

CAHYA MATA SARAWAK

THE PRIDE OF SARAWAK
FOR 40 YEARS AND BEYOND



CAHYA MATA SARAWAK

CAHYA MATA SARAWAK

THE PRIDE OF SARAWAK FOR 40 YEARS AND BEYOND

The Cahya Mata Sarawak (CMS) story is one of resolve and resilience, responsibility and respect. One of Malaysia's leading listed corporations, CMS was incorporated in 1974 as Cement Manufacturers Sarawak Sdn Bhd, opened its first cement plant in 1978 and listed on the Main Board of the Kuala Lumpur Stock Exchange (now Bursa Malaysia) in 1989. It was renamed Cahya Mata Sarawak Bhd in 1996 during a period of rapid expansion and diversification.

Since late 2006, CMS has focused on its core competencies to ensure a future of sustainable business growth. Today, CMS's portfolio spans more than 35 companies involved in cement production, construction materials and trading, construction and road maintenance, property development, Samalaju development, financial services, education and other services.

Over the course of its 40-year history, CMS has achieved many milestones, and played a key role in Sarawak's physical and economic development. This book provides fascinating insights into the rise of CMS and the development of the State of Sarawak in tandem with the growth of the Malaysian economy.

Jacket picture

At CMS Cement's Pending plant, raw materials including limestone and gypsum are moved via conveyor to storage facilities ready for processing. The plant, CMS's first, commenced operations in 1978 and continues to produce high-quality Portland and masonry cement.

CAHYA MATA SARAWAK

THE PRIDE OF SARAWAK FOR 40 YEARS AND BEYOND



CAHYA MATA SARAWAK

THE PRIDE OF SARAWAK FOR 40 YEARS AND BEYOND

James Ritchie
and
Martin Cross

PAGE 2 Aerial view of the CMS cement plant which occupies a 15-acre site at Pending, Kuching. CMS opened the plant in 1978 and it was for several years the company's sole industrial facility. The plant's installed annual capacity is 1 million metric tonnes.

PAGES 6-7 The CMS Group is the owner and developer of Bandar Samariang, a new riverine township with the scenic Santubong Mountain as its backdrop.

ACKNOWLEDGEMENTS

This book was made possible thanks to the help of a large number of people. In particular, the publishers and Cahya Mata Sarawak Bhd would like to thank the following for generously agreeing to be interviewed: Tan Sri Mohd Effendi Norwawi, Datuk Haji Mohd Amin Satem, Dato' Sri Sulaiman Abdul Rahman Taib, Datuk Talib Zulpilip, Datuk Dr Philip Ting Ding Ing, Peter Wong Hung Huang, Wong Yik Ka as well as Board members and staff of CMS.

The publishers would also like to thank the project's co-ordinators: Dato' Richard Curtis (Group Managing Director, Cahya Mata Sarawak Bhd) and Shirly Ann Clarke (Head, Group Corporate Communications, Cahya Mata Sarawak Bhd).



Designed and produced by
Editions Didier Millet
25 Jalan Pudu Lama
50200 Kuala Lumpur, Malaysia
Tel: +603 2031 3805
Fax: +603 2031 6298
Email: edmbooks@edmbooks.com.my

www.edmbooks.com

Editions Didier Millet
121 Telok Ayer Street #03-01
Singapore 068590
Tel: +65 6324 9260
Fax: +65 6324 9261
Email: edm@edmbooks.com.sg

Project Director and Editor
Martin Cross

Designers
Vani Nadaraju
Skye Le

Production Manager
Sin Kam Cheong

Colour Separation by
Pica Digital, Singapore

Printing by
Tien Wah Press, Singapore

First published in 2014

© Cahya Mata Sarawak Bhd 2014

All rights reserved. No part of this publication may be reproduced or transmitted in any form or by any means, electronic or mechanical, including photocopying, recording, or any other information storage and retrieval system, without prior permission in writing from the publisher.

ISBN 978-967-10617-9-4

FOREWORD



CMS is a prime mover in Sarawak's growth story. As it celebrates its 40th anniversary in 2014, CMS is Sarawak's leading infrastructure facilitator and is well placed to develop, grow and contribute further to society in coming years.

The CMS Group has been built by the dedication, hard work and commitment to excellence of its employees, its management and its directors both present and past. CMS's story is their story.

The story that it tells is one of determination, resilience, achievement and, above all, of vision. Throughout, it reflects the CMS Group vision – to be the PRIDE of Sarawak and Beyond – and our mission:

- ❖ Producing quality, on spec and on time
- ❖ Respect and integrity
- ❖ Improving, innovating and investing in people
- ❖ Delivering sustainable growth
- ❖ Environmentally conscious, safe and conducive workplace

May the success of CMS over the last four decades continue for the next 40 years and beyond.

Tan Sri Dato' Seri Syed Anwar Jamalullail
Group Chairman





CONTENTS

Foreword	5
Introduction	8
The Founding of Cement Manufacturers Sarawak	11
The Early Years 1974–88	19
Growth and Diversification 1989–2006	37
Focus on Key Competencies 2007–14	69
Corporate Milestones and Board of Directors 2014	96
Senior Management Team 2014	97
Abbreviations and Acronyms, Index	98
Picture Credits	100



INTRODUCTION

ABOVE Sibanyis quarry, located near Kuching, is CMS Group's fifth quarry. It commenced operations in February 2011. The quarry produces stone aggregates and has a capacity of 900,000 metric tonnes per year. Its stone reserves are expected to last more than 100 years.

OPPOSITE The Borneo Convention Centre Kuching is Sarawak's first purpose-built world-class convention centre. Developed by CMS's construction subsidiary, PPES Works (Sarawak), it commenced operations in 2009. In November 2010 the centre won the prestigious regional real estate MIPIM Asia Awards 2010 for Best Business Centre, beating world-renowned projects in China and Korea.

Founded as Cement Manufacturers Sarawak, a joint venture between the state-owned Sarawak Economic Development Corporation (SEDC) and Sabah Economic Development Corporation (SEDCO), in 1974, Cahya Mata Sarawak (CMS) has taken tremendous strides over the course of the ensuing 40 years. Starting as a single product manufacturer when it began to operate the first cement plant in the Malaysian state of Sarawak in 1978, the company grew steadily, eventually listing on the Kuala Lumpur Stock Exchange (now Bursa Malaysia) in 1989.

CMS's growth and diversification accelerated following the acquisition by new owners of a majority stake in the company in 1995. A new course was charted for what quickly developed into the CMS Group of companies. This new direction coincided with the privatisation of certain State government operations and led to rapid expansion, so that by 1997 the CMS Group had 50 subsidiaries in a variety of industries including construction, property and finance.

Since 2006, CMS has restructured, organised and advanced. Under Group Executive Director Datuk Syed Ahmad Alwee Alsree and Group Managing Director Dato' Richard Curtis, it has adopted a solid strategy for sustainable business growth, focusing on its core competencies of cement manufacturing, construction materials and trading, construction and road maintenance, property development and strategic investments in financial services and education as well as steel and pipe fabrication and installation. As at 30 September 2014, CMS's portfolio spans more than 35 companies.



For decades, the CMS Group – which is one of the largest private sector organisations in Sarawak – has played a significant role in developing the state, Malaysia’s largest. It has provided the cement essential for construction. It has built and repaired roads, bridges and flyovers that link communities across the state. It has constructed housing as well as key buildings such as hospitals, universities, airports, an award-winning convention centre and even the new State Assembly building.

At the same time, over the course of its 40 years of business, CMS has grown to be one of the leading corporations on the Main Market of the Malaysian stock exchange, Bursa Malaysia, with a market capitalisation of more than RM4 billion as of 30 September 2014. For its excellent performance, it has won The EDGE Billion Ringgit Club awards two years in a row.

As Sarawak moves into a new era of growth with the Sarawak Corridor of Renewable Energy (SCORE), CMS’s expansion is taking a new trajectory to take advantage of business investment opportunities in energy intensive industries and Sarawak’s infrastructure and related needs. With talented people, world-class capabilities, focused strategy and a synergetic business portfolio focused within Sarawak, the Group is targeting to create ever-increasing value and growth for all its four stakeholders, namely its shareholders, staff, customers and the community, thus bringing prosperity to all.

As it does so, CMS continues to place importance on innovative talent development, sound environmental practices and meaningful and wide-ranging corporate social responsibility programmes appropriate to a respected listed company.



THE FOUNDING OF CEMENT MANUFACTURERS SARAWAK



CLOCKWISE FROM TOP LEFT
Bujang Mohd Nor; Mohd Amin
Satem; Nicholas Gunjew;
Agapit Peter Koh

SARAWAK STATE FINANCIAL SECRETARY Bujang Mohd Nor called the meeting to attention. With him in his office in the Secretariat Building, Kuching, were Mohd Amin Satem, executive chairman of the Sarawak Economic Development Corporation (SEDC) and four others: Haji Mohd Yahya Haji Lampong and Philip Lee, both from the Sabah Economic Development Corporation (SEDCO), and Peter Koh and Nicholas Gunjew of the SEDC. It was 9 a.m. on Thursday, 31 October 1974.

This was the first Board of Directors' meeting of Cement Manufacturers Sarawak Sendirian Berhad (CMS). The company had been incorporated a little over three weeks earlier, on 8 October 1974, with its registered address at the 2nd floor of the Electra House building, Power Street, Kuching.

CMS was jointly owned on a 50–50 basis by the SEDC and SEDCO, with Bujang Mohd Nor and Mohd Amin Satem its original directors. Two more directors were appointed during the course of the meeting: Haji Mohd Yahya bin Haji Lampong, who was SEDCO's general manager, and Wahid Peter Andau, also of SEDCO. Haji Yahya was appointed chairman and Mohd Amin Satem appointed managing director. Nicholas Gunjew, a lawyer and secretary of the SEDC, was appointed secretary of CMS. His secretarial allowance was fixed at RM100 per month with effect from 1 November 1974.

Also at this inaugural meeting, the Board agreed that the initial paid-up capital of the company should be RM4,300,002. The Board noted that the SEDC and SEDCO had paid in full for 2.15 million shares each in the company.

The initial aim of the company was to establish in Sarawak an integrated cement plant combining clinker production and

OPPOSITE The city centre of Sarawak's state capital, Kuching, c. 1974. Electra House, where CMS's registered office was first located, is the large modern building just below the centre of the photograph.

CMS LEADERS HAJI MOHD YAHYA BIN HAJI LAMPONG (now Datuk) 1974–76

Yahya Lampong served as CMS chairman from October 1974 to July 1976. He was a politician, serving as Tempayak state assemblyman and as member of Parliament for Kota Belud, in which capacity he served as Deputy Minister of Rural and Regional Development in Prime Minister Dr Mahathir Mohamad's Cabinet. He was also chairman of SEDCO and as chairman of Sabah state-government-owned Cement Industries (Sabah) Sdn Bhd (CIS) too for many years, until early 2013.



Electra House, Power Street, Kuching, in which CMS's first registered office was located, was built in 1965.

cement grinding facilities. In the course of its first meeting, the Board resolved to accept the terms of the agreement which had been signed in August 1974 between the SEDC, SEDCO and the Danish company F.L. Smidth and Co. – one of the world's leading suppliers of equipment to the global cement and mineral industries – for the design, supply

and uploading, erection, commissioning, testing, maintenance and guarantee of the plant's equipment based on an 18-month delivery timeframe. The company Baron & Leveque of Belgium was to be the erection subcontractor.

Another company, ENEX Consortium 546 Ltd – formed by New Zealand-based civil and structural engineering practice Tapper, Cotter, Brown and Partners following negotiations with ENEX of New Zealand – was appointed as consultant for civil and structural works. Holderbank Management and Consulting Ltd of Switzerland was appointed as mechanical and electrical consultants responsible for specifying the process and mechanical plant. Two assistant managers were also appointed during the meeting. They were Chan Yong Ngai and Agapit Peter Koh. Both were seconded from the SEDC. So began CMS, but its origins stretch back even further.

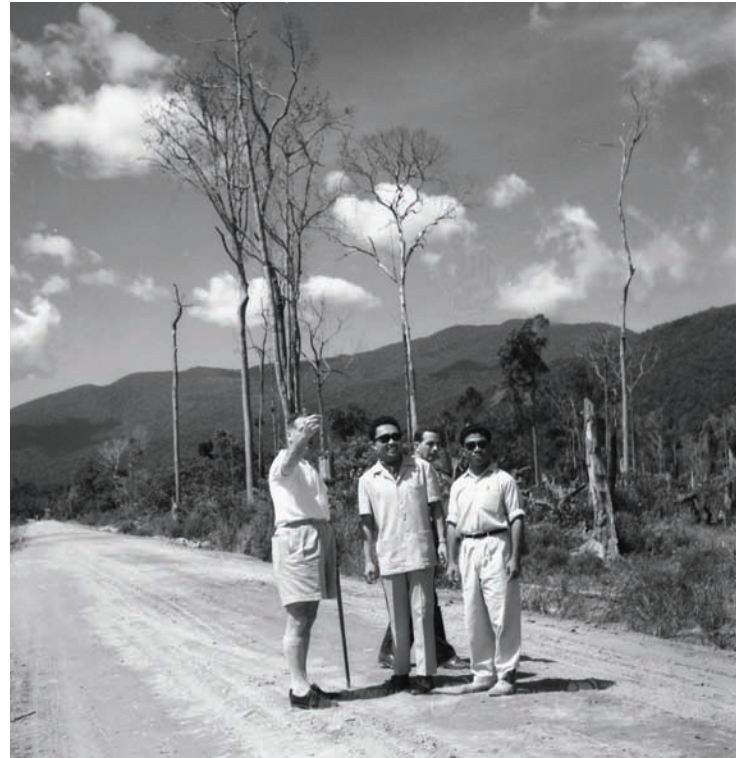


Development and cement supply in Sarawak prior to incorporation of CMS

Sarawak had emerged from the deprivations of the Japanese Occupation during World War II with a weak economy and limited infrastructure. On 1 July 1946 it had become a Crown Colony, directly ruled by the British, and in the years that followed, development proceeded only very slowly.



Chief Minister Stephen Kalong Ningkan addressing the State Development Planning Committee, attended by Deputy Prime Minister Tun Abdul Razak Hussein and Minister of Finance Tan Siew Sin, May 1964.



Abdul Taib Mahmud, then a Sarawak State assemblyman, visits the Lundu Road, October 1964. He became chief minister in 1981 and, many years later, the road was, and continues to be, maintained by CMS.



Kuching, shown here in 1960, was still a small town, little changed from 1947 when only 34,500 people lived and worked there.

At that time there were relatively few brick and stone buildings and only short stretches of sealed roads in Kuching, let alone the rest of the State. Timber was still the main construction material, but this began to change as time passed and construction methods modernised; cement and concrete became increasingly important components in the construction of buildings, roads and bridges.

Development accelerated after Sarawak gained its independence and became part of Malaysia in 1963. Yet in many areas it lagged behind the Peninsular Malaysian states in terms of development. For example, despite its vast size,

the State had just 1,709 kilometres of roads. Both Federal and State governments were keen to see the State develop, and under the confident leadership of Datuk Patinggi Haji Abdul Rahman Ya'kub, the former Federal Minister of Education who was sworn in as Sarawak's chief minister in 1970, development began to gather pace.

In addition to buildings, Sarawak needed to build ports, airports, bridges and road infrastructure which required culverts and other concrete elements. However, the State was entirely dependent on imported cement, mainly Green Island cement imported from Hong Kong by the Borneo Company.

