annual report

2022

SARAWAK CABLE BERHAD

[Registration No.: 199801000274 (456400-V)]

Vision

To be the most innovative, reliable and leading power cable manufacturer in the region, now and into the future.

Mission

- Delivering world-class quality products;
- Be dynamic towards market's demand and industry's know how;
- Creating sustainable value for our stakeholders, and the communities in which we operate.

Values

Integrity
Trust
Teamwork
Innovation
Performance
Customers/Clients
Focus
Caring

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MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

GROUP FINANCIAL REVIEW

The outbreak of the Covid-19 pandemic persisted to cause disruptions for both global and domestic economic activities in year 2021 and the impact of this disruption is felt in our operating environment and reflected in the performance of the Sarawak Cable and its subsidiaries ("the Group") in the current reporting period. Malaysia's government had implemented various measures to restrict the physical mobility of people and movement of goods and services, including different stages of Movement Control Order ("MCO") which in turn impacted the businesses and economies as a whole.

Operating in this challenging condition has stressed the Group's performance. The Group recorded a loss before taxation of RM103.5 million as compared to a loss before taxation of RM26.5 million in the previous financial year.

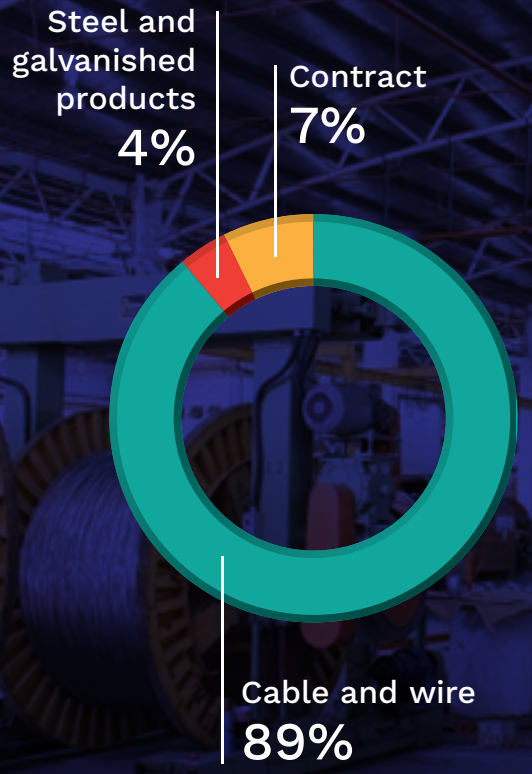
Incurred in the loss before taxation is a recognition of the impact of the proposal for disposal of PT Inpola Mitra Elektrindo ("PT IME"). The proposed disposal of PT IME is to address the Company's debt restructuring with its lenders and will bring down the amount owing to the lenders. The effect of the proposed disposal is an impairment loss of RM54.5 million.

Despite the interruptions, the Cable and Wire and Construction sectors were able to secure more book orders.

This can be seen from the revenue contributions from each sector.

The Group revenue by the respective sector as follows:

Business segment revenue	01.01.2021-31.05.2022		01.01.2020-31.12.2020	
	RM'000	%	RM'000	%
Cable and wire	728,224	88.82	540,807	89.37
Steel and galavanised products	29,613	3.61	14,693	2.43
Contract	58,073	7.08	45,694	7.55
Others	3,973	0.48	3,956	0.65



SEGMENTAL REVENUE

01.01.2021-31.05.2022

CABLE AND WIRE

For the financial period ended 31 May 2022, the Cable and Wire segment registered a revenue of RM728.2 million and a loss before tax of RM37.0 million. There is no comparative figure available as this is the very first year under review since SCABLE changed its financial year ending from end December to end May.

The loss before tax is mainly contributed by multiple factors which include the supply chain disruption and frequent shutting down of manufacturing operations due to the various Movement Control Order ("MCO") and Total Lockdown ("FMCO"), the surged in freight and transportation costs, and the surged in raw material prices particularly crude oil based plastic materials due to the escalation of oil prices towards end of 2021 to mid 2022.

During the financial period, the LME metal prices were very volatile and we saw both Copper and Aluminium hit record high in early 2022. The metal price volatility does not affect the profitability of Cable and Wire as we adopt back-to-back booking together with futures hedging strategy for our metal requirements without taking any short or long position. Our major customers like Tenaga Nasional Berhad ("TNB') and Telekom Malaysia Berhad ("TM") are aware of the fluctuation in metal prices and hence their contracts are on metal variation basis. Nevertheless, the high metal prices strained the cash flow of the Cable and Wire subsidiaries as we need more working capital to acquire same volume of metal.

After weathering through the COVID-19 pandemic impact, we are seeing strong recovery in the Cable and Wire sector when most of the economy activities resumed in early 2022. The Cable and Wire order book was around RM200.0 million in December 2021 but has surged to almost RM800.0 million in July 2022. We are confident that this segment will be back to normalcy and contribute positively towards the group's profitability.

The Group has always placed strong emphasis in preserving the environment. To this end, the Cable and Wire subsidiaries has adopted multiple green initiatives. Leader Cable Industry Berhad ("LCIB") entered into an agreement to install Solar PV System to harvest solar energy at the Plot 11 Tikam Batu factory with service provider Leader Solar Sdn. Bhd. The project kicked off in third quarter of 2021 with installation of 2,462 units of PV panels for solar capacity of 1,329.48 kWp. The system was energized on 13-May-2022. Universal Cable (M) Berhad ("UCMB") second "Green Certified" product, the solar cable, has started its commercial production and supplied to both the small-scale rooftop solar and large scale solar photovoltaic (LSSPV) plants. Various environmental programs such as the Environmental Day, the week-long Recycling Awareness Project, Enhanced Scheduled Waste Management program, and the "Let's Break Up Single Use Plastic" campaign were also conducted throughout the Cable and Wire subsidiaries.

To remain as the dominant player in the industry, the Cable and Wire companies continue to lead in product innovation and development to provide cost effective solutions to customers and to support the nation's development. LCIB continues to develop full range of High Tensile Low Sag HTLS conductors and expand its fibre optic manufacturing capabilities. UCMB has successfully completed the trial run for the Aluminium Alloy (AA-800) compact stranded conductor/XLPE/PVC, a product that is used as service cable in buildings in the USA and some Asia Pacific countries.

TRANSMISSION LINES CONSTRUCTION

Our construction segment has seen steady recovery over the past year. Our effort to move into maintenance and services had brought positive outcomes where Trenergy Infratructure Sdn Bhd ("TRENERGY") secured a few transmission line maintenance jobs while standing in a good position to secure a few more power grid maintenance tenders.

TRENERGY is also currently executing two larger scale transmission line projects, the Kota Marudu to Pitas Sabah reconductoring project and the Point Z to Point M project near Janda Baik. The Kota Marudu to Pitas project is progressing as per schedule while TRENERGY is gearing up to execute the Point Z to Point M project as soon as all necessary permits are obtained.

Having completed all delayed projects, TRENERGY is now able to focus on the current projects and maintenance works while constantly bidding for new opportunities in both new power transmission projects and power grid maintenance works.

AVIATION

As part of the restructuring scheme, the Group made the decision to dispose of the H225 helicopter. The disposal of the said H225 was completed on 21 June 2022. With this disposal, our aviation segment we are now left with five helicopters and a simulator which are leased to the Ministry of Defense through Gading Kasturi Sdn Bhd ("GADING").

We are now in an advance stage of negotiating with GADING to sell the five helicopters and the simulator. This proposed disposal will further pare down our borrowing with the bank and enable us to perform a complete review on whether we will realign this segment business direction into the Aviation Logistic for Power Grid Construction or to gradually winding it down.

Helicopter Aviation Logistics has gained traction in tandem with greater awareness for environmental preservation. We are in a unique position to capitalise on this since the current transmission project undertaken by our construction company TRENERGY in Janda Baik requires this Aviation Logistic to minimise the environment impact at project site.

HYDRO

Our mini hydro power plant in Medan, Indonesia (Kombih III) is an 8 MW power concession with PT PLN (PERSEROL). The concession tenure is for 20 years secured by a Power Purchase Agreement with PLN. It is owned and operated by PT Inpola Mitra Elektrindo ("PT IME").

We had successfully completed, commissioned and achieved the Commercial Operation Date (COD) for this mini hydro plant on 12 October 2021. This mini hydro plant has been identified as one of the assets identified to be disposed to raise fund under the debt restructuring exercise with the lenders.

On 29 July 2022, SCABLE entered into a Conditional Share Purchase Agreement with KAB Energy Holdings Sdn Bhd ("KEH") to dispose 100% of our equity interest in PT IME to KEH. We are now in the process of completing the Condition Precedents and expect to officially hand over PT IME to KEH by November 2022.

LOOKING AHEAD

As Sarawak Cable Berhad ("SCABLE" or "the Company") rode through the challenges of the impacts of COVID-19 pandemic and the ongoing debt restructuring, we can look forward to better prospects.

With clear vision of focusing back to our core businesses of Cable and Wire and Specialised Power Grid Construction, we have almost completed the winding down of non-core Hydro and Aviation segments.

The Cable and Wire sector has been able to build up the order book to near RM800.0 million with increase in call-ups and deliveries. We will continue to focus in developing new products to meet market requirements and to achieve better profit margins through product innovation and our relentless efforts in striving for operational excellence.

Our Construction sector has found its niche and established a strong footing in power grid maintenance and services. It also has two sizable on-going projects on hand and stand good chance to secure a few more transmission line projects that it has tendered.

I would like to take this opportunity to express my sincere gratitude to all the esteemed members of the Board of Directors ("the Board"), my dedicated management team and our employees who have helped the company weathered through the turbulence period.

I would also like to extend my gratitude to our customers, bankers, suppliers, consultants, and all stakeholders who have supported us throughout our debt restructuring journey and en route to recovery.

GROUP **CORPORATE STRUCTURE**

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Dato Sri Mahmud Abu Bekir Taib - *Non-Independent Non-Executive Chairman*
2. Dato Sri Fong Joo Chung - *Non-Independent Non-Executive Deputy Chairman*
3. Dato' Ahmad Redza bin Abdullah - Group *Managing Director (Retired on 15 September 2022)*
4. Tan Sri Dato' Seri H'ng Bok San - *Non-Independent Non-Executive Director*
5. Yek Siew Liong - *Non-Independent Non-Executive Director*
6. Datuk Kevin How Kow - *Independent Non-Executive Director*
7. Erman bin Radin - *Independent Non-Executive Director*
8. Datuk Rozimi bin Remeli - *Independent Non-Executive Director*
9. Redzuan bin Rauf - *Independent Non-Executive Director*
10. Goh Jen-Ni - *Alternate Director to Tan Sri Dato' Seri H'ng Bok San*

SECRETARIES

Teoh Wen Jinq
MIA 25770
SSM Practicing Certificate No. 202208000251

Voon Jan Moi
MAICSA 7021367
SSM Practicing Certificate No. 202008001906

AUDITORS

Messer. Ernst & Young

SOLICITORS

Reddi & Co. Advocates
Shahrizat Rashid & Lee Advocates & Solicitors
Mohamed Ridza & Co. Advocates & Solicitors

PRINCIPAL BANKERS

1. AmBank Berhad
2. AmIslamic Bank Berhad
3. Bangkok Bank Berhad
4. Bank of China Berhad
5. Bank Muamalat Malaysia Berhad
6. CIMB Bank Berhad
7. Export-Import Bank of Malaysia Berhad
8. Hong Leong Bank Berhad
9. Hong Leong Islamic Bank Berhad
10. Malayan Banking Berhad
11. Maybank Islamic Berhad
12. OCBC Al-Amin Bank Berhad
13. OCBC Bank (Malaysia) Berhad
14. RHB Bank Berhad

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Semangat
(Jalan Professor Khoo Kay Lim)
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Tel No : 603-7890 4700
Fax No : 603-7890 4670
www.boardroomlimited.com

REGISTERED OFFICE

Lot 767, Block 8
Muara Tebas Land District
Demak Laut Industrial Estate Phase III
Jalan Bako
93050 Kuching, Sarawak
Tel No. 082-434 311
Fax No. 082-435 311

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name: SCABLE
Stock Code: 5170

GENERAL ENQUIRIES

e-mail: enquiries@sarawakcable.com

PROFILE OF DIRECTORS

DATO SRI MAHMUD ABU BEKIR TAIB

Non-Independent Non-Executive Chairman

Malaysian, aged 58, male, was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Chairman on 9 September 2009.

Having pursued his tertiary education in USA and Canada, he started his career as the founding member and Director of SSSB Management Services Sdn Bhd (formerly known as Sarawak Securities Sdn Bhd), Sarawak's first stock-broking company, which is now merged with K&N Kenanga Holdings Berhad. During his tenure, he acquired extensive experience in the stock-broking and corporate sectors.

He is currently the Deputy Group Chairman of Cahya Mata Sarawak Berhad ("CMSB") and a shareholder of CMSB. He serves on the Nomination and Remuneration Committee and chairs the Digital Transformation Committee.

He has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended all eight (8) of the Board meetings held.

DATO SRI FONG JOO CHUNG

Non-Independent Non-Executive Deputy Chairman

Malaysian, aged 73, male, was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Deputy Chairman on 9 September 2009. He is also the Chairman for both the Remuneration Committee and Nomination Committee.

He obtained a Bachelor of Law degree (LLB) with honours from the University of Bristol, United Kingdom, in June 1971. He was called to the English Bar by the Honourable Society of Lincoln's Inn, United Kingdom in November 1971.

He began his professional career as an advocate in Reddi & Co. Advocates, one (1) of the leading law firms in Kuching, Sarawak in 1971 before being appointed as the State Attorney-General of Sarawak in August 1992. His service as the State Attorney-General of Sarawak ended on 31 December 2007 but he has been retained by the State Government of Sarawak in an advisory capacity and represented the State Government of Sarawak in Court as State Legal Counsel.

In 1996, he was appointed as the Non-Executive Director of Universal Cable (Sarawak) Sdn Bhd, our wholly-owned subsidiary.

He is currently the Non-Independent Non-Executive Director of Sarawak Energy Berhad and Non-Independent Non-Executive Director of Bintulu Port Holdings Berhad. He presently sits on the Board of Directors of several other private limited companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended all eight (8) of the Board meetings held.

PROFILE OF DIRECTORS

DATO' AHMAD REDZA BIN ABDULLAH

Group Managing Director *(Retired on 15 September 2022)*

Malaysian, aged 58, male, was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 8 October 2009. He was appointed as the Executive Director of Sarawak Cable Berhad on 1 January 2018.He was appointed as Managing Director on 13 March 2018 and subsequently re-designated as Group Managing Director on 6 April 2021.

He graduated with a Bachelor of Law degree (LLB) with Honours from the University of London, United Kingdom and was subsequently admitted to the High Court of Malaya.

He was the Deputy Managing Partner of Messrs. Shahrizat Rashid & Lee and Head of Litigation and Dispute Resolution up until 2017. He has extensive experience in civil and commercial litigation and was lead counsel for the firm.

Currently, he sits on the board of several private limited companies in Malaysia.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended all eight (8) of the Board meetings held.

TAN SRI DATO' SERI H'NG BOK SAN, *JP*

PSM, DPPN, DGPN, DSPN, PKT, PJK

Non-Independent Non-Executive Director

Malaysian, aged 82, male, was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Director on 9 September 2009. He is a member of the Remuneration Committee.

He attended courses in Business Administration and Accounting in Singapore. He began his career as a marketing representative for an international trading company in Penang, Malaysia before joining a Taiwanese cable manufacturing company in Singapore where he was in charge of the Singaporean and Malaysian markets.

Three (3) years later, he returned to Malaysia to help in the setting up of Federal Cables Wire and Metal Manufacturing Berhad and was subsequently promoted to the position of Deputy General Manager and held this position for five (5) years.

In 1976, he founded Leader Cable Industry Sdn Bhd [now known as Leader Cable Industry Berhad ("LCIB")] and implemented a restructuring and merger exercise between LCIB and Universal Cable (M) Berhad and established Leader Universal Holdings Berhad ("LEADER") as the holding company which was formerly listed on Bursa Malaysia Securities Berhad. The privatisation of Leader Universal Holdings Berhad saw the emergence of HNG Capital Group and he is currently the Group Executive Chairman. To date, he has over fifty (50) years of experience in the manufacturing, marketing and servicing industries.

He also sits on the board of several private companies, both local and overseas and is also the Executive Chairman of GUH Holdings Berhad, a public listed company.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended all eight (8) of the Board meetings held.

PROFILE OF DIRECTORS

YEK SIEW LIONG

Non-Independent Non-Executive Director

Malaysian, aged 62, male, was appointed to the Board of Sarawak Cable Berhad as Non-Independent Non-Executive Director on 9 September 2009. He is also a member of the Remuneration Committee.

He first obtained a Bachelor of Art (Honours) degree in Architecture and Environmental Design from the University of Nottingham, United Kingdom in 1983. He subsequently obtained a Bachelor of Architecture (Honours) degree from the University of Nottingham, England in 1986. He also obtained a Master of Business Administration degree from University of Aston in Birmingham, United Kingdom in 1988. He is currently a member of the Malaysian Institute of Chartered Secretaries and Administrators and the Institute of Approved Company Secretaries.

In 2005, he was appointed as the Non-Executive Director of Universal Cable (Sarawak) Sdn Bhd, our wholly-owned subsidiary.

He has many years of experience in timber trade and industry, hospitality industry, property development and management, retailing in machinery, hardware and electrical goods, trading in petroleum and provision of infrastructure and business facilities for petrol service stations.

He is currently the Non-Independent Non-Executive Director of Rhong Khen International Berhad, and a director of Hock Lee Asia Berhad and Cinacom Bintulu Berhad.

He is also a director of several other private companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended seven (7) out of eight (8) of the Board meetings held.

DATUK KEVIN HOW KOW

Independent Non-Executive Director

Malaysian, aged 74, male, was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 8 October 2009. He is also the Chairman of the Audit Committee, Chairman of the Risk Management Committee and a member of the Nomination Committee.

He is a Fellow of the Institute of Chartered Accountants in England & Wales and the Institute of Singapore Chartered Accountants. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants. He was made a partner of Ernst & Young, Malaysia in 1984 and served as Partner-in-charge of offices in Sabah and Sarawak.

From 1996 onwards, he was Partner-in-charge of the firm's practice in Sabah and Labuan until his retirement at the end of 2003.

His directorships in public company include Sabah Development Berhad.

He also sits on the board of several private limited companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended seven (7) out of eight (8) of the Board meetings held.

PROFILE OF DIRECTORS

ERMAN BIN RADIN

Independent Non-Executive Director

Malaysian, aged 44, male, was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 8 October 2009. He is a member of the Audit Committee.

He first graduated from the Japan Technical Research Preparation Centre in Universiti Teknologi Malaysia, Kuala Lumpur in 1997. He subsequently obtained an Associate Degree majoring in Information Engineering and Computer Science from the Takuma National College of Technology in Japan in March 2000.

He began his professional career as an IT Engineer in Taiyo Yuden (Sarawak) Sdn Bhd in 2000 and subsequently joined a local Oil & Gas company in Brunei Darussalam as an Information Technology and Data Manager in 2008. He is primarily responsible for the development and implementation of all information technology facilities covering hardware, software and services. In addition, he conducts in-house information technology training to the company's staff, and plays an integral role in overseeing the overall information technology system of the company.

He presently sits on the board of a private limited company.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended all eight (8) of the Board meetings held.

DATUK ROZIMI BIN REMELI

Independent Non-Executive Director

Datuk Rozimi bin Remeli, Malaysian, aged 65, male, was appointed to the Board of Sarawak Cable Berhad as Independent Non-Executive Director on 11 May 2016. He is also a member of the Audit Committee and Nomination Committee. On 27 July 2022, he was appointed to be the Chairman of the Risk Management Committee.

He graduated with a Bachelor in Engineering from Northorp University in the United States in 1984 and holds a Master in Business Admiration from Universiti Sains Malaysia, in 1996.

He has over thirty six (36) years of extensive leadership experience in energy industry. He began his career with Tenaga Nasional Berhad ("TNB") until his retirement in January 2016. In 2006, he was appointed as a General Manager in the Asset Maintenance Department, Transmission Division. In 2007, he was promoted to a Senior General Manager where he was primarily responsible for effectively managing transmission project management to ensure adherence to contractual specifications, costing and timely completion. In 2010, he was promoted to Vice President (Transmission) where he was entrusted with the overall performance of TNB transmission business which focuses on transporting electricity, managing the division's assets and operating and maintaining the transmission network.

Datuk Rozimi also sits on the Boards of Malakoff Berhad and several other private limited companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended all eight (8) of the Board meetings held.

PROFILE OF DIRECTORS

REDZUAN BIN RAUF

Independent Non-Executive Director

Malaysian, aged 49, male, was appointed to the Board of SCABLE as Independent Non-Executive Director on 11 May 2016. He is also a member of the Risk Management Committee.

Graduated from the Chartered Governance Institute, United Kingdom (formerly known as the Institute of Chartered Secretaries and Administrators - ICSA) and he is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA). He is also recognised as Chartered Governance Professional in Malaysia since 2019.

He has over twenty (20) years of working experience offering corporate and financial advisory services to private and public companies. He started his career with Shell Timur Sdn Bhd, before he joined Brumby & Co. International Trust (Labuan) Sdn Bhd in 1997. In 1999, he joined SME Bank Berhad and subsequently he joined RHB Banking Group where he was a Senior Manager primarily in charge of credit risk assessment and litigation. In 2009, he joined Bank Islam Malaysia Berhad and was the Head of East Malaysia Region Commercial Banking before he left in 2012 to pursue his career as a businessman.

Currently, he sits on the board of several private limited companies and foundations in Malaysia.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, he has attended all eight (8) of the Board meetings held.

GOH JEN-NI

Alternate Director to Tan Sri Dato' Seri H'ng Bok San

Malaysian, aged 40, female, was appointed to the Board of SCABLE as an Alternate Director to Tan Sri Dato' Seri H'ng Bok San on 30 July 2021.

After completing ACCA, she joined PricewaterhouseCoopers Assurance in June 2005 and left as Senior Associate in April 2009. She joined DFZ Capital Berhad, a duty-free retailer, as a member of the Internal Audit Department from April 2009 to June 2015.

In 2015, she joined HNG Capital Group's Internal Audit Department as the Internal Audit Manager with responsibilities over Internal Audit and Enterprise Risk Management functions. She has transitioned to Asset Management Department in July 2017 and currently performing as the Senior Manager.

She is also a director of several other private companies.

She has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

During the financial period ended 31 May 2022, she has attended four (4) of the Board meetings held.

KEY MANAGEMENT PROFILE

TAN KOK HONG

Group Chief Operating Officer

Malaysian, aged 52, male, is the Chief Operating Officer (COO) of SCABLE Group – Manufacturing Division.

He graduated from the University of Melbourne, Australia, with Bachelor of Electrical & Electronic Engineering Degree (Honours). He started his career as an Engineer with Leader Optic Fibre Cable Sdn Bhd ("LOFC"), a LEADER-CORNING Joint Venture company, in 1995. He worked in various departments before being promoted to Deputy General Manager, in charge of LOFC's operations in 2000.

He joined Universal Cable (M) Berhad ("UCMB") in 2003 as a Senior General Manager managing UCMB's Plant Operations and Sales & Marketing. In 2005, he was appointed as Managing Director of UCMB.

In 2011, he was appointed as the Group Chief Operating Officer (COO) – Cable and Wire to head Leader Universal Holdings Berhad ("LEADER") Group's Cable and Wire division. He was re-designated as the Managing Director of LEADER Group Cable Division in 2012.

He joined SCABLE as the Chief Operating Officer (COO) – Manufacturing Division in January 2015 and was promoted to the Group Chief Operating Officer on 28 January 2022.

He has no family relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has no conviction for any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

TEOH WEN JINQ

Group Chief Financial Officer

Malaysian, aged 47, female, joined SCABLE in 2008 as the Group Financial Controller and Company Secretary, and was promoted to the Group Chief Financial Officer in March 2017.

Prior to that she worked as an auditor in Ernst & Young in 2000 before she joined a public listed company on the Main Market of Bursa Securities in 2005 as an Accountant.

She obtained her Bachelor of Arts (Honours) degree in Accounting and Financial Studies from the University of Exeter, United Kingdom. She is a Fellow of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountant.

She is primarily responsible for ensuring that the strategic business plans deliver SCABLE's operating and financial goals to create long term value for our shareholders. She oversees the planning, budgeting, forecasting, management reporting and financial reporting processes, governance and control.

She does not hold directorship in any private or public limited company.

She has no family relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. She has no conviction for any offence within the past five (5) years and she has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

KEY MANAGEMENT PROFILE

AZHAR BIN ARIFFIN

Head of Cables & Wires

Malaysian, aged 53, male, is the Head of Cables & Wires of SCABLE Group.

He graduated from University of Hertfordshire United Kingdom with bachelor's degree of Engineering (Hons) in Electrical/Electronics.

In 2000, he joined as the Manufacturing Manager of Leader Optic Fibre Cable Sdn. Bhd. (LOFC - which is currently known as Lite Kabel Sdn. Bhd) from the year 2000 to 2004. In August 2004, he was transferred to Universal Cable (M) Berhad ("UCMB") as Quality Assurance Manager and as Head of Technical section, he was responsible for the overall activities in Technical Design and Quality Assurance departments. In 2006, he was the Head of Technical section; Design & Quality Assurance Departments of UCMB.

In April 2009, he was promoted to be the Head for Sales & Marketing (Export Sector), an integrated Sales & Marketing Department of UCMB and Leader Cable Industry Berhad ("LCIB") where both are subsidiaries under the parent company of LEADER. He was responsible for business and market developments and overlooking the overall export markets in the targeted regions of OCEANIA, ASIA, MIDDLE EAST and EUROPE.

In June 2011, he was promoted to be the Head for LEADER Group Technical & Product Development, covering all factories under Cable and Wire Division. The scope of the portfolio covered the product development & improvement activities and technical related aspects in manufacturing as well as the commercial related. At the same time, for the period between February 2011 to December 2015, he was appointed as the representative director for Leader Universal Holding Berhad ("LUHB") in the Board of Director of Lite Kabel Sdn. Bhd (an affiliated company of Leader Cable Sdn Bhd), overseeing the interests of LUHB as the shareholder.

In June 2012, he was promoted to be the Managing Director of LCIB and in February 2022, he was promoted to be the Head of Head of Cables & Wires of SCABLE Group.

He has no family relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has no conviction for any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

MOHD FOUZI RAMLI

Head of Construction

Malaysian, aged 54, male, is the Head of Construction of SCABLE Group – Construction Division.

He graduated from the New Mexico State University, USA, with Bachelor of Science in Electrical Engineering. He started his career as the Project Engineer with General Electric Company (M) Sdn Bhd, in 1992 for the development of Power Grid Transmission.

He joined Transmission Technology Sdn Bhd ("TTSB", a subsidiary company to MRCB) in 1995 as the Engineer for the development of first phase TNB 500kV Power Grid Transmission in Malaysia. In 1998, he was promoted to the Assistant Manager.

In 2002, he was appointed as the Manager to head TTSB's Engineering team for the execution of Power Grid Transmission projects. He was promoted to the Senior Manager of TTSB in 2007. He was re-designated as the Senior Manager of MRCB Engineering for MRCB property development to head the M&E team for the construction of high-rise buildings in 2010.

He joined Mott MacDonald Limited as the Senior Principal Engineer in early 2013 to lead the Mott MacDonald's branch office in Kuching, Sarawak.

In late 2013 he joined Sarawak Cable Berhad as the General Manager to lead the EPCC team for the development of SEB 500kV Transmission Grid in Sarawak. In 2016 he was seconded to Trenergy Infrastructure Sdn Bhd (TTSB) to lead the project team in the execution of TTSB's existing and new projects. He was re-designated as the Project Director in 2018 to oversee all projects under SCABLE Group.

In February 2022 he was promoted to be the Principal Officer of SCABLE Group as the Head of Construction.

He has no family relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has no conviction for any offence within the past five (5) years and he has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year under review.

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 financial position of the Group and of the Company and of the financial performance and the cash flows of the Group and the Company for the financial year.

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

The Directors consider that in preparing the financial statements for the period ended 31 May 2022 contained in this Annual Report, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment 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.

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

This Statement is made in accordance with a resolution of the Board dated 19 September 2022.

