

QUALITY RELIABILITY SUSTAINABILITY

annual report 2018

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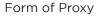
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our Mission

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





Corporate Profile

ABOUT US

Malaysia's leading power solutions provider & the largest power cable manufacturer in South East Asia.

Incorporated in 1998, Sarawak Cable Berhad ("SCABLE") was listed on the Main Market of Bursa Malaysia Securities Berhad on 25 May 2010. Since then we have rapidly expanded our business portfolio by embracing various power-related endeavours under the Group. Our humble beginnings as a small cable manufacturer empowers us to move from strength to strength while maintaining our commitment to **QUALITY**, **RELIABILITY** and **SUSTAINABILITY**.

FOOTPRINTS & MILESTONES

2010 - 2012

Listed in the main market of Bursa Malaysia Securities Berhad on 25 May 2010.

Ventured into steel fabrication and transmission line construction via acquisition of Sarwaja Timur Sdn Bhd ("STSB") and Trenergy Infrastructure Sdn Bhd (now known as SCB Power Transmission Sdn Bhd).

Ventured into renewable sector via acquiring 65% equity in PT Inpola Mitra Elektrindo.

2013 - 2015

Involved in EPC contract for the first 500kV Transmission Backbone System in Sarawak.

Fully acquired Leader Cable Industry Berhad ("LCIB") and Universal Cable (M) Berhad ("UCMB") in December 2014 and surged as the largest cable manufacturer in South East Asia.

Successfully developed & commercialised Low Cost TACSR and OPGW 48F Class 3 in 2015.

2016 - 2018

Received BrandLaureate
Best Brand Awards for the
Most Sustainable Brand in
Manufacturing Power and
Telecommunications Cable.

Embarked on Power Relocation Works (PRW) in 2018.

Successfully developed & commercialised Solar Cable and enhanced High Temperature Low Sag Conductor.



BUSINESS PORTFOLIO

Our current business portfolio can be broadly categorized into **MANUFACTURING & SALES** and **PROJECTS & ENGINEERING**. These divisions are synergistic to each other and are fundamental in providing us a competitive edge as an integrated power solution provider.





POWER & TELECOMMUNICATON CABLES

The Group leverages on our world-class quality products to support power supply and telecommunication infrastructure development in the country. Throughout the years, our operational excellence has earned us a reputable brand and fortified our industry foothold.

Our cable business operates through three (3) manufacturing arms – UCMB, LCIB and Universal Cable (Sarawak) Sdn Bhd ("UCS").

All SCABLE Group products adhere to local and international quality standards. Our testing facilities are certified by prominent local and international accreditation bodies.



Cable Product Range

- Power Cables LV, MV and HV (up to 2,500mm² & 275KV)
- Oil & Gas, Marine and Shipboard Cables
- Fire resistant & Flame retardant cables
- Armoured, Nylon, AL and Lead Sheathed cables
- · Solid AL and Miliken Conductors
- Aluminium and Copper Wires
- Bare and Covered Conductors (TACSR, ACSR, AAC, AAAC, CCT)
- · Aerial Bundle Cables (ABC) LV and MV
- Optical Ground Wires (OPGW)
- Telecommunication Cables (2pr ~ 2400pr)
- Instrumentation & Control Cables
- Specialty Cables (Sub-marine, Welding, Auto, Battery & Thermocouple Cables)







GALVANIZED PRODUCTS & STEEL STRUCTURES

Our steel fabricating arm, STSB principally involves in steel structure fabrication and provides hot-dip galvanizing services. Being one of the leading galvanizers in East Malaysia, our galvanizing plant is one of the largest in term of its kettle size.

In meeting the demand for steelworks, transmission power, highway upgrading and telecommunication infrastructure, we have committed to upgrade our overall fabrication facility, including new guardrail system.

Steel Products & Services

- High/Low Tension Galvanized Steel Poles
- Street Lighting Columns
- Guardrail
- Galvanized Products (Gratings, Lintel Bars & Mesh etc)
- Steel and Telecommunication Towers
- Steel Bridges, hand-railings & other accessories
- Sand-blasting & painting services



PROJECTS & ENGINEERING

(Transmission Line Construction)

We are also a qualified contractor for powerrelated construction works and services. SCB Power Transmission Sdn. Bhd. (SCBP) is the main construction arm in our transmission line business. To date, the Group has proven track records of installing and commissioning more than RM1 billion worth of transmission line projects in the country.

Our services are also much sought after for civil works pertaining to substations, power plants, power relocation schemes, rural electrification schemes and other infrastructure development. This business segment provides a much wider platform for our core products while enabling the Group to progress as a leading integrated power solutions provider.

OTHER BUSINESS VENTURES

The Group comprehensive business portfolio also includes services to clients from related industries, in the hopes of exploiting exciting opportunities that promote business growth.

Renewable Energy

Our first overseas venture came with a Power Purchase Agreement ("PPA") of 20 years' concession for a mini-hydro power plant in North Sumatera, Indonesia. In further exploring initiatives to contribute to a greener future, the Group is looking into other related fields that augur well with the Group's business while conserving the green environment.

Helicopter services

Our aviation unit is principally an aviation asset and services company that leases helicopters to government agencies for pilot training, Medical Evacuation, Flying Doctor services. In addition, it also provides ad hoc transportation and niche aviation services to the various sectors.

Corporate services

Our Group also renders management and consultancy services to selective foreign partners; aiding them in complying with local regulatory and legislative requirements mainly in relation to projects participation and local materials supply.



Our brand is synonymous to Excellence: "Leading NOW and into the FUTURE"



MOVING FORWARD

We aim to reinforce the foothold of our core businesses through increasing operational excellence in key areas and engaging product research and development to improve market share with more value-added products.

With our high quality products and services tailormade to market demands, we are confident to bring our core business to a much greater heights in the years to come.

Message from Managing Director

and Management Discussion and Analysis



SCABLE has resolved to return back to basics and to become a cable centric company once again

Dear Shareholders,

This Management Discussion and Analysis aims to give an overview of SCABLE Group's financial performance, business operations and future direction.

SCABLE Group's main core business remains in the manufacturing and sale of power and telecommunication cables, along with steel fabrication and galvanizing products. Nevertheless, over the last few years, SCABLE through its subsidiaries ventured into transmission construction projects, building power grids, mini-hydro and aviation.

In 2018, the cable industry as a whole was challenging but our cable sector continued to remain in the forefront of the industry and controlled a substantial portion of the entire market in Malaysia. Whilst the economy and business landscape remain uncertain after the change of Government with various projects being put on hold, this uncertainty is slowly eroding and as projects are now substantially back on track, we can foresee a better 2019.

As such, our cable segment remained resilient and achieved a sales revenue of RM667.63 million and profit after tax of RM35.75 million for the financial year ended 31 December 2018 ("FY2018"). To date, our cable segment has surpassed our sales revenue of 2018 and have currently recorded book orders in excess of RM700 million.

Our real challenge as a Group is confined more to the construction industry of transmission towers and power grids and to the aviation industry. On that note, the Company has taken drastic steps to mitigate against the recorded losses in this segment(s). As far as our venture into mini-hydro in Indonesia we have progressed in a timely manner and is close to completion.

In order to closely monitor our non-performing subsidiaries, the Group has created a special task force and a specialized department known as the Contract, Legal and Procurement ("CLP"). Fortnightly meetings are held to ensure close monitoring and the CLP has now emerged as the central nervous system of the Group as a whole.

I would like to emphasize that SCABLE has resolved to return **back to basics** and to become a **cable centric** company once again. The Group intends to re-align its focus as a manufacturing company specialized in power and telecommunication cables and the manufacture of steel and galvanized products. In addition, we are determined to complete the hydro power plant within the permitted timelines which we anticipate to be on or about mid-June 2019. As for the construction industry, the Company shall scale down its operations to a manageable level handling smaller projects which will not place a heavy financial burden on the Group. The aviation segment namely the leasing business of our helicopters shall be scaled down even more and we anticipate the disposal of several helicopters while maintaining only a small fleet which have long-term dry leases. Therefore, with this realignment, I am confident that the Group will navigate itself out of the current financial position we are in within the very near future.

GROUP FINANCIAL REVIEW

SCABLE Group recorded a revenue of RM789.54 million for the year ended 31 December 2018 ("FY2018"), a 22.91% decrease from the RM1.02 billion recorded in the previous fiscal year.

The reduced Group revenue was mainly attributed to weaker market demand and competitive environment in general. There was a fairly significant drop in the sales from our core contributor (power & telecommunication cables) basically corresponded with much lower annual requirement, hence, orders from Tenaga Nasional Berhad ("TNB") during the year.

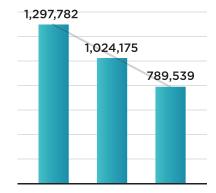
Noticeably, other under-performed business units have also resulted in further contraction in the total revenue. Partly, with the downsizing of our construction unit since 2018, it was anticipated that the Group revenue will not be in par with the previous year as project value on hand will be diminishing progressively.

The Group recorded a loss before tax of RM33.24 million as compared to RM25.62 million loss before tax for the corresponding period last year. While our cable manufacturing division delivered a profit before tax of RM35.75 million, the consolidated losses registered are mainly due to the following:

- Further losses incurred by construction unit with additional and prolongation cost including liquidated ascertained damages suffered in wrapping up a project on hand during the year.
- Further losses incurred by aviation unit due to insufficient contract and sales secured to support its high operating cost coupled with some impairment.
- Cost over-run for the min-hydro power plant construction works in Indonesia which is now due to complete by mid-June 2019.

| Financial Results | FY2018 RM Million | FY2017 RM Million | Change |
|---|--|--|--|
| Revenue Loss Before Tax EBITDA | 789.54 (33.24) 17.71 | 1,024.17 (25.62) 32.63 | (22.91%) (29.75%) (45.71%) |
| Financial Ratio | | | |
| Gearing ratio (times) Current ratio (times) Earnings per share (sen) Return on Equity (%) Net Asset per share (sen) | 2.37 0.68 (11.82) (16.03) 76 | 2.16 0.74 (10.85) (12.45) 90 | (0.21) (0.06) (0.97) (3.58%) (14.00) |

Group Revenue FY2016 - FY2018 (RM)

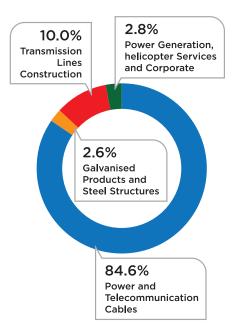








Segmental Sales Revenue 2018



SEGMENTAL BUSINESS REVIEW

The overall contribution to the Group revenue by the respective business segments is depicted below:

| Business Segment | FY2018 RM Mil | % | FY2017 RM Mil | % |
|---|------------------|-------|------------------|-------|
| Power and Telecommunication Cables | 667.63 | 84.56 | 888.04 | 86.70 |
| Galvanised Products and Steel Structures | 20.23 | 2.56 | 25.60 | 2.50 |
| Transmission Lines Construction | 79.42 | 10.06 | 92.36 | 9.02 |
| Power Generation, helicopter Services and Corporate | 22.26 | 2.82 | 18.17 | 1.78 |

Power and Telecommunication Cables

This core segment contributed 84.56% towards the total Group revenue as the cornerstone of the Group's business operation. Lower sales for power & telecommunication cables with a 24.82% drop for FY2018 as compared to previous year was mainly due to lesser requirement from Tenaga Nasional Berhad ("TNB"). There were also unexpected delays in mega infrastructure projects nationwide, particularly after GE14 from mid-2018 onwards. While in FY2017, higher sales in the previous year were generated from the extraordinary order from TNB for TACSR (Trapezoidal Shape Aluminium Conductor), as it was an enhanced product adopted for TNB's 500kV transmission lines in Peninsular at the same time. As such, 2017 was an isolated bumper year and should not be used as a benchmark for ensuing years.

Despite market slowdown, this segment performed commendably with RM35.75 million profit before tax registered for FY2018, and remains as the main contributor to the Group's operating profit. It is noted that the operation cost has been kept at rather consistent level all these years. For this coming year, we anticipate that TNB will be increasing their requirement. We also plan to intensify our efforts to increase our export sales in the hope of boosting the Group's cable sales growth continuously.



Galvanized Products and Steel Structures

Our sales of steel & galvanized products saw a slide by 20.98% for FY2018 to RM20.23 million from RM25.60 million in the previous year. This is mainly owing to non-competitive pricing impacted by lower productivity towards second half of the year where there was substantial time loss in machines breakdown. This resulted in some loss in business opportunities and ultimately also delayed delivery of orders in hand.

The minimal loss before tax recorded for FY2018 was due to lower sales achieved and this unfortunately coincided with incurring substantial repair and maintenance costs. Remedial plans were drawn up to upgrade the existing aging machineries, including replacing with a new galvanizing kettle. This is since completed.



Now with the upgraded galvanizing facility in place since February 2019 along with the soon to be installed additional and dedicated guardrail production line, we anticipate much higher sales delivery during this coming year to payback our machines investment timely.

As the State of Sarawak progresses towards achieving a digital economy, its infrastructure must develop in tandem with this objective. Arising therefrom are projects such as Rural Electrification Scheme (RES), telecommunication towers, proposed Second Trunk Road, upgrading of coastal roads and bridges. This augurs well with this segment where we have logistic advantages in exploiting great opportunities arising from the forthcoming demand for steel & galvanized products within the next 2 – 5 years. We will continue to invest and modernize our facilities, and hence, production capabilities to ensure that we are well-placed to capitalize on these existing opportunities.







Transmission Lines Construction

Our construction unit contributed 10.06% of the Group revenue for FY2018. The shrinkage of 14.01% in revenue was expected to result from the diminishing contract value on hand in line with progressive completion of existing projects; and with no sizable new project secured during this transitional period. Nevertheless, our strategic and prudent downsizing exercises have managed to minimize the operating cost while curbing further risks of loss for FY2018 in wrapping up most of the tail-end projects under the Group.

Segmental loss before tax of RM29.00 million was recorded largely because of the imposition of a reduced Liquidated Ascertained Damages ("LAD") for the 275kV Pengerang transmission line cum substation project in Peninsular Malaysia. This project suffered substantial losses and the Group was weighed down by various unforeseeable circumstances which resulted in delays for the handing over and completion of the project. Be that as it may, all parties managed to achieve a soft landing to ensure the completion of this project whilst addressing matters such as LAD and variation orders in a final settlement. The project is finally at a close and we have been issued with all Taking Over Certificates ("TOC"). Undoubtedly, losses were incurred and the Company as a Group has opted to take these losses in the financial year 2018 so as we may now put this matter behind us. Needless to say, the future direction of the Company and the decision to scale down the construction segment is to prevent any repetition of this. Our experience has let us to conclude that with only razor thin margins in this segment yet laden with a multitude of risk permutations, SCABLE, should channel its energy and resources towards its original core business of manufacturing.

Moving forward and on a substantial scaled down basis, our strategic focus for this segment will be mainly on the stringing and erection works; where prudent policy has been sanctioned for more effective cost management under the strict monitoring of the aforementioned CLP department. We will also be placing greater emphasis placed setting stringent and realistic budget, while exercising proper contract management and reviewing legal documents prior to commitment of any contractual works. CLP department will also be tracking any issues arising on fortnightly basis with immediate action plans deliberated to prevent unnecessary delay and additional costs.

Power Generation, Aviation Services & Corporate

Our other business units collectively contributed RM22.26 million to the Group's revenue for FY2018, an overall increase of 22.52% from RM18.17 million in FY2017. Of which a major portion was from the long-term helicopters lease contract under aviation segment. The remaining being the construction revenue recognised for our mini-hydro power plant in Indonesia which has been rescheduled to be commissioned by mid-June 2019.

Despite positive earnings from our corporate and management services, substantial combined segmental losses before tax amounting to RM26.05 million reported for FY2018 was primarily resultant from the aviation segment and construction of minihydro power plant, both deemed capital intensive ventures.



Aviation Services: Total revenue attained for FY2018 was insufficient to upkeep its monthly operation cost, comprising high finance expenses and maintenance cum operating cost amidst two (2) helicopters remain idling due to unsuccessful bid of contracts during the year.

As a result of a disappointing performance by this segment, the Board of Directors on the advice of the management has elected to scale down operations of our aviation business. This entails the disposal of three (3) helicopters namely one (1) unit H125 and two (2) units of H135. We believe that this will not just reduce our borrowings substantially but also our operating costs. We hope to achieve the sale of these helicopters in the upcoming months.

Where do we see ourselves in the aviation industry in the future? We have an existing long-term lease of five (5) helicopters with the Ministry of Defence and we intend to see that through as it remains profitable. Upon expiry of the leases or extended leases, we proposed to dispose of these helicopters as well.

A substantial part of the losses in this segment is attributable to the idling and inability to lease the H225 helicopter. Now, as it achieves air-worthiness we are channelling substantial efforts to procure a long-term lease of this unit with the help of reputable aviation consultants. We are confident that we will procure a lease in the very near future. This will leave our aviation segment as a much-reduced liability and in turn convert it into a profit centre, albeit on a much smaller scale than initially projected.







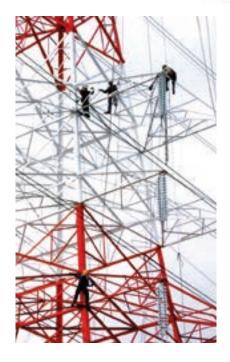
Mini-Hydro Power Plant: Though with RM5.40 million construction revenue recognized, additional rectification costs in enabling work progress at site, coupled with the on-going financing cost and unrealized forex loss had rendered a negative contribution to the Group's overall losses. From investment perspective, our valid Power Purchase Agreement with Perusahaan Listrik Negara (PLN) of 20 years' concession period would translate into a stream of recurring income upon the mini-hydro plant becoming fully operational, preserving its feasibility with longer payback period in spite of substantial cost overrun.

BUSINESS OUTLOOK

Generally, local market expected to be sluggish amidst slowdown in the property sector. Initiatives to increase our product exports likely remains challenging due to worldwide economic uncertainty as the result of US-China trade negotiations. Nevertheless, looking at our optimistic current Group order book on hand of more than RM850 million, mainly from our cables sales, I am confident that our cable sales will out-perform its forecast for 2019.

Apart from the on-going Pan Borneo Highway Development, Sarawak government has commenced various initiatives on State's infrastructure projects, such as new Rural Electrification Scheme (RES) under Sarawak Energy Berhad (SEB); new coastal network & second trunk road under State's Ministry of Infrastructure Development & Transportation (MIDT); more roads and bridges under Regional Corridor Development Authority (RECODA) as well as telecommunication infrastructure works under Sarawak Multimedia Authority (SMA).

We certainly foresee brighter prospect in Sarawak for the Group from 2nd half of 2019 and into 2021 with spin-off demands for our manufacturing products, such as power cables, highway guardrails, steel poles, street lighting columns, steel bridges and components and telecommunication towers.





FORGING AHEAD

In line with our sustainability initiatives rolledout during the year, the Group is determined to strengthen its leading position in the Malaysian market with continuous focus on cost efficiency, higher productivity, product development and enhancing competitive edge to capitalize on the nation's investment in infrastructure with the securing of supply to the on-going and upcoming projects, particularly in the State of Sarawak.

The Group will continue to embark on a series of adjustments in its business cum corporate strategies with an aim to attain satisfactory performance for the upcoming financial year. In regards to the export sales for our power cables products, we shall continue to capitalize on our strong marketing network and brand recognition at various countries' utility boards.

Let us not forget that growth in our core business of manufacturing cables and steel products must progress in tandem with drastic measures taken to eliminate losses contributed by non performing subsidiaries. This is exactly what we have done and the results will be seen in the 2nd half of 2019. The hydro power plant in Indonesia is nearing completion and the scaling down in the aviation industry and construction segment will all contribute to a brighter future for SCABLE.

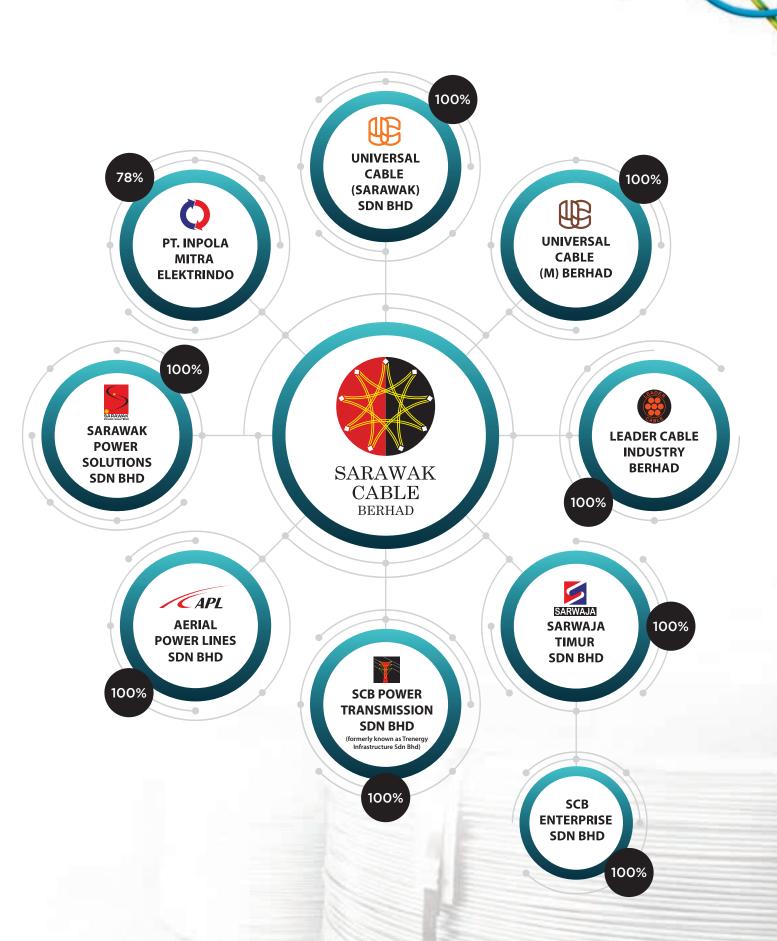
NOTE OF APPRECIATION

On behalf of the Management, I would like to thank the Board of Directors for their invaluable advice and constant guidance throughout the year. My appreciation also goes to my fellow colleagues and employees who continue to contribute unceasingly despite turbulences along the journey towards financial resilience for the Group.

I would also like to take this opportunity to express my sincere gratitude to our shareholders and other stakeholders – customers, regulators, bankers, suppliers and business associates for your continuous support. I hope our business rapport can be further strengthen for greater achievement together in the years ahead.



Group Corporate Structure



Corporate Information

Board of Directors

1. Dato Sri Mahmud Abu Bekir Taib

2. Dato Sri Fong Joo Chung

3. Dato' Ahmad Redza bin Abdullah

4. Tan Sri Dato' Seri H'ng Bok San

5. Yek Siew Liong

6. Datuk Kevin How Kow

7. Erman bin Radin

8. YB Dato Hajjah Hanifah Hajar Taib

9. Datuk Rozimi bin Remeli

10. Redzuan bin Rauf

11. Ng Woon Chiang

Non-Independent Non-Executive Chairman

Non-Independent Non-Executive Deputy Chairman

Managing Director

Non-Independent Non-Executive Director

Non-Independent Non-Executive Director

Independent Non-Executive Director

Independent Non-Executive Director

Non-Independent Non-Executive Director

Independent Non-Executive Director

Independent Non-Executive Director

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

Secretaries

Teoh Wen Jinq (MIA 25770) Voon Jan Moi (MAICSA 7021367)

Auditors

Messrs. Ernst & Young

Solicitors

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

Principal Bankers

- 1. AmBank (M) Berhad
- 2. AmIslamic 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
- 15. United Overseas Bank Berhad

Share Registrar

Boardroom Share Registrars Sdn Bhd (formerly known as Symphony Share Registrars Sdn Bhd) (Company No. 378993-D)

Level 6, Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A / 46, 47301 Petaling Jaya, Selangor Tel No. 603-7849 0777 Fax No. 603-7841 8151 www.boardroomlimited.com

Registered Office

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

Stock Exchange Listing

Main Market of Bursa Malaysia Securities Berhad

Stock Name: SCABLE Stock Code: 5170

Investor Relations

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General Enquiries

e-mail: enquiries@sarawakcable.com



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

Malaysian, age 55, male, was appointed to the Board of Sarawak Cable 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 major shareholder of CMSB. He is primarily responsible for overseeing the infrastructure development arm of the CMSB group of companies and sits on the Board of Directors of several key subsidiary companies of CMSB.

He is also a director of several other private companies.

He is the brother of Dato Hajjah Hanifah Hajar Taib (Director of Sarawak Cable). He has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any offences 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 2018, he has attended all five (5) of the Board meetings held.



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

Malaysian, age 69, male, was appointed to the Board of Sarawak Cable 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 offences 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 2018, he has attended four (4) out of five (5) Board meetings held.



Dato' Ahmad Redza bin Abdullah Managing Director

Malaysian, age 55, male, was appointed to the Board of Sarawak Cable as Independent Non-Executive Director on 8 October 2009. He was appointed as the Executive Director of Sarawak Cable on 1 January 2018 and subsequently as Managing Director on 13 March 2018.

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 offences 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 2018, he has attended all five (5) of the Board meetings held.



Tan Sri Dato' Seri H'ng Bok San Non-Independent Non-Executive Director

Malaysian, age 79, male, was appointed to the Board of Sarawak Cable 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 LCIB and implemented a restructuring and merger exercise between LCIB and UCMB 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 offences 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 2018, he has attended all five (5) of the Board meetings held.