Yang di-Pertuan Agong Sultan Yahya Petra being shown a model of Kuching at the State Development Exhibition in the State capital in conjunction with the 1976 National Day celebrations.



BELOW John R. Rowland, the Australian high commissioner to Malaysia (1969–73), presenting the hot-mix asphaltic plant to Acting Chief Minister of

Sarawak Stephen Yong Kuat Tze at the Stabar quarry, 25 November 1972.

RIGHT The high commissioner speaking at the event.



It was evident that Sarawak would have to produce its own cement if it was to increase the speed of its development.

Presentation of asphaltic plant to Sarawak under the Colombo Plan

Thought in Sarawak had turned to construction materials well before CMS was incorporated. On 24 November 1972, the Australian government had officially presented the Sarawak government with a \$660,000 hot-mix asphaltic plant under the Colombo Plan Aid scheme. The plant was located at the Stabar quarry at the 7th mile Kuching–Serian Road near Kuching airport, and was operated by the Jabatan Kerja Raya (JKR, the Public Works Department) Sarawak.

On that day, acting Chief Minister of Sarawak Stephen Yong Kuat Tze, who was also state minister for communications and works, received the 'key' to the plant from Australian High Commissioner J.R. Rowland at a ceremony at the Stabar quarry. Yong said that the plant was timely and would enable road construction to accelerate and villages and 'pockets of population' to be linked to the main towns. The *Sarawak Tribune* on 25 November 1972 reported that 'Mr Yong said that the key to development success was to provide easy access to

THE COLOMBO PLAN

The Colombo Plan was established in 1950 as a framework for international cooperation to support economic and social development in Southeast Asia through the provision of foreign aid and technical assistance. It initially comprised seven Commonwealth countries – Australia, the UK, Canada, Ceylon, India, New Zealand and Pakistan. The Federation of Malaya became a member in 1957 and Sarawak not long after.



The first hot-mix asphaltic plant in Sarawak festooned with bunting at the Stabar quarry.

CMS LEADERS MOHD AMIN BIN HAJI SATEM (now Datuk Haji) 1974–92

New Zealand graduate Mohd Amin Satem began his career as Divisional Development Officer in Sibu in 1964. In 1969 he was appointed deputy general manager of the Sarawak Development Finance Corporation (SDFC), which focused on providing rural credit, and was then appointed the first chairman of the SEDC when it was formed in 1972, in which position he served until 1981. He was appointed managing director of CMS upon

its formation in 1974 and served in that capacity until his retirement in December 1992. Under his management, CMS became the first Sarawak company to be directly listed on the Kuala Lumpur Stock Exchange, in 1989.

Following his retirement, Datuk Amin went into business, including founding and serving as chairman of B.I.G. Industries Bhd (formerly known as Bintulu Industrial Gas Sdn Bhd).



LEFT Sabah Chief Minister Tun Datu Mustapha bin Harun, accompanied by Sarawak Chief Minister Datuk Patinggi Haji Abdul Rahman Ya'kub, is greeted upon his arrival at Miri airport, 1 June 1972.

BELOW The two chief ministers and their aides in discussion at Miri.



areas of development so that local produces [sic] could be easily transported to the marketing centres and the ports.'

Talks between chief ministers to establish a cement plant

Also in 1972, Chief Minister Datuk Patinggi Haji Abdul Rahman Ya'kub met with his Sabah counterpart Tun Datu Mustapha bin Harun at Miri to discuss the possibility of joint-venture projects between the SEDC and SEDCO. It was imperative that the projects selected, which would involve a significant level of investment, would satisfy the demands of the two states.

Cement production and flour were the two industries identified. The focus on joint ventures between the two neighbouring states was due to the fact that, on their own, each state's market was small but, when combined, the market became more viable for the planned new industries.

The SEDC's and SEDCO's joint plan to set up a cement plant in Kuching on a 50–50 basis was announced in November 1973 after the two states had reached agreement in principle. This culminated in the incorporation of CMS in October 1974. Yahya Lampong, a representative of SEDCO, was soon appointed as chairman of the company.



Holiday Inn Kuching, 1976. The hotel was constructed as a joint venture by the SEDC and Inchcape Group. It was later rebranded the Grand Margherita Hotel.

ACCELERATING SARAWAK'S INDUSTRIALISATION: THE SEDC'S EARLY YEARS

The early 1970s was an era of great change for Sarawak as the State Government under Chief Minister Datuk Patinggi Haji Abdul Rahman Ya'kub was reorganised to enable greater development. One innovation took place on 1 March 1972 when the Sarawak Development Finance Corporation (SDFC) – which was involved in direct investments in manufacturing, construction and other businesses – was renamed the Sarawak Economic Development Corporation (SEDC) following the passing of an amendment to the Development Finance Ordinance 1958 by the Council Negri (State Legislative Assembly).

A month earlier the newly formed Sarawak Land Development Corporation (SLDC) had taken over the responsibilities of SDFC, leaving the SEDC empowered to place greater emphasis on industrial promotion and investment. The SEDC's aim was to accelerate investments in manufacturing, construction and other industries and to promote bumiputera participation in business.

Among the SEDC's early initiatives were the negotiations with Sabah's SEDCO (and initially with the Associated Pan Malaysia Cement Sdn Bhd, too) for a joint investment in the planned integrated cement plant in Kuching.

Other early initiatives of the SEDC in its first two years included taking up a 20 percent equity investment in Sarawak Chemicals Sdn Bhd and the establishment of a factory at Sibul to refine sago flour and produce starch by-products. A new subsidiary company, Sarawak Motor Industries Sdn Bhd, was also incorporated to

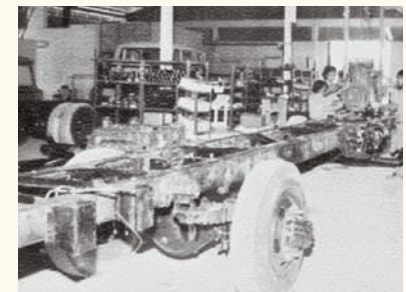
assemble commercial vehicles. The SEDC also had a majority shareholding in Goebilt Seafoods Processing Berhad.

The SEDC's first chairman, Mohd Amin Satem, wrote in the SEDC's 1972 Annual Report that it had been appointed by the State government to be responsible for the management of the existing Pending Industrial Estate and for the planning and management of future government industrial estates. The year marked a critical period for the SEDC: 'the shift was towards acceleration of industrialisation', stated Amin.

Following the establishment of CMS in 1974, the SEDC began to concentrate on a limited number of major investments. These included the construction of the Holiday Inn Kuching and the development of the Upper Lanang Industrial Estate at Sibul.



Men working at Sarawak Chemicals' fertiliser plant in Sibul, a joint venture between the SEDC and Guthrie Kimia Sdn Bhd.



Vehicle assembly work in progress at the Sarawak Motor Industries, an SEDC subsidiary, at Pending.



1974-88

THE EARLY YEARS



Gunung Bah at Kampung Mambong was selected as the initial site for CMS's first cement plant. While the plant was eventually built at Pending instead, Kampung Mambong became the location of Sarawak's first clinker plant, now owned by CMS, in 1996.

FOR THE FIRST FOUR years of its existence, CMS focused on the construction of its planned cement plant. Initially it selected the Gunung Bah limestone outcrop at Kampung Mambong, 28 kilometres from Kuching, as the site for the plant. The outcrop would provide the raw material for the production of clinker, the key component in the production of cement.

At its first Board meeting in October 1974, CMS approved the sum of RM350,000 for construction of an access road to the planned plant site. It also approved the sum of RM500,000 for the limestone and shale drilling contract and RM60,000 for the construction of a depot office at Pending.

Construction of the plant was to be the biggest project that the SEDC had undertaken. Negotiations to raise funds for the project commenced immediately, but by the end of 1974 only RM4 million had been jointly raised by CMS's two shareholders, the SEDC and SEDCO. As a result of the difficulty of securing sufficient funds, by February 1975 CMS began to consider establishing a cement grinding plant – to make cement from imported clinker – rather than the more expensive integrated cement plant that had been originally planned. The plant would still be the first heavy industrial factory to be built in East Malaysia.

As limestone for clinker production would no longer have been required, it would not be necessary to locate the plant at Gunung Bah. A new site was identified at Pending, in the industrial estate managed by the SEDC, some 6 kilometres from the centre of Kuching. However in April, having considered this alternative, CMS resolved to continue with its plan to site the plant at Gunung Bah, as recommended by Holderbank.

OPPOSITE Family Day at the Pending cement plant, 1 May 1986. The plant commenced operations in 1978.

Foreign participation

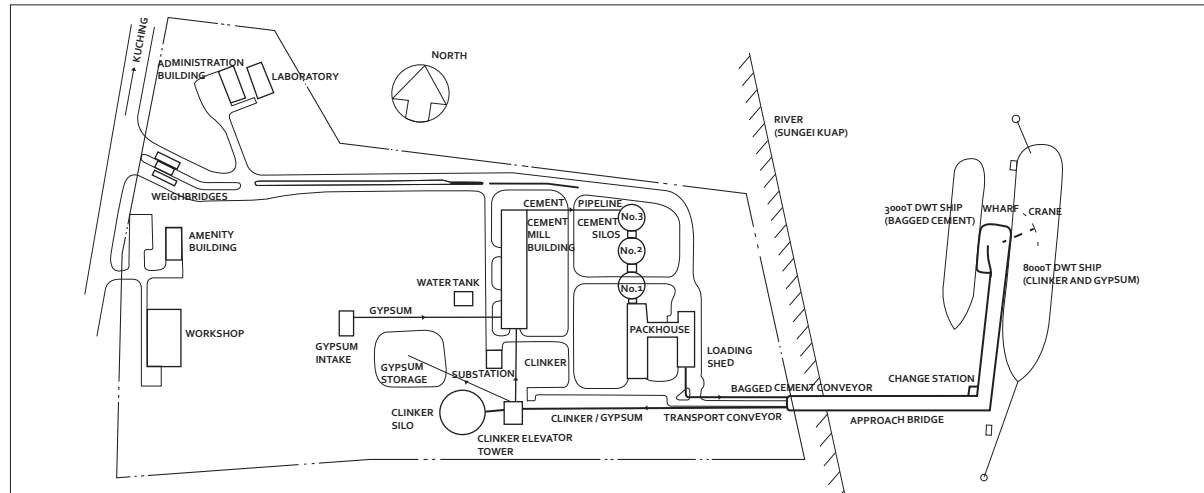
It was hoped at the time that there would be foreign participation in CMS, comprising a total of 40 percent – with 20 percent to be held by Holderbank Financière Glaris (HOFI), 10 percent by International Finance Corporation (IPC) and 10 percent by Abu Dhabi Fund (ADF). CMS directors Yahya Lampong, Bujang Mohd Nor and Amin Satem visited Abu Dhabi in June 1975 to discuss this participation further. However, no foreign investment was ultimately forthcoming. In the case of the ADF, it was not able to consider participation in 1976 as it was not in its budget provision for that year and while it might

Mohd Amin Satem and colleagues visited Japan in 1976 for discussions with corporations interested to invest in CMS.

have considered participation in 1977, this was too late for CMS who needed to move ahead to establish its plant.

Also in 1976, Amin Satem flew to Japan where he visited Mitsui & Co. Ltd – a supplier of clinker – and Onoda Cement Co. Ltd. The two corporations indicated that they might participate by investing in a holding of CMS equity of up to 15 percent. Discussions with other potential Japanese investors including Sumitomo Cement Company Ltd and Osaka Cement Company Ltd continued during 1976. However, the CMS Board took the view that potential foreign participants in the project were mainly





Plan of the Pending plant as it was originally constructed.

interested in supplying clinker to the CMS cement plant. Eventually, in November 1976, the Board agreed to reject any foreign participation proposal unless foreign investors were prepared to invest between 20 percent and 30 percent shareholding in the company.

From integrated cement plant to cement grinding plant

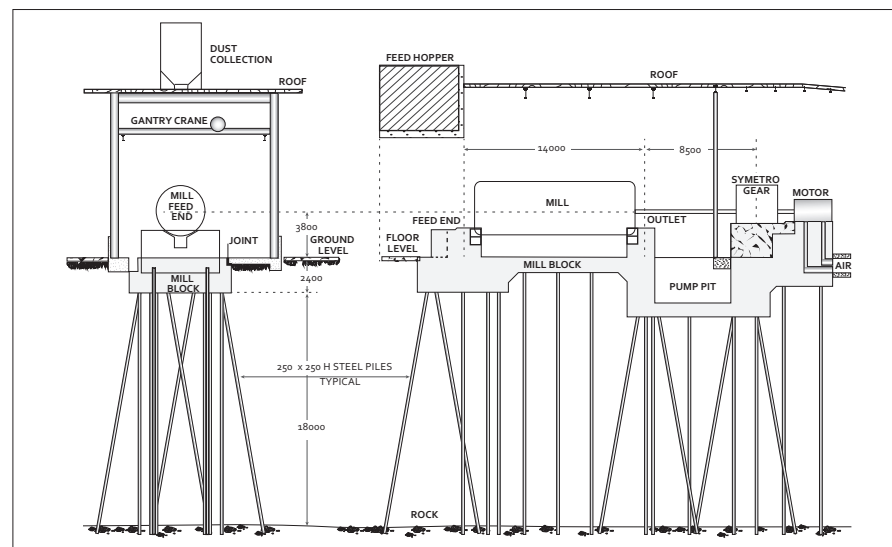
The site of the cement plant continued to be debated throughout 1975 and into 1976. By June 1975, the landowners of the 40 acres required at Gunung Bah had agreed to sell their land, including crops and buildings, at approximately RM8,000 per acre. The rate was assessed by the Department of Land and Surveys. Ultimately, some 112 acres were acquired. At the same time, CMS agreed to purchase 13 acres of land at Pending from SEDC at a price of RM2 per square foot.

However, by March 1976, the decision – earlier rejected – was taken to change the plant site from Gunung Bah to Pending. The Pending site was on land that had formerly been mangrove swamp and, most importantly, was next to a navigable river. The ground level of the land had already been raised by 2 metres in 1974 through the placement of sand there in anticipation of development of the area. The

riverside location would enable the clinker required for cement production to be easily and cheaply imported. Cement produced by the plant could also be transported by barge as well as by road. As cement is a relatively low value product by weight, it is essential to try and minimise logistical costs as much as possible.

With this in mind, Mohd Amin Satem and Bujang Mohd Nor had already in January 1976 decided to construct a wharf for CMS's use at Pending. The jetty was to be capable of accepting 8,000–12,000 dwt (deadweight tonnage) vessels. It was to have

Cross-section and long-section through the 420-cubic-metre cement mill foundation block of the Pending plant, showing the complex piling arrangement necessary for the heavy structure. The foundation block was designed to control vibration and prevent resonance from the 14-metre-long, 4-metre-diameter steel tube of the cement mill that the block was to support.



a stationary hopper and a conveyor belt to take in imported clinker from vessels to the clinker silo and also a conveyor system for the loading of bagged cement from the plant into vessels to ports outside Kuching. The decision to build the plant at Pending required only minor changes in mechanical equipment but unsurprisingly caused a significant setback to the civil works programme. It also meant that the land area required there increased from 13 to 15.45 acres.

