



SARAWAK CABLE BERHAD

199801000274 (456400-V)

ANNUAL REPORT 2020





Our Mission

We aim to be the leading provider of total/integrated power solutions, creating sustainable value for our stakeholders, and the communities in which we operate.

Our Values

Integrity • Trust • Teamwork
Innovation • Performance
Customer / Client • Focus • Caring

Content

02	Message from Group Managing Director and Management Discussion and Analysis
07	Group Corporate Structure
08	Corporate Information
09	Profile of Directors
14	Key Management Profile
16	Statement of Directors' Responsibility
17	Sustainability Report
26	Financial Review
27	Audit Committee Report
30	Corporate Governance Overview Statement
36	Statement on Risk Management & Internal Control
40	Additional Compliance Information
61	Financial Statements
130	Analysis of Shareholdings
133	List of Properties
134	Notice of Annual General Meeting Form of Proxy



Message from Group Managing Director and Management Discussion and Analysis



Dear shareholders,

INTRODUCTION

Recently, we launched our new company logo which on a personal note, marks a new beginning for this Company. I truly believe that from a restructuring and rehabilitative perspective, we have **turned the corner**. Sarawak Cable Berhad ("SCABLE") has done what it needed to do.

At my last message, I informed the shareholders of how SCABLE embarked on a complete rehabilitation program which incorporated a restructuring of our banking facilities, an intensive focus on completing our existing projects and a rationalization of the entire Group. We also sought assistance from Bank Negara Malaysia's Corporate Debt Restructuring Committee ("CDRC") and was admitted into the CDRC on 7th August 2019. In December 2020, we successfully executed Restructuring Agreements with our Lenders / Bankers with a scheme in place to reshape SCABLE as we move forward.

By way of update, we are pleased to state that SCABLE has successfully completed all outstanding projects including practical completion of the Mini Hydro Power Plant in Medan, Indonesia. Despite the dark clouds that seemed to follow this COVID-19 pandemic, SCABLE has remain resilient and we are determined to achieve the milestones ambitiously set by a restructuring scheme which was created in the pre COVID-19 era.

GROUP FINANCIAL REVIEW

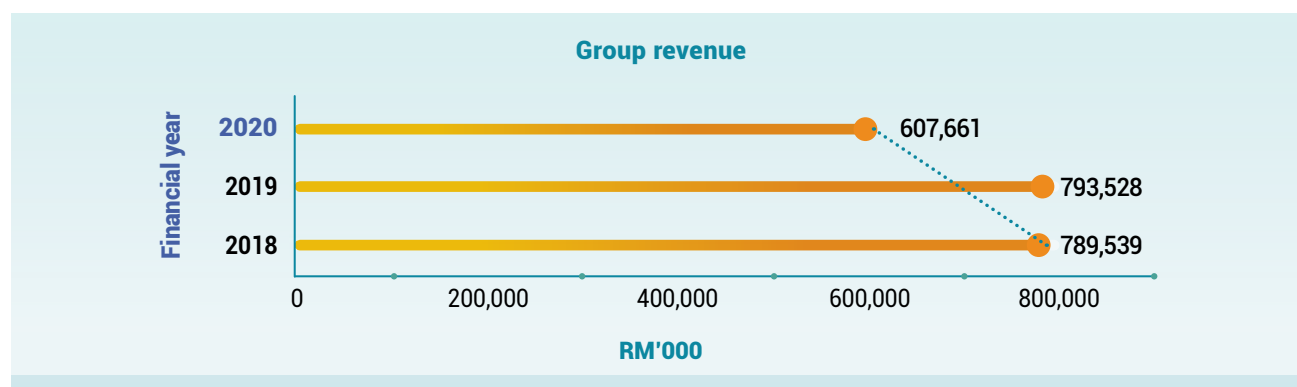
The COVID-19 pandemic has disrupted the business environment, dampening consumer and business sentiments and dismantling supply chains and financial markets. The Group was affected as operations were not allowed during the period whereby Malaysia implemented the Movement Control Order ("MCO"). As the nature of our business is considered non-essential activity, we were prohibited to operate during the MCO period.

Although operations have resumed under strict Standard Operating Procedures, we were faced with disrupted operational efficiency and sub-optimal utilization of assets. Collectively, this has an impact on the Group's performance for the financial year 2020.

Throughout the financial year 2020, the unfolding COVID-19 pandemic continued to raise concerns and impacted our business and the Malaysian economy. It has been hard to reliably predict the impact COVID-19 had on Malaysia and global economy, on the demand and services and the Group's business operations throughout the various MCOs.

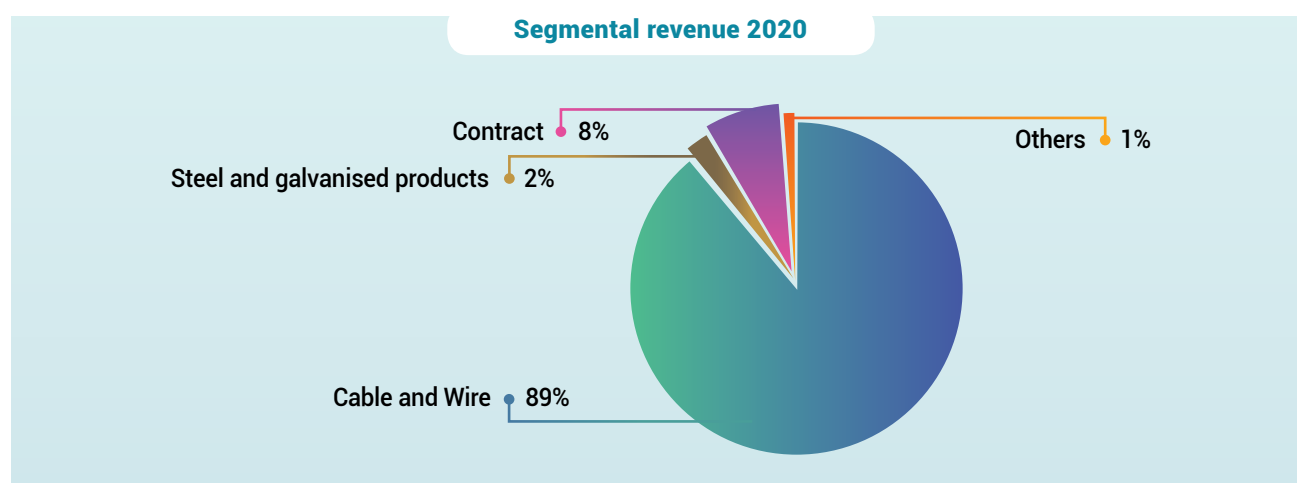
This has stressed the Group's performance where our recorded revenue of RM607.7 million in the financial year 2020 is a slight decreased from RM793.5 million recorded in the previous financial year.

Message from Group Managing Director and Management Discussion and Analysis (cont'd)



The Group revenue by the respective business segments are as follows:

Business segment revenue	2020		2019	
	RM'000	%	RM'000	%
Cable and Wire	540,807	89.00	696,561	87.78
Steel and galvanized products	14,693	2.42	17,809	2.24
Contract	45,694	7.52	63,977	8.06
Others	6,467	1.06	15,181	1.91



As Indonesia observed a lockdown in view of the COVID-19 pandemic resulting in a travel restriction, it was another challenge for our team to complete construction, and to test and commission our Mini Hydro Power plant. As this has resulted in additional costs to be incurred due to the interruptions, the management carried out a financial assets impairment assessment resulting in the Group having to recognise an impairment of concessional financial assets amounting to RM5.6 million.

Despite the interruptions to our operations, our construction sector was able to complete several of its existing Power Grid projects, thereby saving the Group from having to incur additional construction costs.

Our earnings before interest, taxes, depreciation and amortization ("EBITDA") declined to RM21.1 million and gearing has increased to 3.54 times in 2020 compared to RM36.3 million and 3.43 times in 2019. The lower EBITDA and higher gearing were impacted mainly by the interruptions during the various MCOs.

Our results showed a challenging period for the Group to continue to operate while generating long-term shareholders value.

Message from Group Managing Director and Management Discussion and Analysis (cont'd)

CABLE AND WIRE

For the financial year ended 31 December 2020, the Cable and Wire segment registered a lower revenue of RM540.81 million as compared to RM696.56 million in the financial year ended 31 December 2019. This contributed 89% towards the Group's total revenue for FY2020.

The decrease in revenue was mainly due to the shutdown of Cable and Wire manufacturing operations throughout the first MCO period and partially during the Conditional MCO period. Despite the loss of output and disruption of operations during the various MCO, the Cable and Wire segment registered a marginal Profit Before Tax of RM858,000.

The Cable and Wire segment always maintains at the forefront of cable technology. Following the successful implementation of its newly developed High Tensile Low Loss ("HTLS") Conductor solution at Electricity Generating Authority of Thailand ("EGAT") transmission line project in Thailand in 2019, Leader Cable Industry Berhad ("LCIB") has received approval to supply this HTLS conductor to two of Tenaga Nasional Berhad's ("TNB") grid lines as pilot projects. Parallel to that, LCIB has signed non-disclosure agreements and in detailed discussion with other utility companies in Malaysia to provide this turn-key HTLS solution to their reconductoring exercises.

To support the National Fiberisation and Connectivity Plan ("NFCP") and the 5G network implementation by the Malaysian Government, LCIB has also developed and added Fibre Optic cables into its product range.

As our responsibility towards preserving the environment and as part of the Green Technology initiatives to support the development of Renewable Energy ("RE"), Universal Cable (M) Berhad ("UCMB") has developed the Solar Cable and received SIRIM certification. This is the second "Green Product" certification UCMB received after its "PYROTEC" Fire Resistance Cables received the Green Building Product Certification from Singapore Green Building Council.

In October 2020, Universal Cable (Sarawak) Sdn Bhd ("UCS") has inked a Memorandum of Understanding with Sarawak Energy Berhad ("SEB") on SEB initiatives in supporting participation of Sarawak based manufacturing companies, fostering innovation and product development, and knowledge sharing to improve operational efficiency. A Joint Working Group ("JWG") comprises of representatives from both SEB and UCS was established to set up the framework and formulate action plans to achieve the objectives.

Moving forward, we will intensify our marketing efforts to penetrate new export markets and at the same time reinforcing our strong domestic market position. Operationally, we will continue our relentless efforts in developing new products to meet market requirements and to achieve better profit margins through product innovation.

CONSTRUCTION

Our construction expertise is a more specialized area in the construction sector. We pride ourselves as being one of a handful of contractors in Malaysia who have the ability to design, construct and commission Power Grids of up to 500kV. These projects also include the installation of transmission lines and the construction of substations. Our expertise in this area has now generated interest in other countries and we have since been invited to study and undertake projects in other countries such as Sudan and Indonesia.

Despite the cash crunch and restructuring of SCABLE, our construction sector still managed to complete all its existing Power Grid projects such as the ones located in Tanjung Langsat (Johor), Pengerang (Johor) and Alor Gajah Bahau (Melaka).



Message from Group Managing Director and Management Discussion and Analysis (cont'd)

Moving ahead, we have since received a new Power Grid construction contract from TNB located in Janda Baik, Pahang with an estimated project value of approximately RM190 million. This project was slated to commence in the first quarter of 2021 but was slightly deferred by TNB due to operational reasons.

The last 3 years has seen SCABLE labored with many uncompleted projects and this has unnecessarily caused the company losses. The perineal cash flow issues coupled with a gloomy COVID-19 pandemic environment did not permit us to focus on business development. Thankfully, all our legacy projects are since completed and the Janda Baik project remains an exciting prospect for us to reinstate ourselves as an integral construction partner to TNB. Needless to say, the Janda Baik Power Grid is a critical part of the nation's transmission infrastructure and we, as the main contractor are proud to be part of this development.

In addition to the above, SCABLE has now ventured into the Maintenance and Services sector for transmission towers and Power Grids. We have set up our teams and hope to develop this aspect of our construction sector over the next few years.

AVIATION

As part of the restructuring scheme, the Group made the decision to dispose of the H225 helicopter. This will reduce our gearing as we pare down the related loans. Currently, the remaining aviation business comprises of our lease(s) with the Ministry of Defense for the use of five helicopters and a simulator.

Recently, we have secured a purchaser for the H225 and have executed the sale and purchase agreement which we anticipate completion within 6-8 months. This extended completion period is mainly due to the need for us to complete a return to service program before we are able to deliver an airworthy helicopter to the purchaser.

Admittedly, we have taken a very conservative approach in any expansion of our aviation business. This is understandably so as we are still smarting from our recent losses in this sector. Nevertheless, our aviation business has taken a very unique position in the industry which is the business of Aviation Logistics for Power Grid construction.

Helicopter Aviation Logistics has grown in tandem with awareness for environmental preservation. In many transmission line projects which are located in remote areas of the country or in forest reserves, the use of helicopter Aviation Logistics is the preferred mode to mitigate against any potential damage to the environment. Construction of access roads to carry heavy machinery is frowned upon by environmentalists especially when it concerns our forest reserve. This somehow has created the new market for Aviation Logistics. We now find ourselves leading the way in this business.

HYDRO

Our mini hydro power plant in Medan, Indonesia (Kombih III) is an 8 MW power concession with PT Perusahaan Listrik Negara (Persero) ("PLN"). The concession tenure is for 20 years secured by a Power Purchase Agreement with PLN.

We have achieved practical completion for this project and currently we are undertaking the testing and commissioning of the plant. In fact, we had completed construction of this project in the last quarter of 2020, but the travel embargo caused by the COVID-19 pandemic resulted in a temporary standstill of the project. After many months of awaiting the uplifting of travel restrictions, we were finally permitted to re-enter Indonesia to manage the testing and commissioning. We anticipate the completion of this final phase by July 2021.



Message from Group Managing Director and Management Discussion and Analysis (cont'd)

LOOKING AHEAD

Upon reflection, it has been a learning experience for us in senior management of this Company. Completing many delayed projects on a limited cash flow, managing operational expenses on a shoestring budget, managing our bank repayments, creditors and suppliers, was indeed challenging for this Group.

We sought the assistance of CDRC and engaged Ernst & Young PLT ("EY") as our financial consultants to help us navigate our way out of this crisis. Just when we thought things couldn't get worse, the COVID-19 pandemic arrived. The nation and in fact, the world remained in limbo throughout 2020 and this financial hangover still carries on until today.

SCABLE as a Group managed to successfully execute Restructuring Agreements with our lenders in December 2020. We have since achieved all the milestones placed in this restructuring scheme and will continue to do so in the future. We have successfully rationalized our aviation business, disposed of unutilized helicopters, completed all construction projects and have disposed of some strategically chosen assets to successfully pare down our borrowings.

Yes, we have a little bit more to go but the worst is over and SCABLE as a Group can now look forward to better prospects. Our Cable and Wire sector continues to grow with a healthy order book averaging RM400 million. Whilst our Cable and Wire sector has always been a player in the global cable market, we have now received keen interest in our cables from various other countries ranging from the Middle East to Africa. These countries are newly developing nations building their energy infrastructure. The interest generated is not only confined to cable manufacturing but also encompasses our expertise in the design and engineering of Power Grid development. These markets are new frontiers for us and of course we must exercise care and caution as we ourselves are only just recovering.

We look forward to growing our cable manufacturing business and also develop the construction of Power Grids and transmission towers in Malaysia. Our market outreach has extended beyond our shores and we intend to establish ourselves in new markets in the coming years.

I would like to take this opportunity to express my sincere gratitude to all the esteemed members of the Board of Directors ("the Board") who have continuously provided myself and my management team with encouragement, advice and guidance over the years. The Board's support is especially meaningful as we were navigating ourselves out of a financial crisis. The impact of the COVID-19 pandemic has affected the whole world and SCABLE too was not spared. Projects and order books, which were once a certainty, now are no longer so. Projects are deferred or postponed or even cancelled indefinitely. Today, things have settled somewhat, and the cable market is gradually returning to normalcy. Throughout this uncertain period, the Board has remained steadfast and solidly behind myself and my management team. To that extent, I am extremely appreciative and thankful.

I would also extend my gratitude and special thanks to my dedicated management team who have cast aside all expectation of increments and bonuses during these trying times. We all had one singular and primary objective which was to rehabilitate this Group and to restore our financial health as soon as possible. I dare say we are almost there.

A special mention is also made to our factory workers who have braved this pandemic and we remained partially operational even when the entire nation was under a complete lockdown. The threat of the COVID-19 virus is indeed real, but our workers fearlessly carried on their duties to supply Power Utility and Telecommunications companies as an essential service to the country. It is these workers that make the Company.

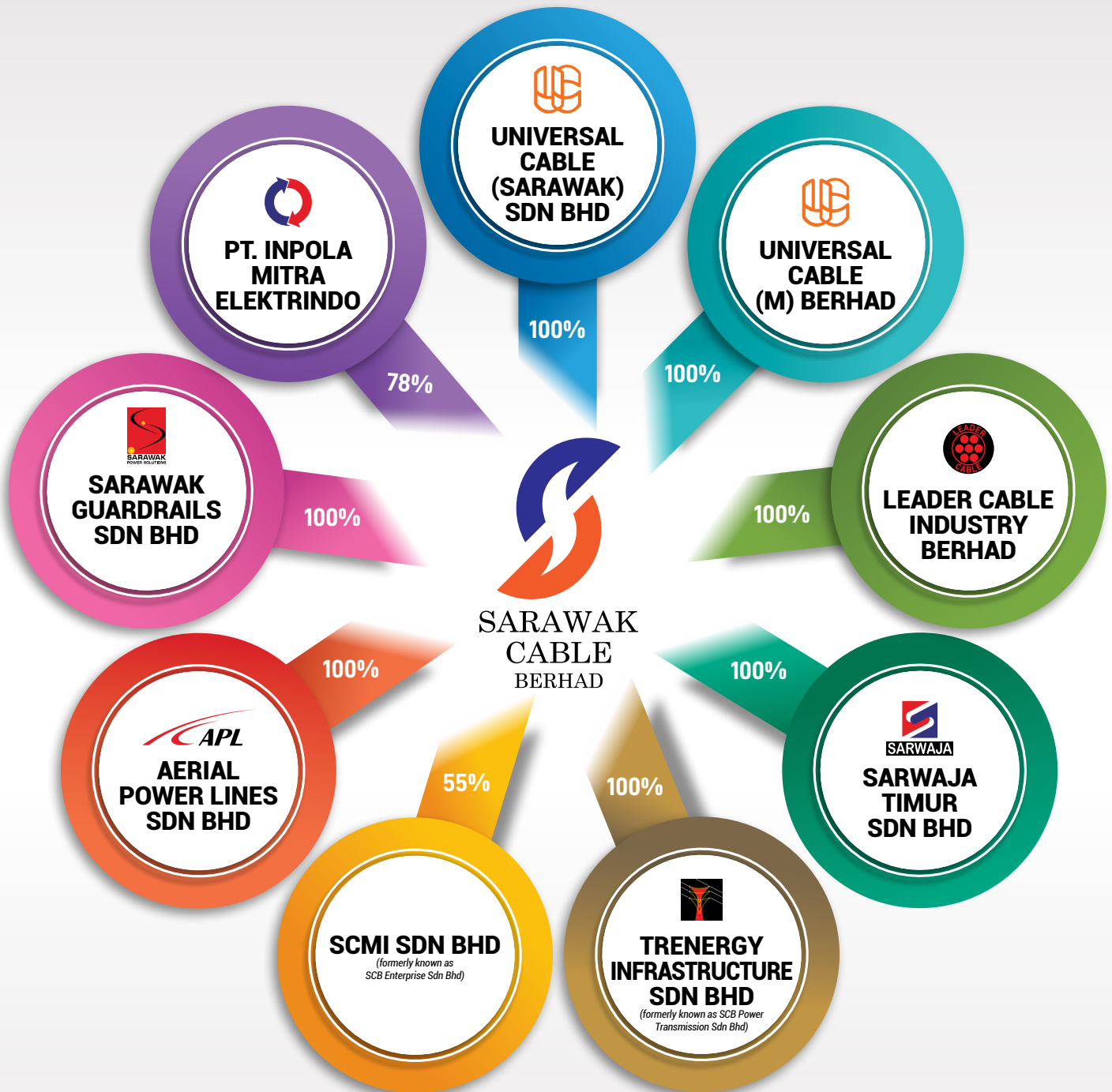
Finally, I would also like to extend my gratitude to our bankers, consultants, solicitors and all those that had played a central role in our recovery and growth.

Prepared by:

Dato' Ahmad Redza Abdullah
Group Managing Director



Group Corporate Structure





Corporate Information

BOARD OF DIRECTORS

Dato Sri Mahmud Abu Bekir Taib
Non-Independent Non-Executive Chairman

Dato Sri Fong Joo Chung
Non-Independent Non-Executive Deputy Chairman

Dato' Ahmad Redza bin Abdullah
Group Managing Director

Tan Sri Dato' Seri H'ng Bok San, JP
PSM, DPPN, DGP, DSPN, PKT, PJK
Non-Independent Non-Executive Director

Yek Siew Liong
Non-Independent Non-Executive Director

Datuk Kevin How Kow
Independent Non-Executive Director

Erman bin Radin
Independent Non-Executive Director

Datuk Rozimi bin Remeli
Independent Non-Executive Director

Redzuan bin Rauf
Independent Non-Executive Director

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

SECRETARY

Low Wai See
SSM Practising Certificate No. 202008000868
MAICSA 7051463

AUDITORS

Messrs. Ernst & Young PLT

SOLICITORS

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

PRINCIPAL BANKERS

1. AmBank Berhad
2. Amlslamic Bank Berhad
3. Bangkok Bank Berhad
4. Bank of China (Malaysia) 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 Kim)
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Selangor Darul Ehsan
Malaysia
Tel No : 603 - 7890 4700
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Demak Laut Industrial Estate, Phase III
Jalan Bako
93050 Kuching, Sarawak
Tel No : 6082-434 311
Fax No : 6082-435 311

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 57, 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 year ended 31 December 2020, he has attended all five (5) of the Board meetings held.



Dato Sri Fong Joo Chung
Non-Independent Non-Executive Deputy Chairman

Malaysian, aged 71, 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 year ended 31 December 2020, he has attended all five (5) of the Board meetings held.

Profile of Directors (cont'd.)



