

Annual Report **2016**

Quality  
Reliability  
Sustainability



**SARAWAK  
CABLE  
BERHAD**  
(Company No. 456400-V)





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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



Sarawak Cable Berhad (“SCB” or “Sarawak Cable” or “the Company” or “the Group”) is Malaysia’s leading **‘One-Stop Manufacturing And Integrated Power Solutions Provider’**; incorporated in 1998. Since SCB listing on Bursa Malaysia Securities Berhad’s Main Market on 25 May 2010, we have expanded our humble portfolio from a power cable manufacturer to providing fabricated steel structures, transmission line construction and various spin-off services. Today, with the successful integration of two leading cable manufacturing entities; we are the largest Power Cable Manufacturer in South East Asia and the sole manufacturer of 275kV underground power cables within Malaysia.



## What We Do

We produce comprehensive range of power cables, wires, steel structure and galvanized products, along with extensive power-related services, such as construction of transmission lines, civil works for substations and other infrastructure development which has augured well for our Group’s development to date. In exploiting opportunities in Indonesia with high demand for electricity, we also ventured into the renewable energy sector with our very first mini-hydro power plant located in North Sumatera, now under construction.

In a nutshell, SCB’s core business can be broadly categorized into two main divisions, namely 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; while enabling sustainable growth.



## Manufacturing & Sales

Our competitive edge lies in our capability in continuously manufacturing quality products that meet the market’s diverse requirements. SCB products and testing facilities are certified by prominent local and international accreditation bodies, such as KEMA (Netherlands), CESI (Italy), ABS (USA), Llyods (UK), Kinetics (Canada), TUV-PSB (Singapore) and others. These have kept us on par with the standards of globally renowned cable & wire manufacturers.



## Projects and Engineering

SCB’s experienced project management/technical team undertakes construction of power transmission lines and sizeable projects involving Design, Supply, Delivery, Installation, Testing and commissioning. To date, we have successfully completed transmission line projects worth more than RM1 billion with proven track records in both Peninsular and East Malaysia.

### Power Generation - Renewable Energy

Equipped with Power Purchase Agreement (“PPA”) for a concession period of twenty (20) years, construction of our mini-hydro power plant (11MW Kombih III MHEPP), on Built-Operate-Transfer (“BOT”) basis, is to be completed in 2017.

### Helicopter services & Corporate

We also involves in leasing of aircrafts and providing aviation services to government authorities as well as niche market in private sector. SCB also renders management cum consultancy services to foreign partners who seek to familiarize themselves with local regulatory and legislative requirements in order to participate in Malaysia's projects.

### THE JOURNEY AHEAD

In moving forward, SCB is constantly seeking to fortify our position as Malaysia's leading integrated power solutions provider. In retrospect, we have garnered numerous awards and most recently received the Brand Laureate Best Brands Awards for Most Sustainable Brand in Manufacturing Power and Telecommunications Cable category, along with the Sin Chew Daily Business Awards.

We strive to improve productivity while tapping into new technologies, while providing full range power cables and comprehensive packages to end users. In addition to our existing export markets, we are looking to further enhance our presence in Indonesia, Philippines, Cambodia and Thailand.

As the power and development sector in Malaysia is rapidly expanding, SCB hopes to continue catering to the increased demands for power cables, transmission lines and substations. Besides, rollout of Mass Rapid Transit (“MRT”) packages which is Malaysia's largest infrastructure development to-date, and High Speed Rail projects shall benefit our cable & projects division greatly in the upcoming year.

Our participation in Tenaga Nasional Berhad (“TNB”) and Sarawak Energy Berhad (“SEB”)’s latest transmission line projects, along with the supply and potential installation portion of the Pan Borneo Highway Development project is certainly on-going. With high quality products and services tailor-made to market demands, SCB is confident that our capabilities will continue to position us as a key player in this sector.





# Chairman's Statement

Dear Valued Shareholders,

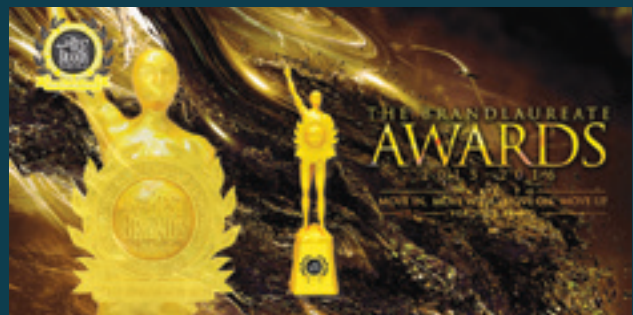
*We have transformed a small cable manufacturer into a leading integrated power solutions provider in Malaysia. We hope to continue as a primary catalyst for growth in the power industry as we push for the long term sustainability.*

## **GROWTH & ACHIEVEMENT**

Since the inception of Sarawak Cable Berhad ("SCB") as a small cable manufacturer which was listed six (6) years ago on the Main Market of Bursa Malaysia Securities Berhad in 2010, we have progressed to become a leading power solutions provider in Malaysia and now the largest cable manufacturer in the South East Asian region.

Being a Sarawak-based company, SCB is always at the forefront of the Sarawak State Government's effort in accelerating development and economic growth which requires substantial power in the next five to ten (5 to 10) years. Power & telecommunication is essential for the on-going infrastructure development within the country as well as in the neighbouring countries. This continuous demand creates goodwill for our core business. Our Projects and Engineering divisions are targeting sizeable transmission lines projects in the region.

It is with pride that I announce the numerous achievements and awards that SCB has received for Quality and Excellence in our products and services.



The most recent award is the highly coveted "Brand Laureate Best Brands Awards" received in 2016 for The Most Sustainable Brand in the Manufacturing Power and Telecommunications Cable category.

In addition, the Group has also received the Sin Chew Business Excellence Award for Product/Service Excellence.

We will continue to maintain these high standards in the years to come.

## GROUP PERFORMANCE

A more detailed and insightful analysis of our financial performance is shown in our CEO's message in this Annual Report. I wish to highlight that notwithstanding the challenging and occasionally turbulent business environment for 2016, the Group has performed reasonably well especially in our cable manufacturing segment. This segment accounted for 66% of the Group's total revenue in 2016. With our strategic focus on the cable business and our mega projects nearing completion stage, the Group managed to achieve an overall Profit After Tax ("PAT") of RM20.01 million for FY2016 which translated to an Earnings Per Share of 6.03 sen. Net Assets per share is at 1.03 while Shareholders' funds stands at RM329.43 million.

## DIVIDENDS

SCB is committed to deliver sustainable earnings and we have consistently paid dividends to our shareholders since listing. For the year 2016, The Board of Directors ("the Board") has recommended a final single-tier dividend of 3.0 sen per ordinary share pending shareholders' approval at the forthcoming annual general meeting.

## CORPORATE GOVERNANCE & SOCIAL RESPONSIBILITY

Risk is an inevitable factor in today's dynamic and competitive business environment. Our commitment to sustainability has been exhibited through transparent decisions and managing risks in an accountable manner, thus ensuring business continuity in the long-term. The Group's Enterprise Risk Management unit has been established to monitor, review and strengthen our risk management structure.

While focusing on business growth and income generation, we have not forgotten the lives of the community around us. We have highlighted some of our corporate social activities and programs in the relevant sections of this Annual Report. The Group will continue to uphold our corporate social responsibility ("CSR") motto "With Love, We Care" in fulfilling our CSR initiatives for the coming years.

## MOVING FORWARD

SCB shall continue its efforts to complement the power supply industry in the long-run, both domestically and globally. We stand firm with our mission to deliver premium quality products that exceeds our customer's expectations. We will further strengthen our presence overseas and market our premium brand globally through direct networks and our international partnerships.

We are optimistic that the strategies and initiatives taken in 2016, such as cost savings, production integration, resources optimisation and margin management will bring a positive effect to our bottom line. This in turn will create value for our shareholders. To further enhance the Management team, the Board will continue to identify and recruit high calibre professionals.

## APPRECIATION

I would like to record my sincere thanks and appreciation to our shareholders and customers who have directly contributed to the development of SCB. I will also like to extend my gratitude to the Board for their professional guidance and to all our staff within the Group who made us what we are today, a successful and growing enterprise. I am so proud of our people who have worked so tirelessly to meet deadlines and made sure that our customers are happy. They are the heart and soul of this Company.

We will always welcome feedback and constructive criticism to improve our business. This is a philosophy which I constantly follow myself and inculcate in SCB. Our doctrine is that "the customer is always right". It is no secret that our business flourishes because we add value to our goods and services.

Thank you.

**Dato Sri Mahmud Abu Bekir Taib**  
Chairman





## Message From Group Managing Director/ Chief Executive Officer and, Management Discussion and Analysis

Dear Shareholders,

The financial year ended 31 December 2016 (“FY2016”) marked another milestone towards achieving our vision to be **Malaysia’s leading integrated power solutions provider**; whilst maintaining the **Quality, Reliability and Sustainability** of the SCB brand. Albeit the challenging economic conditions, our enlarged Group of companies has continued building a stable platform for its various business; particularly our core business division – Power Cable manufacturing & sales alone has recorded RM856.6 million out of our Group’s total revenue of RM1.298 billion. The commendable improvement in the average margin for cable sales was partly complemented by our cost savings exercises implemented by the manufacturing division coupled with strategized sales & optimization of production resources.

While our steel poles supply has been rather stable, our sales for galvanised products and steel structures have not been so favourable in 2016. However, we remain

confident that it will regain its footing in no time. Our Engineering and Projects division has progressed most of our major transmission line projects to tail-end stage during this year. Our unceasing efforts in tender participation & contract procurement has garnered some results with new contracts secured from TNB as well as supply contracts for Pan Borneo Highway Development project.

Indeed, your continuous support is paramount to the Group’s success. We are pleased to note that our latest forays in the renewable energy sector have ensured that the North Sumatera mini-hydro power plant to be fully operational in 2017. All these reiterates our sustainable growth trajectory that will enable the delivery of shareholder returns for many years to come.

In enlightening shareholders with better understanding towards the Group, I am pleased to present herein the overview of our business operations, financial performance review, strategic priorities and initiatives undertaken thus far.



## FINANCIAL PERFORMANCE REVIEW

The Group's operating business segments are broadly categorized as follows:

- Power and telecommunication cables
- Galvanized products and steel structures
- Transmission lines construction
- Power generation, helicopter services and corporate services.

Despite cautious economic conditions, the Group has remained resilient throughout FY2016. Our cumulative turnover for the past twelve (12) months stands at RM1.298 billion, reflecting a slight drop from financial year ended 31 December 2015's ("FY2015") RM1.454 billion. This in turn has affected our overall earnings, mainly due to the temporary downside of our other non-core business segment. Nevertheless, we are pleased to note that there has been a significant upturn in sales of power and telecommunication cables this year. With our business strategies in place, we look forward to achieving further and substantial growth in sales.

The Group's high gearing position is of temporary which is mainly due to some delays in our construction projects. No doubts efforts have been made to reduce our borrowings. With the completion of our on-going transmission line projects and the forthcoming increased in sales, we expect our borrowings to be reduced substantially in 2017.

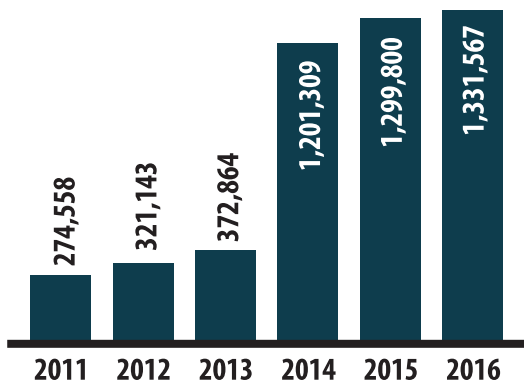
### Review of Financial Result for FY2016

#### Financial Snapshot

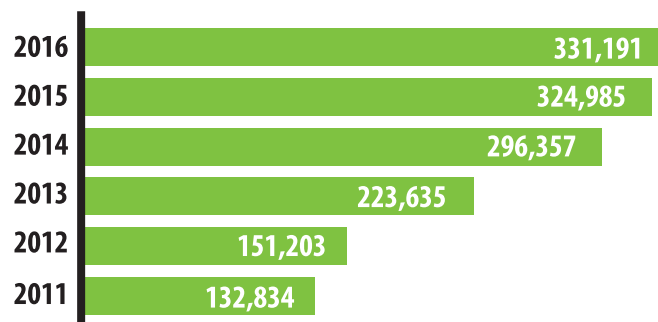
Financial Results	2016 RM million	2015 RM million	% change
Revenue	1,297.8	1,454.4	(11)
Operating profit	63.7	76.0	(16)
Profit before tax	33.7	54.0	(38)
Income tax expense	13.7	14.5	(6)
Profit after tax	20.0	39.5	(49)
Minority interest	(0.9)	(0.3)	194
PATAMI	19.1	39.2	(51)

Financial ratios	2016	2015	Change
Earnings per share ("EPS")	6.03	12.36	(6.33)
Return on Equity ("ROE")	5.80%	12.08%	(6.28)

Total Assets FY2011 – FY2016 (RM'000)



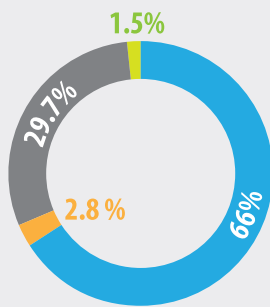
Total Equity FY2011 – FY2016 (RM'000)



## Segmental Sales Performance Highlights

Business Segment	2016 (RM Million)	2015 (RM Million)	Changes (%)
Power and Telecommunication Cables	856.6	760.6	12.6
Galvanised Products and Steel Structures	35.8	129.6	(72.4)
Transmission Lines Construction	386.0	510.5	(24.4)
Power Generation, helicopter services and Corporate	19.4	53.8	(63.9)

### SALES SEGMENTS FY2016



#### Power and telecommunication cables

For FY2016, the segment registered an upturn in revenue of RM856.6 million as compared to RM760.6 million for FY2015. This was mainly due to improvement in sales of overhead conductors, telecommunication and instrumentation cables. We are also pleased to highlight that the profit before tax for this particular segment has increased from RM17.8 million in FY2015 to RM34.7 million in FY2016; resultant of improved revenue, better product mix and continuous cost saving initiatives.

The Group foresees improved performance in revenue and profit before tax for financial year ending 31 December 2017 through strategic initiatives undertaken include:

- Enhancing our export market sales
- Enhancing operational excellence in the key areas, namely re-engineering our products to improve margin
- Product development to improve market shares and higher value added products
- Continuous improvement in our costs saving initiatives

#### Galvanized Products and Steel Structures

This segment registered a decrease in revenue from RM129.6 million in FY2015 to RM35.8 million in FY2016, mainly contributed from the sales of standard products. The lower figures was caused by the drop in project sales for steel tower as our major transmission construction projects were coming to the tail end. Nevertheless, the profit before tax has improved to RM1.8 million in FY2016 from the loss before tax of RM303,000 in FY2015. The loss was due to adverse foreign currency impact for imported materials incurred in FY2015.

In moving forward, we expect this segment to greatly benefit from the Sarawak's developing Pan Borneo Highway Project as well as the building structure sector.

#### Transmission Lines Construction

For this segment, FY2016 registered a revenue of RM386.0 million, a drop from RM510.5 million registered in FY2015. Decreased revenue depicting the completing stage of our on-going projects without timely replenishment of sizable new projects during the same period of time. The segment registered a lower profit before tax of RM11.5 million as compared to RM17.6 million in FY2015; merely resultant from a lower revenue recognition from projects during the year.

#### Power Generation, Helicopter Services and Corporate Services

In FY2016, this segment registered a revenue of RM19.4 million; a decrease from RM53.8 million in FY2015. Less contributions this year from the corporate services sub-segment along with higher depreciation and financial expenses incurred by the helicopter services sub-segment have resulted an overall loss before tax of RM9.3 million for this segment.

## OPERATIONS REVIEW

### Cable Manufacturing & Sales

The cable division delivered improved results for the FY2016. It contributed RM856.6 million or 66.00% towards the Group's total sales revenue compared to RM760.5 million or 52.29% in FY2015 and achieved profit before tax of RM34.7 million compared to RM17.8 million in the previous year.

The higher sales revenue in 2016 was contributed by the increase in sales volume. The sales volume in tonnage of metal content sold in 2016 increased by 16.19% as compared to 2015.

In 2016, the division managed to secure more orders and tenders from both local and export markets through enhancing its competitiveness. The division's focus on cost down and improving operational efficiency had enabled it to remain competitive in facing the stiff competition. All these efforts were carried out without compromising the products and service quality.

In addition to growing the market shares, the division also placed equal emphasis on expanding its production capacity and product range through modernisation of manufacturing facilities and product development.

During the year, Leader Cable Industry Berhad ("LCIB") has successfully developed two (2) performance enhanced OPGW. They are the single layer OPGW that meets Class 3 lightning test requirement and a reduced weight OPGW for TNB ICT projects. It has also started supplying the newly developed TACSR Trapezoidal shape Al conductor to TNB's 500kV transmission line projects. As a testament of the Group's commitment to be at the forefront of cable technology, Universal Cable (M) Berhad ("UCMB") has also successfully supplied the 275kV extra high voltage XLPE underground cables to SEB project. UCMB remains as the first and only cable manufacturer that is capable to manufacture the 275kV extra high voltage XLPE underground cable in Malaysia. Both LCIB and UCMB have enhanced their manufacturing capabilities to produce complete range of Nylon coated cables from small size instrumentation cables to big size MV XLPE cables.

The Group will continue to invest and upgrade our cable manufacturing facilities to achieve better production efficiency and to equip ourselves to face the changing requirement in the cable industry.

The Group's centralised procurement function capitalised on the Group's combined volume to procure strategic raw materials at favourable commercial terms. This has enabled the cable division to remain competitive in facing the intense competition in the cable industry.

While the division strives to achieve operational excellence and be competitive, the safety and environmental aspects are also treated as utmost importance. Various safety initiatives were carried out throughout all cable manufacturing plants under the Occupational Health and Safety Assessment Series OHSAS 18001 system. At the same time, LCIB is gearing toward ISO14001 Environmental Management certification for three (3) of their manufacturing plants. This is in addition to two (2) UCMB plants that have been certified earlier.





**Steel Fabrications & Hot-Dip Galvanizing**

Being one of the major steel fabricators in Sarawak, our supply of steel poles to Rural Electrification Scheme (“RES”) has been on-going and with increased sales volume for FY2016 in line with increased demand from our RES contractors. During the year, Sarwaja Timur Sdn Bhd (“STSB”) has also successfully undertaken and delivered timely a contract to supply & install Telecommunication Towers with commendable margin achieved.

Lower revenue achieved for STSB in 2016 due to no additional project revenue contribution during the year apart from the on-going 275kV Samalaju 1-2 transmission line. Operational cost reduction achieved through cost savings exercise conducted during 2016 has effectively lead to improved overall profit margin.

While maintaining the stable supply of steel poles for RES projects with periodical supply of street poles and lighting columns to SEB, strategic costing and cost effectiveness measures have been put in place in 2016 for under-performed products, such as guardrails and customized steel structures to enhance competitiveness and to boost overall sales revenue in the coming year.

In addition to the improved efficiency in operation with the on-going cost control initiatives, plan for more aggressive marketing via products bundling, group referral & cross-selling as well as tackling the growing market for steel structure buildings shall enable STSB to attain significant increase in sales performance for FY2017.



**Projects & Engineering**

During 2016, albeit obstacles arising from the unexpected circumstances that lead to delays in our two mega transmission lines projects (namely, the 500kV Transmission Backbone system and 275kV Pengerang Transmission Line cum Substation), perseverance and commitment of our project management team has enabled and advanced their progress to near completion stage. Amidst expediting these projects to meet approved revised completion dates, our endeavour in securing new tenders was never lessen. On the other notes, our participation in local portion of works for Balingian 300MW x2 Coal Fired Power Plant was at smaller scale for this financial year, mainly on logistic & consultancy services. Partly, this project has advanced into system installation stage which is offshore portion of works.

Not aiming on size of contract value but bottom line, our strategized pricing has reaped some results in 2016, and we managed to secure a new 500kV and 275kV double circuit transmission line project from Point Z to Point M (border Pahang/Selangor) with contract value of RM56 million.

In 2016, Pan Borneo Highway Development has created good opportunities & platform for SCB to partake portions of its utility packages. Apart from receiving award of supply contract worth RM20 million for the few initial packages during the year, we have also been shortlisted to participate in tendering for Power Relocation Works (“PRW”). We are confident to continue secure more PRW supply & installation works as this development advances in the coming few years.



**Other segments (non-core business)**

Power Generation (Kombih III Mini-hydro power plant, North Sumatera)

Our involvement in renewable energy sector has earned us with valuable experience in enduring through numerous hiccups with land compensation issues, weather & site conditions, government red-tapes, regulation changes and so forth. However, it has not dampen our spirit of pressing on until today and we shall see our first 11MW mini-hydro project in North Sumatera to bear fruits in months to come, anticipating commissioning of plant in 2017.

Upon achievement of Commercial Operation Date (“COD”), annual cash inflow of about RM20 million can be achieved at effective production rate of 80%, to be prudent. Notwithstanding the increased budget owing to delayed construction, it remains an attractive investment with reasonably good returns.



**Helicopter services**

Touching on our helicopter services, no doubt it is of capital intensive investment, hence, high depreciation & finance charges incurred thus far. However, amongst our sizable fleet of helicopters, half of which are tied-up with leasing contracts which are generally back-to-back with long terms service contract secured from government authorities while the rest are providing services on ad hoc basis to niche market. Though being fairly new in the market, Aerial Power Line Services Sdn Bhd (“APL”) has secured a contract in 2016 from Ministry of Natural Resources & Environment. With additional helicopters delivered in 2016, we expect to garner sizable long-term contracts within 2017 to sustain the overall operation of this non-core sub-segment business.

## RISKS & OPPORTUNITIES ASSESSMENT

The risk in the immediate term affecting the Group's operations has been identified in the power generation and helicopter services segment due to the losses incurred for the financial year under review. However, we are confident that this will not have substantial impact on our achievement of long terms goals. Our planning on the potential sale of the whole or part of the helicopters services operations would give the Group the opportunity to reduce its bank borrowings and improve its gearing level.

Although the Group's construction of the mini-hydro power plant in North Sumatera carries some associated risks, the completion and commissioning of this power plant in the next few months would turn it into excellent opportunity for the Group to generate constant revenue and profits through the award of twenty (20) years' Power Purchase Agreement ("PPA") by Perusahaan Listrik Negara ("PLN") in Indonesia.

Despite the relatively low profit margin achieved in the manufacturing division as compared to market average, management's continued effort and commitment to improve further the operational efficiency together with its on-going costs saving measures would give the Group an opportunity to achieve a more commendable financial result and improved shareholders' value in the very near future.