SUSTAINABILITY REPORT

ABOUT THIS REPORT

This report describes our Group's ongoing commitment in integrating sustainable practices into our business activities and strategies. It was prepared in accordance with the Main Market Listing Requirements and Sustainability Reporting Guide (2nd Edition) issued by Bursa Malaysia and covers our Group's sustainability performance for 17-months from 1 January 2021 to 31 May 2022.

SUSTAINABILITY REPORTING (SR) SCOPE

Recovering from a devastating pandemic like Covid-19 proved to be a long and challenging journey for our Group. Still reeling from the effects of prior year's disruption in our production and sales, with Russia-Ukraine war driving the price of copper and aluminum to historical highs for the first few months of 2022, a weaker-than-expected global growth, and worsening supply chain disruptions, our SR initiatives will still be focusing on strengthening our core business which is the manufacturing and supply of power cables.

Our other business units, including the steel fabrication and transmission line construction while left out from the SR scope, are able to survive on the strength of their lean manufacturing practices, process efficiency, and stringent budget utilization. We may consider disclosing the sustainability performance of the other business units moving forward, as and when it becomes material to our Group.

The Group's manufacturing plants are located in the State of Sarawak, Kedah and Johor with the following manpower strength distributions:

No.	Location	Workers strength
1	Pandan	249
2	Plentong	109
3	Tikam Batu	244
4	Kuching	60

GOVERNANCE STRUCTURE

Our Group's governance structure in relation to sustainability is headed by the Board of Directors ("BOD"), setting the tone from the very top and overseeing the Group's sustainability management and performance. The BOD is assisted by the Management Sustainability Committee ("MSC") which decides on the sustainability strategies and policies and provides stewardship towards incorporating sustainability into the Group's business strategies. The MSC is also responsible for evaluating the Group's SR and reports on the performance of the economic, environmental, social and governance ("EESG") initiatives undertaken during the 17-month Financial Period Ended 31 May 2022 ("FPE 2022").

The overall Governance Structure is depicted below:

SR GOVERNANCE STRUCTURE

SUSTAINABILITY REPORT (cont'd.)

STAKEHOLDER ENGAGEMENT

We viewed our Group's on-going stakeholder engagement activities as important to our long-term business success. In engaging our stakeholders, we can better understand how our business activities impact EESG, to identify sustainability risks and opportunities for the Group. Therefore, we are continuously identifying our relevant stakeholders and assess their specific needs and expectations in order to have a meaningful engagement with them. This will eventually allow us to enhance our relationship with our employees, customers, financiers, the relevant authorities and all other parties who advocate, sponsor and act as agents of change for our organization.

KEY STAKEHOLDERS	ENGAGEMENT METHODS	MATERIAL SUSTAINABILITY MATTERS (internal & external)	
		Economic, Environmental, Social & Governance (EESG)	Operational Focus
Key Clients & Customers	• Dialogues with clients • Products survey & FAT • Customer Satisfaction Survey • Exhibitions to promote image	• Boosting business & economy (GDP); • Eco-friendly & safer products; • consumer rights	• Dynamic to market trends & needs; • Quality products & after sales service
Financiers / Bankers	• Dialogue on existing facilities • Periodic review on credibility • Corporate dinner & Forums	• Financial stability; • Environmental initiatives (E-banking) • CSR activities	• Financial covenant compliance • Maintain good relationship
Regulatory Authorities; Government Agencies	• Meetings & correspondences on compliance matters • Seminar on regulation updates • Factory audit by relevant authorities	• Opportunity & monetary loss for non-compliance • Environmental standards compliance • CSR & industry forums	• Bumiputera status requirements • Bursa compliances • Valid licences & certifications
Employees	• Periodic meetings; • Family Day & Annual Dinner • Employee survey & In-house training, health talks; • Union staff Agreement review	• Jobs creation, skilled labour development; • Go green & 3R program; • OHSAS Human rights, welfare & training	• Effective outputs • Healthy culture; • Safe environment
Major Suppliers & Vendors	• Dialogue on quality & pricing • Annual dinner & sponsorship • Evaluation & factory visit • New material / R&D dialogues	• Procurement practices; • Recyclable, eco-friendly materials; • CSR activities	• Materials quality and costs; • Effective practices; • Alternative or new material sources
Shareholders & Investors	• Annual General Meeting (AGM) • Financial Announcement • Investor Relations activity • Annual Reports	• Financial stability, stable capital market; • Environmental initiatives (paperless) • CSR activities	• Group loss recovery & financial stability; • Restoring market confidence
Local Communities	• Through CSR programs • In-house zero-cost CSR	• Environmental protection initiatives • CSR & quality life	• Fund-raising CSR • Promote healthier lifestyle
Strategic partners	• Dialogues on strategic alliance; • Meetings on contract & pricing	• Financial stability • Environmental & CSR initiatives	• Synergistic effects to maximize output; • Improved contractual terms

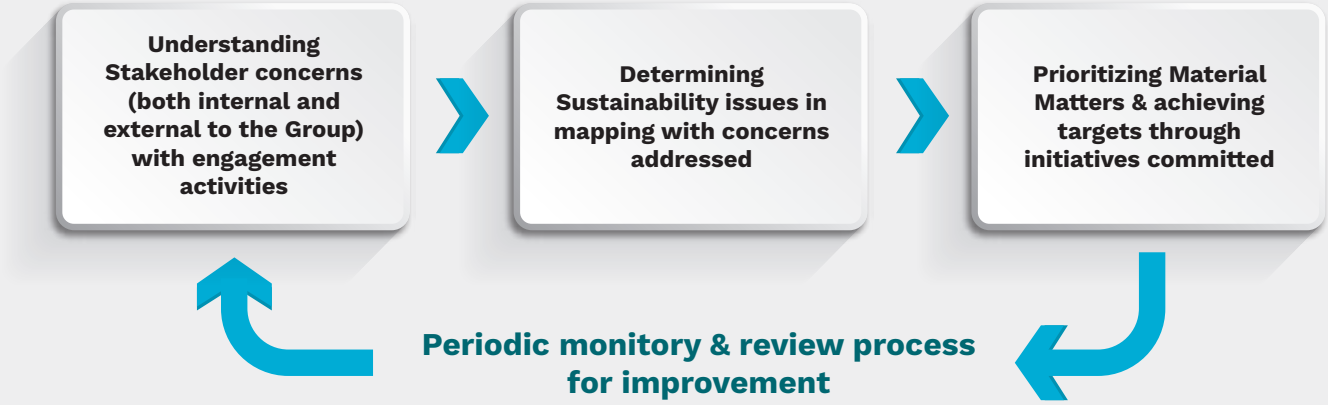
SUSTAINABILITY REPORT (cont'd.)

MATERIALITY ASSESSMENT

The Group's materiality assessment process which was started in 2018, aimed at identifying important matters from both internal and external perspectives, and decides on which one to act on and to report. This is crucial as the Group's ability to achieve its vision and strategy could well be dependent on the type of information provided by the assessment.

The materiality assessment process will be evaluated annually for more accurate mapping of concerns addressed with key material matters identified to realize long-term business values from the sustainable practices engrained within the Group. Over time, the Group's determination of material sustainability matters must also be aligned with factors such as changes in its risk appetite, business model and strategy, regulatory landscape and industry trend.

The materiality assessment process is summarised as follows:



DETERMINATION OF MATERIAL MATTERS

The Material Matters ("MM") for our manufacturing units, which are tabulated below, were determined based on the following 2 principles:-
(i) Whether it reflects our Group's significant EESG impacts; and
(ii) Whether it substantively influences the assessment and decisions on our Group's stakeholders.

We have during the FPE 2022, performed a limited review (including stakeholder engagement and materiality assessment), where the MM under the scopes of EESG for the Group remained unchanged as follows:

KEY MATERIAL MATTERS		Anticipated Impacts on The Group	
		Financial	EESG Perspective
1	**Effective Risk Control System**	• Loss recovery & financial stability • Organic growth in business	• Economic contributions/GDP • Jobs creation
2	**Legal & Regulatory Compliance**	• Less fraud with ethical business conduct • Minimizes losses for non-compliance • Increases business opportunity	• Economic contribution • Upholding national standards
3	**Effective Procurement & Quality products**	• Cost reduction to stay competitive • Quality materials for reliable products • Reputational & branding effect	• Sustainable supply chain/GDP • Reduces depletion of resources with recyclable materials • Healthier living conditions
4	**Water & Energy efficiency; Waste Minimization**	• Reduces production & operation cost • Paperless – oriented practices • Cultivates 3R conscious at workplace	• Environmental protection • Less depletion of resources • Promotes digital economy

SUSTAINABILITY REPORT (cont'd.)

KEY MATERIAL MATTERS		Anticipated Impacts on The Group	
		Financial	EESG Perspective
5	**Environmental Management** (ISO compliance)	• Maintain high standards • Minimize losses from non-compliance • Healthier, safer & greener workplace	• Environmental protection • Better living condition for community
6	**Safety & Health** (OHSAS compliance)	• Keeping employees safe and healthy • Minimizes time loss injuries • Boots morale, performance & outputs	• Social compliance • Human capital development • Improves employment rate
7	**Impactful CSR**	• Minimize grievances from community • Positive corporate image & reputation	• Contributions to community • Promotes healthier living

SUSTAINABILITY MATTERS MANAGEMENT

OUR GROUP'S 2022 EESG INITIATIVES

GOVERNANCE

Good governance remained the top priority for the Group, and the Group understands and takes full cognizance of operating its business responsibly whilst pursuing business growth.

Effective Risk Control System

Understanding the importance of periodically-managed risks, the Group practices the Enterprise Risk Management ("ERM") diligently, in which Management follows a set of established methodology when performing the ERM (also formalized in the ERM Framework). Arising from this ERM, Management identifies risks faced by the Group, divided into different risk priorities for different risk treatments. Apart from addressing the risks identified through risk treatment plans, if required, these identified risks will also be used as a basis for the Internal Audit Department to establish the Internal Audit Plan (i.e. risk-based internal audit).

Refer to the page 39 of the Annual Report for the Statement on Risk Management & Internal Control for further details)

Legal & Regulatory Compliance

Being a manufacturer and supplier of power cables, and also a Main Market Listed Issuer, the Group is mandated to comply with various regulatory requirements, including the Industrial Co-ordination Act 1975, Occupational Safety and Health Act 1994, Main Market Listing Requirements, and Companies Act 2016.

The Group places high importance in ensuring compliance with the relevant regulatory requirements, and have entrusted the relevant Heads of Departments to ensure compliance. Furthermore, non-compliances, if any, will be reflected in the performance appraisal of the relevant personnel, and appropriate actions will be taken.

To ensure that we conduct business with the highest level of integrity, the Group have established the Anti-Bribery and Corruption ("ABC") policy, to provide guidance to all employees in an effort to uphold the Group's zero tolerance position on any forms of bribery and corruption. This policy is also extended to our Group's business associates or third parties, which includes vendors, contractors, financial institutions, sub-contractors, consultants, agents, and representatives, among others. In line with the Malaysian Anti-Corruption Commission Act 2009 ("MACCA") and the Guidelines of Adequate Procedures issued by the Prime Minister's Office, we have also developed and implemented a comprehensive set of measures to combat bribery and corruption based on the level of risk associated with the nature and complexity of our business.

The Group's Whistle Blowing Policy is built on the foundation of a high standard of integrity and accountability in the conduct of its businesses and operations. All business affairs will be carried out in an ethical, responsible and transparent manner. With this in mind, a transparent and accountable communication channel was established for employees and other stakeholders to communicate their concerns of any potential malpractices

SUSTAINABILITY REPORT (cont'd.)

or malpractices that have taken place, in an effective and secured manner. A whistle-blower will be accorded with protection under the Policy, and that no action shall be taken against any individual reporting such malpractices, as long as it is made in good faith and in the best interests of the Group.

There has been no valid or credible cases of malpractices amounting to fraud and bribery being reported either by our Internal Audit, External Audit or members of the public throughout the Group in the past three (3) financial periods (i.e. financial years 2019, 2020, and FPE 2022).

ECONOMIC

The vast opportunity in power supply projects and the related infrastructure development all throughout the country will provide the impetus for us to further consolidate our position as the leading industry player in Malaysia and Southeast Asia.

In East Malaysia, the Sarawak State Government's Rural Power Master Plan particularly those to be delivered under the remaining Rural Power Supply Scheme and the Rural Electrification Scheme in order to achieve full electrification in Sarawak by 2025 will require substantial amount of power supply and telecommunication infrastructures too.

The collaboration with our major client, Sarawak Energy Berhad through the signing of a Memorandum of Understanding (MOU) in 2020 aimed at encouraging knowledge sharing and fostering innovation is still ongoing. Similarly, we constantly maintain a strong business relationship with TNB, Telekom and Sabah Electricity which over the years has directly and indirectly led to better generation, transmission and distribution of electricity as well as improved national connectivity and digital infrastructure provision throughout the country.

Effective Procurement & Delivery of Quality Products

To ensure financial sustainability and viability of the company, we are constantly monitoring the cost of materials used in our production plants.

We have come a long way in ensuring that our relationship with our suppliers are built on trust and mutual understanding that will benefit all parties in the long run. Our procurement units are actively sourcing for new and alternative materials which will enable us to keep our production cost low and in turn allows us to supply our cables and conductors at reasonable price.

We evaluated all vendors thoroughly, with criteria ranging from competitive pricing, timely delivery to the ability to meet regulatory requirements. Timely delivery of the required raw materials will ensure that our production lines are able to deliver the goods to the market and customers on time. This is especially critical for contractors working on tight schedules to meet construction deadlines and avoiding delays and penalties during project implementation. Ultimately, our strict selection process will provide economic benefits to reliable and responsible vendors, suppliers and service providers whose presence in this country and globally is an impetus for employment opportunities and national income.

To ensure the Group delivers quality products to our customers, we practice the following:

- Policies and procedures were established to provide guidance to our employees, to ensure products are made in accordance with established standards and specifications, as well as the terms of contractual agreements entered into, if any;
- The Group and its products are accredited/ certified with the internationally recognized standards, including MS ISO 9001:2015 Quality Management System, ISO 45001:2018 Occupational Health & Safety Management Systems, ISO 14001:2015 Environmental Management System, KEMA – Netherlands, CESI – Italy, TUV SUB (PSB TEST) – Singapore, ABS – USA, KINECTRICS, Lloyd's Register – UK;
- The Group is registered and qualified under various licensing bodies including Construction Industry Development Board (CIDB), MOF (Ministry of Finance, and Ministry of International Trade & Industry Malaysia (MITI);
- The Group's Quality Assurance and Quality Control Department performs close monitoring of the design and fabrication process to ensure products are of high quality and complied with standards and specifications; and
- In order to stay abreast with the global trends and latest market requirements, we maintain regular involvement with the various industry associations, such as Malaysia Cable Manufacturers Association ("MCMA"), to exchange information with other industry players through constructive dialogues to benefit the industry as a whole.

SUSTAINABILITY REPORT (cont'd.)

We view every customer's complaint seriously, big or small. Every complaint is recorded in the Customer Complaint Form which will trigger immediate investigation by the relevant departments. A conclusive finding will determine whether non-compliant or defective products will be recalled or replaced and whether compensation is fully justified. In any case, every complainant will be informed about the investigation outcome within 7 working days. The investigation process usually involves checking of manufacturing, delivery and installation processes, scrutiny of relevant records, and detailed examination/ inspection of the rejected goods in order to determine the root cause. Once a root cause is identified, the appropriate corrective action plan shall be determined and executed. Finally, the corrective action taken shall be verified and the customer shall be contacted to ensure that the issues have been satisfactorily resolved and closed.

It is common for our Sales Department to receive invalid complaints from our customers which are basically complaints of damages that took place due to their own improper handlings of the goods delivered to them. However, for a few of the valid complaints that we received, it is mostly made up of issues such as inaccurate length, thickness and cosmetic issues which our technical teams quickly resolved to the satisfaction of our customers.

In addition to resolving customer complaint, we have been implementing the necessary measures to monitor and measure customer satisfaction through the Customer Feedback Form and regular sales visit.

New Products Development

The increasingly competitive global and domestic markets, rapid changes in technologies, consumer preference, and environmental concerns pushing for green technology are making it necessary for our Group to constantly diversify and add new items to its existing product lines. For the past five years or so, the Group has meticulously worked on a few new products as listed down below:

(i) Linnet HTLS ACFR, a type of Aluminium Conductor Fiber Reinforced (ACFR) High Temperature Low Sag (HTLS) overhead conductor. HTLS conductor helps to increase the ampacity of the overhead lines by using the existing towers which subsequently eliminates the environmental degradation cause by new right of way (ROW). The development was initiated to accommodate a major client, Sabah Electricity Sdn Bhd's (SESB) requirement to uprating the existing 33kV overhead line from Kota Marudu to Menggaris by re-conductoring and maintaining the existing towers to fulfil the surge in power demand. The first order for 54 km of the ACFR Linnet has been received and the production is expected to be completed in September 2022 followed by re-conductoring work in October 2022. This is the first official open tender in Malaysia for re-conductoring project using HTLS conductor. A successful delivery of the first batch of this product could pave the way for future business opportunity in replacing the conventional ACSR Bison which are widely used in Sabah for decades now with much bigger size overhead conductors.

(ii) The Group has also completed the R&D for its solar cables, and with the type test already received, UCMB is now a certified solar cable manufacturer. Presently, our team is still looking for the alternative LSOH (low-smoke zero-halogen) material to reduce the production cost of the cable in order to be able to offer the cables at a more competitive price. With the development of large scale solar photovoltaic (LSSPV) plants in Peninsular Malaysia for commercial operation in 2022/2023, our Group will stand to benefit from its capabilities to offer a full range and type of cables needed for the solar plants project.

(iii) The development of another product, the Aluminium Alloy (AA-800) compact stranded conductor/ XLPE/ PVC is still ongoing. The trial run has already been completed in early 2022. The product which was enquired by an overseas client is commonly used as service cable in building in the USA.

SUSTAINABILITY REPORT (cont'd.)

ENVIRONMENT

Environmental Management

Being certified with Environmental Management System ISO 14001:2015, we are actively managing our environmental responsibilities in a manner that will provide value for the environment, our organization and our stakeholders. Ultimately, the following outcomes are expected from full implementation of the system:

- Enhancement of our Group's environmental performance;
- Fulfillment of our Group's compliance obligations; and
- Achievement of our environmental objectives.

All of our plants maintain a stringent compliance with the regulations of the Malaysian Department of Environment ("DOE") with zero non-compliance recorded during the year. It includes compliance to the DOE's applicable regulations such as the Environmental Quality (Clean Air) (Amendment) Regulations, Environmental Quality (Scheduled Wastes) (Amendment) Regulations and Environmental Quality (Industrial Effluent) Regulations.

As a responsible corporate citizen, we are constantly aware of the concept of Green Growth promoted by the OECD (Organization for Economic Co-operation and Development). We believe that through greater adoption of Green Growth technologies and practices, it can enhance our plants' efficiency in the use of raw materials, reducing waste and energy consumption, unlocking opportunities for innovation and value creation, and allocating resources to the highest value use.

Despite the much higher cost of the RoHS PVC compound that we used for our cables compared to the conventional type, we understand the need to have a balanced approach in managing our economic objectives and remain committed in finding eco-friendly alternatives materials which will essentially allow us to deliver our products to the market in a responsible manner.

Process-wise, our manufacturing plants are leveraging on its years of experience and innovation to achieve production efficiency through optimization of machine loading according to monthly order, effective manpower planning, and strict Quality Control process from raw materials selection until finishing stage to minimize rejection rate.

To reduce packing cost, we continue to maintain our practice of fully utilizing the use of empty PVC bags as packing material and maximize the numbers of used drums, especially used steel drum due to its long useful life. The use of recyclable steel drum will also ensure that we can reduce the use of wooden drum which can be destructive to the rainforest.

Our plants set scrap limit for all main raw materials and implement strict monitoring of scheduled waste, raw material scrap and metal scrap. The usage of raw materials are being closely monitored on weekly and monthly basis and proper justifications are sought in the event of additional quantities required. In managing scheduled waste, we ensure proper disposal of the scheduled waste and introduced filter system in drawing lines that extends the life span of the lubricants used. Our recyclable scraps are periodically sold to the highest bidder and this will ensure that the materials are being fully optimized even when it is no longer needed by our own production plants.

When buying non-durable items, with minimum stock in mind, we strictly adopt buffer top-up list to avoid over-stocking or shortage or wastage of the items.

Finally, in an effort to reduce fuel usage and emission of carbon monoxide, we carefully planned for the delivery of our customers' orders and maximization of our lorry space which in turn significantly reduced our transportation costs.

Water & Energy Efficiency

The manufacturing and cleaning processes in our factory require a significant amount of water on daily basis. Due to the considerable size of our plants and number of employees, the amount of water consumed, if not controlled would have resulted in not only huge expenses, but could contribute to unnecessary wastages. To reduce water usage for the Group, we have implemented the following initiatives:

- regular detection of water drips and leakages, where faulty pipes or taps are immediately replaced; and
- constant reminders to employees to harvest rainwater for usage at the factory and general cleaning, and reuse it whenever possible.

SUSTAINABILITY REPORT (cont'd.)

The rooftop solar system installed at LCIB's premises in Tikam Batu, Kedah

We adopted auto-control lighting system and LED lighting for our factories in Peninsular and this initiative, together with the use of solar panels especially for lightings will be expanded further in the near future.

Our Group has also recently embarked on the purchase of electricity from energy generated via rooftop solar photovoltaic system. The rooftop solar system with electricity-generating solar panels installed on the roof of our premises works by absorbing sunlight with photovoltaic cells, generating direct current energy before converting it to alternating current with the help of inverter technology. From there, the alternating current energy flows through our building's electrical panel and distributed in the premises. For the first year of installation, the Group is expected to purchase approximately RM1 million worth of energy generated via the system for its premises at Tikam Batu (Kedah), Pandan and Plentong (Johor).

The Management may also consider the replacement of our old equipment with electric-powered or energy-efficient motor type in order to minimize energy loss and heat generation. Such energy reduction also allows longer operating time on a single battery charge. However, this major capital expenditure is still under consideration as is it will require a substantial amount of money for such investment.

Cloud-Based Computing

The progress of our ERP implementation and Cloud migration project to upgrade our existing systems to a new cloud-based system called Vienna Advantage was slightly affected by the pandemic but is now in full force once again. Based on the latest status of the project, the team was currently conducting user walkthrough test, user acceptance test and support for the last few modules at one of the subsidiary companies. While the team is looking at a new timeline for completion, they are confident that the final few modules will be able to go live before the end of 2022.

This will be followed by the phase-by-phase migration of corporate emails by each unit under the Group to subscribe to a cloud-based solution which advocates information sharing, remote conferencing, teams' collaboration and improved data accessibility and security. As external attacks are more common and profound nowadays, security and strengthening of corporate networks are also part of the strategy for data protection and business continuity.

Cloud-based computing has inherent green benefits, in particular reduced energy consumption and fewer machines. In term of resource-efficiency, cloud computing requires less equipment to run workloads, which proactively reduces data centre space and the eventual e-waste footprint. Similarly, from an energy-efficiency perspective, with less physical equipment plugged in, a data centre is consuming less electricity. As cloud based infrastructure also uses automation software which can maintain active servers and allocate resources depending on the current demand, less physical infrastructure is needed thus maximizes the resource efficiencies.

All of this will eventually decreases the overall energy consumption and the associated carbon emissions.

OUR PEOPLE & WORKPLACE

Following the "New Norm" and practices adopted, we have continued with job rotation, option to work from home, social distancing, workplace sanitation, continuous free supply of personal protective equipment (PPE) and virtual meetings throughout 2021. The regulations have been gradually relaxed and by the end of March 2022, it was announced that Malaysia will commence its transition to the endemic phase, thus the restrictions on movement of persons have been relaxed allowing the Group to return to its full workforce and pre-pandemic operational schedules.

SUSTAINABILITY REPORT (cont'd.)

Covid-19 aside, we take pride in our endless commitment in ensuring that every employees are provided with a comprehensive medical benefits from outpatient medication to hospitalization and specialist treatment. We continue to be accommodating to our employees requiring medical leave, maternity/ paternity leaves, and every employees are given adequate fully paid rest days and time away from work in the form of annual leave. We complied fully with the Malaysian Labour laws and regulations. We practiced a non-discriminatory recruitment process although due to the physical strength required to carry out the manufacturing process, our manufacturing workforce are largely made up of male employees, as tabulated below:

Male to Female Ratio	FYE 2019	FYE 2020	FPE 2022
Management office :	53:47	53:47	58:42
Cable manufacturing :	83:17	92:8	91:9

Training & Skill Development

We recognize the importance of retaining talents and enhancing competency level in tackling business challenges ahead.

While the number of training courses attended by the employees were still nowhere near the pre-Covid 19 figures, with the social distancing regulation being relaxed, more staff were able to gradually participate especially in the in-house training conducted at various office premises.

Training indicators	FYE 2019	FYE 2020	FPE 2022
No. of training courses	108	53	39
No. of employee impacted	659	273	284
External training hours	1,321	658.5	403
In-house training hours	6,069	1,918	3,420

The Group is also consistently providing opportunities for students of higher education institutions to undergo industrial trainings at its offices and plants to prepare them for the job market and future endeavor. There were 9 trainees who were fortunate enough to be given the opportunities to learn firsthand about various aspects of manufacturing power cables and the business side of it in 2021 and 2022, compared to 11 in 2020.

Safety & Health

The Group's Occupational Health and Safety Policy is formulated with the aim to provide a safe and healthy environment for all employees, visitors, customers and our other business partners. Being certified with Occupational Health & Safety Management System (OHSAS 18001:2007), we constantly monitor the relevant requirements to ensure full compliance to the Standard. Our employees, particularly our manufacturing workforce are subjected to the annual health screening and medical surveillance to minimize the potential harmful effect that their working environment and daily activities can have on their health.

SUSTAINABILITY REPORT (cont'd.)

Our in-house safety officers regularly conduct health and safety awareness campaigns and training sessions, such as fire-fighting, fire drill and internal safety audit. This is to promote greater sense of responsibility, better understanding of safety procedure in the event of fire or other incidences, and to prevent accidents at the workplace.

The followings were some of the safety-related trainings conducted/ attended during the period under review:

1. Ergonomics Training
2. Noise and Hearing Conservation, PPE & PHP Training
3. Fire Drill Exercise
4. Forklift Safety Training
5. Scheduled Waste Risk & Hazards Assessment
6. Scheduled Waste Handling & Spillage Management
7. Internal Auditor Training (ISO 9001:2015, ISO 14001:2015 & ISO 45001:2018)
8. 6S Understanding & Implementation
9. Scheduled Waste Analysis & Characterization
10. Health and Safety at Workplace
11. Basic Occupational First Aid, CPR & AED
12. Safety Riding
13. RS102 Radiation Safety Awareness Course

The attendance of employees in relation to the safety related training for the past three (3) financial periods (i.e. financial years 2019, 2020 and FPE 2022) are as follows:

	FYE 2019	FYE 2020	FPE 2022
% of attendance	72	72	70

Employees being given hands on training in using fire extinguisher

Most of the safety-related trainings were attended by the production workers, machine technicians and maintenance workers whose job scopes require that they are constantly aware of safety procedures and environmental conservation, while non-technical employees are constantly encouraged to be hands-on in fire safety and basic occupational safety at their workplace. For those who are unable to attend any safety-related trainings, we do have reminders in the form of emails and notices from the Safety & Health Committee or the Human Resources & Admin Department for all employees of the need to follow safety procedures in performing their tasks.

Good awareness and greater emphasis on health and safety within our organization ensures smoother operation and positive image as major accidents and health incidences may cause interruption in production, negative publicity and even penalties by the relevant government agencies.

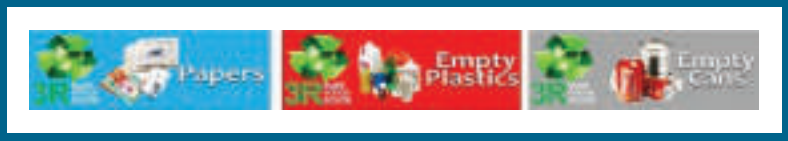
There was zero casualty reported, although a few incidences of employees infected with Covid-19 were reported mostly in 2021, prompting immediate action by the Management to carry out the necessary steps recommended by DOSH such as isolation of the affected individuals, thorough disinfection of the surrounding areas, and even temporary closure of the affected workplace until all the infected individuals were accounted for. The number of injuries or accidents for the FPE 2022 was still significantly higher than 2019 due to higher injuries sustained by the newly recruited production workers who need time to get familiar with their surroundings and safety procedures. The health incident/ accidents statistics are tabulated below:

Indicators	FYE 2019	FYE 2020	FPE 2022
No. of fatality	0	0	0
No. of health incident	0	0	43
No. of injuries or accidents	21	30	27
Time loss injuries (days)	236	403	592

SUSTAINABILITY REPORT (cont'd.)