Dato' Ahmad Redza bin Abdullah
Group Managing Director

Malaysian, aged 57, 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 year ended 31 December 2020, he has attended all five (5) 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 81, 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 year ended 31 December 2020, he has attended four (4) out of five (5) of the Board meetings held.

Profile of Directors (cont'd.)



Yek Siew Liong

Non-Independent Non-Executive Director

Malaysian, aged 61, 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 Latitude Tree Holdings Berhad, 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 year ended 31 December 2020, he has attended four (4) out of five (5) of the Board meetings held.



Datuk Kevin How Kow

Independent Non-Executive Director

Malaysian, aged 72, 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 companies include Sabah Development Bank Berhad and Sabah Development Berhad.

He also sits on the board of several private and public 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 year ended 31 December 2020, he has attended all five (5) of the Board meetings held.

Profile of Directors (cont'd.)



Erman bin Radin

Independent Non-Executive Director

Malaysian, aged 43, 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 year ended 31 December 2020, he has attended all five (5) of the Board meetings held.



Datuk Rozimi bin Remeli

Independent Non-Executive Director

Datuk Rozimi bin Remeli, Malaysian, aged 64, 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, Risk Management Committee and Nomination Committee.

He graduated with a Bachelor in Engineering from Northrop University in the United States in 1984 and holds a Master in Business Administration 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 year ended 31 December 2020, he has attended all five (5) of the Board meetings held.

Profile of Directors (cont'd.)



Redzuan bin Rauf

Independent Non-Executive Director

Malaysian, aged 49, 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 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 year ended 31 December 2020, he has attended all five (5) of the Board meetings held.



Ng Woon Chiang

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

Malaysian, aged 51, male, was appointed to the Board of Sarawak Cable Berhad as the Alternate Director to Tan Sri Dato' Seri H'ng Bok San on 31 December 2018.

He is an accountant by profession and he is a member of Malaysia Institute of Accountants (MIA).

After completing ACCA, he joined Petrochemicals (M) Sdn Bhd (a member of Idemitsu Group) on 12 Jan 1995 and left as Senior Finance Officer in May 1997.

He was the Finance and Administration Manager of El Resources Sdn Bhd, a subsidiary of NatSteel group, Singapore from May 1997 to September 2002.

He then joined WPM Technology Sdn Bhd, a member of Watson Group, Singapore and left as Group Finance Manager in May 2008.

In 2008, he joined the LEADER Group as the Finance Director of Alpha Industries Sdn Bhd, a subsidiary of Leader Universal Holdings Berhad which was formerly listed on Bursa Malaysia Securities Berhad, in charge of the Company's financial and accounting, human capital development and IT matters.

The privatisation of Leader Universal Holdings Berhad saw the emergence of HNG Capital Group in May 2012. In October 2017, he was transferred to HNG Capital Group as the Senior General Manager, Group Accounts of HNG Capital Sdn Bhd, in charge of the entire Head Office's group accounts function.

Currently, he is the Chief Financial Officer of Leader Energy Pte Ltd, which is a wholly owned subsidiary company of HNG Capital Sdn Bhd, with effect from 1 March 2019.

Currently, he sits on the board of a private limited company 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.

Key Management Profile

Woon Wai En

Group Chief Operating Officer

Malaysian, aged 58, male, joined Sarawak Cable Berhad in February 2017 as the Group Chief Operating Officer.

He has more than thirty (30) years of working experience in fields of accounting, treasury and audit. Prior to joining our Group, from the years 1993 until 2017, he served as a General Manager-Business Support Services in VADS Berhad, as a Chief Financial Officer in Kris Sakti Holdings Sdn Bhd and as Chief Financial Officer in Moccis Trading Sdn Bhd. While he was in VADS Berhad ("VADS"), he spearheaded a team of professionals in listing of VADS in Bursa Securities. His other experiences from 1989 until 1993 include his tenure with Welcome Pharmaceutical (M) Sdn Bhd and Mechmar Bhd.

He graduated from London School of Accountancy in the United Kingdom in 1988. He is a fellow of the Chartered Institute of Management Accountants and a member of the Malaysian Institute of Accountants.

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

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.

Tan Kok Hong

Chief Operating Officer – Manufacturing Division

Malaysian, aged 50, male, is the Chief Operating Officer ("COO") of Sarawak Cable 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 Sarawak Cable Berhad as the Chief Operating Officer ("COO") – Manufacturing Division in January 2015.

He presently sits on the board of Universal Cable (M) Berhad, a wholly owned subsidiary of Sarawak Cable Berhad.

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.

Key Management Profile (cont'd.)

Teoh Wen Jing

Group Chief Financial Officer

Malaysian, aged 46, female, joined Sarawak Cable Berhad 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 Sarawak Cable Berhad'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.

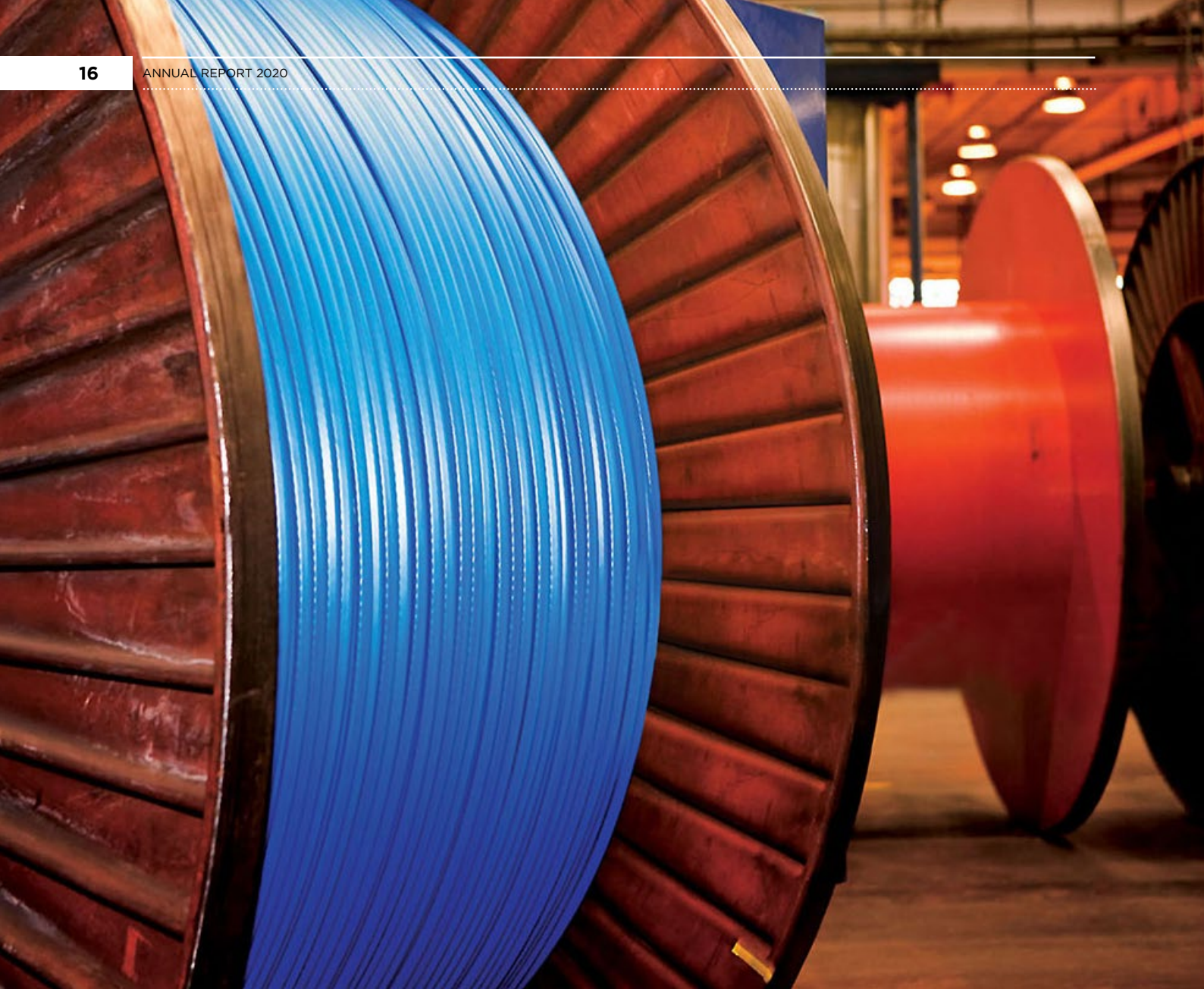
Ling Ching Nei

Senior General Manager, Corporate Affairs

Malaysian, aged 52, female, joined Sarawak Cable Berhad on 1 January 2009 as Senior Manager to spear-head corporate affairs, involving corporate planning, merger & acquisition exercises, and business development while handling tender sales. She was promoted as General Manager in 2011 with extended duties to involve in tenders/contracts procurement and commercial negotiation for supply projects. She was further promoted as Senior General Manager in 2015. Presently, she was assigned to manage Sarwaja Timur Sdn Bhd, the steel fabricating arm under the Group.

She first obtained a Bachelor of Arts (Honours) in Banking and Finance and later graduated with MBA from Cardiff Business School, University of Wales, United Kingdom, in 1993. Her professional endeavours commenced in 1993 and acquired extensive experiences in the banking and corporate sectors having held several positions in various companies as Senior Credit Officer, Senior Marketing Officer, Relationship Manager and Senior Corporate Manager prior to joining Sarawak Cable Berhad in 2009.

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.



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 Malaysian Financial Reporting Standards and International Financial Reporting Standards, the provisions of the Act and MMLR of Bursa Securities.

The Directors consider that in preparing the financial statements for the year ended 31 December 2020 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.

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 to the Sustainability Reporting Guide issued by Bursa Malaysia and covers our Group's sustainability performance from 1 January 2020 to 31 December 2020.

SUSTAINABILITY REPORTING (SR) SCOPE

With manufacturing and supply of power cables remain the biggest contributor to our Group's revenue and business activities, the SR will continue to focus on our Cable and Wire Division. The challenging business landscape brought about by the COVID-19 pandemic has forced our Group to reconsider its previous restructuring plans and instead turns our SR initiatives into strengthening our core business to try to minimize the impact of global economic slowdown and at one point, a temporary drop in demand for our products due to lockdown.

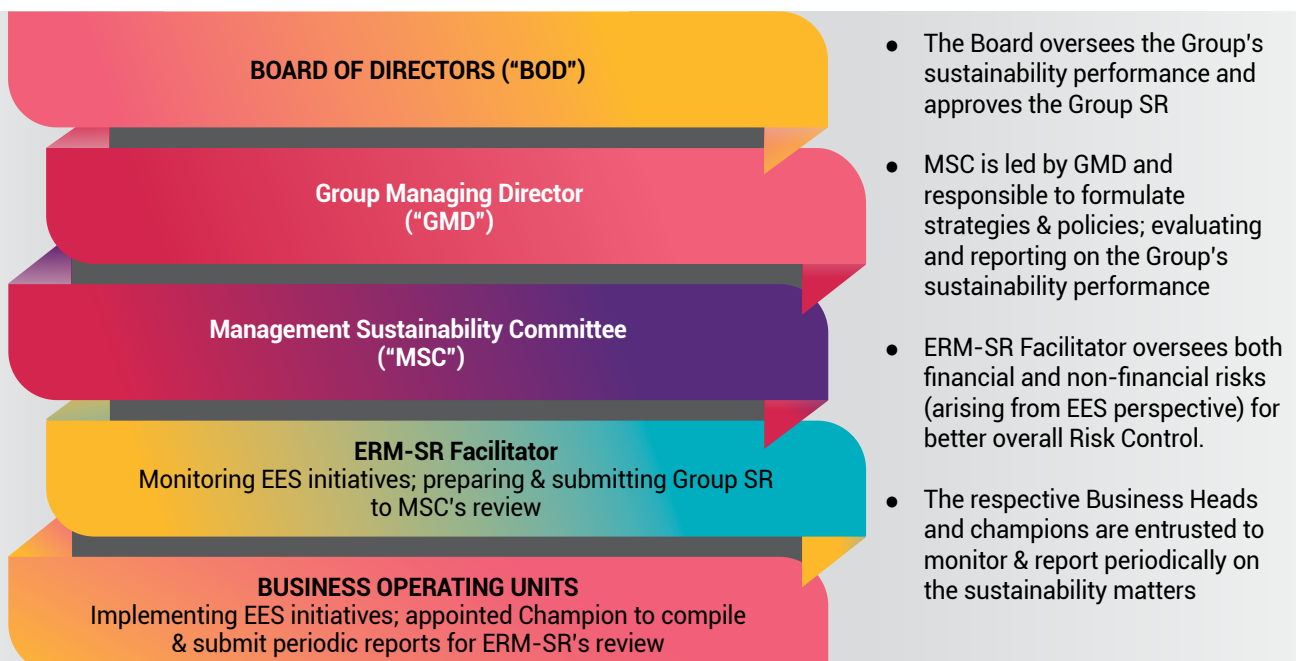
As there is a pressing need for prioritization, our other business units, including the steel and galvanised products and transmission line construction are left out from the SR scope, but continue to persevere on the strength of their lean manufacturing practices, process efficiency, and stringent budget utilization.

SR GOVERNANCE STRUCTURE

Our Group's SR governance structure is characterized by the Board's involvement in setting the tone from the very top by overseeing the Group's sustainability management and performance. The Board is assisted by the Management Sustainability Committee ("MSC") which decides on the SR 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 and social ("EES") initiatives undertaken during the year.

The overall Governance Structure is depicted below:

SR GOVERNANCE STRUCTURE

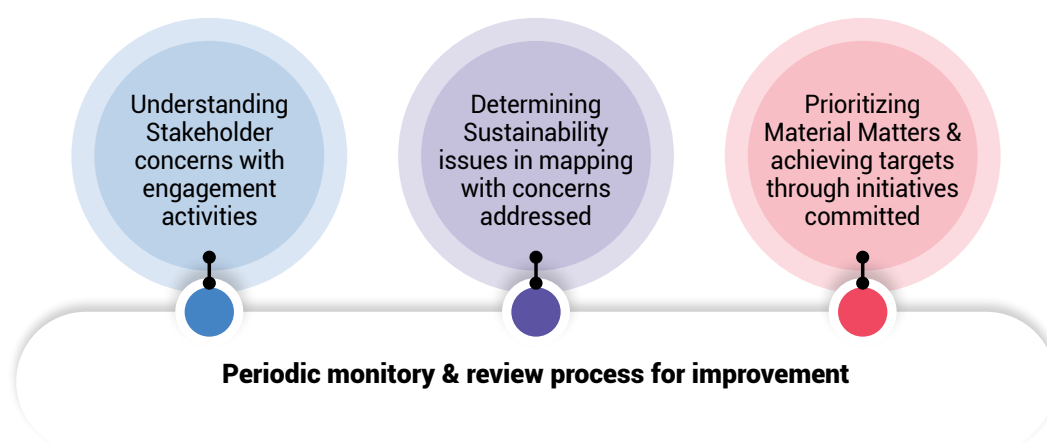


Sustainability Report (cont'd.)

MATERIALITY ASSESSMENT

The Group's materiality assessment process which was started in 2018 was 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.



STAKEHOLDER ENGAGEMENT

We viewed our Group's on-going stakeholder engagement activities as a way for us to identify sustainability risks and opportunities which may have been overlooked. 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 ("EES")	Operational Focus
Key Clients & Customers	<ul style="list-style-type: none"> Dialogues with clients Products survey & Factory Acceptance Test Customer Satisfaction Survey Exhibitions to promote image 	<ul style="list-style-type: none"> Boosting business & economy (GDP) Eco-friendly & safer products consumer rights 	<ul style="list-style-type: none"> Dynamic to market trends & needs Quality products & after sales service
Financiers / Bankers	<ul style="list-style-type: none"> Dialogue on existing facilities Periodic review on credibility Corporate dinner & Forums 	<ul style="list-style-type: none"> Financial stability Environmental initiatives (E-banking) Corporate Social Responsibility ("CSR") activities 	<ul style="list-style-type: none"> Financial covenant compliance Maintain good relationship
Regulatory Authorities; Government Agencies	<ul style="list-style-type: none"> Meetings & correspondences on compliance matters Seminar on regulation updates Factory audit by relevant authorities 	<ul style="list-style-type: none"> Opportunity & monetary loss for non-compliance Environmental standards compliance CSR & industry forums 	<ul style="list-style-type: none"> Bumiputera status requirements Bursa compliances Valid licences & certifications
Employees	<ul style="list-style-type: none"> Periodic meetings Family Day & Annual Dinner Employee survey & In-house training, health talks Union staff Agreement review 	<ul style="list-style-type: none"> Jobs creation, skilled labour development Go green & 3R program OHSAS Human rights, welfare & training 	<ul style="list-style-type: none"> Effective outputs Healthy culture Safe environment

Sustainability Report (cont'd.)

KEY STAKEHOLDERS	ENGAGEMENT METHODS	MATERIAL SUSTAINABILITY MATTERS (internal & external)	
		Economic, Environmental & Social ("EES")	Operational Focus
Major Suppliers & Vendors	<ul style="list-style-type: none"> Dialogue on quality & pricing Annual dinner & sponsorship Evaluation & factory visit New material / R&D dialogues 	<ul style="list-style-type: none"> Procurement practices Recyclable, eco-friendly materials CSR activities 	<ul style="list-style-type: none"> Materials quality and costs Effective practices Alternative or new material sources
Shareholders & Investors	<ul style="list-style-type: none"> Annual General Meeting ("AGM") Financial Announcement Investor Relations activity Annual Reports 	<ul style="list-style-type: none"> Financial stability, stable capital market Environmental initiatives (paperless) CSR activities 	<ul style="list-style-type: none"> Group loss recovery & financial stability Restoring market confidence
Local Communities	<ul style="list-style-type: none"> Through CSR programs In-house zero-cost CSR 	<ul style="list-style-type: none"> Environmental protection initiatives CSR & quality life 	<ul style="list-style-type: none"> Fund-raising CSR Promote healthier lifestyle
Strategic partners	<ul style="list-style-type: none"> Dialogues on strategic alliance Meetings on contract & pricing 	<ul style="list-style-type: none"> Financial stability Environmental & CSR initiatives 	<ul style="list-style-type: none"> Synergistic effects to maximize output Improved contractual terms

DETERMINATION OF MATERIAL MATTERS

The Material Matters ("MM") for our manufacturing units, which are tabulated below, were determined based on the following 2 principles:-

- Whether it reflects our Group's significant EES impacts; and
- Whether it substantively influences the assessment and decisions on our Group's stakeholders.

KEY MATERIAL MATTERS		Anticipated Impacts on The Group	
		Financial	EES Perspective
1	Effective Risk Control System	<ul style="list-style-type: none"> Loss recovery & financial stability Organic growth in business 	<ul style="list-style-type: none"> Economic contributions/GDP Jobs creation
2	Effective Procurement & Quality products	<ul style="list-style-type: none"> Cost reduction to stay competitive Quality materials for reliable products Reputational & branding effect 	<ul style="list-style-type: none"> Sustainable supply chain /GDP Reduces depletion of resources with recyclable materials Healthier living conditions
3	Legal & Regulatory Compliance	<ul style="list-style-type: none"> Less fraud with ethical business conduct Minimizes losses for non-compliance Increases business opportunity 	<ul style="list-style-type: none"> Economic contribution Upholding national standards
4	Water & Energy efficiency; Waste Minimization	<ul style="list-style-type: none"> Reduces production & operation cost Paperless – oriented practices Cultivates 3R conscious at workplace 	<ul style="list-style-type: none"> Environmental protection Less depletion of resources Promotes digital economy
5	Environmental Management (ISO compliance)	<ul style="list-style-type: none"> Maintain high standards Minimize losses from non-compliance Healthier, safer & greener workplace 	<ul style="list-style-type: none"> Environmental protection Better living condition for community
6	Safety & Health (OHSAS compliance)	<ul style="list-style-type: none"> Keeping employees safe and healthy Minimizes time loss injuries Boost morale, performance & outputs 	<ul style="list-style-type: none"> Social compliance Human capital development Improves employment rate
7	Impactful CSR	<ul style="list-style-type: none"> Minimize grievances from community Positive corporate image & reputation 	<ul style="list-style-type: none"> Contributions to community Promotes healthier living

Sustainability Report (cont'd.)

SUSTAINABILITY MATTERS MANAGEMENT

Maintaining strong bond with Industry Associations and Major Clients

We maintain our regular involvement with the various industry associations, such as Malaysia Cable Manufacturers Association ("MCMA"), to keep us abreast with the global trends and latest market requirements while exchanging information with other industry players through constructive dialogues to benefit the industry as a whole. While COVID-19 outbreak has derailed any plan to participate in major exhibitions nationwide, the year 2020 has seen better collaboration between Sarawak Energy Berhad, our major client, and SCABLE Group through the signing of a Memorandum of Understanding ("MOU") in October 2020. The MOU was inked as the first step in developing mutually-beneficial future collaborations between Sarawak Energy Berhad and SCABLE Group, encouraging knowledge sharing and fostering innovation as well as aligning efforts between both parties to support participation of local businesses.



Group Managing Director Dato' Ahmad Redza (right) during the signing of MOU with Sarawak Energy Berhad in October 2020.

Effective Management of Customers Complaints

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.

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.

Anti-Bribery and Corruption ("ABC") Policy

The Group's ABC policy provides 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 and the Guidelines of Adequate Procedures 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.

Whistle Blowing Policy

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 or malpractices that have occurred, 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.

Sustainability Report (cont'd.)

OUR GROUP'S 2020 EES INITIATIVES

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.