Yek Siew Liong
Non-Independent Non-Executive Director

Malaysian, age 59, male, was appointed to the Board of Sarawak Cable 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, and then in 2010, he was appointed as the Non-Executive Director of Sarwaja Timur Sdn Bhd, our whollyowned subsidiaries. Subsequently, he resigned as the Non-Executive Director of Sarwaja Timur Sdn Bhd on 7 March 2019.

He has many years of experience in timber trading, logging, tug boat and barge operations, timber and glue manufacturing, hospitality industry, property development and management, oil palm plantation and petrol station operations.

He is currently the Non-Independent Non-Executive Director of Latitude Tree Holdings Berhad, and a director of Hock Lee Asia Berhad and Cinacom Bintulu Berhad.

He is also a director of several other private companies and a director of Malaysia-China Business Council.

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 offences 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 2018, he has attended four (4) out of five (5) Board meetings held.



Datuk Kevin How Kow Independent Non-Executive Director

Malaysian, age 70, male, was appointed to the Board of Sarawak Cable 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 of England & Wales and the Institute of Singapore Chartered Accountants. He is a member of the Malaysian Institute of Accountant 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, Sabah Development Berhad and Saham Sabah 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 offences 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 2018, he has attended four (4) out of five (5) Board meetings held.



Erman bin Radin
Independent Non-Executive Director

Malaysian, age 41, male, was appointed to the Board of Sarawak Cable 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 Assistant in Taiyo Yuden (Sarawak) Sdn Bhd in 2000 and subsequently joined Amrtur Corporation Sdn Bhd, 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 offences 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 2018, he has attended four (4) out of five (5) Board meetings held.



YB Dato Hajjah Hanifah Hajar Taib
Non-Independent Non-Executive Director

Malaysian, age 46, female, was appointed to the Board of Sarawak Cable as Non-Independent Non-Executive Director on 11 May 2016.

She graduated with a degree in Bachelor of Science, Business Administration from University of San Francisco, California, United States of America, in 1998

She has over twenty six (26) years of experience working in various fields of private sector, the community and voluntary sectors. She is the Chairman of Pertubuhan Kebajikan Islam Malaysia (PERKIM) Wanita Bahagian Sarawak, an Executive Director of Cats FM, one of the State of Sarawak's mainstream radio broadcasting station, an Executive Director of Miri Marriot Resort & Spa and a Chief Executive Officer in Lim Kok Wing University of Creative Technology and a member of the Board of Governing Council of Limkokwing Institute Borneo (Sarawak Campus). In 2017, she was appointed as President of Regional Islamic Da'wah Council Southeast Asia & the Pacific (RISEAP) for Women and also the Vice President of Regional Islamic Da'wah Council Southeast Asia & the Pacific (RISEAP). She takes a strong and active interest in both social and charity activities in the State of Sarawak.

YB Dato is currently the Member Parliament of P.213 Mukah after she won the 14th Malaysian General Election on 9th May 2018. She represents several parliamentary organizations on behalf of Malaysia.

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

She is the sister of Dato Sri Mahmud Abu Bekir Taib (Chairman and major shareholder of Sarawak Cable). She has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. She has not been convicted of any offences 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.

During the financial year ended 31 December 2018, she has attended four (4) out of five (5) Board meetings held.



Datuk Rozimi bin Remeli Independent Non-Executive Director

Datuk Rozimi bin Remeli, Malaysian, aged 62, male, was appointed to the Board of Sarawak Cable 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 Northorp University in the United States in 1984 and holds a Master in Business Admiration from Universiti Sains Malaysia, in 1996.

He has over thirty four (34) 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 offences 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 2018, he has attended all five (5) of the Board meetings held.



Redzuan bin Rauf
Independent Non-Executive Director

Malaysian, age 47, male, was appointed to the Board of Sarawak Cable as Independent Non-Executive Director on 11 May 2016. He is also a member of the Risk Management Committee.

He is an associate member of the Institute of Chartered Secretaries and Administrators (United Kingdom) and the Malaysian Institute of Chartered Secretaries and Administrators.

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 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 offences 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 2018, he has attended all five (5) of the Board meetings held.



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

Malaysian, age 49, 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 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 offences 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 ManagementProfile



Woon Wai En

Group Chief Operating Officer

Malaysian, age 56, male, joined Sarawak Cable in February 2017 as the Group Chief Operating Officer.

He has more than twenty (20) 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 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 the Malaysian Institute of Accountant.

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 had no convictions for any offences 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, age 48, 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 be the Production and Quality Control Manager in 1997. In 1999, he was transferred to head the Sales and Marketing function of LOFC and subsequently 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 in charge of 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's overall operations and the combined Sales and Marketing activities. 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 a private limited company.

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 had no convictions for any offences 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

Teoh Wen Jing

Group Chief Financial Officer and Company Secretary

Malaysian, age 44, female, joined Sarawak Cable 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'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. As our Company Secretary, she is also entrusted with ensuring compliance with regulatory and statutory requirements.

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 had no convictions for any offences 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, age 50, female, joined Sarawak Cable on 1 January 2009 as Senior Manager to spear-head corporate affairs cum business development while handling tender sales. She was promoted as General Manager in 2011 with extended duties to involve in contracts procurement and project sales, and later she also takes on investor relations and CSR under her scope. She was further promoted as Senior General Manager since 2015.

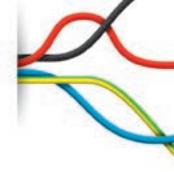
She first obtained a Bachelor of Arts (Honours) in Banking and Finance from New University of Ulster, United Kingdom and later graduated with MBA from Cardiff Business School, University of Wales, United Kingdom, in 1993.

She acquired extensive experience in the private banking and corporate sectors having held several positions in various companies. Her professional endeavours commenced in 1993, as a bank officer for Organisation & Method department and later attached to Orix Leasing (Malaysia) Sdn Bhd in 1996, mainly involved in credit assessment works until 2000. Her subsequent experiences from 2001 until 2008 were with Sarawak Capital Sdn Bhd, a corporate advisory firm, as their Senior Manager and also with OCBC Bank as a Relationship Manager for their corporate banking division in Kuching.

She presently sits on the board of a private 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 had no convictions for any offences 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 Malaysian Financial Reporting Standards, 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 2018 contained in this Annual Report, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgment and estimates.

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

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

This Statement is made in accordance with a resolution of the Board dated 16 April 2019.



Sustainability Report

As Sarawak Cable Berhad ("SCABLE") Group continues to face challenges along our path of restoring our financial stability since 2017, we deploy business strategies aimed at diminishing nonperforming business units to reduce our financial losses. At the same time we strive to emphasise on dominant business divisions while pressing on for business growth amidst the sluggish economic condition. In attaining sustainable growth for SCABLE Group, we remain dedicated to enhancing our sustainability performance; not only addressing the Group's financial risks but also incorporating non-financial elements from an Economic, Environmental and Social ("EES") perspective. This has aided in formalising some of our existing sustainability practices. We also endeavour to maintain transparency in our company operations in the hopes of perpetuating stakeholder confidence.

Our Management Sustainability Committee ("MSC") is entrusted to formulate strategies, policies and goals. It is also in charge of creating awareness and overseeing the implementation process of embedding relevant EES sustainability elements within the Group in context of current business operations.

Following on our sustainability statement in 2017, our MSC has since institutionalized a specific Governance Structure cum Sustainability Reporting Framework & Policy ("SRFP") for EES initiatives execution. Apart from improving the existing practices, some new EES initiatives have been rolled-out during the year upon identifying our shortfalls and priorities for the respective business

units covered under the scope of this Sustainability Report ("SR") 2018.

SR SCOPE & COVERAGE

In the Group's attempt to recover from its current temporary setbacks, the Board has therefore rallied for increased focus on our core businesses for SR implementation; aiming to maximize the effectiveness of our EES initiatives amidst SCABLE's recovery. As such, our SR 2018 will mainly focus on our Manufacturing Division, involving cable manufacturing and steel fabrication.

Our reasons for the exclusions of both our construction and aviation business units lie in the fact that we are undergoing a downsizing. As for our overseas venture in the renewable sector to build and operate a mini-hydro power plant has yet to be commissioned.

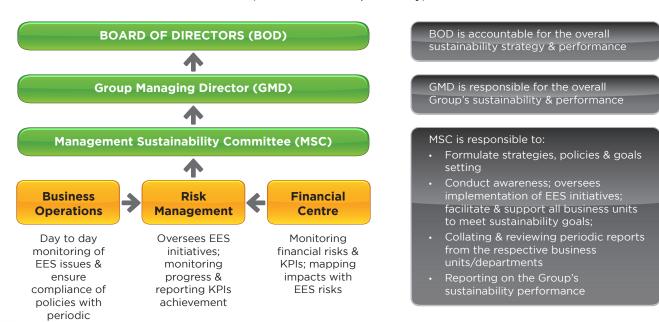
MANAGING SUSTAINABILITY

Our sustainability management comes under the preview of MSC; comprising of SCABLE's top senior management, with the respective SR Champion from the affected business units reporting to MSC periodically.

Sustainability governance is crucial in ensuring effectiveness of enforcing our SRFP, and thus, the following governance structure has been specifically introduced for the effective implementation and monitory of the EES initiatives within SCABLE Group.

GOVERNANCE STRUCTURE

(for SR-related responsibility)

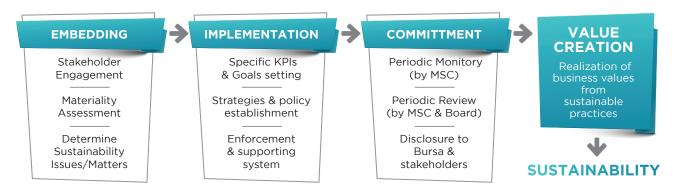


reporting



MSC has since conducted in-house SR briefings at the Board meeting as well as to the subsidiaries, creating awareness of the SR concept from the top, then cascading down to the operation level. This is in line with Bursa Malaysia's requirements along with the significance of creating a sustainable organizational culture through EES commitments; benefitting our company, stakeholders along with society without compromising the environment for future generations.

As we strive to fulfil our sustainability commitments, we have put in place the pre-requisites and EES implementation process outlined as follow:



STATKEHOLDER ENGAGEMENT

We believe that our success is a multi-tier process that involves all our stakeholders; because what benefits them will also benefit our business. In enhancing our existing stakeholder engagement activities, the Group's stakeholder engagement list has been further reviewed and updated as below:

| Stakeholders | Engagement Methods | Focus Area |
|--|--|---|
| Substantial Shareholders & Investors | Annual General Meeting (AGM)Announcement on financial reportsInvestor Relations activityAnnual Reports | a) Group financial stability b) Reinstatement of market value c) Restoration of market confidence d) Crisis Communication Plan (CCP) |
| Regulatory Authorities | Correspondences on compliance matters, licences renewal/upgrade Industry Forums & regulatory seminars On-site / random factory inspection Social activities & local council meetings | a) Bumi status requirement b) Compliance of all licences c) Effective monitory & update of any new requirements |
| Government Agencies | Correspondences on compliance matters Meetings on specific issues arising Seminar on regulation & policy updates Factory audit by Labour department | a) Full compliance of requirements b) Timely update of any changes in regulations/policies |
| Key Clients & Customers | Meetings & dialogues with key clients Products survey study with key clients Customer Satisfaction Evaluation Marketing survey meeting Commercial & Technical Evaluation Purchase contract review Factory Acceptance Test (FAT) for delivery | a) Market trend /preference b) Customer Satisfaction c) Product Acceptance d) Complaints handling & After Sales Service e) Technical specification review |

| Stakeholders | Engagement Methods | Focus Area | | |
|--|--|---|--|--|
| Management Personnel & Employees | Monthly Management meeting Production Planning meeting Plant Maintenance meeting Family Day & Annual Dinner Recreational events & Health Talks Employee survey & In-house training/briefing Agreement review for union staff | a) Effective resources optimization b) Output efficiency c) Staff loyalty & sense of belonging d) Team spirit culture e) Training & competency development | | |
| Suppliers, Vendors & Strategic Partners | Correspondences on quotations, orders & delivery schedule Dialogue on quality & pricing Annual dinner & sponsorship Credibility evaluation & visitation New material / R&D dialogues | a) Quality, price & deliveryb) Supplier rapport & reliabilityc) Maximize synergistic outputd) New materials source, if any | | |
| Financiers / Bankers | Meetings & dialogues on existing facilities Review of credibility Corporate dinner & Forums | a) Financial Covenant complianceb) Repayment capacity reviewc) Cost control & price verificationd) Minimize penalty/late charges | | |
| Local Communities | Corporate Social Responsibility (CSR)Conduct zero-cost CSR programs | a) Initiate fund-raising activity b) Promote healthier lifestyle | | |
| External / Independent Auditors | Auditing & Review meeting for renewal of various certification Interviews for compliance issues Certification for existing & new products | a) Compliance requirements b) Effective communication c) Existing & new product certification | | |
| Industry Associations | Internal Meeting on industry practices Industry Forums, Seminar & Conference Joint exhibitions, sponsorship, annual dinners | a) Industry knowledge acquisition b) Industry networks & reputation | | |
| General Service Providers | Correspondences on orders, payment terms & delivery Product & Service quality survey | a) Reliable quality service b) Cost effectiveness procurement c) Products assessment /updates | | |

Our continuous and active involvement in Malaysia Cable Manufacturers Association ("MCMA") has constantly kept us abreast of the latest market requirement and development in the industry and through which, we established good liaison with the relevant authorities and other industry players for constructive dialogues that benefit the industry as a whole.





Further collation and re-grouping of inputs from our various manufacturing arms coupled with internal dialogue sessions has led to our Prioritized Stakeholder List as below for a more focused execution of our EES initiatives.

| KEY STAKEHOLDER | | PRIORITIZED FOCUS | MATERIAL SUSTAINABILITY MATTERS (internal & external) | | |
|-------------------------------------|-----------------------------------|--|--|--|---|
| | | | Economic | Environmental | Social |
| Group | Shareholders & Investors | Group loss recovery & financial stability Restoring market confidence | Economic contribution, financial stability, stable capital market | Environmental protection initiatives | CSR activities |
| High Power, Highly Interested Group | Management & Employees | Effective managementResources optimizationHealthy office culture | Economic contribution, Jobs creation, skilled labour development | Green initiatives & 3R program, OHSAS | OHSAS, Human rights, welfare & training |
| n Power, High | Business Strategic Partners | Enhance contractual terms Synergistic effects to maximize output | Procurement practices, financial stability, jobs creation | Environmental protection initiatives | CSR activities |
| High | Financiers / Bankers | Financial covenant compliance Maintain constant trust & support Repayment capacity | Economic contribution; financial stability | Environmental protection initiatives (Paperless E-banking) | CSR activities |
| High Power, Less Interested Group | Key Clients & Customers | Dynamic to market trend & needs Commercial & Technical After sales service / complaints handling | Boosting economic, stable infrastructure development | Eco-friendly products & environmental protection initiatives | Consumer rights; safer & healthier products |
| | Regulatory Authorities | Compliance of Bumi status requirement Validity of all licences & certifications Compliance on Bursa SR requirement Existing & New Product certification | Business opportunity loss or monetary loss for non- compliance | Environmental standards compliance ISO 14001:2015 | CSR & industry activities |
| | Major Suppliers, Vendors | Quality and costs Effective procurement practices Alternative or new material source | Procurement practices, financial stability | Recyclable, eco-friendly materials; resources depletion | CSR activities |
| | Local Communities | Initiate fund-raising type of CSRPromote healthier lifestyle | Economic contribution, Jobs creation | Environmental protection initiatives | CSR & quality life |

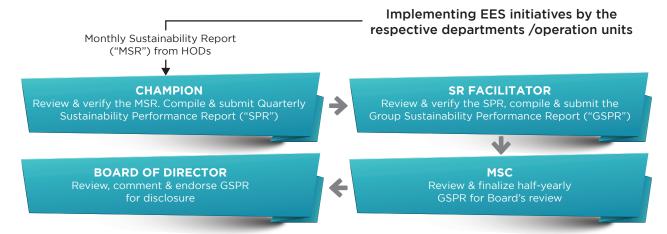
MATERIALITY ASSESSMENT

The Material Matters ("MM") for our manufacturing units are determined based on their respective current needs & changing business landscape (if any), and is prioritized in accordance with the significance of their potential impacts to SCABLE Group. Through a series of discussions among the business units under review, SCABLE Group's prioritized MM is listed as follows:

| | KEY MATERIAL Anticipated Impacts on The Group | | |
|----|---|--|---|
| | MATTERS | Internal Perspective | External EES Perspective |
| 1 | Effective ERM System (Risk management & Internal control) | Risk minimization via preventive measures Loss recovery & long-term profitability Progressive organic growth in business Restoration of market value | Economic contributions/ GDP Contributes to capital market Financial stability for stakeholders Supports infrastructure development |
| 2 | Optimal Procurement Practices (Production, packaging, delivery & general operation) | Cost reduction & more competitive pricing Less fraud & bribery with ethical conduct Eco-friendly material increase cost but lasting supply source | Sustainable supply chain/GDP Jobs creation Eco-friendly material reduces pollution Reduces depletion of resources with recyclable materials |
| 3 | Positive Organizational Behaviour | Enhances strengths & proficiencies of manpower Boots employee morale & increases work productivity In-house Leadership development Improve performance & maximise outputs | Economic contributions/ GDP Human capital development Boosting National Productivity |
| 4 | Legal & Regulatory Compliance | Continuous operation & ethical business conduct No monetary or time loss for non-compliance Increases business opportunity | Economic contribution Jobs creation Positive progress into a developed nation |
| 5 | Quality Product Development | Meeting local & global market trade preference Healthier, safer & reliable products for sustainable supply Reputational & branding effect | Eco-friendly products as alternative choice Healthier living condition for community Stimulate environmental consciousness |
| 6 | Effluent & Waste Minimization | Reduce production cost in long-run Increases operation cost but reduces pollution Reduce paper usage; paperless oriented practices | Promotes environmental awareness Promotes 3R awareness Promotes Digital Economy |
| 7 | Water & Energy Efficiency | Reduce production & operation cost in long-run Cultivate 3R conscious at workplace | Environmental protection – air & water Less depletion of resources Promotes 3R awareness |
| 8 | Compliance of ISO14001:2015 Environmental Management System | Maintain high qualification & standards Minimize time & monetary loss from non-compliance Healthier, safer & greener workplace for employee Reputation & branding effect | Environmental protection Better living condition for community |
| 9 | Compliance of OHSAS 18001:2007 | Maximizes employees' safety and health at workplace Minimizes accidents and time injuries Skilled labourer development | Social compliance Reduce foreign workers/immigrants Improves local employment rate |
| 10 | Impactful CSR Activities | Constant support from community & stakeholders Minimize grievances from community within proximity Positive corporate image Cultivate sense of ownership & pleasant green workplace | Contributions to community Promotes healthier lifestyle & living quality Promotes green environment |



Through recognizing our key MM and their anticipated impacts for optimization of resources, we have derived a common monitory platform with our Enterprise Risk Management ("ERM") where the same champion appointed for Risk monitory will also be in charge of Sustainability monitoring at the operations level. The simplified workflow is outlined as below:



ECONOMIC

We devoted to recover from loss without compromising with our on-going contribution to the Nation's Economy Being a Sarawak-based listed entity, we have been at the forefront of the Sarawak State Government's effort in accelerating State's infrastructure development and economic growth which require substantial power supply and telecommunication infrastructure.

Despite all the challenges faced with losses incurred in some projects due to unforeseen obstacles, we maintain all commitments to complete our supply of products and works delivery in ensuring success of the designated plans for power transmission and distribution throughout the State and within the country.

Our presence as the leading and largest cable manufacturer in South East Asia shall continue to uphold the domestic demand of power

& telecommunication cables while contributing to the country's GDP. We have had the opportunity to contribute our power-related expertise and products worth about RM800 million annually to the on-going mega infrastructure projects in the country.

Our investment in product development reaps its rewards in recent years as we have succeeded in commercialize the very first locally produced 275kV underground cable in meeting the requirement from our country's power utility companies. We are pleased to witness another R&D milestone with our latest development of an enhanced High Temperature Low Sag (HTLS) Conductor. Our contribution in pioneering local production as well as new product research in meeting the country's needs has reinforced our reputation as the leading industry player. Our continuous investment and operations with jobs creation has also enhanced statistics to the nation's employment rate.

From an internal operational perspective, most manufacturing plants are able to achieve their key performance indicator ("KPIs") set for cost effective procurement, quality control and machine efficiency to increase productivity rate while enhancing cost competitiveness. However, machine downtimes and repair costs for our steel fabrication plant has increased during the year, mainly due to aging machines. Nevertheless, preventive measures and upgrading plans have set in for further improvement.

As we enter into an era of digital technologies, it is especially important for us to align and attune our mindsets with the State's dynamic move towards a Digital Economy. Our Group finance has aimed to increase paperless transactions within our operations since 2017 by encouraging e-payment & collection, not only to save cost and time but to improve efficiency while preserving the environment. The response was encouraging for the period under review and we believe the numbers will escalate further in the coming year.



ENVIRONMENTAL

We are certified with ISO 14001:2015 Environmental Management System Being the leading cable manufacturer in the country, environmental conservation has always been one of our top priorities. We are steadfast in ensuring our manufacturing processes do not attribute any significant adverse impacts on the ecosystem.

Our Environmental Management System is in compliance with ISO 14001:2015, duly certified by SIRIM QAS International. We are also dedicated to the stringent regulations of the Malaysian Department of Environment ("DOE") with continuous achievement of zero non-compliance records.

GREEN-ORIENTATED DEVELOPMENT

For the cable manufacturing industry, cables can only be reckoned as eco-friendly based on the ingredients selected or excluded from their composition, such as materials that are deemed harmful to the consumer. Cables can also be recognized as "Green" based on the practices or technology adopted for the manufacturing process, such as to minimize environmental impact through recycling materials, reducing energy consumption or less waste discharge and so on.

Our commitment in sourcing for alternative new and eco-friendly materials for our product development can be evidenced from our year-to-date records on new materials testing conducted.

We are currently using Registry of Occupational Safety & Health (ROSH) PVC compound for our cables. The fact is such eco-friendly materials are not cheaper. Nevertheless, our fervent hope for a better world for our next generation was not compromised despite no cost savings in adopting some of these materials.



It is worth noting that we have long embraced "Green-orientated" product development technologies in adhering to environmental protection principles. The development of our Milliken Conductor exhibits the following advantages and eco-friendly features:

- Optimizing current carrying capability
- Less Electro-magnetic fields (ie. reducing harmful environmental impact)
- Minimizing land usage
- · Reducing noise emission

We are proud to achieve another Research & Development (R&D) milestone where we completed our Product R&D and commercialized and delivered our 'Solar' Cable for solar panel use in 2018.



Our R&D department capitalizes on any opportunity arising and continues to actively embrace innovation towards sustainability in product development as we believe such investments shall ultimately lead to higher efficiency & productivity in the long run.

EFFLUENTS & WASTE MINIMIZATION

All our factories are practicing waste recording for periodic monitoring, particularly for scheduled waste, raw material scrap and metal scrap. Measurable targets set by weight in ensuring wastage are being minimized in attaining cost effective production.

Besides that, we have also continuously explored options for cheaper, bio-degradable packing materials at our various plants. Some have adopted spaced packing for local orders to minimize use of battens while in other cases, corrugated plastic sheets and nylon straps were used instead of wooden battens and steel straps. In cases where steel drums were required, we opted to purchase the second-hand steel drums or collect back from customer's site for reuse.

It was noted that our smaller cable plant in Sarawak has successfully recycled about 1400 pieces of used PVC bags for drum packing during the period under review. It has also achieved one extra mile by recycling used pallets and wooden drums in reducing unnecessary waste generation.



WATER & ENERGY CONSERVATION

Installation of auto-control lighting system and LED lighting was implemented at some of our factories during the year while the rest remains in process. Along with this, our Sarawak-based cable plant has also commenced using Solar panels for lighting at their raw material warehouse.

Pressing further for energy efficiency, our logistic unit has made efforts to optimize their transportation plan in order to reduce the overall delivery trips, enabling trim down on our diesel consumption. With more stringent monitoring, there has been positive energy savings reported for our cable plants; though not significantly yet at this juncture. As for our steel fabrication plant, energy consumption remains high in 2018 due to aging machines coupled with upgrading activities in our attempts to minimize breakdown hours in the long run.

Apart from energy-saving measures, our emphasis on water savings remains as enthusiastic as ever. One factory reported to have modified the cooling water system of the extruder machine to enable water recycling for machine use during the production process, and other factories have started collecting rain water for factory floor & general cleaning. Our maintenance team has also been tasked to conduct regular checks and close monitoring on all our premises to detect any water drips or leakages.





Since commencement of our EES initiatives, there is slight drop in our overall utility bills to-date. Undoubtedly, it requires more time and collective efforts to cultivate green mind-set for greater impact in energy & water efficiency for the coming year.

OUR PEOPLE & WORKPLACE

We aim to nurture a greener culture and create a safe & conducive workplace

We recognized our people as the driving force of our business and constitutes the foundation of all operations and therefore, it is crucial to foster a work environment that empowers our staff to unlock their potential with commitment to perform.

We kick-started our Competency Development programs with preliminary capability assessment conducted for precise delegation of personnel to maximize output.

We practice non-discrimination in our recruitment process and encourage personal health and professional growth via various initiatives in an environment of mutual respect. Given the nature of business in manufacturing, our factory male to female workers ratio stands at 85:15. Nevertheless, our management office constitutes male and female staff ratio of approximate 50:50.