Going Green at Workplace

The 'Going Green at Workplace' initiatives through the in-house gardening and landscaping initiatives by our employees to create a green environment within our office and factory compound is now in its fourth year. Not only will this create a healthy environment at our workplace, the effort is actually our small contribution in helping to combat global warming and surface run off, both of which are major environmental concerns of our modern world.



Our "3R" Campaign at workplace has also been on-going since its inception in year 2019. Through constant reminders and imprint of 3R signage, our recycling practices are turning into a habit as our staff voluntarily and diligently collect recyclable waste (mainly papers, plastic, aluminium tins & cans) not only within our workplace but also from their home to fill up the 3R bins provided. The proceeds raised from selling the recyclable items will be channelled to the existing staff welfare's fund.

COMMUNITY & CSR

WITH LOVE, WE CARE

Here at SCABLE, we firmly believe that community development is part and parcel of our daily business. Our CSR teams comprising of our volunteering employees are committed in promoting "green" culture, building socially valuable relationships and enriching the general community services while upholding our CSR motto "With Love, We Care".

The Group's CSR and community initiatives were much affected by the strict requirement for social distancing all throughout 2021 which basically limited our outdoor community work.

Nevertheless, a handful of donations in the form of monetary contributions, materials and foodstuff were succesfully handed out during the period, such as:-

- contribution towards building fund for Masjid Ar-Raudhah As-Sakinah Taman Pulai Emas, Kangkar Pulai, Johor in March 2021;
- donation of 84 coils of power cables valued at close to RM10,000 to the Sacred Heart of Jesus Church, Serian, Sarawak in April 2021; and
- distribution of foodstuff to the community in Tikam Batu area, Kedah in conjunction with Hari Raya Aidil Fitri in April 2022.

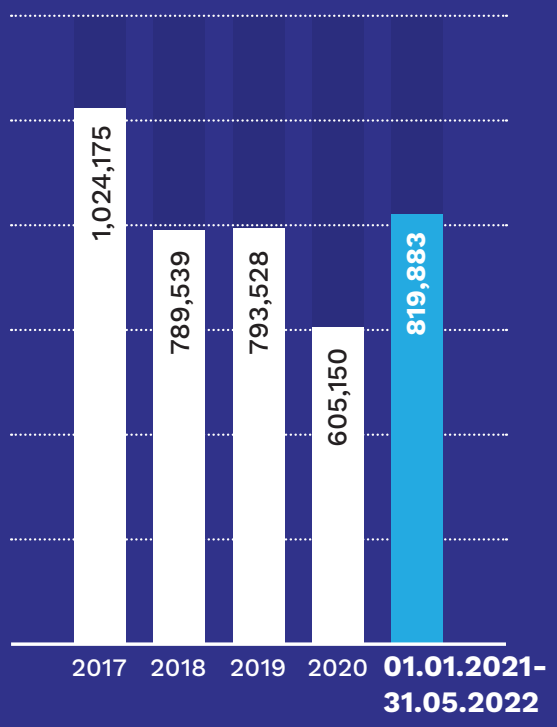
Donation of power cables to a church in Kuching, Sarawak

Conclusion

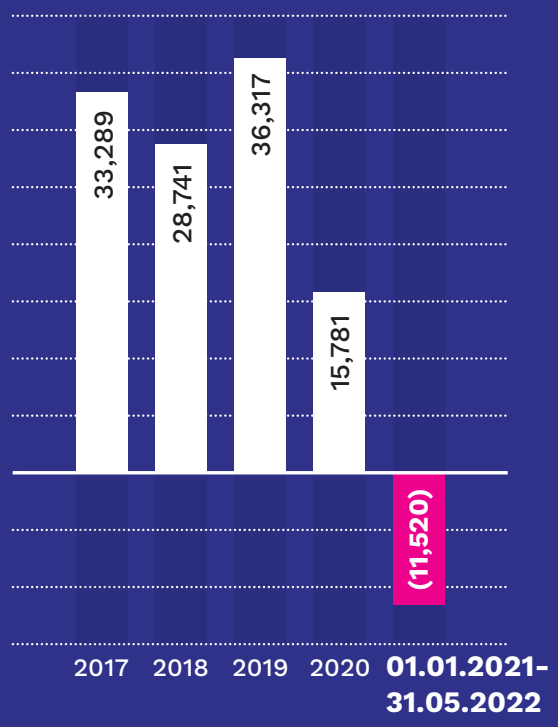
At SCABLE, we aim to build and maintain a sustainable business, investing resources and efforts to continuously manage key sustainability matters (i.e. EESG) to the best of our ability. The Board, assisted by our capable Management team will continue to provide leadership to steer the Group to achieving sustainable growth and create value to our stakeholders via our established processes for managing business sustainability. Our sustainability journey is one that will see us evolving from a regular commercial entity into a responsible corporate citizen leveraging on the wealth of our experience and greater awareness of how our business impact the economy, environment and society.

FINANCIAL REVIEW

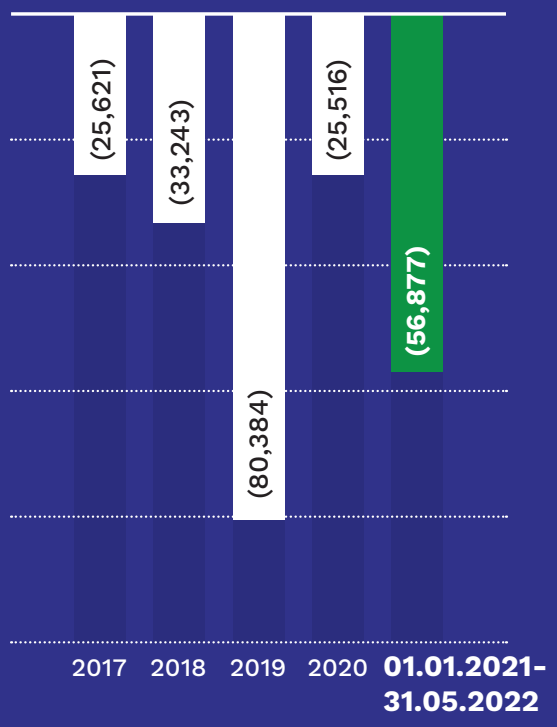
REVENUE



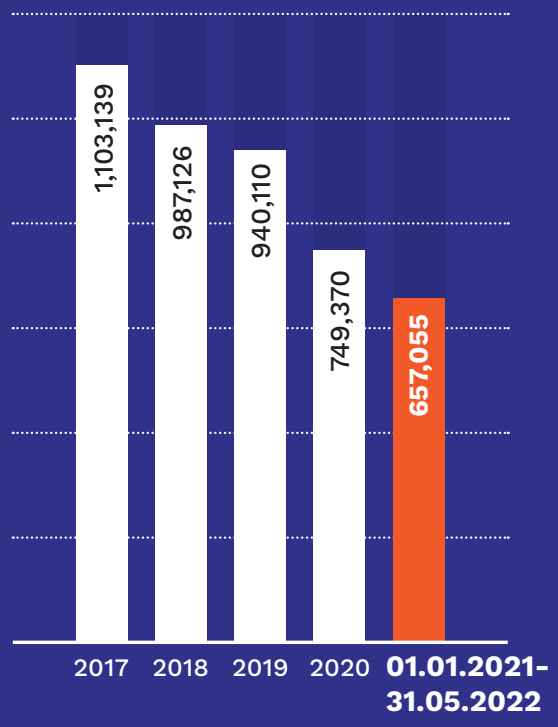
EARNINGS BEFORE INTEREST, TAX AND AMORTISATION (EBITA)



PROFIT/(LOSS) BEFORE TAX



TOTAL ASSETS



AUDIT COMMITTEE REPORT

This Report has been reviewed by the Audit Committee ("AC") and approved by the Board for inclusion in this Annual Report.

The AC assists our Board in fulfilling its responsibilities with respect to its oversight responsibilities. The AC is committed to its role in ensuring the integrity of the Group's financial reporting process and the system of internal control, external and internal audit processes and such other matters that may be specifically delegated to the AC by our Board.

The AC is guided by written Terms of Reference which deal with the AC's authorities and duties. The terms of reference of the AC are made available on the Company's website at http://sarawakcable.com/corporate-governance/

Composition

The AC which was established on 16 October 2009 comprises the following members:

Datuk Kevin How Kow – Chairman
(Independent Non-Executive Director)

Datuk Rozimi bin Remeli – Member
(Independent Non-Executive Director)

Erman bin Radin – Member
(Independent Non-Executive Director)

The composition of the AC complies with the Main Market Listing Requirements ("MMLR") and the Terms of Reference as follows:

- All three (3) members are Independent Non-Executive Directors, including the AC Chairman and none of them are alternate Directors; and
- One (1) of the AC members is a Fellow of the Institute of Chartered Accountants in England and Wales, member of the Malaysian Institute of Accountants and member of the Malaysian Institute of Certified Public Accountants.

Meetings in 2022

The AC members and the attendance of each member at the AC meetings during the FPE 2022 are set out below:

Independent Non-Executive Directors	Meetings attended
Datuk Kevin How Kow – Chairman	8/8
Datuk Rozimi bin Remeli – Member	8/8
Erman bin Radin – Member	7/8

The AC held one (1) meeting with the external auditors on 21 April 2021 without the presence of Management. This session allowed the AC and the external auditors to focus on areas that might not have been specifically addressed as part of the audit and where the external auditors could provide additional and confidential comments to the AC. The matters discussed were the results of the audit, extent of cooperation provided by the Company, integrity of the Management, quality of the financial management and reporting, and any other observations that they might have during the annual audit.

In order for the AC to discharge its work effectively, the AC engages on a continuous basis with the Management and external auditors, in order to keep abreast of matters and issues affecting our Group. Furthermore, Senior Management personnel (e.g. Group Chief Financial Officer) and Internal Audit Department, including other Board members and employees may attend the Committee meetings upon invitation of the AC to facilitate discussion of matters on the agenda, where required. Representatives of the external auditors attend the scheduled meetings to table their annual audit plan and the final audited financial statements.

AUDIT COMMITTEE REPORT (cont'd.)

During the FPE 2022, the AC and its members were evaluated through a self and peer evaluation system. Furthermore, the Nomination Committee has performed a review on the terms of office and the performance of the AC, including that of each individual AC members. The Board, with the concurrence of the Nomination Committee has determined that the AC and its members have carried out their duties in accordance with their terms of reference.

Summary of works of the AC during the FPE 2022

The Chairman of the AC reports to the Board at each Board meeting on the activities carried out by the AC in the discharge of its duties and responsibilities. The major works undertaken by the AC during the FPE 2022 were as follows:

1. Financial reporting

- Reviewed with the appropriate officers of the Group, all six (6) quarters' unaudited financial results of the Group, focusing on significant matters, and ensured the disclosures were in compliance with regulatory requirements such as the Malaysian Financial Reporting Standards and MMLR, before recommending the same to the Board for approval to release the quarterly financial results to Bursa Malaysia Securities Berhad.

- Reviewed the consolidated annual audited financial statements of the Company and the Group, together with the external auditors, before recommending the same to the Board for approval.

- Reviewed the impact of changes in accounting policies and adoption of new accounting standards, together with significant matters highlighted in the financial statements.

2. External and Internal Audit

- Reviewed the external auditors' Audit Plan for the Group, which outlined amongst others, the strategy, responsibilities, approach and the scope of work for the FPE 2022 and the external auditors' fees.

- Discussed and reviewed with the external auditors, the results of their examination and their reports in relation to the audit and accounting issues arising from the audit. The AC advised the Management to work with the external auditors in closing the gaps noted during the statutory audit.

- Discussed and reviewed the overall adequacy and effectiveness of the system of internal controls.

- Considered the suitability and independence of the external auditors by assessing, among others, the adequacy of their technical expertise, experience, skills, independence and objectivity. The AC was satisfied that the external auditors were able to meet the audit requirements and statutory obligation of the Company and also their professional independence and objectivity as external auditors of the Company.

- Reviewed the audit services and non-audit services provided by the external auditors and the fees paid/ payable for the respective types of services, and concluded that the auditors remained independent and, together with the Board, are satisfied with the services and performance of EY. The fees FPE 2022 are:

Fees	Company (RM)	Group (RM)
Audit services	65,000	372,000
Non-audit services	1,904,405	4,446,122

The non-audit services provided by external auditors include services relating to taxation and consultancy services.

AUDIT COMMITTEE REPORT (cont'd.)

- Discussed with the external auditors, the assistance and cooperation given by the Group's and Company's officers.
- Reviewed and approved the Annual Internal Audit Plan to ensure adequacy of resources, competencies and coverage of auditable entities with significant and high risks.
- Reviewed the scope and results of internal audits addressing internal controls over operations, financial, compliance and information technology processes relating to the Group based on the approved Annual Internal Audit Plan.
- Discussed and reviewed the major findings, areas requiring improvements and significant internal audit matters raised by internal auditors and Management's response.
- Reviewed adequacy of resources, the performance, competence and effectiveness of the internal audit function.

3. Recurrent Related Party Transactions

Reviewed the recurrent related party transactions ("RRPT") of the Group on a quarterly basis, with assistance by the Internal Audit function, to ensure that the transactions entered into by the Group were within the shareholders' mandate, in relation to the nature and value limits of the transactions, including arm's length terms and in compliance with the MMLR.

4. Other Matters

- Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- Reviewed the status and changes in material litigation, law and regulations, compliance with loan covenants and regulatory updates on the Group's businesses.

Internal Audit ("IA") Function

The Group has established an in-house independent internal audit function which reports directly to the AC. The primary responsibility of the IA function is to provide independent and objective assessment of the adequacy and effectiveness of the risk management, internal control and governance processes established by Management and/or the Board within the Group. The internal audit function adopts a risk-based audit methodology, which is aligned with the risks of the Group to ensure that the relevant controls addressing those risks are reviewed on a timely basis. The IA function is guided by The Institute of Internal Auditors' mandatory guidelines including the Definition of Internal Auditing, the Core Principles, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

The IA function is led by the Head of the Internal Audit Department, who reports directly to the AC, and is responsible for ensuring the IA function achieves its objective in carrying out a systematic approach to evaluate, and where applicable recommend improvement on, the effectiveness and adequacy of the governance, risk and controls of the Group. The effectiveness of the IA function is assessed by the AC.

Summary of the work of the Internal Audit function during the FPE 2022 are as follows:

- Formulated and agreed with the AC on the risk-based audit plan, strategy and scope of work.
- Reviewed compliance with established policies, procedures and relevant rules and regulations.

AUDIT COMMITTEE REPORT (cont'd.)

- Reviewed and tested the adequacy and operating effectiveness of controls associated with critical processes and IT system, including:

    - Production planning and machinery maintenance;
    - Project budget management and implementation plans;
    - Sales processing and collection;
    - Inventory management system; and
    - Claims processing and payment.

- Revisit of areas of audit to verify whether corrective actions have been accomplished

- Reported internal audit findings and made recommendations to improve the internal control and risk management system.

- Reviewed the RRPT of the Group to ensure that they were undertaken on normal commercial terms of the Group and on terms which were within the shareholders' mandate, in relation to the nature and value limits of the transactions, including arm's length terms and in compliance with the MMLR and the Group's policies and procedures.

The total costs incurred for the internal audit function for the FPE 2022 amounted to RM176,844 (12-month for the financial year ended 31 December 2020: RM129,346).

This Statement is made in accordance with a resolution of the Board dated 19 September 2022.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of SCABLE presents this statement to provide an overview of the Company's application of the Principles set out in the Malaysian Code on Corporate Governance ("MCCG") for the financial period under review and up to the date of this Statement.

The Board recognises the importance of implementing high standards of corporate governance in the Company for the purposes of safeguarding the interest of its stakeholders and the assets of the Group, comprising the Company and all its subsidiaries. In adopting corporate governance practices, the Board is mindful in considering the five pillars of transparency, accountability, ethical culture, sustainability and financial performance.

As such, the Board seeks to embed in the Group a culture that is aimed at delivering balance between conformance requirements with the need to deliver long-term strategic imperatives through performance, without compromising on personal or corporate ethics and integrity.

Following the introduction of the new Malaysian Code on Corporate Governance ("MCCG") by the Securities Commission on 28 April 2021, the Board is cognizant of the growing level of expectation for proper corporate governance and is poised to take such steps that is necessary to strengthen and ensure such level of governance is adopted throughout the Group.

The details on how the Company has applied each Practice as set out in the MCCG are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at http://sarawakcable.com

Principle A: Board Leadership and Effectiveness

I. Board Responsibilities

The Company is led by a Board which is responsible for the overall business direction of the Group. The Board provides stewardship to the Company, and oversees the conduct of the business affairs of the Group's business operations and performance in achieving long term values to shareholders as well as other stakeholders of the Group.

The Company has established a Board Charter, the objective of which is to serve as a source of reference and primary guide to the Board and Senior Management as it sets out the role, functions, composition, operation and processes of the Board and seeks to ensure that all Board members are aware of their duties and responsibilities. To enable the Board to function effectively with proper accountability, the Board Charter has delineated clear functions reserved for the Board.

The Board Charter is available on the Company's website at: http://sarawakcable.com/corporate-governance/

To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authorities and powers to its Committees. The demarcation of roles and responsibilities of the Board of Directors, Board Committees, Chairman and Group Managing Director, are summarised as follows:

Board
Responsible for the overall business direction of and oversees the conduct of the business affairs

Board Chairman
Responsible for leadership of the Board, by ensuring effective conduct of the Board and effective communication with shareholders and stakeholders

Audit Committee ("AC")	Nomination Committee ("NC")	Remuneration Committee ("RC")	Risk Management Committee ("RMC")
Oversees matters relating to financial reporting, external audit, internal audit, related party transactions and conflict of interest situations, as well as the establishment of an effective and sound framework of internal control	Oversees matters pertaining to the structure, size and composition of the Board and Board Committees, including identifying and nominating candidates to fill Board/ Board Committee vacancies, annual evaluation of board-level effectiveness, and succession planning	Establishes and reviews the Directors' remuneration package to align to the long-term objectives and business strategy of the Group, as well as to recommend the remuneration for Senior Management	Ensure there is a sound framework and policy for risk management and internal control, understand the principal risks of the Group's business and setting the risk appetite of the Group

Group Managing Director
Responsible in ensuring the efficiency and effectiveness of the operation for the Group, implementing the policies, strategies and decisions adopted by the Board and highlighting material and relevant matters to the attention of the Board in an accurate and timely manner

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

The positions of the Chairman and the Group Managing Director are held by two different individuals, namely, Dato Sri Mahmud Abu Bekir Taib and Dato' Ahmad Redza bin Abdullah respectively. Moreover, the Chairman is a Non-Independent Non-Executive Director whereas the Group Managing Director is an Executive Director, providing a clear distinction and separation of the two roles, maintaining a balance of power and authority to the Board's dynamics, and ensuring no one individual has unfettered decision-making powers.

Furthermore, to promote check and balance as well as objective review by the Board on deliberations from the Board Committees, our Board Chairman is not a member of any of our Board Committees.

Whilst Dato Sri Mahmud Abu Bekir Taib focuses on providing overall leadership to the Board, the Independent AC Chairman, namely Datuk Kevin How Kow, provides check and balance by leading the AC to independently scrutinise financial matters, related party transactions and system of internal controls.

The NC and RC is chaired by a Non-Independent Non-Executive Director, Dato Sri Fong Joo Chung. The Board recognises Dato Sri Fong Joo Chung 's qualities and ability to lead the NC and RC to objectively and independently perform its duties, including effectively carrying out the annual assessment of the Board, Board Committees and Directors as well as identifying areas requiring improvement, and reviews and recommends remuneration packages for Directors and Senior Management are aligned with the long-term objectives and business strategy of the Group.

The RMC is Chaired by Datuk Kevin How Kow, to ensure sound risk management and internal control framework and practices within the Group.

To assist the Board on sustainability management, the Board has established the Management Sustainability Committee, led by the Group Managing Director, responsible in formulating sustainability strategies and policies, and evaluating and reporting on the Group's sustainability performance.

The Board is committed to conducting its business in accordance with the highest standards of business ethics and complying with the laws, rules and regulations. The Board is guided by the Directors' Code of Ethics in discharging its oversight role. The Company has also put in place a Code of Conduct for its employees and a Code of Ethics for its Company Secretary, to ensure an ethical culture and high standards of behaviour permeate all levels of the Group.

To fortify the Group's governance framework, a Whistle-Blowing Policy has been formalised and a Whistle-Blowing Channel set up to enable internal and external stakeholders of the Group to raise concerns in confidentiality. Further details to the Whistle-Blowing Policy and relevant channels are accessible via: http://sarawakcable.com/corporate-governance/

The Board members have unrestricted access to the qualified and competent Company Secretary who provides advisory services to the Board, particularly on CG issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to the administrative matters.

Details of the attendance of the Directors in office during the financial period under review are as follows:

Directors	Meetings attended
Dato Sri Mahmud Abu Bekir Taib	8/8
Dato Sri Fong Joo Chung	8/8
Dato' Ahmad Redza bin Abdullah	8/8
Tan Sri Dato' Seri H'ng Bok San	8/8
Yek Siew Liong	7/8
Datuk Kevin How Kow	7/8
Erman bin Radin	8/8
Datuk Rozimi bin Remeli	8/8
Redzuan bin Rauf	8/8

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities and to be apprised on the changes to regulatory requirements and the impact such regulatory requirements have on the Group. The Group's Company Secretary would often circulate the relevant guidelines on statutory and regulatory requirements from time to time to and for the Board's reference.

Via the assessment on the Board, Board Committees and individual Directors facilitated by the NC, the Board has assessed the training needs of each Director. As of the date of this report, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Some of the details of the training programmes, briefings, seminars, workshops and conferences attended/participated by the Directors are as follows:

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

- An overview of Listing Requirements;
- Anti-Money Laundering Regime: Directors and Company Secretary reporting obligation;
- Behind the scenes – helping SME bosses double their sales;
- CFB Boiler Basic Principle of Design and Operation;
- Fraud risk management workshop;
- Implementing amendments in Malayasian Code on Corporate Governance;
- Ingredients for a happy and fulfilling retirement confirmation;
- Jenayah Kewangan;
- Masterclass for Leveraging Circular Economy for Small Businesses in Malaysia Post COVID-19;
- National Tax Seminar 2021;
- Power Plant Performance Monitoring; and
- SSM National Conference 2021.

II. Board Composition

There are nine (9) members on the Board, comprising a Group Managing Director and eight (8) Non-Executive Directors (including the Chairman), out of which four (4) are Independent Directors. The independence element of the Board composition complies with Bursa Securities MMLR, which requires at least one-third of Board members to be Independent Directors. Whilst the Board has less than half of its members being Independent Directors, the rest of the Non-Independent Non-Executive Directors are not associated with any of the major shareholder(s). This provides a wider spread in terms of the interest these Directors represent. Collectively as a Board, the interest of shareholders, including minority shareholders, who are represented by the four (4) Independent Directors, are represented fairly.

In accordance with the constitution of the Company, an election of Directors shall take place each year and all Directors shall retire from office once at least in each three (3) years, but shall be eligible for re-election and shall retain office until the close of the meeting at which they retire.

The Independent Directors provide the necessary checks and balances in the Board's exercise of their functions by facilitating an independent evaluation of the Board's decision and decision-making process. The presence of the Independent Directors is essential in providing unbiased and impartial opinions, judgments and advices to ensure that the interests of the Group, shareholders and other stakeholders are well represented. The Independent Directors therefore play a key role in corporate accountability. The presence of a majority Non-Executive Directors, fairly representing a wide spectrum of shareholders' interest, also provides strong objectivity to the Board, and minimises the risk of 'group-think' in Board deliberations.

The assessment of the independence of each of its Independent Directors is undertaken annually according to the criteria as prescribed by the MCCG and the MMLR of Bursa Securities.

As recommended by the MCCG, the tenure of directorship of not more than nine (9) years forms also part of the assessment criteria for independence of a Director, where specific tenures of directors are duly reviewed and confirmed for suitability by the NC and Board. Datuk Kevin How Kow and Mr. Erman bin Radin had a cumulative term of more than nine years since 9 October 2018 respectively. The NC and Board, save for Datuk Kevin How Kow and Mr. Erman bin Radin, have reviewed and considered the suitability of the two directors to continue to act as independent directors. The Company will be seeking shareholders' approval at the forthcoming AGM. Nevertheless, the Board is cognisant of the amendments to the MMLR, where on or after 1 June 2023, Independent Directors of 12 years or beyond must resign or be redesignated as non-independent. The Board is currently deliberating the course of actions and will ensure compliance with the amended MMLR when it comes into effect 1 June 2023.

The Board recognises that diverse professional backgrounds, skills and extensive experience and knowledge are key in contributing to the successful direction of the Group. The current Board members possess a fair range of experience in the areas of finance, business, information technology, general management and strategy.

The Board has formalised a Board Diversity Policy to promote diversity on the Board. In searching for suitably qualified candidates for the Company, emphasis is placed on the ability of the candidate, who shall have the relevant skills and knowledge pertaining to the energy and transmission industry. That said, when searching for a suitably qualified candidate to serve as a Board member, the Board has been relying on the Company's vast reach of network within the industry. This also enables the Company to be able to reach out to industry recognised and well-regarded candidates who are experienced and skilled to contribute to the Board. Nevertheless, the Board acknowledges the value brought by utilising independent sources in identifying suitable qualified candidates and is currently in the process of establishing a process to include considerations of utilising independent sources, in addition to the Board's current process, in seeking for suitably qualified candidates.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (cont'd.)

The Board does not have a specific policy for setting targets for gender composition on the Board. Nevertheless, the Board is mindful on the benefit of a gender diverse Board and will place emphasis to appoint at least a female director latest by 1 June 2023, in line with Bursa Securities' MMLR.

The Board, through NC, conducts an annual review of the Board and Board Committees, to determine if the Board and Board Committees have the right composition, adequate information in decision making and have effectively discharge their duties and responsibilities. The individual Directors also undertook self-assessment of their respective individual performance during the financial period based on the criteria of time commitment, participation during meetings, competency, continuous education and communication. Through these assessments, the Board is satisfied that the Board and Board Committees are functioning effectively and collectively possess adequate knowledge and skills to fulfil the Company's need.

NC's Terms of Reference are made available on the Company's website at: http://sarawakcable.com/corporate-governance/

A summary of key activities undertaken by the NC in discharging of its duties during the financial period under review is set out below:

- Reviewed the mix of skills, integrity, time commitment, competencies, experience, contribution and other qualities required of the Board;
- Assessed the performance and effectiveness of the Board and Board Committees;
- Reviewed the composition of the Board and Board Committees and assessed the independence of the Independent Directors;
- Considered the process and methodology and outcome of the assessment of the Board, Board Committee and Directors training needs; and
- Assessed the directors who are due for retirement and re-appointment.

III. Remuneration

The Board has in place a Directors Remuneration Policy which contains the guiding principles for determining the remuneration for Directors, including Executive and Non-Executive Directors. In determining Executive Directors' remuneration, it aims to link rewards to corporate and individual performance, taking into consideration scope of responsibilities, contribution and making comparison with market rate for similar position in comparable companies. In the case of Non-Executive Directors, the level of remuneration reflects the experience, expertise and level of responsibilities undertaken by the particular Non-Executive Director concerned.

The remuneration of Independent Directors comprises fees, meeting allowances and other benefits. The Board ensures that the remuneration for Independent Directors do not conflict with their obligation to bring objectivity and independent judgement on matters discussed at Board meetings. The respective Directors are required to abstain from deliberation and voting on their own remuneration at Board Meetings.