Product Development Pipeline

As a leading player in power cable manufacturing, our Group is continuously developing new products to cement our position in the market. Rapid changes in technologies, consumer preference and market size are making it necessary for us to have a healthy product pipeline. This was clearly the underlying factor for the development several 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. The development was initiated to accommodate a major client, Sabah Electricity Sdn Bhd's ("SESB") requirement to upgrading the existing 33kV overhead line from Kota Marudu to Menggaris by reconductoring and maintaining the existing towers to fulfill the surge in power demand. We have completed the technical feasibility studies and once orders are confirmed, a type test for ACFR Linnet will be conducted as well. The Kota Marudu to Menggaris 33KV overhead line which consists of 9km length with 2 circuits will need approximately 54km of ACFR Linnet valued at roughly RM5.0 million. The tender for this project is expected to be floated around second quarter of 2021 and if successful, could pave the way for future business opportunity in replacing the conventional ACSR Panther which are widely used in Sabah for decades now with our newly developed ACFR Linnet.
- (ii) We have also completed the research and development for our solar cables. The type test was received and UCMB, one of our Cable and Wire sector, is now a certified solar cable manufacturer. Presently, our team is still seeking for the alternative LSOH ("low-smoke zero-halogen") material to reduce the production cost of the cable. 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 plant project.
- (iii) The development of another product, the Aluminium Alloy ("AA-800") compact stranded conductor / XLPE / PVC is still ongoing. The product which was enquired by an overseas client is commonly used as service cable in building in the USA. The insulation requirement for the conductor is the normal XLPE and PVC ("RoHS"). We are targeting to complete the trial run in the second quarter of 2021.

ENVIRONMENT

Compliance With ISO 14001:2015

Being certified with Environmental Management System ISO 14001:2015, we are seeking to manage our environmental responsibilities in a systematic manner that can 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.

Steps Towards Green Growth

While Malaysia is not a member of OECD (the Organization for Economic Co-operation and Development), as a responsible corporate citizen, we are constantly aware of the concept of Green Growth promoted by this association of 37 advanced economies. The main benefit of Green Growth is it can enhance productivity by creating incentives for greater efficiency in the use of natural resources, reducing waste and energy consumption, unlocking opportunities for innovation and value creation, and allocating resources to the highest value use.

Sustainability Report (cont'd.)

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.

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 need and remain committed to finding new ways to minimize our costs as well as eco-friendly alternatives materials at lower costs.

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, strict Quality Control process from raw materials selection until finishing stage to minimize rejection rate and adoption of 'buffer top-up' list to avoid over-stocking or wastage of non-durable items.

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.

Our plants set scrap limit for all main raw materials and implement strict monitoring of scheduled waste, raw material scrap and metal scrap. 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 to recover the losses.



Water & Energy Efficiency

There were some reductions in our utility consumption in 2020, which could also be attributable to the shorter working hours during the period of MCO. Nevertheless, it is a positive sign as it shows that there were little to no wastages at most of our manufacturing plants.

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 energy efficiency initiative also involves effective logistic to optimize delivery trips, not only to save on fuel consumption but to reduce air pollution. Subject to financial capability, replacement of old equipment with electric-powered or energy-efficient motor type may be considered to minimize energy loss and heat generation. Such energy reduction also allows longer operating time on a single battery charge.

To save water, regular detection of water drips and leakages have been on-going and employees have been repetitively reminded to recycle rainwater for factory and general cleaning.

Cloud-Based Computing

Our recent ERP implementation and Cloud migration project to upgrade our existing systems to a new cloud-based system called Vienna Advantage is still progressing. A Master Services Agreement was signed in October 2019 and the project will be rolled out in stages throughout the Group. The guiding principles and objectives of the project is in order to remain competitive and to be at the forefront, each units need to be effective, efficient and economical. The ongoing system integration is still at the discussion stage, as the progress was slightly affected by the restriction in personnel and consultants movement during the pandemic. The project is expected to be completed by the end of 2021.

Sustainability Report (cont'd.)

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

Throughout the announcement of the first MCO that took effect between 18-31 March 2020 due to the pandemic and the subsequent opening of business in May, the Group took a proactive step in ensuring that a full compliance to the Standard Operating Procedures ("SOPs") issued by the Ministry of Health and other authorities is being initiated with immediate effect and subsequently enforced for the rest of 2020. It includes job rotation, option to work from home, social distancing, workplace sanitation, continuous free supply of personal protective equipment ("PPE") and travel restriction. On top of that, due to the requirement for social distancing and travel restriction, the Group willingly turned to online training courses and seminars to ensure that its manpower skilling and development program did not take a back seat.

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	2019	2020
Management office	54:47	53: 47
Cable manufacturing	83:17	92:8

Training & Skill Development

We recognize the importance of retaining talents and enhancing competency level in tackling business challenges ahead. Unfortunately, due to COVID-19, the number of trainings conducted and attended by the employees has fallen to only half of 2019's figures as travel restriction, social distancing and limitation in online training making it difficult to achieve a much bigger number.

There were only 53 training courses conducted in 2020, involving 273 employees. The biggest impact is on the in-house training which suffered a 76% drop in the number of training hours, largely due to the strict social distancing requirement practiced at workplace.

Training indicators	2019	2020
No. of training courses	108	53
No. of employee impacted	659	273
External training hours	1,321	658.5
In-house training hours	6,069	1,918

Nevertheless, we have intensified our effort to provide continuous support to various education institutions in the country by accepting eleven (11) trainees to undergo industrial trainings with our organization in 2020, more than double the number of trainees recruited in 2019.

Sustainability Report (cont'd.)



< Human capital investment through our manpower training & seminars

Occupational Health & Safety

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.

Our in-house safety officers are also conducting regular 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.



< Employees being given hands on training in using fire extinguisher

There is zero casualty and health incident reported in 2020, although the number of minor injuries increased mostly due to new recruits who needed time to be skillful and familiar with our safety procedures. The less than ideal statistic is certainly a concern, which has triggered the in-house Safety and Health Committee to intensify their efforts to minimize the number of injuries and accidents at all companies.

Indicators	2019	2020
No. of fatality	0	0
No. of health incident	0	0
No. of injuries or accidents	21	30
Time loss injuries (days)	236	403

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 third 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 last year. 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

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".

Nevertheless, our 2020's CSR and community initiatives were drastically scaled down due to the ongoing threat of COVID-19. As social distancing and travel restriction became a new norm, outdoor community work and sizable gathering were becoming more difficult. At the end of 2020, we came to the realization that our CSR plans will simply have to wait for at least another year to materialize.



WITH LOVE, WE CARE

Contribution to Sarawak Blood Donors Society and Kesatuan Pekerja Bomba & Penyelamat SM

Since 2015, we have been a regular sponsor of the Sarawak Blood Donors Society ("SBDS")'s official magazine, as part of its corporate advertisement placement package. SBDS is a non-profit organization formed in 1990 to foster close ties among blood donors, co-operate with the authority to ensure safe blood donation and promote blood donation and healthy living among its members and public in general. We are looking forward to future contribution and to participate in their blood donation campaign once it is safe to do so.

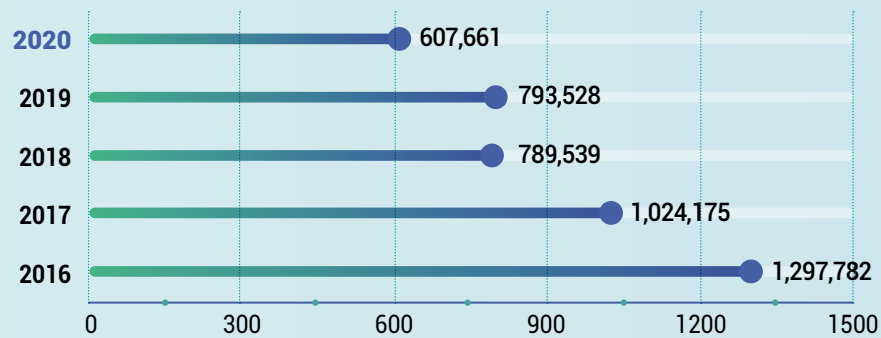


< Handing over of contribution to Sarawak Blood Donors Society

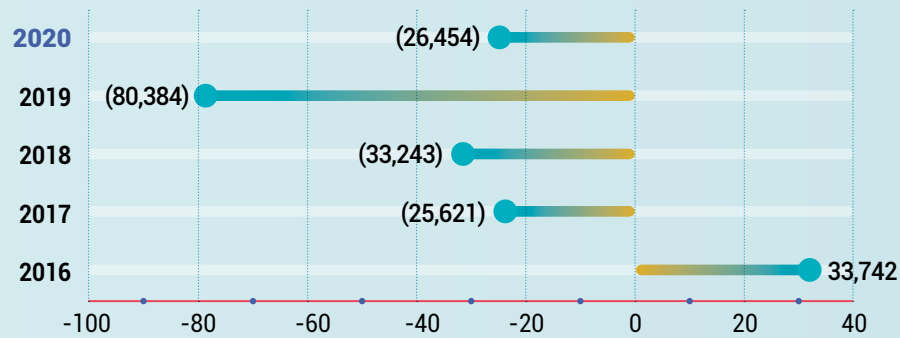
Additionally, a small donation was made to the Kesatuan Pekerja Bomba dan Penyelamat Semenanjung Malaysia in August 2020 to lend a helping hand in their ongoing Fire Safety Awareness Campaign nationwide. The awareness campaign, a yearly event in their calendar is conducted to raise awareness of fire hazards and to educate the public on how to act safely in the event of an emergency fire situation.

Financial Review

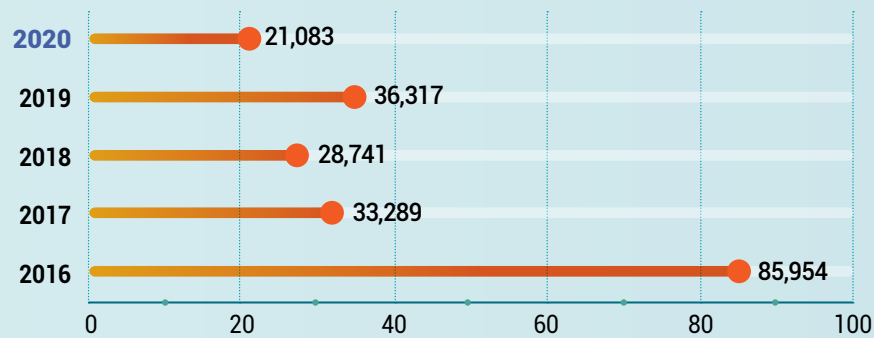
Revenue (RM'000)



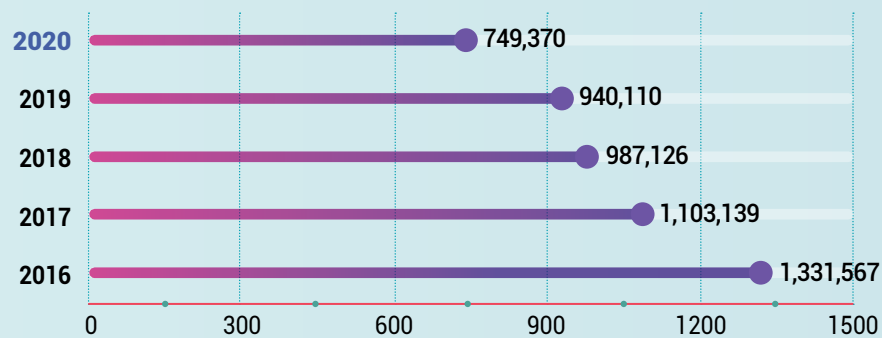
Profit/(loss) before tax (RM'000)



Earnings Before Interest, Tax and Amortisation (EBITA) (RM'000)



Total Assets (RM'000)



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/swkcable/wp-content/uploads/2018/04/SCB-Audit-Committee-Terms-of-Reference.pdf>.

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") 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 2020

The AC members and the attendance of each member at the AC meetings during the financial year ended 31 December 2020 are set out below:

<i>Independent Non-Executive Directors</i>	<i>Meetings attended</i>
Datuk Kevin How Kow - Chairman	5/5
Datuk Rozimi bin Remeli - Member	5/5
Erman bin Radin - Member	5/5

The AC held one (1) meeting with the external auditors on 24 February 2020 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.

During the financial year, 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.

The AC had reviewed its Terms of Reference and considered the promulgation by MCCG 2017 on the 2-year cooling-off period required for key audit partners before joining the AC as a member. The revised Terms of Reference which have included the above-mentioned practice was approved by the Board.

The AC reviewed the external auditors' Audit Plan for 2020 outlining their strategy, approach and proposed fees for the current financial year's statutory audit.

Audit Committee Report (cont'd.)

At each quarterly meeting, the AC deliberated on the results and issues raised from the external auditors' review and audit of the year-end financial statements and the resolutions of issues highlighted on their reports to the AC. The AC advised the Management to work with the external auditors in closing the gaps noted during the statutory audit.

The AC assessed the suitability and independence of external auditors by obtaining affirmation from the external auditors, EY that they and their network firm, engagement partner and audit team's independence, integrity and objectivity comply with relevant ethical requirements. The AC determined that EY are competent in carrying out their work and they have the necessary audit experience in the industry in which Sarawak Cable Group operates.

The AC has also reviewed the audit services and non-audit services provided by the external auditors and the fees paid/payable for the respective types of services, as follows:

Fees	Company (RM)	Group(RM)
Audit Services	74,000	403,000
Non-audit services	775,000	818,800

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

The AC concluded that the auditors remained independent and, together with the Board, are satisfied with the services and performance of the EY and thereby recommended them for re-appointment at the forthcoming AGM.

Summary of works of the AC during the financial year ended 31 December 2020

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 financial year were as follows:

1. Financial reporting

- Reviewed with the appropriate officers of the Group, all the four (4) 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 responsibilities and the scope of work for the financial year ended 31 December 2020 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.
- 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. Following the assessment, the AC has recommended the re-appointment of EY as external auditors of the Company at the forthcoming Annual General Meeting. The Board accepted the AC's recommendation for EY's re-appointment as the external auditors at the forthcoming AGM in June 2021.
- 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.

Audit Committee Report (cont'd.)

- 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 and the Group's policies and procedures.

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 Chairman of 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 financial year 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.
- Reviewed and tested the adequacy and operating effectiveness of controls associated with critical processes and IT system.
- 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 financial year ended 31 December 2020 amounted to RM129,346 (2019: RM143,220).

This Statement is made in accordance with a resolution of the Board dated 26 April 2021.

Corporate Governance Overview Statement

The Board of SCABLE ("the Company") 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 year 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 Malaysian Code on Corporate Governance ("MCCG") by the Securities Commission on 26 April 2017, 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 <https://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/swkcable/wp-content/uploads/2018/04/SCB-Board-Charter.pdf>

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 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")

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

Nomination Committee ("NC")

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

Remuneration Committee ("RC")

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

Risk Management Committee ("RMC")

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.

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 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 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.

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/swkcable/wp-content/uploads/2016/02/SCB-Whistle-Blowing-Policy.pdf>

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 year under review are as follows:

Directors	Meetings attended
Dato Sri Mahmud Abu Bekir Taib	5/5
Dato Sri Fong Joo Chung	5/5
Dato' Ahmad Redza bin Abdullah	5/5
Tan Sri Dato' Seri H'ng Bok San	4/5
Yek Siew Liong	4/5
Datuk Kevin How Kow	5/5
Erman bin Radin	5/5
Datuk Rozimi bin Remeli	5/5
Redzuan bin Rauf	5/5

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.

All Directors have completed the Mandatory Accreditation Programme as required by the Listing Requirements of Bursa. 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:

- Workshop on legislation & principles of drafting document – rules for interpretation of laws;
- Governance & Compliance Briefing Corporate Liability – Section 17A Malaysian Anti-Corruption Commission Act 2009;
- Anti-Corruption and Anti-bribery law via online by Shearn Delamore;
- Discovering the technical and practical application of beneficial ownership framework;
- Corporate Directors Training Programme Financial 3.0 + financial statements 101;
- Directors' conflict of interests;
- Seminar Percukaian Kebangsaan 2020;
- A practical look at Share Issue, Reduction of Capital & Redemption of Preference Shares;
- Fraud Risk Management Workshop;

Corporate Governance Overview Statement (cont'd.)

- Purpose-Driven Business Leadership Validating your sustainability business model; and
- LHDNM-MEF Seminar 2020: Sharing the nation's prosperity.

II. Board Composition

There are nine (9) members on the Board, comprising the 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 Malaysia Securities Berhad ("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.

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 MCGG and the MMLR of Bursa Securities.

As recommended by the MCGG, 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.

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.

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 female candidates during their search for candidate to serve as a Board member.

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 year 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/swkcable/wp-content/uploads/2016/02/SCB-Nomination-committee-terms-of-reference-updated-in-Feb-2017.pdf>

Corporate Governance Overview Statement (cont'd.)

A summary of key activities undertaken by the NC in discharging of its duties during the financial year 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 in 2020; 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 financial year ended 31 December 2020 is as follows:

Directors	Fees	Salaries	Bonuses	Other allowance	Benefit in-kind	Total
In RM'000	Group					
Executive Director						
Dato' Ahmad Redza bin Abdullah	-	948	160	155	1	1264
Non-Executive Director						
Dato Sri Mahmud Abu Bekir Taib	240	-	-	5	-	245
Dato Sri Fong Joo Chung	211	-	-	6	-	217
Tan Sri Dato' Seri H'ng Bok San	104	-	-	4	-	108
Yek Siew Liong	142	-	-	4	-	146
Datuk Kevin How Kow	137	-	-	11	-	148
Erman bin Radin	119	-	-	8	-	127
Dato Hajjah Hanifah Hajar Taib (resigned effective 9 March 2020)	21	-	-	-	-	21
Datuk Rozimi bin Remeli	118	-	-	10	-	128
Redzuan bin Rauf	104	-	-	5	-	109
Ng Woon Chiang (Alternate Director to Tan Sri Dato' Seri H'ng Bok San)	-	-	-	4	-	4

Corporate Governance Overview Statement (cont'd.)

Directors	Fees	Salaries	Bonuses	Other allowance	Benefit in-kind	Total
In RM'000	Company					
Executive Director						
Dato' Ahmad Redza bin Abdullah	-	948	160	155	1	1264
Non-Executive Director						
Dato Sri Mahmud Abu Bekir Taib	240	-	-	5	-	245
Dato Sri Fong Joo Chung	151	-	-	6	-	157
Tan Sri Dato' Seri H'ng Bok San	104	-	-	4	-	108
Yek Siew Liong	104	-	-	4	-	108
Datuk Kevin How Kow	137	-	-	11	-	148
Erman bin Radin	110	-	-	8	-	118
Dato Hajjah Hanifah Hajar Taib (resigned effective 9 March 2020)	19	-	-	-	-	19
Datuk Rozimi bin Remeli	118	-	-	10	-	128
Redzuan bin Rauf	104	-	-	5	-	109
Ng Woon Chiang (Alternate Director to Tan Sri Dato' Seri H'ng Bok San)	-	-	-	4	-	4

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 year 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 year 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
RM450,001 – RM500,000	2
RM500,001 – RM550,000	2
RM900,001 – RM950,000	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.

Corporate Governance Overview Statement (cont'd.)

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 key audit partner to observe a cooling-off period of at least two (2) 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.

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 year 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 year 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. Communication 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 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. Shareholders are encouraged to participate in deliberations at the AGM and seeking clarification where needed.

The Board has not adopted electronic voting as the number of shareholders turning up for the AGM in the past had been relatively small and the voting for resolutions was expediently carried out by traditional balloting, supervised by an independent scrutineer.

Statement On Risk Management & Internal Control

Board's Commitment

This Statement on Risk Management and Internal Control, prepared in accordance with the MMLR issued by Bursa Securities outlines the key features of the Group's risk management system and internal control during the year under review.

The Board confirms that it is responsible for establishing a sound risk management and internal control system within the Group. The Board reviews the adequacy and effectiveness of the system to identify, assess and respond to the various risks that may impede the achievement of the Group's business objectives. The Board's risk and control oversight function is further assisted by the RMC and AC. These Board Committees periodically informs the Board of the key decisions and deliberations of matters delegated to them respectively. However, due to 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 mirror the recommendations issued by the internationally recognized Committee of Sponsoring Organizations of the Treadway Commission ("COSO") Enterprise Risk Management ("ERM") Framework to make it practical and responsive to changes in the business environment while ensuring sustainable benefits for 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 to identify, assess and monitor the risks that affect its operations. The subsidiary company's RC coordinated by the appointed champion will submit their respective risk reports to the head office periodically for review. The Risk Manager at head office is to review independently the risks that may affect each individual company or project and report to the RMC on the risks identified, assessed and monitored. He also monitors the significant risks identified and ensures remedial actions thereof, are carried out by the respective risk owners.

Major deficiencies, if any, are communicated to the operations heads or departmental heads in a timely manner during the monthly management meeting and during or upon conclusion of the RMC, Audit Committee or Board Meeting.

In 2020, in line with section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Bursa Malaysia's amendment of the Main Market Listing Requirements to include the requirements for all listed issuers to have anti-corruption measures in place, the Group's Anti-Bribery and Corruption Policy ("ABC") and the applicable procedures were formulated on the basis of exposures that the risk of corruption and bribery has on the operational activities of every units under the Group.

Similarly, when it was predicted that COVID-19 will have a significant impact on the Group's daily operations and financial position during the second half of 2020, a detailed assessment was carried out to ensure that all threats (and opportunities) were properly identified and measures are in place to mitigate any adverse situation. Not only was the control effective to prevent the spread of the virus throughout the organization, it enabled the Group to remain operational for the most part of the year by complying to strict SOPs and the authority's mandatory guidelines.