TRAINING & SKILL DEVELOPMENT

In 2018, we achieved more than 7000 training hours in total, with more than 600 employees undergoing different courses relating to their specific needs. Of which, approximately 7000 hours of training were conducted, inclusive of in-house on job training. We strive to motivate personal growth & multi-skill through on-the-job learning, job rotation as well as in-house training. There were 90 various training courses conducted during the period under review.

Post-training monitory systems have been introduced to ensure effective competency development. Upscaling of multi-skilled workers through jobs rotation are mainly applied to our production workers at this juncture. As we understand the importance of retaining talents and enhancing their ability in confronting business challenges, we plan to allocate resources for more advanced technical and management training to facilitate better career development within our company for our employees.

In tandem with our staff training, we also acknowledge young people as future pillar of our society and we have been coordinating with various local universities and institutes every year on internship programs to help building future talents in various fields.

TOTAL
TRAINING
HOURS
MORE THAN
7,000
HOURS



OCCUPATIONAL HEALTH & SAFETY

It has always been our top priority to create positive and safe working environment. We are certified with Occupational Health & Safety Management System (OHSAS 18001:2007) and have been under constant monitoring of compliance with OHSAS requirements all these years. Periodic health screening and yearly medical surveillance are conducted to ensure minimal health issues. By and large, EES initiatives are positively complementing our existing practices under OHSAS.







GOING GREEN AT WORKPLACE

As part of our efforts to foster sustainable values and spruce up our office premises, we aim to promote 'Going Green at Workplace' and kick-started 'Plant Pets'; an initiative that encourages employees to bring small indoor plants to the office. As of July 2018, encouraging number of employees volunteered to care for the plants within their respective departments. What started as a fun office activity soon showcased our employees' gardening and landscaping capabilities as more employees soon started working together to grow outdoor plants in the office compound!





EMBRACING ENVIRONMENTALLY CONSCIOUS PRACTICES AT WORKPLACE

"At SCABLE, we strive to design organizational strategies which incorporate endeavours that promise a Greener Tomorrow."



Our 3R Guidelines at workplace

To further express our commitment to reducing our carbon footprint, we have rolledout 3R (Reduce, Recycle & Reuse) program at store, operations and office while actively monitoring our waste management and recycling practices. We enforced our 3R guidelines that work toward minimising paper usage and as much wastage as possible at our workplace. Though not a significant savings, our paper consumption drops based on the records of paper rims ordered.



Six (6) bins were made of recycled copper stands and PVC bags were set-up for receiving recyclable items collected by employees.

In nurturing going green at our workplace, inspiring posters were pasted at various places to remind employees. All recyclable items, mainly papers, plastic items and aluminium tins & cans will be collected and sold to top-up funding for staff welfare.

The Group strives to build sustainable practices in which we are able to actively incorporate community engagement and environmentally-conscious values into our philanthropic endeavours.





COMMUNITY & CORPORATE SOCIAL RESPONSBILITY (CSR)



SCABLE Group CSR initiatives are passionately carried out by our CSR Committee; a voluntary team comprising of our employees who are committed to making a difference. Under our CSR banner "With Love, We care", SCABLE Group continues to place significant emphasis on:

- Maintaining prudent and sustainable business values at the heart of the company.
- Engaging stakeholders and non-profit communities to identify and solve problems whilst building socially valuable relationships
- Supporting corporate partners in enriching the general community service ecosystem
- Promoting "green" habits within the work place

COMMUNITY ENGAGEMENT & DEVELOPMENT

"Here at SCABLE, we firmly believe that community development is part and parcel of our daily business. To this end, our corporate values and business strategies are very much aligned with philanthropic initiatives that address social issues and promote public awareness".

40 VOLUNTEER HOURS

Approx. 700 PEOPLE IMPACTED

Throughout the fiscal year of 2018, the Group CSR Committee has launched various initiatives, dedicated 50 hours that fulfil an array of community service spectrums as listed below:

USHERING THE LUNAR NEW YEAR WITH WISHESLAND

Chinese New Year is more than just an auspicious occasion celebrated with firecrackers and lion dances. It is a time for goodwill and giving. On 10 February 2018, the SCABLE Group CSR committee brought the season's festivities to the special people under Wishesland Kuching; a support group for children and families dealing with cerebral palsy. 20 boxes of mandarin oranges and 12 hampers filled with CNY goodies; kick-starting a joyous fellowship luncheon that united adults and children alike. SCABLE CSR team distributed angpows to 12 families.







RUNNING FOR AUTISM AWARENESS

SCABLE places great importance in strengthening partnerships with non-profit organizations like Kuching Autistic Association (KAA), thus, we participated in their Run for Autism 2018 event; an endeavour geared at promoting autism awareness in Kuching. On 23 April 2018, a team of 20 runners represented the SCABLE contingent in both the 10KM and 5KM categories. We also sponsored the printing of event promotional material which drew in a crowd of 3,200 participants! As a whole, SCABLE is always happy to participate in external initiatives that promote a worthy cause. It is precisely this team spirit and dedication that continues to fuel our strong, inextinguishable desire to do our part for the community.

GO GO GREEN RUN 2018



PERSATUAN

The month of December 2018 marks a significant milestone in SCABLE's journey towards fulfilling its social responsibility goals. In further efforts to promote environmental consciousness, we partnered with Persatuan Go Go Green, an NGO that actively GO GO GREEN campaigns against the single-use plastic, to jointly organise the Go

Go Green Run 2018. The event encourages the public to practice 3R (Reduce, Recycle, Reuse) habits while raising funds for Persatuan Go Go Green to continue executing their green campaigns. The runners were encouraged to pick up any recyclable items along their running route.



It was our first large scale public endeavour that included volunteers from our Kuching-based subsidiaries. All in all, the event was a complete success, with approximately 75 kg recyclable items collected by runners during the RUN.

VOLUNTARY WORKSHOP FOR JABATAN KERJA **RAYA SARAWAK (JKR)**

Engaging our stakeholders and industry partners in dialogue is fundamental for inaugurating the relative effectiveness of SCABLE's management and business operations in terms of meeting social needs.

On 13 December 2018, our production and quality control representatives conducted an interactive workshop for Jabatan Kerja Raya Sarawak (JKR), focusing on how to identify and detect substandard power cables that do not meet regulatory requirements; as the rampant availability of these in the market poses various safety problems. It was a fruitful initiative that involved a riveting Q&A session with JKR's engineers and our speakers. SCABLE hopes to participate in more industry exchanges to give back to a community that has always been supportive to our business operations.

With unwavering spirit towards sustainability, SCABLE Group hopes to achieve valuable balance in the development of economy, environment and society through our business operations as we strive to set new standards and stabilize our financial standing at the same time as we march into FY2019.

SHARING KNOWLEDGE WITH GOVERNMENT **SERVANTS AND CONSUMERS**

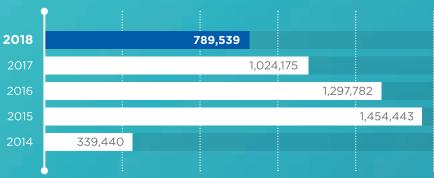
"SCABLE strives to create an environment of transparency and integrity by engaging in effective discussions and receiving feedback. By doing so, we forge strong relationships that provide mutual benefit for all parties within the industry.'



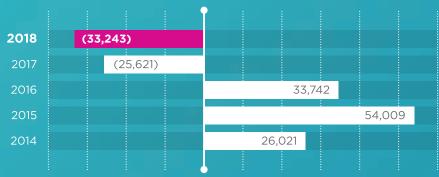


Financial Review





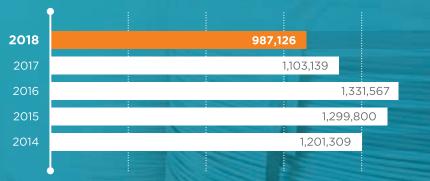
Profit/(Loss) Before Taxation (RM'000)



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



Total Assets Employed (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 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 2018

The AC members and the attendance of each member at the AC meetings during the financial year ended 31 December 2018 are set out below:

| Independent Non-Executive Directors | Meetings attended |
|-------------------------------------|-------------------|
| Datuk Kevin How Kow - Chairman | 4/5 |
| Datuk Rozimi bin Remeli - Member | 5/5 |
| Erman bin Radin - Member | 4/5 |

The AC held one (1) meeting with the external auditors on 26 February 2018 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.

Audit Committee Report (cont'd.)



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 2018 outlining their strategy, approach and proposed fees for the current financial year's statutory audit.

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, Messrs. Ernst & Young ("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'000) | Group(RM'000) |
|--------------------|------------------|---------------|
| Audit Services | 69 | 407 |
| Non-audit services | 65 | 113 |

The non-audit services provided by external auditors include services relating to transfer pricing and quarterly reports.

The AC concluded that the auditors remained independent and, together with the Board, are satisfied with the services and performance of 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 2018

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, International 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 2018 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.

Audit Committee Report (cont'd.)

2. External and Internal Audit (cont'd.)

- 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 2019.
- Discussed with the external auditors, the assistance and cooperation given by the Group's and Company's
 officers.
- Reviewed and approved the Annual Internal Audit Plan to ensure adequacy of resources, competencies and coverage of auditable entities with significant and high risks.
- Reviewed the scope and results of internal audits addressing internal controls over operations, financial, compliance and information technology processes relating to the Group based on the approved Annual Internal Audit Plan.
- Reviewed the results of ad-hoc audits performed by the internal auditors and the actions taken by Management relating to those special assignments.
- 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.

Audit Committee Report (cont'd.)



Internal Audit 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.
- Performed special reviews and investigations, as deemed necessary.
- 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 2018 amounted to RM 264,503 (2017: RM247,165).

This Statement is made in accordance with a resolution of the Board dated 5 April 2019.

Corporate Governance Overview Statement

The Board of Directors ("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 new 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, and succession planning

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

Managing Director

Responsible in ensuring the efficiency and effectiveness of the operations 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

Overview Statement (cont'd.)

The positions of the Chairman and the 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 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/SCABLE-Whistleblowing-Policyapproved-on-05.04.19.pdf

The Board members have unrestricted access to the two (2) qualified and competent Company Secretaries who provide 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 | 4/5 |
| Dato' Ahmad Redza bin Abdullah | 5/5 |
| Tan Sri Dato' Seri H'ng Bok San | 5/5 |
| Yek Siew Liong | 4/5 |
| Datuk Kevin How Kow | 4/5 |
| Erman bin Radin | 4/5 |
| YB Dato Hajjah Hanifah Hajar Taib | 4/5 |
| 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. Details of the training programmes, briefings, seminars, workshops and conferences attended/participated by the Directors are as follows:

- Anti-corruption Summit 2018 "Good Governance and Integrity for Sustainable Business Growth";
- Anti-corruption and Anti-Bribery in Malaysia;
- Malaysian Constitutional Law Forum 2018;
- Qualified Risk Director Program: Series 3 Risk Appetite, Tolerance & Board Oversight;
- Excellence in Leadership Becoming a High Performance Organisation;
- Seminar on "The Four Decades" of China's Reform & Opening-up & Cooperation Between China & Sarawak, Malaysia;
- Updates on Accounting Standards: MFRS 15, MFRS 9 and MFRS 16;
- Seminar on Essentials of Share Capital under Companies Act 2016;
- Nuts and Bolts of Disclosure Obligations of Directors;
- SSM National Conference 2018 on Doing Business in the Age of Disruption;
- Seminar Percukaian Kebangsaan 2018;

Overview Statement (cont'd.)

- SST Reborn! Transition from GST to SST;
- Kursus Ahli Lembaga Pengarah Badan Berkanun & Agensi Kerajaan Negeri Sabah Tahun 2018 "Authoritative and Dynamic Board";
- Transition to New Corporate Law & Practices:
- 2019 Budget and Tax Conference; and
- CG Briefing Session: MCCG Reporting & CG Guide.

II. Board Composition

There are ten (10) members on the Board, comprising a Managing Director and nine (9) 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 Main Market Listing Requirements ("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 MCCG and the MMLR of Bursa Securities.

As recommended by the MCCG, the tenure of directorship of not more than nine (9) years forms also part of the assessment criteria for independence of a Director, where specific tenures of directors are duly reviewed and confirmed for suitability by the NC and Board. Datuk Kevin How Kow and Mr. Erman bin Radin had a cumulative term of more than nine years since 9 October 2018 respectively. The NC and Board, save for Datuk Kevin How Kow and Mr. Erman bin Radin, have reviewed and considered the suitability of the two directors to continue to act as independent directors. The Company will be seeking shareholders' approval at the forthcoming AGM.

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.

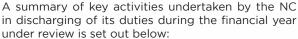
The Board has formalised a Board Diversity Policy to promote diversity on the Board. In searching for suitably qualified candidates for the Company, emphasis is placed on the ability of the candidate, who shall have the relevant skills and knowledge pertaining to the energy and transmission industry. 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.

At present, the Board has one (1) female director, YB Dato Hajjah Hanifah Hajar Taib, who acts as a Non-Independent Non-Executive Director. 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 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

Overview Statement (cont'd.)



- 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 2018;
- 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 from the Company and on Group basis for the financial year ended 31 December 2018 is as follows:

| Directors | Fees | Salaries | Bonuses | Other allowance | Benefit in-kind | Total |
|--|------|----------|---------|--------------------|--------------------|-------|
| In RM'000 | | Group | | | | |
| Executive Director | • | | | | | |
| Dato' Ahmad Redza bin Abdullah | 81^ | 1,216 | - | - | 1 | 1,298 |
| Toh Chee Ching (retired effective 1 March 2018) | - | 192 | - | - | 2 | 194 |
| Non-Executive Director | • | | | | | |
| Dato Sri Mahmud Abu Bekir Taib | 240 | - | - | 6 | - | 246 |
| Dato Sri Fong Joo Chung | 211 | - | - | 7 | - | 218 |
| Tan Sri Dato' Seri H'ng Bok San | 104 | - | - | 5 | - | 109 |
| Yek Siew Liong | 151 | - | - | 7 | - | 158 |
| Datuk Kevin How Kow | 185 | - | - | 10 | - | 195 |
| Erman bin Radin | 110 | - | - | 7 | - | 117 |
| YB Dato Hajjah Hanifah Hajar Taib | 100 | - | 111 | 3 | - | 103 |
| Datuk Rozimi bin Remeli | 166 | - | # /- | 7 | - | 173 |
| Redzuan bin Rauf | 104 | - | | 4 | - | 108 |

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 | - | 1,216 | - | - | 1 | 1,217 | |
| Toh Chee Ching (retired effective 1 March 2018) | - | 192 | - | - | 1 | 193 | |
| Non-Executive Director | | | | | | | |
| Dato Sri Mahmud Abu Bekir Taib | 240 | - | - | 6 | - | 246 | |
| Dato Sri Fong Joo Chung | 151 | - | - | 5 | - | 156 | |
| Tan Sri Dato' Seri H'ng Bok San | 104 | - | - | 5 | - | 109 | |
| Yek Siew Liong | 104 | - | - | 5 | - | 109 | |
| Datuk Kevin How Kow | 137 | - | - | 10 | - | 147 | |
| Erman bin Radin | 110 | - | - | 7 | - | 117 | |
| YB Dato Hajjah Hanifah Hajar Taib | 100 | - | - | 3 | - | 103 | |
| Datuk Rozimi bin Remeli | 118 | - | - | 7 | - | 125 | |
| Redzuan bin Rauf | 104 | - | - | 4 | - | 108 | |

- * The remuneration paid to the Executive Director were in respect of his employment with the Company/Group.
- ^ The Director's fee of RM81,000 received by Dato' Ahmad Redza bin Abdullah was from SCB Power Transmission Sdn Bhd for the financial year ended 31 December 2017.

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 | No. of Senior |
|----------------------------|---------------|
| Contribution Plan and | Management of |
| Benefit-in-kind | the Group |
| RM400,001 - RM450,000 | 1 |
| RM500,001 - RM550,000 | 1 |
| RM550,001 - RM600,000 | 1 |
| RM950,001 - RM1,000,000 | 2 |

Overview Statement (cont'd.)



Principle B: Effective Audit and Risk Management

I. Audit Committee

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

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

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

The AC adopted the policy which requires a former 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 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 on 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 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 upto-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

The Board is responsible for the risk management and internal control system of the Group pursuant to Paragraph 15.26(b) of the MMLR of Bursa Securities and Principle B of the Code and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board confirms that there is an established and an ongoing process to identify, assess and monitor key risks applicable to the Group's business activities. The Board, through the Risk Management Committee ("RMC") has been involved in articulating, implementing and reviewing the Group's risk management and internal control system in order to mitigate the risks that may impede the achievement of the Group's business objectives.

The Board is responsible to ensure that the Group's risk management and internal control system is adequate and effective in safeguarding the Group's assets and shareholders' investment. 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 and risk action plans 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.

Deficiencies 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.

There has been greater emphasis given to the Group's project management during the year in which recurrent reviews were carried out by the RMC members for the major ongoing projects undertaken by a subsidiary company. Contractual and site issues were identified, risk responses and action plans were assessed, the effectiveness of mitigation plans were constantly analyzed, progress of projects and profitability were monitored, by members of the RMC.

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 Audit Committee and the Internal Audit Department, work towards enhancing control environment and promoting good corporate governance practices throughout the Group.

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



The Audit Committee

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

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

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

Internal Audit

The Internal Audit Department reports directly to the Audit Committee 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 Internal Audit Department regularly evaluates and where necessary, assists in enhancing the effectiveness of the corporate governance processes, risk management and internal control framework.

On a quarterly basis, the results of the internal audit work carried out based on the approved internal audit plan and other reviews are presented to the Audit Committee for their deliberation and further action.

Occasionally, at the request of Management and members of the Board, the Internal Audit 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.

Apart from that, the financial and operational performance of the joint venture entered into by the Group is being monitored to ensure that the Group's interest and profits are safeguarded during the entire duration of the agreement.

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. During the year under review, the Group has taken the initiative to centralize some of its key functions namely Human Resource, Finance, Procurement and Information Communication Technology for increased efficiency, greater control of costs and higher degree of responsiveness to business opportunities or threat.

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

- (a) Active discharge of duties and responsibilities by members of Board Committees consisting of Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee, each with clearly defined terms of reference, authority and responsibility.
- (b) The establishment (and continuous updating of, if any) of Board Charter, Code of Conduct, Whistle Blowing Policy and Directors' Remuneration Policy as a terms of reference of the Group's Policy.
- (c) Continued implementation of ISO 9001:2015 Quality Management System within Sarawak Cable Berhad and its major subsidiaries 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.

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

- (e) Strict adherence to internal policies and guidelines such as Employees' Handbook and Health & Safety Manual for the Group.
- (f) Implementation of OHSAS 18001:2007 Occupational, Health & Safety Management System for Sarawak Cable Bhd and its major subsidiaries 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 Project Meeting is carried out to update the status of individual projects, determine the material procurement and delivery schedules, ensure timely completion of engineering and design submissions, and close monitoring of site progress and issues affecting 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.

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 2018, 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 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 16 April 2019.





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 2018.

This Statement is made in accordance with a resolution of the Board dated 5 April 2019.

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Directors' Report and Audited Financial Statements

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Directors' Report

The directors present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

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 | (38,824) | (34,691) |
| Loss attributable to: Owners of the Company Non-controlling interests | (37,487) (1,337) | (34,691) |
| | (38,824) ===== | (34,691) ===== |

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

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 other than the effects that arose from the settlement agreement in respect of a transmission line project which resulted in liquidated ascertained damages amounting to RM12,850,000 as disclosed in Note 4 to 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 Dato' Ahmad Redza bin Abdullah Tan Sri Dato' Seri H'ng Bok San Yek Siew Liong Datuk Kevin How Kow Erman bin Radin Dato Hajjah Hanifah Hajar Taib Datuk Rozimi bin Remeli Redzuan bin Rauf

Ng Woon Chiang

- appointed as alternate director to Tan Sri Dato' Seri H'ng Bok San on 31 December 2018

- resigned as alternate director to Tan Sri Dato' Seri H'ng Bok San on 31 December 2018

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 Ling Ching Nei Mary Joycelyn Dahop Parulian Marpaung SE

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 any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest other than those disclosed in Note 34 to the financial statements.

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

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 RM19,090. No payment was made for any indemnification during or since 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:

| | Number of Ordinary Shares | | | | |
|---------------------------------|---------------------------|-----------|------|-------------------------|--|
| | As at | | | As at | |
| | 1.1.2018 | Bought | Sold | 31.12.2018 | |
| Direct Interest: | | | | | |
| Dato Sri Mahmud Abu Bekir Taib | 57,825,000 | 2,901,996 | - | 60,726,996 | |
| Dato Sri Fong Joo Chung | 400,200 | | - | 400,200 | |
| Tan Sri Dato' Seri H'ng Bok San | 237,240 | - | - | 237,240 | |
| Yek Siew Liong | 5,855,000 | - | - | 5,855,000 | |
| Erman bin Radin | 125,160 | - | - | 125,160 | |
| | | | | | |
| Indirect Interest: | | | | | |
| Dato Sri Mahmud Abu Bekir Taib | 26,082,000 | - | - | 26,082,000 ¹ | |
| Tan Sri Dato' Seri H'ng Bok San | 36,488,400 | # / | - | 36,488,400 ² | |
| Yek Siew Liong | 31,682,000 | | - | 31,682,000 ³ | |
| | | | | | |

- 1 Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("the Act").
- 2 Deemed interested by virtue of his interest in Hng Capital Sdn. Bhd. and his son's 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.)

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 debt; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As 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:
 - 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.

Directors' Report (cont'd.)



Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office. Auditors' remuneration is disclosed in Note 9 to the financial statements.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, 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 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 16 April 2019.

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 62 to 143 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 2018 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 16 April 2019.

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 62 to 143 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 16 April 2019

Before me, Phang Dah Nan Commissioner for Oaths (Q119) Kuching, Sarawak **Teoh Wen Jinq** MIA25770

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 2018 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 62 to 143.

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 2018, 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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 two key audit matters as follows:

1. Revenue from long-term transmission lines construction contracts

A significant portion of the Group's and 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 RM78.8 million (2017: RM92.4 million) and RM41.7 million (2017: RM95.1 million) respectively for the financial year ended 31 December 2018. The Group and the Company recognised such contract revenue over time, using the input method to measure the percentage of completion. Measurement of such revenue and the determination of the appropriate timing of its recognition, involved significant management judgement as disclosed in Note 3.2(a) to the financial statements. We have identified the measurement and recognition of such contract revenue as an area requiring special audit consideration due to the quantum and the significant management's judgement and estimates involved.

We focused on the following areas:

- (a) evaluated management's judgement and estimates made in the determination of whether variations in contract works should be included in the contract revenue; and
- (b) evaluated the estimated total contract costs for the contracts (which information is used in the computation of the percentage-of-completion).

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.)

Among others, our audit procedures included:

- read the material contracts and project correspondences to obtain an understanding of the specific terms and conditions, performance and status of the contracts;
- read the project correspondences and held discussion with project manager and determined the reasonableness of amount recognised as revenue;
- with respect to variations in contract works, we agreed the amounts to approved variation order;
- performed verification of cost incurred e.g. vouching to invoices and accrual of cost related to works performed till the reporting date to determine they are within the recoverable cost based on contract;
- assessed the reasonableness of the estimated total contract costs by reviewing inputs and assumptions used;
- reviewed management's basis for their assessment of potential liquidated ascertained damages ("LAD") in light of the
 delay in completion of the contracts, and the basis for the determination of the amount of LAD required, if any; and
- reviewed the computation of the percentage-of-completion by management.

The Group's accounting policies and disclosures on revenue from construction contract based on percentage of completion method 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 - helicopters

The Group is required to perform impairment test of property, plant and equipment whenever there is an indication that the carrying value of such property, plant and equipment may be impaired. As disclosed in Note 14 to the financial statements, included in property, plant and equipment of the Group at the reporting date were helicopters with carrying amount of RM139.4 million (2017: RM149.0 million). Some of these helicopters were under utilized and the subsidiary operating these helicopters have incurred losses during the year. These are indications that the carrying value of these helicopters may be impaired. Management has determined the recoverable amount of these helicopters based on either the value in use ("VIU") or fair value less costs to sell, whichever is higher. The fair value were derived from the valuations performed by an accredited independent valuer specialising in valuing helicopters. The VIUs were based on the discounted future net cash inflows estimated to be generated by the respective helicopters.

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

- For fair value less cost to sell, we:
 - evaluated the competency, capabilities and objectivity of the valuer;
 - obtained an understanding of the works performed by the valuer.
- For value in use, we:
 - evaluated the key assumptions used, in particular the estimated contract rates, the estimated operating costs and the terminal values applied;
 - evaluated the discount rate used together with our valuation specialist. This included an assessment of the specific inputs to the discount rate, including the risk-free rate, equity risk premium and beta, along with gearing and cost of debt;
 - in relation to the assessment on one of the helicopter, we obtained from management the process that is required for such transaction with the government. We have also discussed with management their views as to the likelihood of securing the lease contract;

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.)

2. Impairment assessment of property, plant and equipment - helicopters (cont'd.)

- For value in use, we: (cont'd.)
 - evaluated the disclosure concerning those key assumptions to which the outcome of the impairment test is most sensitive to. The disclosures on key assumptions and sensitivities are in Note 3.2(b) to the financial statements.

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(f) respectively to the financial statements.