The aggregate remuneration of Directors received or to be received from the Company and on Group basis for the FPE 2022 is as follows:

Directors	Fee	Allowance	Salary	Bonus	Benefits -in-kind	Other emoluments	Total
In RM	**Group**						
Executive Director							
Dato' Ahmad Redza bin Abdullah (Retired on 15 September 2022)	-	-	1,435,000	170,000	7,083	236,100	1,848,183
Non-Executive Director							
Dato Sri Mahmud Abu Bekir Taib	340,000	8,000	-	-	-	-	348,000
Dato Sri Fong Joo Chung	298,917	9,400	-	-	-	-	308,317
Tan Sri Dato' Seri H'ng Bok San	147,333	6,900	-	-	-	-	154,233
Yek Siew Liong	198,333	6,100	-	-	-	-	204,433
Datuk Kevin How Kow	194,083	16,100	-	-	-	-	210,183
Erman bin Radin	171,133	12,000	-	-	-	-	183,133
Datuk Rozimi bin Remeli	167,167	15,300	-	-	-	-	182,467
Redzuan bin Rauf	147,333	7,400	-	-	-	-	154,733
Ng Woon Chiang (Alternate Director to Tan Sri Dato' Seri H'ng Bok San) *(resigned effective 30 July 2021)*	-	2,400	-	-	-	-	2,400
Goh Jen-Ni (Alternate Director to Tan Sri Dato' Seri H'ng Bok San) *(appointed effective 30 July 2021)*	-	3,200	-	-	-	-	3,200

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (cont'd.)

Directors	Fee	Allowance	Salary	Bonus	Benefits -in-kind	Other emoluments	Total
In RM	Company						
Executive Director							
Dato' Ahmad Redza bin Abdullah (Retired on 15 September 2022)	-	-	1,435,000	170,000	7,083	236,100	1,848,183
Non-Executive Director							
Dato Sri Mahmud Abu Bekir Taib	340,000	8,000	-	-	-	-	348,000
Dato Sri Fong Joo Chung	213,917	9,400	-	-	-	-	223,317
Tan Sri Dato' Seri H'ng Bok San	147,333	6,900	-	-	-	-	154,233
Yek Siew Liong	147,333	6,100	-	-	-	-	153,433
Datuk Kevin How Kow	194,083	16,100	-	-	-	-	210,183
Erman bin Radin	155,833	12,000	-	-	-	-	167,833
Datuk Rozimi bin Remeli	167,167	15,300	-	-	-	-	182,467
Redzuan bin Rauf	147,333	7,400	-	-	-	-	154,733
Ng Woon Chiang (Alternate Director to Tan Sri Dato' Seri H'ng Bok San) *(resigned effective 30 July 2021)*	-	2,400	-	-	-	-	2,400
Goh Jen-Ni (Alternate Director to Tan Sri Dato' Seri H'ng Bok San) *(appointed effective 30 July 2021)*	-	3,200	-	-	-	-	3,200

** The remuneration paid to the Executive Director were in respect of his employment with the Company/Group.*

The Board is of the view that disclosing the detailed remuneration packages of its top 5 Senior Management on a named basis would pose security issues to the Group, for example vulnerability of these personnel being poached by competitor companies as well as potential disgruntlement amongst the personnel concerned when they note how much their fellow colleagues are drawing, notwithstanding that the disclosure is in bands of RM50,000 each.

As an Alternative, the Board believes that disclosure of its top 5 Senior Management's compensation and benefits packages received from the Group for the financial period under review in bands of RM50,000 on an unnamed basis would provide pertinent insights to shareholders on whether such personnel, being top 5 Senior Management of the Group, are being remunerated responsibly and fairly with a view of attracting, motivating and retaining talents. Accordingly, the remuneration of the top 5 Senior Management in bands of RM50,000 received from the Group for the financial period under review on an unnamed basis, is set out below:

Salaries, Bonuses, Defined Contribution Plan and Benefit-in-kind	No. of Senior Management of the Group
RM650,001 – RM700,000	2
RM1,150,001 – RM1,200,000	1
RM1,200,001 – RM1,250,000	1
RM1,800,001 – RM1,850,000	1

Principle B: Effective Audit and Risk Management

I. Audit Committee

The Board has established an AC which is tasked to oversee matters relating to financial reporting, auditing, and internal controls.

The AC comprises three (3) Independent Directors. The requirements for the AC to consist of at least three (3) members, all of whom shall be non-executive with majority being Independent Directors and the requirement for the AC Chairman to be an Independent Director were articulated in the AC's terms of reference.

The AC brings to the Board an independent and objective committee that safeguards the integrity of the Company's financial reporting, which includes ensuring the independence and quality of audit activities which are key to providing necessary assurance to the AC in forming its basis for recommendation to the Board.

The AC adopted the policy which requires a former partner of the external audit firm to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and such policy was incorporated in the terms of reference of the AC.

In the annual assessment on the suitability, objectivity and independence of the external auditors, the AC is guided by the factors as prescribed under Paragraph 15.21 of the MMLR.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd.)

II. Risk Management and Internal Control Framework

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Board has on 29 August 2017 reformed the Risk Management Committee ("RMC") from management level to Board level. Through the RMC, the Board oversees the risk management matters of the Group, which include identifying, managing, monitoring, treating and mitigating significant risk across the Group. The RMC assists the Board in fulfilling its responsibilities in setting the framework for risk governance and risk management, by providing necessary guidance and direction to Senior Management in their implementation. On the other hand, the adequacy and effectiveness of the internal control framework which supports the risk management framework are reviewed by the AC, via the deployment of an independent internal audit function. Both the RMC and the AC comprise wholly Independent Directors.

In determining the effectiveness and adequacy of the Group's systems of risk management and internal controls, the Board considers the works of the RMC and AC, which include obtaining assurance from the Group Managing Director and the Group Chief Financial Officer.

For the financial period under review, the Board is satisfied with the performance of the RMC and AC and their respective Chairmen in discharging their responsibilities, based on the results of the Board Committees effectiveness evaluation facilitated by the NC.

Further information on the Group's risk management and internal control framework, as well as activities carried out for the financial period under review and reporting processes, are made available on the Statement of Risk Management and Internal Control of the Annual Report.

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

I. Engagement with Stakeholders

The Board recognizes the importance of being transparent and accountable to the Company's stakeholders and acknowledges the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures the supply of clear, comprehensive and timely information to their stakeholders via various disclosures and announcements including quarterly and annual financial results which provides investors with up-to-date financial information of the Group. All these announcements and other information about the Company are available on the Company's website which shareholders, investors and public may access.

In addition, the Directors also ensure that engagement with shareholders occurs at least once a year during the AGM to better understand their needs and obtain their feedback.

II. Conduct of General Meetings

The Annual General Meeting ("AGM") is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. During the financial period under review, notice of the AGM was given 25 days before the meeting, to provide shareholders sufficient time to read and understand the Annual Report, resolutions to be tabled and make the required attendance and voting arrangements. SCB endeavours to provide at least 28 days' notice to the shareholders before the upcoming AGM.

In the latest AGM (23rd) held on 25 June 2021, SCB has adopted a fully virtual AGM, including electronic voting. This AGM was virtually attended by all the Directors and Company Secretary, and Shareholders were provided with the opportunity to submit questions prior to and during the AGM. All the questions ask by the Shareholders were attended to accordingly.

Prior to engaging Boardroom for the online meeting facility used for the 23rd AGM, we have considered cyber hygiene practices including data privacy and security to prevent cyber threats of the online meeting facility.

STATEMENT ON **RISK MANAGEMENT & INTERNAL CONTROL**

Introduction
This Statement on Risk Management and Internal Control, prepared in accordance with the Main Market Listing Requirements issued by Bursa Malaysia Securities Berhad (Bursa Malaysia) is intended to provide information about the adequacy of the Group's risk management system and internal control during the period under review.

Board's Commitment
The Board confirms that it is responsible for establishing and maintaining a sound risk management and internal control system within the Group. The Board reviews the adequacy and effectiveness of the system to support the achievement of the Group's business objectives. Board members' roles are monumental in creating and protecting value for the Group and this is achieved by encouraging innovation, providing support system and promoting improvement in operational and financial performance. The Board's risk oversight function is advocated by the Risk Management Committee while the Audit Committee provides independent appraisal of the adequacy of the Group's internal control system. These Board Committees periodically informs the Board of the key decisions and deliberations of matters delegated to them respectively. Nevertheless, given the inherent limitation in the risk management and internal control framework which was designed to manage, rather than eliminate risks completely, only reasonable, rather than absolute assurance is given with respect to material financial misstatement, losses, or fraud.

Risk Management System
Risk management is regarded by the Board as an integral part of the business operations. The Group's risk management policy and framework is designed to closely resemble the recommendations issued by the internationally recognized Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Enterprise Risk Management ("ERM") Framework. However, for ease of implementation, the components have been further simplified as shown in Chart 2 below. The most important aspect of the system is its practicality and responsiveness to changes in the business environment to ensure sustainable benefits to the Group.

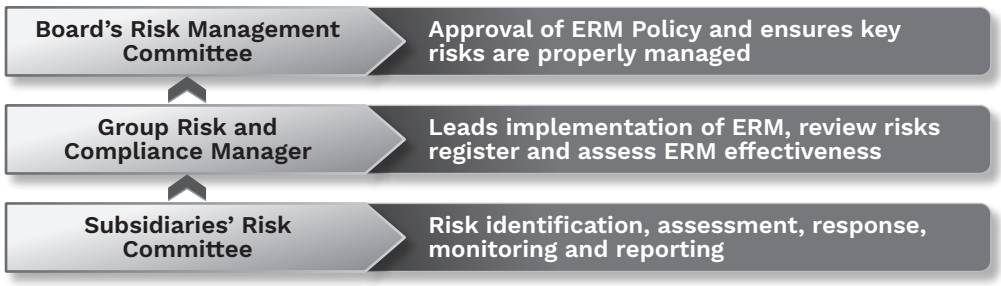
Each operating subsidiary company has its own Risk Committee ("RC") as defined in the Terms of Reference and ERM Framework. The individual company's RC includes all heads of department whose roles are to identify, assess and monitor the risks that affect the company's operations. The activities of the subsidiary company's RC are coordinated by the appointed champions who will submit their respective risk reports to the head office periodically for review. The Risk Manager at head office reviews independently the risks that may affect each individual company or project and reports to the RMC the major and significant risks which have been identified, the mitigation plans that are in place and subsequently imparts any additional recommendations issued by the RMC to the Management. Together with the risk champions, he monitors the significant risks identified and ensures remedial actions thereof, are carried out by the respective risk owners.

The Group continues to adhere to section 17A of the MACC Act and Bursa Malaysia's amendment of the Main Market Listing Requirements by ensuring that its anti-corruption measures are in place and that the Group's Anti-Bribery and Corruption Policy (ABC) and the applicable procedures are sufficient to address the risk of corruption and bribery within the Group.

The threat of rising global commodity prices especially copper and aluminum due to the supply chain disruption caused by geopolitical tension between Russia and Ukraine, higher freight costs and stronger US dollar was monitored and assessed from time to time. While Covid-19 pandemic has been largely contained during the period under review, the Group remained vigilant to ensure that all threats (and opportunities) were properly identified and measures are in place to mitigate any adverse situation. Despite the relaxation of health regulations pertaining to the prevention of spread of the virus, members of the Group continue to adhere to the applicable SOPs and the authority's mandatory guidelines.

The Group's Risk Structure and ERM Framework are mapped out below:

Chart 1: Group's Risk Structure



STATEMENT ON **RISK MANAGEMENT & INTERNAL CONTROL** (cont'd.)

Chart 2: Group's ERM Framework

Internal Control Processes
The Group's internal control system consists of the policies, procedures and processes, which enables it to operate effectively and efficiently, provide relevant internal and external reporting guidelines and ensure compliance with the applicable laws and regulations.

The Audit Committee and the Internal Audit Department are actively enhancing control environment and promoting good corporate governance practices throughout the Group through audit reviews and assessments.

Audit Committee
The main responsibilities of the Audit Committee involve overseeing, monitoring and assessing the internal and external audit functions, thus providing an independent appraisal of the Group's internal control processes and procedures.

The Audit Committee approves the annual Internal Audit Plan to be carried out by the Internal Audit Department and ensures that critical audit issues highlighted by both the internal and external auditors are appropriately considered and satisfactorily resolved by Management.

Subsequently, the Audit Committee presents to the Board issues or matters deemed significant in enhancing internal control processes throughout the Group.

Internal Audit
The Internal Audit Department reports directly to the Audit Committee and is independent of the activities it audits. This enables it to provide an independent, objective assurance and consulting activity designed to add value and improve the Group's operations. The Internal Audit Department regularly evaluates and where necessary, assists in enhancing the effectiveness of the corporate governance processes, risk management and internal control framework.

On a quarterly basis, the results of the internal audit work carried out based on the approved internal audit plan and other reviews are presented to the Audit Committee for their deliberation and further action. The risk-based audit plan was usually prepared through collective inputs from top Management, separate assessment of risks provided by the Risk Department, and in some cases matters highlighted by external parties such as external auditors.

Internal auditors performed follow up audit on issues previously highlighted to the Management and Audit Committee to ascertain whether satisfactory actions were carried out by the Management. Whenever the risks are deemed exceptionally high, the Internal Audit Department will revisit the same areas of concern on a yearly basis to ensure that there are proper controls in place and that the Management is constantly taking the necessary steps to minimize financial losses and other adverse implications to the Group and its stakeholders.

Occasionally, at the request of Management or members of the Board, the Internal Audit Department carries out ad-hoc audits and other assignments such as investigation and special reviews with the objective of providing independent views on the Group's operational and financial matters in question.

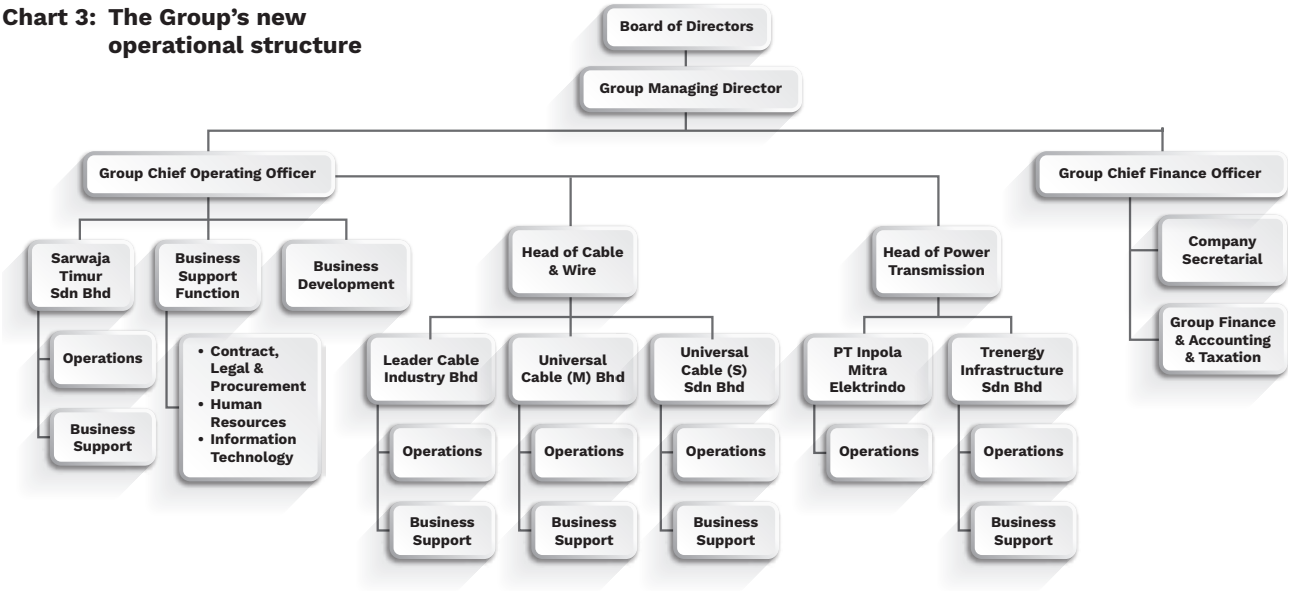
STATEMENT ON **RISK MANAGEMENT & INTERNAL CONTROL** (cont'd.)

Key Processes underlining SCB Group's Risk Management and Internal Control System

The organization structure is established at individual company and Group levels, with the main objective of defining the lines of responsibility, reporting hierarchy and limits of authority of the management team and other members of the organization. It also provides for a documented and auditable trail of accountability. Key functions established at individual company levels vary slightly but commonly consist of the Sales and Marketing, Finance, Human Resource and Administration, Procurement, Inventory and Logistics, Information Communication Technology, Production and Project Department.

In its effort to execute a successful restructuring plan, a new operational structure was introduced at the start of 2022, as illustrated in Chart 3 below. With this change, all Head of the Group's subsidiary shall be made accountable for each subsidiaries' performance and the Business Support Services functions (Finance, Human Resources & Admin and IT) will be decentralized. All Heads of the respective Business Support Services shall continue to report to the respective Head of Subsidiaries which is similar to what the Group was practicing before.

Chart 3: The Group's new operational structure



Other key areas of the Group's risk management and internal control system include the following:

(a) Active discharge of duties and responsibilities by members of Board Committees consisting of Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, each with clearly defined terms of reference, authority and responsibility.

(b) The establishment (and continuous updating of, if any) of Board Charter, Code of Conduct, Whistle Blowing Policy and Directors' Remuneration Policy, among others.

(c) Continued implementation of ISO 9001:2015 Quality Management System within the Group with the objective of enhancing coordination and direction of the Group's activities to meet its customer and regulatory requirements and at the same time improve its effectiveness and efficiency.

(d) Regular management meetings for each business unit and Group credit control meetings to review operational performance, credit control initiatives and applicable regulatory requirements.

(e) Adherence to internal policies and guidelines such as Employees' Handbook and Health & Safety Manual for the Group.

(f) Implementation of ISO 45001:2018 by Group's member companies to provide a safe and conducive environment.

(g) Legal, corporate and MMLR matters are continuously addressed, monitored and managed by the designated key personnel or officers.

(h) The Group's Human Resource and Administration Department performs analysis on human resource requirements in terms of sufficiency, quality and succession planning. The recruitment and remuneration system requires that all employees are subject to strict recruitment processes, appraisal procedures and career path determination. Training requirements are identified and planned on annual basis based on individual needs, departmental recommendations and certification bodies' requirements.

STATEMENT ON **RISK MANAGEMENT & INTERNAL CONTROL** (cont'd.)

(i) The Finance and Accounts Department monitors the monthly closing deadlines and reporting schedules, executes transaction recording, processing and reporting, performs regular variance analysis, complies with acceptable financial reporting standards, and ensures cash flow planning for working capital and capital expenditure requirements. On quarterly basis, the department will ensure a comprehensive and timely financial performance reporting to the Board for their information, deliberation, approval and other necessary actions.

(j) Production and project planning

Sales, Procurement, and Production department carry out planning at weekly intervals to determine raw material requirements and production planning based on the combined inputs. Similarly, regular meetings are conducted by our Contract, Legal & Procurement functions to discuss and find solutions for legal and contractual issues, determine the material procurement and delivery schedules, ensure timely completion of engineering and design submissions, and monitoring of financial and physical progress of the individual projects. Coordination of inputs among the various departments ensures that materials are procured timely at competitive price, goods and services are delivered according to schedule, quality control is in place and the Group's bottom line is constantly safeguarded.

(k) Sustainability Management

Sustainability reporting enables the Group to be more transparent about the risks and opportunities it faced. By emphasizing the link between financial and non-financial performance, the Group is able to better formulate its long-term management strategy and business plans. The Group's sustainability management also involves processes streamlining, costs reduction and efficiency improvement. Efforts are also being made to benchmark and assess sustainability performance with respect to laws, norms, codes, and voluntary initiatives.

(l) Anti-Bribery and Corruption Policy

The Board of Directors of Sarawak Cable Berhad and its Group of Companies practice a zero tolerance against all forms of bribery and corruption. Among other things, members of the organization are committed to dealing with business associates and government officials in a fair, transparent and ethical manner; prohibit receiving, giving or promising of facilitation payments; while adopting "No Gifts Policy" and prohibit offering or accepting of hospitality, subject to certain limited exceptions.

Review of the Statement by External Auditors

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 FPE 2022, and reported to the Board that nothing has come to their attention that cause 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 in connection with their compliance with the listing requirements of Bursa Securities and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the board of directors in respect of any aspect of this report.

Conclusion

The Board is of the view that based on the information and assurance given by the Group Managing Director and the Group Chief Financial Officer, the Group's risk management and internal control system is operating adequately and effectively. During the period under review, the Board is not aware of any material weaknesses in risk management and internal control resulting in significant losses. Management will continue to review the adequacy and the integrity of the Group's risk management and internal control system.

This statement is made in accordance with a resolution of the Board dated 19 September 2022.

ADDITIONAL COMPLIANCE INFORMATION

OTHER INFORMATION

RRPT in the normal course of business

The Group has put in place review and approval processes and procedures for RRPT to ensure that the transaction prices, terms and conditions of the agreement and the quality of the products/services are comparable with those prevailing in the market. The transactions should be entered into on normal commercial terms, and on terms that are consistent with the Group's usual business practices and policies. This will ensure that the terms of the transactions are not favourable to the related party and are not detrimental to the minority shareholders of the Group.

During the financial period under review, the RRPT conducted are disclosed in the audited financial statements contained in this Annual Report.

Material contracts

Other than those disclosed in the RRPT in the normal course of business, there were no material contracts entered into by the Group involving Directors and major shareholders interest during the FPE 2022.

Utilisation of proceeds from proposed private placement

The Company obtained approval at the Extraordinary General Meeting ("EGM") convened on 23 April 2021 for proposed private placement of up to 95,115,000 new ordinary shares in the Company representing up to 30% of the total number of issued shares of the Company ("the Proposal").

As at the date of this report, the proceeds from the funds raised from the Proposal have been utilised in the following manner:

Purpose	Proposed utilisation	Actual utilisation	Deviation	Balance	Estimated timeframe for utilisation from date of listing	Explanation
	RM'000	RM'000	RM'000	RM'000		
(i) Working capital requirements	28,940	(28,894)	(46)	-	Within 12 months	-
(ii) Estimated expenses	1,280	(1,326)	46	-	Within 1 month	Note A
	30,220	(30,220)	-	-		

Explanation:
Note A: The expenses represented actual expenses incurred for completion of EGM and raising of the gross proceeds of RM30.2 million.

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DIRECTORS' REPORT AND AUDITED FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 May 2022.

Principal activities

The principal activities of the Company are that of investment holding, contractors and infrastructure development, provision of management and consultancy services.

The principal activities of the subsidiaries are described in Note 18 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial period ended 31 May 2022.

Change in financial year end

During the financial period, the Group and the Company changed their financial year end from 31 December to 31 May. The financial statements hereby presented cover a period of seventeen (17) months ending 31 May 2022.

Results

	Group	**Company**
	RM'000	RM'000
Loss net of tax	121,457	77,201
Loss attributable to:		
Owners of the Company	120,968	77,201
Non-controlling interests	489	-
	121,457	77,201

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature.

Reserves and provisions

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

Dividend

No dividends have been paid or declared since the end of the previous year. The directors do not recommend any dividend payment in respect of the current financial period.

Directors

The directors of the Company in office during the financial period and up to the date of this report are:

Dato Sri Mahmud Abu Bekir Taib		
Dato Sri Fong Joo Chung		
Tan Sri Dato' Seri H'ng Bok San		
Dato' Ahmad Redza bin Abdullah	(Retired on 15 September 2022)	
Yek Siew Liong		
Datuk Kevin How Kow		
Erman bin Radin		
Datuk Rozimi bin Remeli		
Redzuan bin Rauf		
Goh Jen Ni	(Alternate director to Tan Sri Dato' Seri H'ng Bok San)	(Appointed on 30 July 2021)
Ng Woon Chiang	(Alternate director to Tan Sri Dato' Seri H'ng Bok San)	(Resigned on 30 July 2021)

DIRECTORS' REPORT (cont'd.)

Directors (cont'd.)

The directors of the Company's subsidiaries during the financial period and up to the date of this report, (not including those directors listed above) are:

Woon Wai En
Tan Kok Hong
Azhar bin Ariffin
Lu Yew Hung @ Lu Yew Hong
Danice Endawie Ita
Mary Joycelyn Dahop
Surya Sugandi
Fadzil bin Ahmad (Appointed on 27 July 2021)

Directors' benefits

Neither at the end of the financial period, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as disclosed in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than those disclosed in Note 33 to the financial statements.

Details of directors' remuneration are disclosed in Note 11 to the financial statements.

Indemnification of directors and officers

The directors and officers of the Company are covered by liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The amount of premium paid for this policy was RM27,398 (2020: RM19,090).

There were no payments made for any indemnification during the financial period and up to the date of this report.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial period in shares in the Company and its related corporations during the financial period were as follows:

	Number of Ordinary Shares			
	As at 1.1.2021	**Bought**	**Sold**	**As at 31.5.2022**
Direct interest:				
Dato Sri Mahmud Abu Bekir Taib	58,264,896	-	-	58,264,896
Dato Sri Fong Joo Chung	400,200	-	-	400,200
Tan Sri Dato' Seri H'ng Bok San	237,240	-	-	237,240
Yek Siew Liong	5,855,000	-	-	5,855,000
Erman bin Radin	125,160	-	-	125,160
Indirect interest:				
Dato Sri Mahmud Abu Bekir Taib	26,082,000	-	-	26,082,000[1]
Tan Sri Dato' Seri H'ng Bok San	36,488,400	-	-	36,488,400[2]
Yek Siew Liong	31,682,000	-	-	31,682,000[3]

1 Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("the Act").
2 Deemed interested by virtue of his interest in Hng Capital Sdn. Bhd. and his son's and daughter's shareholding pursuant to Section 8(4) and Section 59(11)(c) of the Act respectively.
3 Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. pursuant to Section 8(4) of the Act.

DIRECTORS' REPORT (cont'd.)

Directors' interests (cont'd.)

By virtue of their interests in the Company, Dato Sri Mahmud Abu Bekir Taib and Yek Siew Liong are deemed interested in the shares in the subsidiaries to the extent that the Company has an interest.

None of the other directors in office at the end of the financial period had any interest in shares in the Company and its related corporations during the financial period.

Issue of shares

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM238,321,000 to RM267,215,000 by way of issuance of 81,935,000 ordinary shares through private placement at issue prices ranging between RM0.3559 and RM0.4131 per ordinary share. The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

Other statutory information

(a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial period.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made except as disclosed in Note 41 to the financial statements.

DIRECTORS' REPORT (cont'd.)

Significant event

Details of a significant event is disclosed in Note 40 to the financial statements.

Subsequent events

Details of subsequent events are disclosed in Note 41 to the financial statements.

Auditors

Auditors' remunerations are disclosed in Note 9 to the financial statements.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been made to indemnify Ernst & Young PLT during the financial period and up to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 September 2022.

Dato Sri Mahmud Abu Bekir Taib

Dato Sri Fong Joo Chung

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **Dato Sri Mahmud Abu Bekir Taib** and **Dato Sri Fong Joo Chung**, being two of the directors of **Sarawak Cable Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 53 to 137 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 May 2022 and of their financial performance and their cash flows for the financial period then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 30 September 2022.

Dato Sri Mahmud Abu Bekir Taib

Dato Sri Fong Joo Chung

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Teoh Wen Jinq**, being the officer primarily responsible for the financial management of **Sarawak Cable Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 53 to 137 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Teoh Wen Jinq**
at Kuching in the State of Sarawak
on 30 September 2022.

Teoh Wen Jinq
MIA25770

Before me,
Phang Dah Nan
Commissioner for Oaths (Q119)
Kuching, Sarawak

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK CABLE BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Disclaimer of Opinion

We were engaged to audit the financial statements of **Sarawak Cable Berhad**, which comprise the statements of financial position as at 31 May 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 137.

We do not express an opinion on the accompanying financial statements of the Group and the Company. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

We were notified on 22 September 2022 that the Company and six of its subsidiaries intended to file an Originating Summons under Section 366 and 368 of the Companies Act 2016 (the "Act") which would allow the Company and the six subsidiaries to apply to court for leave to convene a meeting with their creditors and to apply for a restraining order to restrain legal suits, winding up petitions and enforcement proceedings against the Company and the six subsidiaries. The Company announced that the Company and the six subsidiaries have obtained a Court Order under Section 366 and 368 of the Act on 29 September 2022.