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

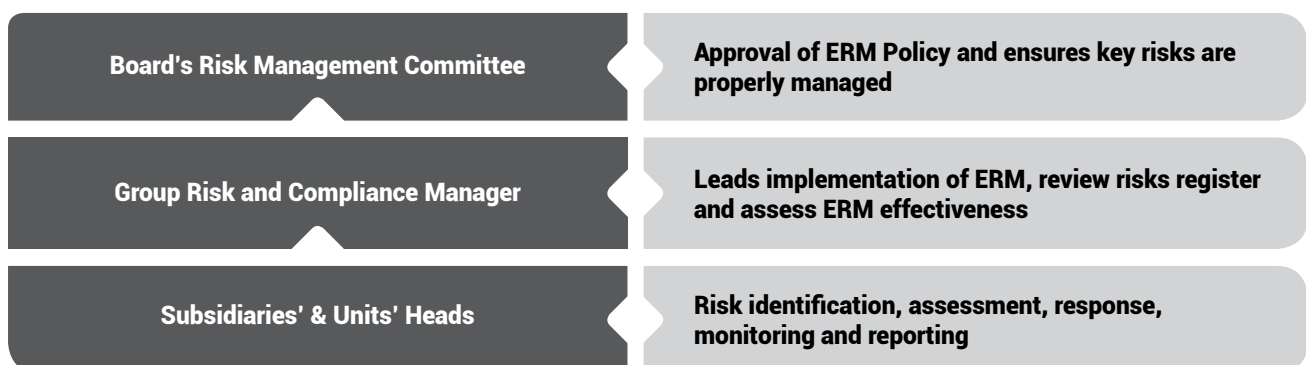
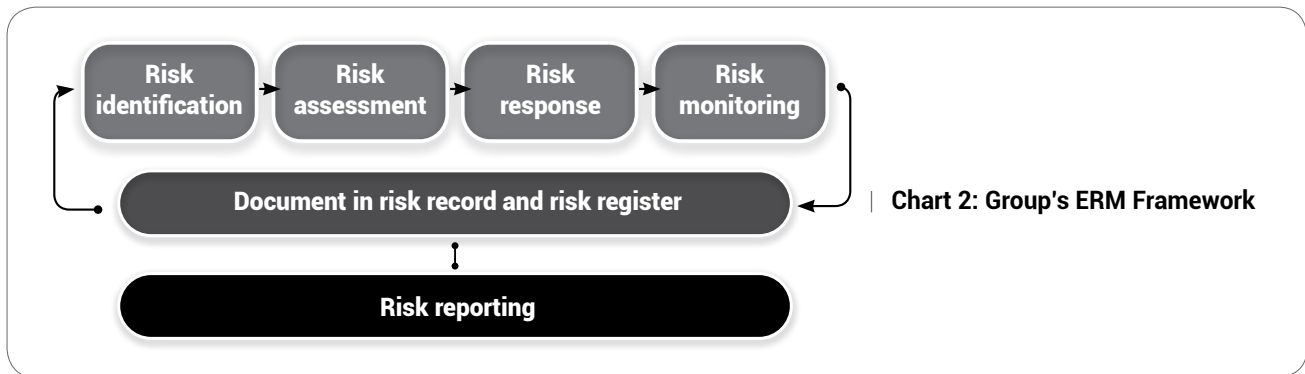


Chart 1: Group's Risk Structure

Statement On Risk Management & Internal Control (cont'd.)



Internal Control Processes

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

The AC and the IA Department, work towards enhancing control environment and promoting good corporate governance practices throughout the Group.

The Audit Committee

The main responsibilities of the AC 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 AC approves the annual Internal Audit Plan to be carried out by the IA 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 AC presents to the Board issues or matters deemed significant in enhancing internal control processes and risk management activities throughout the Group.

Internal Audit

The IA Department reports directly to the AC and is independent of the activities it audits. It provides an independent, objective assurance and consulting activity designed to add value and improve the Group's operations. The IA 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 AC 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 AC to ascertain whether satisfactory actions were carried out by the Management. Whenever the risks are deemed very high, the IA Department will revisit the same areas of concern on yearly basis to ensure that there are proper controls in place and that the Management is constantly taking the necessary steps to manage the issues to minimize financial losses and other adverse implications to the Group or its stakeholders.

Occasionally, at the request of Management and members of the Board, the IA Department carries out ad-hoc audits and other special assignments with the objective of providing independent views on the Group's operational and financial matters.

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.

Statement On Risk Management & Internal Control (cont'd.)

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 order to have increased efficiency, greater control of costs and higher degree of responsiveness to business opportunities or threat, several key functions such as Human Resource, Finance, Information Communication Technology, and Contract, Legal & Procurement ("CLP") have been centralized.

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 AC, NC, RC and RMC, 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 as terms of reference of the Group's policies.
- (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 SCABLE's subsidiary companies to provide a safe and conducive environment for its stakeholders.
- (g) Comprehensive and timely financial performance reporting to the Board.
- (h) Legal, corporate and MMLR matters are continuously addressed, monitored and managed by the designated key personnel or officers.
- (i) 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.
- (j) 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 proper cash flow planning for working capital and capital expenditure requirements.
- (k) Production and project planning

Sales, Procurement, and Production department carry out proper planning at monthly intervals to determine raw material requirements and production planning based on the combined inputs. Similarly, the monthly Contract, Legal & Procurement Meeting is carried out 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.

(l) 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.

(m) Anti-Bribery and Corruption Policy

The Board of SCABLE and its Group of Companies practise 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.

Statement On Risk Management & Internal Control (cont'd.)

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 year ended 31 December 2020, 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 year 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 26 April 2021.

Additional Compliance Information

OTHER INFORMATION

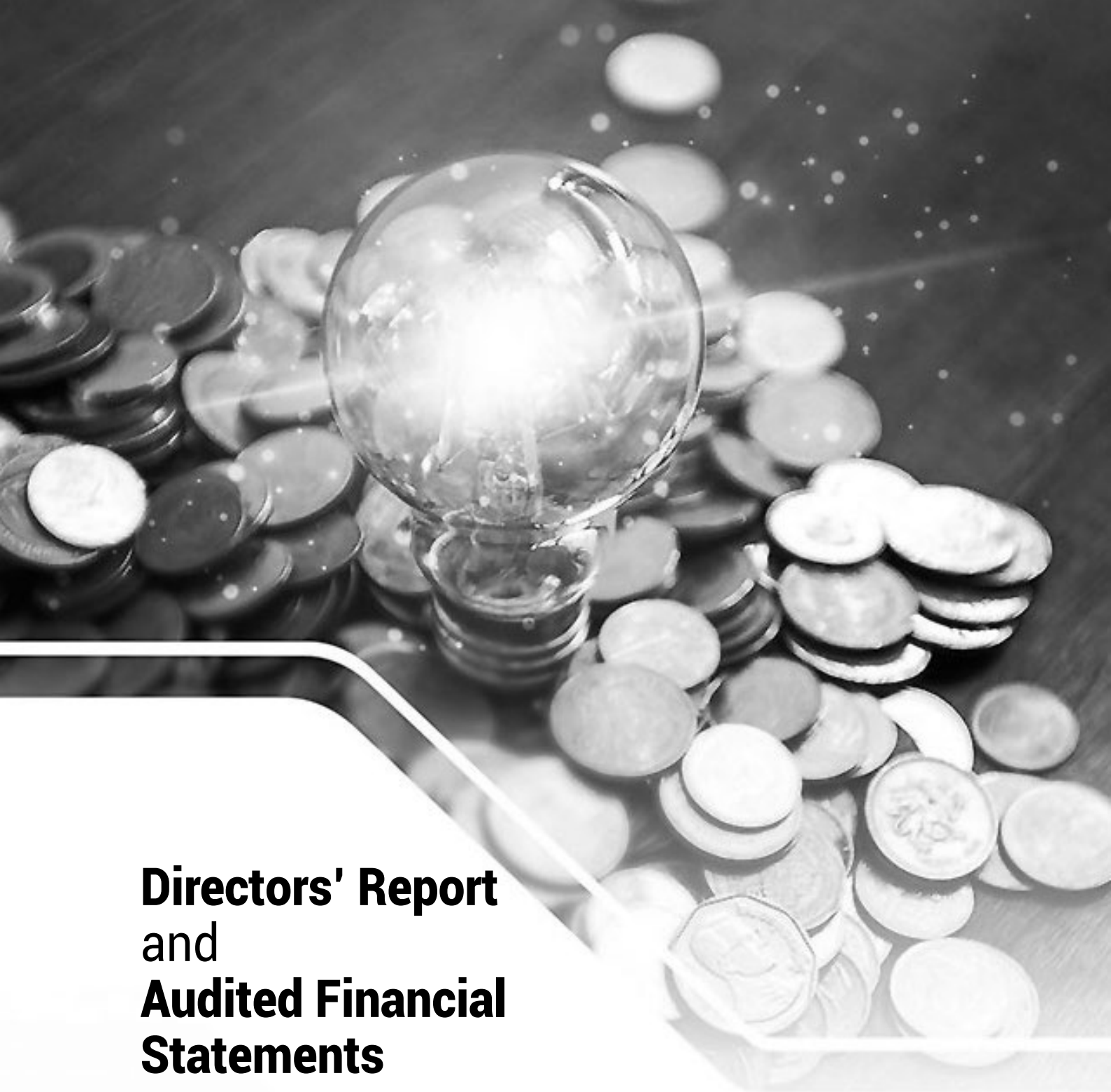
Recurrent related party transactions ("RRPT") in the normal course of business

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 year 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 financial year ended 31 December 2020.



Directors' Report and Audited Financial Statements

Index

Directors' Report	42
Statement by Directors and Statutory Declaration	46
Independent Auditors' Report	47
Statements of Profit or Loss and Other Comprehensive Income	53
Statements of Financial Position	55
Statements of Changes in Equity	57
Statements of Cash Flows	59
Notes to the Financial Statements	61

Page

42
46
47
53
55
57
59
61

Directors' Report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

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 16 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Loss net of tax	26,447	70,825
Loss attributable to:		
Owners of the Company	25,172	70,825
Non-controlling interests	1,275	-
	26,447	70,825

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

Reserves and provisions

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

Dividend

No dividend had been paid during the financial year and up to the date of this report.

Directors

The directors of the Company in office during the financial year 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
Yek Siew Liong
Datuk Kevin How Kow
Erman bin Radin
Datuk Rozimi bin Remeli
Redzuan bin Rauf
Ng Woon Chiang
Dato Hajjah Hanifah Hajar Taib

(Resigned on 9 March 2020)

Directors' Report (cont'd)

Directors (cont'd.)

The directors of the Company's subsidiaries during the financial year 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

Directors' benefits

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

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 the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than those disclosed in Note 31 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 RM 19,090 (2019: RM19,090).

There were no payments made for any indemnification during the financial year 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 year in shares in the Company and its related corporations during the financial year were as follows:

	As at 1.1.2020	Number of Ordinary Shares		As at 31.12.2020
		Bought	Sold	
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
Tan Sri Dato' Seri H'ng Bok San	36,488,400	-	-	36,488,400
Yek Siew Liong	31,682,000	-	-	31,682,000

- 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 year had any interest in shares in the Company and its related corporations during the financial year.

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 there were 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 value 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 year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (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 year 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 year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made except as disclosed in Note 39 to the financial statements.

Significant event

Details of significant event are disclosed in Note 38 to the financial statements.

Directors' Report (cont'd)

Subsequent event

Details of significant event are disclosed in Note 39 to the financial statements.

Auditors

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

Auditors' remuneration 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 year and up to the date of this report.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 May 2021.

Dato Sri Fong Joo Chung

Dato' Ahmad Redza bin Abdullah

Statement by Directors

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

We, **Dato Sri Fong Joo Chung** and **Dato' Ahmad Redza bin Abdullah**, 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 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and their cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 May 2021.

Dato Sri Fong Joo Chung

Dato' Ahmad Redza bin Abdullah

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 129 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 27 May 2021.

Teoh Wen Jinq
MIA 25770

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

Opinion

We have audited the financial statements of Sarawak Cable Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 53 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Independence and other ethical responsibilities

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

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements, which describes that the Group and the Company incurred net losses of RM26.4 million and RM70.8 million respectively during the financial year ended 31 December 2020 and, as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM193.8 million and RM327.4 million respectively.

On 11 December 2020, the Company and two of its subsidiaries (the "Affected Companies") have entered into several relevant agreements, including restructuring agreements ("RAs") with their respective lenders (the "Lenders") with mediation from the Corporate Debt Restructuring Committee ("CDRC") under the purview of Bank Negara Malaysia. The Affected Companies are in the midst of fulfilling the conditions under those agreements.

The Group is also currently in negotiation with the bankers of the subsidiaries (the "Bankers") discharged from the purview of the CDRC (the "Discharged Companies") to refinance their working capital facilities. Pending the completion of the refinancing arrangement, the Group relies on the Bankers to continue to make available the existing working capital facilities.

These 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 concern.

As part of the restructuring scheme and to return to profitability, the Group plans to focus on their core business segment of manufacturing cables and targeting specialised transmission lines construction and related maintenance projects. The following are measures undertaken to address the going concern of the Group and of the Company:

- (a) As mentioned above, the Affected Companies have entered into several agreements, including the RAs with their Lenders to vary the terms and to extend the tenure of the borrowings for up to 5 years commencing from the date of the RAs. These borrowings will be settled through future earnings, issuance of instruments and proceeds to be raised from disposal of identified assets. Those identified assets are to be disposed within a stipulated period of between 2 to 3 years. Upon fulfilling the conditions under those agreements, the tenure of these borrowings will be extended in accordance the relevant terms of the respective RAs. At the reporting date, the borrowings due under RAs amounted to RM188.0 million, of which RM117.5 million were classified as current liabilities.

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.)

Material uncertainty related to going concern (cont'd.)

- (b) The Group is in discussion with the Bankers of the Discharged Companies to refinance their current working capital facilities. At the reporting date, the working capital facilities utilised amounted to RM280.5 million, of which RM278.3 million were classified as current liabilities. To facilitate the refinancing arrangement, the Group has unencumbered land and buildings with a carrying amount of RM132.6 million which are available to collateralise existing or new working capital facilities, if required.

In addition to the measures taken above, the Group plans to raise funds through private placements and issuance of convertible financial instruments. As disclosed in Note 39 to the financial statements, the Group has announced a proposed private placement of up to 95,115,000 new ordinary shares in the Company.

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 implementation of the aforementioned RAs, the continuing supports from the Lenders, 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.

Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments to the amounts and classification of assets and liabilities may be necessary. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

1. Revenue from long-term transmission lines construction contracts

A significant portion of the Group's and of the Company's revenue were derived from contracts with customers to build transmission lines and such contracts generally spans over more than one accounting period. As disclosed in Note 4 to the financial statements, the Group and the Company recorded contract revenue of RM45.6 million and RM34.2 million respectively for the financial year ended 31 December 2020.

The Group and the Company recognised such contract revenue over time, using the input method to measure the percentage of completion. The transaction prices of the contracts are varied by variation orders and liquidated ascertained damages ("LAD"). The percentage of completion is dependent on the accuracy of the budgeted costs to complete. The assessment of the transaction prices and the budgeted costs to complete involved significant judgement and estimates by management. We have identified the measurement of such contract revenue as an area requiring audit focus due to the quantum and the significant judgement and estimates involved.

Among others, our audit procedures included:

- we obtained an understanding of the contracts and their statuses by reading the contracts, correspondences and holding discussions with project managers;
- we agreed the variations in contracts to approved variation orders;
- we assessed actual costs incurred by vouching to claims from sub-contractors and creditors on a sampling basis;

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.)

Key audit matters (cont'd.)

1. **Revenue from long-term transmission lines construction contracts (cont'd.)**

- we assessed the reasonableness of the estimated costs to complete the contracts;
- we reviewed management's basis for their assessment of potential LADs in light of delays in completion of the contracts, and the basis for the determination of the amount of LAD required; and
- we reviewed the computation of the percentage-of-completion by management.

The accounting policies and disclosures on revenue from construction contract are disclosed in Notes 2.16, 3.2(a), 4 and 18 respectively to the financial statements.

2. **Impairment assessment of property, plant and equipment**

Included in property, plant and equipment of the Group are an idle helicopter and certain assets related to the manufacturing segment of the Group with a carrying amount of RM29.3 million and RM41.3 million respectively. The carrying amounts of these assets may be impaired due to continuous operating losses incurred during the financial year. Management has determined the recoverable amounts of these assets based on their fair value less costs to sell.

The impairment assessment of these assets has been identified as a key audit matter due to the quantum and significant judgement involved in determining the recoverable amounts. We have performed the following procedures to assess the recoverable amounts:

- we evaluated the competency, capabilities, experience and objectivity of the valuers;
- we obtained an understanding of the works performed by the valuers by making inquiries with the valuers and assessed the reasonableness of the data inputs used by the valuers;
- we assessed the reasonableness of the value of land by comparing against actual transacted prices of similar type of land within the vicinity; and
- we evaluated the reasonableness of the valuation of the helicopter by involving our internal expert.

The Group's accounting policies and disclosures on impairment assessment of property, plant and equipment are disclosed in Notes 2.8, 3.2(b) and 14(d) respectively to the financial statements.

3. **Impairment assessment of concession financial assets**

As disclosed in Note 26 to the financial statements, the Group signed a power purchase agreement for 20 years with PT Perusahaan Listrik Negara (Persero), North Sumatera, Indonesia ("PLN") for the installation, operation and maintenance of a mini hydro power plant. The Group commenced construction works on this mini hydro power plant in 2013 and reportedly achieved 99.6% physical completion as at the reporting date. There have been several extensions of the completion date granted by PLN and the latest was up to 31 July 2021. At the reporting date, the carrying value of the concession financial assets stood at RM99.0 million. Considering the protracted delay in the completion of this plant, the carrying value of the concession financial assets may be impaired. We consider the impairment assessment of the concession financial assets to be a key audit matter due to the quantum and the significant judgement involved in determining its recoverable amount and completion date. Consequently, we have reviewed the adequacy of procedures performed by the component auditors which included the following:

- we inquired from management and obtained the progress and technical reports regarding the physical completion and expected completion date of the mini hydro power plant;
- we evaluated the following assumptions applied by management:
 - the expected annual energy production to be generated by the plant by reviewing the technical reports from an external consultant;

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.)

Key audit matters (cont'd.)

3. **Impairment assessment of concession financial assets (cont'd.)**

- the period over which the plant will generate and supply energy; and
- further costs to be incurred to complete the construction of the plant, including any potential liquidated ascertained damages.
- we evaluated the competency, capabilities and objectivity of the external consultant;
- we evaluated the adequacy of the disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive to as disclosed in Note 3.2 (c) to the financial statements; and
- we evaluated the independence and competency of the component auditors.

The Group's accounting policies and disclosures on impairment assessment of concession financial assets are disclosed in Notes 2.9(a), 3.2(c) and 26 respectively to the financial statements.

4. **Assessment of allowance for expected credit loss ("ECL") on amounts due from subsidiaries**

At the reporting date, the gross amounts due from subsidiaries involved in the provision of helicopters services and transmission lines constructions amounted to RM207.5 million. The Company recorded ECL of RM79.2 million during the financial year based on the projected future cash flows of the subsidiaries. Significant judgment and estimates are involved in the forecasting of these future cash flows and therefore, the impairment assessment has been identified as key audit matter. We have performed the following procedures:

- we assessed the reasonableness of the key assumptions used in the forecast of future cash flows such as the expected cash flows from the contracts secured and the operating costs;
- we considered the expected amount and timing of collection of the proceeds from disposal of certain assets;
- we assessed the appropriateness of discount rates used;

The Company's accounting policies and disclosures on assessment for expected credit loss on amounts due from subsidiaries are disclosed in Notes 2.9(a), 3.2(e) and 35(a) respectively to the financial statements.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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

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

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

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

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.)

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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.)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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

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

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

Other matters

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

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

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

Kuching, Malaysia
Date: 27 May 2021

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	4	607,661	793,528	57,534	31,887
Cost of sales		(571,882)	(758,066)	(33,955)	(30,286)
Gross profit		35,779	35,462	23,579	1,601
Other items of income					
Interest income	5	686	1,294	12,226	14,632
Other income	6	8,702	28,418	5	1,053
Other items of expense					
Marketing and distribution		(15,501)	(16,692)	-	-
Administrative expenses		(26,286)	(30,246)	(7,281)	(11,365)
Finance costs	7	(21,809)	(31,008)	(20,142)	(21,635)
Other expenses	8	(8,025)	(67,612)	(79,212)	(88,499)
Loss before tax	9	(26,454)	(80,384)	(70,825)	(104,213)
Income tax expense	12	7	(6,252)	-	-
Loss for the year, net of tax		(26,447)	(86,636)	(70,825)	(104,213)
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		121	(111)	-	-
Net movement of cash flow hedges		1,512	2,800	-	-
Income tax related to cash flow hedges		(361)	(672)	-	-
Other comprehensive income, net of tax		1,272	2,017	-	-
Total comprehensive income for the year		(25,175)	(84,619)	(70,825)	(104,213)

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

Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2020 (cont'd)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Loss attributable to:					
Owners of the Company		(25,172)	(85,536)	(70,825)	(104,213)
Non-controlling interests		(1,275)	(1,100)	-	-
		<u>(26,447)</u>	<u>(86,636)</u>	<u>(70,825)</u>	<u>(104,213)</u>
Total comprehensive income attributable to:					
Owners of the Company		(23,929)	(83,495)	(70,825)	(104,213)
Non-controlling interests		(1,246)	(1,124)	-	-
		<u>(25,175)</u>	<u>(84,619)</u>	<u>(70,825)</u>	<u>(104,213)</u>
Loss per share attributable to owners of the Company (sen per share):					
		2020	2019		
Basic and Diluted	13	(7.94)	(26.98)		

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

Statements of Financial Position

As at 31 December 2020

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	14	258,074	273,226	240	373
Intangible assets	15	2,510	2,510	-	-
Trade and other receivables	19	20,512	25,515	6,730	6,730
Concession financial assets	26	99,045	99,863	-	-
Deferred tax assets	24	36,508	36,412	-	-
Investment in subsidiaries	16	-	-	355,264	355,264
		<u>416,649</u>	<u>437,526</u>	<u>362,234</u>	<u>362,367</u>
Current assets					
Inventories	17	98,685	140,654	-	-
Trade and other receivables	19	171,643	248,387	125,824	153,156
Other current assets	20	11,702	16,765	121	323
Contract assets	18	3	1,965	-	-
Tax recoverable		8,188	4,683	-	-
Cash and bank balances	21	42,500	90,130	2,468	2,098
		<u>332,721</u>	<u>502,584</u>	<u>128,413</u>	<u>155,577</u>
TOTAL ASSETS		<u><u>749,370</u></u>	<u><u>940,110</u></u>	<u><u>490,647</u></u>	<u><u>517,944</u></u>
EQUITY AND LIABILITIES					
Current liabilities					
Loans and borrowings	22	395,807	448,833	93,711	73,826
Trade and other payables	23	114,222	193,172	360,075	303,086
Contract liabilities	18	15,956	24,654	1,985	7,792
Income tax payable		567	490	-	-
Derivatives liabilities	25	-	1,513	-	-
		<u>526,552</u>	<u>668,662</u>	<u>455,771</u>	<u>384,704</u>

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

Statements of Financial Position

As at 31 December 2020 (cont'd)