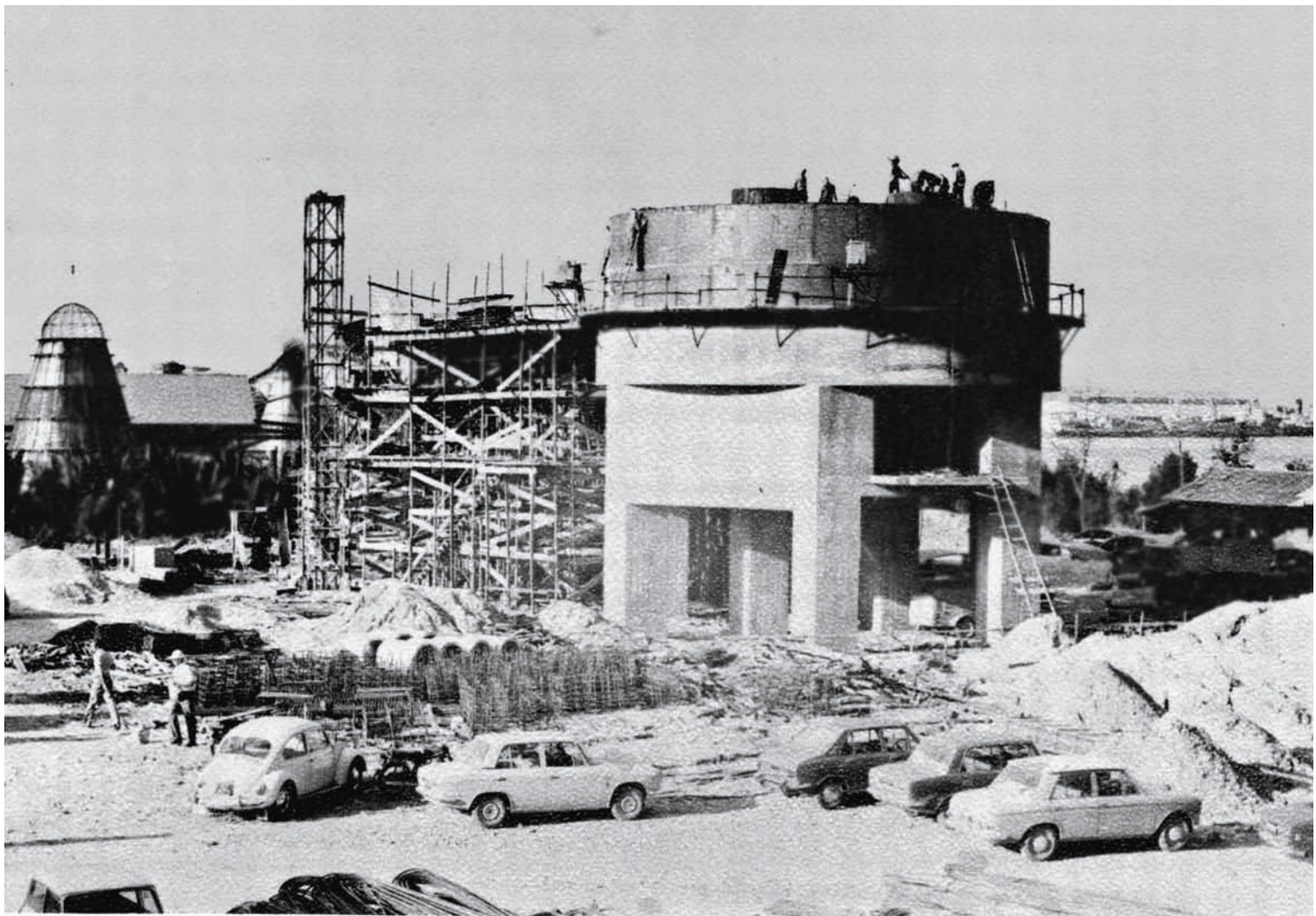
The 5,000-tonne capacity cement storage silo under construction at the Pending plant.

The decision to construct a cement grinding plant rather than an integrated plant that produced clinker as well as cement, and thus to change the

plant site, was made as the funds necessary to build the more expensive integrated plant were not forthcoming. The terms of Holderbank's consultancy services were changed at this time to put it on a time basis. The decision to change site pushed back the planned commencement of production of cement by about eight months. The mechanical equipment was on site by April 1976 when construction at Pending got underway.

Plant personnel

Construction of the plant was overseen by CMS's Assistant Manager Chan Yong Ngai, an electrical



engineer who worked with ENEX Consortium 546 Ltd's resident engineer, a New Zealander, and four clerks of works to supervise the civil work undertaken by contractor Shen On Construction. Shen On also had to schedule its work to take account of the programme of F.L. Smidth, which supplied the machinery including the belt conveyors.

In early 1977, an electrical engineer and mechanical engineer from Holderbank visited the plant during its construction and returned to Switzerland. As CMS had no experienced staff to undertake the operation of the plant independently, F.L. Smidth was appointed to provide technical

assistance services. Mitsui and Co. Ltd of Japan had also offered technical assistance.

In mid-1977, CMS appointed its first three sales executives, and an economist. In September of that year, distributors and dealers were appointed, with a sole distributor, Perdagangan Perkasa Sdn Bhd, based in Kota Kinabalu, operating in Sabah.

It was also agreed to employ for an initial six-month period two Korean employees of Ssangyong Cement, who were at the time attached to their Singapore factory. They arrived in Kuching on 24 November 1977 and started work soon after. Their contracts were eventually extended until the end

RIGHT Construction by New Zealand consultant ENEX Consortium is in progress under the supervision of plant manager Chan Yong Ngai (left).

BELOW Chan Yong Ngai (right) and his team at the site office.

RIGHT BELOW The team take a break from construction of the plant.



CMS LEADERS AWANG HUSSEIN TAHIR (now known as Datuk Pengiran Hj Mohd Hussein bin Datuk Pengiran Hj Mohd Tahir Nasruddin) 1976–84

Having graduated from the University of Canterbury in New Zealand, Pengiran Mohd Hussein began his career as an Administrative Officer in the Chief Minister's Department, Sabah. Six months later he was appointed Corporation Secretary of SEDCO and three years after that, in May 1976, he became SEDCO's Group General Manager, which position he held until his retirement in March 2003. Also in

1976, he was appointed chairman of CMS, in which capacity he served until 1984.

Following his retirement from SEDCO, Pengiran Mohd Hussein went on to serve as Chairman of the Investment Committee of Amanah Saham Wawasan 2020, from 2004 to 2010, and as the Malaysian Ambassador to the Royal Kingdom of Cambodia from 2010 to 2013.



of October 1978. Even then, as an experienced supervisor was still required, Ssangyong offered a replacement, Ahn Jong-Man.

As construction of the plant neared completion in December 1977, CMS began to hold its Board meetings in the conference room at the cement grinding plant to which its corporate office had relocated in anticipation of the plant's opening.

Sale of cement and supply of raw materials

To ensure it was ready for business when its plant commenced production, in 1976 CMS began to undertake some marketing of imported cement. This enabled it to become familiar with the challenges of cement marketing. It sold this cement at a small profit to Shen On Construction, the contractor appointed to undertake the civil works required for the cement grinding plant.

In 1976, cement imported from outside Malaysia had a tariff of RM2.00 per ton levied on it as well as excise duty of RM2.00. CMS sought to have the former increased to RM15 per ton. There was also a RM2.00 import duty on clinker. CMS sought to have this waived as it could not obtain its clinker supply locally at a competitive price. There were also concerns that dumping, by cement manufacturers

from Peninsular Malaysia in Sabah in particular, could lead to CMS losing a sizeable market share there.

In April 1977 CMS opened a tender for the supply of clinker. Six Japanese companies and one Korean company submitted tenders, but only two of the seven (one from Japan and the other from Korea) were in accordance with the specifications of the tender (the other five refused to supply the requisite bank guarantees). The CMS Board decided to send Chairman Awang Hussein Tahir, Managing Director Amin Satem, Director Sufian Saufi and its two assistant managers to visit Korea and Japan to negotiate further.

The final submission from all the Japanese tenderers was at a price of USD29.00 per metric tonne and USD28.00 from Ssangyong Cement Industries of Korea. At the prices offered, CMS would not be able to operate the plant profitably. Subsequent negotiations resulted in more favourable agreements being reached with two Japanese suppliers, Toyo Menka Kaisha Ltd and Nissho-Iwai Co Ltd, and Ssangyong Cement Industries of Korea. Chemical gypsum was also sourced from Nissho-Iwai Co. Ltd. The initial order was shipped to Kuching together with the first shipment of cement clinker. Some clinker was also obtained from Peninsular Malaysia-based Perak-Hanjoong Simen Sdn Bhd and, later, from Kedah Cement too.

Launch of the cement grinding plant

On 12 January 1978, in a simple ceremony witnessed by some 40 invited guests and 79 employees, Chief Minister Abdul Rahman Ya'kub turned the knob to start Borneo's first cement grinding plant, located at the Pending Industrial Estate. The chief minister was elated that the State could now depend on local sources and manpower to develop the much-needed housing industry which was slowly growing.

The front-page report in the *Sarawak Tribune* the following day quoted Managing Director Amin Satem describing the establishment of CMS as the 'brainchild' of the Sarawak chief minister who was

confident that there was great potential in cement. Speaking at the press conference following the opening of the plant, he said 'With the setting up of the plant a stable price of the commodity is assured.' Up until then the cement price had fluctuated depending on the source of shipment. Once the CMS plant was established, the local production price was fixed by the Federal Ministry of Domestic Trade.

At the time, CMS, then under the chairmanship of SEDCO's Awang Hussein Tahir, planned to establish a second cement plant in Kota Kinabalu so as to reduce the transportation and handling costs. The company was even looking at supplying the Brunei



CLOCKWISE FROM FAR LEFT
Chief Minister Datuk Patinggi Tan Sri Haji Abdul Rahman Ya'kub is greeted on his arrival at the Pending plant on 12 January 1978.

The chief minister turns on the mill with Datuk Sim.

The chief minister and other officials accompanied by Mohd Amin Satem at the site of the plant.

At a press conference the same day, CMS Chairman Awang Hussein Tahir (right) proudly displays the CMS cement bag cover, with SEDC Chairman Sufian Saufi and Mohd Amin Satem.





After opening the new cement plant, Chief Minister Datuk Patinggi Tan Sri Haji Abdul Rahman Ya'kub was presented with a birthday cake at a tea reception in conjunction with his 50th birthday celebration.

market which needed between 80,000 tonnes to 100,000 metric tonnes per year.

By then RM36 million had been invested in the plant which had the capacity to produce 400,000 metric tonnes of Portland cement per year.

The first months of operation

At the time it was officially opened, the plant was still under commissioning. The acceptance test was only performed after the mill had been in operation for 450 hours. A few minor operational problems that cropped were rectified by F.L. Smidth. During the commissioning period, CMS staff had taken over the operation, maintenance and control of the plant to enable a successful takeover from F.L. Smidth's personnel on their departure. It was however decided to retain the services of Aage Skibsted, chief electrical engineer of F.L. Smidth, for a period of one month from the date of commissioning.

Chan Yong Ngai was appointed plant manager and Agapit Peter Koh appointed marketing manager from 1 June 1978.

Before these appointments were made, however, the main motor mill broke down, on 10 April 1978. After unsuccessful remedial measures were taken, it was eventually suspected that the fault might be due to defective design of the rotor. This was later confirmed. A new rotor was airfreighted from Sweden to Singapore and then sent on chartered freighter to Kuching. As a result of the breakdown, CMS suffered loss of production and profit for three months at an estimated cost of more than RM1.2 million. Legal advice was sought whether a claim could be brought against F.L. Smidth. The plant resumed production on 16 July 1978.

From July 1978, the Japanese clinker suppliers raised their prices to a level which rendered CMS's sales to the Sabah market to be at a loss. However, CMS still continued to supply as the Sabah Public



LEFT Managing Director Mohd Amin Satem speaking at the Annual Staff Dinner at Dewan Masyarakat, c. 1980.

ABOVE Supervisory seminar organised by National Productivity Centre, c.1980. Agapit Peter Koh is seated third from left.



LEFT The Sebuyau quarry, in Sarawak's Samarahan Division, 1983. The quarry originally produced high-quality granite for the port at Sungai Priok and also exported to Brunei for port and road construction.

BELOW This signboard for SEDC company PPES Penkuari Sdn Bhd was located along the Kuching–Serian Road in the 1980s.



Works Department had included in their contract documents that contractors must use CMS cement subject to availability and acceptability on price. This also served to keep CMS's presence in Sabah alive.

At first the plant operated at half capacity but over the years this increased until it was running at nearly full capacity by the late 1980s. The plant operated 24 hours a day four days a week, with staff working on two 12-hour shifts. On the other three days each week general cleaning and maintenance were undertaken.

Quarrying in Sarawak

The quarrying industry is a key component of the construction industry and closely associated with cement and concrete production. The Sarawak Public Works Department (JKR) established a quarry at Sebuyau which commenced operations in 1968 and continued to operate it until 1979. The quarry produced stone aggregates which were used for

construction of roads and buildings. From 1979 to 1983, JKR assigned the quarry to Daelim Construction Co Ltd of Korea who used it to extract granite for the construction of the Bintulu deep-sea port.

In 1983, in line with the Federal and State governments' move to privatise certain government functions, PPES Kuari Sdn Bhd was incorporated under the SEDC and took over the newly privatised JKR quarry at Sebuyau in 1984. Daya Kuari Sdn Bhd was incorporated in 1985 and fully owned by PPES Kuari Sdn Bhd. Daya Kuari Sdn Bhd took over operation of the Sebuyau quarry and its name was subsequently changed to Sebuyau Kuari Sdn Bhd in 1988 and to CMS Quarries Sdn Bhd in 2004.

New focus following political change

In 1976 Sabah Chief Minister Tun Datu Mustapha was succeeded by Datuk Panglima Harris Salleh. He had left the United Sabah National Organisation (USNO) to form a new political party, BERJAYA, which joined

HOW CEMENT IS MADE

What is cement?

Cement is a fine powder which, when mixed with water, sets and then hardens into a solid, strong construction material and is a main component of concrete. CMS Cement originally produced only Portland cement. From 2008 it has also produced masonry cement.

Portland cement is a multi-purpose cement that is most commonly used in general construction. When mixed with water, sand and aggregates, the Portland cement dust hardens into concrete. Portland cement produced by CMS Cement is of the highest quality and exceeds the requirements specified in the Malaysian Standard MS EN197-1 specifications.

Masonry cement is manufactured by fine-grinding and homogenised blending of specified proportions of clinker, gypsum and plasticising material. The special plasticising material incorporated in masonry cement improves the workability and water retention properties and eliminates the need to add hydrated lime to produce a workable, durable and economical mortar. Masonry cement is designed for producing mortars used for brick- and block-laying, interior and external rendering and plastering and other masonry applications. Masonry cement produced by CMS Cement is sold under the registered brand name Cemplast.

The cement manufacturing process

Portland cement is produced by grinding clinker, gypsum and limestone to a pre-determined fineness. For masonry cement, small quantities of plasticising agent are also added. CMS, now through its subsidiary CMS Cement, procures the bulk of the clinker it requires from local sources with the remainder being imported from Peninsular Malaysia and overseas. The gypsum used in CMS Cement plants is imported from Thailand and elsewhere.

The ingredients are ground into a fine and homogenous powder in a two-chambered tube mill. Gypsum is added to control the setting of the cement to prevent flash setting. Up to five percent limestone may also be added in accordance with the MS Standard. The ground material then goes through a separation process in a high-efficiency separator. The resulting cement is collected by a bag filter and stored in silos.