Arising from this, certain financial institutions have suspended the Group's unutilised credit facilities. This situation together with the other matters disclosed in Note 2.1 to the financial statements indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Nevertheless, the directors continued to prepare the financial statements on a going concern basis, premised on certain critical assumptions which include the continuous supports from the financial institutions and creditors as further disclosed in Note 2.1 to the financial statements. The directors have not finalized the Proposed Regularisation Plan and we have not been provided with the cash flow forecast incorporating the effects arising from the Proposed Regularisation Plan to assess the ability of the Group and of the Company to continue as going concern. Accordingly, we are unable to obtain sufficient appropriate audit evidence to support the validity of the assumptions adopted by the directors in preparing the financial statements on a going concern basis.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Group's and the Company's financial statements in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, and to issue an auditors' report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements due to the matters discussed in the Basis of Disclaimer Opinion above.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK CABLE BERHAD
(INCORPORATED IN MALAYSIA) (cont'd.)

Report on the audit of the financial statements (cont'd.)

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that:

(a) the subsidiary of which we have not acted as auditors, are disclosed in Note 18 to the financial statements.

(b) In our opinion, the accounting and other records for the matter as described in the Basis for Disclaimer of Opinion section have not been properly kept by the Company in accordance with the provision of the Act.

(c) In our opinion, we have not obtained all the information and explanations that we required due to the reasons explained in the Basis of Disclaimer Opinion above.

Other matters

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

ERNST & YOUNG PLT
202006000003(LLP0022760-LCA) & AF 0039
Chartered Accountants

LOW KHUNG LEONG
No. 02697/01/2023 J
Chartered Accountant

Kuching, Malaysia
Date: 30 September 2022

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

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022

		Group		Company	
	Note	1.1.2021 to 31.5.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.5.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Continuing operations					
Revenue	4	819,883	605,150	49,591	57,534
Cost of sales		(799,604)	(569,446)	(23,413)	(33,955)
Gross profit		20,279	35,704	26,178	23,579
Other items of income					
Interest income	5	1,344	661	18,879	12,226
Other income	6	10,595	3,246	-	5
Other items of expense					
Marketing and distribution		(24,966)	(15,501)	-	-
Administrative expenses		(35,507)	(24,641)	(14,826)	(7,281)
Finance costs	7	(22,862)	(21,067)	(24,071)	(20,142)
Other expenses	8	(5,760)	(3,918)	(83,361)	(79,212)
Loss before tax from continuing operations	9	(56,877)	(25,516)	(77,201)	(70,825)
Income tax expense	12	(14,778)	(693)	-	-
Loss for the period/year from continuing operations		(71,655)	(26,209)	(77,201)	(70,825)
Discontinued operations					
Loss for the period/year from discontinued operations	13	(49,802)	(238)	-	-
Loss for the period/year, net of tax		(121,457)	(26,447)	(77,201)	(70,825)

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

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

		Group		Company	
	Note	1.1.2021 to 31.5.2022 RM'000	1.1.2020 to 31.12.2020 RM'000	1.1.2021 to 31.5.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations, net of RM nil tax		(2,596)	121	-	-
Net movement of cash flow hedges		(1,028)	1,512	-	-
Income tax related to cash flow hedges		247	(361)	-	-
Other comprehensive income, net of tax		(3,377)	1,272	-	-
Total comprehensive income for the period/year		(124,834)	(25,175)	(77,201)	(70,825)
Loss attributable to:					
Owners of the Company		(120,968)	(25,172)	(77,201)	(70,825)
Non-controlling interests		(489)	(1,275)	-	-
		(121,457)	(26,447)	(77,201)	(70,825)
Total comprehensive income attributable to:					
Owners of the Company		(123,783)	(23,929)	(77,201)	(70,825)
Non-controlling interests		(1,051)	(1,246)	-	-
		(124,834)	(25,175)	(77,201)	(70,825)

		Group	
	Note	1.1.2021 to 31.5.2022	1.1.2020 to 31.12.2020
Loss per share attributable to owners of the Company (sen per share):			
Basic and Diluted			
From continuing operations	14	(17.94)	(7.86)
From discontinued operations	14	(12.38)	(0.08)
		(30.32)	(7.94)

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

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 MAY 2022

		Group		Company	
	Note	As at 31.5.2022 RM'000	As at 31.12.2020 RM'000	As at 31.5.2022 RM'000	As at 31.12.2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	216,454	258,074	114	240
Intangible assets	17	-	2,510	-	-
Trade and other receivables	21	19,544	20,512	6,730	6,730
Concession financial assets	28	-	99,045	-	-
Deferred tax assets	26	19,635	36,508	-	-
Investment in subsidiaries	18	-	-	335,454	355,264
		255,633	416,649	342,298	362,234
Current assets					
Inventories	19	117,969	98,685	-	-
Trade and other receivables	21	140,089	171,643	55,197	125,824
Other current assets	22	7,531	11,702	445	121
Contract assets	20	8,417	3	-	-
Tax recoverable		12,445	8,188	-	-
Cash and bank balances	23	18,416	42,500	976	2,468
		304,867	332,721	56,618	128,413
Assets held for sale	16	96,555	-	37,833	-
		401,422	332,721	94,451	128,413
TOTAL ASSETS		657,055	749,370	436,749	490,647
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	24	378,599	395,807	65,360	93,711
Trade and other payables	25	122,748	114,222	350,546	360,075
Contract liabilities	20	6,541	15,956	6,441	1,985
Income tax payable		-	567	-	-
Derivatives liabilities	27	1,028	-	-	-
		508,916	526,552	422,347	455,771
Liabilities directly associated with the assets held for sale	13	32,069	-	-	-
		540,985	526,552	422,347	455,771

STATEMENTS OF **FINANCIAL POSITION**

AS AT 31 MAY 2022 (cont'd.)

	Note	Group As at 31.5.2022 RM'000	Group As at 31.12.2020 RM'000	Company As at 31.5.2022 RM'000	Company As at 31.12.2020 RM'000
EQUITY AND LIABILITIES (CONT'D.)					
Non-current liabilities					
Loans and borrowings	24	66,883	72,681	51,116	23,283
Trade payables	25	6,535	6,542	6,535	6,535
Deferred tax liabilities	26	6,211	11,214	-	-
		79,629	90,437	57,651	29,818
TOTAL LIABILITIES		620,614	616,989	479,998	485,589
Equity attributable to owners of the Company					
Share capital	29	267,215	238,321	267,215	238,321
Reverse acquisition reserve		(37,300)	(37,300)	-	-
Foreign currency translation reserve	30	(2,726)	(695)	-	-
Hedge reserve	31	(781)	-	-	-
Accumulated losses		(185,480)	(64,512)	(310,464)	(233,263)
		40,928	135,814	(43,249)	5,058
Non-controlling interests		(4,487)	(3,433)	-	-
TOTAL EQUITY		36,441	132,381	(43,249)	5,058
TOTAL EQUITY AND LIABILITIES		657,055	749,370	436,749	490,647
Net Assets/(Liabilities)		36,441	132,381	(43,249)	5,058
Net Current Liabilities		(139,563)	(193,831)	(327,896)	(327,358)

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

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022

	← Attributable to owners of the Company →							
Group	**Share capital (Note 29)**	**Reverse acquisition reserve**	**Foreign currency translation reserves (Note 30)**	**Hedge reserve (Note 31)**	**Revenue reserves/ (accumulated losses)**	**Total owners attributable to owners of the Company**	**Non-controlling interests**	**Total equity**
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Opening balance at 1 January 2021	238,321	(37,300)	(695)	-	(64,512)	135,814	(3,433)	132,381
Loss for the period	-	-	-	-	(120,968)	(120,968)	(489)	(121,457)
Other comprehensive income	-	-	(2,031)	(781)	-	(2,812)	(565)	(3,377)
Total comprehensive income	-	-	(2,031)	(781)	(120,968)	(123,780)	(1,054)	(124,834)
Transactions with owners								
Issuance of share capital	30,220	-	-	-	-	30,220	-	30,220
Transaction costs	(1,326)	-	-	-	-	(1,326)	-	(1,326)
Closing balance at 31 May 2022	267,215	(37,300)	(2,726)	(781)	(185,480)	40,928	(4,487)	36,441
Opening balance at 1 January 2020	238,321	(37,300)	(787)	(1,151)	(39,457)	159,626	(2,115)	157,511
Loss for the year	-	-	-	-	(25,172)	(25,172)	(1,275)	(26,447)
Other comprehensive income	-	-	92	1,151	-	1,243	29	1,272
Total comprehensive income	-	-	92	1,151	(25,172)	(23,929)	(1,246)	(25,175)
Transactions with owners								
Dilution of interest in a subsidiary	-	-	-	-	117	117	(72)	45
Closing balance at 31 December 2020	238,321	(37,300)	(695)	-	(64,512)	135,814	(3,433)	132,381

STATEMENTS OF **CHANGES IN EQUITY**

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

Company	**Share capital (Note 29)** RM'000	**Accumulated losses** RM'000	**Total equity** RM'000
Opening balance at 1 January 2021	238,321	(233,263)	5,058
Issue of share capital	28,894	-	28,894
Loss net of tax, representing total comprehensive income	-	(77,201)	(77,201)
Closing balance at 31 May 2022	267,215	(310,464)	(43,249)
Opening balance at 1 January 2020	238,321	(162,438)	75,883
Loss net of tax, representing total comprehensive income	-	(70,825)	(70,825)
Closing balance at 31 December 2020	238,321	(233,263)	5,058

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022

	Note	Group 1.1.2021 to 31.5.2022 RM'000	Group 1.1.2020 to 31.12.2020 RM'000	Company 1.1.2021 to 31.5.2022 RM'000	Company 1.1.2020 to 31.12.2020 RM'000
Operating activities					
Loss before tax		(103,450)	(26,454)	(77,201)	(70,825)
- continuing operations		(56,877)	(25,516)	-	-
- discontinued operations	13	(46,573)	(938)	-	-
Adjustments for:					
Allowance for impairment loss on:					
- Trade receivables	8	3,548	2,364	-	-
- Other receivables	8,13	-	123	-	79,212
Amortisation of transaction cost	7	933	-	-	-
Bad debt written off	8	38	177	38	-
Depreciation of property, plant and equipment	9	20,076	17,620	111	94
Dividend income	4	-	-	(17,356)	(18,000)
Finance income from concessions financial assets	13	(7,744)	(5,308)	-	-
Forfeiture of deposit	6	(66)	-	-	-
(Gain)/loss on disposal of property, plant and equipment, net	9	(351)	(9)	2	-
Impairment loss recognised on the remeasurement to fair value	13,16	54,474	-	71,396	-
Impairment of concessions financial assets	13	-	5,621	-	-
Impairment loss on investment in subsidiary	8	-	-	11,927	-
Interest income	5,13	(1,373)	(686)	(18,879)	(12,226)
Interest expense	7,13	27,283	21,809	24,071	20,142
Inventories written down	9	751	434	-	-
Inventories written off	9	235	-	-	-
Loss/(gain) on debt modification	6,9	279	(1,271)	279	-
Loss on lease remeasurement	8	164	-	-	-
Property, plant and equipment written off	9	-	302	-	-
Reversal of allowance for impairment loss of trade receivables	6	(259)	(496)	-	-
Reversal of impairment of assets held for sale	9	(1,692)	-	-	-
Reversal of impairment of property, plant and equipment	9	(3,599)	-	-	-
Unrealised gain on foreign exchange, net	9,13	(2,848)	(1,763)	-	-
Waiver of debts	6	(1,110)	-	-	-
Bank charges written off	13	(2,234)	-	-	-
Operating cash flows before working capital changes		(16,945)	12,463	(5,612)	(1,603)

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

		Group		Company	
		1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	Note	RM'000	RM'000	RM'000	RM'000
Operating activities (cont'd.)					
Changes in working capital:					
(Increase)/decrease in inventories		(20,270)	41,534	-	-
Decrease/(increase) in trade and other receivables		33,551	90,888	(11,890)	(39,685)
Increase in concessions financial assets		(5,667)	(2,511)	-	-
(Increase)/decrease in other current assets		(13,594)	(12,027)	4,156	(5,560)
Increase/(decrease) in trade and other payables		14,904	(81,776)	(10,952)	35,132
Total changes in working capital		8,924	36,108	(18,686)	(10,113)
Cash flows generated from operations		(8,021)	48,571	(24,298)	(11,716)
Interest paid		(27,283)	(21,809)	(5,292)	(5,940)
Tax paid, net of refund		(6,061)	(7,021)	-	-
Net cash flows (used in)/from operating activities		(41,365)	19,741	(29,590)	(17,656)
Investing activities					
Dividend received		-	-	-	18,000
Purchase of property, plant and equipment	15	(5,810)	(4,236)	(11)	(11)
Proceeds from disposal of property, plant and equipment		783	1,351	-	4
Interest received		1,373	686	12	31
Net cash (used in)/from investing activities		(3,654)	(2,199)	1	18,024
Financing activities					
(Repayment)/drawdown from borrowings, net	24	(2,019)	(61,962)	(500)	1
Repayment of lease liabilities	24	(2,494)	(3,121)	-	-
Increase/(decrease) in cash and bank balances pledged for banks borrowings		1,547	(1,627)	-	-
Proceeds from issuance of share capital		30,220	-	30,220	-
Transaction costs on issuance of shares		(1,326)	-	(1,326)	-
Net cash from/(used in) financing activities		25,928	(66,710)	28,394	1
Net (decrease)/increase in cash and cash equivalents		(19,091)	(49,168)	(1,195)	369
Effect of exchange rate changes		(2,532)	(48)	-	-
Cash and cash equivalents at 1 January		34,968	84,184	470	101
Cash and cash equivalents at 31 May 2022/31 December 2020	23	13,345	34,968	(725)	470

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

NOTES TO THE **FINANCIAL STATEMENTS**

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022

Notes to the Financial Statements

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The principal place of business and registered office of the Company is located at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak.

The principal activities of the Company are that of investment holding, contractors and infrastructure development, provision of management and consultancy services. The principal activities of the subsidiaries are described in Note 18. There have been no significant changes in the nature of the principal activities during the financial period.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

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

These financial statements have also been prepared on the historical cost basis except otherwise disclosed in the accounting policies below.

These financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as going concerns. The application of the going concern basis is on the assumption that the Group and the Company will be able to realise their assets and settle their liabilities in the normal course of business. During the period ended 31 May 2022, the Group and the Company incurred losses for the period of RM121.5 million (2020: RM26.4 million) and RM77.2 million (2020: RM70.8 million) respectively and as at that date the current liabilities of the Group and of the Company exceeded their current assets by RM139.6 million (2020: RM193.8 million) and RM327.9 million (2020: RM327.4 million) respectively.

The Group was discharge from the purview of Corporate Debt Restructuring Committee ("CDRC") on 4 October 2021 on the premise that securitization of assets agreements between the three cable subsidiaries and their bankers (the "Bankers") to restructure their working capital facilities amounting to RM371.0 million will be completed. The Group is currently in the process of finalizing the securitization of certain assets of the three subsidiaries with the Bankers. Until the completion of the securitization arrangement, the Group relies on the Bankers to continue to make available the existing working capital facilities.

On 30 December 2021, the Company announced that it had triggered the prescribed criteria pursuant to Paragraph 8.04 and Paragraph 2.1(e) of PN17 of the Main Market Listing Rules ("MMLR") of Bursa Securities. Nevertheless, the Company is not classified as a PN17 listed issuer and is not required to comply with the obligations under Paragraph 8.04 of PN17 of the MMLR for a period of 18 months from the date of the announcement due to the PN17 Relief Measures granted by Bursa Securities because of the Covid-19 pandemic.

The aforementioned events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

The Group plans to return to profitability by improving and sustaining margins from their core business segment of manufacturing cables, targeting specialised transmission lines and related maintenance projects via inter alia, cost saving measures, operational efficiency and negotiating favourable terms with their customers. Other measures and plans taken to address the going concern of the Group and of the Company include the following:

(a) the disposals of non-core assets i.e. the mini-hydro dam project undertaken by the Group's Indonesian subsidiary, PT Inpola Mitra Elektrindo. Details of this proposed disposal is provided in Note 13 to the financial statements. The proceeds from the proposed disposal will be utilised to repay borrowings of the Group of RM63.4 million;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.1 Basis of preparation (cont'd.)

(b) completion of disposal of a helicopter of the Group as disclosed in Note 16 to the financial statements for a gross consideration of USD8.5 million (equivalent to approximately RM37.2 million) with an estimated cost to sell of RM3.5 million. The net disposal proceeds amounting to RM33.7 million has been utilised to settle borrowing of RM31.2 million and a liability of RM2.5 million subsequent to the financial period;

(c) the issuance of Redeemable Convertible Debt ("RCD") with a value of approximately RM19.16 million and Redeemable Convertible Islamic Debt ("RCD-i") with a value of approximately RM29.98 million to two lenders of the Company under debt restructuring agreements on 20 July 2022. The RCD and RCD-i have a tenure of five (5) years from the date of 30 November 2020 and may be converted at the option of the holder into new shares of the Company at any time during the tenure of the RCD and RCD-i. The effect of the issuance of these securities is to enable the settlement of borrowings of the Group of RM49.14 million; and

(d) to renegotiate with a bank to defer a repayment due in 2024 of approximately RM42.5 million and to consider other feasible alternatives of fund raising to meet this commitment.

For these reasons, the directors are of the opinion that the Group and the Company will be able to continue as going concerns for the foreseeable future. The ability of the Group and of the Company to continue as going concerns is dependent on the continuing supports from their Bankers and creditors, and the ability of the subsidiaries to generate sufficient cash flows to meet the obligations of the Group and of the Company and the timely and successful implementation of the Group's plan to return to profitability.

Should the going concern basis for the preparation of the financial statements be not appropriate, adjustments relating to the amounts and classification of assets and liabilities may be necessary.

The PN17 Relief Measures granted by Bursa Securities is due to expire on 30 June 2023 and to address this issue, the Company and six of its subsidiaries have applied and was issued a court order on 29 September 2022 for an Originating Summons pursuant to Section 366 and Section 368 of the Act before the Kuching High Court.

The directors have proposed the following plan ("Proposed Regularisation Plan"):

(a) a proposed asset revaluation of the Company's and its subsidiaries assets to reflect its estimated economic value;

(b) a proposed share capital reduction via the cancellation of the Company's paid-up share capital which is not represented by its available assets;

(c) a proposed issuance of new shares to raise funds for capital and settlement of creditors outstanding debts due and owing; and

(d) a proposed scheme of arrangement and compromise pursuant to Sections 366, 368 and 369 and other relevant provisions of the Act in respect of the amounts owing to the scheme creditors at the date on which the Court grants the order to conduct a Court Convened Meeting ("Proposed Scheme of Arrangement (SOA)") for the Company and the six subsidiaries. The Proposed SOA is undertaken by the Company and the six subsidiaries and the details of the SOA has not been finalised.

The Group obtained the High Court's order for leave to convene the CCM on 29 September 2022.

The directors of the Company are of the opinion that the focus of the Proposed Restructuring Plan is the proposed capital reduction and proposed issuance of new shares with the intention to restore the Company's shareholders fund and avoid a PN17 classification before the PN17 relief expiry date on 30 June 2023. The Group intends to actively engage with the creditors and bankers to facilitate the successful implementation of the proposed SOA.

The directors of the Company have not finalised the whole Proposed Regularisation Plan. The Proposed Regularisation Plan is subject to the Company's shareholders' and relevant regulatory approvals. The directors believe there will be favourable outcome from the Proposed Regularisation Plan.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.2 Changes in accounting policies and effects arising from the adoption of new and amended MFRSs

The accounting policies adopted are consistent with those of the previous financial year except that, in the current financial period, the Group and the Company adopted the amended MFRSs (collectively referred to as "pronouncements"), which are effective for annual financial periods as follows:

Description	Effective for period beginning on or after
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	1 January 2022

Adoption of these pronouncements did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The pronouncements are not expected to have any material impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation

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

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

(a) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect its returns.

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

(a) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(b) potential voting rights held by the Company, other vote holders or other parties;

(c) rights arising from other contractual arrangements; and

(d) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

Business combinations and goodwill

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

Business combinations and goodwill (cont'd.)

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

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

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

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

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

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

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

2.5 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) Exposure, or rights, to variable returns from its investment with the investee; and
(iii) The ability to use its power over the investee to affect its returns.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.6 Foreign currency

The Group's consolidated financial statements are presented in Malaysian Ringgit, which is also the Company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

(a) Transaction and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction date first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group and the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group and the Company determine the transaction date for each payment or receipt of advance consideration.

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Malaysian Ringgit at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.7 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.7 Non-current assets held for sale and discontinued operations (cont'd.)

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statements of financial position.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statements of profit or loss.

Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

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

Freehold land has unlimited useful life and therefore is not depreciated. Leasehold land is depreciated over the residual lease period.

Depreciation of other property, plant and equipment are computed on a straight-line basis over the estimated useful lives of the assets as follows:

Land and buildings	20 to 62 years
Motor vehicles	5 years
Helicopters	20 years
Plant and machinery	5 to 20 years
Office equipment	5 to 6 years
Furniture and fittings	6 years
Renovation	6 to 50 years

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.9 Impairment of non-financial assets

The Group and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit ("CGU")'s fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Group and the Company base their impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's and the Company's CGUs to which the individual assets are allocated.

These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

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

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

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

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Initial recognition and measurement (cont'd.)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company has applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Categories and subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

(i) Financial assets at amortised cost (debt instruments)

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

(ii) Financial assets at fair value through OCI (debt instruments)

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

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Categories and subsequent measurement (cont'd.)

(iii) Financial assets designated at fair value through OCI (equity instruments) (cont'd.)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at fair value through OCI are not subject to impairment assessment.

(iv) Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss. This category includes derivative instruments and listed equity investments which the Group and the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category. A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Impairment of financial assets

The Group and Company recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company applied a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Group and the Company applied the low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group and the Company reassess the internal credit rating of the debt instrument. In addition, the Group and the Company consider that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.10 Financial instruments (cont'd.)

(a) Financial assets (cont'd.)

Impairment of financial assets (cont'd.)

The Group and the Company consider a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(i) Financial liabilities at fair value through profit or loss ("FVTPL")

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.10 Financial instruments (cont'd.)

(b) Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

The measurement of financial liabilities depends on their classification, as described below: (cont'd.)

(i) Financial liabilities at fair value through profit or loss ("FVTPL") (cont'd.)

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

Gains or losses on liabilities held for trading are recognised in the statements of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

(ii) Amortised cost

After initial recognition, other liabilities, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.11 Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statements of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's and the Company's cash management.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.12 Inventories

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

- Raw materials: purchase costs on weighted average method
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

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

2.13 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- The amount of the loss allowance; and
- The amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with MFRS 15, Revenue from Contracts with Customers.

2.14 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period which they occur. Borrowing costs consist of interest and other costs that the Group and Company incur in connection with the borrowing of funds.

2.15 Employees benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the period in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised as a liability when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.16 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

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

(a) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are presented within the same line item as the corresponding underlying assets would be presented if they were owned. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	29 to 62 years
Motor vehicles	5 years
Plant and machinery	20 years
Building	6 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease term reflects the Group and the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.16 Leases (cont'd.)

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.17 Revenue

The Group are involved in the business of sale of telecommunication cables, low and high voltage power cables, contractors for long term transmission lines contract and provision of helicopter services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services. The Group and the Company have generally concluded that it act as a principal in its revenue arrangements.

(a) Sale of goods

Revenue from sale of goods is recognised at the points in time when control of the assets is transferred to the customers, generally on delivery of goods. The normal credit term is 30 to 90 days upon delivery.

(b) Construction Contracts

The Group and the Company recognise revenue from construction contracts over time, using an input method to measure progress toward completion of the construction. A variation or a claim is only included in contract revenue when it is probable that the customer will approve the variation or negotiations have reached an advanced stage such that it is probable that the customer will accept the claim. Variation claim gives rise to a variable consideration which are estimated at either the expected value or most likely amount and included in revenue to the extent that it is highly probable that the revenue will not be reversed. The normal credit term is 30 days upon billings.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(e) Interest income from lease receivables

Interest income from lease receivables is recognised in the profit or loss using the effective interest rate method. The normal credit term is 30 days upon billings.

(f) Management fees and consultancy fees

Management fees and consultancy fees are recognised net of discount when services are performed. The normal credit term is 30 days upon billings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.17 Revenue (cont'd.)

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The liquidated ascertained damages on construction contracts give rise to variable consideration.

Significant financing component

The Group receives advance payments from customers for contracts works secured. Retention sums are applied on both billings by customers as well as billings from creditors. There is a significant financing component for these contracts considering the length of time between the customers' payment and the transfer of performance obligations, as well as the prevailing interest rate in the market.

The Group applies the practical expedient for short-term advances received from customers as well as on the retention sums. That is, the promised amount of consideration is not adjusted for the effects of a significant financing component if the period between the transfer of the promised good or service and the payment is within the normal construction cycle.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company perform by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

Trade receivables

A receivable represents the Group's and the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

2.18 Taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.18 Taxes (cont'd.)

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.18 Taxes (cont'd.)

(c) Sales and Services Tax ("SST") and Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of SST or GST except:

- where the GST and SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST and SST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

2.19 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers' report to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transactions costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.21 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

2.22 Provisions

General

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.22 Provisions (cont'd.)

General (cont'd.)

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

Onerous contracts

If the Group and the Company have a contract that is onerous, the present obligation under the contract is recognised and measured as a provision. However, before a separate provision for an onerous contract is established, the Group and the Company recognise any impairment loss that has occurred on assets dedicated to that contract. An onerous contract is a contract under which the unavoidable costs (i.e., the costs that the Group and the Company cannot avoid because it has the contract) of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

2.23 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group and the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.23 Fair value measurements (cont'd.)

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

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

2.24 Intangible assets

Other intangible assets

Other intangible assets represent customers contracts (related to construction contracts) and a power purchase/supply agreement for a period of 20 periods, arising from business combinations that are measured at their fair value as at the date of acquisition. Following initial measurement, other intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Other intangible assets are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Customer contracts are amortised based on the percentage of completion of the respective contracts. The power purchase/supply agreement are amortised on a straight line basis over 20 periods. The amortisation period and the amortisation method are reviewed at least at each financial period-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

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

2.25 Concession service arrangement

The Group entered into a service concession agreement with Perusahaan Listrik Negara Persero ("the Grantor") for the construction and operation of a mini hydro power plant and thereafter the supply of power from this mini hydro plant to the public for a period of 20 periods. The Grantor is obligated to purchase all the power produced over the 20 periods. The Group recognises the estimated consideration received or receivable as a financial asset for the construction services rendered. Financial assets are accounted for in accordance with the accounting policy as set out in Note 2.10(a).

2.26 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and forward commodity contracts, to hedge its foreign currency risks and commodity price risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative under MFRS 9 are recognised in profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.26 Derivative financial instruments and hedge accounting (cont'd.)

Initial recognition and subsequent measurement (cont'd.)

For the purpose of hedge accounting, hedges are classified as:

(i) Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.

(ii) Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

Fair value hedges

The change in the fair value of a hedging instrument is recognised in profit or loss as a finance cost. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss as a finance cost.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

2. Basis of preparation and summary of significant accounting policies (cont'd.)

2.26 Derivative financial instruments and hedge accounting (cont'd.)

Cash flow hedges (cont'd.)

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value of derivatives during the period that do not qualify for hedge accounting are directly recognised in profit or loss.

2.27 Current versus non-current classification

The Group and the Company presents assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

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

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

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

3. Significant accounting judgement and estimates

The preparation of the Group's and the Company's financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

3. Significant accounting judgement and estimates (cont'd.)

3.1 Significant judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(a) Concession service arrangement

The Group entered into a concession service arrangement for the installation, operation and maintenance of a mini hydro plant. The Group has evaluated based on the terms and conditions of the arrangement whether the concession service arrangement is accounted for using intangible asset model or financial asset model.

The management is of the view that based on the terms and conditions of the arrangement, the Group has a contractual right to receive cash from the grantor for the services provided, thus accounting for the concession service arrangement under the financial asset model.

(b) Assets held for sale

(i) PT Inpola Mitra Elektrindo ("PT IME")

On 19 January 2022, the Board of Directors announced its decision on the proposed disposal of equity interest held in PT IME. Operations of PT IME are classified as a disposal group held for sale. The Board considered the subsidiary have met the criteria to be classified as held for sale at that date for the following reasons:

- PT IME is available for immediate sale and can be sold to the buyer in its current condition;
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage;
- The Company had entered into a Conditional Share Purchase Agreement on 29 July 2022.