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D.)					
Non-current liabilities					
Loans and borrowings	22	72,681	85,375	23,283	43,167
Trade payables	23	6,542	14,197	6,535	14,190
Deferred tax liabilities	24	11,214	14,365	-	-
		<u>90,437</u>	<u>113,937</u>	<u>29,818</u>	<u>57,357</u>
TOTAL LIABILITIES		<u>616,989</u>	<u>782,599</u>	<u>485,589</u>	<u>442,061</u>
Equity attributable to owners of the Company					
Share capital	27	238,321	238,321	238,321	238,321
Reverse acquisition reserve		(37,300)	(37,300)	-	-
Foreign currency translation reserve	28	(695)	(787)	-	-
Hedge reserve	29	-	(1,151)	-	-
Accumulated losses		(64,512)	(39,457)	(233,263)	(162,438)
		<u>135,814</u>	<u>159,626</u>	<u>5,058</u>	<u>75,883</u>
Non-controlling interests		<u>(3,433)</u>	<u>(2,115)</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY		<u>132,381</u>	<u>157,511</u>	<u>5,058</u>	<u>75,883</u>
TOTAL EQUITY AND LIABILITIES		<u>749,370</u>	<u>940,110</u>	<u>490,647</u>	<u>517,944</u>
Net assets		<u>132,381</u>	<u>157,511</u>	<u>5,058</u>	<u>75,883</u>
Net current liabilities		<u>(193,831)</u>	<u>(166,078)</u>	<u>(327,358)</u>	<u>(229,127)</u>

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

Statements of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to owners of the Company					
	Share capital (Note 27) RM'000	Reverse acquisition reserve RM'000	Foreign currency translation reserves (Note 28) RM'000	Hedge (accumulated reserve (Note 29) RM'000	Revenue reserves/ losses) attributable to owners of the Company RM'000	Non- controlling interests RM'000
						Total equity RM'000
2020						
Opening balance at 1 January 2020	238,321	(37,300)	(787)	(1,151)	(39,457)	157,511
Loss for the year	-	-	-	-	(25,172)	(26,447)
Other comprehensive income	-	-	92	1,151	-	1,272
Total comprehensive income	-	-	92	1,151	(25,172)	(25,175)
Transactions with owners	-	-	-	-	117	45
Dilution of interest in a subsidiary	-	-	-	-	117	(72)
Closing balance at 31 December 2020	238,321	(37,300)	(695)	-	135,814	132,381
2019						
Opening balance at 1 January 2019	238,321	(37,300)	(700)	(3,279)	46,079	242,130
Loss for the year	-	-	-	-	(85,536)	(86,636)
Other comprehensive income	-	-	(87)	2,128	-	2,017
Total comprehensive income	-	-	(87)	2,128	(85,536)	(84,619)
Closing balance at 31 December 2019	238,321	(37,300)	(787)	(1,151)	159,626	157,511

Statements of Changes in Equity

For the financial year ended 31 December 2020 (cont'd)

Company	Share capital (Note 27) RM'000	Accumulated losses RM'000	Total equity RM'000
2020			
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
2019			
Opening balance at 1 January 2019	238,321	(58,225)	180,096
Loss net of tax, representing total comprehensive income	-	(104,213)	(104,213)
Closing balance at 31 December 2019	238,321	(162,438)	75,883

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

Statements of Cash Flows

For the financial year ended 31 December 2020

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Operating activities					
Loss before tax		(26,454)	(80,384)	(70,825)	(104,213)
Adjustments for:					
Allowance for impairment loss on:					
- Trade receivables	8	2,364	1,730	-	-
- Other receivables	8	123	192	79,212	72,111
Bad debt written off	8	177	2,672	-	-
Depreciation of property, plant and equipment	9	17,620	20,871	94	126
Dividend income	4	-	-	(18,000)	-
Finance income from concessions financial assets	6	(5,308)	(5,158)	-	-
Gain on disposal of property, plant and equipment, net	6	(9)	(17,416)	-	(287)
Gain on disposal of asset held for sale	6	-	(715)	-	(715)
Gain on debt modification	6	(1,271)	-	-	-
Impairment of concessions financial assets	8	5,621	4,900	-	-
Impairment of investment in subsidiaries	8	-	-	-	16,388
Impairment of property, plant and equipment	8	-	58,000	-	-
Interest income	5	(686)	(1,294)	(12,226)	(14,632)
Interest expense	7	21,809	31,008	20,142	21,635
Inventories written down	9	434	1,658	-	-
Property, plant and equipment written off	9	302	1,318	-	-
Reversal of allowance for impairment loss of trade receivables	6	(496)	(548)	-	-
Unrealised gain on foreign exchange, net	9	(1,763)	(1,752)	-	-
Operating cash flows before working capital changes		12,463	15,082	(1,603)	(9,587)

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

Statements of Cash Flows

For the financial year ended 31 December 2020 (cont'd)

		Group		Company	
	Note	2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Changes in working capital:					
Decrease/(increase) in inventories		41,534	(18,891)	-	-
Decrease/(increase) in trade and other receivables		90,888	(51,115)	(51,880)	(42,305)
Increase in concessions financial assets		(2,511)	(4,612)	-	-
(Increase)/decrease in other current assets		(12,027)	19,822	(5,560)	11,864
(Decrease)/increase in trade and other payables		(81,776)	89,833	49,334	51,502
Total changes in working capital		36,108	35,037	(8,106)	21,061
Cash flows generated from operations		48,571	50,119	(9,709)	11,474
Interest paid		(21,809)	(31,008)	(20,142)	(18,450)
Real property gain tax paid		-	(2,848)	-	-
Tax paid, net of refund		(7,021)	(2,160)	-	1,147
Net cash flows from/(used in) operating activities		19,741	14,103	(29,851)	(5,829)
Investing activities					
Dividend received		-	-	18,000	-
Purchase of property, plant and equipment	14	(4,236)	(8,324)	(11)	(38)
Proceeds from disposal of property, plant and equipment		1,351	97,384	4	328
Proceeds from disposal of assets held for sale		-	2,906	-	2,906
Interest received		686	1,294	12,226	14,632
Net cash (used in)/from investing activities		(2,199)	93,260	30,219	17,828
Financing activities					
(Repayment)/drawdown from borrowings		(61,962)	(43,808)	1	(11,490)
Repayment of lease liabilities		(3,121)	(19,541)	-	-
Settlement of lease		-	(42)	-	-
(Decrease)/increase in cash and bank balances pledged for banks borrowings		(1,627)	14,704	-	-
Net cash (used in)/from financing activities		(66,710)	(48,687)	1	(11,490)
Net (decrease)/increase in cash and cash equivalents		(49,168)	58,676	369	509
Effect of exchange rate changes		(48)	(1,771)	-	-
Cash and cash equivalents at 1 January		84,184	27,279	101	(408)
Cash and cash equivalents at 31 December	21	34,968	84,184	470	101

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

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 16. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation and summary of significant accounting policies

2.1 Basis of preparation

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

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 year ended 31 December 2020, the Group and the Company incurred losses for the year of RM26.4 million (2019: RM86.6 million) and RM70.8 million (2019: RM104.2 million) respectively and as at that date the current liabilities of the Group and of the Company exceeded their current assets by RM193.8 million (2019: RM166.1 million) and RM327.4 million (2019: RM229.1 million) respectively.

On 11 December 2020, the Company and two of its subsidiaries have entered into several relevant agreements, including restructuring agreements ("RAs") with their respective lenders (the "Lenders") with mediation from the Corporate Debt Restructuring Committee ("CDRC") under the purview of Bank Negara Malaysia. The affecting Companies are in the midst of fulfilling the conditions under those agreements.

The Group is also currently in negotiation with the bankers (the "Bankers") of those subsidiaries discharged from the purview of the CDRC (the "Discharged Companies") to refinance their working capital facilities. Pending the completion of the refinancing arrangement, the Group relies on the Bankers to continue to make available the existing working capital facilities.

These 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.

As part of the restructuring scheme and to return to profitability, the Group plans to focus on earnings from their core business segment of manufacturing cables with targeting specialised transmission lines construction and related maintenance projects. The following are measures undertaken to address the going concern of the Group and of the Company:

- (a) In August 2019, the Company and certain of its subsidiaries sought and received approval from the CDRC for mediation with their Lenders. A Standstill Letter was issued by CDRC to the Lenders. On 19 December 2019 and 19 February 2021, the Company discharged several of its subsidiaries from CDRC's purview ("Discharged Companies"). The remaining companies under CDRC's purview are the Company, Aerial Power Lines Sdn. Bhd., and PT Inpolo Mitra Elektrindo (the "Affected Companies").

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.1 Basis of preparation (cont'd.)

On 11 December 2020, the Affected Companies have entered into several agreements, including the RAs with the respective Lenders to vary the terms of the borrowings and extending the tenure of the borrowings for up to 5 years commencing from the date of the RAs. These borrowings will be settled through future earnings, issuance of instruments and proceeds to be raised from disposal of identified assets. Those identified assets are to be disposed within a stipulated period of between 2 to 3 years. Upon fulfilling the conditions under those agreements, the tenure of these borrowings will be extended accordingly. At the reporting date, the borrowings due under RAs amounted to RM188.0 million (2019: RM191.2 million), of which RM117.5 million (2019: RM109.5 million) were classified as current liabilities.

- (b) The Group is in discussion with the Bankers of the Discharged Companies to refinance their current working capital facilities. At the reporting date, the working capital facilities utilised amounted to RM280.5 million (2019: RM343.0 million), of which RM278.3 million (2019: RM339.4 million) were classified as current liabilities. In addition, the Group has unencumbered land and buildings with a carrying amount of RM132.6 million (2019: RM 135.3 million) which are available to collateralise existing or new working capital facilities, if required.

In addition to the measures taken above, the Group plans to raise funds through private placements and issuance of convertible financial instruments. As disclosed in Note 39, the Group announced a proposed private placement of up to 95,115,000 new ordinary shares in the Company.

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 implementation of the aforementioned RAs, the continuing supports from the Bankers, Lenders and creditors, and the ability of the subsidiaries to generate sufficient cash flows to meet the obligations of the Group and of the Company. 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.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as disclosed below:

On 1 January 2020, the Group and the Company adopted the applicable new and amended MFRSs and Annual Improvements (collectively known as "pronouncements"), which are mandatory for annual financial periods beginning on or after 1 January 2020.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 4, Extension of the Temporary Exemption from Applying MFRS 9	Immediately

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

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

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
Amendments to MFRS 16: Covid-19-Related Rent Concessions	1 June 2020
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: Business Combinations Reference to Conceptual Framework	1 January 2022
Annual improvements to MFRS Standards 2018-2020 Cycle:	
(i) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
(ii) Amendments to MFRS 9: Financial Instruments	1 January 2022
(iii) Amendments to the MFRS 16: Illustrative Example 13, Leases	1 January 2022
(iv) Amendments to MFRS 141: Agriculture	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
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities As Current and Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between Investor and its Associates or Joint Venture	Deferred

The directors do not expect any material impact from the adoption of the above pronouncements in the period of initial application except as disclosed below:

Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current

The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendment must be applied retrospectively. The Group and the Company is currently the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

2.4 Basis of consolidation

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

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

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee; and

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.4 Basis of consolidation (cont'd.)

- (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 year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

Business combinations and goodwill

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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.4 Basis of consolidation (cont'd.)

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.

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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.6 Foreign currency (cont'd.)

(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 in terms of 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 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The costs 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.7 Property, plant and equipment (cont'd)

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.

2.8 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 estimates 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.8 Impairment of non-financial assets (cont'd)

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 years. 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.

2.9 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.9 Financial instruments (cont'd.)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

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.

At the reporting date, the Group and the Company do not have debt instruments at fair value through OCI.

(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.

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.

At the reporting date, the Group and the Company have not elected to classify any financial asset under this category.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.9 Financial instruments (cont'd.)

(a) Financial assets (cont'd)

Categories and subsequent measurement (cont'd.)

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

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

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 year ended 31 December 2020 (cont'd)

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

2.9 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.9 Financial instruments (cont'd.)

(b) Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

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

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.

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 statement 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 IFRS 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 consolidated statement 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.

2.10 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 year ended 31 December 2020 (cont'd)

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

2.11 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.

2.12 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.

2.13 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.

2.14 Employees benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised 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.

2.15 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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.15 Leases (cont'd).

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 year ended 31 December 2020 (cont'd)

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

2.15 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.

2.16 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) Revenue from provision of helicopter services

Revenue is measured at the fair value of the consideration received or receivable. Revenue from provision of helicopter services is recognised net of discount as at when services are performed. The normal credit term is 30 days upon billings.

(f) 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.

(g) 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 year ended 31 December 2020 (cont'd)

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

2.16 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).

2.17 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 income tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

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 year ended 31 December 2020 (cont'd)

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

2.17 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 year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

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

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 year ended 31 December 2020 (cont'd)

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

2.17 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.

2.18 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 40, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.19 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.

2.20 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.

2.21 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 year ended 31 December 2020 (cont'd)

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

2.21 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.

2.22 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

2.22 Fair value measurements (cont'd)

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.

2.23 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 years, 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 years. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

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.

2.24 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 years. The Grantor is obligated to purchase all the power produced over the 20 years. 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 2.9(a).

2.25 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 year ended 31 December 2020 (cont'd)

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

2.25 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 year ended 31 December 2020 (cont'd)

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

2.25 Derivative financial instruments and hedge accounting (cont'd)

Initial recognition and subsequent measurement (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 year that do not qualify for hedge accounting are directly recognised in profit or loss.

2.26 Current versus non-current classification

The Group and the Company presents assets and liabilities in the statement 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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

3.1 Significant judgements made in applying accounting policies (cont'd.)

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.

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 year 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 year, the Group carried out impairment tests on the carrying value of their property, plant and equipment, including a helicopter which was idle and certain manufacturing plants. The carrying amount of these manufacturing plants may be impaired due to continuous operating losses incurred during the financial year.

The fair value less cost to sell of a helicopter was derived from a valuation performed by an external helicopter valuer. The Group has recognised impairment loss of RM58,000,000 on this helicopter in the financial year ended 31 December 2019, based on its recoverable amount of RM32,720,000 using fair value less costs to sell.

The fair value less cost to sell of the manufacturing plants were derived based on valuation 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 concession financial assets

The Group performed impairment assessment on concession financial assets under the requirements of MFRS 9. The outcome of impairment assessment is heavily dependent on the ability of the Group to complete and commission the mini hydro power plant within approved timeline and achieve the expected annual production energy.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

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

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

(c) Impairment assessment of concession financial assets (cont'd.)

At the reporting date, the carrying value of the concession financial asset stood at RM99.0 million (2019: RM99.9 million). The Group has recognised impairment of RM5,621,000 (2019: RM4,900,000) during the financial year. Management is of the opinion that the mini hydro plant will be completed by June 2021. Currently, the Group has obtained extension of time from PLN to complete the construction of the mini hydro plant by 31 July 2021. Management will endeavour to meet this timeline to avoid any imposition of penalties.

In the event the mini hydro power plant could not be completed within the planned timeframe and no further extension of time for completion is granted by the grantor, penalties may be imposed by the grantor and further impairment could arise due to the delay in commissioning the mini hydro power plant.

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

The Group and the Company uses 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 year 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.

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 35.

(e) Provision for expected credit losses of other receivables including amount due from subsidiaries

For the other receivables including amount due from subsidiaries, the Group and the Company has provided lifetime ECL if there is significant increase in credit risk. At the reporting date, the Company has gross amount due from subsidiaries amounted to RM207.5 million (2019: RM150.3 million) which are involved in provision of helicopter services and transmission lines construction. The Company recorded ECL of RM79.2 million (2019: RM72.1 million) during the current financial year. Significant judgment and estimates are involved in the forecasting of these future cash flows.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

4. Revenue from contracts with customers

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers	603,705	782,959	34,194	25,732
Revenue from other sources:				
- Dividend income from subsidiaries	-	-	18,000	-
- Management fee from subsidiaries	-	-	5,340	6,155
- Rental of helicopters	-	4,869	-	-
- Interest income from lease receivables	3,956	5,700	-	-
	3,956	10,569	23,340	6,155
Total revenue	607,661	793,528	57,534	31,887

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Sales of cable and wire	540,807	696,561	-	59
Sales of galvanised products and steel structures	14,693	17,809	-	-
Transmission lines construction contracts	45,694*	63,977*	34,194	25,673
Revenue from construction of power plant (Note 26)	2,511	4,612	-	-
Total revenue from contracts with customers	603,705	782,959	34,194	25,732
Timing of revenue recognition				
At point in time	555,500	714,370	-	59
Over time	48,205	68,589	34,194	25,673
Total revenue from contracts with customer	603,705	782,959	34,194	25,732

* In 2019, the Group made a provision for liquidated ascertained damages amounting to RM14,121,000 in respect of two of its transmission line projects, which is a variable consideration and thus presented as reduction in revenue.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (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 December are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Within one year	184,089	68,349	20,327	44,831
More than one year	29,457	-	-	-

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

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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

5. Interest income

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income from financial assets:				
Short term deposits with licensed banks	613	578	31	94
Advances to subsidiaries	-	-	12,195	14,538
Others	73	716	-	-
	<u>686</u>	<u>1,294</u>	<u>12,226</u>	<u>14,632</u>

6. Other income

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Finance income on concession financial assets (Note 26)	5,308	5,158	-	-
Insurance claims	138	31	-	-
Miscellaneous income	903	2,931	5	-
Net gain on disposal of property, plant and equipment	9	17,416	-	287
Gain on disposal of asset held for sale	-	715	-	715
Gain on debt modification	1,271	-	-	-
Realised gain on foreign exchange	2	17	-	-
Rental income	575	1,602	-	51
Reversal of allowance for impairment loss on trade receivables (Note 35)	496	548	-	-
	<u>8,702</u>	<u>28,418</u>	<u>5</u>	<u>1,053</u>

7. Finance costs

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expense on financial liabilities:				
Term loans and bank overdraft	6,149	7,363	3,100	3,672
Revolving credits	2,607	4,012	1,514	2,662
Bankers' acceptances	11,023	15,136	763	285
Loans from subsidiaries	-	-	14,201	14,360
Lease liabilities (Note 22)	270	1,605	-	-
Flexi loan, trust receipt, export financing	1,245	2,348	564	589
Amortisation of transaction cost	-	179	-	67
Others	515	365	-	-
Total finance costs	<u>21,809</u>	<u>31,008</u>	<u>20,142</u>	<u>21,635</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

8. Other expenses

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Allowances for impairment loss on:				
- Trade receivables (Note 35)	2,364	1,730	-	-
- Other receivables (Note 35)	123	192	79,212	72,111
Bad debts written off	177	2,672	-	-
Impairment of concessions financial assets (Note 26)	5,621	4,900	-	-
Impairment of investment in a subsidiary	-	-	-	16,388
Impairment of property, plant and equipment	-	58,000	-	-
Realised loss on foreign exchange	821	160	-	-
Unrealised gain on foreign exchange	(1,923)	(1,995)	-	-
Others	842	1,953	-	-
	<u>8,025</u>	<u>67,612</u>	<u>79,212</u>	<u>88,499</u>

9. Loss before tax

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
- statutory audits	403	411	74	69
- Overprovision in previous year	(19)	(2)	-	-
- other services	17	68	17	68
Depreciation of property, plant and equipment (Note 14)	17,620	20,871	94	126
Expense relating to leases:				
- short term (Note 22)	1,918	3,356	-	-
- low value (Note 22)	271	207	-	-
Inventories written down	434	1,658	-	-
Property, plant and equipment written off	302	1,318	-	-
Realised loss/(gain) on foreign exchange	472	(70)	-	-
Rental expense	-	-	-	-
Unrealised gain on foreign exchange, net	(1,763)	(1,752)	-	-

10. Employee benefits expense

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Salaries, wages and bonuses	51,676	60,090	5,539	6,405
Contributions to defined contribution plan	6,220	7,528	773	900
Social security contributions	373	681	18	23
Other benefits	1,527	1,839	80	75
	<u>59,796</u>	<u>70,138</u>	<u>6,410</u>	<u>7,403</u>
Less: Capitalised in contract assets (Note 18)	(2,333)	(3,474)	(282)	(378)
	<u>57,463</u>	<u>66,664</u>	<u>6,128</u>	<u>7,025</u>

Included in employee benefits expense of the Group and of the Company are executive director's remunerations amounting to RM2,223,000 (2019: RM1,909,000) and RM1,263,000 (2019: RM1,345,000) respectively as further disclosed in Note 11.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

11. Directors' remuneration

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	1,108	1,180	1,108	1,180
Contributions to defined contribution plan	155	165	155	165
Estimated money value of benefits-in-kind	1	1	1	1
Total executive directors' remuneration	1,264	1,346	1,264	1,346
Non-executive:				
Fees	1,196	1,275	1,087	1,168
Other emoluments	57	64	57	64
Total non-executive directors' remuneration	1,253	1,339	1,144	1,232
Total directors' remuneration including benefits-in-kind	2,517	2,685	2,408	2,578
Directors of subsidiaries				
Executive:				
Salaries and other emoluments	844	495	-	-
Contributions to defined contribution plan	116	69	-	-
Total executive directors' remuneration	960	564	-	-
Non-executive:				
Fees	83	94	-	-
Total non-executive directors' remuneration	83	94	-	-
Total directors' remuneration	1,043	658	-	-
Estimated money value of benefits-in-kind	31	31	-	-
Total directors' remuneration including benefits-in-kind	1,074	689	-	-
Total directors' remuneration (Note 31(b))	3,591	3,374	2,408	2,578

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2020 and 2019 are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Statements of profit or loss and other comprehensive income:				
Current income tax:				
- Based on results for the year	3,627	8,440	-	-
- Overprovision in respect of previous years	(32)	(3,336)	-	-
	<u>3,595</u>	<u>5,104</u>	<u>-</u>	<u>-</u>
Deferred income tax (Note 24):				
- Origination and reversal of temporary differences	(4,121)	(3,130)	-	-
- Underprovision in respect of previous years	547	878	-	-
	<u>(3,574)</u>	<u>(2,252)</u>	<u>-</u>	<u>-</u>
Real property gain tax	(28)	3,400	-	-
Income tax expense recognised in profit or loss	<u>(7)</u>	<u>6,252</u>	<u>-</u>	<u>-</u>

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Accounting loss before tax	<u>(26,454)</u>	<u>(80,384)</u>	<u>(70,825)</u>	<u>(104,213)</u>
Tax at Malaysian statutory tax rate 24% (2019: 24%)	(6,349)	(19,292)	(16,998)	(25,011)
Adjustments:				
Income not subject to tax	(1,169)	(9,592)	(5,461)	(1,142)
Effect of different tax rates	(66)	(259)	-	-
Effect of non-deductible expenses	1,707	5,620	19,030	21,263
Utilisation of previously unrecognised tax losses	(23)	(44)	-	-
Underprovision of deferred tax in respect of previous years	547	878	-	-
Overprovision of income tax in respect of previous years	(32)	(3,336)	-	-
Deferred tax assets not recognised on unabsorbed tax losses and unutilised capital allowances	5,406	28,877	3,429	4,890
Real property gain tax	(28)	3,400	-	-
Income tax expense recognised in profit or loss	<u>(7)</u>	<u>6,252</u>	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

12. Income tax expense (cont'd.)

Income tax is calculated at the Malaysian statutory rate of 24% (2019: 24%) of the estimated assessable profit for the year.