3. Impairment assessment of concession financial assets

As disclosed in Note 28 to the financial statements, the Group signed a power purchase agreement for 20 years with Perusahaan Listrik Negara Persero ("PLN"), North Sumatera, Indonesia 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 93% physical completion as at the reporting date. There have been several extension of time granted by PLN and the latest extension of time granted was up to June 2019. At the reporting date, the carrying value of the concession financial asset stood at RM92.7 million (2017: RM86.0 million). Considering the protracted delay in the completion of this project, 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 performed the following procedures:

- inquired from management and obtained the progress and technical reports regarding the physical completion and expected completion date of the mini hydro power plant;
- 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;
 - the period over which the plant will generate and supply energy;
 - further cost to be incurred to complete the construction of the plant including any potential liquidated ascertained damages:
- · evaluated the competency, capabilities and objectivity of the external consultant;
- 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.

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 28 respectively to the financial statements

4. Allowance for expected credit loss ("ECL") on amounts due from subsidiaries

At the reporting date, the amounts due from subsidiaries involved in the provision of helicopters services and transmission lines constructions amounted to RM103.2 million (2017: RM146.8 million). The Company recorded ECL of RM28.6 million (2017: RM11.7 million) during the current financial year. The adoption of MFRS 9 has fundamentally changed the Company's accounting for impairment loss by replacing MFRS 139 incurred loss approach with a forward looking expected credit loss ("ECL") approach. The measurement of ECL requires the application significant judgment and assumptions such as expected future cash flows and forward looking macroeconomic factors. Thus, this impairment assessment has been identified as key audit matter. We have performed the following procedures:

- assessed the Group's expected future cash flows derived from these subsidiaries including key assumptions such as revenue growth rate and operating costs;
- considered the fair values of helicopters as discussed in the key audit matter above;

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia) (cont'd.)

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

4. Allowance for expected credit loss ("ECL") on amounts due from subsidiaries (cont'd.)

- assessed the appropriateness of discount rate used;
- evaluated the disclosure concerning those key assumptions to which the outcome of the impairment test is most sensitive to as disclosed in Note 3.2(e) to the financial statements.

The Group's accounting policies and disclosures on allowances for expected credit loss on amounts due from subsidiaries are disclosed in Notes 2.9(a), 3.2(e) and 38(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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do 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 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, 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.

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.

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.)

- 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.

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

AF: 0039 Chartered Accountants

Kuching, Malaysia Date: 16 April 2019 LOW KHUNG LEONG

No. 02697/01/2021 J Chartered Accountant

Statements of **Profit or Loss** and **Other Comprehensive Income**

For the financial year ended 31 December 2018

| | | Group | | Company | | |
|--|------|-------------|-----------|----------|----------|--|
| | Note | 2018 | 2017 | 2018 | 2017 | |
| | | RM'000 | RM'000 | RM'000 | RM'000 | |
| Revenue from contracts with customers | 4 | 789,539 | 1,024,175 | 73,222 | 113,292 | |
| Cost of sales | | (738,326) | (964,510) | (50,448) | (83,327) | |
| Gross profit | | 51,213 | 59,665 | 22,774 | 29,965 | |
| Other items of income | | | | | | |
| Interest income | 5 | 633 | 2,597 | 12,993 | 10,861 | |
| Other income | 6 | 7,126 | 6,276 | 64 | 115 | |
| Other items of expense | | | | | | |
| Marketing and distribution | | (18,070) | (19,175) | - | - | |
| Administrative expenses | | (31,894) | (32,140) | (10,400) | (9,508) | |
| Finance costs | 7 | (28,771) | (31,720) | (21,579) | (20,706) | |
| Other expenses | 8 | (13,480) | (11,124) | (38,594) | (38,163) | |
| Loss before tax | 9 | (33,243) | (25,621) | (34,742) | (27,436) | |
| Income tax expense | 12 | (5,581) | (9,901) | 51 | (71) | |
| Loss for the year, net of tax | | (38,824) | (35,522) | (34,691) | (27,507) | |
| 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 | | (218) | (1,096) | - | - | |
| Net movement of cash flow hedges | | (5,266) | 191 | - | - | |
| Income tax related to cash flow hedges | | 1,264 | (46) | - | - | |
| | | | | | | |
| Other comprehensive income, net of tax | | (4,220) | (951) | - | - | |
| Total comprehensive income for the year | r | (43,044) | (36,473) | (34,691) | (27,507) | |
| | | ===== | ====== | ===== | ====== | |

Statements of **Profit or Loss** and **Other Comprehensive Income**

For the financial year ended 31 December 2018 (cont'd.)

| | | Group | | Company | | |
|---|------|-----------------------|-----------------------|-----------------------|-----------------------|--|
| | Note | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 | |
| Loss attributable to: | | | | | | |
| Owners of the Company Non-controlling interests | | (37,487) (1,337) | (34,392) (1,130) | (34,691) | (27,507) | |
| | | (38,824) | (35,522) | (34,691) | (27,507) | |
| Total comprehensive income attributable to: | | ==== | ==== | ==== | ==== | |
| Owners of the Company Non-controlling interests | | (41,660) (1,384) | (35,106) (1,367) | (34,691) - | (27,507) - | |
| | | (43,044) ===== | (36,473) ===== | (34,691) ===== | (27,507) ===== | |
| | | Gı | roup | | | |
| | | 2018 | 2017 | | | |
| Loss per share attributable to owners of the Company (sen per share): | | | | | | |
| Basic and Diluted | 13 | (11.82) ===== | (10.85) ==== | | | |

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

Statements of Financial Position

As at 31 December 2018

| | | Group | | Company | |
|-------------------------------|------|-----------|-----------|-----------|-----------|
| | Note | 2018 | 2017 | 2018 | 2017 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 14 | 424,410 | 448,628 | 555 | 2,970 |
| Intangible assets | 15 | 2,510 | 2,510 | - | 2,970 |
| Trade receivables | 19 | | 51,548 | | 15 165 |
| | 28 | 39,234 | | 15,600 | 15,465 |
| Concession financial assets | | 92,671 | 85,990 | - | - |
| Deferred tax assets | 26 | 36,932 | 36,116 | | - |
| Investment in subsidiaries | 16 | | | 371,652 | 376,652 |
| | | 595,757 | 624,792 | 387,807 | 395,087 |
| | | | | | |
| Current assets | | | | | |
| Inventories | 17 | 123,421 | 117,204 | - | - |
| Trade and other receivables | 19 | 197,443 | 253,851 | 174,092 | 216,616 |
| Other current assets | 20 | 8,206 | 6,626 | 1,596 | 875 |
| Contract assets | 18 | 2,954 | 44,091 | 2,746 | 10,539 |
| Tax recoverable | | 9,295 | 8,713 | 1,148 | 1,148 |
| Derivatives assets | 27 | - | 953 | - | |
| Cash and bank balances | 21 | 47,859 | 46,909 | 1,561 | 961 |
| Cash and bank balances | 21 | | | | |
| | | 389,178 | 478,347 | 181,143 | 230,139 |
| Assets held for sale | 22 | 2,191 | - | 2,191 | |
| 7.050.05.110.06.100.000.00 | | | | | |
| | | 391,369 | 478,347 | 183,334 | 230,139 |
| | | | | | |
| TOTAL ASSETS | | 987,126 | 1,103,139 | 571,141 | 625,226 |
| | | ====== | ====== | ===== | ===== |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| | 22 | 4EE 60E | 475.000 | 70.004 | 102 454 |
| Loans and borrowings | 23 | 455,605 | 475,080 | 79,004 | 103,454 |
| Finance lease payable | 24 | 2,825 | 172.702 | 240 401 | 245 674 |
| Trade and other payables | 25 | 103,887 | 172,703 | 248,401 | 245,674 |
| Contract liabilities | 18 | 8,462 | | - | - |
| Income tax payable | | 1,016 | 1,253 | - | - |
| Derivatives liabilities | 27 | 4,314 | - | - | - |
| | | 576,109 | 649,036 | 327,405 | 349,128 |
| | | | | | |
| Net current liabilities | | (184,740) | (170,689) | (144,071) | (118,989) |
| | | | | | |

Statements of Financial Position

As at 31 December 2018 (cont'd.)

| | | (| Group | Com | ipany |
|--|------|----------|-----------|----------|----------|
| | Note | 2018 | 2017 | 2018 | 2017 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| EQUITY AND LIABILITIES (cont'd.) | | | | | |
| Non-current liabilities | | | | | |
| Loans and borrowings | 23 | 120,194 | 139,285 | 49,452 | 50,344 |
| Finance lease payable | 24 | 16,874 | - | - | - |
| Trade payables | 25 | 15,401 | 12,524 | 14,188 | 10,916 |
| Deferred tax liabilities | 26 | 16,418 | 17,088 | - | 51 |
| | | 168,887 | 168,897 | 63,640 | 61,311 |
| TOTAL LIABILITIES | | 744,996 | 817,933 | 391,045 | 410,439 |
| Net assets | | 242,130 | 285,206 | 180,096 | 214,787 |
| Equity attributable to owners of the Company | | | | | |
| Share capital | 29 | 238,321 | 238,321 | 238,321 | 238,321 |
| Reverse acquisition reserve | | (37,300) | (37,300) | - | - |
| Foreign currency translation reserve | 30 | (700) | (529) | - | - |
| Hedge reserve | 31 | (3,279) | 723 | - | - |
| Revenue reserves | | 46,079 | 83,598 | (58,225) | (23,534) |
| | | 243,121 | 284,813 | 180,096 | 214,787 |
| Non-controlling interests | | (991) | 393 | - | - |
| TOTAL EQUITY | | 242,130 | 285,206 | 180,096 | 214,787 |
| TOTAL EQUITY AND LIABILITIES | | 987,126 | 1,103,139 | 571,141 | 625,226 |
| | | ====== | ====== | ===== | ===== |

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 2018

| • | | —————————————————————————————————————— | Attributable to owners of the Company | ers of the Co | mpany —— | | | |
|---|----------------------|--|---------------------------------------|---------------|----------|--|---------------------|------------------|
| | Share | Reverse acquisition | Foreign currency translation | Hedge | Revenue | Total owners attributable to owners of | Non- controlling | Total |
| Group | capital (Note 29) | reserve | reserves (Note 30) | (Note 31) | reserves | the Company | Interests | equity |
| 2018 | RM′000 | RM′000 | RM′000 | RM′000 | RM′000 | RM′000 | RM′000 | RM′000 |
| Opening balance at 1 January 2018 | 238,321 | (37,300) | (529) | 723 | 83,598 | 284,813 | 393 | 285,206 |
| Adjustment on initial application of MFRS 9 | 1 | 1 | 1 | 1 | (32) | (32) | 1 | (32) |
| Opening balance at 1 January 2018, as restated | 238,321 | (37,300) | (529) | 723 | 83,566 | 284,781 | 393 | 285,174 |
| Loss for the year Other comprehensive income | 1 1 | 1 1 | _ (171) | - (4,002) | (37,487) | (37,487) (4,173) | (1,337) | (38,824) (4,220) |
| Total comprehensive income | ı | 1 | (171) | (4,002) | (37,487) | (41,660) | (1,384) | (43,044) |
| Closing balance at 31 December 2018 | 238,321 | (37,300) | (700) | (3,279) | 46,079 | 243,121 | (991) | 242,130 |

Statements of Changes in Equity

For the financial year ended 31 December 2018 (cont'd.)

| | • | | Attributable | Attributable to owners of the Company Foreign | he Company | | Total owners | ; | |
|------|-------------------------------|---|-------------------------|--|-------------------------------|-------------------------------|---|--|--------------|
| Note | Share capital (Note 29) | Reverse acquisition reserve RM′000 | Share premium (Note 29) | currency translation reserves (Note 30) RM/000 | Hedge reserve (Note 31) | Revenue reserves RM′000 | attributable to owners of the Company | Non- controlling interests RM′000 | Total equity |
| | 158,525 | (37,300) | 962'62 | 330 | 578 | 127,502 | 329,431 | 1,760 | 331,191 |
| | 1 1 | 1 1 | 1 1 | - (858) | 145 | (34,392) | (34,392) | (1,130) | (35,522) |
| | ı | ı | ı | (828) | 145 | (34,392) | (35,106) | (1,367) | (36,473) |
| | 158,525 | (37,300) | 962'62 | (529) | 723 | 93,110 | 294,325 | 393 | 294,718 |
| 32 | • | 1 | • | 1 | • | (9,512) | (9,512) | ı | (9,512) |
| 29 | 79,796 | | (96/6/) | | | | | | 1 |
| | 238,321 | (37,300) | ' | (529) | 723 | 83,598 | 284,813 | 393 | 285,206 |

Loss for the year Other comprehensive income

Opening balance at 1 January 2017

Group 2017 Total comprehensive income

Transactions with owners: Dividends on ordinary shares

Transition to no-par value regime on 31 January 2017

Closing balance at 31 December 2017

Statements of **Changes in Equity**

For the financial year ended 31 December 2018 (cont'd.)

| | Note | Share capital (Note 29) | Share premium (Note 29) | Revenue reserves/ (accumulated losses) | Total equity |
|--|------|-------------------------------|-------------------------------|---|---------------------|
| Company | | RM'000 | RM'000 | RM'000 | RM'000 |
| 2018 | | | | | |
| Opening balance at 1 January 2018 Loss net of tax, representing total comprehensive income | | 238,321 - | - - | (23,534) (34,691) | 214,787 (34,691) |
| Closing balance at 31 December 2018 | | 238,321 ===== | - | (58,225) ==== | 180,096 ===== |
| 2017 | | | | | |
| Opening balance at 1 January 2017 Loss net of tax, representing total comprehensive income | | 158,525 - | 79,796 - | 13,485 (27,507) | 251,806 (27,507) |
| Transaction with owners: Dividends on ordinary shares | 32 | - | - | (9,512) | (9,512) |
| Transition to no-par value regime on 31 January 2017 | 29 | 79,796 | (79,796) | - | - |
| Closing balance at | | | | | |
| 31 December 2017 | | 238,321 ===== | - | (23,534) ===== | 214,787 ===== |

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 2018

| | | G | roup | Con | npany |
|------------------------------------|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Note | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Operating activities | | | | | |
| Loss before tax | | (33,243) | (25,621) | (34,742) | (27,436) |
| Adjustments for: | | | | | |
| Allowance for impairment loss | | | | | |
| of trade and other receivables | 8 | 4,775 | 1,576 | 28,575 | 11,674 |
| Amortisation of intangible assets | 8 | - | 9 | - | - |
| Bad debt written off | 8 | 5 | 31 | - | - |
| Depreciation of property, plant | | | | | |
| and equipment | 9 | 21,328 | 25,605 | 255 | 367 |
| Dividend income | 4 | - | - | (14,000) | (23,806) |
| Finance income from concessions | | | | | |
| financial assets | 6 | (4,435) | (4,434) | - | - |
| Gain on disposal of property, | | | | | |
| plant and equipment, net | 6 | (464) | - | (54) | - |
| Impairment of investment in | | | | | |
| subsidiaries | 8 | - | - | 10,000 | 26,489 |
| Impairment of property, | | | | | |
| plant and equipment | 8 | 4,253 | - | - | - |
| Interest income | 5 | (633) | (2,597) | (12,993) | (10,861) |
| Interest expense | 7 | 28,771 | 31,720 | 21,579 | 20,706 |
| Inventories written down | 9 | 909 | 2,526 | - | - |
| Net fair value gain on derivatives | 9 | - | (19) | - | - |
| Property, plant and equipment | | | | | |
| written off | 9 | 2,754 | 2 | - | - |
| Reversal of allowance for | | | | | |
| impairment loss of trade | | | | | |
| receivables | 6 | (206) | (131) | - | - |
| Unrealised loss on | | | | | |
| foreign exchange, net | 9 | 3,497 | 5,307 | - | - |
| Unwinding of discount on | | | | | |
| finance lease | 9 | - | (6) | - | - |
| Operating cash flows before | | | | | |
| working capital changes | | 27,311 | 33,968 | (1,380) | (2,867) |
| | | | | | |

Statements of Cash Flows

For the financial year ended 31 December 2018 (cont'd.)

| | | | Group | | Company |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Note | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Changes in working capital: | | | | | |
| Increase in inventories | | (7,125) | (595) | - | - |
| Decrease/(increase) in trade | | 66.720 | 02.204 | 26726 | (22.000) |
| and other receivables Increase in concessions financial assets | | 66,739 (4,987) | 83,394 (7,735) | 26,736 | (22,088) |
| Decrease in other current assets | | 48,829 | 106,797 | 7,255 | 2,778 |
| (Decrease)/increase in trade and | | 10,023 | 100,757 | 7,233 | 2,770 |
| other payables | | (64,104) | (67,367) | 19,999 | 49,178 |
| Decrease in derivative liabilities | | - | (46) | - | - |
| Takal ahan masin manihir masanikal | | 20.252 | 114 440 | | |
| Total changes in working capital | | 39,352 | 114,448 | 53,990 | 29,868 |
| Cash flows generated from operations | | 66,663 | 148,416 | 52,610 | 27,001 |
| Interest paid | | (31,372) | (36,383) | (21,429) | (20,389) |
| Tax paid, net of refund | | (6,336) | (8,120) | - | (1,884) |
| | | | | | |
| Net cash flows from operating activities | | 28,955 | 102 012 | 31,181 | 4 720 |
| operating activities | | 20,933 | 103,913 | 31,101 | 4,728 |
| Investing activities | | | | | |
| Additional investment in subsidiaries | | - | - | (5,000) | (2,500) |
| Purchase of property, plant and | | | | | |
| equipment | 14 | (5,588) | (8,814) | (265) | (48) |
| Proceeds from disposal of property, | | F10 | | 105 | |
| plant and equipment Interest received | | 519 633 | - 2,597 | 105 71 | 445 |
| merestrectived | | | | | |
| Net cash used in investing | | | | | |
| activities | | (4,436) | (6,217) | (5,089) | (2,103) |
| | | | | | |
| Financing activities | | | | | |
| Dividend paid on ordinary shares | 32 | - | (9,512) | - | (9,512) |
| (Repayment)/drawdown from | | | (-,, | | (-// |
| borrowings, net | 41 | (13,313) | (130,401) | (25,461) | 567 |
| (Increase)/decrease in cash and | | | | | |
| bank balances pledged for banks borrowings | | (2.150) | 8,032 | | 7,219 |
| banks borrowings | | (3,159) | | | 7,219 |
| Net cash used in | | | | | |
| financing activities | | (16,472) | (131,881) | (25,461) | (1,726) |
| | | | | | |
| Net increase/(decrease) in cash | | 0.047 | (24 105) | 621 | 900 |
| and cash equivalents | | 8,047 | (34,185) | 631 | 899 |
| Effect of exchange rate changes | | 1,554 | 3,771 | - | - |
| Cash and cash equivalents at | | | | | |
| 1 January | | 17,678 | 48,092 | (1,039) | (1,938) |
| | | | | | |
| Cash and cash equivalents at 31 December | 21 | 27 270 | 17 670 | (408) | (1.020) |
| 51 December | ۷ ا | 27,279 ===== | 17,678 ===== | (406) ===== | (1,039) ===== |
| | | | | | |

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

For the financial year ended 31 December 2018

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Board of Bursa Malaysia Securities Berhad. The 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.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except otherwise disclosed in the accounting policies below.

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

2.2 Changes in accounting policies

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

On 1 January 2018, the Group and the Company adopted the following new and amended MFRSs and Annual Improvements which are mandatory for annual financial periods beginning on or after 1 January 2018.

| | Effective for annual |
|--|----------------------|
| | periods beginning |
| Description | on or after |
| Annual Improvements to MFRSs 2014-2017 Cycle: | |
| (i) Amendments to MFRS 1: First-time Adoption of | 1 January 2018 |
| Malaysian Financial Reporting Standards | 1 January 2018 |
| (ii) Amendments to MFRS 128: Investments in | |
| Associates and Joint Ventures | |
| Amendments to MFRS 2: Classification and Measurement | 1 January 2018 |
| of Share-based Payment Transactions | 1 January 2018 |
| Amendments to MFRS 140: Transfers of Investment Property | |
| MFRS 15 Revenue from Contracts with Customers | 1 January 2018 |
| MFRS 9 Financial Instruments | 1 January 2018 |
| IC Interpretation 22 Foreign Currency Transactions and | 1 January 2018 |
| Advance Consideration | |
| Amendments to MFRS 4: Applying MFRS 9 Financial | 1 January 2018 |
| Instruments with MFRS 4 Insurance Contracts | |

The adoptions of these new standards did not have a material impact on the financial statements of the Group and of the Company, except as disclosed below:

(a) MFRS 15 Revenue from Contracts with Customers

MFRS 15 supersedes MFRS 111 Construction Contracts, MFRS 118 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. MFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

For the financial year ended 31 December 2018 (cont'd.)

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

2.2 Changes in accounting policies (cont'd.)

(a) MFRS 15 Revenue from Contracts with Customers (cont'd.)

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. The Group and the Company adopted the new standard on the required effective date using the full retrospective method. The directors have assessed the effects of applying the new standards on the Group's and Company's financial statements and have concluded that there is no significant impact on the Group's and the Company's financial statements except for the presentation and disclosure requirements.

Many of the disclosure requirements in MFRS 15 are new and requires revenue recognised to be disaggregated into categories that depict the nature, amount and timing of cash flows as disclosed in Note 4.

(b) MFRS 9 Financial Instruments

MFRS 9 Financial Instruments replaces MFRS 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. Retrospective application is required, but restatement of comparative information is not compulsory.

Based on the analysis of the Group's and the Company's financial assets and liabilities as at 1 January 2018 on the basis of facts and circumstances that exist at that date, the Group and the Company has assessed the impact of MFRS 9 to the Group's and the Company's financial statements as follows:

(i) Classification and measurement

There is no significant impact on the Group's and the Company's statements of financial position or equity on applying the classification and measurement requirements of MFRS 9. They continued measuring at fair value all financial derivatives currently held at fair value.

Loans and receivables were held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The contractual cash flow characteristics of those instruments meet the criteria for amortised cost measurement under MFRS 9.

The Group and the Company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in measurement for the Group's and the Company's financial liabilities.

In summary, upon the adoption of MFRS 9, the Group had the following required reclassifications as at 31 December 2017.

| | | MFRS 9 measurement category - Amortised costs | | |
|-----------------------------|---------|--|--|--|
| | Group | Company | | |
| Previously classified as | RM′000 | RM'000 | | |
| Loans and receivables | | | | |
| Trade and other receivables | 305,399 | 232,081 | | |
| Cash and bank balances | 46,909 | 961 | | |
| Concession financial assets | 85,990 | - | | |
| | ======= | ======= | | |

For the financial year ended 31 December 2018 (cont'd.)

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

2.2 Changes in accounting policies (cont'd.)

(b) MFRS 9 Financial Instruments (cont'd.)

(ii) Impairment

The Group and the Company applies the simplified approach and record lifetime expected credit losses on trade receivables and contract assets. The expected credit loss model is forward-looking and eliminates the needs for a trigger event to have occurred before credit losses are recognised.

The Group and the Company have not restated comparative information for prior year periods with respect to impairment requirements. Upon adoption of MFRS 9, the Group recognised additional impairment of RM313,000 and deferred tax assets of RM281,000, which resulted in a decrease in retained earnings of RM32,000 as at 1 January 2018.

(iii) Hedge accounting

The Group and the Company choose to continue to apply the hedge accounting requirements of MFRS 139 as allowed by the transitional requirement of MFRS 9.

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 |
|---|--|
| IC Interpretation 23 Uncertainty over Income Tax Treatments | 1 January 2019 |
| MFRS 16 Leases | 1 January 2019 |
| Annual Improvements to MFRSs 2015-2017 Cycle: | |
| (i) Amendments to MFRS 3: Business Combinations | 1 January 2019 |
| (ii) Amendments to MFRS 11: Joint Arrangements | 1 January 2019 |
| (iii) Amendments to MFRS 112: Income Taxes | 1 January 2019 |
| (iv) Amendments to MFRS 123: Borrowings Costs | 1 January 2019 |
| Amendments to MFRS 9: Prepayment Features with Negative Compensation | 1 January 2019 |
| Amendments to MFRS 128: Long-term Interest in Associates and Joint Ventures | 1 January 2019 |
| Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement | 1 January 2019 |
| Amendments to MFRS 3: Definition of a Business | 1 January 2020 |
| Amendments to MFRS 101 and MFRS 108 | |
| Definition of Material | 1 January 2020 |
| MFRS 17: Insurance Contracts | 1 January 2021 |
| Amendments to MFRS 10 and MFRS 128: Sale or | |
| Contribution of Assets between an Investor and its | |
| Associate or Joint Venture | Deferred |
| | |

Except for the new or revised MFRSs and amendments to MFRSs discussed below, there are no other standards that are not yet effective and that would be expected to have a material impact on the Group and the Company in the current reporting period.

For the financial year ended 31 December 2018 (cont'd.)

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

2.3 Standards issued but not yet effective (cont'd.)

MFRS 16 Leases

MFRS 16 will replace MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease-Incentives and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right of use of the underlying asset during the lease term. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions), less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability.

The lease liability is initially measured at present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. Classification of cash flows will also be affected as operating lease payments under MFRS 117 are presented as operating cash flows, whereas under MFRS 16, the lease payments will be split into a principal (which will be presented as financing cash flows) and an interest portion (which will be presented as operating cash flows).

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases. MFRS 16 also requires lessees and lessors to make more extensive disclosures than under MFRS 117.

Early application is permitted but not before an entity applies MFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group is currently assessing the impact of MFRS 16 and plan to adopt the new standard on the required effective date.

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.

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 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

Business combinations 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.

For the financial year ended 31 December 2018 (cont'd.)



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

2.4 Basis of consolidation (cont'd.)

Business combinations (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. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Other contingent consideration are subsequently measured at fair value with the changes in fair value recognised in the statement of 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.

(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. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

For the financial year ended 31 December 2018 (cont'd.)

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

2.6 Foreign currency (cont'd.)

(a) Transaction and balances (cont'd.)