The finished cement is extracted from the cement silo outlets and transported to a packing machine. CMS Cement supplies Portland cement in three types of packing: 50 kg bags, one-tonne jumbo bags and bulk tanker. Masonry cement is packed in 50 kg bags. The packed cement is then delivered to customers by road or river transportation.



Raw materials are unloaded at the jetty. The three main ingredients of cement: clinker, natural gypsum (the common name for calcium sulphate dihydrate) and limestone.



The raw materials are transferred to silos and storage yards via conveyor. The conveyors at CMS's Pending plant are over 400 metres long.



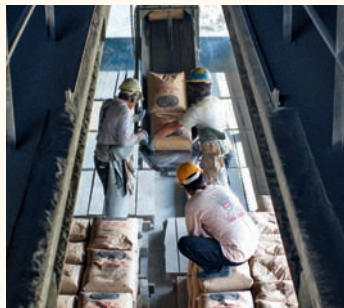
At the Pending plant, the raw materials are fed through a roller press for pre-grinding before going into the tube mill.



The pre-ground raw materials are then put through a tube mill filled with steel balls of various sizes for further grinding.



The resulting cement is stored in large cement silos once it has been collected by the bag filter.



Both Portland and masonry cement are made available in 50 kg bags the packing of which is finished by hand.



For bulk packing, cement is extracted from the silo outlet through a valve and into a bulk tanker.



The cement is analysed and tested in the plant laboratories to ensure it complies with MS Standards.



LEFT Limestone, shale and sandstone are mixed together and pre-homogenised, resulting in ‘raw mix’. This is then transferred by a reclaimer onto a conveyor to storage.

BELOW The kiln is an enormous rotating pipe 60 metres long and 4 metres in diameter. The kiln is slightly inclined to allow for the materials to slowly reach the other end – this takes about half an hour – where the clinker is cooled to 120°C at a grate cooler which uses cooling fans. This takes another half hour or so.



How clinker is made

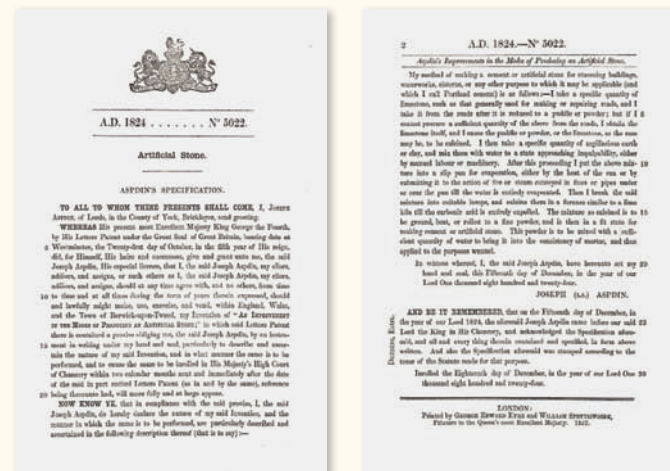
Clinker is the main component of cement, comprising more than 90 percent of the finished product. Limestone (78 percent), shale (12 percent) and sandstone (10 percent) form the main raw materials for the manufacture of clinker. CMS now owns its own clinker plant through its subsidiary CMS Clinker (see pages 74–75), which quarries all three of these materials at its plant at Mambong. After quarrying, the next step in the manufacturing process is crushing. Different crushers are used for each of the main raw materials to obtain aggregates of less than 25mm in size. The resulting crushed materials are then stored in silos and storage halls prior to being mixed together and pre-homogenised using a boom stacker. This process results in raw mix.

The next step involves the further reduction in granularity of the raw mix, limestone and iron ore components. These raw materials are ground into a powder with a vertical roller mill. The resulting raw meal powder is then blended – that is it undergoes continuous mixing between old and fresh raw meal – in the blending silo and conveyed to a pre-heater and kiln via a bucket elevator and airslide system. The locally produced coal that is now used as fuel for the furnace is also ground using a vertical roller mill to a fine powder.

Inside the five-stage pre-heater and rotary kiln, the raw meal is gradually heated to about 1450°C causing it to sinter and partially fuse into clinker. The clinker is then further crushed to less than 25mm in size before being transferred to a clinker silo for storage.

A brief history of cement

Portland cement was first produced in England in 1824 by mason Joseph Aspdin by burning powdered limestone and clay in his kitchen stove. He named it after the Isle of Portland on England’s south coast because its colour resembled the natural limestone quarried there. His invention laid the foundation of an industry that has used nature’s raw materials to transform much of the developed world into a ‘concrete jungle’.



Aspdin’s original patent for ‘artificial stone’, issued in England in 1824.

CMS LEADERS MOHD EFFENDI NORWAWI (now Tan Sri) 1981–95

A graduate of the University of Tasmania in Australia, Tan Sri Mohd Effendi Norwawi was appointed executive chairman of the SEDC in 1981, in which capacity he served until 1995. He also served as a director of CMS from 1981 to 1995, and as chairman from 1984 to 1987. He attended his first CMS Board meeting, as an alternate director, in April 1977.

In the latter part of his career, Effendi moved into politics. He served as a state assemblyman in

Sarawak for nine years, from 1991 to 1999, and then as a member of the Federal Parliament from 1999 to 2004 and also as Federal Minister of Agriculture during those same years. He served as a Senator in the Dewan Negara (2006–11), and as Minister in the Prime Minister's Department in charge of the Economic Planning Unit (2006–08). He is also a successful businessman, having served as chairman of Encorp Bhd, which he founded, until 2013.



LEFT Sabah Flour and Feed Mill Sdn Bhd, initially a joint venture between SEDC, SEDCO and Gold Coin (Malaysia) Bhd, produced flour and animal feed for the Sabah, Sarawak and Brunei markets.

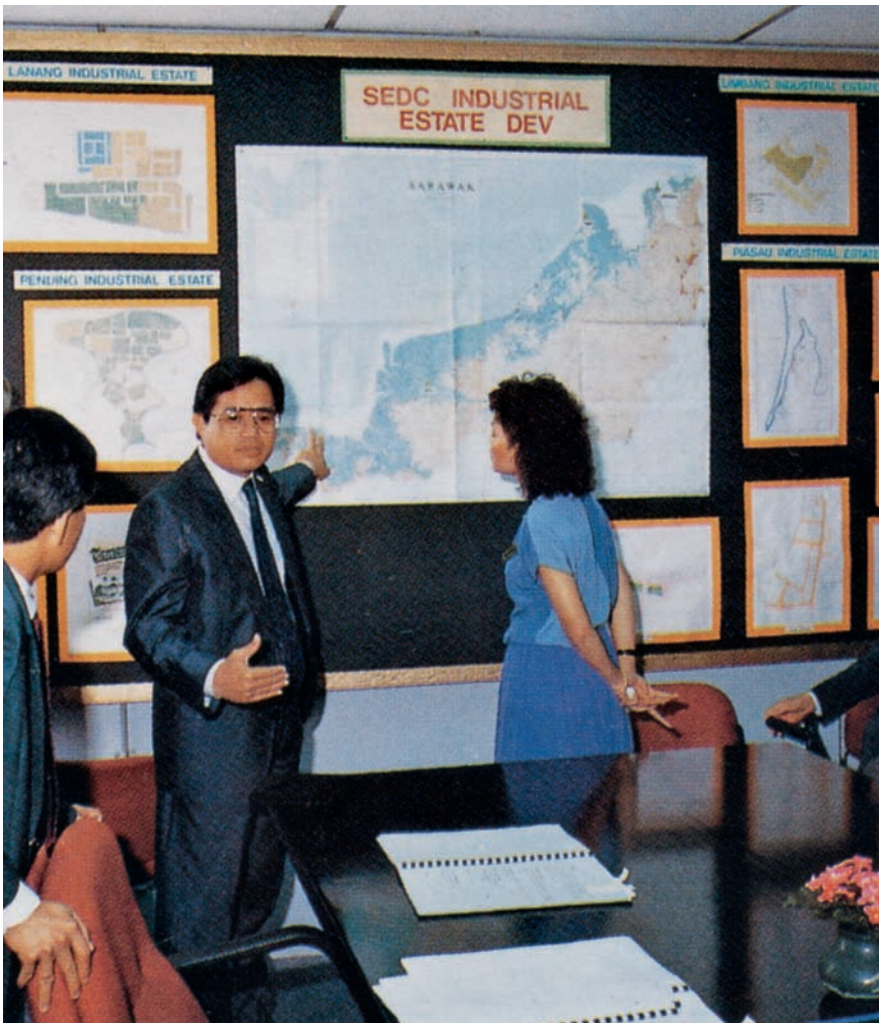
BELOW Datuk Patinggi Haji Abdul Taib Mahmud taking the oath of office as Chief Minister of Sarawak for the first time on 26 March 1981.



the State Barisan Nasional coalition. In 1976, he mooted the idea of setting up the Sabah Flour and Feed mill on Labuan. This marked a change of focus by the Sabah state government away from heavy industry towards downstream agricultural industries.

In Sarawak too, a new chief minister was sworn in, succeeding Rahman Ya'kub. This was Datuk Patinggi Haji Abdul Taib Mahmud, and the date was 26 March 1981. That same year, under the new chief minister, 33-year-old Mohd Effendi Norwawi was appointed executive chairman of the SEDC. He went on to lead the SEDC for 15 years. He was also appointed to the Board of CMS, attending his first Board meeting on 27 October 1981. Subsequently, in February 1984, Effendi was also appointed chairman of CMS, taking over from SEDCO's Awang Hussein Tahir who was appointed to the newly created position of deputy chairman. In the 1984 CMS annual report, Effendi wrote, 'The last nine years saw tremendous growth despite the scepticism it attracted at the beginning. I am both glad and proud to state that we have weathered the storm very well.'

With the opening of the Pending plant, CMS had quickly become the leading cement supplier in Sarawak. By 1979 its market share was 88 percent and this increased to 92 percent in 1980. In Sabah its share increased from 34 percent in 1974 to 46 percent in 1980. CMS organised seminars in various



ABOVE Aerial view of the Pending cement plant, 1978.

TOP Pending cement plant, c. mid-1980s.

LEFT Photograph of Effendi Norwawi at work as chairman of the SEDC, taken from the commemorative booklet 'Obsessed with Excellence' published in 1991 to mark the 10th anniversary of his appointment.



Agapit Peter Koh was promoted to become general manager of CMS's Pending cement plant in November 1982.

centres in Sabah and Sarawak to promote CMS cement to users in the two states. As its sales grew, in February 1981 CMS opened a depot at Bintulu with a staff strength of a supervisor, foreman, four lorry drivers and 24 labourers. The depot facilitated faster and increased deliveries of cement at Bintulu.

As time went on, the cement market in Sabah proved unexpectedly difficult for CMS. In the first eight months of 1982, for example, CMS sold 171,000 metric tonnes of cement in Sarawak and 79,000 in Sabah. While this was an increase of 8,000 metric tonnes sold in Sabah in the corresponding period of 1981, CMS's market share in the state dropped from 45 percent to 42 percent. This was mainly due to the practice at that time by Japanese, Korean and Taiwanese suppliers of dumping their cement in Sabah at prices lower than CMS by as much as USD37 per metric tonne.

In 1986, Cement Manufacturers (Sabah) Sdn Bhd took over the Sabah cement market. As a result,

CMS found it necessary to reduce the number of its employees there. This was done on a voluntary basis with those leaving being compensated with two months' last drawn salary for every year of service completed. CMS initially continued to supply cement to Sabah in the form of bulk cement to Cement Manufacturers (Sabah), but the latter went on to obtain their supply from elsewhere.

Expansion into other ventures

By 1984, CMS provided direct employment to 390 people and another 300 jobs indirectly. That year it made a net profit of more than RM10 million on turnover of RM74 million. Yet there was limited scope for further expansion in the cement industry.

So, under Effendi's guidance CMS began to take its first tentative steps towards expanding into other businesses. For example, in 1985, the company accepted the offer of the SEDC to become



The Cement Industries (Sabah) Sdn Bhd (CIS) plant at Kota Kinabalu, Sabah. CIS was incorporated in 1982 as a joint venture between SEDCO, SPA and Tasek Corporation Bhd. It commenced production in 1986.



Official opening of Steel Industry Sarawak Bhd by Chief Minister Datuk Patinggi Haji Abdul Taib Mahmud (third from left), 18 August 1988. Among those accompanying the chief minister are CMS Chairman Datuk Effendi Norwawi (right) and Deputy Chief Minister Datuk Alfred Jabu Ak. Numpang (second from left).

one of the main distributors of Setri Sdn Bhd which manufactured wire mesh for construction.

In early 1987, CMS began to invest in Sebor (Sarawak) Sdn Bhd, a joint-venture company of the SEDC and the Borneo Company, which dealt in consumer goods, insurance and shipping agencies. CMS obtained just over 20 percent of Sebor's enlarged paid-up capital.

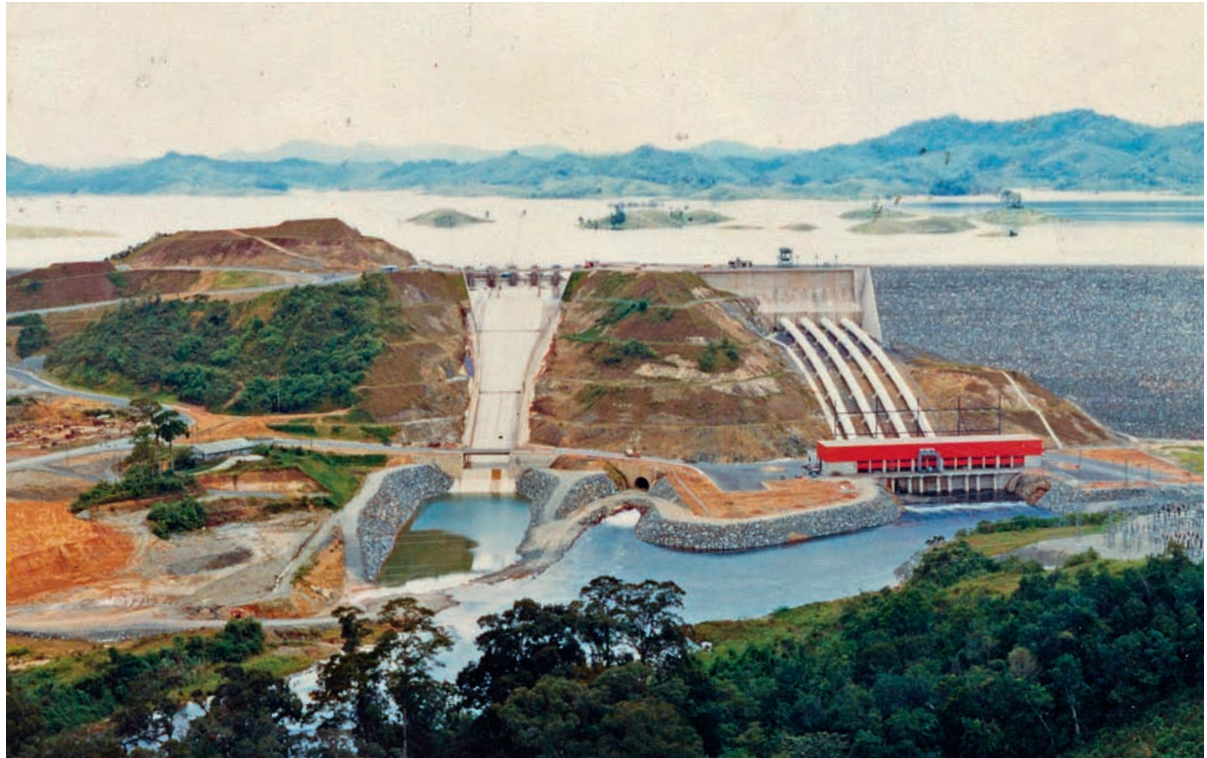
In August 1987, CMS agreed to establish a wholly owned subsidiary to undertake the centralised marketing operations for its cement, steel bar, wire mesh, aggregates and other SEDC product lines. Later, CMS incorporated PCMS Sdn Bhd for this purpose and appointed it as the sole distributor of cement for CMS. Additional products such as roofing materials were also sought to add to the lines to be marketed.