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	150,303	129,056	36,110	23,421
Unabsorbed capital allowance	134,232	127,550	560	474
Unutilised export allowances	202,565	202,607	-	-
Others	1,915	402	1,915	402
	<u>489,015</u>	<u>459,615</u>	<u>38,585</u>	<u>24,297</u>

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 year of assessment:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses to be carried forward until:				
- Year of assessment 2025	92,765	92,862	4,671	4,671
- Year of assessment 2026	34,314	36,194	18,750	18,750
- Year of assessment 2027	23,224	-	12,689	-
	<u>150,303</u>	<u>129,056</u>	<u>36,110</u>	<u>23,421</u>

13. Loss per share

Basic and Diluted Loss Per Share

Basic loss per share amounts are calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share amounts are calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares. The Company do not have any dilutive instruments as at reporting date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

	Group	
	2020	2019
Loss net of tax attributable to owners of the Company	<u>(25,172)</u>	<u>(85,536)</u>
Weighted average number of ordinary shares in issue ('000)	<u>317,050</u>	<u>317,050</u>
Basic loss per share (sen per ordinary share)	<u>(7.94)</u>	<u>(26.98)</u>

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

14. Property, plant and equipment

Group	*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
Cost									
At 1 January 2019	207,528	11,996	344,771	160,161	3,373	78,478	918	71	807,296
Additions	1,652	188	6,108	-	42	1,556	3	146	9,695
Disposals	(36,000)	(3,775)	(800)	(56,824)	(95)	(806)	-	-	(98,300)
Written off	-	-	(2,315)	-	-	(305)	-	-	(2,620)
Reclassification	-	-	64	-	-	-	-	(64)	-
At 31 December 2019	173,180	8,409	347,828	103,337	3,320	78,923	921	153	716,071
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

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd.)

14. 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 2019	20,897	10,613	268,439	20,766	2,953	58,922	296	-	382,886
Depreciation charge for the year	3,620	390	8,760	4,909	147	3,707	60	-	21,593
Recognised in profit or loss (Note 9)	3,620	308	8,183	4,909	94	3,697	60	-	20,871
Capitalised in contract assets (Note 18)	-	82	577	-	53	10	-	-	722
Written off	-	-	(1,138)	-	-	(164)	-	-	(1,302)
Disposal	(911)	(3,600)	(499)	(13,057)	(83)	(182)	-	-	(18,332)
Impairment	-	-	-	58,000	-	-	-	-	58,000
At 31 December 2019	23,606	7,403	275,562	70,618	3,017	62,283	356	-	442,845

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

14. 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.)									
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 18)	-	42	24	-	47	11	-	-	124
Disposal Written off	-	(1,261)	(1,985)	-	(99)	(35)	-	-	(3,380)
	-	(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
Net carrying amount									
At 31 December 2019	149,574	1,006	72,266	32,719	303	16,640	565	153	273,226
At 31 December 2020	146,386	1,035	63,212	29,278	261	15,100	531	2,271	258,074

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

14. 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 2019	76,800	17,266	113,462	207,528
Addition	-	-	1,652	1,652
Disposal	(27,000)	-	(9,000)	(36,000)
At 31 December 2019	49,800	17,266	106,114	173,180
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
Accumulated depreciation				
At 1 January 2019	-	4,220	16,677	20,897
Depreciation charge for the year	-	468	3,152	3,620
Disposal	-	-	(911)	(911)
At 31 December 2019	-	4,688	18,918	23,606
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
Net carrying amount				
At 31 December 2019	49,800	12,578	87,196	149,574
At 31 December 2020	49,800	12,110	84,476	146,386

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

14. 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 2019	1,497	487	281	132	2,397
Additions	-	23	12	3	38
Disposal	(1,064)	(6)	-	-	(1,070)
At 31 December 2019	433	504	293	135	1,365
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
Accumulated depreciation					
At 1 January 2019	1,222	303	211	106	1,842
Depreciation during the year	52	69	38	20	179
Recognised in profit or loss (Note 9)	52	22	32	20	126
Capitalised in contract assets (Note 18)	-	47	6	-	53
Disposal	(1,023)	(6)	-	-	(1,029)
At 31 December 2019	251	366	249	126	992
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 18)	-	41	5	-	46
Disposal	-	(3)	-	-	(3)
At 31 December 2020	301	426	271	131	1,129
Net carrying amount					
At 31 December 2019	182	138	44	9	373
At 31 December 2020	132	78	26	4	240

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

14. Property, plant and equipment (cont'd.)

(a) Acquisition of property, plant and equipment

Acquisition of property, plant and equipment during the financial year were made by the following means:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash	4,236	8,324	11	38
Lease arrangements	-	1,371	-	-
	<u>4,236</u>	<u>9,695</u>	<u>11</u>	<u>38</u>

(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 22 are as follows:

	Group	
	2020	2019
Helicopters	29,278	32,720
Land and buildings	13,746	14,240
Others	3,269	4,307
	<u>46,293</u>	<u>51,267</u>

(c) Land

The short-term leasehold land of the Group includes a leasehold land with net carrying amount of RM489,000 (2019: RM507,000) of which the legal title is still in process of being registered under the name of one of the subsidiary of the Company.

(d) Impairment of property, plant and equipment - Helicopter

In 2019, the Group performed a review of the recoverable amount of its property, plant and equipment, including an idle helicopter which resulted in an impairment loss of RM58,000,000. The recoverable amount of this helicopter was based on its fair value less costs to sell of RM32,720,000.

The fair value of helicopter was derived from a valuation performed by an independent helicopter valuer, who is also a dealer. The main inputs used in the valuation were resale value of similar helicopters published by a leading valuer in helicopter appraisal and adjusted for current market environments and the level of usage of the helicopter. The fair value measurement is categorized as a level 3 fair value based on inputs in the valuation technique used. On 2 April 2021, the Group entered into an agreement to dispose off the idle helicopter for an amount of RM35,216,000. The Group estimates costs to sell the helicopter at RM2,091,000.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

14. Property, plant and equipment (cont'd.)

(e) 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 2019	13,046	899	4,995	-	18,940
Addition	-	149	-	1,236	1,385
Depreciation charge for the year (Note 22)	(468)	(275)	(261)	(155)	(1,159)
Disposal	-	(62)	-	-	(62)
At 31 December 2019	12,578	711	4,734	1,081	19,104
At 1 January 2020	12,578	711	4,734	1,081	19,104
Depreciation charge for the year (Note 22)	(468)	(270)	(261)	(205)	(1,204)
Disposal	-	(147)	-	-	(147)
At 31 December 2020	12,110	294	4,473	876	17,753

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 leases.

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:

31 December 2020

	Buildings	Leasehold land	Motor vehicle	Plant and Machinery
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	-	-	-

31 December 2019

	Buildings	Leasehold land	Motor vehicle	Plant and Machinery
No. of right-of-use asset leased	1	6	5	2
No. of leases with extension option	1	-	-	-
No. of leases with termination option	1	-	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

15. Intangible assets

Group	Customers contracts RM'000	Power purchase agreement RM'000	Total RM'000
Cost			
At 1 January 2019/2020 and 31 December 2019/2020	9,917	2,510	12,427
Accumulated amortisation			
At 1 January 2019/2020 and 31 December 2019/2020	9,917	-	9,917
Net carrying amount			
At 31 December 2020	-	2,510	2,510
At 31 December 2019	-	2,510	2,510

Amortisation of the power purchase agreement will commence on the commissioning of the mini hydro power plant project referred to in Note 26.

16. Investment in subsidiaries

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	465,652	465,652
Accumulated impairment losses	(110,388)	(110,388)
	355,264	355,264

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership held by the Group β		% of ownership held by non-controlling interest β	
			2020	2019	2020	2019
			%	%	%	%
Held by the Company:						
Universal Cable (Sarawak) Sdn. Bhd. ("UCS") *	Malaysia	Manufacture and sale of power cables and wires	100	100	-	-
Sarawak Guardrails Sdn. Bhd. *	Malaysia	Dormant	100	100	-	-
Sarwaja Timur Sdn. Bhd.*	Malaysia	Manufacturing, fabrication, galvanising and sale of steel structures	100	100	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

16. 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	
			2020 %	2019 %	2020 %	2019 %
Held by the Company: (cont'd.)						
Trenergy Infrastructure Sdn. Bhd. ("TISB") (formerly known as SCB Power Transmission Sdn. Bhd.)*	Malaysia	General contractors and infrastructure development	100	100	-	-
PT Inpolo Mitra Elektrindo +	Indonesia	Designing, financing construction of independent and mini hydro power plant	78	78	22	22
Aerial Power Lines Sdn. Bhd.*("APLSB")	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. (formerly known as SCB Enterprise Sdn Bhd) *	Malaysia	Undertaking engineering and construction projects	55	-	45	-
Subsidiary of Sarwaja Timur Sdn Bhd:						
SCMI Sdn. Bhd. (formerly known as SCB Enterprise Sdn Bhd) *	Malaysia	Undertaking engineering and construction projects	-	100	-	-

* Audited by Ernst & Young PLT, Malaysia

+ Audited by a firm other than Ernst & Young PLT

β equal to proportion of voting rights held

- (a) Investments in subsidiaries with a carrying amount of RM205,806,000 (2019: RM205,806,000) are pledged as securities for the borrowings as referred in Note 22.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

16. Investment in subsidiaries (cont'd.)

- (b) In 2019, the Company has impaired the carrying value of its interest in UCS by RM16,388,000 due to low profitability generated by the subsidiary. The recoverable amount of RM91,412,000 was based on its value in use. In determining the value in use, the net cash inflows generated was discounted at a pre-tax rate of 10%.
- (c) In 2019, the Company has impaired the carrying value of its entire interest in APLSB and TISB due to continuing operating losses sustained.
- (d) During the financial year, a subsidiary of the Company, Sarwaja Timur Sdn. Bhd. had disposed its 55% equity interest in SCMI Sdn. Bhd. (formerly known as SCB Enterprise Sdn. Bhd.) to the Company at cash consideration of RM55,000 and the remaining 45% equity interest to a third party at cash consideration of RM45,000. As the disposal do not result the Group losing control over SCMI Sdn. Bhd. (formerly known as SCB Enterprise Sdn. Bhd.), the changes in the Group's ownership interest are accounted in equity as follows:

	RM'000
Consideration received	45
Decrease in equity attributable to non-controlling interest	72
	<hr/>
Increase in equity attributable to equity holders of the Company	117
	<hr/>

(e) Non-controlling interests in subsidiary

PT Inpolo Mitra Electrindo is the Group's sole subsidiary with material non-controlling interest as follows:

	2020 RM'000	2019 RM'000
NCI percentage of ownership interest	21.67%	21.67%
Carrying value of NCI	(3,366)	(2,115)
Loss allocated to NCI	(1,275)	(1,100)
	<hr/>	<hr/>

Summarised financial information before intragroup elimination

Summarised financial information of PT Inpolo Mitra Electrindo which have non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests in respect of SCMI Sdn. Bhd. (formerly known SCB Enterprise Sdn. Bhd.) is not material to the Group.

(i) Summarised Statements of Financial Position

	2020 RM'000	2019 RM'000
Non-current assets	99,051	103,657
Current assets	6,661	3,064
	<hr/>	<hr/>
Total assets	105,712	106,721
	<hr/>	<hr/>
Non-current liabilities	11,733	12,645
Current liabilities	103,949	98,281
	<hr/>	<hr/>
Total liabilities	115,682	110,926
	<hr/>	<hr/>
Net liabilities	(9,970)	(4,205)
	<hr/>	<hr/>
Equity attributable to owners of the Company		
Non-controlling interests	(3,366)	(2,115)
	<hr/>	<hr/>

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

16. Investment in subsidiaries (cont'd.)

Summarised financial information before intragroup elimination (cont'd.)

(ii) Summarised Statements of Profit or Loss and Other Comprehensive Income

	2020 RM'000	2019 RM'000
Revenue	2,511	4,612
Loss for the year	(5,883)	(5,075)
Loss attributable to owners of the Company	(4,608)	(3,975)
Loss attributable to the non-controlling interests	(1,275)	(1,100)

(iii) Summarised Cash Flows

Net cash from operating activities	8,164	1,899
Net cash used in investing activities	(7,973)	(9,814)
Net cash from financing activities	-	7,815
Net increase/(decrease) in cash and cash equivalents	191	(100)
Cash and cash equivalents at beginning of the year	94	194
Cash and cash equivalents at end of the year	285	94

17. Inventories

	2020 RM'000	Group 2019 RM'000
At cost		
Raw materials	25,884	44,911
Work-in-progress	30,204	34,645
Finished goods	30,987	47,810
Consumables	9,068	10,378
Stock in transit	2,542	2,910
	98,685	140,654

During the financial year, inventories recognised as cost of sales of the Group amounted to RM599,074,000 (2019: RM721,187,000).

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

18. Contract assets/liabilities

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
At 1 January	(22,689)	(5,508)	(7,792)	2,746
Revenue recognised during the year	45,682	61,538	34,182	23,234
Progress billings	(38,946)	(78,719)	(28,375)	(33,772)
At 31 December	(15,953)	(22,689)	(1,985)	(7,792)
Presented as:				
Contract assets	3	1,965	-	-
Contract liabilities	(15,956)	(24,654)	(1,985)	(7,792)
	(15,953)	(22,689)	(1,985)	(7,792)
The costs incurred to date on contract assets/liabilities include the following charges during the financial year:				
Expenses relating to short term lease (Note 22)	206	652	16	10
Employee benefits expense (Note 10)	2,333	3,474	282	378
Depreciation of property, plant and equipment (Note 14)	124	722	46	53

19. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current				
Trade receivables				
Third parties	145,203	232,238	2,929	23,753
Retention sums on contracts	13,823	16,398	9,004	9,004
Amounts due from related parties	893	2,499	-	-
Lease receivables	8,573	3,743	-	-
	168,492	254,878	11,933	32,757
Less: Allowance for expected credit loss ("ECL") impairment	(6,805)	(12,313)	-	-
Trade receivables, net	161,687	242,565	11,933	32,757
Other receivables				
Refundable deposits	1,160	2,096	18	18
Other receivables	10,787	5,594	5,958	6
Amounts due from subsidiaries	-	-	299,487	232,735
Other receivables, net	11,947	7,690	305,463	232,759
Less: Allowance for ECL/impairment	(1,991)	(1,868)	(191,572)	(112,360)
	9,956	5,822	113,891	120,399
Total trade and other receivables (current)	171,643	248,387	125,824	153,156

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

19. Trade and other receivables (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Non-current				
Trade receivables				
Retention sum on contracts	14,160	10,590	6,730	6,730
Lease receivables	6,352	14,925	-	-
Trade receivables	20,512	25,515	6,730	6,730
Total trade and other receivables	192,155	273,902	132,554	159,886

(a) Trade receivables

(i) Lease receivables

Lease receivables consist of the following:

	Gross receivables	Unearned interest	Net receivables
Group	RM'000	RM'000	RM'000
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
2019			
Less than 1 year	7,401	(3,658)	3,743
Between 1 and 5 years	19,409	(4,484)	14,925
	26,810	(8,142)	18,668

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, bear interest at rates ranging from 4.19% to 6.19% (2019: 5.10% to 7.04%) per annum and are receivable on demand.

Further details on related party transactions are disclosed in Note 31.

(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 31.

(d) Credit risk disclosures

Information on credit risks is disclosed in Note 35.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

20. Other current assets

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Prepayments	11,374	15,547	121	323
Down payment to suppliers	-	536	-	-
Advance payment to subcontractors	313	476	-	-
GST Refundable	15	206	-	-
	<u>11,702</u>	<u>16,765</u>	<u>121</u>	<u>323</u>

21. Cash and bank balances

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash in hand and at banks	27,500	26,146	2,468	2,098
Deposits with licensed banks	15,000	63,984	-	-
Cash and bank balances	<u>42,500</u>	<u>90,130</u>	<u>2,468</u>	<u>2,098</u>

- (a) Cash at bank of the Group amounting to RM2,034,000 (2019: RM2,034,000) are placed in a designated account for the purpose of repayment obligation in relation to the Group's borrowing as referred in Note 22.
- (b) Deposits with licensed banks of the Group amounting to RM3,500,000 (2019: RM1,873,000) are pledged to banks for borrowings granted as referred to in Note 22 and guarantee deposit for the power purchase agreement granted to a subsidiary.
- (c) The weighted average effective interest rates for the deposits at the reporting date for the Group ranged from 0.40% to 2.09% (2019: 0.40% to 3.52%) per annum with an average maturity of 1 month (2019: 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	42,500	90,130	2,468	2,098
Less: Bank overdrafts (Note 22)	(1,998)	(2,039)	(1,998)	(1,997)
Cash restricted for repayment	(2,034)	(2,034)	-	-
Deposits pledged	(3,500)	(1,873)	-	-
Cash and cash equivalents	<u>34,968</u>	<u>84,184</u>	<u>470</u>	<u>101</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

22. Loans and borrowings

		Group		Company	
	Maturity	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Unsecured:					
Bankers' acceptances	2021/2020	256,652	313,242	8,687	8,687
Revolving credits	2021/2020	64,950	65,950	44,450	44,450
Trust receipts/foreign currency trade loan/ export credit financing	2021/2020	5,751	5,291	-	-
Invoice financing-i	2021/2020	612	197	-	-
Term loans	2021/2020	-	2,700	-	-
Flexi term financing-i	2021/2020	5,472	5,472	5,472	5,472
Bank overdrafts (Note 21)	2021/2020	1,998	1,997	1,998	1,997
Cash line facility-i	2021/2020	-	4,113	-	-
		<u>335,435</u>	<u>398,962</u>	<u>60,607</u>	<u>60,606</u>
Secured:					
Term loan	2021/2020	23,179	29,703	-	-
Bankers' acceptances	2021/2020	764	1,904	-	-
Revolving credits	2021/2020	2,000	2,000	-	-
Lease liabilities	2021/2020	1,325	3,002	-	-
Bank overdrafts (Note 21)	2020	-	42	-	-
Flexi term financing-i	2021/2020	33,104	13,220	33,104	13,220
		<u>60,372</u>	<u>49,871</u>	<u>33,104</u>	<u>13,220</u>
Total current loans and borrowings		<u>395,807</u>	<u>448,833</u>	<u>93,711</u>	<u>73,826</u>
Non-current					
Secured:					
Flexi term financing-i	2022-2025/2021-2024	23,283	43,167	23,283	43,167
Lease liabilities	2022-2024/2021-2024	2,168	3,612	-	-
Term loan	2022-2024/2021-2023	47,230	38,596	-	-
Total non-current loans and borrowings		<u>72,681</u>	<u>85,375</u>	<u>23,283</u>	<u>43,167</u>
Total loans and borrowings		<u>468,488</u>	<u>534,208</u>	<u>116,994</u>	<u>116,993</u>

Included in loans and borrowings are amounts denominated in foreign currency as follows:

	Group	
	2020 USD'000	2019 USD'000
USD	<u>5,619</u>	<u>6,882</u>

Other information on financial risks of borrowing are disclosed in Note 35.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

22. Loans and borrowings (cont'd.)

The remaining maturities of the loans and borrowings at the reporting date are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
On demand or within 1 year	395,807	448,833	93,711	73,826
More than 1 year and less than 2 years	40,481	37,256	13,293	13,249
More than 2 years and less than 5 years	32,200	48,119	9,990	29,918
	<u>468,488</u>	<u>534,208</u>	<u>116,994</u>	<u>116,993</u>

(a) Bankers' acceptances and revolving credit

The bankers' acceptances and revolving credit are secured by:

- (i) first legal charge over the land as referred in Note 14;
- (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 21.

(b) Term loans

A term loan of the Group amounting to RM47,742,000 (2019: RM45,257,000) are secured by:

- (i) Mortgage over the helicopter as referred in Note 14.
- (ii) Corporate guarantee from the Company.
- (iii) Assignment of project account.

A term loan of the Group amounting to RM22,667,000 (2019: RM23,042,000) are secured by:

- (i) Specific debenture covering fixed and floating charge over present and future assets which relating to a mini hydro power plant as referred in Note 26.
- (ii) Deed of Assignment over the rights and interest of Power Purchase Agreement owned by its subsidiary as referred in Note 26.
- (iii) Deposit with licensed bank as referred in Note 21.
- (iv) Assignment of escrow accounts maintained with the bank.

(c) Flexi term financing-i

The flexi term financing-i of the Group and of the Company amounting to RM56,387,000 (2019: RM56,387,000) is secured by 100% equity interest in both subsidiaries, Universal Cable (M) Berhad and Leader Cable Industry Berhad as referred in Note 16.

(d) Bank overdrafts and revolving credits

The overdrafts and certain revolving credits of the Company amounted to RM29,998,212 (2019: RM29,997,050) 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 year ended 31 December 2020 (cont'd)

22. Loans and borrowings (cont'd.)

(f) Lease liabilities

The movement of lease liabilities during the financial year is as follows:

	Group	
	2020 RM'000	2019 RM'000
At 1 January	6,614	-
Effect of adoption of MFRS 16	-	24,826
Settlement of lease	-	(42)
Acquisition of new lease	-	1,371
Interest charged (Note 7)	270	1,605
Payment of:		
- principal	(3,121)	(19,541)
- interest	(270)	(1,605)
At 31 December	3,493	6,614
Analysed as follows:		
Current	1,325	3,002
Non-current	2,168	3,612
Total lease liabilities	3,493	6,614
The following are:		
	2020 RM'000	2019 RM'000
Amounts recognised in profit or loss:		
Depreciation of right-of-use assets (Note 14)	1,204	1,159
Interest expense on lease liabilities (Note 7)	270	1,605
Expenses relating to short term leases (Note 9)	1,918	3,356
Expenses relating to low value assets (Note 9)	271	207
Amounts capitalised in contract assets:		
Expenses relating to short term leases (Note 18)	206	652

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

22. Loans and borrowings (cont'd.)

(f) Lease liabilities (cont'd.)