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

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

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group and the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines 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 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 recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has unlimited useful life and therefore is not depreciated.

Leasehold land is depreciated over the residual lease period.

For the financial year ended 31 December 2018 (cont'd.)



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

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

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 buildings20 to 50 yearsMotor vehicles5 yearsHelicopters20 yearsPlant and machinery5 to 20 yearsOffice equipment5 to 6 yearsFurniture and fittings6 yearsRenovation6 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.

2.8 Impairment of non-financial assets

The Group assesses, 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 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 bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of 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 no longer exist or have decreased. If such indication exists, the Group estimates 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 the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

For the financial year ended 31 December 2018 (cont'd.)

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

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

Goodwill is tested for impairment annually as at 31 December 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 as at 31 December 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

Current financial year

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.

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.

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.

Previous financial year

A financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs.

For the financial year ended 31 December 2018 (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

Current financial year

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)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely
 payments of principal and interest on the principal amount outstanding

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)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely
 payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of 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.

For the financial year ended 31 December 2018 (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.)

Current financial year (cont'd.)

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

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of 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 do not have financial assets designated at fair value through OCI (equity instruments).

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

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 the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

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

For the financial year ended 31 December 2018 (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.)

Previous financial year

The Group and the Company determine the classification of its financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(i) Financial assets at fair value through profit or loss

Financial assets were classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading were derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss were measured at fair value. Any gains or losses arising from changes in fair value were recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss were recognised separately in profit or loss as part of other losses or other income.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that were not quoted in an active market were classified as loans and receivables.

Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method. Gains and losses were recognised in profit or loss when the loans and receivables were derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity were classified as held-to-maturity when the Company has the positive intention and ability to hold the investment to maturity.

Subsequent to initial recognition, held-to-maturity investments were measured at amortised cost using the effective interest method. Gains and losses were recognised in profit or loss when the held-to-maturity investments were derecognised or impaired, and through the amortisation process.

The Group and the Company have not designated any financial assets as held-to-maturity investments.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or were not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method were recognised in profit or loss.

For the financial year ended 31 December 2018 (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.)

Previous financial year (cont'd.)

(iv) Available-for-sale financial assets (cont'd.)

The cumulative gain or loss previously recognised in other comprehensive income was reclassified from equity to profit or loss as a reclassification adjustment when the financial asset was derecognised. Interest income calculated using the effective interest method was recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's and the Company's right to receive payment was established.

Investments in equity instruments whose fair value cannot be reliably measured were measured at costless any accumulated impairment losses.

Impairment of financial assets

Current financial year

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.

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 is 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.

For the financial year ended 31 December 2018 (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.)

Previous financial year

The Group and the Company assess, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there was objective evidence that an impairment loss on financial assets have been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that were assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss was recognised in profit or loss.

The carrying amount of the financial asset was reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it was written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss was reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal was recognised in profit or loss.

(ii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market were considerations to determine whether there was objective evidence that investment securities classified as available-for-sale financial assets were impaired.

If an available-for-sale financial asset was impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, was transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments were not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss was recognised in other comprehensive income. For available-for-sale debt investments, impairment losses were subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

For the financial year ended 31 December 2018 (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.)

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 has 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 has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has 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 has 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 continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognises 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 has 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

Current financial year

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.

Previous financial year

Financial liabilities were classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, were recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

For the financial year ended 31 December 2018 (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

Current financial year

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

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

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in 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 MFRS 9 are satisfied.

(ii) Amortised cost

After initial recognition, 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 the statement of profit or loss.

Previous financial year

Financial liabilities were classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

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

Financial liabilities held for trading include derivatives entered into by the Company. Derivative liabilities (excluding those that are hedge-accounted for) were initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

For the financial year ended 31 December 2018 (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.)

Previous financial year (cont'd.)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables were recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings were recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses were recognised in profit or loss when the liabilities were derecognised, and through the amortisation process.

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 the statement of 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.

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.

For the financial year ended 31 December 2018 (cont'd.)



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

2.12 Financial guarantee contracts

Current financial year

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 guarantee contracts are recognised initially as a liability at fair value, net of transaction costs when the likelihood of default by the debtors is more than probable. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

Previous financial year

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date, and the amount initially recognised less cumulative amortization.

2.13 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowings costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowings 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

(a) Determining whether an arrangement contains a lease

At inception of an arrangement, the Group and the Company determine whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Company the right to control the use of the underlying asset.

For the financial year ended 31 December 2018 (cont'd.)

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

2.15 Leases (cont'd.)

(a) Determining whether an arrangement contains a lease (cont'd.)

At inception or upon reassessment of the arrangement, the Group and the Company separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group and the Company concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's and Company's incremental borrowing rate.

(b) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(c) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

2.16 Revenue from contracts with customers

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 recognises revenue from construction contracts over time, using an input method to measure progress toward completion of the construction. The normal credit term is 30 upon billings.

(c) Interest income

Interest income is recognised using the effective interest method.

For the financial year ended 31 December 2018 (cont'd.)



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

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

(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 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 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 upon billings.

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 liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company has 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 the statement of 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.

For the financial year ended 31 December 2018 (cont'd.)

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 utilized.

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.

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.

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

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

- where the GST 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 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.

For the financial year ended 31 December 2018 (cont'd.)



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

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 has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are recognised when the Group and the Company has 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 expects 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 the statement of 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.

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 recognises 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.

For the financial year ended 31 December 2018 (cont'd.)

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

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.

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.

For the financial year ended 31 December 2018 (cont'd.)



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

2.23 Intangible assets (cont'd.)

Other intangible assets (cont'd.)

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 assets 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 139 are recognised in the statement of 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.

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:

For the financial year ended 31 December 2018 (cont'd.)

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

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

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of 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 the statement of 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 the statement of 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.

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 Non-current asset held for sale

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

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

For the financial year ended 31 December 2018 (cont'd.)



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

2.26 Non-current asset held for sale (cont'd.)

Property, plant and equipment once classified as held for sale of distribution are not depreciated.

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

2.27 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 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 adjustments 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.

Concession service arrangements

The Group has entered into a concessions 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 assets model.

The management is of the view that 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 arrangements under the financial assets model.

For the financial year ended 31 December 2018 (cont'd.)

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

3.2 Key sources of estimation uncertainty

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

(a) Construction contracts

The Group and the Company recognises 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 relies on past experience and work of specialist.

(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.

The Group and the Company assesses whether there are any indicators of impairment for its property, plant and equipment at each reporting date. During the current financial year, the Group carried out the impairment tests on the carrying value of the helicopters.

The fair value less costs to sell calculation is based on the valuations performed by independent valuers specialist in helicopter valuation. The value in use is based on the discounted future net cash inflows expected to be generated from the respective helicopters. In developing estimates of future net cash inflows, management made significant assumptions about future contract rates for the uncommitted contract period. These assumptions are based on current market contract rate as well as future expectation. The pre-tax discount rate applied to cash flows projection is 11.8%.

The calculation of value in use is most sensitive to contract rate and discount rate. If the assumed contract rate decreased by 10% or an increase in pre-tax discount rate by 2% from management's estimates, it would result in impairment of helicopters of RM3,230,000 and RM4,770,000 respectively.

Currently, the Group assumes that it will be able to lease all of its helicopters within the financial year. At present, only one (1) helicopter remains without a lease, however, a proposal has been submitted to a government body in anticipation of a long-term lease. The management has received positive feedback and will continue to monitor the outcome of this proposal. Meanwhile, the management is also exploring potential leases within the region.

(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 depend heavily 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.

The management is of the opinion that mini hydro plant can be completed by June 2019. The consultant for the project confirms this position. Currently, PLN has instructed the extension of the performance bond to reflect completion as at June 2019 and this has been done. The management will endeavour to meet this timeline to avoid any imposition of penalties.

For the financial year ended 31 December 2018 (cont'd.)



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

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

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

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 experience 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 of forecast economic conditions. The Group's and Company's historical credit loss experience 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 38.

(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. The adoption of MFRS 9 has fundamentally changed the Company's accounting for impairment loss by replacing MFRS 139 incurred loss approach with a forward looking expected credit loss ("ECL") approach. At the reporting date, the Company has gross amount due from subsidiaries amounted to RM208.7 million which are involved in provision of helicopter services, transmission lines construction and operation of a mini hydro dam. The Company recorded ECL of RM28.6 million during the current financial year. The measurement of ECL require the application significant judgment and assumptions such as expected future cash flows and forward looking macroeconomic factors.

4. Revenue from contracts with customers

4.1 Disaggregated revenue information

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

| | G | roup | Company | |
|----------------------------------|---------|-----------|---------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue from contracts with | | | | |
| customers | | | | |
| Sales of cables and conductors | 668,221 | 888,044 | 8,952 | 9,432 |
| Sales of galvanised products and | | | | |
| steel structures | 20,234 | 25,604 | - | - |
| Transmission lines construction | | | | |
| contracts | 78,828* | 92,362 | 41,745 | 75,134 |
| Revenue from construction of | | | | |
| power plant (Note 28) | 4,987 | 7,735 | - | _ |
| Rental of helicopters | 9,304 | 2,239 | - | - |
| Interest income from lease | | | | |
| receivables | 6,065 | 7,191 | - | - |
| | | | | |
| Total revenue from contracts | | | | |
| with customers | 787,639 | 1,023,175 | 50,697 | 84,566 |
| | | | | |

For the financial year ended 31 December 2018 (cont'd.)

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

4.1 Disaggregated revenue information (cont'd.)

| | Group | | Company | |
|-----------------------------------|---------|-----------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other revenue | | | | |
| Consultancy fees | 1,900 | 1,000 | 1,900 | 1,000 |
| Dividend income from subsidiaries | - | - | 14,000 | 23,806 |
| Management fee from subsidiaries | - | - | 6,625 | 3,920 |
| | | | | |
| Total revenue | 789,539 | 1,024,175 | 73,222 | 113,292 |
| | ====== | ====== | ===== | ====== |
| Timing of revenue recognition | | | | |
| At point in time | 690,355 | 914,698 | 24,852 | 34,238 |
| Over time | 99,184 | 109,527 | 48,370 | 79,054 |
| | | | | |
| Total revenue from contracts | | | | |
| with customers | 789,539 | 1,024,175 | 73,222 | 113,292 |
| | ====== | ====== | ====== | ====== |

^{*} During the financial year, the Group reached a settlement agreement in respect of a transmission line project which resulted in liquidated ascertained damages amounting to RM12,850,000, which is a variable consideration and is presented as reduction in revenue.

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 | |
|--------------------|---------|--------|---------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Within one year | 119,852 | 95,612 | 28,425 | 39,551 |
| More than one year | 2,942 | 81,236 | - | - |
| | ===== | ===== | ===== | ===== |

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 two years.

5. Interest income

| | Group | | Company | |
|--------------------------|--------|--------|---------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Interest income from: | | | | |
| Short term deposits with | | | | |
| licensed banks | 633 | 1,036 | 71 | 360 |
| Advances to subsidiaries | - | - | 12,922 | 10,416 |
| Others | - | 1,561 | - | 85 |
| | | | | |
| | 633 | 2,597 | 12,993 | 10,861 |
| | ===== | ===== | ===== | ===== |

For the financial year ended 31 December 2018 (cont'd.)

6. Other income

| Gi | roup | Company | |
|--------|--|---|---|
| 2018 | 2017 | 2018 | 2017 |
| RM'000 | RM'000 | RM'000 | RM'000 |
| | | | |
| 4,435 | 4,434 | - | - |
| 769 | 475 | - | 6 |
| | | | |
| 464 | - | 54 | - |
| - | 110 | - | - |
| 1,252 | 883 | 10 | 109 |
| | | | |
| 206 | 131 | - | - |
| - | 6 | - | - |
| - | 237 | - | - |
| | | | |
| 7,126 | 6,276 | 64 | 115 |
| ===== | ===== | ==== | ===== |
| | 2018 RM'000 4,435 769 464 - 1,252 206 - - | 2018 RM'000 RM'000 4,435 4,434 769 475 464 - 110 1,252 883 206 131 - 6 - 237 | 2018 2017 2018 RM'000 RM'000 RM'000 4,435 4,434 - 769 475 - 464 - 54 - 110 - 1,252 883 10 206 131 - - 6 - - 237 - - - - |

7. Finance costs

| i mante tosts | Group | | Company | |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Interest expense on: | | | | |
| Term loans and bank overdraft | 20,901 | 14,816 | 3,866 | 85 |
| Revolving credits | 1,691 | 7,150 | 3,526 | 6,826 |
| Bankers' acceptances | 6,851 | 7,686 | 361 | - |
| Loans from subsidiaries | - | - | 12,813 | 10,923 |
| Finance lease | 322 | 93 | - | - |
| Flexi loan, trust receipt, export | | | | |
| financing | 1,380 | 6,638 | 863 | 2,555 |
| Amortisation of transaction cost | 256 | 459 | 150 | 317 |
| Others | 227 | - | - | - |
| | | | | |
| Total finance costs | 31,628 | 36,842 | 21,579 | 20,706 |
| Less: Interest expenses capitalised | | | | |
| in contract assets (Note 18) | (2,857) | (5,122) | - | - |
| | | | | |
| | 28,771 | 31,720 | 21,579 | 20,706 |
| | ===== | ===== | ===== | ===== |
| | | | | |

For the financial year ended 31 December 2018 (cont'd.)

8. Other expenses

| | Group | | Company | |
|---------------------------------------|------------|------------|------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Allowances for impairment loss of | | | | |
| trade and other receivables (Note 38) | 4,775 | 1,576 | 28,575 | 11,674 |
| Amortisation of intangible assets | · - | 9 | - | - |
| Bad debts written off | 5 | 31 | - | - |
| Impairment of investment in | | | | |
| a subsidiary | - | - | 10,000 | 26,489 |
| Impairment of property, plant | | | | |
| and equipment | 4,253 | - | - | - |
| Inventories written off | 29 | 40 | - | - |
| Loss on disposal of property, plant | | | | |
| and equipment | - | 2 | - | - |
| Realised loss on foreign exchange | 833 | 1,989 | 19 | - |
| Unrealised loss on foreign exchange | 3,386 | 5,005 | - | - |
| Others | 199 | 2,472 | - | - |
| | 13,480 | 11,124 | 38,594 | 38,163 |
| | ===== | ===== | ===== | ===== |

9. Loss before tax

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

| | Gi | roup | Company | |
|---|--------|--------|---------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Auditors' remuneration | | | | |
| - statutory audits | 407 | 365 | 69 | 57 |
| - under provision in previous year | 19 | 4 | 8 | - |
| - other services | 57 | 56 | 57 | 56 |
| Depreciation of property, plant and | | | | |
| equipment (Note 14) | 21,328 | 25,605 | 255 | 367 |
| Employee benefits expense (Note 10) | 67,049 | 73,200 | 8,131 | 5,859 |
| Gain on disposal of property, plant and | | | | |
| equipment, net | (265) | - | (54) | - |
| Inventories written down | 909 | 2,526 | - | - |
| Net fair value gain on derivatives | | | | |
| designated at fair value through | | | | |
| profit or loss | - | (19) | - | - |
| Non-executive directors' remuneration | | | | |
| (Note 11) | 1,508 | 1,556 | 818 | 1,320 |
| Property, plant and equipment written off | 2,754 | 2 | - | - |
| Realised loss on foreign exchange | 1,577 | 1,880 | 19 | - |
| Rental expense | 1,241 | 1,609 | - | - |
| Unwinding of discount on finance lease | · - | (6) | - | - |
| Unrealised loss on foreign exchange, | | | | |
| net | 3,497 | 5,307 | - | - |
| | | ====== | | ====== |

For the financial year ended 31 December 2018 (cont'd.)

10. Employee benefits expense

| | Group | | Company | |
|---|---------|---------|---------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Salaries, wages and bonuses Contributions to defined | 63,426 | 70,384 | 8,781 | 5,922 |
| contribution plan | 7,251 | 7,846 | 1,097 | 774 |
| Social security contributions | 642 | 672 | 30 | 31 |
| Other benefits | 1,825 | 2,482 | 95 | 111 |
| | 73,144 | 81,384 | 10,003 | 6,838 |
| Less: Capitalised in contract | | | | |
| assets (Note 18) | (6,095) | (8,184) | (1,872) | (979) |
| | | | | |
| | 67,049 | 73,200 | 8,131 | 5,859 |
| | ===== | ===== | ===== | ===== |

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,901,000 (2017: RM2,293,000) and RM1,408,000 (2017: RM1,884,000) respectively as further disclosed in Note 11.

11. Directors' remuneration

The details of remuneration receivable by directors of the Group and the Company during the year are as follows:

| | Gı | oup | Cor | mpany |
|--|-----------|-----------|---------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Directors of the Company | | | | |
| Executive: | | | | |
| Salaries and other emoluments Contributions to defined | 1,210 | 1,653 | 1,210 | 1,653 |
| contribution plan | 198 | 231 | 198 | 231 |
| Total executive directors' | | | | |
| remuneration (Note 10) | 1,408 | 1,884 | 1,408 | 1,884 |
| Non-executive: | | | | |
| Fees | 1,452 | 1,488 | 1,168 | 1,252 |
| Other emoluments | 56 | 68 | 52 | 68 |
| Total non-executive directors' | | | | |
| remuneration | 1,508 | 1,556 | 1,220 | 1,320 |
| Total directors' remuneration Estimated money value of | 2,916 | 3,440 | 2,628 | 3,204 |
| benefits-in-kind | 3 | 15 | 2 | 15 |
| Total directors' remuneration | | | | |
| including benefits-in-kind | 2,919 | 3,455 | 2,630 | 3,219 |
| | ===== | ===== | ===== | ==== |

For the financial year ended 31 December 2018 (cont'd.)

11. Directors' remuneration (cont'd.)

The details of remuneration receivable by directors of the Group and the Company during the year are as follows: (cont'd.)

| | Gı | roup | Coi | npany |
|---|--------|--------|--------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other directors | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 430 | 354 | - | - |
| Contributions to defined contribution plan | 63 | 55 | - | - |
| | | | | |
| Total executive directors' remuneration | 493 | 409 | - | - |
| | | | | |
| Non-executive: | | | | |
| Fees | 83 | 94 | - | - |
| Other emoluments | 2 | - | - | - |
| | | | | |
| Total non-executive directors' remuneration | 85 | 94 | - | - |
| | | | | |
| Total directors' remuneration | 578 | 503 | - | - |
| Estimated money value of benefits-in-kind | 63 | 81 | - | - |
| | | | | |
| Total directors' remuneration including | | | | |
| benefits-in-kind | 641 | 584 | - | - |
| | ===== | ===== | ===== | ==== |
| Total directors' remuneration (Note 34(b)) | 3,560 | 4,039 | 2,630 | 3,219 |
| | ===== | ===== | ===== | ==== |

12. Income tax expense

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

| | Gı | oup | Com | npany |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Statements of profit or loss and other comprehensive income: | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM′000 |
| Current income tax: - Based on results for the year - Under/(over) provision in | 3,344 | 2,242 | - | - |
| respect of previous years | 2,172 | (1,073) | | (1,080) |
| | 5,516 | 1,169 | | (1,080) |
| Deferred income tax (Note 26): - Origination and reversal of temporary differences - (Over)/under provision in respect of | 300 | 9,264 | (51) | 36 |
| previous years | (235) | (532) | - | 1,115 |
| | 65 | 8,732 | (51) | 1,151 |
| Income tax expense recognised in profit or loss | 5,581 ===== | 9,901 ===== | (51) ===== | 71 ==== |

For the financial year ended 31 December 2018 (cont'd.)



12. Income tax expense (cont'd.)

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 for the years ended 31 December 2018 and 2017 are as follows:

| | | Group | Co | mpany |
|--|-----------------------|-----------------------|-----------------------|----------------------------|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 |
| Accounting loss before tax | (33,243) ===== | (25,621) ===== | (34,742) ===== | (27,436) ===== |
| Tax at Malaysian statutory tax rate 24% (2017: 24%) | (7,978) | (6,149) | (8,338) | (6,585) |
| Adjustments: Income not subject to tax Effect of non-deductible expenses (Over)/under provision of deferred tax in respect of previous years | 3,850 (235) | - 4,130 (532) | (4,226) 9,340 - | (6,202) 12,189 1,115 |
| Under/(over) provision of income tax in respect of previous years Deferred tax assets not recognised on unabsorbed tax losses and | 2,172 | (1,073) | - | (1,080) |
| unutilised capital allowances | 7,772 | 13,525 | 3,173 | 634 |
| Income tax expense recognised in profit or loss | 5,581 ==== | 9,901 ==== | (51) ==== | 71 ===== |

Income tax is calculated at the Malaysian statutory rate of 24% (2017: 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.

| | Gı | roup | Cor | npany |
|------------------------------|---------|---------|--------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Unabsorbed tax losses | 104,955 | 61,751 | 14,001 | 941 |
| Unutilised capital allowance | 12,727 | 2,167 | 588 | 487 |
| Unutilised export allowances | 203,080 | 209,212 | - | _ |
| Others | 3,693 | 24,799 | 364 | 303 |
| | | | | |
| | 324,455 | 297,929 | 14,953 | 1,731 |
| | ===== | ====== | ===== | ===== |

For the financial year ended 31 December 2018 (cont'd.)

13. Loss per share

Basic and Diluted Loss Per Share

Basic earnings 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 earnings 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.

| | Gro | oup |
|--|------------------|------------------|
| | 2018 | 2017 |
| Loss net of tax attributable to owners of the Company | (37,487) | (34,392) |
| Weighted average number of ordinary shares in issue ('000) | ===== 317,050 | ===== 317,050 |
| Basic loss per share (sen per ordinary share) | ===== (11.82) | (10.85) |
| | ===== | ====== |

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 2018 (cont'd.)

14. Property, plant and equipment

| | *Land and | Motor | Plant and | | Office | Furniture, fittings and | | Capital work-in- | |
|----------------------------|----------------------------|--------------------|----------------------------|-----------------------|---------------------|----------------------------|----------------------|---------------------------|------------------------|
| Group | buildings RM′000 | vehicles RM′000 | machinery RM′000 | Helicopters RM′000 | equipment RM′000 | equipment RM′000 | Renovation RM′000 | progress RM′000 | Total RM′000 |
| Cost | | | | | | | | | |
| At 1 January 2017 | 208,367 | 12,423 | 331,833 | 160,161 | 3,199 | 73,675 | 918 | 6,457 | 797,033 |
| Additions | 1,076 | 1,113 | 4,713 | | 138 | 3,819 | 1 | 1,084 | 11,943 |
| Written off | | 1 | 1 | 1 | 1 | (15) | 1 | 1 | (15) |
| Reclassification | 743 | 1 | 2,976 | 1 | 1 | 1 | 1 | (3,719) | 1 |
| | | | | | | | | | |
| At 31 December 2017 | 210,186 | 13,536 | 339,522 | 160,161 | 3,337 | 77,479 | 918 | 3,822 | 808,961 |
| | | | | | | | | | |
| At 1 January 2018 | 210,186 | 13,536 | 339,522 | 160,161 | 3,337 | 77,479 | 918 | 3,822 | 808,961 |
| Additions | 81 | 293 | 5,215 | ı | 54 | 2,537 | ı | 64 | 8,244 |
| Disposals | 1 | (1,833) | 1 | 1 | (18) | (428) | 1 | 1 | (2,279) |
| Written off | • | 1 | (4) | 1 | 1 | (1,110) | 1 | (2,754) | (3,868) |
| Reclassification | 1 | 1 | 38 | 1 | 1 | 1 | 1 | (38) | 1 |
| Adjustment | 1 | 1 | 1 | 1 | 1 | 1 | 1 | (1,023) | (1,023) |
| Reclassification to assets | | | | | | | | | |
| held for sale | (2,739) | ı | ı | ı | 1 | 1 | I | i | (2,739) |
| | | | | | | | | | |
| At 31 December 2018 | 207,528 | 11,996 | 344,771 | 160,161 | 3,373 | 78,478 | 918 | 71 | 807,296 |
| | | | | | | | | | |

Notes to the Financial Statements For the financial year ended 31 December 2018 (cont'd.)

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

| Total RM′000 | | 333,818 | 26,528 | 25,605 | 923 | (13) | 360,333 |
|---|---|-------------------|--------------|---------------|------------------|-------------|---------------------|
| Capital work-in- progress RM′000 | | 1 | ı | ı | ı | 1 | |
| Renovation RM′000 | | 175 | 61 | 61 | ı | 1 | 236 |
| Furniture, fittings and equipment RM'000 | | 52,398 | 4,600 | 4,593 | 7 | (13) | 56,985 |
| Office equipment RM'000 | | 2,618 | 194 | 146 | 48 | 1 | 2,812 |
| Helicopters RM′000 | | 5,749 | 5,382 | 5,382 | ı | 1 | 11,131 |
| Plant and machinery RM'000 | | 247,716 | 11,804 | 11,235 | 569 | 1 | 259,520 |
| Motor vehicles RM'000 | | 10,890 | 895 | 296 | 299 | 1 | 11,785 |
| *Land and buildings RM′000 | | 14,272 | 3,592 | 3,592 | 1 | 1 | 17,864 |
| Group (cont'd.) | Accumulated depreciation and impairment | At 1 January 2017 | for the year | loss (Note 9) | assets (Note 18) | Written off | At 31 December 2017 |

Notes to the Financial Statements For the financial year ended 31 December 2018 (cont'd.)

| | Canital |
|----------------------------|-----------|
| | Firmiting |
| | |
| d.) | |
| plant and equipment (cont' | |
| 14. Property, | |

For the financial year ended 31 December 2018 (cont'd.)