We are confident that with the on-going process to identify and manage any potential risks associated in the Group's operations would drive the Group to achieve better financial results and to sustain operations in the foreseeable future.

## OUTLOOK & PROSPECTS

The ongoing implementation of the mega projects in Malaysia such as the TRX, MRT 2, LRT 3, Pan Borneo Highway, and RAPID phase 2 are expected to spur the demands of cables in local markets.

The demand for conductors is also expected to increase as various sections of TNB's 500kV transmission line in Peninsula Malaysia are currently being constructed. The power grid interconnection in Sarawak to various hydro power plants also requires significant amount of conductors.

In addition to the Pan Borneo Highway, the regular cable demand from East Malaysia is expected to remain stable from the implementation of Bekalan Elektrik Luar Bandar (BELB).

The rollout of above few projects, coupled with the projected Malaysia GDP growth of 4.5% to 5.0%, will translate to good demand for cables in local markets whereas the weakening of Ringgit will make our products more competitive in the export markets. With these conditions, the outlook for cable division remains positive.

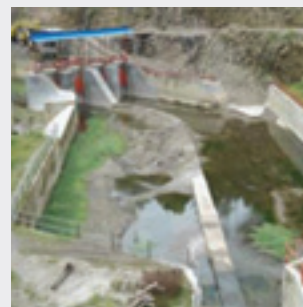
Our Cable business expects to out-perform FY2016 with better profit margin through plant optimization and on-going cost cuttings.

In terms of transmission line projects & construction contracts, SEB will be implementing their budgeted projects aggressively to meet current shortage of power supply within the State and in line with SEB's power supply master plan, quite a number of tenders are to be called by SEB in 2017 and 2018 for the installation of Transmission lines and sub-stations, and with a few Gas Turbine Power Plants in the pipeline. We foresee transmission lines of smaller scale amounting to more than RM500 millions in value will be rollout by SEB during 2017.



SCB through our construction arm, Trenergy Infrastructure Sdn Bhd ("TISB") is expected to secure more projects from both TNB and SEB during 2017 with aggressive replenishment target, achievable riding on a set of clear strategic priorities.

For our involvement in renewable energy sector, despite a rather rough journey in the past few years, SCB shall finally see its overseas venture come to its fruition within 2017. Anticipating our first mini-hydro power plant to come on stream in 2017, this key milestone achievement will certainly reinforce SCB's position in renewable energy sector, along with sustainable recurring income.



### MOMENTUM TOWARDS SUSTAINABILITY

Recognizing the essential elements in sustaining our business in the midst of general market slowdown conditions, going forward, we will place stronger emphasis to our main core-business (ie. Cable business) to fortify its dominance not just within Asean region but globally, through enlarging our export market; operational excellence in key areas as well as product development to improve market shares with higher value added products, and of course, not forgetting our continuous efforts in cost savings initiatives.

The gradual move towards consolidation of steel industry within the country can be witnessed in the near future. This is to gain greater economies-of-scale and for more efficient, environment-friendly, energy-efficient so as to withstand competition at domestic and gain potential access to global market. Therefore, re-focusing the business model and strategy for our steel fabrication segment is certainly part of our plan for sustainable growth.



Our transmission lines business serves very much to complement our manufacturing and supply business in view that major components of most projects comprise of conductors, cables and steel towers where it can be sourced in-house within our Group. Such competitive edge will enable us to sustain our position as a leading player in this segment.



SCB has always be at the forefront of the Sarawak State Government's effort to promote and accelerate State's development and economic growth which requires substantial power in the next five to ten (5-10) years. As such, we shall continue to sustain our growth that enables our commitment to constantly uphold our dividend distribution from a minimum 50% of net profit after tax for the financial year and many years ahead.



### ACKNOWLEDGEMENT

With the above, once again, I would like to extend my sincere gratitude to our stakeholders on behalf of SCB Board and management, for your unceasing support despite our temporary decline in performance. We assure you our continuous commitment in protecting our shareholder value at all time.

In embracing the forthcoming challenges and growth prospects, our management team and staff will continue to upkeep our hard works and fighting spirit in bringing SCB to a greater height for 2017.

**Toh Chee Ching**

*Group Managing Director/ Chief Executive Officer*

# Group Corporate Structure





# Corporate Information

## Board of Directors

1. Dato Sri Mahmud Abu Bekir Taib	<i>Non-Independent Non-Executive Chairman</i>
2. Datuk Fong Joo Chung	<i>Non-Independent Non-Executive Deputy Chairman</i>
3. Toh Chee Ching	<i>Group Managing Director / Chief Executive Officer</i>
4. Tan Sri Dato' Seri H'ng Bok San	<i>Non-Independent Non-Executive Director</i>
5. Yek Siew Liong	<i>Non-Independent Non-Executive Director</i>
6. Datuk Kevin How Kow	<i>Independent Non-Executive Director</i>
7. Dato' Ahmad Redza bin Abdullah	<i>Independent Non-Executive Director</i>
8. Erman bin Radin	<i>Independent Non-Executive Director</i>
9. Dato Hajjah Hanifah Hajar Taib	<i>Non-Independent Non-Executive Director</i>
10. Datuk Rozimi bin Remeli	<i>Independent Non-Executive Director</i>
11. Redzuan bin Rauf	<i>Independent Non-Executive Director</i>
12. Kon Ted Liuk	<i>Alternate Director to Tan Sri Dato' Seri H'ng Bok San</i>

## Secretary

Teoh Wen Jinq [MIA 25770]

## Auditors

Ernst & Young

## Solicitors

Reddi & Co. Advocates  
S. K. Ling & Co Advocates

## Principal Bankers

1. Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad
2. AmBank Berhad
3. Amlslamic Bank Berhad
4. Bangkok Bank Berhad
5. Bank Muamalat Malaysia Berhad
6. Bank of China (Malaysia) Berhad
7. CIMB Bank Berhad
8. Export-Import Bank of Malaysia Berhad
9. Hong Leong Bank Berhad
10. Hong Leong Islamic Bank Berhad
11. Malayan Banking Berhad
12. Maybank Islamic Berhad
13. OCBC Al-Amin Bank Berhad
14. OCBC Bank (Malaysia) Berhad
15. RHB Bank Berhad
16. United Overseas Bank Berhad

## Share Registrar

Symphony Share Registrars Sdn Bhd  
(Company No. 378993-D)

Level 6, Symphony House, Block D13,  
Pusat Dagangan Dana 1, Jalan PJU 1A / 46,  
47301 Petaling Jaya, Selangor  
Tel No : 603-7841 8000  
Fax No : 603-7841 8008  
[www.symphony.com.my](http://www.symphony.com.my)

## Registered Office

Lot 767, Block 8  
Muara Tebas Land District  
Demak Laut Industrial Estate Phase III  
Jalan Bako  
93050 Kuching, Sarawak  
Tel No: 082-434311  
Fax No: 082-435311

## Stock Exchange Listing

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

## Investor Relations

Rebecca Ling  
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Chrislynn Siaw  
e-mail: [chrislynnsiaw@sarawakcable.com](mailto:chrislynnsiaw@sarawakcable.com)

## General Enquiries

e-mail: [inquiries@sarawakcable.com](mailto:inquiries@sarawakcable.com)

# Profile of Directors



**Dato Sri Mahmud  
Abu Bekir Taib**

*Non-Independent Non-Executive Chairman*

Malaysian, aged 53, 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 subsidiaries 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 2016, he has attended all five (5) Board meetings held.



**Datuk Fong Joo Chung**

*Non-Independent Non-Executive Deputy Chairman*

Malaysian, aged 67, 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 1981.

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 2016, he has attended all five (5) Board meetings held.

# Profile of Directors



**Toh Chee Ching**

*Group Managing Director/Chief Executive Officer*



**Tan Sri Dato' Seri H'ng Bok San**

*Non-Independent Non-Executive Director*

Malaysian, aged 55, male, was appointed to the Board of Sarawak Cable as Chief Executive Officer on 1 October 2008 and Group Managing Director on 9 September 2009.

He first graduated with a Bachelor of Science degree from Campbell University, USA in 1986. He subsequently obtained a Master of Business Administration (majoring in Finance) degree from the Oklahoma City University, USA, in 1988.

He began his professional career in 1989 when he joined Sonic Corporation in USA and in 1990, he joined Tien Ren Securities Corporation in Taiwan as a Research Analyst and was involved in the establishment of Tien Ren Securities Group in Taiwan. In 1991, he joined Hock Hua Bank Berhad (now part of Public Bank Berhad) and in 1992, he joined Sarawak Securities Sdn Bhd (currently known as K&N Kenanga Holdings Berhad) as the Head of Research and Development where he was leading a team of research analysts and supporting the Corporate Dealing Department.

In 2000, he was appointed as the Non-Executive Director of Universal Cable (Sarawak) Sdn Bhd ("UCS"), our wholly-owned subsidiary and subsequently appointed to the Executive Committee of UCS on 25 June 2001 and in 2009, he was appointed as UCS's Managing Director.

As our Group Managing Director/Chief Executive Officer and with more than twenty six (26) years working experience in the finance and financial advisory industry, he is primarily responsible for the entire operations and management, strategic and marketing directions, as well as business expansion and development of our Group.

He presently sits on the board 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 2016, he has attended all five (5) Board meetings held.

Malaysian, aged 77, 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 forty (40) years of experience in the manufacturing and marketing of power cable and telecommunication cables.

He also sits on the board of several private companies and is also the Executive Chairman of GUH Holdings Berhad, a public listed 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 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 2016, he has attended three (3) of out five (5) Board meetings held.

## Profile of Directors



**Yek Siew Liong**  
*Non-Independent Non-Executive Director*

Malaysian, aged 57, 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 UCS, our wholly-owned subsidiary.

He has many years with 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 in Hock Lee Asia Berhad and Cinacom Bintulu Berhad.

He is also a director of several other private companies.

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any 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 2016, he has attended all five (5) Board meetings held.



**Datuk Kevin How Kow**  
*Independent Non-Executive Director*

Malaysian, aged 68, 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 and 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 Accountants and the Malaysian Institute of Certified Public Accountants. He was made a partner of Ernst & Young, Malaysia in 1984 and served as Partner-in-charge of offices in Sabah and Sarawak.

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

His directorships in public companies include Kenanga Investment Bank Berhad, Sabah Development Bank Berhad, Saham Sabah Berhad and M3nergy 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 2016, he has attended all five (5) Board meetings held.

## Profile of Directors



**Dato' Ahmad Redza  
bin Abdullah**

*Independent Non-Executive Director*

Malaysian, aged 53, 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 and Nomination Committee.

He first graduated with a Bachelor of Law degree (LLB) with Honours from the University of London, United Kingdom, in 1987. He subsequently obtained his Certificate in Legal Practice from University of Malaya in 1988.

In 1989, he was admitted to the High Court of Malaya. Currently, he is the Deputy Managing Partner of Messrs. Shahrizat Rashid & Lee and Head of Litigation and Dispute Resolution. He has extensive experience in civil and commercial litigation and is primarily involved in the field of defamation, arbitration and debt recovery for financial institutions. He also handles work in relation to labour and employment law, probate and matrimonial matters. He has also acted as counsel for various legal firms in his area of expertise.

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

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any 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 2016, he has attended all five (5) Board meetings held.



**Erman bin Radin**

*Independent Non-Executive Director*

Malaysian, aged 39, 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 2016, he has attended all five (5) Board meetings held.

## Profile of Directors



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

Malaysian, aged 43, 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 1992.

She has over twenty (20) 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 in 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). She has been appointed by the Prime Minister as one of the Ahli Majlis Penasihat & Perunding Wanita (MPPW) for 2015-2017, a council set up by the Kementerian Pembangunan Wanita, Keluarga dan Masyarakat (KPWKM). In October 2016, she has been appointed as the advisor to the Football Association of Sarawak. She takes a strong and active interest in both social and charity activities in the State of Sarawak.

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

She is the sister of Dato Sri Mahmud Abu Bekir Taib (Chairman and major shareholder of Sarawak Cable). She 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 2016, she has attended two (2) Board meetings held upon appointed to the Board.



**Datuk Rozimi bin Remeli**  
*Independent Non-Executive Director*

Malaysian, aged 60, male, was appointed to the Board of Sarawak Cable as Independent Non-Executive Director on 11 May 2016.

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

He has over thirty two (32) years of extensive leadership experience in energy industry. He began his career with 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.

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

He has no relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has not been convicted of any 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 2016, he has attended three (3) Board meetings held upon appointed to the Board.

## Profile of Directors



**Redzuan bin Rauf**  
*Independent Non-Executive Director*



**Kon Ted Liuk**  
*Alternate Director to Tan Sri Dato' Seri H'ng Bok San*

Malaysian, aged 44, male, was appointed to the Board of Sarawak Cable as Independent Non-Executive Director on 11 May 2016.

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.

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 2016, he has attended all three (3) Board meetings held upon appointed to the Board.

Malaysian, aged 63, male, was appointed to the Board of Sarawak Cable as alternate Director to Tan Sri Dato' Seri H'ng Bok San on 15 October 2009.

He is currently a Fellow Member of the Institute of Chartered Accountants in Australia and the Malaysian Institute of Chartered Secretaries and Administrators.

He is currently the Corporate Advisor to HNG Capital Group. He has been with the Leader Group of Companies, a member of HNG Capital Sdn Bhd, for the past thirty three (33) years and has extensive experience and knowledge of the cables and wires industry.

He also 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 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 2016, he has attended two (2) out of five (5) Board Meetings held.

# Key Management Profile

## Toh Chee Ching

*Chief Executive Officer*

Malaysian, aged 55, male, is the Chief Executive Officer since 1 October 2008. He is a Director of the Company. His profile is set out under the section "Profile of Directors" contained in this Annual Report.

## Woon Wai En

*Group Chief Operating Officer*

Malaysian, aged 54, 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 Bhd and as Chief Financial Officer in Moccus Trading Sdn Bhd. While he was in VADs Berhad ("VADs"), he spearheaded a team of professionals in listing of VADs in Bursa Malaysia Securities Berhad. 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 Accountants.

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

He has no family relationship with other directors and major shareholders of the Company and has no conflict of interest in any business arrangement involving the Company. He has 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.

## Tan Kok Hong

*Chief Operating Officer – Manufacturing Division*

Malaysian, aged 46, 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 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 as the COO in January 2015.

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

He has no family relationship with other directors and major shareholder 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 Management Profile

## Teoh Wen Jinq

*Group Chief Financial Officer and Company Secretary*

Malaysian, aged 42, 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 company listed on the Main Market of Bursa Malaysia Securities Berhad 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 Accountants.

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 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.

## Ling Ching Nei

*Senior General Manager - Corporate Affairs*

Malaysian, aged 48, female, was appointed as Senior Manager on 1 January 2009 to spear-head Corporate Affairs of Sarawak Cable, and subsequently as General Manager effective 1 January 2011 with extended duties to involve in projects procurement and special sales. She was later appointed as Senior General Manager – Corporate Affairs on 1 January 2015, primarily dealing with all corporate-related matters and assisting the Group Managing Director in special sales, projects procurement and business development while monitoring subsidiary operational issues.

She first obtained a Bachelor of Arts (Honours) in Banking and Finance from New University of Ulster in Northern Ireland, United Kingdom. She then graduated with MBA (Major in Corporate Finance) 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, when she first joined Hock Hua Bank Berhad (now Public Bank Berhad) as a bank officer for Organisation & Method department, involving in new banking system design & implementation. She later joined Orix Leasing (Malaysia) Sdn Bhd in 1996 as Senior Credit Officer, and was subsequently appointed as their Senior Marketing Officer until 2000. Her impeccable work ethic enabled her to further advance her career in 2001 as Corporate Finance Manager for Sarawak Capital Sdn Bhd, a licensed investment advisory cum consultancy firm, and subsequently promoted as their Senior Manager. She was later head-hunted by 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 with 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.



# Statement of **Directors'** **Responsibility**

The Directors are required by the Companies Act 1965 ("the Act") to prepare financial statements for each financial year which gives a true and fair view of the financial position of the Group and of the Company and of the financial performance and the cash flows of the Group and the Company for the financial year.

As required by the Act and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the financial statements have been prepared in accordance with the Malaysia 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 2016 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 30 March 2017.

# Achievements and Milestones

- Listed on the Main Market of Bursa Securities on 25th May 2010.
- Acquired 75% equity interest in STSB.



2010

- Signed SSA to acquire 65% equity interest in TISB and the remaining 25% equity interest in STSB.
- Signed a Conditional Sales and Purchase Agreement to acquire 65% equity interest in PT Inpola Mitra Elektrindo ("IME"), an Indonesian entity.



2011

- Completed acquisition of 65% equity interest in IME, first overseas venture.
- Completed acquisition of the remaining 25% equity interest in STSB.
- Completed acquisition of 100% equity interest in TISB.



2012

- Increased equity interest in IME to 78.33% and commenced construction of 11MW mini-hydro power plant in North Sumatra, Indonesia.
- Awarded 500kV Backbone Transmission System in Sarawak for Package B & C totaling RM619 mil.



2013

- Awarded local works contract worth RM493 million for 2x300MW Balingian Coal-Fired Power Plant Project in Sarawak.
- Awarded contract worth RM257 million for Pengerang 275kV Overhead Transmission Line cum 275kV/132kV substation.
- Completed acquisition of 100% equity interest in LCIB and UCMB in December 2014.



2014

- Surged as the largest cable manufacturer in South East Asia and the sole producer of 275kV underground cable in Malaysia.
- New product development highlights - Low loss TACSR, ACCC conductor (Dublin) and OPGW 448F Class 3.
- Received **Brand Laureate Best Brand Awards** for the Most Sustainable Brand in Manufacturing Power and Telecommunications Cable category.



2015-2016

# Corporate Social Responsibilities

*To Love is to Serve*

The year 2016 marks another milestone for SCB, as we once again complete a wholesome cycle of corporate citizenship - in heartfelt fulfilment of our promise to investors and the Community.

As with previous years, our Group CSR Committee has actively upheld the CSR motto "With Love, We Care", in various endeavors related to pediatric cancer, welfare for the elderly, children with special needs and general community building. It is with utmost passion that we continue to work with equally passionate individuals and organizations in 'Making A Difference' for communal well-being. Here at SCB, we Love and we Care.



## Colour Rush 4.0

The interests of children with pediatric cancer has always appealed to the heart of SCB, in more ways than one. This time round, our staff members decided to get on the marathon bandwagon; signing up for the 5 KM Colour Rush 4.0 on 21 February 2016.

It was an eventful morning that saw our team braving through treacherous weather conditions, but still managing to finish the run in good time! Ultimately it gives us great pleasure to do our part in raising awareness for childhood cancer. SCB continues to welcome alliances with non-governmental charity bodies in upholding of social responsibilities and goodwill.



### Charity Food Fair 2016

On 24 April 2016, the Home of Peace Kuching Old Folks Home (HOPE) organized a food fair to raise funds for the upkeep of their aged residents. In the spirit of Community, a team of 20 volunteers set up a stall serving local delights such as Ayam Masak Merah, Chicken Rendang, Bubur Cha Cha, Sweet Bean Dessert and assorted cookies and fruits.

SCB's stall was certainly a big hit amongst patrons – thanks to the Team's culinary skills and ingenious marketing tactics! All in all we managed to raise RM5000 for HOPE. This gesture on our part signifies our perpetual commitment in supporting charity events and promoting Teamwork amongst our staff members, in accordance to our CSR values.

### Rolling Up Our Sleeves For A Good Cause

They say, "A tiny spark ignites a flame, just as a helping hand can do the same". SCB bears testimony as its staff members embarked on a gotong royong project on 28 September 2016, with the Sarawak Society for Parents of Children With Special Needs (PIBAKAT).

It was a spirited morning as 20 SCB volunteers gathered at PIBAKAT headquarters; armed with paint buckets and various housekeeping items. For the next few hours they scraped, swept, scaled high ledges and eventually restored the main building to its former glory with a new paint job. Colour pencils, exercise books, activity books and other stationary supplies were also donated to the PIBAKAT classrooms in aid of their 40 special needs students.



# Corporate Social Responsibilities



## Cable Donation To Schools In Need

From time to time, SCB has always been a big proponent of sponsoring power cables to longhouses and various charitable organizations throughout the state. Recently in November 2016, we cumulatively donated 4 kilometres worth of building cables to Chung Hua Middle Schools No. 1 and No. 3. This has ensured that students and teachers alike would have better access to electricity and related infrastructure.

It brings SCB great joy to continue championing such noble causes, as part and parcel to our unwavering belief in making a difference to our community.



## A Special Children's Christmas Party

Christmas is a time for joy and goodwill; especially so for SCB as our staff members brought the season's festivities to the children and families of the Sarawak Children's Cancer Society (SCCS) on 4 December 2016. 25 volunteers arrived at the SCCS headquarters with beautifully wrapped gifts and party favours; kick-starting a Christmas party that regaled participants of all ages.

It was especially heart-warming to witness the children's excitement as they inspected their presents

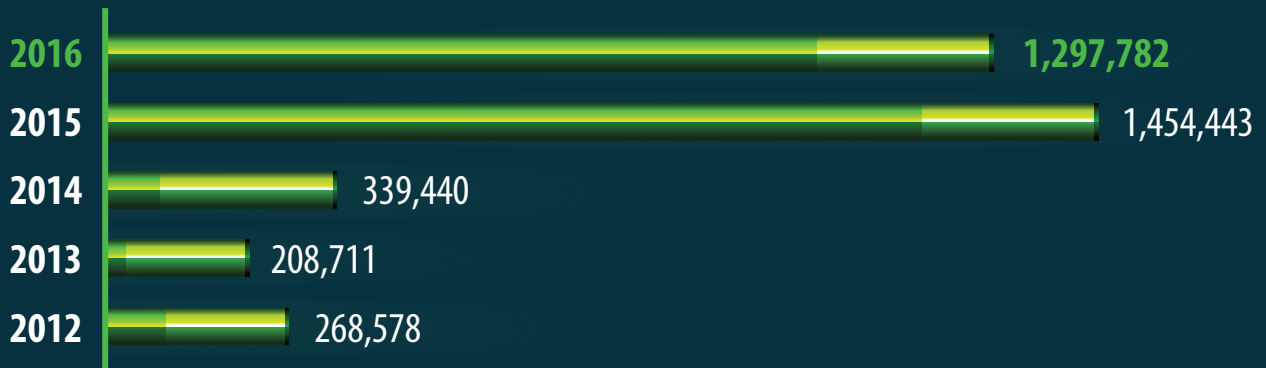
and tucked into their specially catered meals prepared by The Foodchow's food truck.

Jerry the Clown was also a big hit with the crowd - his balloon sculpting skills and riveting magic performance kept everyone entertained throughout!