(ii) Helicopter

On 20 May 2021, the Board of Directors announced the proposed disposal of one unit of helicopter held by its wholly owned subsidiary, Aerial Power Lines Sdn. Bhd.. The helicopter is classified as an asset held for sale. The Board considered the asset to have met the criteria to be classified as held for sale at that date for the following reasons:

- The helicopter is available for immediate sale and can be sold to the buyer in its current condition;
- The actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification;
- A potential buyer has been identified and negotiations as at the reporting date are at an advance stage;
- The subsidiary had entered into a Sale and Purchase Agreement with the buyer on 1 April 2021 and the proceeds from the sale of the helicopter was received on 21 June 2022.

For more details on the assets held for sale, refer to Note 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

3. Significant accounting judgement and estimates (cont'd.)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below:

(a) Revenue from construction contracts

The Group and the Company recognise contract revenue and expenses in profit or loss by using the stage of completion method. The stage of completion is determined by the input method, the proportion that construction contract costs incurred for work performed to date bear to the estimated total construction contract costs. Significant judgement is required in determining the stage of completion, the extent of the construction contract costs incurred, the estimated total construction contract revenue and costs, as well as the recoverability of the construction contract costs. In making such judgement, the Group and the Company rely on past experiences.

(b) Impairment assessment of property, plant and equipment

Impairment exists when the carrying value of an asset exceeds its recoverable amount which is the higher of its fair value less costs to sell and its value in use.

During the current financial period, the Group carried out impairment tests on property, plant and equipment related to the manufacturing segment. The carrying amount of these assets of approximately RM216.3 million may be impaired due to operating losses sustained by the subsidiaries carrying on the manufacturing business. Management has determined the recoverable amounts of these assets based on their fair value less costs to sell.

The fair value less cost to sell of the manufacturing plants were derived based on valuations performed by external valuers. Due to the lack of comparable market data for similar manufacturing building, plant and equipment, significant estimates and judgement were used to determine the fair value less cost to sell. The recoverable amount is sensitive to the expected costs to build similar structures and adjustments necessary to reflect the obsolescence and depreciation.

(c) Impairment assessment of PT Inpola Mitra Elektrindo

The Group performed impairment assessment on PT IME under the requirements of MFRS 136 *Impairment of Asset* and MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. The outcome of impairment assessment is heavily dependent on the ability of the Group to complete the proposed disposal of the subsidiary, PT IME as detailed in Note 13.

At the reporting date, the carrying amount of PT IME's assets held for sale stood at RM62.8 million and RM37.8 million in respect of the Group and of the Company respectively. The Company has recognised an aggregate impairment loss of RM71.4 million on its investment and advances in PT IME. The Group has recognised an impairment loss of RM54.5 million on the remeasurement to fair value less costs to sell. The impairment losses are derived based on the proceed receivable pursuant to the proposed disposal.

In the event the proposed disposal of PT IME could not be completed within the planned timeframe, further adjustment to the carrying amount of these assets could arise depending on plan envisaged for it.

(d) Provision for expected credit losses ("ECL") of trade receivables and contract assets

The Group and the Company use a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by product type, customer type and coverage by letters of credit).

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experiences with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next period which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

3. Significant accounting judgement and estimates (cont'd.)

3.2 Key sources of estimation uncertainty (cont'd.)

(d) Provision for expected credit losses ("ECL") of trade receivables and contract assets (cont'd.)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's and Company's historical credit loss experiences and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's and Company's trade receivables are disclosed in Note 37.

4. Revenue from contracts with customers

Revenue of the Group and of the Company comprised the following:

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers	815,910	601,194	23,993	34,194
Revenue from other sources:				
- Dividend income from subsidiaries	-	-	17,356	18,000
- Management fee from subsidiaries	-	-	8,242	5,340
- Interest income from lease receivables	3,973	3,956	-	-
	3,973	3,956	25,598	23,340
Total revenue	819,883	605,150	49,591	57,534

4.1 Disaggregated revenue from contracts with customers information

Set out below is the disaggregation of the Group's and the Company's revenue from contracts with customers:

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Sales of cable and wire	728,224	540,807	-	-
Sales of galvanised products and steel structures	29,613	14,693	-	-
Transmission lines construction contracts	58,073	45,694	23,993	34,194
Total revenue from contracts with customers	815,910	601,194	23,993	34,194
Timing of revenue recognition				
At point in time	757,837	555,500	-	-
Over time	58,073	45,694	23,993	34,194
Total revenue from contracts with customer	815,910	601,194	23,993	34,194

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

4. Revenue from contracts with customers (cont'd.)

4.2 Transaction price allocated to the remaining performance obligations

Revenue from performance obligations that are unsatisfied/(partially unsatisfied) as at 31 May 2022/31 December 2020 are as follows:

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Within one year	189,604	181,578	21,802	20,327
More than one year	37,539	29,457	-	-
	=======	=======	======	======

The remaining performance obligations of the Group and of the Company primarily relate to the remaining construction works on transmission lines which is expected to be satisfied within one to two financial periods.

4.3 Nature of goods and services

Group

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sale of cable and wire	Revenue is recognised at the point of time when the cable and wire are delivered.	Credit period of 30 to 90 business days from invoice date.	Not applicable	Not applicable	Not applicable
Sale of galvanised products and steel structures	Revenue is recognised at the point of time when the products are delivered.	Credit period of 30 to 90 business days from invoice date.	Not applicable	Not applicable	Not applicable
Transmission lines construction contracts	Revenue is recognised over time using the cost incurred method.	Credit period of 30 days from invoice date.	Revenue is reduced with estimated liquidated ascertained damages	Not applicable	Defects Liability Period of 12-18 months is given to the customers.
Revenue from construction of power plant	Revenue is recognised over time using the cost incurred method.	Not applicable	Not applicable	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

4. Revenue from contracts with customers (cont'd.)

4.3 Nature of goods and services (cont'd.)

Company

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Transmission lines construction contracts	Revenue is recognised over time using the cost incurred method.	Credit period of 30 days from invoice date.	Revenue is reduced with estimated liquidated ascertained damages	Not applicable	Defects Liability Period of 18 months is given to the customers.

5. Interest income

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Interest income from financial assets:				
Advances to subsidiaries	-	-	18,867	12,195
Others	1,114	73	-	-
Short term deposits with licensed banks	230	588	12	31
	1,344	661	18,879	12,226

6. Other income

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Bad debt recovered	5	-	-	-
Forfeiture of deposit	66	-	-	-
Gain on debt modification	-	1,271	-	-
Insurance claims	1	138	-	-
Miscellaneous income	278	755	-	5
Net gain on disposal of property, plant and equipment	353	9	-	-
Realised gain on foreign exchange	8	2	-	-
Rental income	876	575	-	-
Reversal of allowance for impairment loss on trade receivables (Note 37)	259	496	-	-
Reversal of impairment of property, plant and equipment	3,599	-	-	-
Reversal of impairment on asset held for sale	1,692	-	-	-
Reversal of provision of inventories obsolescence	104	-	-	-
Wage subsidies	2,244	-	-	-
Waiver of debts	1,110	-	-	-
	10,595	3,246	-	5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

7. Finance costs

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Interest expense on financial liabilities:				
Amortisation of transaction cost (Note 24)	933	-	-	-
Bankers' acceptances	11,783	11,023	-	763
Flexi loan, trust receipt, export financing	889	1,245	670	564
Loans from subsidiaries	-	18,779	14,201	
Lease liabilities (Note 24)	252	270	-	-
Others	533	515	-	-
Revolving credits	1,176	2,607	-	1,514
Term loans and bank overdraft	7,296	5,407	4,622	3,100
Total finance costs	22,862	21,067	24,071	20,142

8. Other expenses

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Allowances for impairment loss on:				
- Trade receivables (Note 37)	3,548	2,364	-	-
- Other receivables (Note 37)	-	-	-	79,212
Bad debts written off	38	177	38	-
Loss on lease remeasurement	164	-	-	-
Others	1,142	801	-	-
Realised loss on foreign exchange	927	522	-	-
Unrealised (gain)/loss on foreign exchange	(59)	54	-	-
Impairment loss of PT IME (Note 16)	-	-	71,396	-
Impairment loss on investment in subsidiary	-	-	11,927	-
	5,760	3,918	83,361	79,212

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

9. Loss before tax

The following items have been included in arriving at loss before tax:

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Auditors' remunerations				
- statutory audits	405	403	65	74
- overprovision in previous year	(30)	(19)	(17)	-
- other services	4,358	17	1,894	17
Depreciation of property, plant and equipment (Note 15)	20,076	17,620	111	94
Expense relating to:				
- short-term leases (Note 24)	1,219	1,918	-	-
- low value assets (Note 24)	1,873	271	-	-
(Gain)/loss on disposal of property, plant and equipment, net	(351)	(9)	2	-
Loss/(gain) on debt modification	279	(1,271)	279	-
Inventories written down	751	434	-	-
Inventories written off	235	-	-	-
Property, plant and equipment written off	-	302	-	-
Reversal of impairment of property, plant and equipment	(3,599)	-	-	-
Reversal of impairment on asset held for sale	(1,692)	-	-	-
Realised loss on foreign exchange, net	920	520	-	-
Unrealised (gain)/loss on foreign exchange, net	(708)	214	-	-

10. Employee benefits expense

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Contributions to defined contribution plan	8,403	6,220	926	773
Other benefits	2,511	1,527	236	80
Salaries, wages and bonuses	70,606	51,388	6,594	5,539
Social security contributions	1,405	373	22	18
	82,925	59,508	7,778	6,410
Less: Capitalised in contract assets (Note 20)	(4,809)	(2,333)	(467)	(282)
	78,116	57,175	7,311	6,128

Included in employee benefits expense of the Group and of the Company are executive director's remunerations amounting to RM2,961,000 (2020: RM2,224,000) and RM1,848,000 (2020: RM1,264,000) respectively as further disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

11. Directors' remunerations

Details of remunerations receivable by director of the Group and of the Company during the period/year are as follows:

	Group		Company	
	1.1.2021 to 31.5.2022 RM'000	**1.1.2020 to 31.12.2020** RM'000	**1.1.2021 to 31.5.2022** RM'000	**1.1.2020 to 31.12.2020** RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,615	1,108	1,615	1,108
Contributions to defined contribution plan	226	155	226	155
Estimated money value of benefits-in-kind	7	1	7	1
Total executive directors' remuneration	1,848	1,264	1,848	1,264
Non-executive:				
Fees	1,664	1,196	1,513	1,087
Other emoluments	87	57	87	57
Total non-executive directors' remuneration	1,751	1,253	1,600	1,144
Total directors' remuneration including benefits-in-kind	3,599	2,517	3,448	2,408
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	969	844	-	-
Contributions to defined contribution plan	144	116	-	-
Total executive directors' remuneration	1,113	960	-	-
Non-executive:				
Fees	133	83	-	-
Total non-executive directors' remuneration	133	83	-	-
Total directors' remunerations	1,246	1,043	-	-
Estimated money value of benefits -in-kind	-	31	-	-
Total directors' remunerations including benefits-in-kind	1,246	1,074	-	-
Total directors' remunerations (Note 33(b))	4,845	3,591	3,448	2,408

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the period/year ended 31 May 2022 and 31 December 2020 are:

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
- Based on results for the period/year	832	3,627	-	-
- Under/(over) provision in respect of previous years	408	(32)	-	-
	1,240	3,595	-	-
Deferred income tax (Note 26):				
- Origination and reversal of temporary differences	12,619	(3,421)	-	-
- Under provision in respect of previous years	919	547	-	-
	13,538	(2,874)	-	-
Real property gain tax	-	(28)	-	-
Income tax expense recognised in profit or loss	14,778	693	-	-

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate are as follows:

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Accounting loss before tax	-	-	(77,201)	(70,825)
- continuing operations	(56,877)	(25,516)	-	-
- discontinued operations	(46,573)	(938)	-	-
Tax at Malaysian statutory tax rate 24% (2020: 24%)	(24,828)	(6,349)	(18,528)	(16,998)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

12. Income tax expense (cont'd.)

Reconciliation between tax expense and accounting loss (cont'd.)

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate are as follows: (cont'd.)

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Adjustments:				
Income not subject to tax	(295)	(1,169)	(4,431)	(5,461)
Effect of non-deductible expenses	15,152	2,341	20,419	19,030
Utilisation of previously unrecognised tax losses	-	(23)	-	-
Utilisation of previously unrecognised other temporarily differences	(3,405)	-	-	-
Under provision of deferred tax in respect of previous years	919	547	-	-
Under/(over) provision of income tax in respect of previous years	408	(32)	-	-
Deferred tax assets not recognised on unutilised tax losses and allowances	26,827	5,406	2,540	3,429
Real property gain tax	-	(28)	-	-
Income tax expense recognised in profit or loss	14,778	693	-	-

Income tax is calculated at the Malaysian statutory rate of 24% (2020: 24%) of the estimated assessable profit for the period/year.

The Group and the Company have the following items which are available for offset against future taxable income:

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	186,001	148,436	47,047	36,315
Unabsorbed capital allowance	41,836	37,468	313	239
Unutilised export allowances	202,607	202,607	-	-
	430,444	388,511	47,360	36,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

12. Income tax expense (cont'd.)

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses of the Group and the Company can only be carried forward until the following years of assessment:

	Group		Company	
	1.1.2021 to 31.5.2022 RM'000	**1.1.2020 to 31.12.2020** RM'000	**1.1.2021 to 31.5.2022** RM'000	**1.1.2020 to 31.12.2020** RM'000
Unutilised tax losses to be carried forward until:				
- Year of assessment 2025	-	81,573	-	4,876
- Year of assessment 2026	-	36,194	-	18,750
- Year of assessment 2027	-	30,669	-	12,689
- Year of assessment 2028	81,573	-	4,876	-
- Year of assessment 2029	35,950	-	18,750	-
- Year of assessment 2030	30,669	-	12,689	-
- Year of assessment 2031	37,809	-	10,732	-
	186,001	148,436	47,047	36,315

In prior year, unutilised business losses from Year of Assessment 2018 to 2020 were only allowed to be carried forward for a maximum period of seven (7) consecutive years of assessment. Any amount which is not utilised at the end of the period of seven (7) years of assessment shall be disregarded. However, based on the Finance Act 2021 which was gazetted on 31 December 2021, the period to carry forward the unutilised business losses has been extended to ten (10) years of assessment effective from the Year of Assessment 2018 onwards.

13. Discontinued operations

On 29 July 2022, the Company entered into a Conditional Share Purchase Agreement ("CSPA") to dispose of PT Inpola Elektrindo ("PT IME"), a subsidiary in which the Company holds 78.33% equity interest for a total consideration of the disposal of the shares of RM10,000 and settlement of the Final Debt (as defined in the CSPA) of RM74.9 million, totalling RM75 million. Earlier, on 19 January 2022, the Company signed a term sheet with the same party which sets out the terms of the proposed disposal. The business of PT IME represents the entirety of the Group's power generation segment. With the proposed disposal, PT IME's results is classified as discontinued operation and the power generation segment is no longer presented in the segment note in 2022. The proposed disposal of PT IME is expected to be completed by the (1st) first quarter of 2023.

As at 31 May 2022, the assets and liabilities related to PT IME have been presented as assets and liabilities held for sale and its results are presented separately as loss after tax for the period from discontinued operation.

The major classes of assets and liabilities of PT IME classified as held for sale as at 31 May 2022 are as follows:

	Group 31.05.2022 RM'000
Assets	
Property, plant and equipment	23
Intangible asset (Note 17)	2,510
Concession financial asset (Note 28)	110,256
Trade and other receivables	993
Other current assets	353
Cash and bank balances	3,184
	117,319
Less: Impairment loss recognised on the remeasurement to fair value less costs to sell	(54,474)
Assets held for sale (Note 16)	62,845

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

13. Discontinued operations (cont'd.)

The carrying amount of asset is measured at the lower of its carrying amount and fair value less costs to sell. As such, an impairment loss of RM54.5 million is recognised in the Group's statements of profit or loss.

	Group 31.05.2022 RM'000
Liabilities	
Loans and borrowings (Note 24)	(22,046)
Trade and other payables	(4,816)
Tax payable	(4)
Deferred tax liabilities	(5,203)
Liabilities directly associated with held for sale	(32,069)
Net assets directly associated with disposal group	30,776
Non-controlling interest in PT IME	4,331

The results of PT IME results for the period are presented below:

	Group	
	1.1.2021 to 31.5.2022 RM'000	1.1.2020 to 31.12.2020 RM'000
Revenue	5,667	2,511
Cost of sales	(2,348)	(2,436)
Gross profit	3,319	75
Interest income	29	25
Other income	11,367	5,456
Administrative and other expenses	(2,393)	(5,752)
Finance costs	(4,421)	(742)
Impairment loss recognised on the remeasurement to fair value less costs to sell	(54,474)	-
Loss before tax from discontinued operation	(46,573)	(938)
Income tax expense	(3,229)	700
Loss for the period/year from discontinued operation	(49,802)	(238)
Loss attributable to:		
Owners of the Company	(49,398)	(185)
Non-controlling interests	(404)	(53)
	(49,802)	(238)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

13. Discontinued operations (cont'd.)

The following amounts have been included in arriving at loss before tax of discontinued operations:

	Group	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**
	RM'000	RM'000
Auditors' remunerations		
- statutory audits	15	14
Allowance for impairment loss on other receivables	-	123
Depreciation of property, plant and equipment	7	8
Finance income from concessions financial assets	(7,744)	(5,308)
Interest expense	4,421	742
Interest income	(29)	(25)
Impairment of concessions financial assets (Note 28)	-	5,621
Short-term leases	62	51
Unrealised gain on foreign exchange, net (Note 28)	(2,140)	(1,977)
Bank charges written off	(2,234)	-

The net cash flows incurred by PT IME are, as follows:

Net cash flows used in operating activities	(5,503)	1,470
Net cash flows used in investing activities	29	25
Net cash flows used in financing activities	(621)	(375)
	(6,095)	1,120

As at 31 May 2022, a vendor has submitted a legal claim against PT IME for an amount of approximately RM3.4 million for unpaid work performed. PT IME is disputing this claim as there is no contract with the vendor and the work performed is incomplete. PT IME considers the claim as frivolous and has not accrued for any amount.

14. Loss per share

Basic and Diluted Loss Per Share

Basic loss per share amounts are calculated by dividing loss for the period, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial period.

Diluted loss per share amounts are calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The Company does not have any dilutive instruments as at reporting date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

14. Loss per share (cont'd.)

Basic and Diluted Loss Per Share (cont'd.)

	Group	
	As at 31.5.2022	**As at 31.12.2020**
Loss net of tax attributable to owners of the Company:	(120,968)	(25,172)
- continuing operations	(71,570)	(24,987)
- discontinued operations	(49,398)	(185)
	======	======
Weighted average number of ordinary shares in issue ('000)	398,985	317,050
	======	======
Basic loss per share (sen per ordinary share)	(30.32)	(7.94)
- continuing operations	(17.94)	(7.86)
- discontinued operations	(12.38)	(0.08)
	======	======

There were no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic earnings per share as at the reporting date.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements except for the issuance of RCD, RCD-I and ESOS as disclosed in Note 41.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

15. Property, plant and equipment

	*Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Helicopters RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group									
Cost									
At 1 January 2020	173,180	8,409	347,828	103,337	3,320	78,923	921	153	716,071
Additions	277	502	219	-	103	975	-	2,160	4,236
Disposals	-	(1,409)	(3,155)	-	(118)	(40)	-	-	(4,722)
Written off	-	(403)	(4,188)	-	(514)	(652)	-	(42)	(5,799)
At 31 December 2020	173,457	7,099	340,704	103,337	2,791	79,206	921	2,271	709,786
At 1 January 2021	173,457	7,099	340,704	103,337	2,791	79,206	921	2,271	709,786
Additions	1,580	534	1,884	-	43	2,310	-	1,056	7,407
Disposals	-	(1,464)	(2,954)	-	(30)	(221)	-	-	(4,669)
Transfer	-	-	29	-	-	1,570	-	(1,599)	-
Written off	-	-	-	-	(15)	(17)	-	-	(32)
Classified to assets held for sale	-	(115)	-	(103,337)	(89)	-	-	-	(103,541)
At 31 May 2022	175,037	6,054	339,663	-	2,700	82,848	921	1,728	608,951

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

15. Property, plant and equipment (cont'd.)

	*Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Helicopters RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group (cont'd.)									
Accumulated depreciation and impairment									
At 1 January 2020	23,606	7,403	275,562	70,618	3,017	62,283	356	-	442,845
Depreciation charge for the year	3,465	325	7,898	3,441	120	2,461	34	-	17,744
Recognised in profit or loss (Note 9)	3,465	283	7,874	3,441	73	2,450	34	-	17,620
Capitalised in contract assets (Note 20)	-	42	24	-	47	11	-	-	124
Disposal	-	(1,261)	(1,985)	-	(99)	(35)	-	-	(3,380)
Written off	-	(403)	(3,983)	-	(508)	(603)	-	-	(5,497)
At 31 December 2020	27,071	6,064	277,492	74,059	2,530	64,106	390	-	451,712

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

15. Property, plant and equipment (cont'd.)

	*Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Helicopters RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
Group (cont'd.)									
Accumulated depreciation and impairment (cont'd.)									
At 1 January 2021	27,071	6,064	277,492	74,059	2,530	64,106	390	-	451,712
Depreciation charge for the period	5,101	479	10,623	860	118	2,950	17	-	20,148
Recognised in profit or loss (Note 9)	5,101	446	10,615	860	93	2,944	17	-	20,076
Capitalised in contract assets (Note 20)	-	33	8	-	25	6	-	-	72
Disposal	-	(1,037)	(2,954)	-	(25)	(221)	-	-	(4,237)
Written off	-	-	-	-	(15)	(17)	-	-	(32)
Reversal of impairment (Note 6, 15(c))	-	-	-	(3,599)	-	-	-	-	(3,599)
Classified to assets held for sale	-	(115)	-	(71,320)	(60)	-	-	-	(71,495)
At 31 May 2022	32,172	5,391	285,161	-	2,548	66,818	407	-	392,497
Net carrying amount									
At 31 December 2020	146,386	1,035	63,212	29,278	261	15,100	531	2,271	258,074
At 31 May 2022	142,865	663	54,502	-	152	16,030	514	1,728	216,454

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

15. Property, plant and equipment (cont'd.)

*** Land and buildings**

	Freehold land RM'000	Short term leasehold land RM'000	Building RM'000	Total RM'000
Cost				
At 1 January 2020	49,800	17,266	106,114	173,180
Addition	-	-	277	277
At 31 December 2020	49,800	17,266	106,391	173,457
At 1 January 2021	49,800	17,266	106,391	173,457
Addition	-	442	1,138	1,580
At 31 May 2022	49,800	17,708	107,529	175,037
Accumulated depreciation				
At 1 January 2020	-	4,688	18,918	23,606
Depreciation charge for the year	-	468	2,997	3,465
At 31 December 2020	-	5,156	21,915	27,071
At 1 January 2021	-	5,156	21,915	27,071
Depreciation charge for the period	-	1,385	3,716	5,101
At 31 May 2022	-	6,541	25,631	32,172
Net carrying amount				
At 31 December 2020	49,800	12,110	84,476	146,386
At 31 May 2022	49,800	11,167	81,898	142,865

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

15. Property, plant and equipment (cont'd.)

	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
Company					
Cost					
At 1 January 2020	433	504	293	135	1,365
Additions	-	7	4	-	11
Disposal	-	(7)	-	-	(7)
At 31 December 2020	433	504	297	135	1,369
At 1 January 2021	433	504	297	135	1,369
Additions	6	5	-	-	11
Disposal	-	(25)	-	-	(25)
At 31 May 2022	439	484	297	135	1,355
Accumulated depreciation					
At 1 January 2020	251	366	249	126	992
Depreciation during the year	50	63	22	5	140
Recognised in profit or loss (Note 9)	50	22	17	5	94
Capitalised in contract assets (Note 20)	-	41	5	-	46
Disposal	-	(3)	-	-	(3)
At 31 December 2020	301	426	271	131	1,129

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

15. Property, plant and equipment (cont'd.)

	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
Company (cont'd.)					
Accumulated depreciation (cont'd.)					
At 1 January 2021	301	426	271	131	1,129
Depreciation during the period	72	47	16	-	135
Recognised in profit or loss (Note 9)	72	25	14	-	111
Capitalised in contract assets (Note 20)	-	22	2	-	24
Disposal	-	(23)	-	-	(23)
At 31 May 2022	373	450	287	131	1,241
Net carrying amount					
At 31 December 2020	132	78	26	4	240
At 31 May 2022	66	34	10	4	114

(a) Acquisitions of property, plant and equipment

Acquisition of property, plant and equipment during the financial period/year were made by the following means:

	Group		Company	
	1.1.2021 to 31.5.2022 RM'000	**1.1.2020 to 31.12.2020** RM'000	**1.1.2021 to 31.5.2022** RM'000	**1.1.2020 to 31.12.2020** RM'000
Cash	5,810	4,236	11	11
Lease arrangements	1,597	-	-	-
	7,407	4,236	11	11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

15. Property, plant and equipment (cont'd.)

(b) Assets pledged for borrowings

The net carrying amount of property, plant and equipment pledged to financial institutions for bank borrowing as referred to in Note 24 are as follows:

	Group	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Helicopters	-	29,278
Land and buildings	13,046	13,746
Others	2,282	3,269
	15,328	46,293

(c) Reversal of impairment of a helicopter

Prior to the classification of a helicopter to asset held for sale, the subsidiary performed a review on its recoverable amount. The recoverable amount of this helicopter is based on its fair value less costs to sell amounting to USD7.1 million (or approximately RM31.0 million) which resulted in a reversal of impairment loss of RM3.6 million. Subsequent to the classification as asset held for sale, the subsidiary recognised a further reversal of impairment of RM1.7 million due to foreign exchange gain.

(d) Right-of-use assets

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follow:

Group

	Leasehold land RM'000	**Motor vehicles** RM'000	**Plant and machinery** RM'000	**Buildings** RM'000	**Total** RM'000
At 1 January 2020	12,578	711	4,734	1,081	19,104
Depreciation charge for the year (Note 24)	(468)	(270)	(261)	(205)	(1,204)
Disposal	-	(147)	-	-	(147)
At 31 December 2020	12,110	294	4,473	876	17,753

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

15. Property, plant and equipment (cont'd.)

(d) Right-of-use assets (cont'd.)

Included in the net carrying amount of property, plant and equipment are right-of-use assets as follow: (cont'd.)

Group (cont'd.)

	Leasehold land RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Buildings RM'000	Total RM'000
At 1 January 2021	12,110	294	4,473	876	17,753
Additions	442	894	-	703	2,039
Depreciation charge for the period (Note 24)	(1,391)	(309)	(369)	(457)	(2,526)
Disposal	-	(427)	-	-	(427)
At 31 May 2022	11,161	452	4,104	1,122	16,839

The Group has lease contracts for the aforementioned assets used in its operations.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective lease.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised on the statements of financial position:

	Buildings	Leasehold land	Motor vehicle	Plant and machinery
As at 31 May 2022				
No. of right-of-use asset leased	2	6	3	2
No. of leases with extension option	2	-	-	-
No. of leases with termination option	2	-	-	-

	Buildings	Leasehold land	Motor vehicle	Plant and machinery
As at 31 December 2020				
No. of right-of-use asset leased	1	6	4	2
No. of leases with extension option	1	-	-	-
No. of leases with termination option	1	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

16. Assets held for sale

As at 31 May 2022, assets held for sale comprised the following:

	As at 31.5.2022 RM'000
Group	
Helicopter held for sale	33,710
Assets of PT IME (Note 13)	62,845
Total asset held for sale	96,555
Company	
Carrying amount of:	
Investment in PT IME (Note 18)	8,158
Advances to PT IME	101,071
	109,229
Less: Impairment loss	(71,396)
Assets held for sale	37,833

The assets held for sale are charged as securities for borrowings secured.

On 1 April 2021, APL entered into a Sale and Purchase Agreement for the disposal of a helicopter at consideration of USD8.5 million (equivalent to approximately RM37.2 million) with an estimated related cost to sell at RM3.5 million.