During the year, the Group had total cash outflow for leases amounted to RM5,580,000 (2019: RM24,709,000).

Certain lease liabilities with carrying amount of RM 4,767,000 (2019: RM 5,445,000) were secured by a charge over the leased assets (Note 14).

There were no leases with residual value guarantee or leases not yet commenced to which the Group and the Company is committed.

Changes in liabilities arising from financing activities

	Group			Company
	Loans and borrowings	Finance lease payables	Total	Loans and borrowings
	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	575,799	19,699	595,498	128,456
Effect of adoption of MFRS 16	19,699	(19,699)	-	-
Repayment of lease liabilities	(19,541)	-	(19,541)	-
Cash flows	(43,808)	-	(43,808)	(11,490)
Foreign exchange movement	703	-	703	-
Acquisition of new lease	1,371	-	1,371	-
Settlement of lease	(42)	-	(42)	-
Others	27	-	27	27
At 1 January 2020	534,208	-	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 31 December 2020	468,488	-	468,488	116,994

The interest rates of these borrowings at the reporting date are as follows:

	Group		Company	
	2020	2019	2020	2019
	%	%	%	%
Bankers' acceptances	1.45-6.51	3.78-5.59	-	-
Revolving credits	3.23-9.45	4.62-6.05	5.83-9.45	5.67-6.05
Term loans	4.18	5.72-6.95	-	-
Foreign currency trade loan	1.71-3.06	2.84-3.84	-	-
Flexi term financing-i	4.09	6.05	4.09	6.05
Flexi financing trade loan	5.50-5.81	5.50-6.15	5.50-5.81	5.50-5.81
Invoice financing-i	6.51	5.89	-	-
Cash line financing-i	4.97	5.76	-	-
Bank overdrafts	7.25	7.06-7.45	7.25	7.06
Export credit financing	-	2.95-5.05	-	-
Lease liabilities	4.37-6.09	4.37-5.70	-	-

As disclosed in Note 2.1, on 19 December 2019, several of subsidiaries namely, Leader Cable Industries Berhad, Universal Cable (M) Berhad, Universal Cable (Sarawak) Sdn. Bhd., Sarwaja Timur Sdn. Bhd. were discharged from CDRC's purview. The bankers and these subsidiaries are currently in negotiation to refinance their working capital facilities. Pending the completion of the refinancing arrangement, these subsidiaries rely on the bankers to continue to make available the existing working capital facilities.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

22. Loans and borrowings (cont'd.)

On 11 December 2020, the Company and the subsidiaries under the purview of CDRC ("Affected Companies") have entered into several relevant agreements, including restructuring agreements ("RAs") with their respective lenders with mediation from CDRC to vary the terms of the borrowing facilities and extending the tenure of the borrowing facilities up to 5 years commencing from the date of the RAs. The Affected Companies are in the midst of fulfilling the conditions under those agreements. The borrowings facilities are anticipated to be settled from future earnings from the subsidiaries, issuance of instruments by the Company and proceeds from disposals of certain identified assets of the Group.

23. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Current				
Trade payables				
Third parties	48,028	90,741	8,844	17,679
Retention sums on contracts	7,655	-	7,655	-
Amount due to related parties	11,527	21,121	-	-
	<u>67,210</u>	<u>111,862</u>	<u>16,499</u>	<u>17,679</u>
Other payables				
Accrued operating expenses	20,577	20,101	9,992	5,236
Other payables	19,306	49,893	1,017	1,108
Amounts due to subsidiaries	-	-	332,567	279,063
Real property gain tax payable	-	552	-	-
Sales tax payable	7,129	10,764	-	-
	<u>47,012</u>	<u>81,310</u>	<u>343,576</u>	<u>285,407</u>
Total trade and other payables (current)	<u>114,222</u>	<u>193,172</u>	<u>360,075</u>	<u>303,086</u>
Non-current				
Trade payables				
Retention sum on contracts	6,542	14,197	6,535	14,190
Total trade and other payables	<u>120,764</u>	<u>207,369</u>	<u>366,610</u>	<u>317,276</u>

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 120 days (2019: 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 31.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

23. Trade and other payables (cont'd.)

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 day (2019: 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 5.06% to 5.62% (2019: 5.62% to 6.03%) per annum and are payable on demand.

Further details on related party transactions are disclosed in Note 31.

24. Deferred tax

Group

	2020 RM'000	2019 RM'000
At 1 January	(22,047)	(20,514)
Recognised in profit or loss (Note 12)	(3,574)	(2,252)
Recognised in other comprehensive income	361	672
Exchange differences	(34)	47
At 31 December	(25,294)	(22,047)

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	
	2020 RM'000	2019 RM'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	(36,508)	(36,412)
Deferred tax liabilities	11,214	14,365
	(25,294)	(22,047)

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

24. Deferred tax (cont'd.)

The components and movements of deferred tax liabilities and assets during the financial year are as follows:

Group	As at 1 January 2019	Exchange difference	Recognised in profit or loss (Note 12)	Recognised in other comprehensive income	As at 31 December 2019	Exchange difference	Recognised in profit or loss (Note 12)	Recognised in other comprehensive income	As at 31 December 2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Deferred tax liabilities:									
Property, plant and equipment	60,026	-	(21,968)	-	38,058	-	(2,930)	-	35,128
Construction contracts	(9)	-	-	-	(9)	-	-	-	(9)
Others	(21)	-	23	-	2	-	(72)	-	(70)
Other financial assets	4,334	115	99	-	4,548	(117)	(589)	-	3,842
Derivatives	(1,033)	-	-	672	(361)	-	-	361	-
	63,297	115	(21,846)	672	42,238	(117)	(3,591)	361	38,891
Deferred tax assets:									
Trade receivables	(3,970)	-	683	-	(3,287)	-	826	-	(2,461)
Inventories	(34)	-	(92)	-	(126)	-	(10)	-	(136)
Lease liabilities	-	-	-	-	-	-	(218)	-	(218)
Unabsorbed export allowances	(48,739)	-	156	-	(48,583)	-	(32)	-	(48,615)
Unabsorbed capital allowances	(28,820)	-	18,982	-	(9,838)	-	381	-	(9,457)
Unutilised tax losses	(2,248)	(68)	(135)	-	(2,451)	83	(930)	-	(3,298)
	(83,811)	(68)	19,954	-	(64,285)	83	17	-	(64,185)
Deferred tax (assets)/liabilities	(20,514)	47	(2,252)	672	(22,047)	(34)	(3,574)	361	(25,294)

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

24. Deferred tax (cont'd.)

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	126,092	108,773	36,110	23,421
Unabsorbed capital allowances	93,417	89,821	560	474
Others	1,915	402	1,915	402
	<u>221,424</u>	<u>198,996</u>	<u>38,585</u>	<u>24,297</u>
Deferred tax asset at 24%, if recognised	<u>53,142</u>	<u>47,759</u>	<u>9,260</u>	<u>5,831</u>

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.

25. Derivatives assets/(liabilities)

	Notional amount		Assets/(liabilities)	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Group				
Derivatives - designated as cash flow hedges				
- Commodity forward contracts	-	39,829	-	(1,513)
Total derivatives	<u>-</u>	<u>39,829</u>	<u>-</u>	<u>(1,513)</u>

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 December 2019, the cash flow hedges of the highly probable forecast aluminium and copper purchases were assessed to be highly effective. A net unrealised gain of RM1,512,000 (2019: a net unrealised gain of RM2,800,000) with a related deferred tax liabilities of RM361,000 (2019: deferred tax liabilities of RM672,000) was included in other comprehensive income in respect of these contracts. The amounts retained in other comprehensive income in December 2019 are expected to mature and affect the profit or loss in 2020 by a loss of RM1,151,000.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

26. Concession financial assets

	Group	
	2020	2019
	RM'000	RM'000
Non-current:		
At 1 January	99,863	92,671
Concessions construction revenue (Note 4)	2,511	4,612
Accrued finance income (Note 6)	5,308	5,158
Exchange difference	(3,016)	2,322
Impairment (Note 8)	(5,621)	(4,900)
At 31 December	99,045	99,863

On 23 September 2010, PT Inpolo 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 years upon the commercial operation date of the plant. PLN is the sole provider of electricity supply to the end consumers in North Sumatera, Indonesia.

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 year 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 2020. The fair value of construction services provided is recognised as receivables from PLN.

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 (2019: RM4,900,000) during the financial year based on discounted future cash inflows. The details of significant estimate are disclosed in Note 3(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 22.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

27. Share capital

	Number of ordinary shares		Amount	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Company				
Issued and fully paid:				
At 1 January/ 31 December	317,050	317,050	238,321	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.

28. 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.

29. 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.

30. Capital Commitments

Capital expenditure commitments as at the reporting date are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	378	181	-	98
Approved but not contracted for:				
Property, plant and equipment	6,593	3,687	-	-
	6,971	3,868	-	98

31. 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 year.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sale of cable and wire, steel structures to:				
- Related to corporate shareholders	14,386	15,428	-	-
Rental and interest paid to:				
- Subsidiaries	-	-	14,201	14,360
- Related to corporate shareholders	168	126	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

31. Related party transactions (cont'd.)

(a) Sale and purchase of goods and services (cont'd.)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Purchase of raw materials from:				
- Related to corporate shareholders	156,058	150,741	-	-
Interest and rental income received from:				
- Subsidiaries	-	-	12,195	14,538
Management fees billed to:				
- Subsidiaries	-	-	5,340	6,155
Purchase of cable from:				
- Subsidiaries	-	-	-	58
Advance received from:				
- Subsidiaries	-	-	-	21,695
Advance to:				
- Subsidiaries	-	-	9,327	1,050

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 December 2020 and 31 December 2019 are disclosed in Note 19 and 23.

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	5,715	4,511	3,146	3,725
Contributions to defined contribution plan	763	631	445	521
Benefit in kind	31	-	-	-
	6,509	5,142	3,591	4,246
Included in the total key management personnel:				
Directors' remuneration (Note 11)	3,591	3,374	2,408	2,578

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

32. 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:

	2020		2019	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
Financial liabilities:				
Derivatives – commodity forward contracts	-	-	1,513	1,513

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.

33. 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 December 2020 and 2019 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 year:

- (a) Quantitative disclosures fair value measurement hierarchy for assets and liabilities of the Group as at 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 December 2020	-	-	-	-
Derivatives					
- Commodity forward contracts	31 December 2019	-	1,513	-	1,513

There have been no transfers between the fair value hierarchy during the financial year ended 31 December 2020.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

34. Categories of financial instruments

The table below provides an analysis of the Group's and the Company's financial instruments as at 31 December 2020 and 2019, categorised as follows:

Group	2020			2019		
	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	192,155	192,155	-	273,902	273,902	-
Cash and cash equivalents	42,500	42,500	-	90,130	90,130	-
Concession financial assets	99,045	99,045	-	99,863	99,863	-
	333,700	333,700	-	463,895	463,895	-
Financial liabilities						
Loans and borrowings	468,488	468,488	-	534,208	534,208	-
Trade and other payables	113,635	113,635	-	196,053	196,053	-
Derivatives liabilities	-	-	-	1,513	-	1,513
	582,123	582,123	-	731,774	730,261	1,513

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

34. Categories of financial instruments (cont'd.)

Company

	2020		2019	
	Carrying amount RM'000	Amortised cost RM'000	Carrying amount RM'000	Amortised cost RM'000
Financial assets				
Trade and other receivables	132,554	132,554	159,886	159,886
Cash and bank balances	2,468	2,468	2,098	2,098
	<u>135,022</u>	<u>135,022</u>	<u>161,984</u>	<u>161,984</u>
Financial liabilities				
Trade and other payables	366,610	366,610	317,276	317,276
Loans and borrowings	116,994	116,994	116,993	116,993
	<u>483,604</u>	<u>483,604</u>	<u>434,269</u>	<u>434,269</u>

35. 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 year, 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 RM438,527,000 (2019: RM583,714,000) 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:

- 35% (2019: 47%) of the Group's trade receivables were due from 8 (2019:6) major customers located in Malaysia.

For the financial year ended 31 December 2020 (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 December 2020 and 2019 which are grouped together as they are expected to have similar risk nature.

		2020	2019
		Expected credit losses	Expected credit losses
		RM'000	RM'000
		Gross Carrying amount	Gross Carrying amount
		RM'000	RM'000
		Net Balances	Net Balances
		RM'000	RM'000
Group			
Current (not past due)		91,086	151,153
Past due:			
- 1 to 30 days past due		31,131	46,075
- 31 to 60 days past due		17,720	12,769
- 61 to 90 days past due		10,070	9,746
- 91 to 120 days past due		1,530	2,585
- More than 121 days past due		12,198	20,640
		72,649	91,815
		25,269	37,425
Credit impaired – individual impaired		189,004	280,393
		6,805	12,313
		182,199	268,080
		26,722	90,470
		20,051	24,722
		2,472	9,629
		113	117
		589	252
		1,345	274
		20,051	45,801
		20,051	45,801

Company	2020			2019		
	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
Current (not past due)	16,895	-	16,895	37,719	-	37,719
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
	1,768		1,768	1,768		1,768
Credit impaired – individual impaired	-	-	-	-	-	-
	18,663	-	18,663	39,487	-	39,487

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

35. Financial risk management objectives and policies (cont'd.)

(a) Credit risk (cont'd.)

Trade receivables

The movement in allowance for expected credit losses ("ECL") during the year for the Group are shown below:

	Credit Impaired RM'000	Lifetime ECL RM'000	Total RM'000
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	<u>4,073</u>	<u>2,732</u>	<u>6,805</u>
Balance at 1 January 2019	12,235	1,588	13,823
Charge for the year (Note 8)	1,470	260	1,730
Reversal during the year (Note 6)	(310)	(238)	(548)
Written off	(2,692)	-	(2,692)
Balance at 31 December 2019	<u>10,703</u>	<u>1,610</u>	<u>12,313</u>

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	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other receivables - nominal amounts	11,947	7,690	305,463	232,759
Less: Allowance for impairment	(1,991)	(1,868)	(191,572)	(112,360)
	<u>9,956</u>	<u>5,822</u>	<u>113,891</u>	<u>120,399</u>

Movement in allowance accounts:

At 1 January	1,868	1,676	112,360	40,249
Charge for the year (Note 8)	123	192	79,212	72,111
At 31 December	<u>1,991</u>	<u>1,868</u>	<u>191,572</u>	<u>112,360</u>

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 year ended 31 December 2020 (cont'd)

35. 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 year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
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	<u>513,493</u>	<u>81,801</u>	<u>854</u>	<u>596,148</u>
At 31 December 2019				
Financial liabilities:				
Trade and other payables	181,856	14,197	-	196,053
Loans and borrowings	457,899	86,148	47,549	591,596
Total undiscounted financial liabilities	<u>639,755</u>	<u>100,345</u>	<u>47,549</u>	<u>787,649</u>

* Based on the maximum amount that can be called under the financial guarantee contracts.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

35. Financial risk management objectives and policies (cont'd.)

(b) Liquidity risk (cont'd)

	On demand Or within One year RM'000	One to five years RM'000	Total RM'000
Company			
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
At 31 December 2019			
Financial liabilities:			
Trade and other payables	316,297	14,190	330,487
Loans and borrowings	77,806	45,945	123,751
Financial guarantee contracts*	583,714	-	583,714
Total undiscounted financial liabilities	977,817	60,135	1,037,952

* 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 (2019: 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 RM1,680,000 and RM574,000 (2019: RM1,967,000 and RM621,000) 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.

(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").

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

35. Financial risk management objectives and policies (cont'd.)

(d) Foreign currency risk (cont'd.)

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)/ profit net of tax	
	2020	2019
	RM'000	RM'000
USD/RM - strengthened 5% (2019: 5%)	611	762
- weakened 5% (2019: 5%)	(611)	(762)
	<u> </u>	<u> </u>
EURO/RM - strengthened 5% (2019: 5%)	15	57
- weakened 5% (2019: 5%)	(15)	(57)
	<u> </u>	<u> </u>
SGD/RM - strengthened 5% (2019: 5%)	(90)	(145)
- weakened 5% (2019: 5%)	90	145
	<u> </u>	<u> </u>
BND/RM - strengthened 5% (2019: 5%)	(50)	(142)
- weakened 5% (2019: 5%)	50	142
	<u> </u>	<u> </u>

(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 RM Nil (2019: RM58,000) higher/lower, arising as a result of an increase/decrease in the fair value of derivatives on which cash flow hedge accounting is applied.

36. 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 years ended 31 December 2020 and 2019.

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, borrowings and finance lease payables less cash and bank balances. Capital includes equity attributable to equity holders of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

36. Capital management (cont'd.)

As at reporting date, the Group and the Company are not subjected to externally imposed capital requirements.

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Loans and borrowings	22	468,488	534,208	116,994	116,993
Less: Cash and bank balances	21	(42,500)	(90,130)	(2,468)	(2,098)
Net debt		425,988	444,078	114,526	114,895
Equity		135,814	159,626	5,058	75,883
Capital and net debt		561,802	603,704	119,584	190,778
Gearing ratio		75.8%	73.6%	95.7%	60.2%

37. Segmental information

The Group is organised into business units based on their products and services, and has four operating segments as follows:

- The sale of cable and wire segment supplies cable and wire components to consumers.
- The sale of galvanised steel products and steel structures segment supplies galvanised steel products and steel structures. It also offers galvanising services.
- The transmission lines construction segment involves supply, installation and commissioning of transmission line projects.
- 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 year ended 31 December 2020 (cont'd)

37. Segmental information (cont'd.)

	Sales of cable and wire		Sales of galvanised products and steel structures		Transmission lines construction		Power generation, helicopter services and corporate		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Sales to external customers	540,807	696,561	14,693	17,809	45,694	63,977	6,467	15,181	-	-	607,661	793,528
Inter-segments sales	-	7,188	-	-	-	-	23,340	6,155	(23,340)	(13,343)	-	-
Total revenue	540,807	703,749	14,693	17,809	45,694	63,977	29,807	21,336	(23,340)	(13,343)	607,661	793,528
Results:												
Interest income	15,543	15,670	405	1,146	41	79	2,035	1,856	(17,338)	(17,457)	686	1,294
Dividend income	-	-	-	-	-	-	18,000	-	(18,000)	(14,000)	-	-
Depreciation and amortisation	12,505	14,255	1,531	1,491	21	48	3,563	5,077	-	-	17,620	20,871
Other non-cash expenses	3,068	(25,766)	3,173	(117)	(168)	(1,063)	3,348	74,313	(2,668)	-	6,753	47,367
Segment profit/(loss)	2,472	49,181	(5,605)	(1,659)	(2,575)	(24,513)	(5,414)	(13,718)	(15,332)	-	(26,454)	(80,384)
Segment assets	831,582	976,570	56,356	66,818	38,476	59,983	172,331	196,084	(349,375)	(359,345)	749,370	940,110
Segment liabilities	346,670	475,942	12,682	17,987	123,673	143,552	548,587	507,450	(414,623)	(362,332)	616,989	782,599

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

37. 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 expenses consist of the following items:

	2020 RM'000	2019 RM'000
Allowance of impairment of receivables	2,487	1,922
Gain on disposal of asset held for sale	-	(715)
Impairment of concessions financial assets	5,621	4,900
Impairment of property, plant and equipment	-	58,000
Inventory written down	434	1,658
Bad debts written off	177	-
Net gain on disposal of property, plant and equipment	(9)	(17,416)
Property, plant and equipment written off	302	1,318
Reversal of impairment losses of receivables	(496)	(548)
Unrealised gain on foreign exchange	(1,763)	(1,752)
	<u>6,753</u>	<u>47,367</u>

E Reconciliation of loss before tax

	2020 RM'000	2019 RM'000
Segment loss	(11,122)	(80,384)
Dividend received from subsidiaries	(18,000)	-
Impairment of inter-segment receivables	2,668	-
	<u>(26,454)</u>	<u>(80,384)</u>

F Reconciliation of segment operating assets to arrive at total assets reported in the Group's statement of financial position:

	2020 RM'000	2019 RM'000
Segment operating assets	1,098,745	1,299,455
Amount due from fellow subsidiaries	(349,375)	(359,345)
	<u>749,370</u>	<u>940,110</u>

G Reconciliation of segment operating liabilities to arrive at total liabilities reported in the Group's statement of financial position:

	2020 RM'000	2019 RM'000
Segment operating liabilities	1,031,612	1,144,931
Amount due to fellow subsidiaries	(414,623)	(362,332)
	<u>616,989</u>	<u>782,599</u>

Notes to the Financial Statements

For the financial year ended 31 December 2020 (cont'd)

38. Significant event

The emergence and spread of coronavirus COVID-19 in early 2020 has affected business and economic activities in Malaysia and beyond.

During the financial year, the Group and the Company noted a significant impact of COVID-19 outbreak on the Group's and the Company's revenue, earnings, cash flows and financial condition. At this juncture, it is not possible to estimate the full impact of the outbreak's short-term and longer-term effects of the Government's varying efforts to combat the outbreak and support business. This being the case, the Group noted a significant risk that the assumption applied in the impairment assessment on the concession financial asset, the helicopters, the contract assets and the trade receivables may need to be revised in the next financial year which may result in material adjustment to the carrying amount of the of the respective assets.

As the situation is fluid and still evolving and given the widespread nature of the outbreak and the unpredictability of future development of COVID-19, it is not practicable to provide a quantitative estimate of the potential financial impact of COVID-19 on the Group's and the Company's financial statements for the financial year ending 31 December 2021 reliably at this juncture.

39. Subsequent event

On 22 February 2021, the Company has proposed to undertake a private placement of up to 95,115,000 new ordinary shares, representing up to 30% of the existing issued shares of the Company.

On 23 March 2021, Bursa Securities approved the private placement. The private placement was approved by the shareholders in the extraordinary general meeting on 23 April 2021.