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

* Land and buildings

| Cost | Freehold land RM'000 | Short term leasehold land RM'000 | Building RM′000 | Total RM'000 |
|---|----------------------------|---|---------------------------|------------------------|
| | | | | |
| At 1 January 2017 Addition | 76,800 | 17,266 | 114,301 1,076 | 208,367 1,076 |
| Reclassified from capital work-in-progress | - | - | 743 | 743 |
| At 31 December 2017 | 76,800 ===== | 17,266 ===== | 116,120 ===== | 210,186 ===== |
| At 1 January 2018 Addition | 76,800 - | 17,266 - | 116,120 81 | 210,186 81 |
| Reclassification to assets held for sale | - | - | (2,739) | (2,739) |
| At 31 December 2018 | 76,800 ===== | 17,266 ===== | 113,462 ===== | 207,528 ===== |
| Accumulated depreciation | | | | |
| At 1 January 2017 Depreciation charge for the year | | 3,282 469 | 10,990 3,123 | 14,272 3,592 |
| At 31 December 2017 | | 3,751 ===== | 14,113 ===== | 17,864 ===== |
| At 1 January 2018 Depreciation charge for the year Reclassification to assets | - - | 3,751 469 | 14,113 3,112 | 17,864 3,581 |
| held for sale | - | - | (548) | (548) |
| At 31 December 2018 | - | 4,220 ===== | 16,677 ===== | 20,897 ===== |
| Net carrying amount | | | | |
| At 31 December 2017 | 76,800 ===== | 13,515 ===== | 102,007 ===== | 192,322 ===== |
| At 31 December 2018 | 76,800 ===== | 13,046 ==== | 96,785 ===== | 186,631 ===== |

For the financial year ended 31 December 2018 (cont'd.)



| | | Motor | Office | Furniture and | | |
|--|---------------------------|---------------------------|---------------------|---------------------------|----------------------|------------------------|
| | Building RM'000 | vehicles RM'000 | equipment RM′000 | fittings RM'000 | Renovation RM'000 | Total RM'000 |
| Company | | | | | | |
| Cost | | | | | | |
| At 1 January 2017 Additions | 2,739 | 1,590 | 434 38 | 270 10 | 132 | 5,165 48 |
| Additions | | | | | | |
| At 31 December 2017 | 2,739 ===== | 1,590 ==== | 472 ==== | 280 ==== | 132 ==== | 5,213 ==== |
| At 1 January 2018 | 2,739 | 1,590 | 472 | 280 | 132 | 5,213 |
| Additions | - | 249 | 15 | 1 | - | 265 |
| Disposal Reclassification to | - | (342) | - | - | - | (342) |
| assets held for sale | (2,739) | - | - | - | - | (2,739) |
| At 31 December 2018 | - | 1,497 | 487 | 281 | 132 | 2,397 |
| | ===== | ==== | ==== | ==== | ==== | ==== |
| Accumulated depreciation | | | | | | |
| At 1 January 2017 Depreciation during | 309 | 1,019 | 168 | 136 | 66 | 1,698 |
| the year | 137 | 285 | 65 | 38 | 20 | 545 |
| Recognised in profit or loss (Note 9) Capitalised in | 137 | 157 | 19 | 34 | 20 | 367 |
| contract assets (Note 18) | - | 128 | 46 | 4 | | 178 |
| At 31 December 2017 | 446 | 1,304 ==== | 233 ==== | 174 ==== | 86 ==== | 2,243 ==== |
| | | | | | | |

For the financial year ended 31 December 2018 (cont'd.)

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

| | Building RM'000 | Motor vehicles RM'000 | Office equipment RM'000 | Furniture and fittings RM'000 | Renovation RM′000 | Total RM'000 |
|--|---------------------------|-----------------------------|-------------------------------|--|----------------------|------------------------|
| Company (cont'd.) | | | | | | |
| Accumulated depreciation (cont'd.) | | | | | | |
| At 1 January 2018 Depreciation during | 446 | 1,304 | 233 | 174 | 86 | 2,243 |
| the year 102 | 209 | 70 | 37 | 20 | 438 | |
| Recognised in profit or loss (Note 9) Capitalised in | 102 | 81 | 20 | 32 | 20 | 255 |
| contract assets (Note 18) | - | 128 | 50 | 5 | - | 183 |
| Disposal Reclassification to | - | (291) | - | - | - | (291) |
| assets held for sale | (548) | | | | - | (548) |
| At 31 December 2018 | - | 1,222 ==== | 303 ==== | 211 ==== | 106 ==== | 1,842 ==== |
| Net carrying amount | | | | | | |
| At 31 December 2017 | 2,293 ===== | 286 ==== | 239 ==== | 106 ==== | 46 ==== | 2,970 ==== |
| At 31 December 2018 | | 275 ==== | 184 ==== | 70 ==== | 26 ==== | 555 ==== |

For the financial year ended 31 December 2018 (cont'd.)



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

(a) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM2,656,000 (2017: RM3,129,000) by means of financial lease. The cash flow on acquisition of property, plant and equipment amounted to RM5,588,000 (2017: RM8,814,000). All other acquisitions of plant and equipment were by way of cash payments.

The carrying amount of motor vehicles and plant and machinery of the Group held under finance leases at the reporting date were RM899,000 (2017: RM744,000) and RM4,995,000 (2017: RM2,547,000) respectively.

Leased assets are pledged as security for the related finance lease liabilities as referred in Note 23.

- (b) The net carrying amount of property, plant and equipment pledged to financial institutions for bank borrowing as referred in Note 23 are RM21,597,000 (2017: RM22,540,000).
- (c) Included in the property, plant and equipment are helicopters with the carrying amount of RM115,501,000 (2017: RM120,546,000) which are pledged as security for the loans and borrowings as referred in Note 23.
- (d) During the financial year, the Group entered into sales and leaseback arrangement with a third party for a helicopter with the carrying value of RM23,894,000 as referred in Note 24.
- (e) The short term leasehold land of the Group includes a leasehold land with net carrying amount of RM524,000 (2017: RM541,000) of which the legal title is still in process of being registered under the name of one of the subsidiary of the Company.
- (f) The Group has performed a review of the recoverable amount of the helicopters during the financial year. The recoverable amount was based on the fair value less costs to sell or value in use, whichever is higher. The fair value of helicopters were derived from the valuations performed by independent valuers specialist in helicopter valuation. The value in use were based on the discounted future net cash inflows estimated to be generated by the respective helicopters. The Group has recognised impairment loss of RM 4,253,000 on certain helicopters during the financial year based on their recoverable amounts of RM31,589,000.

15. Intangible assets

| | | Power | |
|--|----------------------------------|---------------------------------|------------------------|
| Group | Customers contracts RM'000 | purchase agreement RM'000 | Total RM'000 |
| Cost | | | |
| At 1 January 2017/2018 and 31 December 2017/2018 | 9,917 | 2,510 | 12,427 |
| Accumulated amortisation | | | |
| At 1 January 2017 Amortisation (Note 9) | 9,908 9 | | 9,908 9 |
| At 31 December 2017/2018 | 9,917 | - | 9,917 |
| Net carrying amount | | | |
| At 31 December 2018 | | 2,510 | 2,510 |
| At 31 December 2017 | | ===== 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 28.

For the financial year ended 31 December 2018 (cont'd.)

16. Investment in subsidiaries

| | | | | C | ompany | |
|--|--------------------------|---|----------------|----------------------|-----------------|-----------------------|
| | | | | 2018 N'000 | | 2017 ⁄1′000 |
| Unquoted shares, at cost Accumulated impairment losse | es | | | 5,652 4,000) | | 0,652 4,000) |
| | | | | 1,652 ==== | | 6,652 ==== |
| Details of the subsidiaries are a | as follows: | | owne | % of ership | owne held by | - |
| Name of subsidiaries | Country of incorporation | Principal activities | the Gr 2018 | 2017 | 2018 | est β 2017 |
| Held by the Company: Universal Cable (Sarawak) Sdn. Bhd.* | Malaysia | Manufacture and sale of power cables and wires | 100 | % 100 | % | % |
| Sarawak Power Solutions Sdn. Bhd.* | Malaysia | Dormant | 100 | 100 | - | - |
| Sarwaja Timur Sdn. Bhd.* | Malaysia | Manufacturing, fabrication, galvanising and sale of steel structures | 100 | 100 | - | - |
| SCB Power Transmission Sdn. Bhd. (formerly known as Trenergy Infrastructure Sdn. Bhd.)* | Malaysia | General contractors and infrastructure development | 100 | 100 | - | - |
| PT. Inpola Mitra Elektrindo + | Indonesia | Designing, financing construction of independent and mini hydro power plant | 78 | 78 | 22 | 22 |
| Aerial Power Lines Sdn. Bhd.* | 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 | - | - |

Company

^{*} Audited by Ernst & Young, Malaysia

⁺ Audited by a firm other than Ernst & Young

β equal to proportion of voting rights held

For the financial year ended 31 December 2018 (cont'd.)

16. Investment in subsidiaries (cont'd.)

Details of the subsidiaries are as follows: (cont'd.)

- (a) Acquisition of additional interest in subsidiary
 - During the year, the Company increased its investment in a subsidiary namely, Aerial Power Lines Sdn. Bhd. ("APLSB"), by way of an increase in the paid up share capital of this subsidiary from RM5 million to RM10 million.
- (b) The investment in subsidiaries of the Company with the carrying amount of RM205,806,000 (2017: RM205,806,000) is pledged as securities for the borrowings as referred in Note 23.
- (c) The Company has impaired the carrying value of its entire interest in APLSB due to continuing operating losses sustained
- (d) There were no new business combination during the financial year.
- (e) Information with regards to non-controlling interests is not presented as they are not material to the Group.

17. Inventories

| | Group | | |
|------------------|---------|---------|--|
| | 2018 | 2017 | |
| | RM'000 | RM'000 | |
| At cost | | | |
| | 40.207 | 42.624 | |
| Raw materials | 48,397 | 42,624 | |
| Work-in-progress | 30,286 | 24,837 | |
| Finished goods | 37,484 | 43,189 | |
| Consumables | 7,254 | 6,554 | |
| | | | |
| | 123,421 | 117,204 | |
| | ===== | ====== | |

During the financial year, the amount of inventories recognised as cost of sales of the Group was RM642,417,000 (2017: RM815,487,000).

18. Contract assets/liabilities

| Group | | Company | |
|-------------|--|---|---|
| 2018 | 2017 | 2018 | 2017 |
| RM'000 | RM'000 | RM'000 | RM'000 |
| | | | |
| 1,126,718 | 1,049,791 | 685,458 | 650,709 |
| (26,277) | 284 | 29,816 | 30,209 |
| | | | |
| 1,100,441 | 1,050,075 | 715,274 | 680,918 |
| (1,105,949) | (1,005,984) | (712,528) | (670,379) |
| | | | |
| (5,508) | 44,091 | 2,746 | 10,539 |
| ====== | ====== | ===== | ====== |
| | | | |
| 2,954 | 44,091 | 2,746 | 10,539 |
| (8,462) | | - | - |
| | | | |
| (5,508) | 44,091 | 2,746 | 10,539 |
| | | ===== | ===== |
| | 2018 RM'000 1,126,718 (26,277) 1,100,441 (1,105,949) (5,508) ====== 2,954 (8,462) | RM'000 RM'000 1,126,718 1,049,791 (26,277) 284 1,100,441 1,050,075 (1,105,949) (1,005,984) (5,508) 44,091 ====== 2,954 44,091 (8,462) | 2018 2017 2018 RM'000 RM'000 RM'000 1,126,718 1,049,791 685,458 (26,277) 284 29,816 |

For the financial year ended 31 December 2018 (cont'd.)

18. Contract assets/liabilities (cont'd.)

| | Group | | Com | pany |
|--|--------|--------|--------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| The costs incurred to date on contract assets/liabilities include the following charges during the financial year: | | | | |
| Interest expense (Note 7) | 2,857 | 5,122 | - | - |
| Rental expenses for building Employee benefits expense | 1,348 | 4,268 | 760 | 153 |
| (Note 10) | 6,095 | 8,184 | 1,872 | 979 |
| Depreciation of property, plant | | | | |
| and equipment (Note 14) | 858 | 923 | 183 | 178 |
| | ====== | ====== | ====== | ===== |

The significant decrease in contract assets of the Group and of the Company in 2018 is due to the completion certain projects during the year and the settlement agreement reached in respect of a transmission line project as disclosed in Note 4.1. The increase in contract liabilities of the Group in 2018 was mainly due to recognition of foreseeable loss on one of construction project.

19. Trade and other receivables

| | G | roup | Com | pany |
|---|----------|---------|-----------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current | | | | |
| Trade receivables | | | | |
| Third parties | 186,044 | 221,822 | 5,597 | 16,322 |
| Retention sums on contracts | 3,495 | 12,926 | - | - |
| Amounts due from related parties | 1,968 | 7,564 | - | - |
| Lease receivables | 4,689 | 6,341 | - | - |
| | 196,196 | 248,653 | 5,597 | 16,322 |
| Less: Allowance for expected credit loss ("ECL")/ | | | | |
| impairment | (13,823) | (8,079) | - | - |
| Trade receivables, net | 182,373 | 240,574 | 5,597 | 16,322 |
| Other receivables | | | | |
| Refundable deposits | 1,127 | 1,165 | 8 | 18 |
| Other receivables | 15,619 | 13,788 | 3 | 3 |
| Amounts due from subsidiaries | - | - | 208,733 | 211,947 |
| Other receivables, net | 16,746 | 14,953 | 208,744 | 211,968 |
| Less: Allowance for ECL/impairment | (1,676) | (1,676) | (40,249) | (11,674) |
| | 15,070 | 13,277 | 168,495 | 200,294 |
| Total trade and other receivables | | | | |
| (current) | 197,443 | 253,851 | 174,092 | 216,616 |
| | | | | |

For the financial year ended 31 December 2018 (cont'd.)

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

| | G | roup | Com | npany |
|-----------------------------------|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current | | | | |
| Trade receivables | | | | |
| Retention sum on contracts | 20,931 | 29,869 | 15,600 | 15,465 |
| Lease receivables | 18,303 | 22,541 | - | - |
| | 39,234 | 52,410 | 15,600 | 15,465 |
| Less: Allowance for impairment | - | (862) | - | - |
| Trade receivables, net | 39,234 | 51,548 | 15,600 | 15,465 |
| Total trade and other receivables | 236,677 | 305,399 | 189,692 | 232,081 |
| | ===== | ===== | ====== | ===== |

(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 |
| 2018 | | | |
| Less than 1 year | 9,643 | (4,954) | 4,689 |
| Between 1 and 5 years | 26,810 | (8,507) | 18,303 |
| | 36,453 | (13,461) | 22,992 |
| 2017 | ===== | ===== | ===== |
| Less than 1 year | 12,520 | (6,179) | 6,341 |
| Between 1 and 5 years | 34,713 | (13,407) | 21,306 |
| More than 5 years | 1,289 | (54) | 1,235 |
| | 48,522 | (19,640) | 28,882 |
| | ====== | ====== | ====== |

(b) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, bear interest at rates ranging from of 5.12% to 6.85% (2017: 3.70% to 5.61%) per annum and are receivable on demand.

(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.

(d) Information on credit risks is disclosed in Note 38.

For the financial year ended 31 December 2018 (cont'd.)

20. Other current assets

| | Group | | | Company | |
|--------------------------------|--------|--------|--------|---------|--|
| | 2018 | 2017 | 2018 | 2017 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Prepayments Advance payment to | 5,498 | 3,721 | 1,596 | 875 | |
| Subcontractors | 2,708 | 2,905 | - | - | |
| | 8,206 | 6,626 | 1,596 | 875 | |
| | ===== | ===== | ===== | ===== | |

21. Cash and bank balances

| | Group | | Company | |
|------------------------------|--------|--------|---------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash in hand and at banks | 25,760 | 19,121 | 1,561 | 961 |
| Deposits with licensed banks | 22,099 | 27,788 | - | - |
| | | | | |
| Cash and bank balances | 47,859 | 46,909 | 1,561 | 961 |
| | ===== | ===== | ===== | ===== |

- (a) Cash at bank of the Group amounted RM4,007,000 (2017: RM31,000) are placed in a designated account for the purpose of repayment obligation in relation to the Group's borrowing as referred in Note 23.
- (b) Deposits with licensed banks of the Group amounting to RM14,604,000 (2017: RM15,421,000) are pledged to banks for borrowings granted as referred in Note 23 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 were 3.07% (2017: 2.98%) per annum with an average maturity of 1 month (2017: 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 | |
|---------------------------------|----------|----------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Cash and bank balances | 47,859 | 46,909 | 1,561 | 961 |
| Less: Bank overdrafts (Note 23) | (1,969) | (13,779) | (1,969) | (2,000) |
| Cash restricted for repayment | (4,007) | (31) | - | - |
| Deposits pledged | (14,604) | (15,421) | - | - |
| | | | | |
| Cash and cash equivalents | 27,279 | 17,678 | (408) | (1,039) |
| | ===== | ===== | ===== | ===== |

22. Assets held for sale

| | Grou | up and Company |
|----------|-----------------------|-----------------------|
| | 2018 RM'000 | 2017 RM'000 |
| | NW 000 | NW 000 |
| Building | 2,191 | - |
| | ===== | ===== |

The asset held for sale is in respect of a building (under strata title) located in Kuala Lumpur. The Group signed an agreement to sell this building for RM3 million and is expecting all conditions precedents to be fulfilled by next financial year.

For the financial year ended 31 December 2018 (cont'd.)

23. Loans and borrowings

| • | | G | iroup | Com | pany |
|---|---------------------|----------|-----------|---------|---------|
| | Maturity | 2018 | 2017 | 2018 | 2017 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Current | | | | | |
| Unsecured: | | | | | |
| Bankers' acceptances | 2019/2018 | 296,666 | 249,303 | - | - |
| Revolving credits | 2019/2018 | 64,548 | 83,550 | 47,833 | 65,210 |
| Trust receipts/foreign currency trade loan/ | | | | | |
| export credit financing | 2019/2018 | 2,955 | 6,790 | - | - |
| Invoice financing-i | 2019 | 5,986 | - | - | - |
| Term loans | 2019/2018 | 3,600 | 3,600 | - | - |
| Flexi term financing-i | 2019/2018 | 15,316 | 25,660 | 15,316 | 22,773 |
| Bank overdrafts (Note 21) | 2019/2018 | 1,969 | 12,800 | 1,969 | 2,000 |
| Cash line facility-i | 2019/2018 | 3,352 | 33,468 | - | - |
| | | 394,392 | 415,171 | 65,118 | 89,983 |
| | | | | | |
| Secured: | 2010/2010 | 25.040 | 22.402 | | |
| Term loan | 2019/2018 | 25,849 | 23,403 | - | - |
| Bankers' acceptances | 2019/2018 | 8,065 | 4,247 | - | - |
| Revolving credits | 2019/2018 | 12,020 | 17,000 | - | - |
| Hire purchase payables | 2019/2018 | 1,393 | 809 | - | - |
| Bank overdrafts (Note 21) | 2018 | <u>-</u> | 979 | - | - - |
| Flexi term financing-i | 2019/2018 | 13,886 | 13,471 | 13,886 | 13,471 |
| | | 61,213 | 59,909 | 13,886 | 13,471 |
| Total current loans and born | rowings | 455,605 | 475,080 | 79,004 | 103,454 |
| Non-current | | | | | |
| Unsecured: | | | | | |
| Term loan | 2020/2019-2020 | 2,700 | 6,300 | - | _ |
| Revolving credits | 2019 | - | 815 | - | - |
| | | 2,700 | 7,115 | | |
| | | 2,700 | | | |
| Secured: | | | | | |
| Flexi term financing-i | 2020-2022/2019-2022 | 49,452 | 50,344 | 49,452 | 50,344 |
| Hire purchase payables | 2020-2023/2019-2022 | 3,734 | 2,787 | - | - |
| Term loan | 2020-2023/2019-2023 | 64,308 | 79,039 | - | |
| | | 117,494 | 132,170 | 49,452 | 50,344 |
| Total non-current loans and | | | | | |
| borrowings | | 120,194 | 139,285 | 49,452 | 50,344 |
| Total loans and borrowings | | 575,799 | 614,365 | 128,456 | 153,798 |
| | | | | | |

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

| | Group |
|---------|---------|
| 2018 | 2017 |
| USD'000 | USD'000 |
| 7,589 | 7,157 |
| | |

USD

Other information on financial risks of borrowing are disclosed in Note 38.

For the financial year ended 31 December 2018 (cont'd.)

23. Loans and borrowings (cont'd.)

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

| | Group | | Company | |
|---|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| On demand or within 1 year | 455,605 | 475,080 | 79,004 | 103,454 |
| More than 1 year and less than 2 years | 47,237 | 31,155 | 13,235 | 13,192 |
| More than 2 years and less than 5 years | 72,957 | 103,284 | 36,217 | 37,152 |
| More than 5 years | - | 4,846 | - | - |
| | | | | |
| | 575,799 | 614,365 | 128,456 | 153,798 |
| | ===== | ====== | ===== | ====== |

Hire purchase payables

These hire purchase payables are secured by a charge over the leased assets (Note 14). The average discount rate implicit in the hire purchase range between 4.37% and 5.70% (2017: 4.57% and 5.70%) per annum.

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.

Term loans

A term loan of the Group amounting to RM61,487,000 (2017: RM73,547,000) are secured by:

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

A term loan of the Group amounting to RM28,670,000 (2017: RM28,895,000) 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 28.
- (ii) Deed of Assignment over the rights and interest of Power Purchase Agreement owned by its subsidiary as referred in Note 28.
- (iii) Deposit with licensed bank as referred in Note 21.
- (iv) Assignment of escrow accounts maintained with the bank.

Flexi term financing-i

The flexi term financing-i of the Group and of the Company amounting to RM63,338,000 (2017: RM63,815,000) is secured by 100% equity interest in both subsidiaries, Universal Cable (M) Berhad and Leader Cable Industry Berhad as referred in Note 16.

The overdrafts and certain revolving credits of the Company amounted to RM30,705,000 (2017: RM30,672,000) are secured by corporate guarantee and indemnity by one of the subsidiary within the Group, namely Universal Cable (Sarawak) Sdn. Bhd..

Other unsecured borrowings of the Group are secured by corporate guarantee of the Company.

For the financial year ended 31 December 2018 (cont'd.)



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

| | Group | | Co | Company | |
|-----------------------------|-----------|-------------|-----------|-------------|--|
| | 2018 | 2017 | 2018 | 2017 | |
| | % | % | % | % | |
| Bankers' acceptances | 3.74-5.26 | 3.80 - 5.10 | - | - | |
| Revolving credits | 5.15-6.20 | 4.70 - 6.12 | 5.87-6.12 | 5.22 - 5.87 | |
| Term loans | 5.45-6.85 | 5.39 - 5.70 | - | - | |
| Foreign currency trade loan | 3.23-3.84 | - | - | - | |
| Flexi term financing-i | 5.97 | 5.87 | 5.97 | 5.87 | |
| Flexi financing trade loan | 4.35-6.15 | 4.07 - 5.51 | 4.35-5.81 | 4.07 - 5.51 | |
| Invoice financing-i | 6.15 | - | - | - | |
| Cash line financing-i | 5.76 | 5.25 | - | - | |
| Bank overdrafts | 3.66 | 5.80 | 3.66 | 5.80 | |
| Export credit financing | 2.95-5.05 | - | - | - | |
| | ======= | ======= | ======= | ======= | |

24. Finance lease payable

| | 2018 | 2017 | |
|-----------------------------|--------|--------|--|
| | RM'000 | RM'000 | |
| Secured | | | |
| Amount due within 12 months | 2,825 | - | |
| Amount due after 12 months | 16,874 | - | |
| | | | |
| | 19,699 | - | |
| | ===== | ===== | |

The finance lease payable arose from a sale and leaseback arrangement of a helicopter as referred in Note 14 and is payable over 21 quarterly instalments commencing from May 2018. Interest is charged at 7.76% per annum.

25. Trade and other payables

| Trade and other payables | G | Group Com | | npany |
|--------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2018 RM'000 | 2017 RM′000 | 2018 RM'000 | 2017 RM'000 |
| Current | 1111 000 | 1111 000 | 11111 000 | 1 |
| Trade payables | | | | |
| Third parties | 52,009 | 67,072 | 7,220 | 24,231 |
| Amount due to related parties | 7,866 | 28,041 | - | - |
| Trade payables, net | 59,875 | 95,113 | 7,220 | 24,231 |
| Other payables | | | | |
| Accrued operating expenses | 18,305 | 37,543 | 1,949 | 7,144 |
| Other payables | 25,707 | 40,047 | 1,288 | 373 |
| Amounts due to subsidiaries | | | 237,944 | 213,926 |
| | 44,012 | 77,590 | 241,181 | 221,443 |
| Total trade and other payables | | | | |
| (current) | 103,887 | 172,703 | 248,401 | 245,674 |
| | | the second second | | |

Group and Company

For the financial year ended 31 December 2018 (cont'd.)

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

| | | Group | | Company |
|--------------------------------|---------|---------|---------|---------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Non-current | | | | |
| Trade payables | | | | |
| Retention sum on contracts | 15,401 | 12,524 | 14,188 | 10,916 |
| Total trade and other payables | 119,288 | 185,227 | 262,589 | 256,590 |
| | ====== | ===== | ====== | ====== |

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 120 day (2017: 14 to 120 day) terms.

Related parties refer to companies within the HNG Capital Sdn. Bhd. Group, a corporate shareholder of the Company.