Sarawak's industrialisation intensified as steps were taken to undertake another heavy industrial venture, in which CMS later acquired a significant stake. This was Steel Industry (Sarawak) Sdn Bhd



Workers transferring 50 kg bagged cement from the conveyor for loading at the Pending plant jetty.

Shown here soon after its completion in 1984, the Batang Ai dam was Sarawak's first large-scale hydro-electric scheme, and Malaysia's first concrete-faced rock-fill dam. Launched in 1981, the RM600 million project in the Second Division of Sarawak was completed in three years. It consists of one main 9-kilometre round dam and three saddle dams.



(SIS), which began operations as a subsidiary of the SEDC. Its new mill, which had an annual capacity of 300,000 metric tonne, was officially opened some years later, in 1999. It produced steel wire rods, high-tensile deformed and mild steel round bars for the East Malaysian market.

Throughout the 1980s, CMS's cement business continued to perform well and the cement it supplied contributed greatly to the state's development. It was CMS's cement that was used to construct Sarawak's first hydro-electric dam, at Batang Ai, which opened in 1986. CMS also supplied cement for the extension of the Kuching Port and the construction of government buildings in Petra Jaya as well as further afield for the Rajang Port Authority and the Miri Port Authority.

Preparations for listing on the KLSE

The CMS Board agreed as early as April 1985 to start working toward converting CMS into a public

company in order to float the company on the Kuala Lumpur Stock Exchange (KLSE). HRM (Sarawak) Sdn Bhd, the Sarawak arm of Malaysian accountants Hanafiah, Raslan and Mohamad, was appointed by the SEDC to evaluate five of its stable of companies, one of which was CMS. HRM concluded that, in light of the requirements of the Capital Issue Committee (CIC, the forerunner of the Securities Commission) on performance track record, CMS could qualify for listing on the Kuala Lumpur Stock Exchange (KLSE).

In November 1987 the CMS Board was briefed by Philip Ting of HRM and Chan Kian Sing of Arab Malaysian Merchant Bank and approved the flotation proposal. This involved increasing CMS's paid-up capital from RM16 million to RM32 million under the CIC guidelines, offering 25 percent of this enlarged capital, amounting to 8 million shares to the public which included 1.6 million shares allocated to directors and staff of CMS.

CMS converted from a private limited company to a public limited company on 22 June 1988 and

CMS LEADERS DR PHILIP TING DING ING (now Datuk) 1994–98

Philip Ting Ding Ing was one of the key men involved in the official listing of CMS and went on to serve as the company's managing director from 1 July 1994 to 31 December 1998. Born in Sitiawan, Perak, he graduated from Swinburne University of Technology, Melbourne in 1974 and worked in Australia before returning to Malaysia. In 1979, while working for accountants Hanfiah, Raslan and Mohamad (HRM), he moved to Kuching and became closely associated with Effendi Norwawi who was then in the Sarawak civil service. When Effendi was appointed SEDC chairman in 1981, he sought the advice of Ting and several other consultants regarding the SEDC's plans to invest in about 500 businesses.

At that time, CMS's business activity was solely focused on operating the cement grinding plant at

Pending and only very minor diversification was undertaken over the next few years. In early 1988 however, in his capacity as chairman of CMS, Effendi asked Ting and several other consultants about diversifying CMS more significantly. As chairman of the SEDC, which owned 50 percent of CMS before its listing, Effendi had a major say over the proposal to list CMS. Together with others, Ting, who had experience of listing companies on the stock exchange, having worked on the listing of Keck Sing Bhd in 1977, spent several months working on getting the listing approved and succeeded in doing so in December 1988.

Dr Ting holds a Bachelor of Business degree, majoring in accounting, and a Doctorate from Swinburne University of Technology, Australia.



began its listing exercise. It sought to raise capital for the expansion of its grinding plant. On 14 October 1988, at CMS's 53rd Board meeting, accountant Philip Ting of HRM told CMS's directors that the CIC had approved CMS's application to list.

Just before the listing was finalised, the SEDC and SEDCO each transferred 2.4 million shares in CMS to the investment conglomerate Permodalan Nasional Berhad (PNB), making it one of the largest shareholders in CMS, with a 15 percent stake.

Later that same year, having increased its issued share capital to RM32 million, CMS targeted listing on the KLSE. On 22 December 1988, an offer for sale of 5,000,000 ordinary shares of RM1.00 each at RM1.30 per share was made by its shareholders, the SEDC and SEDCO, on a pro-rata basis to the Malaysian public. Of the shares offered for sale, 444,000 were allocated to directors and employees of the company.

In January 1989, CMS appointed MIDF Consultancy and Corporate Services Sdn Bhd as the

Issuing House and Arab Malaysian Merchant Bank Bhd as managing underwriter for the shares offered to the public. CMS was on the verge of emerging as Sarawak's first directly listed company on the KLSE.



CMS prospectus, issued in December 1988 in anticipation of its listing on the Kuala Lumpur Stock Exchange in early 1989.



1989-2006

GROWTH AND DIVERSIFICATION

SYMBOL	NAME	OPEN	HIGH	LOW	CLOSE	CHANGE	VOLUME
214	CMS	217	248	217	217	-	997

NOTE: @ adjusted for new issues; \$ for foreign; per value \$7 unless specified

The Kuala Lumpur Stock Exchange share information page of the *New Straits Times* on 3 February 1989, the day after CMS was listed. It states the 'Year high', 'Year low', 'Closing price' and 'Volume traded in 1000s' for the stock.

ON 2 FEBRUARY 1989, CMS's shares were listed on the KLSE Main Board. The shares had been over-subscribed by more than 20 times. On its opening day it reached a high of RM2.48 per share – compared with the offer price of RM1.30 – before ending the day at RM2.17. This was the first time a Sarawakian company had been listed on the Main Board.

A little over a month later, on 8 March 1989, two directors nominated by substantial shareholder PNB, Mohd Sallehuddin Othman and Sharkawi bin Alis, were appointed and welcomed to the CMS Board at its first meeting after the listing. Together with PNB, they helped the CMS Board review the most suitable options for the company's diversification as the company grew over the course of the next few years. In 1993, PNB sold its stake in CMS and the two directors resigned.

Clinker supply

One possible area into which CMS could expand, and of which both PNB and the Sarawak State government were in favour, was the clinker business. Indeed in CMS's 1989 annual report, Bujang Mohd Nor, who had taken over as CMS chairman from Effendi Norwawi in 1987, wrote that in order to grow, CMS had to diversify and venture into the clinker business.

The setting up of a clinker plant would be a natural progression for CMS, for clinker represented 93 percent of the raw material required to produce cement. It would also be timely as the price of clinker had been rising steadily with a growing shortage of the material in Peninsular Malaysia. It was predicted that by 1993 Sabah

CMS LEADERS BUJANG MOHD NOR (now Tan Sri) 1974–94

Bujang Mohd Nor was a founding director of CMS and served as the company's chairman from 1987 to 1994. He obtained his Bachelor of Arts with Honours from the University of Malaya, Singapore in 1959 and attended a one-year postgraduate course in Economic Development at Cambridge University, United Kingdom. He also obtained a Diploma in National Development from the Institute of Social Studies, The Hague,

Netherlands. He began his career with the State government of Sarawak in 1960 as Sarawak administrative officer and went on to serve in various positions including magistrate (first class), district officer (1962–66), State financial secretary (1971–84) and Sarawak State secretary (1984–92). Besides being involved in the corporate field, especially in the timber industry in Sarawak, Bujang Mohd Nor is also involved in charitable, social and welfare activities.



LEFT Haji Zailani bin Zainie on stage with Datuk Amin Satem at the latter's farewell dinner upon the occasion of his retirement, 3 January 1993.

BELOW The Sarawak clinker plant at Mambong began operations in mid-1996. It is now owned by CMS.



and Sarawak would require 700,000 to 800,000 tonnes of clinker a year. A 1.2 million tonne-per-year clinker plant would be sufficient to supply that and leave a sizeable balance for export.

By late 1990, the short supply of clinker from Peninsular Malaysia had become so bad that it led to a cement shortage in Sarawak. This compelled CMS to seek much of its supply from overseas once more, particularly from Japan, as it had in its early years. The price of clinker continued to rise, increasing by 35 percent in 1991 alone, from RM98 to RM132 per tonne. This sharp rise put great pressure on CMS's profits as the Ministry of Domestic Trade and Consumer Affairs rejected CMS's request to raise the selling price of its cement.

Due to the extremely high cost of setting up a clinker plant (estimated to be more than RM400 million), it was envisioned that a joint venture would be established with Brunei, Sabah or Singapore. Peninsular Malaysian, Japanese and Korean companies had also shown interest in the project. However as agreement could not be reached with a suitable partner, CMS was unable to move forward with the project.

Instead, Sarawak Clinker Sdn Bhd was established by the SEDC in 1991 and the following year transferred to Landstone Investment Co. Ltd, which was owned by an Indonesian group of companies,



Loading 50 kg bagged cement at the Pending plant, 1994.

which undertook the establishment of the plant on its own on a 24.8-hectare site at Mambong. The plant was scheduled to start operations in June 1996.

As late as 1996, CMS still sought to rely on imported clinker – as supply from Sarawak Clinker could not be assured in terms of production, volume or quality – and was assured of 640,000 tonnes of Japanese clinker that year. However, only 611,000 tonnes could be received at its wharf at Pending, which was less than demand. This would no longer be a problem, however, once the Sarawak Clinker plant began production.

The Sarawak Clinker plant started operations in mid-1996 as planned, with a production capacity of 2,000 metric tonnes per day. CMS Cement's clinker was thereafter partly supplied by Sarawak Clinker while the remaining supply was imported. In mid-1997, CMS began to explore the possibility of acquiring Sarawak Clinker. Before this could be done, the plant's capacity was increased to 2,400 metric tonnes per day in 2004.

Expansion of cement business

On 1 January 1993, Mohd Amin Satem retired as managing director of CMS and Effendi Norwawi was appointed to succeed him. Effendi's monthly remuneration in his capacity as managing director

of RM2,000 was approved by the CMS Board. Effendi asked that the sum be instead donated to any welfare institution of his choice, to which the Board agreed.

As demand for cement in Sarawak continued to grow, in 1993 CMS agreed to instal a pre-grinding system at its Pending plant. This would enable the plant's grinding capacity to more than double to 1 million tonnes per year. German company Krupp Polysius was awarded the tender and the total project cost eventually escalated to RM32.3 million.

The pre-grinding system and the existing grinding system were tied up in June 1995. However, two weeks after commissioning began, the performance level of the machinery had still not reached 50 percent of rated capacity. Cement production at the plant was thus reduced which gave rise to a cement shortage throughout Sarawak. By September the teething troubles had been overcome and the pre-grinding facilities operated above the guaranteed cement output level of 140 tonnes per hour.

With the increase in production, the Kuching plant was able to cater for the needs of the State's expanding towns and suburbs such as nearby Kota Samarahan and the Sri Aman and Sibu Divisions. In 1996, Malaysia's per capita cement consumption reached 655 kilograms per year. Nationwide,

RIGHT PPES Kuari's operations while still under the SEDC, c. 1985.



FAR RIGHT Investors study share prices at Sarawak Securities' Jalan Padungan branch, Kuching, c. 1995.



Peter Wong Hung Huang was a chartered engineer who had a long career with the SEDC and CMS. He was appointed a director of CMS in 1994 and group executive director in 1995, in which capacity he served until his resignation in 1999.

total cement consumption was estimated to be 13,500,000 tonnes compared to cement capacity of 13,160,000 tonnes.

Privatisation and the incorporation of the PPES companies

At the instigation of SEDC chairman Effendi Norwawi, PPES Road Construction Sdn Bhd was incorporated by the SEDC on 20 December 1990 to assist the Public Works Department in project implementation. Peter Wong Hung Huang held the position of Director of Road and Works Sector at the SEDC. He started out with PPES Road Construction in 1993. Later that year the company's functions expanded from mere road works in order to help the government implement projects more efficiently. PPES Road Construction's core businesses comprised preliminary design, construction, operation and maintenance of civil engineering, building, road and infrastructure projects in Sarawak. Its name was changed to PPES Works Sdn Bhd in January 1994.

A second JKR quarry at Stabar was privatised to PPES Kuari in 1989. This was followed by JKR premix plants in Kuching (1990), Sibu (1991) and Miri (1992). In 1992, PPES Concrete Product Sdn Bhd, a subsidiary of PPES Kuari, took over the JKR pre-casting yard in Kuching.

Other subsidiary companies formed under PPES Kuari were PPES Works Sdn Bhd, PPES Trading Sdn Bhd and PPES Penkuari Sdn Bhd.

The formation of Sarawak Securities

Around the same time that CMS was listed in 1989, the KLSE sought to expand its network of stockbrokers. At the time there was not a single stockbroker in Sarawak, so the KLSE offered the State a stockbroking licence. The KLSE received no response until the matter was brought to the attention of Sarawak Chief Minister Taib Mahmud, as a result of which his brother Onn Mahmud and Philip Ting formed Sarawak Securities Sdn Bhd, based in Kuching. On 31 December 1990, Ting left accountants HRM to focus on this new venture.

Sarawak Securities opened for business on 15 March 1992 and became the first licensed stockbroker in the State, with Ting as its first CEO. Sarawak Securities' range of services included stockbroking and share trading, share registration, margin financing, custodian, nominee and underwriting. Its services were provided by a dedicated team of dealers, remisiers, analysts and support staff using state-of-the-art technology. Most staff were sourced from Peninsular Malaysia, many of them Sarawakians returning to their home state.

Sarawak Securities grew to offer a comprehensive range of services including stockbroking and share trading, share registration, margin financing, custodian nominee and underwriting services.

Reverse takeover of CMS

Sarawak Securities grew from strength to strength in generally benign economic conditions. It was solely owned by Syrakusa Corporation Sdn Bhd (Syrakusa). Syrakusa in turn was owned by Datuk Haji Onn bin Mahmud and his nephews Mahmud Abu Bekir Taib and Sulaiman Abdul Rahman Taib .

In 1994 the State government, in line with government strategy at the Federal level and that of other countries at the time, decided to more fully privatise CMS which until that time had been controlled by state-owned statutory bodies the SEDC and SEDCO. To accomplish this, in November 1994 CMS acquired the entire issued and paid-up share capital of Syrakusa for RM210,000,600. Payment was in the form of 42,000,120 newly issued ordinary shares in CMS at price of RM5.00 per share. The issue of these and other new shares reduced the SEDC's stake in CMS to just over 10 percent. At the same time, SEDCO sold its shares in CMS to Onn Mahmud.

Sarawak Securities trading hall at Wisma Mahmud, Kuching, c. 1997.