As at 31 May 2022, APL has not fulfilled all the condition precedents under the said Sale and Purchase Agreement. Accordingly, the helicopter is classified as asset held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. APL fulfilled the condition precedents subsequent to the period end and the net proceeds from the disposal has been utilised to settle borrowing of RM31.2 million and liability of RM2.5 million of the Group.

Details on assets held for sale for PT IME are disclosed in Note 13.

17. Intangible assets

	Power purchase agreement RM'000	Total RM'000
Group		
Cost		
At 1 January 2020/2021	2,510	2,510
Classified to asset held for sale (Note 13)	(2,510)	(2,510)
At 31 May 2022/31 December 2020	-	-
Accumulated amortisation		
At 1 January 2020/2021 and 31 May 2022/31 December 2020	-	-
Net carrying amount		
At 31 May 2022	-	-
At 31 December 2020	2,510	2,510

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

18. Investment in subsidiaries

	Company	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Unquoted shares, at cost	465,927	465,652
Less: Classified to asset held for sale (Note 16)	(8,158)	-
Less: Accumulated impairment losses	(122,315)	(110,388)
	335,454	355,264

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership held by the Group β 2022 %	% of ownership held by the Group β 2020 %	% of ownership held by non-controlling interest β 2022 %	% of ownership held by non-controlling interest β 2020 %
Held by the Company:						
Universal Cable (Sarawak) Sdn. Bhd. ("UCS") *	Malaysia	Manufacture and sale of power cables and wires	100	100	-	-
Sarawak Power Solution Sdn. Bhd. (formerly known as Sarawak Guardrails Sdn. Bhd.) +	Malaysia	Dormant	100	100	-	-
Sarwaja Timur Sdn. Bhd. *	Malaysia	Manufacturing, fabrication, galvanising and sale of steel structures	100	100	-	-
Trenergy Infrastructure Sdn. Bhd. * ("TISB")	Malaysia	General contractors and infrastructure	100	100	-	-
PT Inpola Mitra Elektrindo +, (i)	Indonesia	Designing, financing construction of independent and mini hydro power plant	78	78	22	22

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

18. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership held by the Group β		% of ownership held by non-controlling interest β	
			2022	2020	2022	2020
			%	%	%	%
Held by the Company: (cont'd.)						
Aerial Power Lines Sdn. Bhd. * ("APL")	Malaysia	Power lines construction, inspection and maintenance services and provide of chartered or non-scheduled helicopter services	100	100	-	-
Leader Cable Industry Berhad *	Malaysia	Manufacture and sale of telecommunication and power cables	100	100	-	-
Universal Cable (M) Berhad *	Malaysia	Manufacture and sale of telecommunication and power cables	100	100	-	-
SCMI Sdn. Bhd. +	Malaysia	Undertaking engineering and construction projects	55	55	45	45

* Audited by Ernst & Young PLT, Malaysia
\+ Audited by a firm other than Ernst & Young PLT
β equal to proportion of voting rights held
(i) became subsidiary held for sale during the financial period

(a) Additional investment in subsidiary

During the financial period, the Company subscribed for an additional 275,000 ordinary shares in SCMI Sdn. Bhd. for a total cash consideration of RM275,000.

(b) Subsidiary pledged as securities

Investments in subsidiaries with a carrying amount of RM205,806,000 (2020: RM205,806,000) are pledged as securities for the borrowings as referred in Note 24.

(c) Non-controlling interests in subsidiaries

The non-controlling interests in respect of SCMI Sdn. Bhd. is not material to the Group. Information on non-controlling interest in PT IME is disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

19. Inventories

	Group	
	As at 31.5.2022	**As at 31.12.2020**
	RM'000	RM'000
At cost		
Raw materials	40,435	25,884
Work-in-progress	36,907	30,204
Finished goods	24,452	30,987
Consumables	12,500	9,068
Stock in transit	3,675	2,542
	117,969	98,685

During the financial period, inventories recognised as cost of sales of the Group amounted to RM861,784,000 (2020: RM599,074,000).

20. Contract assets/liabilities

	Group		Company	
	RM'000	RM'000	RM'000	RM'000
At 1 January 2021/2020	(15,953)	(22,689)	(1,985)	(7,792)
Revenue recognised during the period/year	58,073	45,694	23,993	34,194
Progress billings	(40,244)	(38,958)	(28,449)	(28,387)
At 31 May 2022/31 December 2020	1,876	(15,953)	(6,441)	(1,985)
Presented as:				
Contract assets	8,417	3	-	-
Contract liabilities	(6,541)	(15,956)	(6,441)	(1,985)
	1,876	(15,953)	(6,441)	(1,985)

The costs incurred to date on contract assets/liabilities include the following charges during the financial period/year:

	Group		Company	
	As at 31.5.2022	**As at 31.12.2020**	**As at 31.5.2022**	**As at 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Expenses relating to short term lease (Note 24)	401	206	4	16
Employee benefits expense (Note 10)	4,809	2,333	467	282
Depreciation of property, plant and equipment (Note 15)	72	124	24	46

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

21. Trade and other receivables

	Group		Company	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Current				
Trade receivables				
Third parties	136,120	145,203	4,010	2,929
Retention sums on contracts	1,811	13,823	1,683	9,004
Amounts due from related parties	96	893	-	-
Lease receivables	1,504	8,573	-	-
	139,531	168,492	5,693	11,933
Less: Allowance for expected credit loss ("ECL") impairment	(8,177)	(6,805)	-	-
Trade receivables, net	131,354	161,687	5,693	11,933
Other receivables				
Refundable deposits	1,684	1,160	18	18
Other receivables	7,051	10,787	4,709	5,958
Amounts due from subsidiaries	-	-	236,261	299,487
Other receivables, net	8,735	11,947	240,988	305,463
Less: Allowance for ECL/impairment	-	(1,991)	(191,484)	(191,572)
	8,735	9,956	49,504	113,891
Total trade and other receivables (current)	140,089	171,643	55,197	125,824
Non-current				
Trade receivables				
Retention sum on contracts	10,937	14,160	6,730	6,730
Lease receivables	8,607	6,352	-	-
Trade receivables	19,544	20,512	6,730	6,730
Total trade and other receivables	159,633	192,155	61,927	132,554

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

21. Trade and other receivables (cont'd.)

(a) Trade receivables

Lease receivables

Lease receivables consist of the following:

	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000
Group			
As at 31 May 2022			
Less than 1 year	3,780	(2,276)	1,504
Between 1 and 5 years	12,600	(3,993)	8,607
	16,380	(6,269)	10,111
As at 31 December 2020			
Less than 1 year	11,797	(3,224)	8,573
Between 1 and 5 years	7,611	(1,259)	6,352
	19,408	(4,483)	14,925

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, bear interest at rates ranging from 3.45% to 5.32% (2020: 4.19% to 6.19%) per annum and are receivable on demand.

Further details on related party transactions are disclosed in Note 33.

(c) Amounts due from related parties

Related parties refer to subsidiaries of a corporate shareholder namely, Sarawak Energy Berhad. The amounts due from related parties are subject to normal trade terms.

Further details on related party transactions are disclosed in Note 33.

(d) Credit risk disclosures

Information on credit risks is disclosed in Note 37.

22. Other current assets

	Group		Company	
	As at 31.5.2022 RM'000	As at 31.12.2020 RM'000	As at 31.5.2022 RM'000	As at 31.12.2020 RM'000
Prepayments	5,407	11,374	445	121
Down payment to suppliers	2,053	-	-	-
Advance payment to subcontractors	56	313	-	-
GST refundable	15	15	-	-
	7,531	11,702	445	121

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

23. Cash and bank balances

	Group		Company	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Cash in hand and at banks	16,017	27,500	976	2,468
Deposits with licensed banks	2,399	15,000	-	-
Cash and bank balances	18,416	42,500	976	2,468

(a) In the previous financial year, cash at bank of the Group amounting to RM2,034,000 were placed in a designated account for the purpose of repayment obligation in relation to the Group's borrowing as referred in Note 24.

(b) Deposits with licensed banks of the Group amounting to RM2,399,000 (2020: RM3,500,000) are pledged to banks for borrowings granted as referred to in Note 24.

(c) The weighted average effective interest rates for the deposits at the reporting date for the Group ranged from 0.40% to 1.61% (2020: 0.40% to 1.58%) per annum with an average maturity of 1 month (2020: 1 month).

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date.

	Group		Company	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Cash and bank balances	18,416	42,500	976	2,468
Less: Bank overdrafts (Note 24)	(2,672)	(1,998)	(1,701)	(1,998)
Cash restricted for repayment	-	(2,034)	-	-
Deposits pledged	(2,399)	(3,500)	-	-
Cash and cash equivalents	13,345	34,968	(725)	470

24. Loans and borrowings

		Group		Company	
	Maturity	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Current					
Unsecured:					
Bankers' acceptances	2023/2021	269,215	256,652	8,687	8,687
Revolving credits	2023/2021	48,500	64,950	33,000	44,450
Trust receipts/foreign currency trade loan/ export credit financing	2023/2021	-	5,751	-	-
Invoice financing-i	2023/2021	-	612	-	-
Flexi term financing-i	2023/2021	5,472	5,472	5,472	5,472
Bank overdrafts (Note 23)	2023/2021	2,672	1,998	1,701	1,998
		325,859	335,435	48,860	60,607

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

24. Loans and borrowings (cont'd.)

		Group		Company	
	Maturity	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Current (cont'd.)					
Secured:					
Term loan	2023/2021	27,305	23,179	-	-
Bankers' acceptances	2023/2021	5,580	764	-	-
Revolving credits	2023/2021	2,000	2,000	-	-
Lease liabilities	2023/2021	1,355	1,325	-	-
Flexi term financing-i	2023/2021	16,500	33,104	16,500	33,104
		52,740	60,372	16,500	33,104
Total current loans and borrowings		378,599	395,807	65,360	93,711
Non-current					
Secured:					
Flexi term financing-i	2023-2026/2022-2025	51,116	23,283	51,116	23,283
Lease liabilities	2023-2025/2022-2024	1,241	2,168	-	-
Term loan	2023-2026/2022-2024	14,526	47,230	-	-
Total non-current loans and borrowings		66,883	72,681	51,116	23,283
Total loans and borrowings		445,482	468,488	116,476	116,994

Included in loans and borrowings are amounts denominated in foreign currency as follows:

	Group	
	As at 31.5.2022 USD'000	**As at 31.12.2020** USD'000
USD	-	5,619

Other information on financial risks of borrowing are disclosed in Note 37.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

24. Loans and borrowings (cont'd.)

The remaining maturities of the loans and borrowings at the reporting date are as follows:

	Group		Company	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
On demand or within 1 year	378,599	395,807	65,360	93,711
More than 1 period and less than 2 years	55,082	40,481	40,000	13,293
More than 2 periods and less than 5 years	11,801	32,200	11,116	9,990
	445,482	468,488	116,476	116,994

(a) Bankers' acceptances and revolving credit

The bankers' acceptances and revolving credit of the Group are secured by:

(i) first and second legal charge over the land as referred in Note 15;

(ii) a debenture covering fixed and floating charge over present and future assets of the subsidiary; and

(iii) deposits with a licensed bank as referred to in Note 23.

(b) Term loans

A term loan of the Group amounting to RM41,831,000 (2020: RM47,742,000) is secured by:

(i) Mortgage over the helicopter as referred in Note 16.

(ii) Corporate guarantee from the Company.

(iii) Assignment of project account.

In the previous financial year, a term loan of RM22,667,000 belonging to PT IME is secured against the contract proceeds from the operation of the Mini Hydro Power Plant and a corporate guarantee provided by the Company. This term loan has been reclassified to liability held for sale during this financial period.

(c) Flexi term financing-i

The flexi term financing-i of the Group and of the Company amounting to RM67,616,000 (2020: RM56,387,000) are secured by 100% equity interest in both subsidiaries, Universal Cable (M) Berhad and Leader Cable Industry Berhad as referred in Note 18.

(d) Bank overdrafts and revolving credits

The overdrafts and certain revolving credits of the Company amounted to RM29,701,000 (2020: RM29,998,000) are secured by corporate guarantee and indemnity by one of the subsidiary within the Group, namely Universal Cable (Sarawak) Sdn. Bhd..

(e) Others

Other unsecured borrowings of the Group are secured by corporate guarantee of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

24. Loans and borrowings (cont'd.)

(f) Lease liabilities

The movement of lease liabilities during the financial period is as follows:

	Group	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
At 1 January 2021/2020	3,493	6,614
Acquisition of new lease	1,597	-
Interest charged (Note 7)	252	270
Payment of:		
- principal	(2,494)	(3,121)
- interest	(252)	(270)
At 31 May 2022/31 December 2020	2,596	3,493
Analysed as follows:		
Current	1,355	1,325
Non-current	1,241	2,168
Total lease liabilities	2,596	3,493

The movement of lease liabilities during the financial period is as follows:

The following are:

	Group	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Amounts recognised in profit or loss:		
Depreciation of right-of-use assets (Note 15)	2,526	1,204
Interest expense on lease liabilities (Note 7)	252	270
Expenses relating to short term leases (Note 9)	1,219	1,918
Expenses relating to low value assets (Note 9)	1,873	271
Amounts capitalised in contract assets:		
Expenses relating to short term leases (Note 20)	401	206

During the period, the Group had total cash outflow for leases amounted to RM6,239,000 (2020: RM5,786,000).

Certain lease liabilities with carrying amount of RM4,555,000 (2020: RM4,767,000) were secured by a charge over the leased assets (Note 15).

There were no leases with residual value guarantee or leases not yet commenced to which the Group and the Company is committed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

24. Loans and borrowings (cont'd.)

(f) Lease liabilities (cont'd.)

Changes in liabilities arising from financing activities

	Group			Company
	Loans and borrowings RM'000	**Lease liability** RM'000	**Total** RM'000	**Loans and borrowings** RM'000
At 1 January 2020	527,594	6,614	534,208	116,993
Repayment of lease liabilities	-	(3,121)	(3,121)	-
Cash flows	(61,962)	-	(61,962)	1
Foreign exchange movement	634	-	634	-
Gain on debt modification	(1,271)	-	(1,271)	-
At 1 January 2021	464,995	3,493	468,488	116,994
Repayment of lease liabilities	-	(2,494)	(2,494)	-
Acquisition of new lease	-	1,597	1,597	-
Cash flows	(2,019)	-	(2,019)	(500)
Foreign exchange movement	70	-	70	-
Amortisation of transaction cost (Note 7)	933	-	933	-
Loss on debt modification	279	-	279	279
Reclassification to liability held for sale (Note 13)	(22,046)	-	(22,046)	-
Drawdown/(repayment) of bank overdraft	674	-	674	(297)
At 31 May 2022	442,886	2,596	445,482	116,476

The interest rates of these borrowings at the reporting date are as follows:

	Group		Company	
	As at 31.5.2022 %	**As at 31.12.2020** %	**As at 31.5.2022** %	**As at 31.12.2020** %
Bankers' acceptances	1.81 - 4.12	1.45 - 6.51	-	-
Revolving credits	3.23 - 6.05	3.23 - 9.45	6.05	5.83 - 9.45
Term loans	5.61	4.18	-	-
Foreign currency trade loan	1.79	1.71 - 3.06	-	-
Flexi term financing-i	5.00	4.09	5.00	4.09
Flexi financing trade loan	5.00	5.50 - 5.81	5.00	5.50 - 5.81
Invoice financing-i	-	6.51	-	-
Cash line financing-i	-	4.97	-	-
Bank overdrafts	7.25 - 8.12	7.25	7.25	7.25
Lease liabilities	4.37 - 6.09	4.37 - 6.09	-	-

As disclosed in Note 2.1, the Group exited from the purview of CDRC on 4 October 2021. Several of subsidiaries namely, Leader Cable Industries Berhad, Universal Cable (M) Berhad and Universal Cable (Sarawak) Sdn. Bhd. are currently in the process of finalizing the securitization of certain assets with their bankers to refinance their working capital facilities. Pending the completion of the securitization arrangement, these subsidiaries rely on these bankers to continue to make available the existing working capital facilities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

25. Trade and other payables

	Group		Company	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Current				
Trade payables				
Third parties	57,313	48,028	6,327	8,844
Retention sums on contracts	1,274	7,655	1,274	7,655
Amounts due to related parties	12,881	11,527	-	-
Trade payables	71,468	67,210	7,601	16,499
Other payables				
Accrued operating expenses	25,247	20,577	12,514	9,992
Other payables	20,489	19,306	1,028	1,017
Amounts due to subsidiaries	-	-	329,403	332,567
Sales tax payable	5,544	7,129	-	-
	51,280	47,012	342,945	343,576
Total trade and other payables (current)	122,748	114,222	350,546	360,075
Non-current				
Trade payables				
Retention sum on contracts	6,535	6,542	6,535	6,535
Total trade and other payables	129,283	120,764	357,081	366,610

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 120 day (2020: 14 to 120 day) terms.

Related parties refer to companies within the HNG Capital Sdn. Bhd. Group, a corporate shareholder of the Company.

Further details on related party transactions are disclosed in Note 33.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 day (2020: average term of 30 to 90 day).

(c) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, bear interest at rates ranging from 5.00 % (2020: 5.06% to 5.62%) per annum and are payable on demand.

Further details on related party transactions are disclosed in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

26. Deferred tax

	Group	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
At 1 January 2021/2020	(25,294)	(22,047)
Disposals of the subsidiary	(4,793)	-
Exchange differences	143	(34)
Recognised in statements of profit or loss		
- continuing operations (Note 12)	13,538	(2,874)
- discontinued operations (Note 13)	3,229	(700)
Recognised in other comprehensive income:		
- continuing operations	(247)	361
At 31 May 2022/31 December 2020	(13,424)	(25,294)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follows:

	Group	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	(19,635)	(36,508)
Deferred tax liabilities	6,211	11,214
	(13,424)	(25,294)

The components and movements of deferred tax liabilities and assets during the financial period are as follows:

Group	**Unutilised export allowances, unutilised tax losses and unabsorbed capital allowances** RM'000	**Trade receivables** RM'000	**Other temporary differences** RM'000	**Total** RM'000
Deferred tax assets:				
At 1 January 2020	(60,872)	(3,287)	(496)	(64,655)
Recognised in statements of profit or loss and other comprehensive income:				
- continuing operations	(470)	826	133	489
- discontinued operations	(111)	-	-	(111)
Exchange difference	83	-	-	83
At 31 December 2020	(61,370)	(2,461)	(363)	(64,194)
Subsidiary held for sale	265	-	-	265
Recognised in statements of profit or loss and other comprehensive income:				
- continuing operations	24,299	(3,896)	(337)	20,066
- discontinued operations	2,230	-	-	2,230
Exchange difference	(74)	-	-	(74)
At 31 May 2022	(34,650)	(6,357)	(700)	(41,707)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

26. Deferred tax (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial period are as follows: (cont'd.)

Group	Property, plant and equipment RM'000	Other financial assets RM'000	Other temporary differences RM'000	Total RM'000
Deferred tax liabilities:				
At 1 January 2020	38,058	4,548	2	42,608
Recognised in statements of profit or loss and other comprehensive income				
- continuing operations	(2,930)	-	(72)	(3,002)
- discontinued operations	-	(589)	-	(589)
Exchange difference	-	(117)	-	(117)
At 31 December 2020	35,128	3,842	(70)	38,900
Subsidiary held for sale	-	(5,058)	-	(5,058)
Recognised in statements of profit or loss and other comprehensive income				
- continuing operations	(6,969)		194	(6,775)
- discontinued operations	-	999	-	999
Exchange difference	-	217	-	217
At 31 May 2022	28,159	-	124	28,283

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

	Group		Company	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Unutilised tax losses	173,066	146,843	47,047	36,315
Unabsorbed capital allowances	22,407	27,284	75	239
Unutilised export allowances	90,417	-	-	-
Other temporarily differences	6,714	20,886	6,335	6,321
	292,604	195,013	53,457	42,875
Deferred tax asset at 24%, if recognised	70,225	46,803	12,830	10,290

At the reporting date, the Group and the Company have tax losses and allowances as shown above that are available for offset against future taxable profits of the Group and the Company in which the losses and allowances arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability and they may not be used to offset taxable profits elsewhere in the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

27. Derivatives assets/(liabilities)

	Notional amount		Assets/(liabilities)	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Group				
Derivatives - designated as cash flow hedges - Commodity forward contracts	18,930	-	(1,028)	-
Total derivatives	18,930	-	(1,028)	-

Cash flow hedges

Commodity forward contracts

The Group purchases aluminium rods and copper on an ongoing basis for their own production. As a result of the volatility in aluminium and copper prices, the Group holds commodity forward contracts designated as hedges of highly probable forecast aluminium and copper purchases to reduce the volatility of cash flows.

These contracts are intended to hedge the volatility in the purchase price of aluminium and copper for a period between 3 to 12 months based on anticipated raw material requirements.

As at 31 May 2022, the cash flow hedges of the highly probable forecast aluminium and copper purchases were assessed to be highly effective. A net unrealised loss of RM1,028,000 (2020: a net unrealised gain of RM1,512,000) with a related deferred tax liabilities of RM247,000 (2020: deferred tax liabilities of RM361,000) was included in other comprehensive income in respect of these contracts. The amounts retained in other comprehensive income in May 2022 are expected to mature and affect the profit or loss in 2023 by a loss of RM781,000.

28. Concession financial assets

	Group	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Non-current:		
At 1 January 2021/2020	99,045	99,863
Concession construction revenue (Note 13)	5,667	2,511
Accrued finance income (Note 13)	7,744	5,308
Exchange difference	(2,200)	(3,016)
Impairment (Note 13)	-	(5,621)
Classified to asset held for sale (Note 13)	(110,256)	-
At 31 May 2022/31 December 2020	-	99,045

On 23 September 2010, PT Inpola Mitra Elektrindo ("IME"), a subsidiary of the Company, signed a Power Purchase Agreement ("PPA") with PT Perusahaan Listrik Negara (Persero), North Sumatera, Indonesia ("PLN") for the installation, operation and maintenance of a mini hydro power plant. IME is required to design, finance, develop, own and operate the mini hydro power plant at Lae Kombih 3 at net capacity of 8 MW (2X 4000KW) for the period of 20 periods upon the commercial operation date of the plant. PLN is the sole provider of electricity supply to the end consumers in North Sumatera, Indonesia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

28. Concession financial assets (cont'd.)

Significant terms of the arrangement are as follows:

- The period of the concession is 20 years. This duration can be extended based on the written agreement of both parties;
- PLN must purchase and make payment to IME for the electrical energy produced from IME's owned generation plant, according to the measured kWH transactions;
- IME must sell and distribute the electrical energy it produces to the PLN as stipulated in the clauses of the agreement, except when so determined by both parties at other occasions;
- IME is required to ensure the constant supply of electrical energy produced averaging 45.55 GWh per period or with the capacity factor the size of 65% during the concession period;
- IME must construct Mid Distribution Tension (20 kV) ("JTM 20 kV") from its power house to the Sub Station Salak (new substation owned by PLN);
- All costs of construction and maintenance of the JTM 20 kV from the power house owned by IME to the new Sub Station Salak owned by PLN is the sole responsibility of IME;
- IME is responsible to manage all government authorizations and agreement including extension and/or changes needed to be done for development, operation and maintenance of generation plant including management of land ownership;
- The purchase price of the electrical energy is specified in Clause 10 in the PPA;
- The adjustment to the electrical energy price can only be made when there are changes in Laws and Regulation of the Government, but not limited to issues of taxes, retribution of water and others which have direct implications to the costs of implementation of the project; and
- When during the execution of the agreement, accidents, damages, fire or theft occurred including indirect losses from defaults and negligence, then either IME or PLN that causes the losses will have to bear the cost of losses.

The above arrangement is within the scope of IC Interpretation 12: Service Concession Arrangement under the financial assets model. The Group commenced construction works on this mini hydro power plant in 2013 and achieved 99.6% physical completion as at the reporting date. There have been several extensions of time granted by PLN and the latest extension of time granted was up to 30 July 2021, given the lock down measures implemented in Indonesia due to COVID 19 since March 2021. The fair value of construction services provided is recognised as receivables from PLN.

In the previous financial year, after considering the protracted delay in the completion of this project, the Group performed impairment review of concession financial assets and recognised impairment losses of RM5,621,000 based on discounted future cash inflows. The details of significant estimate are disclosed in Note 3.2(c).

A deed of assignment over the rights and interest of the power purchase agreement has been created as security for a term loan granted to a subsidiary of the Group as referred in Note 24.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

29. Share capital

	Number of ordinary shares		Amount	
	'000	'000	RM'000	RM'000
Company				
Issued and fully paid:				
At 1 January 2021/2020	317,050	317,050	238,321	238,321
Issuance of new shares pursuant to:				
Private placement	81,935	-	30,220	-
Transaction cost	-	-	(1,326)	-
At 31 May 2022/31 December 2020	398,985	317,050	267,215	238,321

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

During the financial period, the Company increased its issued and paid-up ordinary share capital from RM238,321,000 to RM267,215,000 by way of issuance of 81,935,000 ordinary shares through private placement at issue prices ranging between RM0.3559 and RM0.4131 per ordinary share.

The new ordinary shares issued during the financial period ranked pari passu in all respects with the existing ordinary shares of the Company.

30. Foreign currency translation reserve

The foreign currency translation reserves represent exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

31. Hedge reserve

Cash flow hedge reserve represents the net gains or losses, net of tax, on effective cash flow hedging instruments that will be recycled to the profit or loss when the hedged transaction affects profit or loss.

32. Capital Commitments

Capital expenditure commitments as at the reporting date are as follows:

	Group		Company	
	As at 31.5.2022	**As at 31.12.2020**	**As at 31.5.2022**	**As at 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	1,212	378	-	-
Approved but not contracted for:				
Property, plant and equipment	4,485	6,593	-	-
	5,697	6,971	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

33. Related party transactions

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the related parties took place at terms agreed between the parties during the financial period/year.

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Sale of cable and wire, steel structures to:				
- Related to corporate shareholders	23,724	14,386	-	-
Rental and interest paid to:				
- Subsidiaries	-	-	18,779	14,201
- Related to corporate shareholders	237	168	-	-
	======	======	=====	=====
Purchase of raw materials from:				
- Related to corporate shareholders	195,632	156,058	-	-
Interest and rental income received from:				
- Subsidiaries	-	-	18,866	12,195
Management fees charged to:				
- Subsidiaries	-	-	8,242	5,340
Advance to:				
- Subsidiaries	-	-	12,606	9,327
	======	======	=====	=====

Related parties:

These are subsidiaries and associates of the corporate shareholders of the Company, namely, Sarawak Energy Berhad and HNG Capital Sdn. Bhd. Group.