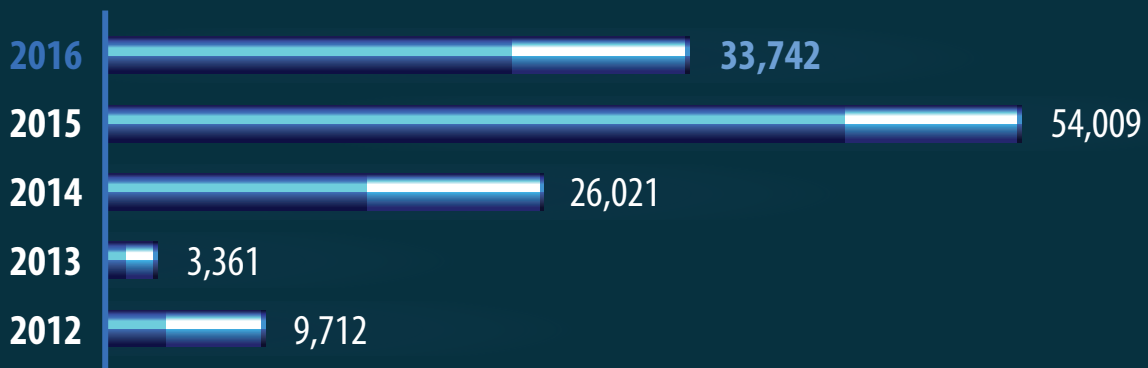
This CSR project is one of many that SCB has initiated over the past few years. To date, SCB has donated over RM400,000 to various causes and organizations, and will continue to do so in light of service to its stakeholders and local community.

# Financial Review

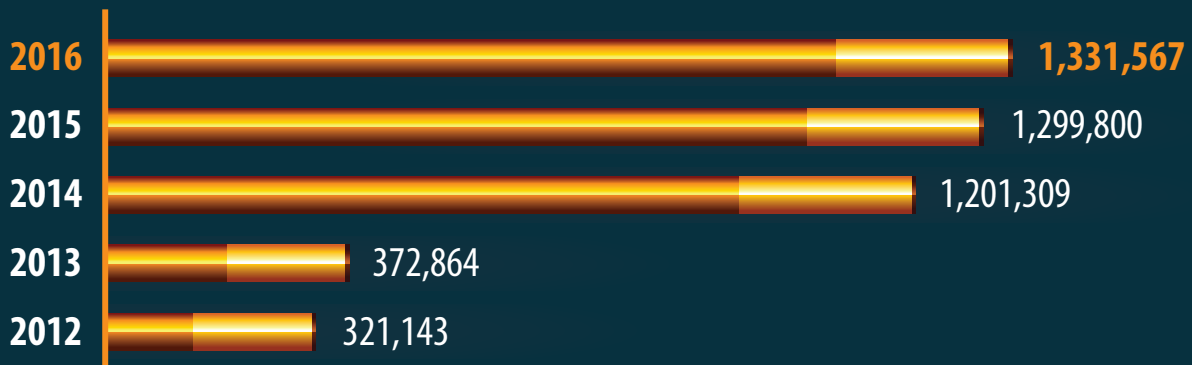
## Revenue (RM'000)



## Profit Before Taxation (RM'000)



## Total Assets Employed (RM'000)



# Audit Committee Report

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

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

## Composition

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

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

Dato' Ahmad Redza bin Abdullah – Member  
(Independent Non-Executive Director)

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

The composition of the Committee complies with the MMLR as follows:

- All three (3) members are Independent Non-Executive Directors, including the Committee's Chairman and none of them are alternate Directors; and
- One of the Committee 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 2016

The Committee members and the attendance of each member at the Committee meetings during the financial year ended 31 December 2016 are set out below:

<b>Independent Non-Executive Directors</b>	<b>Meetings attended</b>
Datuk Kevin How Kow - Chairman	5/5
Dato' Ahmad Redza bin Abdullah – Member	5/5
Erman bin Radin – Member	5/5

The Committee held one (1) meeting with the external auditors on 26 February 2016 without the presence of management. This session allow the Committee 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 can provide additional and confidential comments to the Committee. 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 may have during the annual audit.

The terms of reference of the Committee is made available on the Company's website at <http://sarawakcable.com/swkcable/wp-content/uploads/2016/02/SCB-Audit-Committee-terms-of-reference.pdf>. During the financial year, the Committee performed an annual review to ensure that they have complied with the terms of reference.

## Summary of works of the Committee during the financial year ended 31 December 2016

The Chairman of the Committee reports regularly to the Board on the works carried out by the Committee in the discharge of its duties and responsibilities. The major works undertaken by the Committee during the financial year were as follows:

- ❖ Reviewed with the internal auditors, their audit plan for the financial year, ensuring that principal risk areas were adequately identified and covered in the plan.
- ❖ Reviewed the adequacy of the internal audit plans, scope of examination and internal audit reports and ensure that appropriate action is taken by management on a timely basis in respect of the audit findings and the Committee's recommendation.
- ❖ Reviewed the results of ad-hoc investigations performed by the internal auditors and the actions taken relating to those investigations.



# Audit Committee Report

- ❖ Reviewed the adequacy of resources and the competencies of staff within the Internal Audit Department to execute the audit plan, as well as the audit programmes used in the execution of the internal auditors' work and the results of their work.
- ❖ Reviewed the assistance given by the Group's and Company's offices to the external auditors.
- ❖ Reviewed with the external auditors, their terms of engagement, proposed audit remuneration and the audit plan for the financial year to ensure that their scope of work adequately covers the activities of the Group.
- ❖ Reviewed the results and issues arising from the external auditors' review of the quarterly financial results and audit for the year-end financial statements and resolution of issues highlighted in their report to the Committee.
- ❖ Reviewed the status of accounting provisions and estimates, change in accounting policies and significant judgemental accounting matters affecting its interim and audited financial statements.
- ❖ Reviewed the independence, suitability, cost effectiveness and objectivity of the external auditors before recommending their re-appointment and remuneration to the Board.
- ❖ Through the Internal Audit's reports on key audit findings and the external auditors' reports on work performed and presented at the Committee meetings, as well as through discussion with key senior management, the Committee evaluated the overall adequacy and effectiveness of the system of internal controls and the Group's policies and compliance procedures with respect to business practices.
- ❖ Reviewed the audited financial statements of the Group focusing on accounting policy and financial reporting standards as well as the Group's performance, prior to making a recommendation to the Board for approval.
- ❖ In overseeing the Group's financial reporting, the Committee reviewed with the appropriate officers of the Group, the quarterly financial results and annual audited financial statements of the Group, including related announcements, before recommending their approval and the release of the Group's financial results to Bursa Securities to the Board. The quarterly financial results for Q1, Q2 and Q3 of 2016, which were prepared in compliance with the Malaysian Financial Reporting Standards, were reviewed at the quarterly Committee meetings.
- ❖ In reviewing the integrity of financial information, the Committee had deliberated with the management to ensure that the financial reports were prepared and where relevant, had been complied with MMLR, provision of the Act and other legal and regulatory requirements and the Malaysian Financial Reporting Standards issued by the Malaysian Accounting Standards Board.
- ❖ During the Committee meeting in April 2016, the Committee reviewed the draft audited financial statements for the financial year ended 31 December 2015.
- ❖ Reviewed related party transactions and procedures.
- ❖ On a quarterly basis, the Management had given the assurance to the Committee that related party transactions and mandate for recurrent related party transactions ("RRPT") were in compliance with MMLR and the Group's policies and procedures.
- ❖ The Internal Audit at each quarterly Committee meetings presented its quarterly independent review results on the RRPT confirming that all RRPTs had been conducted in compliance with the said policies and procedures.
- ❖ Reviewed the Statement on Risk Management and Internal Control for inclusion in the Annual Report.
- ❖ The Management and the Company Secretary presented to the Committee for its review, the status and changes in material litigation, law and regulations, compliance with loan covenants and regulatory updates on the Group's businesses.

In order for the Committee to discharge its work effectively, the Committee engages on a continuous basis with the management and external auditors, in order to keep abreast of matters and issues affecting our Group.

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

The Committee reviewed the audit services and non-audit services provided by the external auditors and their corresponding incurred fees, which included tax compliance, regulatory compliance reporting and accounting consultation. The Committee concluded that the auditors remained independent.

At each quarterly meeting, the Committee 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 Committee. The Committee advised the Management to work with the external auditors in closing the gaps noted during the statutory audit.

The Committee reviewed the external auditors' Audit Plan for 2016 outlining their strategy, approach and proposed fees for the current financial year's statutory audit.

The Committee and the Board are satisfied with the services and performance of the external auditors and thereby recommended them for re-appointment at the forthcoming AGM.

# Audit Committee Report

## **Internal Audit Function**

The Group has an independent internal audit function which reports directly to the Committee. The primary responsibility of which 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 activities carried out by the Internal Audit Department include among others, the review of the adequacy and effectiveness of risk management and the system of internal controls, compliance with established rules, guidelines, laws and regulations, reliability and integrity of information and the means of safeguarding assets. Such reviews are performed with a view to make recommendations to further improve existing controls and processes. On a quarterly basis, the Internal Audit Department monitors and reports to the Committee the implementation of recommendations by management to ensure all key risks and audit findings are properly addressed.

The Head of the Internal Audit Department reports directly to the Chairman of the Committee, and is responsible for enhancing the quality assurance and improvement programme of the internal audit function. Its effectiveness is monitored through continuous internal self-assessment and independent external assessment, and the results are then communicated to the Committee.

Summary of the work of the Internal Audit function during the financial year are as follows:

- ❖ Reviewed the adequacy and effectiveness of critical processes and IT systems.
- ❖ Reviewed compliance with established policies and procedures.
- ❖ Recommended improvements and enhancements to the existing system of internal control and risk management.
- ❖ Follow up on the implementation of recommendations by management to ensure all recommendations are addressed.
- ❖ The Internal Audit function carried out its activities based on the risk-based Annual Audit Plan approved by the Committee.
- ❖ The Committee reviewed the scope and coverage of the planned activities and ensured principal risk areas and key processes of the business were adequately addressed in the plan.
- ❖ At the Committee quarterly meetings, the Head of Internal Audit presented to the Committee for its deliberation, the progress of the Internal Audit Annual Audit Plan 2016, including the key findings from audit reports, audit recommendations by the internal auditors, results of investigations performed by the internal auditors and the representations made, and the corrective actions taken by the management in addressing and resolving issues and ensured that all issues were adequately addressed on a timely basis.
- ❖ Carried out ad-hoc assignments and investigations requested by the Committee and/or management.
- ❖ Developed a risk-based annual audit plan.

The total costs incurred for the internal audit function for the financial year ended 31 December 2016 amounted to RM297,374 (2015: RM277,782).

This Statement is made in accordance with a resolution of the Board dated 30 March 2017.

# Statement on Corporate Governance

The Board supports the Principles and Recommendations set out in the Malaysian Code on Corporate Governance (“the Code”) and is committed to ensuring that the highest standards of corporate governance are implemented and maintained to safeguard the interests of shareholders and enhance shareholders’ value.

The Code has served as a fundamental guide to the Board in discharging its principal duty to act in the best interests of the Company as well as managing the businesses and affairs of the Group efficiently.

## THE BOARD

### *The Board Balance and Independence*

There are twelve (12) members on the Board, comprising a Group Managing Director (“GMD”)/Chief Executive Officer (“CEO”) and eleven (11) Non-Executive Directors (including the Chairman), out of which five (5) are independent directors and hence fulfill the prescribed requirements for one-third (1/3) of the membership of the Board to be Independent Board members.

The composition of the Board assures a blend of members with diverse professional backgrounds, skills and extensive experience and knowledge in the areas of finance, business, general management and strategy that has been the essence for the successful direction of the Group.

With its diversity of skills, the Board has been able to provide clear and effective collective leadership to the Group and has brought informed and independent judgement to the Group to ensure that the highest standards of conduct and integrity are always at the core of the Group. None of the Non-Executive Directors participate in the day-to-day management of the Group.

The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinions, judgments and advices to ensure that the interests of the Group, shareholders, employees, customers, suppliers and other communities in which the Group conducts its business are well represented. The Independent Non-Executive Directors therefore lay a key role in corporate accountability. The assessment of the independence of each of its Independent Non-Executive Directors is undertaken annually according to the criteria as prescribed by the Code and the MMLR of Bursa Securities.

As part of the Board’s yearly appraisal and self-assessment, the Board is of the view that its size is adequate for the effective discharge of its responsibilities and functions. As recommended by the Code, the tenure of directorship should form part of the assessment criteria for independence of a director. The relevant process and procedures have been provided for in the terms of reference of the Nomination Committee (“NC”). In the event that shareholders’ approval is sought to enable an independent non-executive director to retain his designation as an independent non-executive director after having served a tenure of nine (9) years, the NC is tasked to assess and assist the Board in recommending and providing justification for shareholders’ consideration and approval in such instances. None of the Independent Non-Executive Directors has served the Company exceeding a cumulative or consecutive terms of nine (9) years.

All the Independent Non-Executive Directors fulfil the criteria of independence as defined in the MMLR. The Board through the NC has assessed the Independent Non-Executive Director and is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors and their ability to act in the best interest of the Company. The Board therefore believes that balance of power and authority exists within its current structure to sufficiently enable it to discharge its duties objectively.

The profile of each Director is set out under the section “Profile of Directors” contained in this Annual Report.

Thus far, the Board is satisfied with the level of time commitment given by all the Directors in fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by their attendance at the meetings of the Board and the Board Committees.

### *Division of roles and responsibilities between the Chairman and the GMD/CEO*

The Board appreciates the distinct roles and responsibilities of the Chairman of the Board and the GMD/CEO. This division ensures that there is a clear and proper balance of power and authority. Therefore, the role of the Chairman and GMD/CEO is separate and this division of roles is made clear in the Board Charter.

The Chairman’s main responsibility is to ensure effective conduct of the Board and encourages participation and deliberation by all Board members to enable the wisdom of all the Board members to be tapped and to promote consensus building as much as possible.

# Statement on Corporate Governance

The GMD/CEO has overall responsibilities over the Group's operational and business segments, implementation of Board policies, directives, strategies and decisions. The GMD/CEO also functions as intermediary between the Board and management.

Matters which are reserved for the Board's approval and delegation of powers to the Board Committees, the GMD/CEO and management are expressly set out in the Group's policies. The Board is guided by the Board Charter. Any non-compliance issues are brought to the attention of management, the Committee and/or the Board for effective supervisory decision-making and proper governance.

As the Group is expanding and business is growing, the division of authority is constantly reviewed to maintain the best levels of management efficiency and performance.

## ***Role and responsibilities of the Board***

The Board Charter acts as a source of reference for Directors in relation to the Board's role, duties and functions, procedures and processes for the Board and its Committees in discharging its stewardship effectively and efficiently. The Board Charter is made available on the Company's website at <http://sarawakcable.com/board-charter>.

The Board Charter, if necessary, will be reviewed periodically to ensure that any updates on relevant laws and regulations are duly incorporated.

The Company is led by the Board which is responsible for the overall business direction of the Group. The Board oversees the conduct of the business affairs of the Group's business operations and performance to ensure appropriate processes and internal controls are in place.

The Board is committed to conducting its business in accordance with the upmost standards of business ethics and complying with the law, rules and regulations. The Board is guided by the Directors' Code of Ethics established by the Companies Commission of Malaysia in discharging its oversight role effectively.

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to management. The following matters require approval from the Board, except where they are expressly delegated by the Board to a Committee, the Chairman, GMD/CEO or another nominated member of the management team:

- approval of corporate/strategic directions/plans;
- approval of annual budgets, including major capital commitments and capital expenditure budgets;
- approval of new ventures;
- approval of material acquisitions and disposals of undertakings and properties or any significant expenditure which exceeds the authority limit delegated to the members of management;
- appointment of all other Board members, Board Committee members, CEO and the Company Secretary;
- any matters in excess of any discretions that it may have delegated from time to time to the CEO and management; and
- any matters and/or transactions that all within the ambit of the Board pursuant to the Companies Act 2016 ("the Act"), the MMLR of Bursa Securities, the Company's Articles of Association ("the Articles") or any other applicable rule.

## ***Sustainability of Business***

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Group also embraces sustainability in its operations and supply chain, through its own actions as well as in partnership with its stakeholders, including suppliers, customers and other organizations. Company's strategies on promoting sustainability has been formulated and documented.

The Group's activities to promote sustainability during the financial year under review are set out under the section "Corporate Social Responsibilities" contained in this Annual Report.

## ***Board meetings***

The Board meets at least four (4) times in a financial year, with additional meetings are convened as and when necessary to deliberate and decide on urgent matters. All directors are given due notice of proposed dates of meetings during the financial year and standard agenda and matters to be tabled to the Board. Meeting dates are set before the beginning of the year to allow Directors to plan ahead and to maximise their participation. The Board also exercises its approval through Directors' Circular Resolutions in writing which are subsequently tabled and confirmed at the Board meetings.

# Statement on Corporate Governance

There were five (5) Board meetings held in the financial year ended 31 December 2016 and details of the attendance of each Director are as follows:

<b>Directors</b>	<b>Meetings attended</b>
<b>Non-Executive</b>	
Dato Sri Mahmud Abu Bekir Taib (Chairman)	5/5
Datuk Fong Joo Chung	5/5
Tan Sri Dato' Seri H'ng Bok San	3/5
Yek Siew Liong	5/5
Datuk Kevin How Kow	5/5
Dato' Ahmad Redza bin Abdullah	5/5
Erman bin Radin	5/5
Kon Ted Liuk (Alternate Director to Tan Sri Dato' Seri H'ng Bok San)	2/5
Dato Hajjah Hanifah Hajar Taib <sup>(1)</sup>	2/3
Datuk Rozimi bin Remeli <sup>(1)</sup>	3/3
Redzuan bin Rauf <sup>(1)</sup>	3/3
<b>Executive</b>	
Toh Chee Ching	5/5

(1) Dato Hajjah Hanifah Hajar Taib, Datuk Rozimi bin Remeli and Redzuan bin Rauf were appointed as Directors of the Company effective 11 May 2016 and there were three (3) Board Meetings held during the period from the date of appointment to 31 December 2016.

All proceedings, matters arising, deliberations, in terms of issues discussed, and resolutions at the Board meetings were recorded by the Company Secretary, confirmed by the Board and signed by the Chairman. All Board meetings were attended by the Company Secretary.

## **Supply of and access to information**

The Board has unrestricted and immediate access to management and all information on affairs of the Group. At the request of the Board, the management is obligated to supply all relevant information relating to the business and operations of the Group in a timely manner to enable the Board to discharge its duties effectively. A set of Board papers together with a detailed agenda is furnished to the Board members in advance of each Board meeting for consideration, guidance and where required, for decision.

The Board papers include among others, the following documents or information:

- Reports of meetings of all committees of the Board including matters requiring the full Board's deliberation and approval;
- Performance reports of the Group, which include information on financial, industry and updates;
- Major operational, financial, technical, legal and corporate issues;
- Confirmation of Directors' Circular Resolutions in writing;
- Assessment of the effectiveness of the Board, Board Committees and their respective terms of reference;
- Reports from the Committee on assessment of the effectiveness of our external and internal auditors in discharging their duties;
- Dealings in securities by directors and principal officers; and
- Board papers on other matters for discussion/ approval.

Additionally, the Board is also furnished with ad-hoc reports to ensure that they are appraised on financial, operational, corporate, legal and regulatory matters as and when the need arises. Senior management staffs are also invited to join Board meetings to provide explanation or engage in a dialogue with the Board members as may be required. All deliberations, discussions and decisions of the Board meetings are minuted and recorded accordingly by the Company Secretary.

The Directors also have unrestricted and full access to the advice and services of the Company Secretary and members of management. Each of the individual Directors is constantly advised and updated on statutory and regulatory requirements pertaining to their duties and responsibilities. The Board may at the Group's expense seek external and independent professional advice and assistance from experts in furtherance of their duties.

# Statement on Corporate Governance

## **Company Secretary**

The Board is supported by the Company Secretary, a qualified secretary as required pursuant to the Act and who facilitates overall compliance with the MMLR, the Act and other relevant laws and regulations. In performing this duty, the Company Secretary carries out, among others, the following tasks:

- Statutory duties as specified under the MMLR and the Act;
- Facilitating and attending Board and Board Committee meetings and ensuring that the Board meetings are properly convened and proceedings are properly recorded;
- Ensuring timely communication of the Board level decisions to management;
- Ensuring that all appointments to the Board and Board Committees are properly made;
- Maintaining records for the purposes of meeting statutory obligations;
- Facilitating the provision of information as may be requested by the Directors from time to time; and
- Supporting the Board in ensuring adherence to Board policies and procedures.

## **Appointment of Directors**

The NC makes independent recommendations for appointments to the Board, based on criteria which they develop, maintain and review. In making these recommendations, the NC assesses the suitability of candidates, taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates, before recommending their appointment to the Board for approval. The Board makes clear at the outset its expectations of its new Directors in terms of their time commitment as recommended by the Code, and those appointments to other directorships are notified to the Chairman.

The Board acknowledges that its Directors may be invited to become directors of other companies and that exposure to other organisations can broaden the experience and knowledge of its Directors which will benefit the Group. Directors are therefore at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance and contributions as a member of the Board.

## **Re-election of Directors**

In accordance with the Articles, all Directors who are appointed by the Board may hold office until the next AGM subsequent to their appointment and shall then be eligible for re-election.

The Articles also provide that all Directors (including GMD) shall retire from office once at least in each three (3) years and one-third (1/3) of the Directors are subject to retirement by rotation at every AGM but are eligible for re-election.

Dato Hajjah Hanifah Hajar Taib, Datuk Rozimi bin Remeli and Redzuan bin Rauf who were appointed as Director of the Company on 11 May 2016 shall hold office until the forthcoming AGM scheduled to be held on 15 May 2017 and are eligible for re-election pursuant to Article 93 of the Articles, whilst the Directors who are due for retirement by rotation and eligible for re-election pursuant to Article 86 of the Articles at the forthcoming AGM are Toh Chee Ching and Yek Siew Liong.

Pursuant to Section 129(6) of the Companies Act, 1965, Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba's term of office will end at the conclusion of the 19<sup>th</sup> Annual General Meeting of the Company scheduled to be held on 15 May 2017. With the enforcement of the first phase of the Companies Act 2016 on 31 January 2017, the Companies Act, 1965 is repealed. Pursuant to the Companies Act 2016, there is no maximum age limit for directors. Hence, Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba will be re-appointed to continue in office as a director of the Company.