(b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 day (2017: 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 5.75% to 6.12% (2017: 5.65% to 5.93%) per annum and are payable on demand.

Notes to the Financial Statements For the financial year ended 31 December 2018 (cont'd.)

26. Deferred tax

Deferred tax as at 31 December 2018 and 2017 relates to the following:

| Group | As at 1 January 2017 | Exchange difference RM′000 | Recognised in profit or loss (Note 12) RMY000 | Recognised in other comprehensive income | As at 31 December 2017 RM′000 | Adjustment on initial adoption of MFRS9 | Exchange difference RM′000 | Recognised in profit or loss (Note 12) | Recognised in other comprehensive income | As at 31 December 2018 RM′000 |
|---|--|----------------------------------|---|---|---|--|----------------------------------|---|--|---|
| Deferred tax liabilities: Property, plant and equipment Construction contracts Others Other financial assets Derivatives | 37,221 (1,121) (59) 2,465 185 | (350) | (3,986) 1,112 (33) 1,167 | 46 | 33,235 (9) (92) 3,282 231 36,647 | | (94) | (1,602) 71 71,146 | (1,264) | 31,633 (9) (21) 4,334 (1,033) |
| Deferred tax assets: Trade receivables Inventories Unabsorbed capital allowance and export allowances Unutilised tax losses Property, plant and equipment | (2,790) (115) (58,890) (2,076) (2,527) | 251 | (177) 113 8,679 (670) 2,527 | | (2,967) (2) (20,211) (2,495) | (281) | 8 6 | (722) (32) (1,472 (268) | | (3,970) (34) (48,739) (2,675) |
| Deferred tax (assets)/liabilities | (27,707) ====== | (66) | 8,732 | 46 | (19,028) (19,028) ===== | (281) | (9) | 450 | (1,264) ===== | (20,514) (20,514) (20,514) |

For the financial year ended 31 December 2018 (cont'd.)

| 26. | Deferred tax | k (cont'd.) |
|-----|--------------|-------------|
| 20. | Deletted ta | a (cont a.) |

| | As at 1 January 2017 | Recognised in profit or loss (Note 12) | As at 31 December 2017 | Recognised in profit or loss (Note 12) | As at 31 December 2018 |
|--|----------------------------|---|------------------------------|---|------------------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Company | | | | | |
| Deferred tax liability: | | | | | |
| Property, plant and | | | | | |
| equipment | 31 | 20 | 51 | (51) | - |
| Deferred tax assets: | | | | | |
| Unabsorbed capital | | | | | |
| allowances | (17) | 17 | - | - | - |
| Amount due from | | | | | |
| customers | (1,114) | 1,114 | - | - | - |
| Deferred tax (assets)/ | | | | | |
| liabilities | (1,100) | 1,151 | 51 | (51) | - |
| | ===== | ===== | ==== | ===== | ===== |
| | | | Group | C | Company |
| | | 2018 | 2017 | 2018 | 2017 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Presented after appropriate offsetting as follows: | | | | | |
| Deferred tax assets | | (36,932) | (36,116) | _ | _ |
| Deferred tax liabilities | | 16,418 | 17,088 | - | 51 |
| | | | | | |
| | | (20,514) | (19,028) | - | 51 |
| | | ===== | ===== | ===== | ==== |

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

| | G | roup | Com | pany |
|--|---------|--------|--------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Unutilised tax losses | 94,046 | 51,117 | 14,001 | 941 |
| Unabsorbed capital allowances | 12,727 | 2,167 | 588 | 487 |
| Others | 3,693 | 24,799 | 364 | 303 |
| | | | | |
| | 110,466 | 78,083 | 14,953 | 1,731 |
| | ===== | ===== | ===== | ==== |
| Deferred tax asset at 24%, if recognised | 26,512 | 18,740 | 3,589 | 415 |
| | ===== | ===== | ===== | ==== |

Unrecognised tax losses

At the reporting date, the Group and the Company has tax losses of approximately RM94,046,000 (2017: RM51,117,000) and RM14,001,000 (2017: RM941,000) respectively that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised because it is not probable that future taxable profits will be available against which the Group and the Company can use the benefits therefrom. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Included in unrecognised tax losses are losses of RM73,180,000 (2017: RM51,117,000) and RM14,001,000 (2017: RM941,000) respectively that will expire in 2025. Other losses may be carried forward indefinitely subject to the conditions imposed by law including the retention of majority shareholders as defined.



27. Derivatives assets/(liabilities)

| | Not | ional amount | Asse | ts/(liabilities) |
|--|--------|--------------|---------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Derivatives - designated as cash flow hedges | | | | |
| - Commodity forward contracts | 97,610 | 10,275 | (4,314) | 953 |
| Total derivatives | 97,610 | 10,275 | (4,314) | 953 |
| | ===== | ====== | ===== | ===== |

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 held commodity forward contracts designated as a 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.

The cash flow hedges of the highly probable forecast aluminium and copper purchases were assessed to be highly effective and as at 31 December 2018, a net unrealised loss of RM5,266,000 (2017: a net unrealised gain of RM191,000) with a related deferred tax assets of RM1,264,000 (2017: deferred tax liabilities of RM46,000) was included in other comprehensive income in respect of these contract. The amounts retained in other comprehensive income in December 2018 and December 2017 are expected to mature and affect the profit or loss by a loss of RM3,279,000 in 2019 (2018: loss of RM723,000).

28. Concessions financial assets

| | Gr | oup |
|---|---------|---------|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Non-current: | | |
| At 1 January | 85,990 | 83,729 |
| Concessions construction revenue (Note 4) | 4,987 | 7,735 |
| Accrued finance income (Note 6) | 4,435 | 4,434 |
| Exchange difference | (2,741) | (9,908) |
| | | |
| At 31 December | 92,671 | 85,990 |
| | ===== | ===== |

For the financial year ended 31 December 2018 (cont'd.)

28. Concessions financial assets (cont'd.)

On 23 September 2010, PT Inpola Mitra Elektrindo ("IME"), a subsidiary of the Company, signed a Power Purchase Agreement ("PPA") with 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 produce 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 cost 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;
- 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. At the reporting date, IME is still in the process of constructing the mini hydro power plant. The fair value of construction services provided is recognised as receivables from PLN.

The concession financial assets, a mini hydro power plant together with power purchase agreement have been charged as security for a term loan granted to a subsidiary of the Group as referred in Note 23.

For the financial year ended 31 December 2018 (cont'd.)



29. Share capital and share premium

(a) Share capital

| • | Numbe | er of ordinary | | |
|-----------------------------|---------|----------------|---------|---------|
| | : | shares | | Amount |
| | 2018 | 2017 | 2018 | 2017 |
| ı | 000 | '000 | RM'000 | RM'000 |
| Company | | | | |
| Issued and fully paid: | | | | |
| At 1 January | 317,050 | 317,050 | 238,321 | 158,525 |
| Transfer from share premium | - | - | - | 79,796 |
| | | | | |
| At 31 December | 317,050 | 317,050 | 238,321 | 238,321 |
| | ===== | ====== | ===== | ====== |

The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium become part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium reserve of RM79,796,000 for purposes as set out in Section 618(4) of the Act.

There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Share premium

| | G | roup |
|---|-----------------------|-----------------------|
| | 2018 RM'000 | 2017 RM'000 |
| At 1 January Transfer to share capital | - | 79,796 (79,796) |
| At 31 December | | |
| At 31 December | ==== | ===== |

30. Foreign currency translation reserve

The foreign currency translation reserves represent exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

31. Hedge reserve

Cash flow hedge reserve represents the net gains or losses, net of tax, on effective cash flow hedging instruments that will be recycled to the profit or loss when the hedged transaction affects profit or loss.

32. Dividends

Recognised during the financial year:

Reviolate on ordinary shares:

Final single tier dividend for 2016: 3.0 sen per ordinary share

9,512

No dividend had been paid in respect of financial year ended 31 December 2018 and 31 December 2017.

For the financial year ended 31 December 2018 (cont'd.)

33. Commitments

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

| | | Group | Con | npany |
|----------------------------------|--------|--------|--------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Capital expenditure | | | | |
| Approved and contracted for: | | | | |
| Property, plant and equipment | 632 | 29,949 | 69 | - |
| Approved but not contracted for: | | | | |
| Property, plant and equipment | 6,888 | 5,501 | 2,253 | 1,027 |
| | | | | |
| | 7,520 | 35,450 | 2,322 | 1,027 |
| | ===== | ====== | ===== | ===== |

(b) Operating lease commitments - as lessee

The Group has entered into non-cancellable operating lease agreements for the use of land and buildings. These leases have a life of between 1 to 2 years with between 2 and 3 years renewal period and purchase option included in the contracts. The Group is restricted from sub-leasing some of the leased land and buildings to third parties.

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities, are as follows:

| | Group | |
|--|--------|--------|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Future minimum rental payments: | | |
| Not later than 1 year | 50 | 134 |
| Later than 1 year and not later than 5 years | 11 | 30 |
| | | |
| | 61 | 164 |
| | ==== | ==== |

(c) Finance lease commitments

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

| | Group | |
|---|---------|--------|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Minimum lease payments: | | |
| Not later than 1 year | 5,848 | 1,006 |
| Later than 1 year but not later than 2 years | 5,483 | 1,006 |
| Later than 2 years but not later than 5 years | 18,935 | 2,134 |
| | 30,266 | 4,146 |
| Less: Amounts representing finance charges | (5,440) | (550) |
| | | |
| Present value of minimum lease payments | 24,826 | 3,596 |
| | ===== | ===== |

For the financial year ended 31 December 2018 (cont'd.)



33. Commitments (cont'd.)

(c) Finance lease commitments (cont'd.)

Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows: (cont'd.)

| | Gro | oup |
|---|---------|--------|
| | 2018 | 2017 |
| | RM'000 | RM'000 |
| Present value payments: | | |
| Not later than 1 year | 4,218 | 810 |
| Later than 1 year but not later than 2 years | 4,117 | 863 |
| Later than 2 years but not later than 5 years | 16,491 | 1,923 |
| Present value of minimum lease payments | 24,826 | 3,596 |
| Less: Amounts due within 12 months | (4,218) | (809) |
| Amount due after 12 months | 20.608 | 2,787 |
| Attourt due arei 12 months | 20,000 | ===== |

34. 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 | |
|---|---------|---------|-----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Sale of cables, conductors and steel structures to: | RM′000 | RM'000 | RM'000 | RM'000 |
| - Related to corporate shareholders | 21,278 | 30,533 | - | - |
| Transmission line contract revenue: - Related to corporate shareholders | - | 6,141 | - | - |
| Rental and interest paid to: - Subsidiaries - Related to corporate shareholders | - 46 | - 95 | 12,813 - | 10,923 |
| Purchase of raw materials from: - Related to corporate shareholders | 214,935 | 445,281 | - | |
| Interest and rental income received from: - Subsidiaries | | | 12,922 | 10,417 |
| Management fees received from: - Subsidiaries | | | 6,625 | 3,920 |
| Purchase of cable from: - Subsidiaries | | | 7,618 | 7,700 |
| Advance received from: - Subsidiaries | | | 42,439 | 31,481 |
| Advance to: - Subsidiaries | | | 14,668 ===== | 29,589 ==== |

For the financial year ended 31 December 2018 (cont'd.)

34. Related party transactions (cont'd.)

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

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 2018 and 31 December 2017 are disclosed in Note 19 and 25.

(b) Compensation of key management personnel

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

| | Group | | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|--|
| | 2018 RM'000 | 2017 RM'000 | 2018 RM'000 | 2017 RM'000 | |
| | | | | | |
| Short-term employee benefits Contributions to defined | 10,994 | 8,119 | 7,306 | 5,669 | |
| contribution plan | 1,263 | 1,076 | 848 | 617 | |
| | | | | | |
| | 12,257 | 9,195 | 8,154 | 6,286 | |
| | ===== | ===== | ===== | ==== | |
| Included in the total key management personnel: | | | | | |
| Directors' remuneration | | | | | |
| (Note 11) | 3,560 | 4,039 | 2,630 | 3,219 | |
| | ===== | ===== | ===== | ===== | |

35. Fair value of financial instruments

(a) Set out below, is a comparison by class of the carrying amount and the fair value of the Group's financial instruments, other than those which carrying amount are reasonable approximation of fair value

| | 2018 | | | 2017 | |
|------------------------|----------|------------|----------|------------|--|
| | Carrying | | Carrying | | |
| | amount | Fair value | amount | Fair value | |
| | RM'000 | RM'000 | RM'000 | RM'000 | |
| Financial liabilities: | | | | | |
| Hire purchase payables | 5,126 | 5,268 | 3,596 | 3,647 | |
| | ===== | ===== | ===== | ===== | |

Obligation under finance lease

The fair value of these financial instruments are estimated by discounting expected future cash flows and the market incremental lending rate for similar type of leasing arrangement at the reporting date.

For the financial year ended 31 December 2018 (cont'd.)



35. Fair value of financial instruments (cont'd.)

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

| | note |
|--|------|
| | |
| Trade and other receivables | 19 |
| Cash and bank balances | 21 |
| Trade and other payables | 25 |
| Loans and borrowings except hire purchase payables | 23 |
| Concessions financial assets | 28 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature 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 are used to estimate the fair values of the following classes of financial instruments:

(i) Cash and bank balances, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short term nature of these instruments

(ii) Trade receivables and trade payables

The carrying amounts of trade receivables and trade payables approximate their fair values because they are subject to normal trade credit terms of 14 days to 120 days.

(iii) Amounts due from/to subsidiaries

The carrying values of the amounts due from/to subsidiaries approximate their fair values due to the short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

(iv) Loans and borrowings

The carrying values of bank borrowings and term loans approximate their fair values as they bear interest rates which approximate the current incremental borrowing rates for similar types of lending and borrowing arrangements.

(v) Derivatives

Fair values of forward contracts and commodity forward contracts are calculated by reference to forward rates or prices quoted at the reporting date for contracts with similar maturity profiles.

(vi) Concessions financial assets

The carrying values of the concessions financial assets approximately their fair values as they bear interest rate which approximately the current incremental borrowing rates for similar types of lending.

For the financial year ended 31 December 2018 (cont'd.)

36. Fair value measurement

The Group uses the following hierarchy for determining and disclosing the fair value of the Group's assets and liabilities:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which uses inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The following table provides the fair value measurements hierarchy of the Group's assets and liabilities:

(a) Quantitative disclosures fair value measurement hierarchy for assets and liabilities of the Group as at 31 December 2018:

| | Date of | | | | |
|--|-------------|---------|---------|---------|--------|
| | valuation | Level 1 | Level 2 | Level 3 | Total |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Financial liabilities measured at fair value | | | | | |
| Derivatives | | | | | |
| | | | | | |
| - Commodity | 31 December | | | | |
| forward contracts | 2018 | - | 4,314 | - | 4,314 |
| | | ===== | ===== | ===== | ===== |
| Liabilities for which fair value are disclosed | | | | | |
| Hire purchase | 31 December | | | | |
| payables | 2018 | - | 5,268 | - | 5,268 |
| | | ===== | ===== | ===== | ===== |

(b) Quantitative disclosures fair value measurement hierarchy for assets and liabilities of the Group as at 31 December 2017:

| | Date of valuation | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|--|-------------------|--------------------------|--------------------------|-------------------|------------------------|
| Financial assets measured at fair value | | | | | |
| Derivatives | | | | | |
| - Commodity | 31 December | | | | |
| forward contracts | 2017 | - | 953 | - | 953 |
| | | ==== | ==== | ==== | ==== |
| Liabilities for which fair value are disclosed | | | | | |
| Hire purchase | 31 December | | | | |
| payables | 2017 | - | 3,647 | - | 3,647 |
| | | ===== | ===== | ===== | ===== |

There have been no transfers between the fair value hierarchy during the financial year ended 31 December 2018.

For the financial year ended 31 December 2018 (cont'd.)



37. Categories of financial instruments

The table below provides an analysis of the Group's financial instruments as at 31 December 2018, categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")
- (c) Derivatives designated as hedging instruments ("DDHI")

| 2018 | AC | DDHI |
|-----------------------------|---------|---------|
| Group | RM'000 | RM'000 |
| Financial assets | | |
| Trade and other receivables | 236,677 | _ |
| Cash and bank balances | 47,859 | _ |
| Concession financial assets | 92,671 | _ |
| | | |
| | 377,207 | _ |
| | ====== | ======= |
| Financial liabilities | | |
| Trade and other payables | 119,288 | - |
| Loans and borrowings | 575,799 | - |
| Finance lease payables | 19,699 | - |
| Derivatives | - | 4,314 |
| | | |
| | 714,786 | 4,314 |
| | ====== | ======= |

The table below provides an analysis of the Group's financial instruments as at 31 December 2017 categorised as follows:

- (a) Loans and receivables ("L&R")
- (b) Fair value through profit or loss ("FVTPL")
- (c) Financial liabilities measured at amortised cost ("FL")

| | L&R/ | |
|-----------------------------|---------|---------|
| 2017 | FL | FVTPL |
| Group | RM'000 | RM'000 |
| Financial assets | | |
| Trade and other receivables | 305,399 | - |
| Cash and bank balances | 46,909 | - |
| Derivative assets | - | 953 |
| | 352,308 | 953 |
| | ====== | ======= |
| Financial liabilities | | |
| Trade and other payables | 185,227 | - |
| Loans and borrowings | 614,365 | |
| | 799,592 | - |
| | | |

For the financial year ended 31 December 2018 (cont'd.)

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

The table below provides an analysis of the Company's financial instruments as at 31 December 2018, categorised as follows:

- (a) Amortised cost ("AC")
- (b) Fair value through profit or loss ("FVTPL")

| 2018 Company | AC RM′000 |
|-----------------------------|--------------|
| Financial assets | |
| Trade and other receivables | 189,692 |
| Cash and bank balances | 1,561 |
| | 191,253 |
| | ====== |
| Financial liabilities | |
| Trade and other payables | 262,589 |
| Loans and borrowings | 128,456 |
| | 391,045 |
| | ====== |

The table below provides an analysis of the Company's financial instruments as at 31 December 2017 categorised as follows:

- (a) Loans and receivables ("L&R")
- (b) Fair value through profit or loss ("FVTPL")
- (c) Financial liabilities measured at amortised cost ("FL")

| 2017 Company | L&R/ FL RM'000 |
|-----------------------------|---------------------------|
| Financial assets | |
| Trade and other receivables | 232,081 |
| Cash and bank balances | 961 |
| | 233,042 |
| Financial liabilities | ====== |
| Trade and other payables | 256,590 |
| Loans and borrowings | 153,798 |
| | 410,388 |
| | ====== |

38. 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.

For the financial year ended 31 December 2018 (cont'd.)



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

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 RM522,693,000 (2017: RM497,234,000) and RM397,000 (2017: RM2,271,000) relating to corporate guarantee provided by the Company to the banks on the subsidiaries' bank loan and suppliers of the subsidiaries respectively.

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:

- 48% (2017: 31%) of the Group's trade receivables were due from 6 (2017: 4) major customers located in Malaysia.

Recognition and measurement of impairment loss

The following table provides information about exposure to credit risk and expected credit loss for trade debtors of the Group and of the Company as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

| Group | | 2018 | |
|---------------------------------------|----------|----------|----------|
| · | Gross | Expected | |
| | Carrying | Credit | Net |
| | Amount | losses | Balances |
| | RM'000 | RM'000 | RM'000 |
| Current (not past due) | 142,969 | 208 | 142,761 |
| Past due: | | | |
| - 1 to 30 days past due | 16,921 | 143 | 16,778 |
| - 31 to 60 days past due | 23,736 | 154 | 23,582 |
| - 61 to 90 days past due | 16,994 | 633 | 16,361 |
| - 91 to 120 days past due | 2,610 | 212 | 2,398 |
| - More than 121 days past due | 2,893 | 238 | 2,655 |
| | 63,154 | 1,380 | 61,774 |
| Credit impaired – individual impaired | 29,307 | 12,235 | 17,072 |
| | 235,430 | 13,823 | 221,607 |
| | | | ====== |
| | | | |

For the financial year ended 31 December 2018 (cont'd.)

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

(a) Credit risk (cont'd.)

| Company | Gross Carrying Amount RM'000 | 2018 Expected Credit losses RM'000 | Net Balances RM'000 |
|---------------------------------------|---------------------------------------|--|---------------------------|
| Current (not past due) | 16,975 | - | 16,975 |
| Past due: | | | |
| - 1 to 30 days past due | 31 | _ | 31 |
| - 31 to 60 days past due | 33 | - | 33 |
| - 61 to 90 days past due | 624 | - | 624 |
| - 91 to 120 days past due | 1,634 | - | 1,634 |
| - More than 121 days past due | 1,900 | - | 1,900 |
| | 4,222 | - | 4,222 |
| Credit impaired – individual impaired | - | - | - |
| | 21,197 | - | 21,197 |
| | ===== | ====== | ====== |

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

| | Credit Impaired | 2018 Lifetime ECL | Total |
|--------------------------------------|--------------------|-------------------------|--------|
| | RM'000 | RM'000 | RM'000 |
| Balance at 1 January 2018 | | | |
| as per MFRS 139 | 8,941 | - | 8,941 |
| Adjustment on initial application of | | | |
| MFRS 9 | (861) | 1,174 | 313 |
| | | | |
| Balance at 1 January 2018 | | | |
| as per MFRS 9 | 8,080 | 1,174 | 9,254 |
| Charge for the year (Note 8) | 4,361 | 414 | 4,775 |
| Reversal during the year (Note 6) | (206) | - | (206) |
| | | | |
| Balance at 31 December 2018 | 12,235 | 1,588 | 13,823 |
| | ===== | ===== | ===== |

For the financial year ended 31 December 2018 (cont'd.)

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

(a) Credit risk (cont'd.)

Comparative information under MFRS 139

The aging of trade receivables as at 31 December 2017 was as follows:

| | Gross RM'000 | Individual impairment RM'000 | Net RM'000 |
|--|------------------------|------------------------------------|----------------------|
| Group | | | |
| 2017 | | | |
| Neither past due not impaired | 193,774 | - | 193,774 |
| 1 to 30 days past due not impaired | 42,677 | - | 42,677 |
| 31 to 60 days past due not impaired | 16,810 | - | 16,810 |
| 60 to 90 days past due not impaired | 12,438 | - | 12,438 |
| 91 to 120 days past due not impaired | 13,698 | - | 13,698 |
| More than 121 days past due not impaired | 6,650 | - | 6,650 |
| Impaired | 15,016 | 8,941 | 6,075 |
| | 301,063 | 8,941 | 292,122 |
| | ===== | ===== | ===== |
| Company | | | |
| 2017 | | | |
| Neither past due not impaired | 18,748 | - | 18,748 |
| 1 to 30 days past due not impaired | 12,453 | - | 12,453 |
| 31 to 60 days past due not impaired | 23 | - | 23 |
| 60 to 90 days past due not impaired | 286 | - | 286 |
| 91 to 120 days past due not impaired | 265 | - | 265 |
| More than 121 days past due not impaired | 12 | - | 12 |
| Impaired | - | - | - |
| | | | |
| | 31,787 | - | 31,787 |
| | ===== | ===== | ====== |

The movements in the allowance for impairment losses of trade receivables during the financial year were:

| | 2017 RM'000 |
|---|-----------------------|
| At 1 January Impairment loss recognized (Note 8) | 8,711 1,576 |
| Reversal of allowances for impairment loss (Note 6) Written off | (131) (1,215) |
| At 31 December | 8,941 |
| | ===== |

Receivables that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company. The majority of the Group's and the Company's trade receivables arise from customers with more than five years of relationship with the Group and the Company and losses have occurred in infrequently.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

For the financial year ended 31 December 2018 (cont'd.)

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

(a) Credit risk (cont'd.)

Comparative information under MFRS 139 (cont'd.)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM63,154,000 (2017: RM92,273,000) and RM4,222,000 (2017: RM13,039,000) respectively, and that are past due at the reporting date but not impaired

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:

| | G | roup | Com | pany |
|-------------------------------------|---------|---------|----------|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other receivables - nominal amounts | 1,676 | 1,676 | 143,458 | 27,101 |
| Less: Allowance for impairment | (1,676) | (1,676) | (40,249) | (11,674) |
| | | | | |
| | - | - | 103,209 | 15,427 |
| | ===== | ===== | ===== | ===== |
| Movement in allowance accounts: | | | | |
| At 1 January | 1,676 | 1,801 | 11,674 | - |
| Charge for the year (Note 8) | - | - | 28,575 | 11,674 |
| Written off | - | (125) | - | - |
| | | | | |
| At 31 December | 1,676 | 1,676 | 40,249 | 11,674 |
| | ===== | ===== | ===== | ===== |

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.

(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.

For the financial year ended 31 December 2018 (cont'd.)

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

(b) Liquidity risk (cont'd.)