The related party transactions entered into by the Group and the Company were made according to the published prices and terms mutually agreed between the respective parties which were not materially different from those obtainable in transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 May 2022 and 31 December 2020 are disclosed in Note 21 and 25.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

33. Related party transactions (cont'd.)

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	Group		Company	
	1.1.2021 to 31.5.2022	**1.1.2020 to 31.12.2020**	**1.1.2021 to 31.5.2022**	**1.1.2020 to 31.12.2020**
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	7,865	5,715	5,947	3,146
Contributions to defined contribution plan	860	763	622	445
Benefit in kind	2	31	2	-
	8,727	6,509	6,571	3,591
Included in the total key management personnel:				
Directors' remunerations (Note 11)	4,845	3,591	3,448	2,408

34. Fair value of financial instruments

Set out below is a comparison, by class, of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of the fair values:

	As at 31.5.2022		As at 31.12.2020	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
	RM'000	RM'000	RM'000	RM'000
Financial liabilities:				
Derivatives – commodity forward contracts	1,028	1,028	-	-

The management assessed that the fair value of cash and bank balances, trade and other receivables, trade and other payables, loan and borrowings and concession financial assets approximate their carrying amounts, largely due to the short-term maturities of these instruments or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The following methods and assumptions were used to estimate the fair values:

Derivatives for commodity contracts

Fair values of commodity forward contracts are calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

35. Fair value measurement

The fair value measurement hierarchies used to measure financial assets and liabilities carried at fair value in the statements of financial position as at 31 May 2022 and 31 December 2020 are as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3 : Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to entire measurement.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

(a) Quantitative disclosures fair value measurement hierarchy for assets and liabilities of the Group as at 31 May 2022 and 31 December 2020:

	Date of valuation	**Level 1** RM'000	**Level 2** RM'000	**Level 3** RM'000	**Total** RM'000
Financial liabilities measured at fair value					
Derivatives					
- Commodity forward contracts	31 May 2022	-	1,028	-	1,028
		=====	=====	=====	=====
Derivatives					
- Commodity forward contracts	31 December 2020	-	-	-	-
		=====	=====	=====	=====

There have been no transfers between the fair value hierarchy during the financial period ended 31 May 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

36. Categories of financial instruments

The table below provides an analysis of the Group's and the Company's financial instruments as at 31 May 2022 and 31 December 2020, categorised as follows:

Group

	As at 31.5.2022			As at 31.12.2020		
	Carrying amount RM'000	**Amortised cost** RM'000	**Derivatives designated as hedging instruments** RM'000	**Carrying amount** RM'000	**Amortised cost** RM'000	**Derivatives designated as hedging instruments** RM'000
Financial assets						
Trade and other receivables	159,633	159,633	-	192,155	192,155	-
Cash and cash equivalents	18,416	18,416	-	42,500	42,500	-
Concession financial assets	-	-	-	99,045	99,045	-
	178,049	178,049	-	333,700	333,700	-
Financial liabilities						
Loans and borrowings	445,482	445,482	-	468,488	468,488	-
Trade and other payables	123,739	123,739	-	113,635	113,635	-
Derivatives liabilities	1,028	-	1,028	-	-	-
	570,249	569,221	1,028	582,123	582,123	-

Company

	As at 31.5.2022		As at 31.12.2020	
	Carrying amount RM'000	**Amortised cost** RM'000	**Carrying amount** RM'000	**Amortised cost** RM'000
Financial assets				
Trade and other receivables	61,927	61,927	132,554	132,554
Cash and bank balances	976	976	2,468	2,468
	62,903	62,903	135,022	135,022
Financial liabilities				
Trade and other payables	357,081	357,081	366,610	366,610
Loans and borrowings	116,476	116,476	116,994	116,994
	473,557	473,557	483,604	483,604

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

37. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and commodity price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial period, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

- A nominal amount of RM430,653,000 (2020: RM438,527,000) relating to corporate guarantee provided by the Company to the banks on the subsidiaries' bank loan.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the trade and other receivables on an ongoing basis.

At the reporting date, approximately:

- 38% (2020: 35%) of the Group's trade receivables were due from 5 (2020: 8) major customers located in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

37. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Trade receivables

Recognition and measurement of impairment loss

The following table provides information about exposure to credit risk and expected credit loss for trade receivables of the Group and of the Company as at 31 May 2022 and 31 December 2020 which are grouped together as they are expected to have similar risk nature.

	As at 31.5.2022			As at 31.12.2020		
	Gross carrying amount RM'000	**Expected credit losses** RM'000	**Net balances** RM'000	**Gross carrying amount** RM'000	**Expected credit losses** RM'000	**Net balances** RM'000
Group						
Current (not past due)	95,336	562	94,774	91,086	285	90,801
Past due:						
- 1 to 30 days past due	17,586	406	17,180	31,131	192	30,939
- 31 to 60 days past due	9,398	306	9,092	17,720	328	17,392
- 61 to 90 days past due	5,292	328	4,964	10,070	541	9,529
- 91 to 120 days past due	6,018	966	5,052	1,530	133	1,397
- More than 121 days past due	106	91	15	12,198	1,253	10,945
	38,400	2,097	36,303	72,649	2,447	70,202
Credit impaired						
– individual impaired	25,339	5,518	19,813	25,269	4,073	21,196
	159,075	8,177	150,898	189,004	6,805	182,199
Company						
Current (not past due)	12,423	-	12,423	16,895	-	16,895
Past due:						
- 1 to 30 days past due	-	-	-	-	-	-
- 31 to 60 days past due	-	-	-	-	-	-
- 61 to 90 days past due	-	-	-	-	-	-
- 91 to 120 days past due	-	-	-	-	-	-
- More than 121 days past due	-	-	-	1,768	-	1,768
	-	-	-	1,768	-	1,768
Credit impaired						
– individual impaired	-	-	-	-	-	-
	12,423	-	12,423	18,663	-	18,663

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

37. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Trade receivables (cont'd.)

The movement in allowance for expected credit losses ("ECL") during the period/year for the Group are shown below:

	Credit Impaired RM'000	Lifetime ECL RM'000	Total RM'000
Balance at 1 January 2021	4,073	2,732	6,805
Charge for the period (Note 8)	3,621	(73)	3,548
Reversal during the period (Note 6)	(259)	-	(259)
Written off	(1,917)	-	(1,917)
Balance at 31 May 2022	5,518	2,659	8,177
Balance at 1 January 2020	10,703	1,610	12,313
Charge for the year (Note 8)	1,203	1,161	2,364
Reversal during the year (Note 6)	(457)	(39)	(496)
Written off	(7,376)	-	(7,376)
Balance at 31 December 2020	4,073	2,732	6,805

Other receivables

Other receivables that are impaired

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000	**As at 31.5.2022** RM'000	**As at 31.12.2020** RM'000
Other receivables				
- nominal amounts	8,735	11,947	240,988	305,463
Less: Allowance for impairment	-	(1,991)	(191,484)	(191,572)
	8,735	9,956	49,504	113,891
Movement in allowance accounts:				
At 1 January 2021/2020	1,991	1,868	191,572	112,360
Charge for the period/year (Note 8)	-	123	-	79,212
Written off	-	-	(88)	-
Classified to held for sale	(1,991)	-	-	-
At 31 May 2022/31 December 2020	-	1,991	191,484	191,572

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

37. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one period RM'000	One to five periods RM'000	Over five periods RM'000	Total RM'000
Group				
At 31 May 2022				
Financial liabilities:				
Trade and other payables	117,213	6,535	-	123,748
Loans and borrowings	388,938	68,654	-	457,592
Derivative liabilities	1,028	-	-	1,028
Total undiscounted financial liabilities	507,179	75,189	-	582,368
At 31 December 2020				
Financial liabilities:				
Trade and other payables	107,093	6,542	-	113,635
Loans and borrowings	406,400	75,259	854	482,513
Total undiscounted financial liabilities	513,493	81,801	854	596,148

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

37. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	On demand or within one period RM'000	One to five periods RM'000	Total RM'000
Company			
At 31 May 2022			
Financial liabilities:			
Trade and other payables	366,995	6,535	373,530
Loans and borrowings	71,533	53,158	124,691
Financial guarantee contracts*	430,653	-	430,653
Total undiscounted financial liabilities	869,181	59,693	928,874
At 31 December 2020			
Financial liabilities:			
Trade and other payables	376,846	6,535	383,381
Loans and borrowings	98,962	24,118	123,080
Financial guarantee contracts*	438,527	-	438,527
Total undiscounted financial liabilities	914,335	30,653	944,988

* Based on the maximum amount that can be called under the financial guarantee contracts.

(c) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points (2020: 50 basis points) lower/higher, with all other variables held constant, the Group's and the Company's loss net of tax would have been RM1,725,000 and RM411,000 (2020: RM1,680,000 and RM574,000) lower/higher respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

37. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currency of Group entities, primarily Ringgit Malaysia (RM). The foreign currencies in which these transactions are denominated are mainly US Dollars ("USD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, EURO, SGD and BND exchange rates against the functional currency of the Group, with all other variables held constant.

		Loss net of tax	
		As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
USD/RM	- strengthened 5% (2020: 5%)	538	611
	- weakened 5% (2020: 5%)	(538)	(611)
		=====	=====
EURO/RM	- strengthened 5% (2020: 5%)	60	15
	- weakened 5% (2020: 5%)	(60)	(15)
		=====	=====
SGD/RM	- strengthened 5% (2020: 5%)	(76)	(90)
	- weakened 5% (2020: 5%)	76	90
		=====	=====
BND/RM	- strengthened 5% (2020: 5%)	(190)	(50)
	- weakened 5% (2020: 5%)	190	50
		=====	=====

(e) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in commodity prices.

The Group is exposed to commodity price risk arising from the commodity forward contracts entered into to hedge its forecasted purchases of aluminium. Changes in the spot and forward prices of aluminium will cause corresponding changes in the fair values of the commodity forward contracts. The Group applies cash flow hedge accounting on its commodity forward contracts.

Sensitivity analysis for commodity price risk

At the reporting date, had aluminium prices been 5% higher/lower, with all other variables held constant, the Group's hedging reserve would have been RM39,000 (2020: RMNil) higher/lower, arising as a result of a increase/decrease in the fair value of derivatives on which cash flow hedge accounting is applied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

38. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended 31 May 2022 and 30 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings less cash and bank balances. Capital includes equity attributable to equity holders of the Company.

As at reporting date, the Group and the Company are not subjected to externally imposed capital requirements.

		Group		Company	
	Note	As at 31.5.2022 RM'000	As at 31.12.2020 RM'000	As at 31.5.2022 RM'000	As at 31.12.2020 RM'000
Loans and borrowings	24	445,482	468,488	116,476	116,994
Less: Cash and bank balances	23	(18,416)	(42,500)	(976)	(2,468)
Net debt		427,066	425,988	115,500	114,526
Equity		36,441	132,381	(43,249)	5,058
Capital and net debt		463,507	558,369	72,251	119,584
Gearing ratio		92.1%	76.3%	159.9%	95.8%

39. Segmental information

The Group is organised into business units based on their products and services, and has four operating segments as follows:

(a) The sale of cable and wire segment supplies cable and wire components to consumers.

(b) The sale of galvanised steel products and steel structures segment supplies galvanised steel products and steel structures. It also offers galvanising services.

(c) The transmission lines construction segment involves supply, installation and commissioning of transmission line projects.

(d) The corporate segment is involved in Group-level corporate and management services, power generation business and provision of helicopters services.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Segmental operating results are reviewed on a regular basis by the Group's key management personnel in order to make decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

39. Segmental information (cont'd.)

	Continuing Operations								
	Sales of cable and wire RM'000	**Sales of galvanised products and steel structures** RM'000	**Transmission lines construction** RM'000	**Helicopter services and corporate** RM'000	**Adjustments and elimination** RM'000	**Notes**	**Total** RM'000	**Discontinued operations** RM'000	**Total Operations** RM'000
31 May 2022									
Revenue:									
External customers	728,224	29,613	58,073	3,973	-		819,883	5,667	825,550
Inter-segment sales	-	-	-	25,598	(25,598)	A	-	-	-
Total revenue	728,224	29,613	58,073	29,571	(25,598)		819,883	5,667	825,550
Results:									
Interest income	19,268	425	44	5,856	(24,249)	B	1,344	29	1,373
Dividend income	-	-	-	17,356	(17,356)	C	-	-	-
Depreciation and amortisation	17,143	1,939	113	874	-		20,069	7	20,076
Other non-cash items	2,372	355	(1,001)	(3,842)	-	D	(2,116)	54,568	52,452
Segment profit/(loss)	(36,990)	(3,422)	6,854	(82,751)	59,432	E	(56,877)	(46,573)	(103,450)
Segment assets	791,510	36,395	40,421	61,575	(335,691)	F	594,210	62,845	657,055
Segment liabilities	370,598	13,926	125,659	507,511	(429,149)	G	588,545	32,069	620,614

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

39. Segmental information (cont'd.)

	Continuing Operations								
	Sales of cable and wire RM'000	**Sales of galvanised products and steel structures** RM'000	**Transmission lines construction** RM'000	**Helicopter services and corporate** RM'000	**Adjustments and elimination** RM'000	**Notes**	**Total** RM'000	**Discontinued operations** RM'000	**Total Operations** RM'000
31 December 2020									
Revenue:									
External customers	540,807	14,693	45,694	3,956	-		605,150	2,511	607,661
Inter-segment sales	-	-	-	23,340	(23,340)	A	-	-	-
Total revenue	540,807	14,693	45,694	27,296	(23,340)		605,150	2,511	607,661
Results:									
Interest income	15,543	405	41	2,010	(17,338)	B	661	25	686
Dividend income	-	-	-	18,000	(18,000)	C	-	-	-
Depreciation and amortisation	12,505	1,531	21	3,555	-		17,612	8	17,620
Other non-cash items	3,068	3,173	(168)	(419)	-	D	2,986	3,767	6,753
Segment profit/(loss)	2,472	(5,605)	(2,575)	(4,476)	(15,332)	E	(25,516)	(938)	(26,454)
Segment assets	831,582	56,356	38,476	66,619	(349,375)	F	643,658	105,712	749,370
Segment liabilities	346,670	12,682	123,673	432,905	(414,623)	G	501,307	115,682	616,989

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

39. Segmental information (cont'd.)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements.

A Inter-segment revenues are eliminated on consolidation.

B Inter-segment interest income is eliminated on consolidation.

C Inter-segment dividend income is eliminated on consolidation.

D Other material non-cash items consist of the following items:

	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Allowance of impairment of receivables	3,548	2,364
Inventory written down	751	434
Inventory written off	235	-
Bad debts written off	38	177
Net gain on disposal of property, plant and equipment	(351)	(9)
Property, plant and equipment written off	-	302
Reversal of impairment losses of receivables	(259)	(496)
Reversal of impairment of property, plant and equipment	(3,599)	-
Reversal of impairment of asset held for sale	(1,692)	-
Waiver of debts	(1,110)	-
Unrealised gain/loss on foreign exchange	(708)	214
Loss on lease measurement	164	-
Amortisation of transaction cost	933	-
Forfeiture of deposit	(66)	-
	(2,116)	2,986

E Reconciliation of loss before tax

	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Segment loss	(116,309)	(10,184)
Dividend received from subsidiaries	(17,356)	(18,000)
Impairment of inter-segment receivables	-	2,668
Impairment loss on investment in a subsidiary	11,927	-
Impairment loss on PT IME	71,396	-
Elimination of intercompany transaction classified to discontinued operations	(6,535)	-
	(56,877)	(25,516)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

39. Segmental information (cont'd.)

F Reconciliation of segment operating assets to arrive at total assets reported in the Group's statements of financial position:

	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Segment operating assets	929,901	993,033
Amount due from fellow subsidiaries	(335,691)	(349,375)
	594,210	643,658

G Reconciliation of segment operating liabilities to arrive at total liabilities reported in the Group's statements of financial position:

	As at 31.5.2022 RM'000	**As at 31.12.2020** RM'000
Segment operating liabilities	1,017,694	915,930
Amount due to fellow subsidiaries	(429,149)	(414,623)
	588,545	501,307

40. Significant event

The country has reached herd immunity levels that are in line with the National Recovery Plan on COVID-19 in the current endemic phase. This has enabled the Group and the Company to resume operation at best capacity whilst complying with the necessary Standard Operating Procedures requirements including close monitoring of employees, suppliers and visitors that enter the premises. Nevertheless, the management will continue to monitor the development and impact of COVID-19 on the Group's and the Company's operations and their financial performances.

The threats posed by the COVID-19 outbreak continue to evolve and many businesses have been crippled by the loss in earnings and major disruption in the supply chains. This has also resulted in significant volatility in the global financial and commodities' markets. The Group and the Company are not spared from the vulnerabilities faced by many businesses.

The Company is actively monitoring the supply chain and manpower to maintain an acceptable level of operational productivity. With that, the Group and the Company expect the business operations to progressively improve in the financial year ending 31 May 2023.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 MAY 2022 (cont'd.)

41. Subsequent events

Issuance of redeemable convertible debts ("RCD") and redeemable convertible islamic debts ("RCD-i")

In conjunction with the debt restructuring, the Group and the Company had issued RCD with a value of approximately RM19.16 million and RCD-i with a value of approximately RM29.98 million to Ambank (M) Berhad and Bank Muamalat Malaysia Berhad, respectively, on 20 July 2022. The RCD and RCD-i have a tenure of five (5) years from the date of 30 November 2020 and may be converted at the option of the holder into new shares of the Company at any time during the tenure of the RCD and RCD-i. In addition, the Company is required to redeem the securities upon certain events, among others, disposal of certain assets or dividends received from certain subsidiaries.

Establishment and implementation of an employees' share option scheme ("ESOS")

On 7 January 2022, the Company proposed the implementation and establishment of an ESOS. The ESOS will involve the granting of options to eligible executive directors and eligible employees of the Group who meet the criteria of eligibility for participation ("eligible persons") under the ESOS which, upon exercising, will entitle the eligible persons to receive new Company's shares at a predetermined price, in accordance with the By-Laws governing the ESOS. At an extraordinary general meeting held on 8 July 2022, the shareholders of the Company approved the establishment of this ESOS.

Completion of disposal of a helicopter

The Group fulfilled all condition precedents for the disposal of a helicopter, as disclosed in Note 16, subsequent to period end.

Proposal disposal of equity interest held in PT Inpola Elektrindo ("PT IME") to KAB Energy Holdings Sdn Bhd ("KEH"), a wholly owned subsidiary of Kejuruteraan Asastera Berhad ("the Proposed Disposal")

On 29 July 2022, the Company entered into a Conditional Share Purchase Agreement ("CSPA") to dispose of PT IME, a subsidiary of the Company for a total consideration of RM75 million, comprising RM10,000 for the disposal of the shares and RM74.9 million for the settlement of the Final debt (as defined in the CSPA). The proposed disposal of PT IME is conditional upon the fulfilment of condition precedents within a period of 3 months from the date of CSPA.

Notices pursuant to Section 366 and Section 368 of the Companies Act 2016

On 20 September 2022, the Group and the Company issued notices to their creditors and/or members that they intend to file an Originating Summons pursuant to Section 366 and Section 368 of the Companies Act 2016 before the Kuching High Court to restructure its outstanding financial obligations with its creditors. Currently, the management is still in the midst of formulating a restructuring scheme which requires the approval of at least 75% of the total value of scheme creditors present in a court convened meeting ("CCM").

The Group obtained the High Court's order for leave to convene the CCM on 29 September 2022. Arising from this, certain banks have suspended the unutilised credit facilities lines available to the Group.

42. Comparative

The comparative financial statements of the Group and the Company have been prepared for the financial period from 1 January 2020 to 31 December 2020. Accordingly, the comparative amounts for the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows and the related notes are not in respect of comparable period.

43. Authorisation of financial statements for issue

The financial statements for the period ended 31 May 2022 were authorised for issue in accordance with a resolution of the directors on 30 September 2022.

ANALYSIS OF SHAREHOLDINGS

AS AT 30 AUGUST 2022

Total number of issued shares : 398,985,000
Class of shares: : Ordinary shares
Voting rights : one (1) vote per ordinary share

Distribution schedule of ordinary shares

Size of holdings	No. of holders	Total holdings	%
Less than 100 shares	67	2,414	#
100 - 1,000 shares	359	227,480	0.06%
1,001 - 10,000 shares	2,253	13,015,308	3.26%
10,001 - 100,000 shares	1,621	53,188,545	13.33%
100,001 to less than 5% of issued shares	244	126,187,461	31.63%
5% and above of issued shares	5	206,363,792	51.72%
Total	**4,549**	**398,985,000**	**100.00%**

less than 0.01%

SUBSTANTIAL SHAREHOLDERS

AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 30 AUGUST 2022

		Direct		Indirect	
	Name	**No. of shares held**	**%**	**No. of shares held**	**%**
1	Dato Sri Mahmud Abu Bekir Taib	58,264,896	14.60%	26,082,000 (1)	6.54%
2	Sarawak Energy Berhad	52,397,996	13.13%	-	-
3	Hng Capital Sdn. Bhd.	31,356,900	7.86%	-	-
4	Central Paragon Sdn. Bhd.	26,082,000	6.54%	-	-
5	Yek Siew Liong	5,855,000	1.47%	31,682,000 (2)	7.94%
6	UF Jaya Sdn. Bhd.	5,600,000	1.40%	26,082,000 (3)	6.54%
7	Tan Sri Dato' Seri H'ng Bok San	237,240	0.06%	36,448,400 (4)	9.14%
8	Dato' H'ng Chun Hsiang	2,620,750	0.66%	31,356,900 (5)	7.86%
9	Datin H'ng Hsieh Ling	2,470,750	0.62%	31,356,900 (6)	7.86%
10	State Financial Secretary, Sarawak	-	-	52,397,996 (7)	13.13%
11	Delegateam Sdn. Bhd.	-	-	52,397,996 (7)	13.13%
12	Baodi Development Sdn. Bhd.	-	-	31,682,000 (8)	7.94%
13	Yek Min Ek Sdn. Bhd.	-	-	31,682,000 (9)	7.94%
14	Petra Transit Sdn. Bhd.	38,262,000	9.59%	-	-

Notes:
(1) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
(2) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Baodi Development Sdn. Bhd. respectively pursuant to Section 8(4) of the Companies Act 2016.
(3) Deemed interested by virtue of its interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
(4) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. and his children's interest respectively pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.
(5) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4)of the Companies Act 2016.
(6) Deemed interested by virtue of her interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
(7) Deemed interested by virtue of its interests in Sarawak Energy Berhad pursuant to Section 8(4) of the Companies Act 2016.
(8) Deemed interested by virtue of its interests in Central Paragon Sdn. Bhd. via UF Jaya Sdn. Bhd. and UF Jaya Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
(9) Deemed interested by virtue of its interests in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Baodi Development Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

LIST OF **TOP THIRTY LARGEST SHAREHOLDERS** AS AT 30 AUGUST 2022

Name		No. of shares held	%
1.	Sarawak Energy Berhad	52,397,996	13.13%
2.	Mahmud Abu Bekir Taib	48,264,896	12.10%
3.	Petra Transit Sdn. Bhd.	38,262,000	9.59%
4.	HNG Capital Sdn. Bhd.	31,356,900	7.86%
5.	Central Paragon Sdn. Bhd.	26,082,000	6.54%
6.	Citigroup Nominees (Tempatan) Sdn. Bhd. Exempt An For CLSA Limited (CUST-RES)	15,410,400	3.86%
7.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Mahmud Abu Bekir Taib	10,000,000	2.51%
8.	Kiu Siu Ley	9,350,000	2.34%
9.	UF Jaya Sdn. Bhd.	5,600,000	1.40%
10.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yek Siew Liong (PBCL-0G0186)	4,500,000	1.13%
11.	MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged securities account for David Sengalang Anak Uyang (MGN-DSU0001M)	4,099,900	1.03%
12.	Kiu Siu Ley	4,002,600	1.00%
13.	H'ng Chun Hsiang	2,620,750	0.66%
14.	H'ng Hsieh Ling	2,470,750	0.62%
15.	Mok Poh Yin	2,318,900	0.58%

LIST OF TOP **THIRTY LARGEST SHAREHOLDERS**

AS AT 30 AUGUST 2022

Name	No. of shares held	%
16. Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tay Soon Hwa (E-TSA)	2,000,000	0.50%
17. Yayasan Guru Tun Hussein Onn	1,838,000	0.46%
18. Mah Chuen Huei	1,419,000	0.36%
19. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Pui Chin Kim	1,400,000	0.35%
20. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tiong Teck Mee	1,375,900	0.34%
21. Yayasan Guru Tun Hussein Onn	1,350,000	0.34%
22. Yek Siew Liong	1,305,000	0.33%
23. Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tan Kien Wi (E-JCL/KPT)	1,350,000	0.34%
24. Fong Chee Ming	1,116,900	0.28%
25. Eu Poh Ching	1,100,000	0.28%
26. UOB Kay Hian Nominees (Asing) Sdn. Bhd. Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,090,000	0.27%
27. Lim Kian Wat	1,001,060	0.25%
28. Chong Tong Siew	1,000,000	0.25%
29. MayBank Nominees (Tempatan) Sdn. Bhd. Wee Song Ching	1,000,000	0.25%
30. Public Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Teng Chi Lik (E-PDG)	1,000,000	0.25%

DIRECTORS' INTEREST IN THE COMPANY

AS AT 30 AUGUST 2022

		Direct		Indirect	
Name		**No. of shares held**	**%**	**No. of shares held**	**%**
1	Dato Sri Mahmud Abu Bekir Taib	58,264,896	14.60%	26,082,000 (1)	6.54%
2	Dato Sri Fong Joo Chung	400,200	0.10%	-	-
3	Dato' Ahmad Redza bin Abdullah	-	-	-	-
4	Tan Sri Dato' Seri H'ng Bok San	237,240	0.06%	36,448,400 (2)	9.14%
5	Yek Siew Liong	5,855,000	1.47%	31,682,000 (3)	7.94%
6	Datuk Kevin How Kow	-	-	-	-
7	Erman bin Radin	125,160	0.03%	-	-
8	Datuk Rozimi bin Remeli	-	-	-	-
9	Redzuan bin Rauf	-	-	-	-
10	Goh Jen-Ni (alternate director to Tan Sri Dato' Seri H'ng Bok San)	-	-	-	-

The Director, Dato Sri Mahmud Abu Bekir Taib, by virtue of his interests in the Company, is also deemed to have interests in shares in the related corporations of the Company to the extent the Company has an interest, pursuant to Section 8(4) of the Companies Act 2016. The other Directors have no interests in shares of the related corporations of the Company.

Notes:

(1) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

(2) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. and his children's interest pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.

(3) Deemed interested by viture of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Boadi Development Sdn. Bhd. respectively pursuant to Section 8(4) of the Companies Act 2016.

LIST OF PROPERTIES

AS AT 31 MAY 2022

Item No.	Name of Company	Location	Description	Tenure	Land/ Built-up area (sq. ft.)	Age of Building (years)	Net Book Value (RM'000)	Date of Acquisition
1	Leader Cable Industry Berhad	HS (D) 2/1977, Plot 11, Mukim Pekula, Daerah Kuala Muda, Kedah	Double storey detached office building, three (3) storey detached office, a single storey guard house cum open-sheded parking, detached factory building and detached sub-station building	Leasehold interest 99 years expiring on 11 February 2037	508,514/32,780	33	12,727	13 February 1977
2	Leader Cable Industry Berhad	Lot No.8B, Mukim Pekula, Daerah Kuala Muda, Kedah	Industrial land	Leasehold interest 60 years expiring on 14 June 2049 and has been extended for a period of 38 years until 14 June 2087	87,120	-	779	30 June 1997
3	Leader Cable Industry Berhad	HS (M) 121, Plot 6, Mukim Pekula, Daerah Kuala Muda, Kedah	One and a half (1 ½) storey detached factory	Leasehold interest 99 years expiring on 8 November 2042	62,293/3,443	33	1,124	27 September 2002
4	Leader Cable Industry Berhad	HS (M) 2/1977, Plot 5, Mukim Pekula, Daerah Kuala Muda, Kedah	A double storey detached office building, a single storey detached pump house c/w water tank, a detached sub-station, a single storey detached guard house, a single storey detached guard house cum open-sheded parking, an open sided parking shed, a single storey detached warehouse (Block A), a single storey detached warehouse (Block B) and a single storey detached factory building	Leasehold interest 99 years expiring on 28 January 2037	383,052/19,066	33	7,386	31 May 1991
5	Sarwaja Timur Sdn Bhd	Lot 342, Block 8, Muara Tebas Land District, Jalan Kampung Sejingkat, Off Jalan Bako, 93050 Kuching, Sarawak.	Three (3) storey administrative block, a galvanising plant, a fabrication plant, a warehouse and a guard house	Leasehold interest 60 years expriring on 6 November 2049	779,953/265,001	27	13,046	1 January 1999
6	Universal Cable (M) Berhad	Lot 7302, Title No. Geran 28831, Mukim of Tebrau, District of Johor Bahru, Johor	A single storey detached factory cum double storey office building (Block A), a single storey detached factory (Block B), a single storey detached factory (Block D), a single storey workshop (Block E), a compound plant building (Block F)	Freehold	495,549/72,000	44	18,917	1 January 1979
7	Universal Cable (M) Berhad	Lot 7301, Title No. Geran 28836, Mukim of Tebrau, District of Johor Bahru, Johor	Single storey detached factory	Freehold	67,317/25,740	44	480	1 January 1979
8	Universal Cable (M) Berhad	Lot No. MLO 6211, Title No. HS(D) 9028, Mukim of Plentong and District of Johor Bahru, Johor	Detached factory annexed with multi storey ccv tower, sub-station, HL and LT room, open shed, guard house and canteen	Freehold	593,770/350,130	29	19,492	1 January 1994
9	Universal Cable (Sarawak) Berhad	Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate, Phase III, 93050 Kuching, Sarawak	Three (3) adjoining units of single storey factory, three (3) storey administrative block, a single storey product warehouse, a raw material warehouse and a guard house	Leasehold interest 60 years expiring on 2 November 2063	261,348/121,766	14	1,434	3 November 2003

SARAWAK CABLE
BERHAD
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