Through its takeover of Syrakusa, CMS gained control of Sarawak Securities. Yet, the way that the deal was structured meant that in fact it was the shareholders of Syrakusa who took effective control of CMS. It was in effect a 'reverse takeover', with Onn Mahmud emerging with a direct equity stake in CMS of approximately 10 percent, plus an indirect stake of 4.88 percent.

Bujang Mohd Nor resigned as director and chairman of CMS with effect from 1 July 1994, and Effendi Norwawi was appointed as chairman in his place. Effective the same day, Philip Ting was appointed CMS's managing director, taking over from Effendi Norwawi. Onn Mahmud, Mahmud Abu Bekir Taib and Sulaiman Abdul Rahman Taib were appointed to the CMS Board in early December 1994 and on 27 December, with great reluctance and regret, the Board accepted the resignation of Effendi Norwawi as chairman and director, effective 2 January 1995.

Onn Mahmud was unanimously elected chairman at the next Board meeting on 27 March 1995 and three new directors were appointed. They were former Bank Negara Malaysia Governor Tan Sri Dato' Abdul Aziz Haji Taha, State Financial Secretary Datuk Wan Ali Tuanku Yubi and Architect Hijjas bin Kasturi.

With CMS's involvement in the financial sector, it was felt no longer appropriate for CMS's offices to be located at the Pending cement plant. An alternative space was sought and, in 1995, CMS decided to move its offices to new premises at Wisma Mahmud. It shared the building with Sarawak Securities which occupied the building's spacious ground floor. The rental period for the new premises was for 10 years plus 10 optional years. CMS changed its registered office to Level 6, Wisma Mahmud, Jalan Sungai Sarawak, Kuching on 12 June 1996. A corporate office in Kuala Lumpur was also established in 1996, initially at Central Plaza on Jalan Sultan Ismail.



CMS BOARD OF DIRECTORS 1996

From left: Benny Ng, Peter Wong, Dato' Haji Mohd Hamdan Hazizi, Tan Sri Dato' Abdul Aziz Haji Taha, Haji Mahmud Abu Bekir Taib, Philip Ting (Group Managing Director), Datuk Haji Onn Mahmud (Group Chairman), Isaac Lugun, Haji Talib Zulpilip, Datuk Wan Ali Tuanku Yubi, Hijjas Kasturi and Datuk Michael Parker.



CMS MANAGEMENT TEAM 1996

Seated from left: Isaac Lugun (Group General Manager, Legal Affairs/Company Secretary), Benny Ng (Chief Executive Officer, Sarawak Securities Sdn Bhd), Philip Ting (Group Managing Director), Dato' Haji Onn Mahmud (Group Chairman), Peter Wong (Group Executive Director) and Ian Flower (Director of Manufacturing).

Standing from left: Lee Hoon Choo (Group General Manager, Finance), Talib Ranik (Group Operations Manager, Infrastructure), Rodger Chan (Group General Manager, Information Technology and Telecommunications), Sii Kie Wong (Managing Director, Steel Industry Sarawak Sdn Bhd), and M.A. Ismail (Group General Manager, Human Resources and Administration).



Expansion into new businesses

With the takeover of Syrakusa, CMS expanded through its new subsidiaries into stockbroking and other businesses. Syarakusa changed its name to CMS Capital Sdn Bhd. Its principal activities were in investment holding and the provision of management services while the principal activity of its subsidiary companies was stockbroking – by mid-1996 Sarawak Securities' market share exceeded 2 percent of the KLSE's turnover and it reported profits between RM40 million and RM60 million each year from 1993 to 1996.

In October 1994, the CMS Board agreed to incorporate two subsidiaries: CMS Cement Sdn Bhd, to accommodate CMS's grinding operations, and CMS Properties Sdn Bhd, into which land to be provided by the State government would be injected. This land was to include 1,500 acres along the Mambong–Muara Tuang Road, 350 acres in the isthmus area between Sekingkat and Pending and land around Kampung Bako for industrial estates.

CMS expanded and diversified still further. In July 1993, prior to the takeover, CMS had already proposed to acquire stakes in three SEDC subsidiaries: 51 percent of PPES Kuari Sdn Bhd (later renamed Sara Kuari Sdn Bhd) which itself had stakes in 16 further subsidiaries, 60 percent of Steel Industry Sarawak Sdn Bhd and 55 percent of PCMS Sdn Bhd. Acquisition of these stakes was completed in 1994 for a total of RM117.4 million comprising just over RM50 million in cash with the balance being an issue of new ordinary shares in CMS at an issue price of RM5.00 per share. This transformed CMS from a single-product cement company into a conglomerate with diversified interests in quarrying, premix, steel bars, wire mesh and in the trading and distribution of these building materials.

The first of the three SEDC subsidiaries, Sara Kuari Sdn Bhd (formerly known as PPES Kuari Sdn Bhd), essentially became a joint venture with the SEDC on a 51:49 basis. Among Sara Kuari's own subsidiaries were those involved with construction

Wisma Mahmud, designed by architect Hijjas Kasturi, is located on the banks of the Sarawak River in Kuching. The building became CMS's corporate office and registered address in 1996.

and infrastructure development, including PPES Works (Sarawak) Sdn Bhd and that company's own subsidiaries including PPES Premix Sdn Bhd (which supplied high quality asphalt for highways, flyovers, airport runways and sports facilities) and the operation of several quarries including those at Stabar and Sebuyau.

Over the course of the next few years, these facets of CMS's infrastructure business expanded and grew with the takeover of the JKR's premix plants at Sarikei (1996), Bintulu (1998) and Limbang (2002) and the opening of new plants in Kuching (1996), Sibü (2004), Miri (2010), Bintulu (2011) and a mobile

unit at Sri Aman (2013). Bitumen emulsion products were added to the premix range of products in 1996. The quarrying business also expanded with new quarries established at Akud (1997) and at Sibanyis (2011), which has stone reserves that can last for more than 100 years.

The second of the SEDC subsidiaries in which CMS acquired a stake was Steel Industry Sarawak Bhd (SIS). Amsteel Mills Sdn Bhd was CMS's other partner in this enterprise. SIS operated Sarawak's largest steel rolling mill, producing high-tensile deformed and mild steel round bars, mainly for the construction sector. The mill's capacity of 70,000

PPES Premix Miri, 1995.





CMS's newly acquired prime mover and Australian-manufactured cement spreader deposits cement for in situ cement stabilisation.

PAVEMENT TECHNOLOGY

In April 1995, PPES Works and Pavement Technology Ltd, a subsidiary of Adelaide Brighton Cement Ltd, established Pavement Technology (M) Sdn Bhd on a 60:40 joint venture basis to acquire new road construction technology for Sabah and Sarawak. This was expected to cut the cost of constructing roads in Sarawak under normal conditions by a third. In 2000, PPES Works acquired the remaining 40 percent shareholding of Pavement Technology (M) Sdn Bhd from its Australian partner, as it was convinced that its revolutionary road pavement recycling technology, which was finally being accepted by the authorities, had a bright future in Sarawak.

tonnes per year at the time gave it a 70 percent share of the Sarawak market. By 1997, a 360,000 ton per annum steel bar and wire rod mill was under construction and was scheduled to come on stream in 1999.

The third SEDC subsidiary in which CMS invested was PCMS Sdn Bhd, which was involved in the trading of cement, wire mesh and steel bars. In 1995 the CMS Board decided to set up a Sales and Marketing Department to take over the sole distributorship role undertaken by PCMS with effect from 1 January 1996. PCMS ceased operations in February 1999.

In addition to stakes in the three SEDC subsidiaries, CMS acquired a stake in Archipelago Shipping. In December 1994, the CMS Board noted the need to centralise all CMS Group shipping services, lorry transport and other transportation needs and that these could be performed by Archipelago Shipping (Sarawak) Sdn Bhd. The Board therefore approved the acquisition of a 60 percent stake for RM24,750,000 in cash. The vendors then proposed to sell 100 percent of the company and this was accepted by the CMS Board in March 1995. CMS's existing shipping contract with Bright Sea Shipping expired on 31 March 1995 and Archipelago Shipping was designated as the main shipping line for the CMS group of companies.



Mild steel round bars produced by Steel Industry Sarawak, 1986.

EARLY PPES WORKS PROJECTS

During the 1990s, PPES Works completed several landmark construction projects in Sarawak. In 1995 it completed the Satok Flyover in Kuching, Sarawak's first, at a cost of RM23.5 million.

The RM15.36 million contract for the Mulu airport extension (phase 1) was awarded to PPES Works by the Sarawak Public Works Department and completed in 1997. A second contract, for RM47.5 million, was awarded in 2000 to upgrade and improve the airport to accommodate larger aircraft. Work on this was completed in 2003.

In September 1998, the Kuching Water Board selected PPES Works to construct the new Batu Kitang Water Plant. The RM21.34 million plant, designed to increase Kuching's water supply in line with projected population growth, was completed in 2000.

The steel plant at Senari, Kuching was built by PPES Works for Steel Industry Sarawak Bhd under a contract worth RM63 million. Work was completed in 1998. The following year, the RM78 million Kuching Outer Ring Road, constructed by PPES Works, was officially opened.

FAR RIGHT TOP The Steel Industry Sarawak plant shortly after it was completed in 1998.

FAR RIGHT The Satok Flyover was completed by PPES Works for Dewan Bandaraya Kuching Utara in 1995.

RIGHT Project sign for the Mambong–Kuching section of the Kuching Outer Ring Road project.

BELOW The upgraded Mulu airport.



FROM CEMENT MANUFACTURERS SARAWAK TO CAHYA MATA SARAWAK

Following a period of rapid diversification, the CMS Board on 15 December 1995 agreed to change the company's name from Cement Manufacturers Sarawak Bhd to Cahya Mata Sarawak Bhd, subject to approval by the Sarawak State Secretary's Office. This was obtained in a letter dated 5 March 1996, and the change was officially made on 13 June 1996.

'Cahya Mata' in Malay refers to a special child or literally 'apple of the eye'. Thus Cahya Mata Sarawak

can mean 'Sarawak's favourite son'. This concept has been further extended through CMS's current vision statement 'to be the PRIDE of Sarawak and beyond'.

The CMS logo was also changed from the angular blue design to the present one comprising the colours of the Sarawak flag: yellow, red and black. The interlocking shapes of the logo reflect the concepts of yin and yang and represent the Group's two main divisions at the time: infrastructure and investment.



CAHYA MATA SARAWAK

The Economic Planning Unit (EPU) of the Prime Minister's Department agreed to the acquisition in September 1995. The transaction proceeded in 1996, with Archipelago Shipping renamed CMS Transportation Sdn Bhd. This subsidiary handled CMS's shipping requirements and provided general shipping services to commercial clients throughout Sarawak. Domestic services focused mainly on the transportation of cement and steel products from Kuching to Sarawak's major towns. Overseas services handled the export of timber and urea, and the import of general cargoes (including clinker).

In November 2001, Achi Jaya Services Sdn Bhd offered to acquire CMS Transportation for RM30 million. The proposed disposal was completed in January 2003.



Bandar Samariang

In 1996 CMS sought to team up with the Employees Provident Fund (EPF) to develop the Bandar Samariang township. The following March, the CMS Board endorsed the proposed development plan. The major objectives of the plan were to decentralise Kuching City, provide low-cost housing and establish an integrated township.

On 19 May 1997, a joint venture agreement to develop the new township of Bandar Samariang was



ABOVE Archipelago Shipping, a major Sarawak shipping agency, was acquired by CMS in 1996.

LEFT A Memorandum of Understanding was signed between CMS and the Employees Provident Fund (EPF) on 11 December 1996 for the construction of low cost housing at Bandar Samariang. The ceremony was witnessed by Chief Minister Datuk Patinggi Haji Abdul Taib Mahmud.



Sarawak Chief Minister Datuk Patinggi Haji Abdul Taib Mahmud, CMS Chairman Datuk Haji Onn Mahmud, Datuk James Jemut Masing, EPF Executive Chairman Tan Sri Dato' Paduka Sallehuddin Mohamed and Tan Sri Celestine Ujang examine a model of the Bandar Samariang development following the signing of the Memorandum of Understanding between CMS and the EPF on 11 December 1996.



Deputy Prime Minister Dato' Seri Anwar Ibrahim speaking at the official launch of the Bandar Samariang Low Cost Housing Scheme on 23 August 1997.

signed at the Kuching Hilton. Signing on behalf of CMS, which took a 60 percent share, was Chairman Onn Mahmud, while the EPF took a 40 percent share and was represented by its executive chairman Tan Sri Dato' Paduka Sallehuddin Mohamed.

Three months later, on 23 August 1997, the township was launched by Deputy Prime Minister Dato' Seri Anwar Ibrahim. He was impressed by the initiative taken by the State government and the efforts put in by CMS and the EPF in initiating the new township, incorporating the largest low-cost housing development in the State and the fact that it was the first to be undertaken by the private sector.

The new township, located on a 2,100-hectare site 15 kilometres from Kuching, was the first housing development project undertaken by CMS. The initial plan was for 13,500 low cost houses (roughly 36 percent of the project) to be sold to the Sarawak Housing Development Commission. This would help to meet the need for at least 20,000 low-cost houses in the State at that time.

CMS LEADERS DATUK HAJI ONN MAHMUD (later Tan Sri) 1995–2004

Datuk Haji Onn bin Mahmud (now known as Tan Sri Dato' Wira Haji Onn bin Mahmud) was appointed chairman of CMS Group on 23 January 1995. He was also the executive chairman of Sarawak Securities Sdn Bhd, having been appointed in 1991.

Datuk Haji Onn is the brother of Tun Pehin Sri Haji Abdul Taib Mahmud (chief minister of Sarawak from 1981 to 2014 and the present Yang di-Pertua Negeri of Sarawak) and the uncle of CMS's present deputy chairman, Dato' Haji Mahmud Abu Bekir Taib and also of Dato' Sri Sulaiman Abdul Rahman Taib who succeeded Datuk Haji Onn as chairman of CMS when Datuk Haji Onn stepped down as chairman on 28 January 2004.

Datuk Haji Onn holds a Bachelor of Science degree, majoring in finance, from the University

of Syracuse, New York, and a Masters of Business Administration from St John University, New York. Both during and after his time with CMS, Datuk Haji Onn has been a successful businessman. He has been involved in diverse business ventures over the years, ranging from shipping to finance, and has held a number of key positions in these sectors.

Among the businesses in which Datuk Haji Onn has been involved are Achi Jaya Holdings Sdn Bhd, a provider of management services, property and investment holding and property letting, and Alpha Murni Sdn Bhd. Datuk Haji Onn was also chairman of CMS Capital Sdn Bhd, Dewan Niaga (Sarawak) Sdn Bhd and a director of Forescan Plywood Bhd.



The remaining 64 percent of the project was to comprise medium-cost homes, commercial centres and ancillary buildings, providing a total of 42,200 housing units. Phase 1 of the township will, upon completion, provide more than 2,500 low-cost homes as well as hundreds of other residential and commercial properties.

CMS Modular Housing Sdn Bhd – using modular housing technology acquired for RM45 million – was also set up to manufacture pre-fabricated housing modules and components for Bandar Samariang, the Group's other housing projects, and other developers and builders.

The modular systems offered substantial savings in cost and construction time, as well as finished buildings of consistent quality. However, demand in Sarawak was not sufficient to deploy the modular housing technology efficiently so, in 2004, steps were taken to close down CMS Modular Housing's operations. All employees were redeployed to other subsidiaries in the Group.