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 2018 | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | 103,887 | 15,401 | - | 119,288 |
| Loans and borrowings | 468,533 | 129,641 | - | 598,174 |
| Finance lease payables | 4,227 | 20,252 | | 24,479 |
| Total undiscounted | | | | |
| financial liabilities | 576,647 | 165,294 | - | 741,941 |
| At 31 December 2017 | ===== | ===== | ===== | ====== |
| Financial liabilities: | | | | |
| Trade and other payables | 172,703 | 12,524 | - | 185,227 |
| Loans and borrowings | 476,808 | 143,108 | 9,690 | 629,606 |
| | | | | |
| Total undiscounted | 640 511 | 155 (22 | 0.600 | 014 022 |
| financial liabilities | 649,511 ===== | 155,632 ===== | 9,690 ===== | 814,833 ====== |
| | | | | |
| | | On demand or within one year RM'000 | One to five years RM'000 | Total RM'000 |
| Company | | | | |
| At 31 December 2018 | | | | |
| Financial liabilities: | | | | |
| Trade and other payables | | 262,773 | 14,188 | 276,961 |
| Loans and borrowings | | 81,924 | 52,971 | 134,895 |
| Financial guarantee contracts* | | 523,090 | | 523,090 |
| Total undiscounted financial liabilities | | 867,787 | 67,159 | 934,946 |
| A+ 21 Docombox 2017 | | ====== | ===== | ====== |
| At 31 December 2017 | | | | |
| Financial liabilities: | | | | |
| Trade and other payables Loans and borrowings | | 258,275 | 10,916 | 269,191 |
| I Dane and horrowings | | | 5361/ | 160,724 |
| | | 107,110 | 53,614 | |
| Financial guarantee contracts* | | 107,110 499,505 | | 499,505 |
| | | | 64,530 ===== | |

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

For the financial year ended 31 December 2018 (cont'd.)

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

(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 (2017: 50 basis points) lower/higher, with all other variables held constant, the Group's and the Company's (loss)/profit net of tax would have been RM2,010,000 and RM597,000 (2017: RM1,851,000 and RM604,000) higher/lower 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").

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 CNY exchange rates against the functional currency of the Group, with all other variables held constant.

| | (Loss)/ pr 2018 RM'000 | ofit net of tax 2017 RM'000 |
|--|---|-----------------------------------|
| USD/RM - strengthened 5% (2017: 5%) - weakened 5% (2017: 5%) | 600 (600) | 430 (430) |
| EURO/RM - strengthened 5% (2017: 5%) - weakened 5% (2017: 5%) | ===== 1 (1) | ===== 5 (5) |
| SGD/RM - strengthened 5% (2017: 5%) - weakened 5% (2017: 5%) | ===== (22) 22 | 31 (31) |
| CNY/RM - strengthened 5% (2017: 5%) - weakened 5% (2017: 5%) | ===== 1 (1) ===== | ===== 1 (1) ===== |

(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 RM164,000 (2017: RM36,000) higher/lower, arising as a result of an increase/decrease in the fair value of derivatives on which cash flow hedge accounting is applied.

For the financial year ended 31 December 2018 (cont'd.)



39. 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 2018 and 2017.

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.

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

| | | Gı | roup | Com | pany |
|---|------|--------------|--------------|---------|---------|
| | Note | 2018 | 2017 | 2018 | 2017 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Loans and borrowings | 23 | 575,799 | 614,365 | 128,456 | 153,798 |
| Finance lease payables Less: Cash and bank | 24 | 19,699 | - | - | - |
| balances | 21 | (47,859) | (46,909) | (1,561) | (961) |
| Net debt | | 547,639 | 567,456 | 126,895 | 152,837 |
| Equity | | 243,121 | 284,813 | 180,096 | 214,787 |
| Capital and net debt | | 790,760 | 852,269 | 306,991 | 367,624 |
| Gearing ratio | | 69.3% | 66.6% | 41.3% | 41.6% |
| | | ====== | ===== | ===== | ===== |

40. Segmental information

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

- (a) The sale of power cables and conductors segment supplies power cables and conductors components to consumers.
- (b) The sale of galvanised steel products and steel structures segment supplies galvanised steel products and steel structures. It also offers galvanising services.
- (c) The transmission lines construction segment involves supply, installation and commissioning of transmission line projects.
- (d) The corporate segment is involved in Group-level corporate and management services, power generation business and provision of helicopters services.

Except as indicated above, no other operating segments have been aggregated to form the above reportable operating segments.

Segmental operating results are reviewed on a regular basis by the Group's key management personnel in order to make decision about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax.

Notes to the Financial Statements For the financial year ended 31 December 2018 (cont'd.)

| (cont/d) |
|-------------------------|
| Seamental information (|
| Seamentali |
| 40 |

| | | | Sales of galvanised | hapiney | | | Dower generation | noration | | | | |
|-------------------------|------------|---------------------|---------------------|---------|--------------|---------------------------|---------------------|----------|-------------|-----------------|----------|-----------|
| | Sales of c | Sales of cables and | products and | ts and | Transmis | Transmission lines | helicopter services | services | | | | |
| | condi | conductors | steel structures | actures | construction | uction | and corporate | porate | Elimination | lation | Total | le: |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | 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 | 667,629 | 888,044 | 20,234 | 25,604 | 79,420 | 92,362 | 22,256 | 18,165 | 1 | 1 | 789,539 | 1,024,175 |
| Inter-segments sales | 20,640 | 1,131 | c | 1 | 1 | 1 | 20,625 | 27,726 | (41,268) | (28,857) A | 1 | 1 |
| Total revenue | 688,269 | 889,175 | 20,237 | 25,604 | 79,420 | 92,362 | 42,881 | 45,891 | (41,268) | (28,857) | 789,539 | 1,024,175 |
| Besults: | | | | | | | | | | | | |
| Interest income | 13,544 | 11,130 | 378 | 1,791 | 418 | 413 | 1,652 | 1,594 | (15,359) | (12,331) B | 633 | 2,597 |
| Dividend income | 1 | 1 | • | | • | • | 14,000 | 23,806 | (14,000) | (23,806) C | 1 | ı |
| Depreciation and | | | | | | | | | | | | |
| amortisation | 14,293 | 18,224 | 1,259 | 1,327 | 66 | 283 | 2,677 | 5,803 | 1 | 1 | 21,328 | 25,637 |
| Other non-cash expenses | 5,413 | 2,141 | (310) | 215 | 284 | 288 | 3,588 | 6,634 | 1 | Ο - | 8,975 | 9,278 |
| Segment profit/(loss) | 35,753 | 59,438 | 22 | 1,047 | (29,004) | (47,617) | (26,047) | (14,683) | (14,000) | (23,806) E | (33,243) | (25,621) |
| | | 0 | | | 77 | | 1 2 4 6 6 | 1 1 1 | | | 1 700 | 1 0 0 |
| segment assets | 856,003 | 830,891 | 69,124 | 03,666 | 41,248 | 100,814 | 284,429 | 350,58/ | (263,6/8) | (242,819) F | 987,126 | 1,103,139 |
| Segment liabilities | 403,333 | 390,592 | 19,154 | 13,908 | 104,179 | 135,210 | 525,220 | 526,156 | (306,890) | 9 | | 817,933 |
| | | | | | | | | | | | | |

For the financial year ended 31 December 2018 (cont'd.)



40. 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:

| | | 2018 | 2017 |
|---|--|----------|----------|
| | | RM'000 | RM'000 |
| | Allowance of impairment of receivables | 4,775 | 1,576 |
| | Unrealised loss on foreign exchange | 3,497 | 5,307 |
| | Inventory written down | 909 | 2,526 |
| | Reversal of impairment losses of receivables | (206) | (131) |
| | · | | |
| | | 8,975 | 9,278 |
| | | ==== | ===== |
| Е | Reconciliation of profit before tax | | |
| | · | 2018 | 2017 |
| | | RM'000 | RM'000 |
| | Segment loss | (19,243) | (1,815) |
| | Dividend received from subsidiaries | (14,000) | (23,806) |
| | | | |
| | | (33,243) | (25,621) |
| | | ==== | ===== |
| | | | |

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

| | 2018 | 2017 |
|-------------------------------------|-----------|-----------|
| | RM'000 | RM'000 |
| Segment operating assets | 1,250,804 | 1,345,958 |
| Amount due from fellow subsidiaries | (263,678) | (242,819) |
| | | |
| | 987,126 | 1,103,139 |
| | ====== | ====== |

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

| | 2018 | 2017 |
|---|------------------------|------------------------|
| | RM'000 | RM'000 |
| Segment operating liabilities Amount due to fellow subsidiaries | 1,051,886 (306,890) | 1,065,866 (247,933) |
| Amount due to renow substitutes | (300,030) | |
| | 744,996 | 817,933 |
| | | ====== |

For the financial year ended 31 December 2018 (cont'd.)

41. Changes in liability arising from financing activities

| | | | Foreign exchange | | | |
|---|--------------------------|------------------------------|---|----------------------|-------------------------|--------------------------------|
| 1 Janu | • | Cash flows | movement | | | 31 December 2018 |
| Group | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Current interest-bearing loans and borrowings (excluding item listed below) | 474,271 | (50,057) | (7) | - | 30,005 | 454,212 |
| Current obligations under finance leases and hire purchase contracts | 809 | (1,124) | - | 366 | 4,167 | 4,218 |
| Non-current interest-bearing loans and and borrowings (excluding item listed below) | 136,498 | 18,168 | 4,320 | - | (42,526) | 116,460 |
| Non-current obligations under finance leases and hire purchase contracts | 2,787 | 19,700 | - | 2,290 | (4,169) | 20,608 |
| Total liabilities from financing activities | 614,365 | (13,313) | 4,313 ===== | 2,656 ===== | (12,523) | 595,498 ===== |
| | | | | | | |
| | ary 2017 RM′000 | Cash flows RM'000 | Foreign exchange movement RM'000 | New leases RM'000 | Others RM'000 | 31 December 2017 RM′000 |
| 1 Janu Group | • | | exchange movement | | | |
| | • | | exchange movement | | | |
| Group Current interest-bearing loans and borrowings (excluding item | RM'000 | RM'000 | exchange movement RM'000 | RM′000 | RM'000 | RM'000 |
| Group Current interest-bearing loans and borrowings (excluding item listed below) Current obligations under finance | RM'000 554,341 397 | RM'000 (106,674) | exchange movement RM'000 | RM′000 | RM'000 28,248 | RM'000 474,271 |
| Group Current interest-bearing loans and borrowings (excluding item listed below) Current obligations under finance leases and hire purchase contracts Non-current interest-bearing loans and and borrowings (excluding item | RM'000 554,341 397 | RM'000 (106,674) (517) | exchange movement RM'000 | RM'000 | RM'000 28,248 799 | RM'000 474,271 809 |

Notes to the Financial Statements

For the financial year ended 31 December 2018 (cont'd.)



| Company | 1 January 2018 RM'000 | Cash flows RM'000 | Others RM'000 | 31 December 2018 RM′000 |
|---|---|----------------------|------------------|--------------------------------|
| Current interest-bearing loans and borrowings | 103,454 | (37,752) | 13,302 | 79,004 |
| Non-current interest-bearing loans and borrowings | 50,344 | 12,291 | (13,183) | 49,452 |
| | 153,798 ===== | (25,461) ===== | 119 ===== | 128,456 ===== |
| | 1 January 2017 RM'000 | Cash flows RM'000 | Others RM'000 | 31 December 2017 RM'000 |
| Company | | | | |
| Current interest-bearing loans and borrowings | 94,238 | (4,151) | 13,367 | 103,454 |
| Non-current interest-bearing loans and borrowings | 58,642 | 4,718 | (13,016) | 50,344 |
| | | | | |

The 'Others' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings, including obligations under finance leases and hire purchase contracts to current due to the passage of time, the unwinding discount on finance lease and changes in bank overdraft.

42. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 16 April 2019.

Analysis of Shareholdings

as at 1 April 2019

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 | 60 | 2,031 | # |
| 100 - 1,000 shares | 285 | 195,813 | 0.06 |
| 1,001 - 10,000 shares | 2,048 | 11,332,940 | 3.57 |
| 10,001 - 100,000 shares | 1,218 | 38,262,104 | 12.07 |
| 100,001 to less than 5% of issued shares | 153 | 108,050,120 | 34.08 |
| 5% and above of issued shares | 4 | 159,206,992 | 50.22 |
| Total | 3,768 | 317,050,000 | 100.00 |

[#] less than 0.01%

Substantial Shareholders

as per the Register of Substantial Shareholders as at 1 April 2019

| | | Direct | | Indirect | |
|-----|-----------------------------------|--------------------|-------|---------------------------|-------|
| Naı | me | No. of shares held | % | No. of shares held | % |
| 1 | Dato Sri Mahmud Abu Bekir Taib | 60,726,996 | 19.15 | 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 | Delegateam 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
- (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.
- 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
- (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 Thirty Largest Shareholders as at 1 April 2019

| Nar | ne | No. of shares held | l % | |
|-----|---|--------------------|-------|--|
| 1. | Sarawak Energy Berhad | 52,397,996 | 16.53 | |
| 2. | Mahmud Abu Bekir Taib | 50,726,996 | 16.00 | |
| 3. | AmSec Nominees (Tempatan) Sdn. Bhd. | 30,000,000 | 9.46 | |
| | Pledged securities account - AmBank (M) Berhad for HNG Capital Sdn. Bhd. | | | |
| 4. | Central Paragon Sdn. Bhd. | 26,082,000 | 8.23 | |
| 5. | MIDF Amanah Investment Nominees (Tempatan) Sdn. Bhd. Pledged securities account for David Sengalang Anak Uyang (MGN-DSU0001M) | 15,500,000 | 4.89 | |
| 6. | AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for | 10,000,000 | 3.15 | |
| | Mahmud Abu Bekir Taib | | | |
| 7. | Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching | 8,110,900 | 2.56 | |
| | | | | |
| 8. | UF Jaya Sdn. Bhd. | 5,600,000 | 1.77 | |
| 9. | CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yek Siew Liong (PBCL-0G0186) | 4,500,000 | 1.42 | |
| 10. | AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching | 3,874,000 | 1.22 | |
| 11. | Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board | 3,766,300 | 1.19 | |
| 12. | H'ng Chun Hsiang | 2,620,750 | 0.83 | |
| 13. | H'ng Hsieh Ling | 2,470,750 | 0.78 | |
| 14. | Kiu Siu Ley | 2,350,000 | 0.74 | |
| 15. | Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Pui Chin Kim | 1,850,000 | 0.58 | |
| | | | | |

List of Top Thirty Largest Shareholders as at 1 April 2019

| Nan | ne | No. of shares held | % |
|-----|--|--------------------|------|
| 16. | Yayasan Guru Tun Hussein Onn | 1,838,000 | 0.58 |
| 17. | Tan Eng @ Tan Chin Huat | 1,568,600 | 0.49 |
| 18. | RHB Capital Nominees (Tempatan) Sdn. Bhd. Tiong Teck Mee (SIB) | 1,385,900 | 0.44 |
| 19. | HNG Capital Sdn Bhd | 1,356,900 | 0.43 |
| 20. | Yayasan Guru Tun Hussein Onn | 1,350,000 | 0.43 |
| 21. | Yek Siew Liong | 1,305,000 | 0.41 |
| 22. | Public Nominees (Tempatan) Sdn Bhd Pledged securities account for Tay Soon Hwa (E-TSA) | 1,169,000 | 0.37 |
| 23. | Toh Chee Ching | 1,082,000 | 0.34 |
| 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 Pledged Securities Account For Toh Leh Hua | 928,000 | 0.29 |
| 27. | Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Kien Wi (E-KPT) | 820,000 | 0.26 |
| 28. | Maybank Nominees (Tempatan) Sdn Bhd Lim Yong Huat | 810,500 | 0.26 |
| 29. | Danice Endawie Ita | 801,000 | 0.25 |
| 30. | Mah Chuen Huei | 793,700 | 0.25 |

Directors' Interest in the Company

as at 1 April 2019

| | | Direct | | Indirect | |
|-----|---|--------------------|-------|---------------------------|-------|
| Nar | me | No. of shares held | % | No. of shares held | % |
| 1 | Dato Sri Mahmud Abu Bekir Taib | 60,726,996 | 19.15 | 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 (4) | 9.99 |
| 6 | Datuk Kevin How Kow | - | - | - | - |
| 7 | Erman bin Radin | 125,160 | 0.04 | - | - |
| 8 | YB Dato Hajjah Hanifah Hajar Taib | - | - | - | - |
| 9 | Datuk Rozimi bin Remeli | - | - | - | - |
| 10 | Redzuan bin Rauf | - | - | - | - |
| 11 | 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 viture of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Boadi Development Sdn. Bhd. respectively pursuant to Section 8(4) of the Companies Act 2016.

List of Properties as at 31 December 2018

| Item No. | Name of Company | Location | Description | Tenure | Land/ Built-up area (sq. ft.) | Age of Building (years) | Net Book Value (RM'000) | Date of Acquisition |
|-------------|---|--|--|---|-------------------------------------|-------------------------------|-------------------------------|---------------------------|
| 1 | Leader Cable Industry Berhad | HS (D) 2/1977, Plot 11, Mukim Pekula, Daerah Kuala Muda, Kedah | Double storey detached office building, three (3) storey detached office, a single storey guard house cum open-sheded parking, detached factory building and detached sub- station building | Leasehold interest 99 years expiring on 11 February 2076 | 508,514/32,780 | 28 | 16,464 | 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 | - | 883 | 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 | 28 | 1,330 | 27 Septembe 2002 |
| 4 | Leader Cable Industry Berhad | HS (M) 2/1977, Plot 5, Mukim Pekula, Daerah Kuala Muda, Kedah | A double storey detached office building, a single storey detached pump house c/w water tank, a detached sub-station, a single storey detached guard house, a single storey detached guard house cum open-sheded parking, an open sided parking shed, a single storey detached warehouse (Block A), a single storey detached warehouse (Block B) and a single storey detached factory building | Leasehold interest 99 years expiring on 30 January 2076 | 383,052/19,066 | 28 | 10,195 | 31 May 1991 |
| 5 | Leader Cable Industry Berhad | Geran 68913, Lot No 43816, Mk Kapar, Daerah Klang, Selangor | Three (3) storey office building, a single storey factory annexe, an EHV tower annexe, a canteen, a utilities building, a sub-station, a guardhouse and two (2) refuse chambers | Freehold | 705,597/18,403 | 17 | 33,988 | 15 May 2012 |
| 6 | Sarwaja Timur Sdn Bhd | Lot 342, Block 8, Muara Tebas Land District, Jalan Kampung Sejingkat, Off Jalan Bako, 93050 Kuching, Sarawak. | Three (3) storey administrative block, a galvanising plant, a fabrication plant, a warehouse and a guard house | Leasehold interest 60 years expriring on 6 November 2049 | 779,953/265,001 | 22 | 14,735 | 1 January 1999 |
| 7 | 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 | 39 | 35,504 | 1 January 1979 |
| 8 | 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 | 39 | 3,904 | 1 January 1979 |
| 9 | 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 | 24 | 48,073 | 1 January 1994 |
| 10 | 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 | 9 | 1,555 | 3 November 2003 |

Notice of **Annual General Meeting**



NOTICE IS HEREBY GIVEN THAT the Twenty First (21st) Annual General Meeting of Sarawak Cable Berhad ("SCB" or "the Company") will be held at M Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Wednesday, 12 June 2019 at 10:00 a.m. to transact the following businesses:

AGENDA

Ordinary Business

To receive the Audited Financial Statements for the financial year ended 31 December 2018 [Please refer to together with the Reports of the Directors and Auditors thereon. Explanatory Note (a)]

To approve the following payments to Directors: 2.

Directors' fees amounting to RM1,168,00.00 for the financial year ended 31 December 2018.

Meeting allowances up to RM120,000.00 for the year ending 31 December 2019 until the **Resolution 2** next annual general meeting of the Company

To re-elect the following Directors retiring pursuant to Article 86 of the Company's Articles of Association and being eligible, offer themselves for re-election:

Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba

Datuk Kevin How Kow

Dato' Ahmad Redza bin Abdullah **Resolution 5**

To re-appoint Messrs. Ernst & Young 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.

Special Business

To consider and, if thought fit, pass the following ordinary resolution:

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

"THAT subject to the passing of Ordinary Resolution No. 4, 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".

To consider and, if thought fit, pass the following ordinary resolution:

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

"THAT 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".

To consider and, if thought fit, pass the following ordinary resolution:

Authority to issue shares pursuant to Section 76 of the Companies Act 2016

"THAT pursuant to Section 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, 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 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain 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."

Resolution 1

Resolution 3

Resolution 4

Resolution 6

Resolution 7

Resolution 8

Resolution 9

Notice of Annual General Meeting (cont'd.)

- **8.** To consider and, if thought fit, pass the following ordinary resolution:
 - Proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature ("Shareholder Mandate")

"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 7 of the Circular to Shareholders dated 30 April 2019 ("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:
 - · 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;
- (ii) 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
- (iii) 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."

9. To consider and if thought fit, to pass the following special resolution in relation to the Proposed Adoption of a New Constitution of the Company as set out in Part B of the Circular to Shareholders dated 30 April 2019 despatched together with the Company's 2018 Annual Report:

"THAT approval be and is hereby given to the Company to revoke the existing Memorandum and Articles of Association in its entirety with immediate effect and in place thereof, the new Constitution of the Company as set out in Part B of the Circular to Shareholders dated 30 April 2019 be and is hereby adopted as the Constitution of the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts, deeds and things as are necessary and/or expedient with full powers to assent to any variations, modifications and/or amendments as may be required by any relevant authorities to give full effect to the foregoing."

10. 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 Articles of Association.

By Order of the Board of Directors Teoh Wen Jinq (MIA 25770) Voon Jan Moi (MAICSA 7021367) Company Secretaries

Kuching, Sarawak Dated: 30 April 2019 **Resolution 10**

Notice of **Annual General Meeting** (cont'd.)



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 resolution no. 4)

The Nomination Committee and the Board of Directors have assessed the independence of Datuk Kevin How Kow and recommended him to be re-elected as the Directors of the Company.

(c) Ordinary resolution to retain Independent Non-Executive Directors pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 (proposed resolutions 7 and 8)

The proposed Resolutions No. 7 and 8 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 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.

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

The proposed resolution no. 9 will give powers to the Directors to issue shares up to ten per centum (10%) of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders at the Company's annual general meeting held on 22 May 2018 ("AGM 2018"). The Company did not utilize the mandate that was approved at the AGM 2018.

The renewal of the general mandate is to provide flexibility to the Company to issue new shares without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time.

The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions.

(e) 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.

The proposed 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 7 of the Circular dated 30 April 2019 ("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.

Notice of **Annual General Meeting** (cont'd.)

(f) Special resolution on the Proposed Adoption of a New Constitution of the Company

The Proposed Special Resolution, if passed, will streamline the Company's existing Memorandum and Articles of Association with the Companies Act 2016, which came into force on 31 January 2017, and to align to amendments made in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, as well as for better clarity and to enhance administrative efficacy.

The Proposed new Constitution of the Company is set out in Part B of the Circular to Shareholders dated 30 April 2019.

Notes:

- 1. A member entitled to attend, 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.
- 2. A member entitled to attend, 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.
- 3. 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.
- 4. 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.
- 5. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Lot 767, Block 8, Muara Tebas Land District, Demak Laut Industrial Estate Phase III, Jalan Bako, 93050 Kuching, Sarawak not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof.
- 6. A depositor whose name appears in the Record of Depositors as at 4 June 2019 shall be entitled to attend the meeting and to speak and vote thereat.



| Form of Pro | XY |
|--------------------|----|
|--------------------|----|

| 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 ii | ո full) | | | (*NRIC/Pas | sport No.) of |
| ••••• | | | | | | | | (Address) or |
| failing *him/her, | | | (Name | | | | | sport No.) of |
| ••••• | | | • | | | | | (Address) |
| or the Chairman | of the Meeting as *m | y/our proxy t | o vote for *r | ne/us and | on *my/our | behalf at | the Twenty First (| 21st) Annual |
| General Meeting o | of the Company to be | held at M Hot | el, Hock Lee | Centre, Lev | el 4, Hotel To | owers A, Ja | alan Datuk Abang <i>A</i> | Abdul Rahim, |
| 93450 Kuching, Sa | arawak on Wednesday | , 12 June 201 | 9 at 10:00 a.r | m. and, at a | any adjourni | ment there | eof for/against the | resolution(s) |
| to be proposed th | ereat. | | | | | | | |
| | | | | | | | | |

*My/Our proxy is to vote as indicated below:

| No. | Resolutions | For | Against |
|-----|--|-----|---------|
| 1 | To approve the payment of Directors' fees amounting to RM1,168,000.00 for the financial year ended 31 December 2018. | | |
| 2 | To approve the payment of meeting allowances up to RM120,000.00 for the period from 13 June 2019 until the next annual general meeting of the Company. | | |
| 3 | To re-elect Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba as Director. | | |
| 4 | To re-elect Datuk Kevin How Kow as Director. | | |
| 5 | To re-elect Dato' Ahmad Redza bin Abdullah as Director. | | |
| 6 | To re-appoint Messrs. Ernst & Young as auditors. | | |
| 7 | To retain Datuk Kevin How Kow as an Independent Non-Executive Director. | | |
| 8 | To retain Encik Erman bin Radin as an Independent Non-Executive Director. | | |
| 9 | To authorise the Directors to issue shares pursuant to Section 76 of the Companies Act 2016. | | |
| 10 | To approve the proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature. | | |
| 11 | To approve the Proposed Adoption of a new Constitution of the Company. | | |

^{*} Strike out whichever is not desired.

Please indicate with an "X" in the appropriate box against each resolution how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he thinks fit, or at his discretion, abstain from voting.

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

| Proxy 1 | % | | |
|------------|--------|------|--|
| Proxy 2 | % | | |
| Total | 100% | | |
| | | | |
| Dated this | day of | 2019 | |
| | | | *Signature of shareholder(s)/common seal |

Notes-

- 1. A member entitled to attend, 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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- 6. A depositor whose name appears in the Record of Depositors as at 4 June 2019 shall be entitled to attend the meeting and to speak and vote thereat.



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The Company Secretary

SARAWAK CABLE BERHAD

(Company No. 456400-V)

Registered Office

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

2nd fold here



Registered Office

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

Tel:+6 082 434 311 Fax:+6 082 435 311

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