An assessment of the independence of all Independent Non-Executive Directors including Datuk Kevin How Kow, Dato' Ahmad Redza bin Abdullah, Erman bin Radin, Datuk Rozimi bin Remeli and Redzuan bin Rauf was undertaken as part of the Board's assessment for 2016. The NC and the Board considered the assessment results of the independence of Datuk Kevin How Kow, Dato' Ahmad Redza bin Abdullah, Erman bin Radin, Datuk Rozimi bin Remeli and Redzuan bin Rauf which was undertaken pursuant to the criteria as prescribed by the MMLR and the Code are satisfied that they met the criteria for independence. They actively participated at board meeting and provided constructive feedback. Datuk Kevin How Kow, Dato' Ahmad Redza bin Abdullah and Erman bin Radin were appointed as Directors on 8 October 2009 whilst Datuk Rozimi bin Remeli and Redzuan bin Rauf were appointed as Directors on 11 May 2016 and their tenure have not exceed nine (9) years.

The profile of the Directors who are due for re-election and re-appointment are set out under the section "Profile of Directors" contained in this Annual Report. The Board has considered the assessment of the Directors standing for re-election and re-appointment and collectively agree that they meet the criteria of character, experience, integrity, competence and time to effectively discharge their respective roles as Directors as prescribed by the MMLR.

# Statement on Corporate Governance

## **Board and workforce diversity policies**

The Board recognises that diversity in its composition is critical in ensuring its effectiveness and good corporate governance. A truly diverse board will include and make use of the variation of age, skills, experience, background, gender and ethnicity of its members to ensure effective governance and robust decision making by the Board. The NC and the Board regularly review the composition of the Board to ensure the proper discharge of its functions and obligations.

With the Company's Board Diversity Policy in place, SCB is committed to ensuring that all Directors are appointed on merit, in line with the standards as set out in the MMLR. The background of each Directors are set out under the section "Profile of Directors" contained in this Annual Report, demonstrates the Board's diversity policy.

## **Board effectiveness assessment**

The NC facilitates and organises the annual board effectiveness assessment for assessment and evaluation of the Board, Board Committees and individual Directors. The objective of the exercise is to improve the Board's effectiveness, identify gaps, maximise strengths and address weakness of the Board. Self-assessment methodology is used and issues put forth for assessment are presented in a customised questionnaire.

The criteria on which assessment of the Board's effectiveness is carried out is developed, maintained and reviewed by the NC. They include, inter alia, each Directors' effectiveness, Board's and Board Committee's composition, Board's roles and responsibilities, performance which comprises strategy planning and performance, risk and human capital management, regulatory requirements, Board communications and conduct of the Board and Board Committees.

The individual Directors each undertook self-assessment of their individual performance during the financial year ended 31 December 2016 based on the criteria of character, experience, integrity, competence and time in order to discharge their respective roles as Directors of the Company.

The Board also reviewed the term of office and performance of the Board Committees and each of the members and was satisfied that the Board Committees and members have carried out their duties in accordance with the terms of reference of the respective committees.

## **Board Committees**

The Board delegates certain responsibilities to the respective Committees of the Board which operates within certain clearly defined terms of reference. These Board Committees have the authority to examine particular issues and report to the Board with their proceedings and deliberations. On Board reserved matters, the Board Committees shall deliberate and thereafter state their recommendations to the Board for its approval.

During the Board meetings, the Chairmen of the various Board Committees provide summarised reports of the decisions and recommendations made at their respective committees meetings, and highlight to the Board any further deliberation that is required at Board level. These Board Committee reports and deliberations are incorporated into the minutes of the Board meetings.

## **THE COMMITTEE**

The details of meetings and activities of the Committee are set out under the section "Audit Committee Report" contained in this Annual Report.

## **Nomination Committee ("NC")**

The NC was established on 16 October 2009 and its members were appointed by the Board. The NC comprises three (3) Non-Executive Directors, the majority of whom are independent, as follows:

- (1) Datuk Fong Joo Chung – Chairman  
(Non-Independent Non-Executive Director)
- (2) Dato' Ahmad Redza bin Abdullah – Member  
(Independent Non-Executive Director)
- (3) Datuk Kevin How Kow - Member  
(Independent Non-Executive Director)

# Statement on Corporate Governance

The NC evaluates the effectiveness of the Board and Board Committees, including their size and composition, and contributions of each individual director, including independent non-executive directors, as well as the GMD/CEO and members. The meeting shall review the performance appraisal forms completed by each individual Director and comments submitted by the Directors and highlight them to the Board.

During the year under review, one (1) meeting was held with full attendance by all members.

The terms of reference of the NC is made available on the Company's website at <http://sarawakcable.com/swkcable/wp-content/uploads/2016/02/SCB-Nomination-committee-terms-of-reference.pdf>.

During the financial year, the NC has undertaken the following activities:

- ❖ 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 Non-Executive Directors;
- ❖ Considered the process and methodology and outcome of the assessment of the Board, Board Committee and Directors training needs in 2016;
- ❖ Assessed the directors who are due for retirement and re-appointment;
- ❖ Assessed the candidates for appointment as Directors and members of the Board.

## **Remuneration Committee ("RC")**

The RC was established on 16 October 2009 and its members were appointed by the Board. The RC comprises three (3) Non-Independent Non-Executive Directors, as follows:

- (1) Datuk Fong Joo Chung – Chairman  
*(Non-Independent Non-Executive Director)*
- (2) Tan Sri Dato' Seri H'ng Bok San – Member  
*(Non-Independent Non-Executive Director)*
- (3) Yek Siew Liong - Member  
*(Non-Independent Non-Executive Director)*

During the year under review, three (3) meetings were held with full attendance by all members.

The terms of reference of the RC are as follows:

- ❖ To assist the Board in achieving corporate accountability and governance in respect of the remuneration for executive directors of the Group;
- ❖ To serve as a 'check and balance' mechanism for the Group to fairly reward the executive directors for their contributions to overall performance and that the compensation is reasonable in the light of the Group's objectives;
- ❖ An annual review on the Group's Directors remuneration policy;
- ❖ To make recommendation to the Board on fees and allowance of Non-Executive Directors;
- ❖ To review the Chief Operating Officer scope of work and remuneration package.

## **DIRECTORS' REMUNERATION**

The Directors' remuneration is to attract and retain Directors of the caliber needed to run the Group successfully.

In the Group, the RC structured the remuneration for Executive Director so as to link rewards to corporate and individual performance, taking into consideration scope of responsibilities, contributions 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.



# Statement on Corporate Governance

## Remuneration procedures

The RC recommends to the Board, the remuneration package for Executive Director, Non-Executive Directors and key senior management. The RC prepares a policy and framework of the Directors' remuneration and the remuneration package for the Executive Director (who is also the GMD/CEO). Ultimately, it is the responsibility of the Board to approve the remuneration package of the Directors and key senior management.

In determining the bonus, the RC reviews the overall performance of the Group and Company.

Directors concerned do not participate in the approval of their own remuneration package.

Directors' fees payable to Non-Executive Directors recommended by the RC and the Board are subject to approval by shareholders at the Company's forthcoming AGM.

## Directors' Remuneration

### Executive Director

The basic salary of the Executive Director is determined by his engagement contract and any revision to the basic salary will be reviewed and recommended by the RC.

Specific indicators on financial performance and operational performance were set to assess the performance of the Executive Director. Bonuses payable to Executive Director are reviewed by the RC and approved by the Board.

Other customary benefits (such as medical cover, car, etc) and other benefits are made available to Executive Director as appropriate.

### Non-Executive Directors

The fees payable to the Non-Executive Directors are determined by an ordinary resolution of the Company at the forthcoming AGM.

### Aggregate Remuneration

Details of remuneration of Directors of the Company for the financial year ended 31 December 2016 are as follows:

	Executive Director		Non-Executive Directors		Total RM'000
	The Company	Subsidiaries	The Company	Subsidiaries	
	RM'000	RM'000	RM'000	RM'000	
Fees	-	-	1,145	259	1,404
Salaries, EPF and other emoluments	1,402	-	89	-	1,491
Benefits-in-kind	28	-	-	-	28
Total	1,430	-	1,234	259	2,923

Number of Directors whose aggregate remuneration falls into the following bands:

RM	Executive Directors	Non-Executive Directors	Total
< 50,000	-	1	1
50,001 – 100,000	-	3	3
100,001 – 150,000	-	2	2
150,001 – 200,000	-	3	3
200,001 – 250,000	-	1	1
300,001 – 350,000	-	1	1
1,400,001 – 1,450,000	1	-	1

The above remuneration of the Directors of the Company represents fees and remuneration paid and payable to Directors of the Company.

During the financial year ended 31 December 2016, the Directors of the Company did not render any services to the Group.

# Statement on Corporate Governance

## **Directors' training**

The Board is constantly encouraged to attend seminars and programmes to keep abreast with the latest developments in the market and industry.

The NC and the Board assess the training needs of each Director on an ongoing basis by determining areas that would best strengthen their contributions to the Board.

The training/seminars attended by the Board members during the financial year are as follows:

- ❖ Amendments to Bursa's Listing Requirements – How to rise up to meet those challenges
- ❖ Bursa Malaysia's Sector Specific Sustainability Reporting Workshop
- ❖ Company Secretaries Practice & Regulations 2016
- ❖ Directors of State and Statutory Bodies and Agencies year 2016 – Towards Board Excellence
- ❖ Independent Directors Programme: The Essence of Independence
- ❖ Luncheon talk on The Sarawak Land Code – SHEDA Kuching Branch
- ❖ MAICSA Annual Conference 2016 – Sustainability – Shaping the future
- ❖ Mandatory Accreditation Programme for Directors of Public Listed Companies
- ❖ New Companies Bill 2016 – New Obligations
- ❖ Nomination Committee Programme Part 2: Effective Board Evaluations
- ❖ Pemantapan Koordinasi Kerja Barisan Nasional Back Benchers Club and Setiausaha Politik: Transformasi and Cabaran
- ❖ Prohibition of loans to Directors
- ❖ Sarawak Timber Legality on Verification System (STLVS)
- ❖ SIDC Alumni Programme Companies Bill 2016: Changes and impact on Company Directors
- ❖ The draft Malaysian Code on Corporate Governance 2016 – raising the bar and drafting the Management Discussion and Analysis

The Board has taken steps to ensure that its members have ongoing access to appropriate continuing education programmes in order to effectively discharge their functions effectively as directors. The Company Secretary keeps Directors informed of relevant external training programmes. All the Directors have undergone training during the financial year. The records of the training programmes attended by the Directors are maintained by the Company Secretary.

## **SHAREHOLDERS**

### **Shareholders and Investor Relations**

The Board believes that the Group should at all times be transparent and accountable to its shareholders and investors.

In ensuring this, the Group has been actively communicating with its shareholders and stakeholders through the following medium:

- ❖ Timely release of financial results on a quarterly basis;
- ❖ Announcements to Bursa Securities and Securities Commission Malaysia; and
- ❖ An Investor Relations section which can be contacted at [enquiries@sarawakcable.com](mailto:enquiries@sarawakcable.com) on any queries from shareholders and stakeholders.

## **AGM**

The AGM is the principal forum for dialogue with shareholders who are encouraged and are given sufficient opportunity to enquire about the Group's activities and prospects as well as to communicate their expectations and concerns. The Board has taken reasonable steps to encourage shareholder participation at the general meetings. Shareholders are encouraged to participate in the Question and Answer session on the resolutions being proposed.

Each notice of a general meeting, which includes any item of special business will be given within the stipulated period and will be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. Separate resolutions are proposed for substantially separate issues at the AGM.

# Statement on **Corporate Governance**

Shareholders who are unable to attend the AGM are allowed to appoint proxies in accordance with the Articles to attend, speak and vote on their behalf. The Chairman and the Board members are in attendance to provide clarification on shareholders' queries. Shareholders are welcome to raise queries by contacting the Company at any time throughout the year and not only at the AGM.

The Board will ensure that any resolution set out in the notice of AGM is voted by poll and one (1) scrutineer will be appointed to validate the votes cast at the forthcoming AGM. The outcome of the AGM will be announced to Bursa Securities on the same day as the AGM.

## **ACCOUNTABILITY AND AUDIT**

### ***Financial reporting***

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors will endeavor to present a clear, balanced and understandable assessment of the Group's financial position, performance and prospects. The assessment is provided in this Annual Report through the Directors' Responsibility Statement as set out in the section on "Statement of Directors' Responsibilities" contained in this Annual Report.

### ***Internal Control***

The Group's state of risk management and internal control is set out in the section on "Statement on Risk Management and Internal Control" contained in this Annual Report.

### ***Internal Audit Functions***

Please refer to the section on "Audit Committee Report" contained in this Annual Report.

### ***Relationships with External Auditors***

Please refer to the section on "Audit Committee Report" contained in this Annual Report.

This Statement is made in accordance with a resolution of the Board dated 30 March 2017.

# Statement on Risk Management & Internal Control

## Board's Commitment to Risk Management and Internal Control

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 Recommendation 1.2 of the Code. This statement has been approved by the Board and reviewed by the external auditors as required under Paragraph 15.23 of the MMLR.

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 Committee together with the Executive Committee ("EXCO") and the Group Risk Management Committee ("GRMC") 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

The Board recognizes that pursuant to Recommendation 6.1 of the Code, a risk management program must be implemented to ensure that all key risks are identified and managed appropriately and sufficiently. In this regard, the Group's risk management system is spearheaded by the General Manager - Risk Management & Compliance ("GM-RMC") who reports to the GRMC or the Board Committees. The Group's risk management policy and framework is designed with adoption from the 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 formed its own Risk Management Committee ("RMC") as defined in the Terms of Reference and ERM Framework. The individual company's RMC includes all heads of department to identify, assess and monitor the risks that affect its operations. The subsidiary company's RMC coordinated by the appointed champion will submit their respective risk reports to the GM-RMC periodically. In addition, the individual operations head or heads of department or the appointed champion shall submit their periodical risk action plan to the GM-RMC for further assessment. The GM-RMC will assess independently the risks that may affect each individual company and report to the GRMC on each individual company's 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. The RMC of each subsidiary company has planned to meet periodically to review all registered risks together with GM-RMC and finalize their respective risk reports. The Internal Audit Department will verify the risks report. Deficiencies are communicated to the operations heads or departmental heads in a timely manner while matters with significant risks that may impact the company are reported to the GM-RMC and they are to report the matters to the relevant Board Committee or the Board of Directors for deliberation and necessary actions.

## 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 and ensure compliance with the applicable laws and regulations.

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

## The Committee

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

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

# Statement on Risk Management & Internal Control

## Internal Audit

The Internal Department reports directly to the 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 Committee for their deliberation and further actions.

Occasionally, at the request of management and members of the Board, the Internal Audit Department carries out investigative audit and other special assignments with the objective of providing independent views on the Group's operational and financial matters.

## Key Processes of Risk Management and Internal Control

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 properly monitored to ensure that the Group's interest and profits are guaranteed and 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.

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

- (a) The establishment of the Board Committees including the Committee, NC, RC and GRMC and EXCO, each with clearly defined terms of reference, authority and responsibility.
- (b) The certification of Sarawak Cable with ISO 9001:2015 Quality Management System on 11 November 2016 to enhance documentation requirements in order to provide audit trail and promotes accountability in the Group's operations.
- (c) Scheduled management meetings for each business unit and Group credit control meetings to review operational performance, credit control processes and applicable regulatory requirements.
- (d) The establishment of guides such as Employees' Handbook and Health & Safety Manual provide employees with assured reference and guidelines.
- (e) The establishment of Board Charter, Code of Conduct and Whistle Blowing Policy as a terms of reference of the Group's Policy.
- (f) The implementation of OHSAS 18001:2007 Occupational, Health & Safety Management System signifies the management's incessant commitment in providing for safe and conducive working environment for its stakeholders.
- (g) Comprehensive system of timely financial performance reporting to the Board.
- (h) Legal, Corporate and MMLR matters are continuously addressed, monitored and managed by key staff in charge of corporate affairs, risk management & compliance, legal and Company Secretary as and when necessary.
- (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. In order to ensure competency and business continuity, training requirements are identified and planned on annual basis based on individual needs, departmental recommendations and certification bodies' requirements.

# Statement on Risk Management & Internal Control

- (j) The Finance and Accounts Department observes closely the monthly closing deadlines and reporting schedules, executes timely 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 based on the combined inputs. Similarly, the monthly Project Meeting is carried out to update the status of individual projects, material procurement and delivery schedules, engineering and design submissions, 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 in full perspective.

## **Conclusion**

The Board is of the view that based on the information and assurance given by the Group Chief Executive Officer 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 30 March 2017.



# Additional Compliance Information

## **OTHER INFORMATION**

### ***Non-Audit fees***

During the financial year, the Group incurred approximately RM155,700 (2015: RM417,600) on non-audit fees external auditors and a firm or corporation affiliated with them. The non-audit services included tax compliance, regulatory compliance reporting and accounting consultation.

### ***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 2016.

### ***Realised and unrealised profit***

The breakdown of realised and unrealised profit as at 31 December 2016 are disclosed in Note 43 to the audited financial statements for the year ended 31 December 2016, as contained in this Annual Report.

This Statement is made in accordance with a resolution of the Board dated 30 March 2017.



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# Directors' Report and Audited Financial Statements

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# Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2016.

## 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 17 to the financial statements.

## Results

	<b>Group</b> RM'000	<b>Company</b> RM'000
Profit net of tax	20,010 =====	3,650 =====
Profit attributable to:		
Equity holders of the Company	19,106	3,650
Non-controlling interests	904 -----	- -----
	20,010 =====	3,650 =====

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

## Reserves and provisions

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

## Dividends

The dividends paid by the Company since 31 December 2015 were as follows:

	RM'000
In respect of the financial year ended 31 December 2015 as reported in the directors' report of that year:	
Final single tier dividend of 5.0 sen per ordinary share on 317,050,000 ordinary shares declared on 31 March 2016 and paid on 29 July 2016	15,853 =====

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 3.0 sen per ordinary share on 317,050,000 ordinary shares, amounting to a dividend payable of RM9,511,500 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of revenue reserves in the financial year ending 31 December 2017.

# Directors' Report

## Directors

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato Sri Mahmud Abu Bekir Taib	
Datuk Fong Joo Chung	
Tan Sri Dato' Seri H'ng Bok San	
Yek Siew Liong	
Toh Chee Ching	
Datuk Kevin How Kow	
Dato' Ahmad Redza bin Abdullah	
Erman bin Radin	
Kon Ted Liuk	(Alternate director to Tan Sri Dato' Seri H'ng Bok San)
Dato Hajjah Hanifah Hajar Taib	(Appointed on 11 May 2016)
Datuk Rozimi bin Remeli	(Appointed on 11 May 2016)
Redzuan bin Rauf	(Appointed on 11 May 2016)

## 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 shown 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 35 to the financial statements.

## 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 of RM0.50 Each			As at 31.12.2016
	As at 1.1.2016	Bought	Sold	
Direct Interest:				
Dato Sri Mahmud Abu Bekir Taib	57,825,000	-	-	57,825,000
Datuk Fong Joo Chung	560,200	-	(110,000)	450,200
Tan Sri Dato' Seri H'ng Bok San	237,240	-	-	237,240
Yek Siew Liong	5,855,000	-	-	5,855,000
Toh Chee Ching	36,201,996	345,500	(5,000,000)	31,547,496
Erman bin Radin	122,160	-	-	122,160
Indirect Interest:				
Dato Sri Mahmud Abu Bekir Taib	27,682,000	-	(1,600,000)	26,082,000 <sup>1</sup>
Toh Chee Ching	2,574,000	100,000	-	2,674,000 <sup>2</sup>
Tan Sri Dato' Seri H'ng Bok San	37,446,000	-	-	37,446,000 <sup>3</sup>
Yek Siew Liong	31,682,000	1,600,000	(1,600,000)	31,682,000 <sup>4</sup>

- 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 Greatwall Tyre & Battery (Kuching) Sdn. Bhd. and his spouse's interest pursuant to Section 8(4) and Section 59(11)(c) of the Act respectively.
- 3 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.
- 4 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.

By virtue of their interests in the Company, Dato Sri Mahmud Abu Bekir Taib and Yek Siew Liong are deemed interested in the shares of 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.

# Directors' Report

## Other statutory information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
  - (i) the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) 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:
  - (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

## Significant and subsequent events

The significant and subsequent events are disclosed in Note 41 to the financial statements.

## Auditors

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2017.

**Datuk Fong Joo Chung**

**Toh Chee Ching**

# Statement by Directors

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

We, **Datuk Fong Joo Chung** and **Toh Chee Ching**, 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 56 to 126 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 and of their financial performance and the cash flows for the year then ended.

The supplementary information set out in Note 43 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 April 2017.

**Datuk Fong Joo Chung**

**Toh Chee Ching**

# 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 56 to 127 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 12 April 2017

**Teoh Wen Jinq**

Before me,

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

# Independent Auditors' Report

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements

### *Opinion*

We have audited the financial statements of **Sarawak Cable Berhad**, which comprise the statements of financial position as at 31 December 2016 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 56 to 126.

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 2016, 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, 1965 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 proportion of the Group's revenues and profits are derived from long-term transmission lines construction contracts which spans over more than one accounting period. As disclosed in Note 4 to the financial statements, for the financial year ended 31 December 2016, the Group's recorded construction contract revenue of RM386 million representing approximately 29.7% of the Group's total revenue. The Group uses the percentage-of-completion method in accounting for the revenue arising from construction contracts. The process to measure the amount of revenue to recognize in construction revenue, including the determination of the appropriate timing of recognition, involves significant management judgement. In making the judgement and estimation, management considers past experience and relies on the work of experts. We identified construction contract revenue as an area requiring special audit consideration as this area involved significant management's judgement and estimates.

During our audit, we focused on the following areas:

- (a) Judgement and estimates made in the determination of whether variations in contract works should be included in the contract revenue;
- (b) Judgement and estimates made in respect of claims from the customer as reimbursement for costs not included in the contract price. The measurement of such amounts is subject to a high level of uncertainty and often depends on the outcome of negotiations; and

# Independent Auditors' Report

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements (contd.)

### Key audit matters (contd.)

#### 1. Revenue from long-term transmission lines construction contracts (contd.)

- (c) Estimates made in respect of the estimated total contract costs for the contracts (which information is used in the computation of the percentage-of-completion).

Among others, our audit included:

- Reading the various contracts and project meeting minutes to obtain an understanding of the specific terms and conditions, performance and status of the contracts;
- Obtaining an understanding of the relevant internal controls over the accuracy and timing of revenue recognised in the financial statements, including internal controls performed by the management in estimating variation orders, claims, total contract costs, profit margin and computation of the percentage-of-completion of the contracts;
- With respect to variations in contract works and claims for costs not included in the contract price, checking the amounts to approved variation order forms and minutes of meeting for negotiated amounts;
- Performing verification of cost incurred e.g. vouching to invoices and accrual of cost related to works performed till the reporting date;
- Assessing the reasonableness of the estimated total contract costs by reviewing inputs and assumptions used and reference to latest contractual information;
- Reviewing management's basis for the assessment for 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
- Reviewing the computation of the percentage-of-completion by management.

