SCB Group. However, all RRPTs are subject to the approval of the Group Managing Director/Chief Executive Officer, Group Financial Controller, General Manager, Senior Management and the Audit Committee and/or the Board from time to time, subject to the provisions in the Listing Requirements and/or the Act, where necessary. Where any Director has an interest (direct or indirect) in any RRPT, such Director will abstain from deliberation and decision making.

3.7 Statement by Audit Committee

The Audit Committee of SCB comprises of the following members:

Members	Designation
Datuk Kevin How Kow	Chairman (Independent Non-Executive Director)
Dato' Ahmad Redza Bin Abdullah	Member (Independent Non-Executive Director)
Erman Bin Radin	Member (Independent Non-Executive Director)

The Audit Committee of SCB has seen and reviewed the methods and/or procedures stated in Section 3.5 on pages 11 to 12 of this Circular and is of the view that the existing procedures, processes and guidelines are adequate and sufficient to monitor, track and identify RRPT in a timely and orderly manner. The Audit Committee also viewed that the method and/or procedures as stated in Section 3.5 on pages 11 to 12 of this Circular are sufficient to ensure that the RRPT are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

The Audit Committee will review these processes, procedures and guidelines annually or as and when needs arise to ensure all RRPTs will be carried out on normal commercial terms which are not prejudicial to the interests of shareholders and on terms not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

4. EFFECTS OF THE PROPOSED SHAREHOLDER MANDATE

The Proposed Shareholder Mandate will not have any effect on the net assets per share, earnings per share, gearing of the Group, and share capital and substantial shareholders' shareholdings of SCB.

5. RATIONALE AND BENEFIT OF THE PROPOSED SHAREHOLDER MANDATE

The rationale for SCB and its subsidiaries to enter into RRPT is to take advantage of efficiencies in business dealings, in particular competitive prices, shorter delivery time and reliability in source of materials, goods and services. The Related Parties have long-standing business relationships with SCB Group and the quality of the materials, goods, products and services have proven to meet the stringent requirements imposed by SCB Group.

The RRPT entered and to be entered into by SCB and the Group are all in the ordinary course of business. They are recurring transactions of a revenue or trading nature which are likely to occur with some degree of frequency and arise at any time and from time to time. These transactions may be constrained by the time-sensitive nature and confidentiality of such transactions, and it may be impractical to seek shareholders' approval on a case by case basis before entering into such RRPT described herein to allow SCB Group to enter into such recurrent transactions made on an arm's length basis and on normal commercial terms not prejudicial to the interest of the shareholders and not more favourable to the Related Parties than those generally available to the public and are not detrimental to the interest of the minority shareholders.

5. RATIONALE AND BENEFIT OF THE PROPOSED SHAREHOLDER MANDATE (cont'd)

The RRPTs are intended to meet the business needs of SCB Group at the best possible terms. By transacting with the Related Parties, SCB Group would have an advantage of familiarity with the background, financial well-being and management of the Related Parties, thus enabling more informed commercial decisions to be made. In most dealings with the Related Parties, SCB Group and the Related Parties have a good understanding of each other's business needs thus providing a platform where all parties can benefit from conducting the RRPTs.

By obtaining the Shareholder Mandate, and the renewal of the same on an annual basis, the need to convene separate general meetings from time to time to seek shareholders' approval for the entry by SCB Group into such RRPT will be eliminated. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such general meetings without compromising the corporate objectives of SCB Group or adversely affecting the business opportunities available to SCB Group.

These would ultimately benefit the Group and the shareholders by enhancing profitability and returns on shareholders' funds.

6. CONDITIONS OF THE PROPOSED SHAREHOLDER MANDATE

The Proposed Shareholder Mandate are conditional upon approval being obtained from the shareholders of SCB at the forthcoming AGM. The Proposed Shareholder Mandate is subject to annual renewal and will continue to be in force until:

- (i) the conclusion of the next AGM of SCB at which the Proposed Shareholder Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 143(1) of the Companies Act [but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act]; or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

A disclosure of a breakdown of the aggregate value of the RRPT conducted pursuant to the Proposed Shareholder Mandate during the financial year shall be made in the annual report where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1)(a) of the Listing Requirements, amongst others, based on the following information:

- the type of the RRPT made; and
- the names of the related parties involved in each type of the RRPT made and their relationship with SCB.

In addition, SCB is required to immediately announce to Bursa Securities when the actual value of a RRPT entered into by the Group exceeds the estimated value of the RRPT as set out in Section 3.2 of this Circular by ten percent (10%) or more.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

The interested Directors, namely Datuk Fong Joo Chung, Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba and Kon Ted Liuk have abstained, and will continue to abstain from all Board deliberations and voting in the Board resolutions pertaining to the Proposed Shareholder Mandate at the AGM.

7. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS (cont'd)

These interested Directors, as named in the immediate paragraph above, and the interested Major Shareholders, namely Sarawak Energy Berhad, State Financial Secretary Sarawak and Delegation Sdn Bhd will abstain from voting on the resolutions, in respect of their direct and indirect shareholdings, deliberating and approving the Proposed Shareholder Mandate at the AGM. They have undertaken to ensure that their Persons Connected will also abstain from voting, in respect of their direct and indirect shareholdings, on the resolution deliberating and approving the Proposed Shareholder Mandate at the AGM.