Expansion into banking and finance

In late 1995, CMS sought the approval of Bank Negara Malaysia in Kuala Lumpur to commence negotiations to acquire a stake of just over 57 percent in Utama Banking Group (UBG) from Concordance Holdings Sdn Bhd in which Onn Mahmud was also a substantial shareholder.

UBG was a holding company with three main operating entities: Bank Utama (Malaysia) Bhd (Bank Utama), Kewangan Utama Bhd (KUB), and Utama Merchant Bank Berhad (UMBB). Bank Utama, Sarawak's first bumiputera-owned bank, had been originally incorporated in 1976. KUB, founded in 1983, was a licensed finance company specialising in retail finance. It offered a wide range of financing and investment products through a limited number of branches in Sarawak and Peninsular Malaysia. UMBB, established in 1975 as Utama Wardley Berhad, was the merchant banking arm of UBG. It offered a wide range of merchant banking services covering major corporate finance, corporate



The Bank Utama logo at the time of its listing in 1997.

banking, investment and portfolio management services, both locally and internationally.

CMS agreed to pay RM445.5 million as consideration. Payment was by way of a share swap in the form of an issue of 37.125 million new CMS shares at an issue price of RM12.00 in return for the acquisition of 58,638,000 ordinary shares of RM1.00 each in Concordance Holdings Sdn Bhd.

Onn Mahmud announced CMS's acquisition of a controlling stake in UBG on 10 September 1996, having announced CMS Group's profit after tax of RM51 million for the first half of 1996. With the acquisition, the CMS Group grew to include 49 subsidiaries, with 2,600 employees and a market capitalisation of approximately RM2.8 billion.

UBG's maiden contribution to the CMS Group was a pretax profit of RM88.7 million for 1996. Partly thanks to this contribution, CMS's performance in 1996 was exceptional, with profit before tax in excess of RM254 million on a turnover of more than

RM1.15 billion. In view of this, the Board agreed to the payment of bonuses ranging up to seven months' salary for CMS Cement staff and of up to five and a half months for other CMS Group staff.

Later the same year, Utama SSSB Trust Management Bhd, a joint venture with CMS Group member Bank Utama (Malaysia) Bhd, launched a RM300 million fund. Also in 1996 CMS also launched CMS Trust Management's maiden fund and CMS Premier Fund.

Following the acquisition of UBG, CMS's business was realigned into two core businesses – infrastructure and finance – and a period of further rapid diversification ensued.

The listing of UBG

Very soon after acquisition of the controlling stake in UBG, steps began to be taken to list it on the KLSE. By March 1997, the necessary approvals had



LEFT AND BELOW These promotional photographs of Bank Utama branches date from the 1990s.



been received from Bank Negara and the Foreign Investment Committee. The approval of the Securities Commission followed.

At the time of its listing, Bank Utama had a network of 33 branches in Malaysia: 15 in Sarawak, 3 in Sabah and Labuan, and 15 in Peninsular Malaysia. In addition to offering retail and commercial banking, Bank Utama also provided nominee services through its subsidiary UB Nominees (Tempatan) Sdn Bhd and owned a property and asset management company called Utama Assets Sdn Bhd.

UBG was listed on 8 August 1997, just as the Asian Financial Crisis began to affect Malaysia. UBG's shares opened at RM3.30 and reached a high of RM3.50 before ending the first day of trading at RM3.12, compared to an offer price of RM3.00, and was by far the most active stock on the KLSE that day. On that important morning, the CMS Board held its first meeting away from Kuching, at the Hotel Istana in Kuala Lumpur. All of CMS's directors bar

two were there, together with two representatives from UMBB. It was an early start: the meeting was called to order at 8.15 a.m. Just one item, concerning the proposed Employees' Share Option Scheme, was considered and approved.

The effect of the Asian Financial Crisis

By November 1997 the Asian Financial Crisis had already had a significant impact on the CMS Group. The depreciation of the Malaysian ringgit against the US dollar resulted in significant losses being incurred by CMS Cement on clinker import and equipment purchases, and by Steel Industry Sarawak on billet import and equipment purchases. As a result of the stockmarket crash and the ongoing economic slowdown, Sarawak Securities was expected to achieve a pre-tax profit of only RM87 million against RM120 million budgeted. CMS Group also estimated its loss as a result of the haze emergency that year

The Bank Utama branch located at Jalan Kulas, Kuching, c. 1997. The branch was subsequently converted to a branch of RHB Bank.



CMS's 22nd Annual General Meeting was held at the Riverside Majestic Hotel, Kuching, on 12 June 1997. At the meeting, Chairman Datuk Haji Onn Mahmud declared a final dividend of seven percent less income tax for the financial year ended 31 December 1996. This was unanimously agreed to by a show of hands by shareholders.



as being RM5 million. Nonetheless, staff bonuses of three to five months were still paid for the year.

CMS had also considered and taken steps towards listing its subsidiaries Steel Industry Sarawak Berhad and Sara Premix Bhd around the same time as UBG. However, in view of the economic situation, the Securities Commission requested revisions and the idea was ultimately shelved.

Compared to many other businesses, CMS as a whole remained relatively unaffected by the Asian Financial Crisis of 1997–98. In the infrastructure sector, CMS recorded commendable growth in its Cement, Transport, PPES Works, Quarries and Steel groups, and in CMS's 1997 Annual Report, Chairman Onn Mahmud wrote that Group turnover had increased by 33 percent from RM1,163 million in 1996 to RM1,552 million in 1997. However, pre-tax profit had dropped by 9 percent from RM254 million in 1996 to RM231 million. UBG chalked its first full year of operation within the Group but its pre-tax profit fell by 16 percent to RM74 million from RM88 million in 1996. The Sarawak Securities Group also did well in the context of the stockbroking industry but also saw its pre-tax profit fall by 24 percent.

For certain parts of CMS's business, 1998 was even more challenging. The meltdown on the KLSE resulted in a steep decline in Sarawak Securities' brokerage revenue. In May 1998, for example, it

achieved only RM743,000 which were insufficient to cover its operating costs of RM2.9 million. Similarly, Steel Industry Sarawak Bhd recorded a pre-tax loss of RM93,000 that month. UBG's non-performing loans as at 31 May 1998 stood at RM745.35 million or 13.14 percent of total loans. In response to the crisis and associated economic downturn, CMS's management cut expenditure by 20 percent and froze salary increments for all staff for 1998.

Business as usual

Despite the challenges posed by the Asian Financial Crisis to parts of its business, particularly those



CMS CEO Philip Ting and Chairman Datuk Haji Onn Mahmud in buoyant mood at CMS's 23rd annual general meeting held at the Crowne Plaza Riverside Hotel, Kuching on 25 June 1998. Turnover had increased in 1997, although pre-tax profits had fallen.

related to finance, CMS continued to invest in and deliver major projects in Sarawak.

One such project was the Tunku Putra International School, named after Malaysia's first prime minister, Tunku Abdul Rahman Putra. This was the first international school to be established in Sarawak. It was launched by the Chief Minister of Sarawak on 8 October 1996. It was thought that a top-class international school would help attract high-calibre expatriates and overseas investors to the state. CMS owned 60 percent of the school's equity with the remaining 40 percent held equally by Sara Inti Sdn Bhd and Prince Alfred College

of Adelaide which was founded in 1869 and one of Australia's leading schools. CMS acquired Prince Alfred College's 20 percent stake in the school in June 2004 and Sara Inti's in August 2014.

The new school opened to its first intake in January 1997 at a temporary site in Jalan Nanas, Kuching, welcoming 138 pupils. There were two kindergarten classes, one Primary 1 National Stream class and six International Stream classes ranging from Primary 1 to Year 11.

Another major project was the Sarawak River Regulation Scheme, which was officially opened in 1998. This civil engineering project was awarded

TUNKU PUTRA SCHOOL

Tunku Putra School (TPS), originally known as Tunku Putra International School and located in a rented building Jalan Nanas in the heart of Kuching, moved to its modern 'New Campus' in scenic and peaceful surroundings at Petrajaya in March 2007.

Built on 9 hectares of land, the 'New Campus' can accommodate 700 students and features clusters of single- and double-storey classrooms aimed at promoting interaction with an emphasis on child safety. Six specialised learning science labs, computer and music rooms, as well as a home science and living skills room equipped with state-of-the-art facilities have been established at the school which also has sports fields, multi-purpose halls and facilities for other extra-curricular activities.

The school has earned a reputation for academic excellence and its student-centered approach to learning. Students can choose to study the national curriculum or an international curriculum, and its public examination results in the Penilaian Menengah Rendah (PMR), Sijil Pelajaran Malaysia (SPM) and iGCSE are among the best in the country. TPS students are recognised as being well-rounded future citizens endowed with character traits including honesty, loyalty and reliability.



LEFT The original building on Jalan Nanas, Kuching, where the school was located from its opening in 1997 until March 2007.



BELOW The new RM17.92 million low-density campus is located on Jalan Stadium, Petra Jaya, adjacent to the Sarawak Golf Club.

to PPES Works and incorporated three-in-one infrastructure – barrage, shiplock and bridge – the first of its kind in Southeast Asia. The scheme comprises the Bako Causeway, Kuching Barrage and Shiplock (and a bridge over the barrage), Pending Causeway and, originally, six rainfall and water telemetry stations. Eighteen similar units were later added and installed with Remote Radio Communication Stations and early flood warning systems.

The project was undertaken by the State government following decades of perennial flooding in Kuching and its surrounding districts, which the

authorities decided could be solved by the building of a barrage across the Sarawak River. In the past, the Sarawak River basin experienced floods as a result of heavy rainfall from upstream, 'king tide' (maximum high tide), poor drainage, or a combination of these factors.

Another major project for CMS was on the horizon during this period: the supply of cement for construction of the Bakun Dam. This was discussed by the CMS Board as early as 1993 and in October 1994 the CMS Board approved a draft contract between CMS Cement and Ekran Bhd for the supply of 500,000 tonnes of cement for construction

THE SARAWAK RIVER REGULATION SCHEME

Construction of the Sarawak River Regulation Scheme was divided into three phases. Phase 1 was the construction of the Bako Causeway, the first causeway in Sarawak, which involved building a rock-filled causeway across Sungai Santubong at North Junction Point, Kuching. This phase was completed in August 1993.

Phase 2 was the construction of the main barrage facility (Kuching Barrage and Shiplock) comprising a barrage of five radial gates controlling the Sarawak River, a 125-metre long by 25-metre wide shiplock, and a 435-metre long four-lane road bridge over both barrage and lock, linking the Demak Laut Industrial Park to the Kuching Isthmus. The ground-breaking ceremony of the Barrage, Shiplock and Bridge was officiated by Chief Minister Tan Sri Datuk Patinggi Haji Abdul Taib Mahmud on 25 July 1995.

The components of Phase 3 were the construction of the Pending Causeway, a rock-fill dam across the Sarawak River at Jalan Keruin in Pending, the construction of a four-lane road linking Pending with Sejingkat, and the installation of a Telemetry System comprising six rainfall and water telemetry stations as an early warning device for the barrage operators. The rainfall and water telemetry stations

were installed at Sandong, Bengoh, Skio, Blimbing, Sibuluh and Bogag, kampongs in the Bau, Serian and Padawan districts.

Phases 2 and 3 were constructed simultaneously and completed in November 1997. Prime Minister Dato' Seri Dr Mahathir Mohamad officially opened the RM150 million Sarawak River Regulation Scheme project on 27 September 1998.

Aerial view of the Sarawak River Regulation Scheme in Kuching, the first of its kind in Southeast Asia (with shiplock and barrage).





of the dam. However, Ekran did not wish to proceed with this. Ultimately CMS Cement successfully secured the Bakun project on 12 October 2005 due to the consistent quality of its cement, and the fact that the contractor, Sinohydro Corporation (M) Sdn Bhd, could avoid the lengthy import process and higher cost of importing as compared to sourcing the cement from within Sarawak, and by ensuring stable pricing based on an agreed cement selling price formula which was reviewed on an annual basis.

A total of 355,401 metric tonnes of cement was supplied for the completion of the dam between 2003 and 2011. Initially cement was transported from Kuching to Bintulu by ship and then transported to Bakun by lorry on the Tubau–Bakun Road that CMS, through PPES Works, had itself constructed and completed in 2001. The road features Sarawak’s deepest road cut at Bukit Menjawa. The 100-metre high cut has 18 steps.

In early 1995, CMS appointed local and foreign consultants to plan and design a cement grinding plant to be built in Bintulu. In mid-1995, the Board estimated that the grinding plant would cost around RM70 million. Sixty acres of land was secured for the purpose as well as a wharf site and jetty for bulk loading and an Environmental Impact Assessment was undertaken.

On 31 December 1998, 20 years after the opening of the Kuching cement plant, CMS Cement commissioned its new RM120 million grinding plant at the Tanjung Kidurong Industrial Estate near Bintulu, adjacent to the new Bintulu Port Authority deep water basin. The plant had its own 226-metre wharf capable of unloading 440 tonnes of raw material per hour and, when it was fully operational in December 1998, the plant had a

ABOVE Construction of the Tabau–Bakun Road, which was completed in 2001, included Sarawak’s deepest road cut at Bukit Menjawa.

ABOVE LEFT The 205-metre high Bakun Dam began operating in 2011.

BELOW CMS Bintulu under construction months before it was commissioned in December 1998.



rated capacity of 750,000 tonnes per annum of Portland cement to supply the needs of the rapidly growing north-east region of Sarawak.

By 1999, CMS had a total rated capacity at its two grinding mills of 1.75 million tonnes per year. That year, CMS was in the process of divesting 49 percent of CMS Cement to Scancem ANS of Norway and at the same time acquiring 100 percent of Sarawak Clinker to become a fully integrated cement manufacturer. It was thought that technical assistance from Scancem would help improve efficiency and lower unit production costs. However, in December 1999, the Board asked CMS's

management to reconsider the feasibility of the venture in view of Scancem's inability to commit on the utilisation of the excess production capacity of the Bintulu cement plant for the export market, which was one of the main objectives of entering into the joint venture with an international cement producer/trader. CMS proceeded to enter an MOU with Scancem on 30 June 1999. Nonetheless, in May 2000 the Board resolved not to proceed with the joint venture. It was also decided in early 2000 that CMS would not pursue the acquisition of Sarawak Clinker as it appeared there would be a negative return on investment and weak cashflow.

BELOW CMS Chairman Datuk Haji Onn Mahmud speaking at the official opening of the Bintulu cement plant by Sarawak Chief Minister Tan Sri Datuk Patinggi Haji Abdul Taib Mahmud on 12 June 1998.

RIGHT Jeffri Salim Davidson, Haji Othman Abdul Rani, Mahmud Abu Bekir Taib, Sulaiman Abdul Rahman Taib and Isaac Lugun at the newly opened Bintulu cement plant.





Sarawak Securities' new headquarters had opened to great fanfare in 1996. Here, CMS Chairman Datuk Haji Onn Mahmud speaks at the official opening on 19 June.

Consolidation of stockbroking operations

In line with the Federal Government's call to consolidate and strengthen the stockbroking industry, the CMS Board decided in December 1998 to rationalise the Group's stockbroking activities under one management team and proposed to merge Sarawak Securities and Utama Securities Sdn Bhd, Sarawak's second stockbroking house and the first in Miri, owned by Utama Capital Sdn Bhd. Utama Securities provided a similar range of services to Sarawak Securities and had opened for business two months earlier on 1 October 1998. It was targeted at the economically dynamic northern region of Sarawak, and served private and corporate clients from neighbouring Brunei.