#### 2. Impairment Assessment of Property, plant and equipment - helicopters

The Group is required to perform impairment test of non-current assets whenever there is an indication that the non-current assets may be impaired by comparing the carrying amount with its recoverable amount. 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 the net carrying amount of RM154.4 million. These helicopters were underutilized and have been incurring operating losses during the financial year. These indicate that the helicopters may be impaired. The management has determined the recoverable amount of these helicopters based on fair value less costs to sell to be above the carrying value of helicopters and accordingly, no impairment was required. The fair values were derived from the resale values published by third party specialist in helicopter valuation. The carrying amount of these helicopters is significant to the audit due to the quantum and the estimation involved in determining their recoverable values, and hence has been identified as a key audit matter.

As part of the audit:

- We reviewed the source of management's estimate of fair value less costs to sell and assessed the appropriateness of the sources used;
- We compared the model, serial numbers, year manufactured and percentage of usage of the helicopters owned by the Group with similar particulars published by third party specialist and ensured the correct fair values being used; and
- For those helicopters with no published fair value information, the management estimated the fair value by reference to prior year's published resale values of similar types of helicopters, after taking into consideration certain appropriate adjustments. We have assessed the appropriateness of the adjustments made.

# Independent Auditors' Report

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements (contd.)

### *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, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' responsibilities for the audit of the financial statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



# Independent Auditors' Report

to the Members of Sarawak Cable Berhad (Incorporated in Malaysia)

## Report on the audit of the financial statements (contd.)

*Auditors' responsibilities for the audit of the financial statements (contd.)*

- 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 is disclosed in Note 17 to the financial statements.

## Other reporting responsibilities

The supplementary information set out in Note 43 on page 127 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## 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

**YONG VOON KAR**  
1769/04/18 (J/PH)  
Chartered Accountant

Kuching, Malaysia  
Date: 12 April 2017

# Statements of Profit or Loss and Other Comprehensive Income

For the financial year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Revenue</b>	4	1,297,782	1,454,443	163,704	437,085
Cost of sales		(1,188,981)	(1,334,812)	(142,638)	(382,718)
<b>Gross profit</b>		108,801	119,631	21,066	54,367
<b>Other items of income</b>					
Interest income	5	1,303	2,264	7,810	4,660
Other income	6	12,385	11,540	135	26
<b>Other items of expense</b>					
Marketing and distribution		(22,478)	(21,122)	-	-
Administrative expenses		(29,514)	(33,264)	(7,424)	(7,352)
Finance costs	7	(29,961)	(21,984)	(16,090)	(11,687)
Other expenses	8	(6,794)	(3,056)	-	-
<b>Profit before tax</b>	9	33,742	54,009	5,497	40,014
Income tax expense	12	(13,732)	(14,517)	(1,847)	(11,796)
<b>Profit for the year, net of tax</b>		20,010	39,492	3,650	28,218
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>					
Exchange differences on translation of foreign operations, net of RM nil tax		934	770	-	-
Net movement of cash flow hedges		1,608	(684)	-	-
Income tax related to cash flow hedges		(493)	147	-	-
<b>Other comprehensive income, net of tax</b>		2,049	233	-	-
<b>Total comprehensive income for the year</b>		22,059	39,725	3,650	28,218
Profits attributable to:					
Equity holders of the Company		19,106	39,185	3,650	28,218
Non-controlling interests		904	307	-	-
		20,010	39,492	3,650	28,218



# Statements of Financial Position

As at 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	14	463,215	343,769	3,467	4,049
Intangible assets	15	2,519	2,714	-	-
Trade receivables	20	53,531	52,062	15,465	30,931
Other assets	16	-	107,646	-	-
Concession financial assets	28	83,729	63,586	-	-
Deferred tax assets	26	42,946	46,684	1,100	485
Investment in subsidiaries	17	-	-	400,641	399,140
		-----	-----	-----	-----
		645,940	616,461	420,673	434,605
		-----	-----	-----	-----
<b>Current assets</b>					
Inventories	18	119,135	153,811	-	-
Trade and other receivables	20	339,643	402,702	195,786	194,891
Other current assets	21	148,564	58,140	14,014	140
Tax recoverable		3,158	3,214	-	-
Cash and bank balances	22	74,365	65,445	7,247	10,684
Derivatives assets	27	762	27	-	-
		-----	-----	-----	-----
		685,627	683,339	217,047	205,715
		-----	-----	-----	-----
<b>TOTAL ASSETS</b>		1,331,567	1,299,800	637,720	640,320
		=====	=====	=====	=====
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Loans and borrowings	23	554,738	449,898	94,238	65,085
Trade and other payables	24	223,779	331,843	210,943	200,358
Other current liabilities	25	-	5,982	-	5,982
Income tax payable		2,598	3,532	1,816	3,492
Derivatives liabilities	27	19	1,362	-	-
		-----	-----	-----	-----
		781,134	792,617	306,997	274,917
		-----	-----	-----	-----
<b>Net current liabilities</b>		(95,507)	(109,278)	(89,950)	(69,202)
		-----	-----	-----	-----

# Statements of Financial Position

As at 31 December 2016 (contd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>(contd.)</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	23	180,495	142,595	58,642	73,526
Trade payables	24	23,508	27,868	20,275	27,868
Deferred tax liabilities	26	15,239	11,735	-	-
		-----	-----	-----	-----
		219,242	182,198	78,917	101,394
		-----	-----	-----	-----
<b>TOTAL LIABILITIES</b>		1,000,376	974,815	385,914	376,311
		-----	-----	-----	-----
<b>Net assets</b>		331,191	324,985	251,806	264,009
		-----	-----	-----	-----
<b>Equity attributable to equity holders of the Company</b>					
Share capital	29	158,525	158,525	158,525	158,525
Reverse acquisition reserve		(37,300)	(37,300)	-	-
Share premium	29	79,796	79,796	79,796	79,796
Revenue reserves	30	127,502	124,249	13,485	25,688
Foreign currency translation reserve	31	330	(402)	-	-
Hedge reserve	32	578	(537)	-	-
		-----	-----	-----	-----
		329,431	324,331	251,806	264,009
		-----	-----	-----	-----
<b>Non-controlling interests</b>		1,760	654	-	-
		-----	-----	-----	-----
<b>TOTAL EQUITY</b>		331,191	324,985	251,806	264,009
		-----	-----	-----	-----
<b>TOTAL EQUITY AND LIABILITIES</b>		1,331,567	1,299,800	637,720	640,320
		=====	=====	=====	=====

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 2016

Group	Attributable to equity holders of the Company					Total equity attributable to equity holders of the Company	Total equity		
	Share capital (Note 29)	Reverse acquisition reserve	Share premium (Note 29)	Foreign currency translation reserves (Note 31)	Hedge reserve (Note 32)			Revenue reserves (Note 30)	Non-controlling interests
<b>2016</b>									
<b>At 1 January 2016</b>	158,525	(37,300)	79,796	(402)	(537)	124,249	324,331	654	324,985
Profit for the year	-	-	-	-	-	19,106	19,106	904	20,010
Other comprehensive income	-	-	-	732	1,115	-	1,847	202	2,049
Total comprehensive income	-	-	-	732	1,115	19,106	20,953	1,106	22,059
<b>Transactions with owners:</b>									
Dividends on ordinary shares	158,525	(37,300)	79,796	330	578	143,355	345,284	1,760	347,044
	-	-	-	-	-	(15,853)	(15,853)	-	(15,853)
<b>Closing balance at 31 December 2016</b>	158,525	(37,300)	79,796	330	578	127,502	329,431	1,760	331,191
<b>2015</b>									
<b>At 1 January 2015</b>	158,525	(37,300)	79,796	(1,005)	-	96,161	296,177	180	296,357
Profit for the year	-	-	-	-	-	39,185	39,185	307	39,492
Other comprehensive income	-	-	-	603	(537)	-	66	167	233
Total comprehensive income	-	-	-	603	(537)	39,185	39,251	474	39,725
<b>Transactions with owners:</b>									
Dividends on ordinary shares	158,525	(37,300)	79,796	(402)	(537)	135,346	335,428	654	336,082
	-	-	-	-	-	(11,097)	(11,097)	-	(11,097)
<b>Closing balance at 31 December 2015</b>	158,525	(37,300)	79,796	(402)	(537)	124,249	324,331	654	324,985

# Statements of Changes in Equity

For the financial year ended 31 December 2016 (contd.)

## Company

	Note	Non-Distributable		Distributable	Total equity
		Share capital (Note 29) RM'000	Share premium (Note 29) RM'000	Revenue reserves (Note 30) RM'000	
<b>2016</b>					
<b>Opening balance at 1 January 2016</b>		158,525	79,796	25,688	264,009
Profit net of tax representing total comprehensive income		-	-	3,650	3,650
<b>Transaction with owners:</b>					
Dividends on ordinary shares	33	-	-	(15,853)	(15,853)
<b>Closing balance at 31 December 2016</b>		158,525	79,796	13,485	251,806
<b>2015</b>					
<b>Opening balance at 1 January 2015</b>		158,525	79,796	8,567	246,888
Profit net of tax representing total comprehensive income		-	-	28,218	28,218
<b>Transaction with owners:</b>					
Dividends on ordinary shares	33	-	-	(11,097)	(11,097)
<b>Closing balance at 31 December 2015</b>		158,525	79,796	25,688	264,009

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 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Operating activities</b>					
Profit before tax		33,742	54,009	5,497	40,014
<u>Adjustments for:</u>					
Allowance for impairment loss of trade and other receivables	9	199	1,107	-	-
Amortisation of intangible assets	9	195	913	-	-
Deposit written off	9	-	65	-	-
Depreciation of property, plant and equipment	14	21,857	19,502	420	370
Dividend income	4	-	-	(5,000)	-
Finance income from concessions financial assets	9	(3,750)	(2,192)	-	-
Gain on disposal of property, plant and equipment, net	9	(89)	(169)	-	-
Interest income	9	(1,303)	(2,264)	(7,810)	(4,660)
Interest expense	7	29,961	21,984	16,090	11,687
Inventories written down	9	1,656	130	-	-
Impairment of property, plant and equipment	9	-	172	-	-
Net fair value gain on derivatives		(469)	-	-	-
Property, plant and equipment written off	9	-	8	-	-
Reversal of allowance for impairment loss of trade receivables	9	(533)	(4,257)	-	-
Reversal of provision for inventories obsolescence	9	-	(292)	-	-
Unrealised gain on foreign exchange	9	(3,051)	(4,462)	-	-
Unwinding of discount on finance lease	9	(23)	(23)	-	-
Unwinding of discount on trade payables	9	-	87	-	-
		-----	-----	-----	-----
<b>Operating cash flows before working capital changes</b>		<b>78,392</b>	<b>84,318</b>	<b>9,197</b>	<b>47,411</b>
		-----	-----	-----	-----
<u>Changes in working capital:</u>					
Decrease/(increase) in inventories		33,020	(31,218)	-	-
Decrease/(increase) in trade and other receivables		61,924	57,315	14,571	(39,454)
Increase in concessions financial assets		(16,393)	(28,209)	-	-
(Increase)/decrease in other current assets		(91,007)	(12,872)	(19,571)	6,361
(Decrease)/increase in trade and other payables		(109,373)	(72,477)	2,991	19,884
(Decrease)/increase in derivative liabilities		(1,009)	685	-	-
		-----	-----	-----	-----
Total changes in working capital		(122,838)	(86,776)	(2,009)	(13,209)
		-----	-----	-----	-----



# Statements of Cash Flows

For the financial year ended 31 December 2016 (contd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows (used in)/generated from operations		(44,446)	(2,458)	7,188	34,202
Interest paid		(35,559)	(26,389)	(16,199)	(11,687)
Tax paid, net of refund		(6,852)	(13,329)	(4,138)	(9,718)
<b>Net cash flows (used in)/from operating activities</b>		<b>(86,857)</b>	<b>(42,176)</b>	<b>(13,149)</b>	<b>12,797</b>
<b>Investing activities</b>					
Additional investment in subsidiaries		-	-	(1,500)	(9,000)
Purchase of property, plant and equipment		(33,165)	(10,391)	(14)	(734)
Proceeds from disposal of property, plant and equipment		91	275	-	-
Interest received	5	1,303	2,264	7,810	4,660
Deposit paid for purchase of helicopters		-	(40,450)	-	-
Dividend received		-	-	5,000	-
<b>Net cash (used in)/from investing activities</b>		<b>(31,771)</b>	<b>(48,302)</b>	<b>11,296</b>	<b>(5,074)</b>
<b>Financing activities</b>					
Dividend paid on ordinary shares	33	(15,853)	(11,097)	(15,853)	(11,097)
Net drawdown from borrowings		140,557	102,439	12,303	500
(Increase)/decrease in cash and bank balances pledged for banks borrowings		(1,618)	1,329	(198)	2,036
<b>Net cash generated from/(used in) financing activities</b>		<b>123,086</b>	<b>92,671</b>	<b>(3,748)</b>	<b>(8,561)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,458</b>	<b>2,193</b>	<b>(5,601)</b>	<b>(838)</b>
<b>Effect of exchange rate changes</b>		<b>934</b>	<b>770</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at 1 January</b>		<b>42,700</b>	<b>39,737</b>	<b>3,663</b>	<b>4,501</b>
<b>Cash and cash equivalents at 31 December</b>	22	<b>48,092</b>	<b>42,700</b>	<b>(1,938)</b>	<b>3,663</b>

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 17 to the financial statements. There have been no significant changes in the nature of the principal activities during the financial year.

## 2. 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, 1965 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as 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 follows:

On 1 January 2016, 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 2016.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016

#### (a) Annual Improvements to MFRSs 2012 - 2014 Cycle

The Annual Improvements to MFRSs 2012 - 2014 Cycle include a number of amendments to various MFRSs, which are summarised below. These amendments do not have a significant impact on the Group's and the Company's financial statements.

##### (i) MFRS 7: Financial Instruments - Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

In addition, the amendment also clarifies that the disclosures in respect of offsetting of financial assets and financial liabilities are not required in the condensed interim financial report. This amendment is applied retrospectively.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.2 Changes in accounting policies (contd.)

#### (a) Annual Improvements to MFRSs 2012 - 2014 Cycle (contd.)

##### (ii) MFRS 134: Interim Financial Reporting

The amendment states that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The amendment is applied retrospectively.

#### (b) Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments do not have any impact to the Group as the Group has not used a revenue-based method to depreciate its non-current assets.

#### (c) Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities - Applying the Consolidation Exception

The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. The amendments further clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. In addition, the amendments also provides that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries.

The amendments are applied retrospectively and do not have any impact on the Group's financial statements as the Group does not apply the consolidation exception.

#### (d) Amendments to MFRS 101: Disclosure Initiatives

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income arising from equity accounted investments

The amendments do not have any impact on the Group's and the Company's financial statements.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.2 Changes in accounting policies (contd.)

#### (e) Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS.

These amendments do not have any impact on the Group's and the Company's financial statements.

### 2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Annual Improvements to MFRSs 2014 - 2016 Cycle:	
(i) Amendments to MFRS 12: Disclosure of Interests in Other Entities	1 January 2017
(ii) Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2018
(iii) Amendments to MFRS 128: Investments in Associates and Joint Ventures	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 140: Transfers of Investment Property	1 January 2018
IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
Amendments to MFRS 4: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

#### (a) Amendments to MFRS 107: Disclosure Initiative

The amendments to MFRS 107 Statement of Cash Flows require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and the Company.

#### (b) Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between retained earnings and other components of equity. Entities applying this relief must disclose that fact.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.3 Standards issued but not yet effective (contd.)

#### (b) Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses (contd.)

These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. If an entity applies this amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group's and the Company's financial statements.

#### (c) MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

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.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The directors anticipate that the application of MFRS 15 will have a material impact on the amounts reported and disclosures made in the Group's and the Company's financial statements. The Group is currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

#### (d) MFRS 9: Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

#### (e) 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 similar to the accounting for finance leases under MFRS 117.

At the commencement date of a lease, a lessee will recognise a liability to make lease payments and an asset representing the right to use the underlying asset during the lease term. Lessees will be required to recognise interest expense on the lease liability and the depreciation expense on the right-of-use asset.

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 is effective for annual periods beginning on or after 1 January 2019. 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 plans to assess the potential effect of MFRS 16 on its financial statements in year 2017.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 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.

The Company controls an investee if and only if the Company 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.

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

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

### 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.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.4 Basis of consolidation (contd.)

#### Business combinations (contd.)

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.

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.26(a).

### 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

#### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM), which is also the Company's functional currency.

#### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in the foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.6 Foreign currency (contd.)

#### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at the exchange rates at the date of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate 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. Depreciation of other property, plant and equipment are computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

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

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

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

### 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 such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.8 Impairment of non-financial assets (contd.)

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.9 Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of its financial assets at initial recognition includes the following:

#### (a) Financial assets at fair value through profit or loss

Financial assets are 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 are 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 are measured at fair value. Any gains or losses arising from changes in fair value are 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 are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (b) Loans and receivables

Loans and receivables at amortised cost comprise trade and other receivables and cash and bank balances. It also includes financial receivables relating to concession arrangement which is recognised as "concessions financial assets" in the statement of financial position.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.9 Financial assets (contd.)

#### (b) Loans and receivables (contd.)

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

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

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

#### (c) Held-to-maturity investments

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

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

Held-to-maturity investments are classified as non-current, except for those having maturity within twelve months after the reporting date which are classified as current.

The Group has not designated any financial assets as held-to-maturity investments.

#### (d) Available-for-sale financial assets

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

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any accumulated impairment losses.

Available-for-sale financial assets are classified as non-current unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.10 Impairment of financial assets

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

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

To determine whether there is objective evidence that an impairment loss on financial assets has 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 are 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 is recognised in profit or loss.

The carrying amount of the financial asset is 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 is 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 is 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 is recognised in profit or loss.

#### (b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

#### (c) 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 are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is 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, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are 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.

### 2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with a maturity of three months or less, net of outstanding bank overdraft.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.12 Construction contracts

When the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

### 2.13 Inventories

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

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

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

### 2.14 Financial liabilities

Financial liabilities are 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, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

#### (a) 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 Group and the Company. Derivative liabilities (excluding those that are hedge accounted for) are 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.14 Financial liabilities (contd.)

#### (b) 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 are recognised initially at fair value plus directly attributable transaction costs and subsequently at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

A financial liability is derecognised when the obligation under the liability is extinguished. 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

### 2.15 Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. 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 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.

### 2.16 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.

### 2.17 Employees benefits

#### Defined contribution plans

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

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.18 Leases

#### (a) 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.

#### (b) 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.

### 2.19 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

#### (a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (b) Construction contracts

Revenue from construction contracts is accounted by the stage of completion method as mentioned in Note 2.12.

#### (c) Dividend income

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

#### (d) 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.

#### (e) Interest income from lease receivables

Interest income from lease receivables is recognised in the profit or loss using the effective interest rate method.

#### (f) Management fees and consultancy fees

Management fees and consultancy fees are recognised net of discount when services are performed.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.20 Taxes

#### (a) Current tax

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

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

#### (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 ventures, 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, 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 ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.20 Taxes (contd.)

#### (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.

### 2.21 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.

### 2.22 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. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.23 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.

### 2.24 Provisions

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 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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.25 Fair value measurements

The Group and the Company measures certain financial instruments, such as, derivatives at fair value at each reporting date. Fair value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, are summarised in the following notes:

- Disclosures of significant estimates and assumptions Note 3, 28
- Quantitative disclosures of fair value measurement hierarchy Note 37
- Financial instruments Note 36

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 uses 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 Company determines 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 has 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.

### 2.26 Intangible assets

#### (a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.26 Intangible assets (contd.)

#### (a) Goodwill (contd.)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

#### (b) Other intangible assets

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

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

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

### 2.27 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 guarantee to purchase all the power produced by the Group over the 20 years. The Group recognizes the estimated consideration received or receivable as a financial assets since the Group has an unconditional right to receive or receivable as a financial assets for the construction services. Financial assets are accounted for in accordance with the accounting policy as set out in Note 2.9(b).

### 2.28 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.28 Derivative financial instruments and hedge accounting (contd.)

#### Initial recognition and subsequent measurement (contd.)

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:

#### 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 2. Summary of significant accounting policies (contd.)

### 2.28 Derivative financial instruments and hedge accounting (contd.)

#### 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.

## 3. Significant accounting judgement and estimates

The preparation of the Group'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 affected in the future.

### 3.1 Significant judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group'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 judged that based on the terms and conditions of the arrangement, the Group has an unconditional contractual right to receive cash from the grantor for the services provided, thus accounting for the concession service arrangements under the financial assets model.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 3. Significant accounting judgement and estimates (contd.)

### 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 years 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 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 the 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 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 helicopters based on the fair value less costs to sell and compared against its carrying amounts.

The fair value less costs to sell calculation is based on the resale values published by third party specialist in helicopter valuation. For those helicopters with no published resale value information, the management's estimated the fair value by reference to prior year's published resale values of similar types of helicopters, after taking into consideration certain appropriate adjustments. Significant management judgement is required to determine the amount of recoverable value for helicopters with no published resale value.

The carrying amounts of the helicopters are disclosed in Note 14.

#### (c) Impairment of loans and receivables

The Group and the Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor, or default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's and of the Company's receivables at the reporting date is disclosed in Note 20.

#### (d) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed capital allowances, export allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the capital allowances, export allowances and tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies. The total carrying amount of unabsorbed capital allowances, export allowance and unutilised tax losses of the Group was RM254,025,000 (2015: RM273,228,000).