Based on the Record of Depositors as at 27 April 2015, the direct and indirect interests of the Interested Directors, Interested Major Shareholders and Persons Connected with them in the Company are outlined below:

Name	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
<u>Interested Directors of SCB</u>				
Datuk Fong Joo Chung	590,200	0.19	-	-
Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba	237,240	0.07	37,750,000 ^(a)	11.91
Kon Ted Liuk	-	-	-	-
<u>Interested Major Shareholders of SCB</u>				
SEB	52,397,996	16.53	-	-
State Financial Secretary Sarawak	-	-	52,397,996 ^(b)	16.53
Delegation Sdn Bhd	-	-	52,397,996 ^(b)	16.53
<u>Persons connected</u>				
Dato' H'ng Chun Hsiang	150,000	0.05	37,600,000 ^(c)	11.86
Datin H'ng Hsieh Ling	-	-	37,600,000 ^(d)	11.86

Note:

- (a) Deemed interested by virtue of his interest in HNG Capital Sdn Bhd and his son's interest pursuant to Section 6A(4)(c) and Section 134(12)(c) of the Companies Act
- (b) Deemed interested by virtue of its interests in SEB pursuant to Section 6A of the Companies Act
- (c) Deemed interested by virtue of his interest in HNG Capital Sdn Bhd pursuant to Section 6A(4)(c) of the Companies Act
- (d) Deemed interested by virtue of her interest in HNG Capital Sdn Bhd pursuant to Section 6A(4)(c) of the Companies Act

Save as disclosed above, none of the other Directors, Major Shareholders and/or Persons Connected with them have any interest, direct or indirect, in the Proposed Shareholder Mandate.

8. RECOMMENDATION BY DIRECTORS

The Board, save for Datuk Fong Joo Chung, Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba and Kon Ted Liuk, being interested Directors, having considered all aspects of the Proposed Shareholder Mandate, is of the opinion that the Proposed Shareholder Mandate is in the best interests of the Company.

Our Directors, namely, Dato Sri Mahmud Abu Bekir Taib, Toh Chee Ching, Yek Siew Liong, Datuk Kevin How Kow, Dato' Ahmad Redza Bin Abdullah and Erman Bin Radin (being other than the named Directors who are interested in the Proposed Shareholder Mandate as disclosed in Section 3.2 on pages 4 to 10 of this Circular) recommend that shareholders vote in favour of this ordinary resolution at the AGM.

9. ANNUAL GENERAL MEETING

The AGM will be held at M Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Tuesday, 16 June 2015 at 11.00 a.m. and any adjournment thereof for the purpose of considering and, if thought fit, passing the ordinary resolutions as set out in the notice of AGM.

10. ACTION TO BE TAKEN BY SHAREHOLDERS

If you are unable to attend and vote in person at the AGM and wishes to appoint a proxy to attend and vote on your behalf, you should complete, sign and return the Form of Proxy in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the registered office of SCB at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak not later than 11.00 a.m. on Sunday, 14 June 2015. The lodging of the Form of Proxy does not preclude you from attending and voting in person at the AGM should you subsequently wish to do so.

11. FURTHER INFORMATION

Shareholders are requested to refer to the attached **Appendix A** for further information.

Yours faithfully
For and on behalf of the Board

DATUK KEVIN HOW KOW
[Independent Non-Executive Director]

[THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

APPENDIX A – ADDITIONAL INFORMATION

1. RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors of SCB and they collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2 MATERIAL CONTRACTS

There are no other material contracts not being contracts entered into in the ordinary course of business which have been entered into by SCB Group during the two (2) years immediately preceding the date of this Circular, save as disclosed below:

- (a) Conditional share purchase agreement dated 20 October 2014 entered into between SCB and HNG Capital Sdn Bhd for the acquisition by SCB of the entire equity interest in LCIB and UCMB for total consideration of RM210.0 million to be satisfied via in cash of RM110.3 million, assumption of liabilities of RM49.6 million and issuance of new SCB Shares at an issue price of RM1.3318 per SCB Share;
- (b) An Underwriting Agreement dated 19 June 2013 entered into between SCB and Kenanga Investment Bank Berhad in relation to the renounceable rights issue of 77,625,000 new SCB Shares (“Rights Shares”), for the underwriting of up to 24,055,002 Rights Shares, at an issue price of RM1.00 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held in SCB at 5.00pm on 4 July 2013.

3. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

SCB Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, which has a material effect on the financial position or the business of SCB Group, and the Directors of SCB have no knowledge of any proceedings pending or threatened, against SCB Group, which might materially and adversely affect the business or financial position of SCB Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of SCB at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak following the publication of this Circular from Mondays to Fridays (except public holidays) during business hours up to and including the date of the forthcoming AGM:

- (a) The Memorandum and Articles of Association of SCB;
- (b) The material contracts referred to in Section 2 above; and
- (c) The audited financial statements of the SCB Group for the past two (2) financial years ended 31 December 2013 to 31 December 2014.