On 11 May 2021, the Company issued 18,525,000 new ordinary shares at the issue price of RM0.4131 per share. The Company intends to seek third party investors for the balance of the placement shares.

40. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 27 May 2021.

Analysis of shareholdings

as at 3 May 2021

Total number of issued shares : 317,050,000
 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	65	2,404	#
100 - 1,000 shares	356	225,940	0.07
1,001 - 10,000 shares	2,277	13,029,418	4.11
10,001 - 100,000 shares	1,484	48,326,225	15.24
100,001 to less than 5% of issued shares	181	97,364,221	30.71
5% and above of issued shares	4	158,101,792	49.87
Total	4,367	317,050,000	100.00

less than 0.01%

Substantial shareholders

as per the Register of Substantial Shareholders as at 3 May 2021

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
1 Dato Sri Mahmud Abu Bekir Taib	58,264,896	18.38	26,082,000 ⁽¹⁾	8.23
2 Sarawak Energy Berhad	52,397,996	16.53	-	-
3 HNG Capital Sdn Bhd	31,356,900	9.89	-	-
4 Central Paragon Sdn. Bhd	26,082,000	8.23	-	-
5 Yek Siew Liong	5,855,000	1.85	31,682,000 ⁽²⁾	9.99
6 UF Jaya Sdn. Bhd.	5,600,000	1.77	26,082,000 ⁽³⁾	8.23
7 Tan Sri Dato' Seri H'ng Bok San	237,240	0.07	36,448,400 ⁽⁴⁾	11.50
8 Dato' H'ng Chun Hsiang	2,620,750	0.83	31,356,900 ⁽⁵⁾	9.89
9 Datin H'ng Hsieh Ling	2,470,750	0.78	31,356,900 ⁽⁹⁾	9.89
10 Sarawak State Financial Secretary	-	-	52,397,996 ⁽⁶⁾	16.53
11 Delegation Sdn. Bhd	-	-	52,397,996 ⁽⁶⁾	16.53
12 Baodi Development Sdn. Bhd.	-	-	31,682,000 ⁽⁷⁾	9.99
13 Yek Min Ek Sdn. Bhd.	-	-	31,682,000 ⁽⁸⁾	9.99

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 its interests in Sarawak Energy Berhad pursuant to Section 8(4) of the Companies Act 2016.
- (7) 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.
- (8) 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.
- (9) Deemed interested by virtue of her interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.

List of Top 30 Largest Shareholders

as at 3 May 2021

	Name	No. of shares held	%
1.	Sarawak Energy Berhad	52,397,996	16.53
2.	Mahmud Abu Bekir Taib	48,264,896	15.22
3.	HNG Capital Sdn Bhd	31,356,900	9.89
4.	Central Paragon Sdn. Bhd.	26,082,000	8.23
5.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Mahmud Abu Bekir Taib	10,000,000	3.15
6.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	8,100,900	2.56
7.	UF Jaya Sdn. Bhd.	5,600,000	1.77
8.	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yek Siew Liong (PB)	4,550,000	1.44
9.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged securities account for David Sengalang Anak Uyang (MGN-DSU0001M)	4,099,900	1.29
10.	AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	3,906,000	1.23
11.	H'ng Chun Hsiang	2,620,750	0.83
12.	H'ng Hsieh Ling	2,470,750	0.78
13.	Kiu Siu Ley	2,350,000	0.74
14.	Yayasan Guru Tun Hussein Onn	1,838,000	0.58
15.	Mah Chuen Huei	1,639,000	0.52
16.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Pui Chin Kim	1,400,000	0.44
17.	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tiong Teck Mee	1,375,900	0.43
18.	Yayasan Guru Tun Hussein Onn	1,350,000	0.43
19.	Yek Siew Liong	1,305,000	0.41
20.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Soon Hwa (E-TSA)	1,250,000	0.39
21.	Tan Eng @ Tan Chin Huat	1,246,400	0.39
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Kien Wi (E-KPT)	1,200,000	0.38
23.	Fong Chee Ming	1,116,900	0.35
24.	Lim Seng Chee	1,001,060	0.32
25.	Maybank Nominees (Tempatan) Sdn Bhd Ling Soon Hing	930,300	0.29
26.	Maybank Nominees (Tempatan) Sdn Bhd Lim Yong Huat	810,500	0.26
27.	Danice Endawie Ita	801,000	0.25
28.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Toh Leh Hua	778,000	0.25
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Choon Soo (E-BBB)	770,000	0.24
30.	Maria Rochele Silva Sarabia	769,500	0.24

Directors' Interest in the Company

as at 3 May 2021

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
1 Dato Sri Mahmud Abu Bekir Taib	58,264,896	18.38	26,082,000 ⁽¹⁾	8.23
2 Dato Sri Fong Joo Chung	400,200	0.13	-	-
3 Dato' Ahmad Redza bin Abdullah	-	-	-	-
4 Tan Sri Dato' Seri H'ng Bok San	237,240	0.07	36,448,400 ⁽²⁾	11.50
5 Yek Siew Liong	5,855,000	1.85	31,682,000 ⁽³⁾	9.99
6 Datuk Kevin How Kow	-	-	-	-
7 Erman bin Radin	125,160	0.04	-	-
8 Datuk Rozimi bin Remeli	-	-	-	-
9 Redzuan bin Rauf	-	-	-	-
10 Ng Woon Chiang (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 virtue 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 December 2020

Item No.	Name of company	Location	Description	Tenure	Land/build-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-shed parking, detached factory building and detached sub-station building	Leasehold interest 99 years expiring on 11 February 2076	508,514/32,780	31	14,460	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	87,120	-	836	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 9 November 2081	62,293/3,443	31	1,242	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-shed 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 30 January 2076	383,052/19,066	31	8,924	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 expiring on 6 November 2049	779,953/265,001	25	13,746	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	42	19,016	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	42	481	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	27	19,980	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	12	1,484	3 November 2003

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty Third (23rd) Annual General Meeting of Sarawak Cable Berhad ("SCB" or "the Company") will be conducted on fully virtual basis from the Broadcast Venue at Unit 8.2, Level 8, Building A, Dataran PHB, Saujana Resort, Sekyzen U2, 40150 Shah Alam, Selangor on Friday, 25 June 2021 at 10:00 a.m. for the following purposes:

AGENDA

Ordinary Business

- | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. | [Please refer to Explanatory Note (a)] |
| 2. To approve the following payments to Directors: | |
| i) Directors' fees amounting to RM1,100,000.00 for the financial year ended 31 December 2020. | Ordinary Resolution 1 |
| ii) Meeting allowances up to RM120,000.00 for the year ending 31 December 2021 until the next annual general meeting of the Company. | Ordinary Resolution 2 |
| 3. To re-elect the following Directors retiring pursuant to Clause 92 of the Company's Constitution and being eligible, offer themselves for re-election: | |
| i) Dato Sri Mahmud Abu Bekir Taib | Ordinary Resolution 3 |
| ii) Dato Sri Fong Joo Chung | Ordinary Resolution 4 |
| iii) En. Erman bin Radin | Ordinary Resolution 5 |
| 4. To re-appoint Messrs. Ernst & Young PLT as auditors of the Company until the conclusion of the next annual general meeting and to authorise the Board of Directors to fix their remuneration. | Ordinary Resolution 6 |

Special Business

5. To consider and if thought fit, pass the following Special Resolution, with or without modification:

Proposed Amendment to the Constitution of the Company

Special Resolution 1

"THAT the existing Clause 11(b) of the Company's Constitution be deleted in its entirety by substitution of the new Clause 11(b) as set out below, be approved and adopted AND THAT the Directors of the Company be authorised to take all such acts and things as are necessary and/or expedient in order to give full effect to the said proposed amendment for and on behalf of the Company:-

Existing Clause 11(b)	Proposed Clause 11(b)
Without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if those shares or securities, when aggregated with any such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company, except where the shares or convertible securities are issued with the prior Members' approval in a general meeting of the precise terms and conditions of the issue.	Subject to the Listing Requirements and without limiting the generality of Sections 75 and 76 of the Act, the Company must not issue any ordinary shares or other securities with rights of conversion to ordinary shares if those shares or securities, when aggregated with such shares or securities which the Company has issued during the preceding twelve (12) months, exceeds the percentage threshold on the total number of issued shares as prescribed under the Listing Requirements and/or any directive issued by the Stock Exchange) (excluding treasury shares) of the Company, except where the shares or convertible securities are issued with the prior Members' approval in a general meeting of the precise terms and conditions of the issue.

THAT the Directors of the Company be and are hereby authorised to assent to any conditions, variations, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary to give full effect to the Proposed Amendment for and on behalf of the Company.

Notice of Annual General Meeting (cont'd.)

AND THAT the Secretary be authorised and instructed to do all the necessary and deemed fit to lodge the Constitution as amended herewith to the Companies Commission of Malaysia on behalf of the Company in accordance with the provisions of the Companies Act 2016."

6. To consider and, if thought fit, pass the following Ordinary Resolution, with or without modification:

- **Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016**
Ordinary Resolution 7

Ordinary Resolution 7

"**THAT** subject to the passing of Special Resolution 1, Section 75 and 76 of the Companies Act 2016, and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, the Directors be and are hereby empowered to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed twenty percent (20%) of the total number of issued shares of the Company for the time being **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad **AND FURTHER THAT** such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

7. To consider and, if thought fit, pass the following ordinary resolution, with or without modification:

- Continuation in office as Independent Non-Executive Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017**

Ordinary Resolution 8

"**THAT** approval be and is hereby given to Datuk Kevin How Kow who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director".

8. To consider and, if thought fit, pass the following ordinary resolution, with or without modification:

- Continuation in office as Independent Non-Executive Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017**

Ordinary Resolution 9

"**THAT** subject to the passing of Ordinary Resolution No. 5, approval be and is hereby given to Encik Erman bin Radin who has served as an Independent Non-Executive Director of the Company for a consecutive term of more than nine (9) years, to continue in office as an Independent Non-Executive Director".

9. To consider and, if thought fit, pass the following ordinary resolution, with or without modification :

- **Proposed renewal of shareholder mandate and proposed new shareholder mandate for recurrent related party transactions of a revenue or trading nature ("Shareholder Mandate")**

Ordinary Resolution 10

"**THAT** subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries ("SCB Group") to enter into any of the categories of related party transactions which are recurrent, of a revenue or trading nature and are necessary for the day-to-day operations of SCB Group as outlined in Section 3.2 on pages 3 to 6 of the Circular to Shareholders dated 31 May 2021 ("Circular"), with the specific related parties mentioned therein subject further to the followings:

- (i) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders; and
- (ii) disclosure is made in the annual report a breakdown of the aggregate value of the transactions conducted pursuant to the Shareholder Mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements, and amongst others, based on the following information:

Notice of Annual General Meeting (cont'd.)

- the type of the recurrent related party transactions made; and
- the names of the related parties involved in each type of the recurrent related party transactions made and their relationship with the Company.

AND THAT such approval will continue to be in force until:

- the conclusion of the next annual general meeting ("AGM") of the Company, at which time it will lapse, unless by an ordinary resolution passed at the meeting, the authority is renewed;
- the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") [but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act]; or
- revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

AND THAT the Board of Directors of the Company be and is hereby authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Shareholder Mandate."

- To transact any other business which may properly be transacted at an annual general meeting, due notice of which shall have been previously given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board of Directors

Low Wai See (MAICSA 7051463)

SSM Practising Certificate No. 202008000868

Company Secretary

Kuching, Sarawak

Dated: 31 May 2021

Explanatory Notes:

(a) This agenda item is meant for discussion only and therefore, it will not be put forward for voting.

(b) Ordinary resolution in relation to the re-election of Independent Non-Executive Director (proposed ordinary resolution no. 5)

The Nomination Committee and the Board of Directors have assessed the independence of Encik Erman bin Radin, and recommended him to be re-elected as the Director of the Company.

(c) Special resolution in relation to the Proposed Amendment to the Constitution of the Company

Bursa Malaysia Securities Berhad ("Bursa Securities") had on 16 April 2020, issued a letter on the additional temporary relief measures to listed corporation, which included a higher general mandate under Paragraph 6.03 of the Main Market Listing Requirements of not more than 20% of the total number of issued shares (excluding treasury shares) for issue of securities ("20% General Mandate").

The 20% General Mandate will enable the Company to raise funds quickly and efficiently during this challenging time, to ensure the long-term sustainability and interest of the Company and the shareholders.

The Special Resolution, if passed, will align the Constitution of the Company with the measure allowed or empowered by Bursa Malaysia Securities Berhad from time to time.

The Proposed Amendment to the Company's Constitution shall take effect once it has been passed by a majority of not less than 75% of such members who are entitled to attend and vote at the 23rd AGM.

(d) Ordinary resolution on Authority to issue shares pursuant to Section 75 and 76 of the Companies Act 2016

The Company had at last Annual General Meeting, obtained a general mandate pursuant to Sections 75 and 76 of the Act from its shareholders, to empowered the Director to issue and allot shares in the Company to such persons, at any time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued share of the Company excluding treasury shares) at any point of time ("10% General Mandate"). This 10% General Mandate will expire at the conclusion of this Annual General Meeting. The previous 10% General Mandate was not utilized and accordingly no proceed was raised.

Notice of Annual General Meeting (cont'd.)

In view of the challenging time due to the COVID-19 pandemic, Bursa Securities has via its letter dated 16 April 2020 empowered the listed issuer to issue new securities up to 20% of the total number of issued shares (excluding treasury shares) until 31 December 2021 ("20% General Mandate"). After that, the 10% General Mandate will be reinstated.

The Board would like to procure approval for the 20% General Mandate pursuant to Section 76(4) of the Act, from its shareholders at the 23rd AGM of the Company. The purpose to seek the 20% General Mandate is to enable the Directors of the Company to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting merely for such purpose. The 20% General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placement of shares, for purpose of funding its business plans, current and/or future investment project(s), working capital, repayment of borrowings and/or acquisitions.

The 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares until 31 December 2021 and thereafter, the 10% General Mandate will be reinstated. This authorisation will expire at the conclusion of next Annual General Meeting of the Company.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the following basis:-

- The interest of the Company as well as its long-term shareholders should be in congruence on the issue of long term sustainability of the Company as only a business operation with healthy and sufficient working capital could generate positive returns to the Company and its shareholders.
- Given the outbreak of the COVID-19 pandemic and the subsequent imposition of the Movement Control Order by the Malaysian Government to contain the COVID-19, the economy of the country has been severely affected. The additional fund raising flexibility through the 20% General Mandate will enable the Company, should it required to do so, to meet its funding requirements for working capital and operational expenditure, expeditiously and efficiently, without burdening the shareholders with a separate general meeting during this challenging period.

(e) Ordinary resolution to retain Independent Non-Executive Directors pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 (proposed ordinary resolutions 8 and 9)

The proposed ordinary resolutions No. 8 and 9 are to seek shareholders' approval to retain Datuk Kevin How Kow and Encik Erman bin Radin who have served as an Independent Non-Executive Directors of the Company for a consecutive term of more than nine (9) years. The Board of Directors ("Board") and the Nomination Committee have assessed them and thereby recommended that they continue in office as Independent Non-Executive Directors of the Company based on the following justifications:

- (i) their experiences, networking, understanding of business and objectivity in approach enables them to provide the Board and Board Committees with pertinent expertise, skills and competence and their independence judgement will continue to add credence to the Company;
- (ii) they remain professionally independent and vocal, actively participated in deliberation and exercised independent judgement at Board and Board Committee meetings without being influenced by operational consideration;
- (iii) they act in the best interests of all shareholders and their continuation in office as Independent Non-Executive Directors will provide a check and balance to operational management;
- (iv) they continue to bring independent and objective judgements to Board deliberations and the decision making process as a whole. They also possess vast professional experience and bring the right mix of skills to the Board;
- (v) they fulfilled the criteria as Independent Non-Executive Director as stipulated in the Listing Requirements and therefore are able to offer impartial judgement and advice to the Board; and
- (vi) they continue to exercise independent and objective judgement in carrying out their duties as Independent Non-Executive Directors and they provide guidance, unbiased and independent views to many aspects of the Company and the Group's strategy so as to safeguard the interests of minority shareholders. Their long tenure as Independent Non-Executive Directors have no conflict of interest or undue influence from management and interested parties.

(f) Ordinary resolution on Shareholder Mandate for recurrent related party transactions

Paragraph 10.09 of the Main Market Listing Requirements states that with regard to related party transactions which are recurrent, of a revenue or trading nature and which are necessary for day-to-day operations ("RRPT"), a public listed company may seek a shareholder mandate.

Notice of Annual General Meeting (cont'd.)

The proposed ordinary resolution no. 10, if passed, will authorise the Company and each of its subsidiaries to enter into RRPT with the mandated related parties as identified in Section 3.2 on pages 3 to 6 of the Circular dated 31 May 2021 ("Circular"), which are necessary for the SCB Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

By obtaining the Shareholder Mandate, the necessity to convene separate meetings from time to time to seek shareholders' approval as and when such RRPT occur would not arise. This would reduce substantial administrative time and costs associated with the convening of such meetings without compromising on the corporate objectives of SCB Group or adversely affecting the business opportunities available to SCB Group.

Please refer to the Circular for further information.

Notes:

1. The meeting will be conducted fully virtual where shareholders/proxy(ies) are only allowed to participate remotely via live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available at <https://web.lumiagm.com/>. With the RPEV facilities, a shareholder may exercise his/her right to participate and vote at the 23rd AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to bsr.helpdesk@boardroomlimited.com prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 23rd AGM in order to register, participate and vote remotely via RPEV facilities.
2. The Broadcast Venue is strictly a main venue of the 23rd AGM where the Chairman will be present in compliance with Section 327(2) of the Companies Act 2016. No members/proxies from the public will be physically present at the Broadcast Venue on the day of the 23rd AGM.
3. A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
4. A member entitled to attend, participate, speak and vote at this Annual General Meeting shall not be entitled to appoint more than two (2) proxies to attend, speak and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. If the appointor is a corporation, the form of proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized.
6. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA") which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
7. The instrument appointing a proxy or the power of attorney or other authority, if any, under which it is signed or notarially certified copy of that power or authority, must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrar Sdn. Bhd. and may either be in the following manner:-
 - (i) Either by hand or post, at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or
 - (ii) Electronically via email at BSR.Helpdesk@boardroomlimited.com; or
 - (iii) Electronic means via Boardroom Smart Investor e Portal. Kindly log in to <https://boardroomlimited.my/> and deposit your proxy form electronically.

not less than forty eight (48) hours before time for holding the Meeting i.e. latest by 23 June 2021 at 10.00 a.m or any adjournments thereof; otherwise the instrument of proxy shall not be treated as valid and the person so named shall not be entitled to vote in respect thereof.
8. A depositor whose name appears in the Record of Depositors as at 18 June 2021 shall be entitled to attend the meeting and to speak and vote thereat.
9. By submitting the proxy form, the member consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, including any adjournment thereof.

FORM OF PROXY

CDS Account No.	
No. of Shares held	

*I/We (Name in full) (*NRIC/Company No.)
of (Address) being *a member/members
of **Sarawak Cable Berhad ("the Company")** hereby appoint (Name in full)
..... (*NRIC/Passport No.) or failing *him/her, (Name in full)
..... (*NRIC/Passport No.) or the Chairman of the Meeting as *my/our proxy to vote for *me/us and on
*my/our behalf at the Twenty Third (23rd) Annual General Meeting of the Company will be conducted on fully virtual basis from
the Broadcast Venue at Unit 8.2, Level 8, Building A, Dataran PHB, Saujana Resort, Seksyen U2, 40150 Shah Alam, Selangor on
Friday, 25 June 2021 at 10:00 a.m. and, at any adjournment thereof for/against the resolution(s) to be proposed thereat.

The proportions of *my/our holdings to be presented by my *proxy/our proxies are as follows:

First Proxy	%
Second Proxy	%
Total	100%

(Please indicate with an "X" in the space provided below how you wish your votes to be cast on the resolution(s) specified in the notice of meeting. If you do not do so, the proxy will vote, or abstain from voting on the resolution(s) as he/she may think fit)

No.	Resolutions	First Proxy		Second Proxy	
		For	Against	For	Against
1.	To approve the payment of Directors' fees amounting to RM1,100,000.00 for the financial year ended 31 December 2020.				
2.	To approve the payment of meeting allowances up to RM120,000.00 for the period from 30 June 2021 until the next annual general meeting of the Company.				
3.	To re-elect Dato Sri Mahmud Abu Bekir Taib as Director.				
4.	To re-elect Dato Sri Fong Joo Chung as Director.				
5.	To re-elect En. Erman bin Radin as Director.				
6.	To re-appoint Messrs. Ernst & Young PLT as auditors.				
7.	To approve the proposed amendment to the Constitution of the Company.				
8.	To authorise the Directors to issue shares pursuant to Section 75 and 76 of the Companies Act 2016.				
9.	To retain Datuk Kevin How Kow as an Independent Non-Executive Director.				
10.	To retain Encik Erman bin Radin as an Independent Non-Executive Director.				
11.	To approve the proposed renewal of shareholders mandate and proposed new shareholders mandate for recurrent related party transactions of a revenue or trading nature.				

As witness my/our hand(s) this day of 20

Signature of Member/Common Seal

Notes:

- The meeting will be conducted fully virtual where shareholders/proxy(ies) are only allowed to participate remotely via live streaming and online remote voting via Remote Participation and Electronic Voting ("RPEV") facilities which are available at <https://web.lumiagm.com/>. With the RPEV facilities, a shareholder may exercise his/her right to participate and vote at the 23rd AGM via the following mode of communication: i) Typed text in the Meeting Platform ii) E-mail questions to bsr.helpdesk@boardroomlimited.com prior to the Meeting. Please follow the procedures provided in the Administrative Guide for the 23rd AGM in order to register, participate and vote remotely via RPEV facilities.
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- A member entitled to attend, participate, speak and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and there shall be no restriction as to the qualification of the proxy. A proxy appointed to attend, speak and vote at a meeting of a Company shall have the same rights as the member to speak at the meeting.
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 - Either by hand or post, at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia; or
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The Company Secretary

AFFIX
STAMP
HERE

SARAWAK CABLE BERHAD
Registration No. 199801000274 (456400-V)

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

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SARAWAK CABLE BERHAD

Registration No. 199801000274 (456400-V)

Registered Office

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

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