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 4. Revenue

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sales of cables and conductors	856,928	760,569	336	-
Sales of galvanised products and steel structures	35,830	129,639	-	-
Transmission lines construction contracts	386,014	510,464	151,599	401,685
Consultancy fees	1,369	30,000	1,369	30,000
Dividend income from subsidiaries	-	-	5,000	-
Management fee from subsidiaries	-	-	5,400	5,400
Revenue from construction of power plant (Note 28)	10,636	23,072	-	-
Revenue from provision of helicopter services	2,360	699	-	-
Interest income from lease receivables	4,645	-	-	-
	<u>1,297,782</u>	<u>1,454,443</u>	<u>163,704</u>	<u>437,085</u>

## 5. Interest income

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest income from:				
Short term deposits with licensed banks	950	1,070	317	510
Advances to subsidiaries	-	-	7,493	4,150
Others	353	1,194	-	-
	<u>1,303</u>	<u>2,264</u>	<u>7,810</u>	<u>4,660</u>

## 6. Other income

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Finance income on concession financial assets (Note 28)	3,750	2,192	-	-
Insurance claim	-	89	-	3
Miscellaneous income	844	400	-	-
Net gain on disposal of property, plant and equipment	89	169	-	-
Realised gain on foreign exchange	462	1,289	-	-
Rental income	1,193	1,229	135	23
Reversal of allowance for impairment loss on trade receivables (Note 20)	533	4,257	-	-
Unwinding of discount on finance lease	23	23	-	-
Realised gain on derivatives	515	-	-	-
Unrealised gain on foreign exchange	4,976	1,892	-	-
	<u>12,385</u>	<u>11,540</u>	<u>135</u>	<u>26</u>

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 7. Finance costs

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest expense on:				
Term loans and bank overdraft	15,533	10,317	72	370
Revolving credits	6,569	6,900	6,102	6,342
Bankers' acceptances	7,004	5,403	-	-
Loans from subsidiaries	-	-	7,283	3,645
Finance lease	87	76	-	-
Flexi loan, trust receipt, export financing	6,366	3,644	2,742	1,512
Unwinding of discount on trade payables	-	49	-	-
	-----	-----	-----	-----
Total finance costs	35,559	26,389	16,199	11,869
Less: Interest expenses capitalised				
- in construction contract costs (Note 19)	(4,397)	(1,475)	(109)	(182)
- in other assets (Note 16)	-	(2,930)	-	-
- in property, plant and equipment (Note 14)	(1,201)	-	-	-
	-----	-----	-----	-----
	29,961	21,984	16,090	11,687
	=====	=====	=====	=====

## 8. Other expenses

	Group	
	2016 RM'000	2015 RM'000
Allowances for impairment loss of trade and other receivables	199	1,107
Amortisation of intangible assets	195	913
Realised loss on foreign exchange	2,136	-
Unrealised loss on foreign exchange	1,924	-
Others	2,340	1,036
	-----	-----
	6,794	3,056
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 9. Profit before tax

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Auditors' remuneration				
- statutory audits	358	347	57	61
- under/(over)provision in previous year	11	11	(4)	2
- other services	54	46	54	46
Allowance for impairment loss of				
- trade receivables (Note 20)	199	1,107	-	-
Amortisation of intangible assets (Note 15)	195	913	-	-
Deposit written off	-	65	-	-
Depreciation of property, plant and equipment (Note 14)	21,857	19,502	420	370
Employee benefits expense (Note 10)	61,928	58,128	4,546	4,699
Finance income from concessions financial assets	(3,750)	(2,192)	-	-
Gain on disposal of property, plant and equipment, net	(89)	(169)	-	-
Impairment of property, plant and equipment (Note 14)	-	172	-	-
Interest income	(1,303)	(2,264)	(7,810)	(4,660)
Inventories written down	1,656	130	-	-
Net fair value gain on derivatives	(469)	-	-	-
Non-executive directors' remuneration (Note 11)	1,493	1,268	1,234	980
Property, plant and equipment written off	-	8	-	-
Realised loss on foreign exchange	1,673	7,346	-	-
Rental expense	1,552	1,502	-	-
Reversal of allowance for impairment loss on trade receivables	(533)	(4,257)	-	-
Reversal of provision for inventories obsolescence	-	(292)	-	-
Unwinding of discount on finance lease	(23)	(23)	-	-
Unwinding of discount on trade payables	-	87	-	-
Unrealised gain on foreign exchange, net	(3,051)	(4,462)	-	-
	=====	=====	=====	=====

## 10. Employee benefits expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Salaries, wages and bonuses	61,571	55,695	5,906	5,964
Contributions to defined contribution plan	5,672	6,928	798	765
Social security contributions	2,275	597	34	29
Other benefits	2,583	2,495	180	202
	-----	-----	-----	-----
	72,101	65,715	6,918	6,960
Less: Capitalised in construction contract cost (Note 19)	(10,173)	(7,587)	(2,372)	(2,261)
	-----	-----	-----	-----
	61,928	58,128	4,546	4,699
	=====	=====	=====	=====

Included in employee benefits expense of the Group and of the Company are executive director's remuneration amounting to RM1,402,000 (2015: RM1,831,000) and RM1,402,000 (2015: RM1,697,000) as further disclosed in Note 11.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 11. Directors' remuneration

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive:				
Salaries and other emoluments	1,402	1,601	1,402	1,562
Fees	-	230	-	135
	-----	-----	-----	-----
Total executive directors' remuneration (Note 10)	1,402	1,831	1,402	1,697
	-----	-----	-----	-----
Non-executive:				
Fees	1,404	1,204	1,145	920
Other emoluments	89	64	89	60
	-----	-----	-----	-----
Total non-executive directors' remuneration (Note 9)	1,493	1,268	1,234	980
	-----	-----	-----	-----
Total directors' remuneration (Note 35(b))	2,895	3,099	2,636	2,677
Estimated money value of benefits-in-kind	28	28	28	28
	-----	-----	-----	-----
Total directors' remuneration including benefits-in-kind	2,923	3,127	2,664	2,705
	=====	=====	=====	=====

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed as below:

	Number of directors	
	2016	2015
Executive director:		
RM1,401,000 - RM1,450,000	1	-
RM1,850,001 - RM1,900,000	-	1
Non-Executive directors:		
Less than RM50,000	1	1
RM50,001 - RM100,000	3	-
RM100,001 - RM150,000	2	2
RM150,001 - RM200,000	3	3
RM200,001 - RM250,000	1	1
RM300,001 - RM350,000	1	1

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 12. Income tax expense

### Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2016 and 2015 are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Statements of comprehensive income:</b>				
Current income tax:				
- Based on results for the year	7,822	13,752	3,208	11,191
- Overprovision in respect of previous years	(703)	(189)	(746)	(287)
	-----	-----	-----	-----
	7,119	13,563	2,462	10,904
	-----	-----	-----	-----
Deferred income tax (Note 26):				
- Origination and reversal of temporary differences	4,365	1,300	(1,080)	1,030
- Under/(over)provision in respect of previous years	2,248	(346)	465	(138)
	-----	-----	-----	-----
	6,613	954	(615)	892
	-----	-----	-----	-----
Income tax expense recognised in profit or loss	13,732	14,517	1,847	11,796
	=====	=====	=====	=====

### Reconciliation between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2016 and 2015 are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Accounting profit before tax	33,742	54,009	5,497	40,014
	=====	=====	=====	=====
Tax at Malaysian statutory tax rate 24% (2015: 25%)	8,155	13,502	1,319	10,004
Adjustments:				
Income not subject to tax	(594)	(513)	(1,657)	(484)
Effect of non-deductible expenses	3,571	3,634	2,466	2,701
Double deduction expense	(9)	(24)	-	-
Under/(over)provision of deferred tax in respect of previous years	2,248	(346)	465	(138)
Overprovision of income tax in respect of previous years	(703)	(189)	(746)	(287)
Deferred tax assets recognised on previously unrecognised unabsorbed tax losses and unutilised capital allowances	-	(2,556)	-	-
Deferred tax assets not recognised on unabsorbed tax losses and unutilised capital allowances	2,636	1,009	-	-

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 12. Income tax expense (contd.)

### Reconciliation between tax expense and accounting profit (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Utilisation of previously unrecognised tax losses	(1,572)	-	-	-
Income tax expense recognised in profit or loss	13,732	14,517	1,847	11,796

Income tax is calculated at the Malaysian statutory rate of 24% (2015: 25%) of the estimated assessable profit for the year.

## 13. Earnings per share

### Basic and Diluted Earnings Per Share

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to equity holders 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 profit for the year attributable to ordinary equity holders 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 Group do not have any dilutive instruments as at reporting date and therefore, diluted earnings per share is presented as equal to basic earnings per share.

	Group	
	2016	2015
Profit net of tax attributable to equity holders of the Company (RM'000)	19,106	39,185
Weighted average number of ordinary shares in issue ('000)	317,050	317,050
Basic earnings per share (sen per ordinary share)	6.03	12.36

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment

Group	*Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Helicopters RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>									
At 1 January 2015	205,007	12,324	323,893	26,840	2,896	71,350	913	3,062	646,285
Additions	1,532	413	2,889	-	279	2,344	5	2,929	10,391
Disposals	-	(519)	-	-	-	(651)	-	-	(1,170)
Written off	-	-	(26)	-	(4)	(421)	-	-	(451)
At 31 December 2015	206,539	12,218	326,756	26,840	3,171	72,622	918	5,991	655,055
At 1 January 2016	206,539	12,218	326,756	26,840	3,171	72,622	918	5,991	655,055
Additions	80	355	4,490	28,430	31	953	-	322	34,661
Disposals	-	(150)	-	-	(3)	(143)	-	-	(296)
Written off	-	-	-	-	-	(33)	-	-	(33)
Transfer from other assets (Note 16)	-	-	-	104,891	-	-	-	2,755	107,646
Reclassification	1,748	-	587	-	-	276	-	(2,611)	-
At 31 December 2016	208,367	12,423	331,833	160,161	3,199	73,675	918	6,457	797,033
<b>Accumulated depreciation</b>									
At 1 January 2015	7,238	8,888	226,506	671	1,971	47,065	57	-	292,396
Depreciation charge for the year	3,446	1,399	10,457	1,342	376	3,147	58	-	20,225
Recognised in profit or loss (Note 9)	3,446	994	10,200	1,342	326	3,136	58	-	19,502
Capitalised in construction project cost (Note 19)	-	405	257	-	50	11	-	-	723
Disposals	-	(460)	-	-	-	(604)	-	-	(1,064)
Written off	-	-	(18)	-	(3)	(422)	-	-	(443)
Impairment losses	-	-	172	-	-	-	-	-	172
At 31 December 2015	10,684	9,827	237,117	2,013	2,344	49,186	115	-	311,286

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment (contd.)

Group (contd.)	*Land and buildings RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Helicopters RM'000	Office equipment RM'000	Furniture, fittings and equipment RM'000	Renovation RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Accumulated depreciation (contd.)</b>									
At 1 January 2016	10,684	9,827	237,117	2,013	2,344	49,186	115	-	311,286
Depreciation charge for the year	3,588	1,213	10,599	3,736	275	3,388	60	-	22,859
Recognised in profit or loss (Note 9)	3,588	864	10,008	3,736	224	3,377	60	-	21,857
Capitalised in construction project cost (Note 19)	-	349	591	-	51	11	-	-	1,002
Disposals	-	(150)	-	-	(1)	(143)	-	-	(294)
Written off	-	-	-	-	-	(33)	-	-	(33)
At 31 December 2016	14,272	10,890	247,716	5,749	2,618	52,398	175	-	333,818
<b>Net carrying amount</b>									
At 31 December 2015	195,855	2,391	89,639	24,827	827	23,436	803	5,991	343,769
At 31 December 2016	194,095	1,533	84,117	154,412	581	21,277	743	6,457	463,215

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment (contd.)

### \* Land and buildings

	Freehold land RM'000	Short term leasehold land RM'000	Building RM'000	Total RM'000
<b>Cost</b>				
At 1 January 2015	76,800	17,266	110,941	205,007
Addition	-	-	1,532	1,532
	-----	-----	-----	-----
At 31 December 2015	76,800	17,266	112,473	206,539
	=====	=====	=====	=====
At 1 January 2016	76,800	17,266	112,473	206,539
Addition	-	-	80	80
Reclassified from capital work-in-progress	-	-	1,748	1,748
	-----	-----	-----	-----
At 31 December 2016	76,800	17,266	114,301	208,367
	=====	=====	=====	=====
<b>Accumulated depreciation</b>				
At 1 January 2015	-	2,344	4,894	7,238
Depreciation charge for the year	-	469	2,977	3,446
	-----	-----	-----	-----
At 31 December 2015	-	2,813	7,871	10,684
	-----	-----	-----	-----
At 1 January 2016	-	2,813	7,871	10,684
Depreciation charge for the year	-	468	3,119	3,587
	-----	-----	-----	-----
At 31 December 2016	-	3,281	10,990	14,271
	-----	-----	-----	-----
<b>Net carrying amount</b>				
At 31 December 2015	76,800	14,453	104,602	195,855
	-----	-----	-----	-----
At 31 December 2016	76,800	13,985	103,311	194,096
	-----	-----	-----	-----

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment (contd.)

Company	Building RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2015	2,474	1,294	316	206	127	4,417
Additions	265	296	111	57	5	734
At 31 December 2015	2,739	1,590	427	263	132	5,151
At 1 January 2016	2,739	1,590	427	263	132	5,151
Additions	-	-	7	7	-	14
At 31 December 2016	2,739	1,590	434	270	132	5,165
<b>Accumulated depreciation</b>						
At 1 January 2015	31	394	47	58	28	558
Depreciation during the year	124	307	57	38	18	544
Recognised in profit or loss (Note 9)	124	180	15	33	18	370
Capitalised in construction project cost (Note 19)	-	127	42	5	-	174
At 31 December 2015	155	701	104	96	46	1,102
At 1 January 2016	155	701	104	96	46	1,102
Depreciation during the year	154	318	64	40	20	596
Recognised in profit or loss (Note 9)	154	190	21	35	20	420
Capitalised in construction project cost (Note 19)	-	128	43	5	-	176
At 31 December 2016	309	1,019	168	136	66	1,698
<b>Net carrying amount</b>						
At 31 December 2015	2,584	889	323	167	86	4,049
At 31 December 2016	2,430	571	266	134	66	3,467

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 14. Property, plant and equipment (contd.)

### (a) Assets held under finance leases

During the financial year, the Group acquired property, plant and equipment at aggregate cost of RM295,000 (2015: Nil) by means of financial lease. The cash flow on acquisition of property, plant and equipment amounted to RM33,165,000 (2015: RM10,391,000), net of interest capitalised.

The carrying amount of motor vehicles of the Group held under finance leases at the reporting date was RM436,000 (2015: RM534,000).

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 RM23,138,000 (2015: RM24,377,000).
- (c) Included in the helicopters is the interest capitalised during the year amounted to RM1,201,000 (2015: Nil) as referred in Note 7. Included in the property, plant and equipment is helicopters with the carrying amount of RM124,929,000 (2015: RM24,827,000) which have been charged as security for the loans and borrowings as referred in Note 23.
- (d) The short term leasehold land of the Group includes a leasehold land with net carrying amount of RM558,000 (2015: RM575,000) of which the legal title is still in process of being registered under the name of one of the subsidiary of the Company.
- (e) 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. The fair value of helicopters were derived from the resale values published by third party specialist in helicopter valuation. The Company taking into consideration the models, series number, year of manufactured and percentage of usage, and the assumptions that the helicopters to be transacted between willing buyer and willing seller.

## 15. Intangible assets

	<b>Customers contracts</b> RM'000	<b>Power purchase agreement</b> RM'000	<b>Total</b> RM'000
<b>Cost</b>			
At 1 January 2015/2016 and 31 December 2015/2016	9,917	2,510	12,427
	-----	-----	-----
<b>Accumulated amortisation</b>			
At 1 January 2015	8,800	-	8,800
Amortisation (Note 9)	913	-	913
	-----	-----	-----
At 31 December 2015	9,713	-	9,713
Amortisation (Note 9)	195	-	195
	-----	-----	-----
At 31 December 2016	9,908	-	9,908
	-----	-----	-----
<b>Net carrying amount</b>			
At 31 December 2016	9	2,510	2,519
	=====	=====	=====
At 31 December 2015	204	2,510	2,714
	=====	=====	=====



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 16. Other assets

	Group	
	2016 RM'000	2015 RM'000
Down payment for purchase of helicopters:		
At 1 January	107,646	28,659
Addition	-	78,987
Transfer to property, plant and equipment (Note 14)	107,646	-
	-----	-----
At 31 December	-	107,646
	=====	=====

Included in the down payment of the helicopters is interest capitalised in year 2015 amounted to RM2,930,000 as referred in Note 7. Included in other assets in year 2015 is helicopters with the carrying amount of RM102,137,000 has been charged as security for the loans and borrowings as referred in Note 23.

## 17. Investment in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Unquoted shares, at cost	458,152	456,651
Accumulated impairment losses	(57,511)	(57,511)
	-----	-----
	400,641	399,140
	=====	=====

Details of the subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership held by the Group β		% of ownership held by non-controlling interest β	
			2016	2015	2016	2015
			%	%	%	%
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	-	-
Trenergy Infrastructure Sdn. Bhd.*	Malaysia	General contractors and infrastructure development	100	100	-	-
PT. Inpolo Mitra Elektrindo +	Indonesia	Designing, financing construction of independent and mini hydro power plant	78	78	22	22
Aerial Power Lines Sdn. Bhd.*	Malaysia	Power lines construction, inspection and maintenance services and provide of chartered or non-scheduled helicopter services	100	100	-	-

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 17. Investment in subsidiaries (contd.)

Details of the subsidiaries are as follows: (contd.)

Name of subsidiaries	Country of incorporation	Principal activities	% of ownership held by the Group $\beta$		% of ownership held by non-controlling interest $\beta$	
			2016 %	2015 %	2016 %	2015 %
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	-	-

\* Audited by Ernst & Young, Malaysia

+ Audited by a firm other than Ernst & Young

$\beta$  equal to proportion of voting rights held

### (a) Acquisition of additional interest in subsidiary

- (i) During the year, the Company increased its investment in a subsidiary namely, Aerial Power Lines Sdn. Bhd. by way of an increase in the paid up share capital of this subsidiary from RM1 million to RM2.5 million.
- (ii) During the financial year ended 31 December 2015, the Company increased the investment in a subsidiary namely Trenergy Infrastructure Sdn. Bhd. by way of an increase in the paid up share capital of this subsidiary from RM15 million to RM24 million.

(b) The investment in subsidiaries of the Company with the carrying amount of RM205,806,000 (2015: RM205,806,000) is pledged as securities for the borrowings as referred in Note 23.

## 18. Inventories

At cost	Group	
	2016 RM'000	2015 RM'000
Raw materials	40,124	55,597
Work-in-progress	30,415	42,133
Finished goods	39,751	45,429
Consumables	8,845	10,652
	-----	-----
	119,135	153,811
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 19. Gross amount due from/(to) customers for contract work-in-progress

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Construction contract cost incurred to date	914,843	664,482	574,635	430,588
Attributable profit	42,594	25,491	30,359	21,126
	-----	-----	-----	-----
	957,437	689,973	604,994	451,714
Less: Progress billings	(826,982)	(641,965)	(591,344)	(457,696)
	-----	-----	-----	-----
	130,455	48,008	13,650	(5,982)
	-----	-----	-----	-----
Presented as:				
Gross amount due from customers for contract work (Note 21)	130,455	53,990	13,650	-
Gross amount due to customers for contract work (Note 25)	-	(5,982)	-	(5,982)
	-----	-----	-----	-----
	130,455	48,008	13,650	(5,982)
	-----	-----	-----	-----
Retention sums on construction contract included in trade receivables (Note 20):				
Current	12,816	12,203	-	-
Non-current	25,787	37,036	15,465	30,931
	-----	-----	-----	-----
	38,603	49,239	15,465	30,931
	-----	-----	-----	-----
The costs incurred to date on construction contracts include the following charges during the financial year:				
Interest expense (Note 7)	4,397	1,475	109	182
Rental expenses for building	3,597	936	242	89
Employee benefits expense (Note 10)	10,173	7,587	2,372	2,261
Depreciation of property, plant and equipment (Note 14)	1,002	723	176	174
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. Trade and other receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	304,684	354,598	25,770	69,816
Retention sums on contracts (Note 19)	12,816	12,203	-	-
Amount due from related companies	7,959	10,009	-	-
Lease receivables	5,188	1,825	-	-
	-----	-----	-----	-----
	330,647	378,635	25,770	69,816
Less: Allowance for impairment	(8,138)	(12,574)	-	-
	-----	-----	-----	-----
Trade receivables, net	322,509	366,061	25,770	69,816
	-----	-----	-----	-----
<b>Other receivables</b>				
Refundable deposits	1,820	1,771	21	11
Other receivables	16,038	26,475	138	4
Advanced payment to subcontractors	1,077	10,196	-	6,068
Amount due from subsidiaries	-	-	169,857	118,992
	-----	-----	-----	-----
Other receivables, net	18,935	38,442	170,016	125,075
Less: Allowance for impairment	(1,801)	(1,801)	-	-
	-----	-----	-----	-----
	17,134	36,641	170,016	125,075
	-----	-----	-----	-----
Total trade and other receivables (current)	339,643	402,702	195,786	194,891
	-----	-----	-----	-----
<b>Non-current</b>				
<b>Trade receivables</b>				
Retention sum on contracts (Note 19)	25,787	37,036	15,465	30,931
Lease receivables	28,317	15,498	-	-
	-----	-----	-----	-----
	54,104	52,534	15,465	30,931
Less: Allowance for impairment	(573)	(472)	-	-
	-----	-----	-----	-----
Trade receivables, net	53,531	52,062	15,465	30,931
	-----	-----	-----	-----

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. Trade and other receivables (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Total trade and other receivables</b>	393,174	454,764	211,251	225,822
Add: Cash and bank balances (Note 22)	74,365	65,445	7,247	10,684
Add: Concessions financial assets (non-current) (Note 28)	83,729	63,586	-	-
<b>Total loans and receivables</b>	551,268	583,795	218,498	236,506
<b>Total financial instruments at fair value through other comprehensive income (Note 27)</b>	762	27	-	-
<b>Total financial assets</b>	552,030	583,822	218,498	236,506

### (a) Trade receivables

#### (i) Lease receivables

Lease receivables consist of the following:

	Gross receivables RM'000	Unearned interest RM'000	Net receivables RM'000
<b>2016</b>			
Less than 1 year	12,187	(6,999)	5,188
Between 1 and 5 years	40,346	(18,299)	22,047
More than 5 years	7,611	(1,341)	6,270
	60,144	(26,639)	33,505
<b>2015</b>			
Less than 1 year	5,298	(3,473)	1,825
Between 1 and 5 years	18,711	(9,862)	8,849
More than 5 years	8,027	(1,378)	6,649
	32,036	(14,713)	17,323

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. Trade and other receivables (contd.)

### (a) Trade receivables (contd.)

#### (ii) Third parties

These amounts are non-interest bearing and are generally on 30 to 120 day (2015: 30 to 120 day) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

#### Ageing analysis of trade receivables

The ageing analysis of the Group's and Company's trade receivables are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Neither past due nor impaired	261,349	292,013	41,235	100,747
1 to 30 days past due not impaired	49,910	40,680	-	-
31 to 60 days past due not impaired	27,925	49,437	-	-
61 to 90 days past due not impaired	13,853	9,093	-	-
91 to 120 days past due not impaired	7,796	7,426	-	-
More than 121 days past due not impaired	14,923	12,632	-	-
	114,407	119,268	-	-
Impaired	8,995	19,888	-	-
	384,751	431,169	41,235	100,747

### (b) Trade receivables

#### 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.

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

#### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM114,407,000 (2015: RM119,268,000) that are past due at the reporting date but not impaired and are unsecured in nature.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 20. Trade and other receivables (contd.)

### (b) Trade receivables (contd.)

#### Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Individually impaired		Collectively impaired		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Trade receivables nominal amounts	8,264	19,244	731	644	8,995	19,888
Less: Allowance for impairment	(7,980)	(12,402)	(731)	(644)	(8,711)	(13,046)
	=====	=====	=====	=====	=====	=====
	284	6,842	-	-	284	6,842
	=====	=====	=====	=====	=====	=====

Movement in allowance accounts for trade receivables:

	Group	
	2016 RM'000	2015 RM'000
At 1 January	13,046	16,353
Charge for the year (Note 9)	199	1,107
Reversal of allowance for impairment loss (Note 6)	(533)	(4,257)
Written off	(4,001)	(157)
	=====	=====
At 31 December	8,711	13,046
	=====	=====

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

### (c) Other receivables

#### Other receivables that are impaired

At the reporting date, the Group have provided an allowance of RM1,801,000 (2015: RM1,801,000) for impairment for the other receivables with a nominal amount of RM1,801,000 (2015: RM1,801,000).

### (d) Amount due from subsidiaries

The amount due from subsidiaries are unsecured, bear interest at rate of 3.70% to 6.31% (2015: 4.83% to 6.12%) per annum and repayable on demand.

### (e) Amount due from related companies

The amounts due from related companies are non-interest bearing with generally 30 to 45 day (2015: 30 to 45 day) terms. Related companies refer to subsidiaries and associates of a corporate shareholder namely, Sarawak Energy Berhad.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 21. Other current assets

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Prepayments	18,109	4,150	364	140
Gross amount due from customers for contract work (Note 19)	130,455	53,990	13,650	-
	-----	-----	-----	-----
	148,564	58,140	14,014	140
	=====	=====	=====	=====

## 22. Cash and bank balances

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash in hand and at banks	49,158	50,400	7,247	10,684
Deposits with licensed banks	25,207	15,045	-	-
	-----	-----	-----	-----
Cash and bank balances	74,365	65,445	7,247	10,684
	=====	=====	=====	=====

- (a) Cash at bank of the Group and the Company amounted RM8,562,000 (2015: RM7,021,000) and RM7,219,000 (2015: RM7,021,000) respectively, have been pledged for a licenced bank for the purpose of principal and interest repayment obligation in relation to the Company's borrowing as referred in Note 23.
- (b) Deposits with licensed banks of the Group amounting to RM14,922,000 (2015: RM14,845,000) 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 at the reporting date for the Group were 2.97% (2015: 3.14%) per annum.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash in hand and at banks	40,596	43,379	28	3,663
Deposits with licensed banks	10,285	200	-	-
	-----	-----	-----	-----
Less: Bank overdrafts (Note 23)	50,881 (2,789)	43,579 (879)	28 (1,966)	3,663 -
	-----	-----	-----	-----
	48,092	42,700	(1,938)	3,663
	=====	=====	=====	=====



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 23. Loans and borrowings

	Maturity	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>					
Unsecured:					
Bankers' acceptances	2017	274,362	273,333	-	-
Revolving credits	2017	56,800	37,500	31,460	16,000
Trust receipts/foreign currency trade loan/export credit financing	2017	19,515	14,663	-	-
Term loans	2017	7,360	8,400	-	-
Flexi financing trade loans	2017	58,516	35,724	45,928	35,725
Bank overdrafts (Note 22)	2017	1,966	-	1,966	-
		-----	-----	-----	-----
		418,519	369,620	79,354	51,725
		-----	-----	-----	-----
Secured:					
Term loan	2017	11,232	29,635	-	-
Bankers' acceptances	2017	7,403	11,318	-	-
Revolving credits	2017	31,884	28,359	14,884	13,360
Obligations under finance lease (Note 34(c))	2017	397	564	-	-
Bank overdrafts (Note 22)	2017	823	879	-	-
Invoice financing-i	2017	39,770	3,464	-	-
Cash line facility-i	2017	44,710	6,059	-	-
		-----	-----	-----	-----
		136,219	80,278	14,884	13,360
		-----	-----	-----	-----
Total current loans and borrowings		554,738	449,898	94,238	65,085
		-----	-----	-----	-----
<b>Non-current</b>					
Unsecured:					
Term loan	2018-2020	9,900	17,260	-	-
Revolving credits	2018-2019	4,155	-	-	-
		-----	-----	-----	-----
		14,055	17,260	-	-
		-----	-----	-----	-----
Secured:					
Revolving credits	2018-2019	58,642	73,526	58,642	73,526
Obligation under finance lease (Note 34(c))	2018-2021	594	778	-	-
Term loan	2018-2023	107,204	51,031	-	-
		-----	-----	-----	-----
		166,440	125,335	58,642	73,526
		-----	-----	-----	-----
Total non-current loans and borrowings		180,495	142,595	58,642	73,526
		-----	-----	-----	-----
Total loans and borrowings		735,233	592,493	152,880	138,611
		=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 23. Loans and borrowings (contd.)

Included in loans and borrowings are amounts denominated in foreign currency which are other than the respective functional currencies (currencies of the Group entities) as follows:

	Group	
	2016 USD'000	2015 USD'000
USD	12,051 =====	3,189 =====

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

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
On demand or within 1 year	554,738	449,898	94,238	65,085
More than 1 year and less than 2 years	35,557	33,518	16,410	13,360
More than 2 years and less than 5 years	124,836	102,726	42,232	60,166
More than 5 years	20,102	6,351	-	-
	----- 735,233 =====	----- 592,493 =====	----- 152,880 =====	----- 138,611 =====

### Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 14). The average discount rate implicit in the leases is 5.05% - 5.70% (2015: 5.05% - 5.61%) per annum.

### Bankers' acceptances, revolving credit and flexi financing trade loan

Certain bankers' acceptances and revolving credit of the Group amounting to RM5,637,000 (2015: RM11,318,000) are secured by:

- (i) first legal charge over the land as referred in Note 14 ; and
- (ii) a debenture covering fixed and floating charge over present and future assets of the subsidiary.

Certain bankers' acceptances, revolving credit and flexi financing trade loan of the Group amounting to RM104,069,000 (2015: RM32,991,000) are secured by deposits with licensed bank as referred in Note 22.

### Term loans

A term loan of the Group amounting to RM83,881,000 (2015: RM62,675,000) are secured by:

- (i) Mortgage over the helicopters as referred in Note 14 and helicopters to be received as referred in Note 16.
- (ii) Corporate guarantee from the Company.
- (iii) Assignment of project account.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 23. Loans and borrowings (contd.)

### Term loans (contd.)

A term loan of the Group amounting to RM34,555,000 (2015: Nil) 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 22.
- (iv) Assignment of escrow accounts maintained with the bank.

### Revolving credits

Revolving credits of the Group and the Company amounting to RM73,526,000 (2015: RM86,886,000) is secured by:

- (i) Cash at bank as referred in Note 22 to the financial statement; and
- (ii) 100% equity interest in both subsidiaries, Universal Cable (M) Berhad and Leader Cable Industry Berhad as referred in Note 17.

The overdrafts and certain revolving credits amounted to RM15,352,000 (2015: Nil) of the Company 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.

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

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bankers' acceptances	3.73 - 5.08	4.10 - 4.59	-	-
Revolving credits	4.64 - 5.80	4.90 - 6.05	4.89 - 5.80	5.17 - 6.05
Term loans	5.35 - 5.71	5.15 - 6.10	-	-
Foreign currency trade loan	2.11 - 2.74	1.81 - 2.19	-	-
Flexi financing trade loan	3.62 - 5.18	4.91 - 5.69	3.62 - 5.18	5.62 - 5.69
Invoice financing-i	5.50	5.55	-	-
Cash line financing-i	5.22	5.36	-	-
Bank overdrafts	5.22 - 7.50	5.35	7.50	-
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 24. Trade and other payables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
<b>Current</b>				
<b>Trade payables</b>				
Third parties	130,293	187,100	41,268	85,868
Amount due to related companies	28,017	60,196	-	-
Trade payables, net	158,310	247,296	41,268	85,868
<b>Other payables</b>				
Accrued operating expenses	24,410	25,215	1,642	1,262
Other payables	23,540	55,439	666	751
Advance received	17,519	3,893	12	12
Amount due to subsidiaries	-	-	167,355	112,465
	65,469	84,547	169,675	114,490
Total trade and other payables (current)	223,779	331,843	210,943	200,358
<b>Non-current</b>				
<b>Trade payables</b>				
Retention sum on contracts	23,508	27,868	20,275	27,868
<b>Total trade and other payables</b>	247,287	359,711	231,218	228,226
Add: Loans and borrowings (Note 23)	735,233	592,493	152,880	138,611
<b>Total financial liabilities carried at amortised cost</b>	982,520	952,204	384,098	366,837
<b>Total financial instruments at fair value through other comprehensive income (Note 27)</b>	19	1,362	-	-
<b>Total financial liabilities</b>	982,539	953,566	384,098	366,837

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 24. Trade and other payables (contd.)

### (a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 14 to 120 day (2015: 14 to 120 day) terms.

### (b) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of 30 to 90 day (2015: average term of 30 to 90 day).

### (c) Amount due to subsidiaries

The amount due to subsidiaries are unsecured, bear interest between 5.34% to 5.89% (2015: 5.30% to 5.55%) per annum, repayable on demand.

### (d) Amount due to related companies

Amount due to related companies are unsecured, certain balances bear interest rates ranging from 2.17% to 6.85% (2015: 2.17% to 6.85%) per annum and are repayable upon demand. Related companies refer to companies within the HNG Capital Sdn. Bhd. Group, a corporate shareholder of the Company.

## 25. Other current liabilities

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Gross amount due to customers for contract work (Note 19)	-	5,982	-	5,982
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 26. Deferred tax

Deferred income tax as at 31 December 2016 and 2015 relates to the following:

Group	As at 1 January 2015 RM'000	Exchange difference RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2015 RM'000	Exchange difference RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	As at 31 December 2016 RM'000
<b>Deferred tax liabilities:</b>									
Property, plant and equipment	36,948	-	349	-	37,297	-	(76)	-	37,221
Construction contracts	278	-	825	-	1,103	-	(2,224)	-	(1,121)
Others	(228)	-	1,200	-	972	-	(1,031)	-	(59)
Other financial assets	473	105	704	-	1,282	168	1,015	-	2,465
Derivatives	-	-	-	-	-	-	-	185	185
	37,471	105	3,078	-	40,654	168	(2,316)	185	38,691
<b>Deferred tax assets:</b>									
Trade receivables	(1,077)	-	208	-	(869)	-	249	-	(620)
Inventories	(975)	-	(253)	-	(1,228)	-	92	-	(1,136)
Unabsorbed capital allowance and export allowances	(65,246)	-	(858)	-	(64,388)	-	5,498	-	(58,890)
Unutilised tax losses	-	(66)	(3,853)	-	(3,919)	(32)	1,875	-	(2,076)
Amount due from customers	(2,271)	-	754	-	(1,517)	-	368	-	(1,149)
Property, plant and equipment	(3,536)	-	162	-	(3,374)	-	847	-	(2,527)
Derivatives	(161)	-	-	(147)	(308)	-	-	308	-
	(73,266)	(66)	(2,124)	(147)	(75,603)	(32)	8,929	308	(66,398)
Deferred tax (assets)/liabilities	(35,795)	39	954	(147)	(34,949)	136	6,613	493	(27,707)

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 26. Deferred tax (contd.)

<b>Company</b>	<b>As at 1 January 2015 RM'000</b>	<b>Recognised in profit or loss RM'000</b>	<b>As at 31 December 2015 RM'000</b>	<b>Recognised in profit or loss RM'000</b>	<b>As at 31 December 2016 RM'000</b>
<b>Deferred tax liability:</b>					
Property, plant and equipment	71	(75)	(4)	35	31
<b>Deferred tax assets:</b>					
Unabsorbed capital allowances	-	(35)	(35)	18	(17)
Amount due from customers	(1,448)	1,002	(446)	(668)	(1,114)
	-----	-----	-----	-----	-----
Deferred tax (assets)/liabilities	(1,377)	892	(485)	(615)	(1,100)
	=====	=====	=====	=====	=====

	<b>Group 2016 RM'000</b>	<b>Group 2015 RM'000</b>	<b>Company 2016 RM'000</b>	<b>Company 2015 RM'000</b>
Presented after appropriate offsetting as follows:				
Deferred tax assets	42,946	46,684	1,100	485
Deferred tax liabilities	(15,239)	(11,735)	-	-
	-----	-----	-----	-----
	27,707	34,949	1,100	485
	=====	=====	=====	=====

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

	<b>Group 2016 RM'000</b>	<b>Group 2015 RM'000</b>
Unutilised tax losses	22,418	17,006
Unabsorbed capital allowances	1,653	-
	-----	-----
	24,071	17,006
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 27. Derivatives assets/(liabilities)

Group	Notional amount		Assets/(liabilities)	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Derivatives - designated as fair value hedges				
- Forward currency contracts	-	208	-	27
Derivatives - designated as cash flow hedges				
- Forward currency contracts	-	7,634	-	(72)
- Commodity forward contracts	25,348	36,483	762	(1,290)
	25,348	44,117	762	(1,362)
Derivatives - not designated as hedging instruments				
- Forward currency contracts	1,951	-	(19)	-
Total derivatives	27,299	44,325	743	(1,335)

### (a) Fair value hedges

In prior year, forward currency contracts are used to hedge the Group's receivables denominated in USD for which the commitments existed at the reporting date.

### (b) Cash flow hedges

#### (i) Forward currency contracts

As at 31 December 2015, the Group held forward currency contracts designated as hedges of contracted future purchases. The forward currency contracts were used to hedge the foreign currency risk of the highly probable forecasted transactions.

The terms of the forward currency contracts were negotiated to match the terms of the commitments. There were no highly probable transactions for which hedge accounting had previously been used, which was no longer expected to occur.

#### (ii) Commodity forward contracts

The Group purchases aluminium rods on an ongoing basis for their own production. As a result of the volatility in aluminium prices, the Group held commodity forward contracts designated as a hedges of highly probable forecast aluminium purchases to reduce the volatility of cash flows.

These contracts are intended to hedge the volatility in the purchase price of aluminium for a period between 3 to 12 months based on anticipated raw material requirements.

The cash flow hedges of the highly probable forecast aluminium purchases were assessed to be highly effective and as at 31 December 2016, a net unrealised gain of RM762,000 (2015: a net unrealised loss of RM1,290,000) with a related deferred tax liabilities of RM184,000 (2015: deferred tax assets of RM310,000) was included in other comprehensive income in respect of these contract. The amounts retained in other comprehensive income in December 2016 and December 2015 are expected to mature and affect the profit or loss by a profit of RM578,000 in 2016 (2015: RM537,000).

### (c) Derivatives not designated as hedging instruments

The Company uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 28. Concessions financial assets

	Group	
	2016	2015
	RM'000	RM'000
<b>Non-current:</b>		
At 1 January	63,586	33,185
Concessions construction revenue (Note 4)	10,636	23,072
Accrued finance income (Note 6)	3,750	2,192
Exchange difference	5,757	5,137
	-----	-----
At 31 December	83,729	63,586
	=====	=====

On 23 September 2010, PT Inpola Mitra Elektrindo ("IME"), a subsidiary of the Company, signed a Power Purchase Agreement ("PPA") for 20 years 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 at 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 financial 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 29. Share capital and share premium

### (a) Share capital

Company	Number of ordinary shares of RM0.50 Each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
<b>Authorised:</b>				
At 1 January/31 December	500,000 =====	500,000 =====	250,000 =====	250,000 =====
<b>Issued and fully paid:</b>				
At 1 January/31 December	317,050 =====	317,050 =====	158,525 =====	158,525 =====

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

	2016 RM'000	2015 RM'000
At 1 January/31 December	79,796 =====	79,796 =====

## 30. Revenue reserve

The Company may distribute dividends out of its entire revenue reserves as at 31 December 2016 and 31 December 2015 under the single tier system.

## 31. 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.

## 32. 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.

## 33. Dividends

Recognised during the financial year:	Group and Company	
	2016 RM'000	2015 RM'000
Dividends on ordinary shares:		
- First and final single tier dividend for 2014: 2.5 sen per ordinary share	-	7,926
- Interim single tier dividend for 2015: 1.0 sen per ordinary share	-	3,171
- Final single tier dividend for 2016: 5.0 sen per ordinary share	15,853 -----	- -----
	15,853 =====	11,097 =====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 33. Dividends (contd.)

	<b>Group and Company</b>	
	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
<b>Proposed but not recognised as a liability as at 31 December:</b>		
Dividends on ordinary shares, subject to shareholders' approval at the annual general meeting		
- First and final single tier dividend:		
3.0 sen (2015: 5.0 sen) per share	9,512	15,853
	=====	=====

At the forthcoming Annual General Meeting, a first and final single tier dividend in respect of the financial year ended 31 December 2016 of 3.0 sen per ordinary share on 317,050,000 ordinary shares, amounting to a dividend payable of RM9,511,500 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of revenue reserves in the financial year ending 31 December 2017.

## 34. Commitments

### (a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	RM'000	RM'000	RM'000	RM'000
Capital expenditure				
Approved and contracted for:				
Property, plant and equipment	31,072	63,738	-	-
Approved but not contracted for:				
Property, plant and equipment	4,641	7,699	120	50
	-----	-----	-----	-----
	35,713	71,437	120	50
	=====	=====	=====	=====

### (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 Company 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:

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
<b>Future minimum rental payments:</b>		
Not later than 1 year	142	44
Later than 1 year and not later than 5 years	164	-
	-----	-----
	306	44
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 34. Commitments (contd.)

### (c) Finance lease commitments

The Group has finance lease for motor vehicles (Note 14). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

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

	<b>Group</b>	
	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
<b>Minimum lease payments:</b>		
Not later than 1 year	443	653
Later than 1 year but not later than 2 years	283	378
Later than 2 years but not later than 5 years	414	485
	-----	-----
	1,140	1,516
Less: Amounts representing finance charges	(149)	(174)
	-----	-----
Present value of minimum lease payments	991	1,342
	=====	=====
<b>Present value payments:</b>		
Not later than 1 year	397	564
Later than 1 year but not later than 2 years	252	330
Later than 2 years but not later than 5 years	342	448
	-----	-----
Present value of minimum lease payments	991	1,342
Less: Amounts due within 12 months (Note 23)	(397)	(564)
	-----	-----
Amount due after 12 months (Note 23)	594	778
	=====	=====

## 35. 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.

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	RM'000	RM'000	RM'000	RM'000
Sale of cables, conductors and steel structures to:				
- Related companies	17,719	45,247	-	-
Transmission line contract revenue:				
- Related companies	11,652	-	-	-
Rental and interest paid to:				
- Subsidiaries	-	-	7,283	3,645
- Related companies	1,234	1,694	-	-

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 35. Related party transactions (contd.)

### (a) Sale and purchase of goods and services (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Interest and rental income received from:				
- Subsidiaries	-	-	7,493	4,150
Management fees received from:				
- Subsidiaries	-	-	5,400	5,400
Purchase of raw materials from:				
- Related companies	428,739	391,009	-	-
Purchase of battery and tyre for vehicles and car rental:				
- A company related to a director	18	16	-	-
	=====	=====	=====	=====

#### Related companies:

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 2016 and 31 December 2015 are disclosed in Note 20 and 24.

### (b) Compensation of key management personnel

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

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	6,498	6,787	3,640	3,755
Contributions to defined contribution plan	924	897	508	506
	-----	-----	-----	-----
	7,422	7,684	4,148	4,261
	=====	=====	=====	=====
Included in the total key management personnel:				
Directors' remuneration (Note 11)	2,895	3,099	2,636	2,677
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. 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

	2016		2015	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000
<b>Financial liabilities:</b>				
Obligation under finance lease	985	1,042	1,342	1,386
	=====	=====	=====	=====

### 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.

- (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	20
Cash and bank balances	22
Trade and other payables	24
Loans and borrowings except obligation under finance lease	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.

- (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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 36. Fair value of financial instruments (contd.)

### (b) Determination of fair value (contd.)

#### (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.

## 37. 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 2016:

	<b>Date of valuation</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>Financial assets measured at fair value</b>					
Derivatives					
- Commodity forward contracts	31 December 2016	-	762	-	762
		=====	=====	=====	=====
<b>Financial liabilities measured at fair value</b>					
Derivatives					
- Forward currency contracts	31 December 2016	-	19	-	19
		=====	=====	=====	=====
<b>Liabilities for which fair value are disclosed</b>					
Obligation under finance lease	31 December 2016	-	1,042	-	1,042
		=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 37. Fair value measurement (contd.)

(b) Quantitative disclosures fair value measurement hierarchy for assets and liabilities of the Group as at 31 December 2015:

	Date of valuation	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Financial assets measured at fair value</b>					
Derivatives					
- Forward currency contracts	31 December 2015	-	27	-	27
		=====	=====	=====	=====
<b>Financial liabilities measured at fair value</b>					
Derivatives					
- Forward currency contracts	31 December 2015	-	72	-	72
- Commodity forward contracts	31 December 2015	-	1,290	-	1,290
		-----	-----	-----	-----
		-	1,362	-	1,362
		=====	=====	=====	=====
<b>Liabilities for which fair value are disclosed</b>					
Obligation under finance lease	31 December 2015	-	1,386	-	1,386
		=====	=====	=====	=====

There have been no transfers between the fair value hierarchy during the financial year ended 31 December 2016.

## 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.

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.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 38. Financial risk management objectives and policies (contd.)

### (a) Credit risk (contd.)

#### 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 RM598,059,000 (2015: RM439,044,000) and RM12,839,000 (2015: RM22,443,000) 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:

- 36% (2015: 49%) of the Group's trade receivables were due from 4 (2015:4) major customers located in Malaysia.

#### Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

### (b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

#### **Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

	<b>On demand or within one year RM'000</b>	<b>One to five years RM'000</b>	<b>Over five years RM'000</b>	<b>Total RM'000</b>
<b>Group</b>				
<b>At 31 December 2016</b>				
<b>Financial liabilities:</b>				
Trade and other payables	223,779	23,729	-	247,508
Loans and borrowings	567,645	177,826	21,003	766,474
Derivatives liabilities	19	-	-	19
	-----	-----	-----	-----
Total undiscounted financial liabilities	791,443	201,555	21,003	1,014,001
	=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 38. Financial risk management objectives and policies (contd.)

### (b) Liquidity risk (contd.)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>At 31 December 2015</b>				
<b>Financial liabilities:</b>				
Trade and other payables	331,965	27,868	-	359,833
Loans and borrowings	458,614	149,243	6,888	614,745
Derivatives liabilities	1,362	-	-	1,362
	-----	-----	-----	-----
Total undiscounted financial liabilities	791,941	177,111	6,888	975,940
	=====	=====	=====	=====

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
<b>Company</b>			
<b>At 31 December 2016</b>			
<b>Financial liabilities:</b>			
Trade and other payables		217,278	237,553
Loans and borrowings		97,001	159,411
Financial guarantee contracts*		439,788	439,788
		-----	-----
Total undiscounted financial liabilities		754,067	836,752
		=====	=====

<b>At 31 December 2015</b>			
<b>Financial liabilities:</b>			
Trade and other payables	200,358	27,868	228,226
Loans and borrowings	66,626	78,256	144,882
Financial guarantee contracts*	439,044	-	439,044
	-----	-----	-----
Total undiscounted financial liabilities	706,028	106,124	812,152
	=====	=====	=====

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

### (c) Interest rate risk

Interest rate risk is the risk that the fair values or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

#### Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points (2015: 50 basis points) lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM2,327,000 and RM574,000 (2015: RM2,010,000 and RM528,000) 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.

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 38. Financial risk management objectives and policies (contd.)

### (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, HKD, GBP, AUD, BNP and CNY exchange rates against the functional currency of the Group, with all other variables held constant.

	Profit net of tax	
	2016 RM'000	2015 RM'000
USD/RM - strengthened 5% (2015: 5%)	490	968
- weakened 5% (2015: 5%)	(490)	(968)
	=====	=====
EURO/RM - strengthened 5% (2015: 5%)	506	1,274
- weakened 5% (2015: 5%)	(506)	(1,274)
	=====	=====
SGD/RM - strengthened 5% (2015: 5%)	100	9
- weakened 5% (2015: 5%)	(100)	(9)
	=====	=====
HKD/RM - strengthened 5% (2015: 5%)	-	227
- weakened 5% (2015: 5%)	-	(227)
	=====	=====
GBP/RM - strengthened 5% (2015: 5%)	11	783
- weakened 5% (2015: 5%)	(11)	(783)
	=====	=====
AUD/RM - strengthened 5% (2015: 5%)	-	22
- weakened 5% (2015: 5%)	-	(22)
	=====	=====
BNP/RM - strengthened 5% (2015: 5%)	-	498
- weakened 5% (2015: 5%)	-	(498)
	=====	=====
CNY/RM - strengthened 5% (2015: Nil)	32	-
- weakened 5% (2015: Nil)	(32)	-
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 38. Financial risk management objectives and policies (contd.)

### (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 RM29,000 (2015: RM25,000) higher/lower, arising as a result of an increase/decrease in the fair value of derivatives on which cash flow hedge accounting is applied.

## 39. Capital management

The primary objective of the Group'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 2016 and 2015.

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 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.

	Note	Group		Company	
		2016	2015	2016	2015
		RM'000	RM'000	RM'000	RM'000
Loans and borrowings	23	735,233	592,493	152,880	138,611
Less: Cash and bank balances	22	(74,365)	(65,445)	(7,247)	(10,684)
Net debt		660,868	527,048	145,633	127,927
Equity		329,431	324,331	251,806	264,009
<b>Capital and net debt</b>		990,299	851,379	397,439	391,936
		=====	=====	=====	=====
<b>Gearing ratio</b>		66.7%	61.9%	36.6%	32.6%
		=====	=====	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 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 2016

## 40. Segmental information (contd.)

	Sales of cables and conductors		Sales of galvanised products and steel structures		Transmission lines construction		Power generation, helicopter services and corporate		Elimination		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	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	856,593	760,569	35,830	129,639	386,014	510,464	19,345	53,771	-	-	1,297,782	1,454,443
Inter-segments sales	1,864	3,950	32	31	-	-	10,400	5,400	(12,296)	(9,381)	A	-
Total revenue	858,457	764,519	35,862	129,670	386,014	510,464	29,745	59,171	(12,296)	(9,381)	1,297,782	1,454,443
Results:												
Interest income	7,626	4,953	198	150	478	446	893	4,699	(7,892)	(7,984)	B	2,264
Dividend income	-	-	-	-	-	-	5,000	-	(5,000)	-	C	-
Depreciation and amortisation	15,507	15,283	1,436	1,568	1,906	2,355	4,205	1,932	-	-	23,054	21,138
Other non-cash expenses	2,912	(6,069)	233	(382)	102	101	(4,976)	(1,423)	-	(44)	D	(7,817)
Segment profit/(loss)	34,698	17,843	1,822	(303)	11,491	17,575	(9,269)	18,850	(5,000)	44	E	54,009
Segment assets	889,636	862,891	73,751	126,027	184,505	109,859	365,143	350,774	(181,468)	(149,751)	F	1,331,567
Segment liabilities	470,702	441,233	24,567	78,646	168,402	96,059	518,287	484,226	(181,582)	(125,349)	G	1,000,376
												974,815

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 40. Segmental information (contd.)

**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:

	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
Allowance of impairment of receivables	199	1,107
Unrealised gain on foreign exchange	(3,051)	(4,462)
Inventory written down	1,656	-
Reversal of impairment losses of receivables	(533)	(4,257)
Reversal of inventory obsolescence	-	(292)
Unwinding of discount on trade payable	-	87
	-----	-----
	(1,729)	(7,817)
	=====	=====

E Reconciliation of profit before tax

	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
Segment profit	38,742	53,965
Dividend received from subsidiaries companies	(5,000)	-
Impairment for amount due from fellow subsidiary	-	44
	-----	-----
	33,742	54,009
	=====	=====

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

	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
Segment operating assets	1,513,035	1,449,551
Amount due from fellow subsidiaries	(181,468)	(149,751)
	-----	-----
	1,331,567	1,299,800
	=====	=====

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

	<b>2016</b>	<b>2015</b>
	RM'000	RM'000
Segment operating liabilities	1,181,958	1,100,164
Amount due to fellow subsidiaries	(181,582)	(125,349)
	-----	-----
	1,000,376	974,815
	=====	=====

# Notes to the Financial Statements

For the financial year ended 31 December 2016

## **41. Significant and subsequent events**

On 8 January 2016, the Company proposed to undertake a private placement of up to 10% of the issued and paid up share capital of the Company ("Proposed Private Placements"). On 14 January 2016, the Company had obtained the necessary approval from Bursa Malaysia Securities Berhad ("Bursa Malaysia") on the Proposed Private Placement. On 11 July 2016, the Company obtained the approval from Bursa Malaysia to extend the implementation of the Proposed Private Placement for six months till 12 January 2017. Subsequently on 12 January 2017, the Company announced its decision not to proceed with the Proposed Private Placement in view of the prevailing market conditions.

## **42. Authorisation of financial statements for issue**

The financial statements for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 12 April 2017.



# Notes to the Financial Statements

For the financial year ended 31 December 2016

## 43. Supplementary information - breakdown of revenue reserves into realised and unrealised profits

The breakdown of the revenue reserves of the Group and of the Company as at 31 December 2016 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total revenue reserves of the Company and its subsidiaries				
- Realised	97,014	84,357	12,385	25,203
- Unrealised	30,758	39,411	1,100	485
	-----	-----	-----	-----
	127,772	123,768	13,485	25,688
Less: Consolidation adjustments	(270)	481	-	-
	-----	-----	-----	-----
Revenue reserves as per financial statements	127,502	124,249	13,485	25,688
	=====	=====	=====	=====

# Analysis of Shareholdings

as at 22 March 2017

Total number of issued shares : 317,050,000  
 Issued : RM 158,525,000  
 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	55	2,040	#
100 - 1,000 shares	305	218,930	0.07%
1,001 - 10,000 shares	2,445	13,296,141	4.19%
10,001 - 100,000 shares	1,227	36,002,145	11.36%
100,001 to less than 5% of issued shares	139	103,441,752	32.63%
5% and above of issued shares	5	164,088,992	51.75%
<b>Total</b>	<b>4,176</b>	<b>317,050,000</b>	<b>100.00%</b>

# less than 0.01%

## Substantial Shareholders

as per the Register of Substantial Shareholders as at 22 March 2017

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
1 Dato Sri Mahmud Abu Bekir Taib	57,825,000	18.24%	26,082,000 <sup>(1)</sup>	8.23%
2 Sarawak Energy Berhad	52,397,996	16.53%	-	-
3 Toh Chee Ching	31,547,496	9.95%	324,000 <sup>(2)</sup>	0.10%
4 HNG Capital Sdn. Bhd.	37,296,000	11.76%	-	-
5 Central Paragon Sdn. Bhd.	26,082,000	8.23%	-	-
6 Yek Siew Liong	5,855,000	1.85%	31,682,000 <sup>(3)</sup>	9.99%
7 UF Jaya Sdn. Bhd.	5,600,000	1.77%	26,082,000 <sup>(4)</sup>	8.23%
8 Tan Sri Dato' Seri H'ng Bok San	237,240	0.07%	37,296,000 <sup>(5)</sup>	11.76%
9 Dato' H'ng Chun Hsiang	150,000	0.05%	37,296,000 <sup>(6)</sup>	11.76%
10 State Financial Secretary, Sarawak	-	-	52,397,996 <sup>(7)</sup>	16.53%
11 Delegateam Sdn. Bhd.	-	-	52,397,996 <sup>(7)</sup>	16.53%
12 Baodi Development Sdn. Bhd.	-	-	31,682,000 <sup>(8)</sup>	9.99%
13 Yek Min Ek Sdn. Bhd.	-	-	31,682,000 <sup>(9)</sup>	9.99%
14 Datin H'ng Hsieh Ling	-	-	37,296,000 <sup>(10)</sup>	11.76%

### 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 Greatwall Tyre & Battery (Kuching) Sdn. Bhd. interest pursuant to Section 8(4) of the Companies Act 2016.
- (3) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Baodi Development Sdn. Bhd. respectively pursuant to Section 8(4) of the Companies Act 2016.
- (4) Deemed interested by virtue of its interest in Central Paragon Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (5) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (6) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (7) Deemed interested by virtue of its interests in Sarawak Energy Berhad pursuant to Section 8(4) of the Companies Act 2016.
- (8) Deemed interested by virtue of its interests in Central Paragon Sdn. Bhd. via UF Jaya Sdn. Bhd. and UF Jaya Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (9) Deemed interested by virtue of its interests in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Baodi Development Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016.
- (10) Deemed interested by virtue of her interest in HNG Capital Sdn. Bhd. pursuant to Section 8(4) of the Companies Act, 1965.

# List of Top Thirty Largest Shareholders

as at 22 March 2017

Name	No. of shares held	%
1. Sarawak Energy Berhad	52,397,996	16.53%
2. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - AmBank Islamic Berhad for Mahmud Abu Bekir Taib (SCABLE)	33,725,000	10.64%
3. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account - AmBank (M) Berhad for HNG Capital Sdn Bhd	30,000,000	9.46%
4. Central Paragon Sdn. Bhd.	26,082,000	8.23%
5. Toh Chee Ching	21,883,996	6.90%
6. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Mahmud Abu Bekir Taib	11,600,000	3.66%
7. RHB Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Mahmud Abu Bekir Taib	10,000,000	3.15%
8. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	7,496,900	2.36%
9. HNG Capital Sdn. Bhd.	7,296,000	2.30%
10. UF Jaya Sdn. Bhd.	5,600,000	1.77%
11. CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Yek Siew Liong (PBCL-0G0186)	4,500,000	1.42%
12. Citigroup Nominees (Tempatan) Sdn. Bhd. Kumpulan Wang Persaraan (Diperbadankan) (MIDF AM IS EQ)	3,296,300	1.04%
13. Mahmud Abu Bekir Taib	2,500,000	0.79%
14. Kiu Siu Ley	2,350,000	0.74%
15. Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Pui Chin Kim	2,160,000	0.68%

# List of Top Thirty Largest Shareholders

as at 22 March 2017

Name	No. of shares held	%
16. AmSec Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Toh Chee Ching	2,070,000	0.65%
17. Kumpulan Wang Simpanan Guru-Guru	1,838,000	0.58%
18. Ching Seng Chai	1,705,000	0.54%
19. RHB Capital Nominees (Tempatan) Sdn. Bhd. Tiong Teck Mee (SIB)	1,560,640	0.49%
20. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Azmil Khalili Bin Khalid	1,400,000	0.44%
21. Hoo Ting Yen	1,380,000	0.44%
22. Kumpulan Wang Simpanan Guru-Guru	1,350,000	0.43%
23. Yek Siew Liong	1,305,000	0.41%
24. Tan Eng @ Tan Chin Huat	1,100,000	0.35%
25. Maybank Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tang Sing Ling	1,016,800	0.32%
26. Amanahraya Trustee Berhad BSN DANA AL-JADID	920,000	0.29%
27. RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged securities account for Tiong Teck Mee	885,900	0.28%
28. Danice Endawie Ita	801,000	0.25%
29. Mah Chuen Huei	793,700	0.25%
30. Andrew Lim Cheong Seng	700,000	0.22%

# Directors' Interest in the Company

as at 22 March 2017

Name	Direct		Indirect	
	No. of shares held	%	No. of shares held	%
1 Dato Sri Mahmud Abu Bekir Taib	57,825,000	18.24%	26,082,000 <sup>(1)</sup>	8.23%
2 Datuk Fong Joo Chung	400,200	0.13%	-	-
3 Toh Chee Ching	31,547,496	9.95%	2,674,000 <sup>(2)</sup>	0.84%
4 Tan Sri Dato' Seri H'ng Bok San	237,240	0.07%	37,446,000 <sup>(3)</sup>	11.81%
5 Yek Siew Liong	5,855,000	1.85%	31,682,000 <sup>(4)</sup>	9.99%
6 Datuk Kevin How Kow	-	-	-	-
7 Dato' Ahmad Redza bin Abdullah	-	-	-	-
8 Erman bin Radin	125,160	0.04%	-	-
9 Dato Hajjah Hanifah Hajar Taib	-	-	-	-
10 Datuk Rozimi bin Remeli	-	-	-	-
11 Redzuan bin Rauf	-	-	-	-
12 Kon Ted Liuk (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 Greatwall Tyre & Batteries (Kuching) Sdn. Bhd and his spouse's interest pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.
- (3) Deemed interested by virtue of his interest in HNG Capital Sdn. Bhd. and his son's interest pursuant to Section 8(4) and Section 59(11)(c) of the Companies Act 2016.
- (4) Deemed interested by virtue of his interest in Central Paragon Sdn. Bhd. and UF Jaya Sdn. Bhd. via Yek Min Ek Sdn. Bhd. and Boadi Development Sdn. Bhd. respectively pursuant to Section 8(4) of the Companies Act 2016.

# List of Properties as at 31 December 2016

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	27	18,191	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	-	942	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	27	1,429	27 September 2002
4	Leader Cable Industry Berhad	HS (M) 2/1977, Plot 5, Mukim Pekula, Daerah Kuala Muda, Kedah	A double storey detached office building, a single storey detached pump house c/w water tank, a detached sub-station, a single storey detached guard house, a single storey detached guard house cum open-sheded parking, an open sided parking shed, a single storey detached warehouse (Block A), a single storey detached warehouse (Block B) and a single storey detached factory building	Leasehold interest 99 years expiring on 30 January 2076	383,052/19,066	27	11,253	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	16	34,453	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, galvanising plant, a fabrication plant, a warehouse, and a guard house	Leasehold interest 60 years expiring on 6 November 2049	779,953/265,001	21	3,207	1 January 1999
7	Universal Cable (M) Berhad	Lot 7302, Title No. Geran 28831, Mukim of Tebrau, District of Johor Bahru, Johor	Double storey detached office building, 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 (Block F)	Freehold	495,549/71,999	38	34,474	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	38	3,952	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	593,770/350,131	23	48,855	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	8	1,625	3 November 2003

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Nineteenth (19th) 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 Monday, 15 May 2017 at 12:30 p.m. to transact the following businesses:

## AGENDA

### Ordinary Business

- |    |   |   |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon.                                | <b>[Please refer to Explanatory Note (a)]</b> |
| 2. | To approve the payment of a First and Final Single Tier Dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2016.   | <b>Resolution 1</b>                           |
| 3. | To approve the following payments to Directors:   | <b>Resolution 2</b>                           |
|    | i) Directors’ fees amounting to RM1,145,152.00 for the financial year ended 31 December 2016  |   |
|    | ii) Meeting allowances up to RM120,000.00 for the year ending 31 December 2017 until the next annual general meeting of the Company.  | <b>Resolution 3</b>                           |
| 4. | 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:                        |   |
|    | i) Mr. Toh Chee Ching   | <b>Resolution 4</b>                           |
|    | ii) Mr. Yek Siew Liong  | <b>Resolution 5</b>                           |
| 5. | To re-elect the following Directors retiring pursuant to Article 93 of the Company’s Articles of Association and being eligible, offer themselves for re-election:                        |   |
|    | i) YBhg. Dato Hajjah Hanifah Hajar Taib   | <b>Resolution 6</b>                           |
|    | ii) YBhg. Datuk Rozimi Bin Remeli   | <b>Resolution 7</b>                           |
|    | iii) Encik Redzuan Bin Rauf   | <b>Resolution 8</b>                           |
| 6. | To re-appoint YBhg. Tan Sri Dato’ Seri H’ng Bok San @ H’ng Ah Ba to continue in office as a Director of the Company.  | <b>Resolution 9</b>                           |
| 7. | 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. | <b>Resolution 10</b>                          |

### Special Business

- |    |   |                      |
|----|---|----------------------|
| 8. | To consider and, if thought fit, pass the following resolution as ordinary resolution:<br>• <b>Authority to issue shares pursuant to Section 75 of the Companies Act 2016</b>   | <b>Resolution 11</b> |
|    | “ <b>THAT</b> pursuant to Section 75 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 that such authority shall continue in force until the conclusion of the next annual general meeting of the Company.” |                      |
| 9. | To consider and, if thought fit, pass the following resolution as ordinary resolution:<br>• <b>Proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature (“Shareholder Mandate”)</b>  | <b>Resolution 12</b> |
|    | “ <b>THAT</b> subject always to the Listing Requirements of Bursa Malaysia Securities Berhad, approval be 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 8 of the Circular to Shareholders dated 21 April 2017 (“Circular”), with the specific related parties mentioned therein subject further to the followings:  |                      |

# Notice of Annual General Meeting

- (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:

- (i) 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."

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.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

**NOTICE IS ALSO HEREBY GIVEN** that a First and Final Single Tier Dividend of 3.0 sen per ordinary share, in respect of the financial year ended 31 December 2016, if approved at the Nineteenth (19th) Annual General Meeting, will be payable on 28 July 2017 to depositors whose names appear in the Record of Depositors on 7 July 2017.

A depositor shall qualify for entitlement only in respect of:

- (a) shares transferred to the depositor's securities account before 4:00 p.m. on 7 July 2017 in respect of transfer; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

**By Order of the Board of Directors**

**Teoh Wen Jinq (MIA 25770)**

Company Secretary

Kuching, Sarawak

Dated: 21 April 2017

### 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 Directors (proposed resolutions no. 7 and 8)**

*The Nomination Committee and the Board of Directors have assessed the independence of YBhg. Datuk Rozimi Bin Remeli and Encik Redzuan Bin Rauf and recommended them to be re-elected as the Directors of the Company.*

- (c) **Proposed resolution 9 – Re-appointment of director**

*At the 18th annual general meeting of SCB held on 26 May 2016, YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba who is above the age of 70 years was re-appointed pursuant to S129(6) of the Companies Act 1965 to hold office until the conclusion of the 19th annual general meeting of SCB.*

*His term of office will end at the conclusion of the 19th annual general meeting of SCB. YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba has offered himself for re-appointment. With the enforcement of the first phase of the Companies Act 2016 on 31 January 2017, the Companies Act 1965 is repealed. Pursuant to the Companies Act 2016, there is no maximum age limit for directors.*



# Notice of Annual General Meeting

The proposed Resolution 9, if passed, will enable YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba to continue in office and he shall be subject to retirement by rotation in accordance with the Company's Articles of Association.

The Nomination Committee has assessed YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba and recommended for his re-appointment which has been duly endorsed by the Board of Directors of SCB.

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

The proposed resolution no. 11 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 26 May 2016 ("AGM 2016"). The Company did not utilize the mandate that was approved at the AGM 2016.

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. 12, 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 8 of the Circular dated 21 April 2017 ("Circular"), which are necessary for the SCB Group's day-to-day operations, provided that such transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not detrimental to the interest of the minority shareholders.

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

Please refer to the Circular for further information.

**Notes:**

1. 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 8 May 2017 shall be entitled to attend the meeting and to speak and vote thereat.



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# SARAWAK CABLE BERHAD

(Company No. 456400-V)

## Form of Proxy

CDS Account No.	
No. of shares held	

\* I/We ..... (Name in full) ..... (\*NRIC/Company No.)  
of ..... (Address)  
being \*a member/members of **Sarawak Cable Berhad ("the Company")** hereby  
appoint ..... (Name in full) ..... (\*NRIC/Passport No.) or  
failing \*him/her, ..... (Name in full) ..... (\*NRIC/Passport No.)  
or the Chairman of the Meeting as \*my/our proxy to vote for \*me/us and on \*my/our behalf at the Nineteenth (19th) Annual  
General Meeting of the Company to be held at M Hotel, Hock Lee Centre, Level 4, Hotel Towers A, Jalan Datuk Abang Abdul Rahim,  
93450 Kuching, Sarawak on Monday, 15 May 2017 at 12:30 p.m. and, at any adjournment thereof for/against the resolution(s) to  
be proposed thereat.

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

No.	Resolutions	For	Against
1	To approve the payment of a First and Final Single Tier Dividend of 3.0 sen per ordinary share for the financial year ended 31 December 2016.		
2	To approve the payment of Directors' fees amounting to RM1,145,152.00 for the financial year ended 31 December 2016.		
3	To approve the payment of meeting allowances up to RM120,000.00 for the year ending 31 December 2017 until the next annual general meeting of the Company.		
4	To re-elect Mr. Toh Chee Ching as Director.		
5	To re-elect Mr. Yek Siew Liong as Director.		
6	To re-elect YBhg. Dato Hajjah Hanifah Hajar Taib as Director.		
7	To re-elect YBhg. Datuk Rozimi Bin Remeli as Director.		
8	To re-elect Encik Redzuan Bin Rauf as Director.		
9	To re-appoint YBhg. Tan Sri Dato' Seri H'ng Bok San @ H'ng Ah Ba as Director.		
10	To re-appoint Messrs. Ernst & Young as auditors.		
11	To authorise the Directors to issue shares pursuant to Section 75 of the Companies Act 2016.		
12	To approve the proposed renewal of shareholder mandate for recurrent related party transactions of a revenue or trading nature.		

\* 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 ..... 2017

.....  
\*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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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.
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6. A depositor whose name appears in the Record of Depositors as at 8 May 2017 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

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**SARAWAK  
CABLE  
BERHAD**  
(Company No. 456400-V)

Registered Office  
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Demak Laut Industrial Estate Phase III  
Jalan Bako, 93050 Kuching, Sarawak, Malaysia  
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[www.sarawakcable.com](http://www.sarawakcable.com)