On 13 December 1998, the deal was sealed when a purchase agreement was signed. Utama Securities transferred its stockbroking business and operations to Sarawak Securities and thereafter operated as a branch of Sarawak Securities in Miri. The acquisition consolidated Sarawak Securities' position as the leading vendor of securities and derivatives in the State. On 23 September 1999, Utama Capital was wholly acquired by Sarawak Securities. The business including all assets and liabilities of Utama Securities, a wholly owned subsidiary company of Utama Capital, were transferred to Sarawak Securities.

As part of its medium and long-term strategy to become a one-stop stockbroking, securities and derivatives house, CMS's stockbroking arm diversified into related businesses to broaden its earnings base and enhance services to its clients. Sarawak Futures Sdn Bhd was incorporated to undertake options and futures trading, and was a licensed member of the Kuala Lumpur Options and Financial Futures Exchange (KLOFFE) and the Malaysian Monetary Exchange (MME). CMS Dresdner Asset Management Sdn Bhd, a joint venture between CMS Capital and Thornton Management (Asia) Ltd, was set up to provide fund management services to the Group while CMS Mezzanine Sdn Bhd was set up to provide mezzanine and related financing.

By 1999, Sarawak Securities commanded a 2.8 percent share of trading on the KLSE. However, that same year, a fraud was discovered in the Margin Department at Sarawak Securities. Accountants Arthur Andersen were appointed to investigate the fraud. The investigation determined that certain staff in the Margin Department had created fictitious collateral in certain margin client accounts to intentionally cover margin shortfall and prevent margin calls, unauthorised transfer of outstanding balances from one account to another, and the creation of fictitious margin accounts. The exposure

to Sarawak Securities net of valid collateral available was estimated at RM56 million. Provision for this sum was made in the company accounts.

Reorganisation, restructuring and reclassification

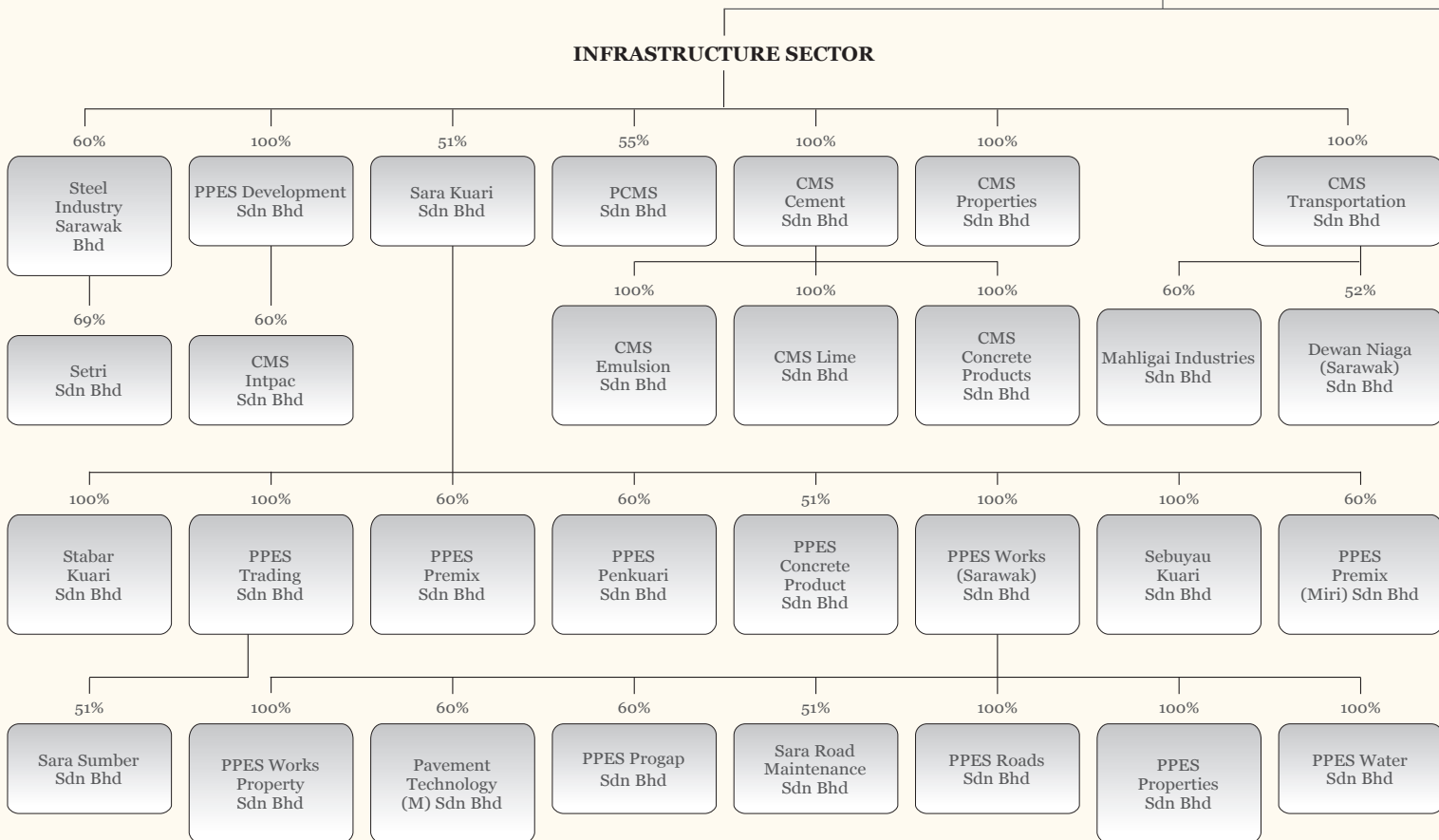
After a period of rapid expansion and diversification, CMS's management structure had become too complicated and unresponsive. In 1997, CMS engaged Boston Consulting Group (BCG) to carry out an organisational study and facilitate organisational change in CMS over a period of three months.

The main thrusts of BCG's resulting recommendations were the realignment of the group into strategic business units and the formation of an Executive Management Committee responsible for developing long-term development strategies for the Group and also overseeing day-to-day operations of all the Group's strategic units. To streamline the system of reporting, managing and decision-making, the Group's business activities were re-aligned into seven Strategic Business Units: Banking, Securities and Derivatives, Steel, Cement and Construction Materials, Property Development, Construction and Services.

CAHYA MATA SARAWAK BERHAD
Corporate structure as at 14 April 1997



CAHYA MATA SARAWAK

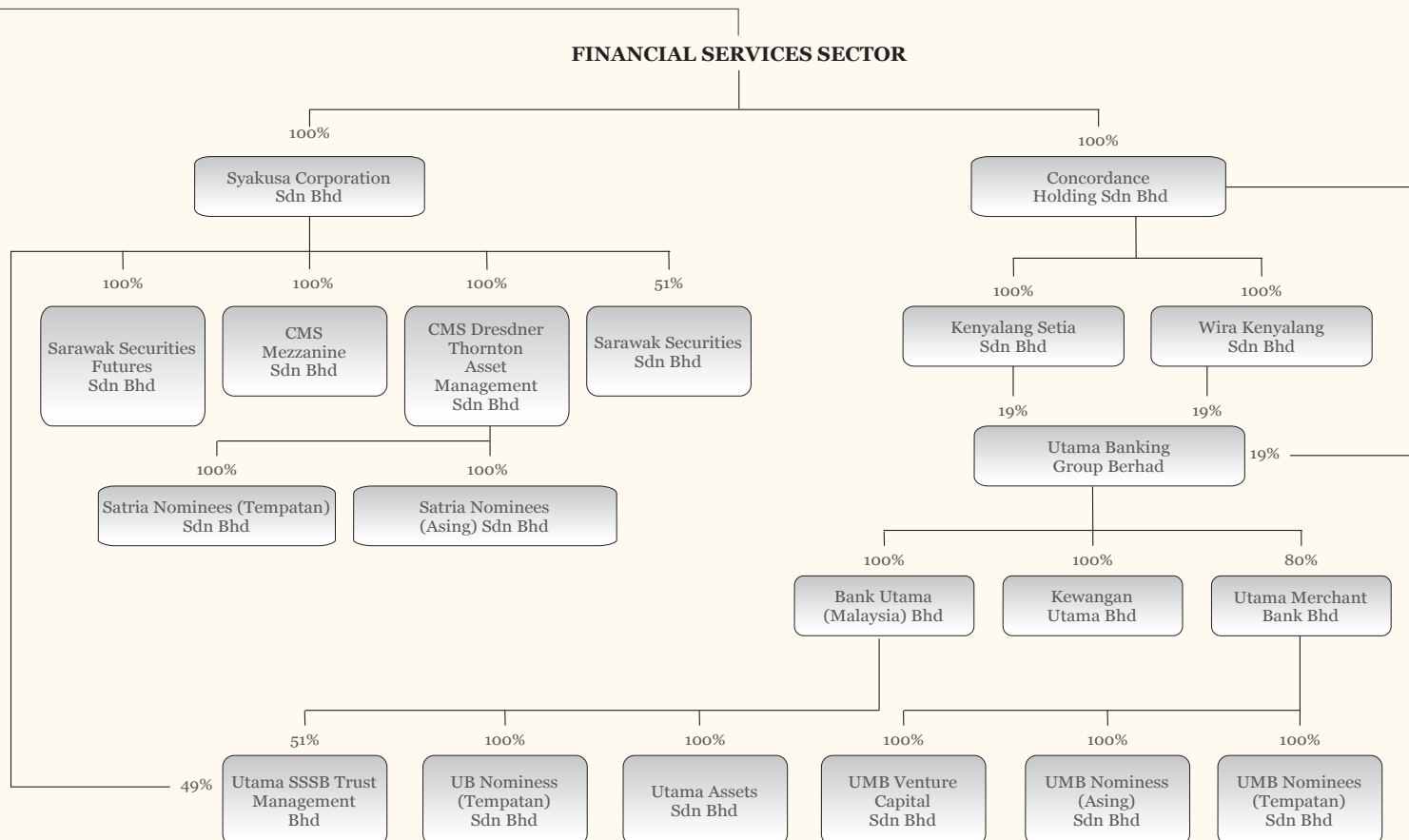


On 14 September 1998, the KLSE announced the reclassification of CMS to the finance sector of the stock market, in recognition of the growing importance of the Group’s finance, banking and securities activities.

Also in September 1998, Philip Ting resigned from his position as group managing director to pursue his own business interests in education and research. His resignation took effect from 1 January 1999, although he went on annual leave from 1 October to 31 December 1998. He remained on the CMS Board as a non-executive director. During the period that Ting was away on annual leave,

and pending the appointment of the new group managing director, Mohd Ali Dewal assumed the role of acting group managing director.

The year 1999 was an important one for CMS as it saw a RM500 million turnaround – there was a pre-tax profit of RM61.1 million in 1999 compared to a pre-tax loss of RM439.4 million the previous year. UBG recorded a pre-tax profit of RM56.7 million compared to a pre-tax loss of RM489.3 million in 1998. Sarawak Securities also reported an operating profit of RM53 million – a considerable improvement compared to RM30.4 million in 1998, and the result of an increased volume of stock trading.



CMS LEADERS MOHD ALI DEWAL
1998–2000



Mohd Ali Dewal was appointed Group Chief Executive Officer on 1 October 1998 and served in that capacity until 25 February 2000. During his time at CMS, he began a restructuring process in the wake of the Asian Financial Crisis of 1997–98.

A former student of the Malay College, Kuala Kangsar, Mohd Ali held a Masters of Business Administration from Tulane University, New Orleans. Prior to his appointment at CMS, he held key positions at multinational companies including Sime Darby Bhd and subsequently held a top position at the then United Malayan Banking Corporation Bhd (UMBC). Since 1987 he had concentrated on his own business interests.

CMS LEADERS DAVID BERRY
2002–04



A Malaysian permanent resident, David William Berry @ Dayan Wazir Berry was appointed Group Chief Executive Officer of CMS on 1 January 2002 and joined the CMS Board on 31 December 2002. He served as Group CEO until 31 December 2004.

Berry had more than 30 years experience in the financial services and advisory sector, having held positions at the international, regional and local corporate level, including senior positions in Standard Chartered Merchant Bank. Prior to joining CMS, he was managing director of Affin Fund Management Sdn Bhd and chairman of Affin Trust Management Bhd. He was also a director of Boustead Holdings Bhd.

Merger of securities and futures business with K&N Kenanga

On 26 December 2000, CMS Capital Sdn Bhd entered into an exchange agreement with Peninsular Malaysia-based stockbroker K&N Kenanga Holdings Berhad to transfer CMS’s securities and futures business to K&N Kenanga in return for shares in K&N Kenanga.

CMS’s subsidiaries Sarawak Securities Sdn Bhd and Sarawak Securities Futures Sdn Bhd were sold to K&N Kenanga in August 2001. The merger enabled the latter to achieve Universal Broker status in line with the government’s call for consolidation of the country’s stockbroking industry.

The merger resulted in CMS, through CMS Capital Sdn Bhd, holding just over 25 percent in the enlarged K&N Kenanga – one of the largest retail-based stockbroking companies in Malaysia – and becoming the single largest shareholder. CMS continues to hold this stake as one of its strategic investment.

Resignation and appointments

At the 109th CMS Board meeting which was held on 25 February 2000, the Board noted that Mohd Ali Dewal had tendered his resignation as the company’s Group CEO and accepted it with immediate effect. On 28 February 2001, as the search for a new group CEO for CMS continued, Executive Director Sulaiman Abdul Rahman Taib was appointed acting CEO. On 1 January 2002, he was appointed deputy chairman of CMS Group and David William Berry @ Dayan Wazir Berry was appointed as the new group CEO.

Then, in May 2002, Sulaiman was appointed non-executive group chairman of CMS Berhad. This followed the resignation of former Group Chairman Datuk Haji Onn Mahmud who nevertheless continued to act as a non-executive director on the Board. Haji Mahmud Abu Bekir Taib was appointed non-executive deputy chairman at the same time. David Berry continued as Group CEO until his contract expired on 31 December 2004.

Acquisition of RHB and Merger of Bank Utama and RHB

CMS subsidiary UBG's two main businesses were commercial banking through wholly owned Bank Utama and merchant banking through UMBB, a 80:20 joint-venture with HSBC. Both banks reported huge losses in 1998, the result of loan loss provisions. However, in 1999 the economic situation improved and initiatives were taken to restructure the banking operations, which led to UBG posting a reasonable profit. Bank Utama was even able to write-back some of its earlier loan loss provisions.

During the course of 1999, 2000 and 2001, in line with Bank Negara's policy of consolidating Malaysia's banking industry, UBG took part in merger proposal negotiations. The first prospective partner was Perwira Affin Bank Bhd, but this fell through. The second was Arab Malaysian Bank Berhad (AMBB), with whom UBG went to the extent of signing a sale and purchase agreement, but

that also fell through after AMBB sought to make changes to the agreement. Next, it talked to EON Bank but nothing materialised.

UBG then embarked on a fourth set of merger talks, this time with Rashid Hussain Bhd (RHB), Malaysia's third largest banking group. On 20 March 2002, UBG announced the successful completion of merger talks and entered a conditional sale and purchase agreement with RHB. At the time of the merger, Bank Utama had 35 branches throughout the country with 16 in Sarawak, two in Sabah, one in Labuan and the rest in Peninsular Malaysia.

In return for RM1.6 billion obtained from the sale of Bank Utama to RHB Bank, UBG acquired the largest single shareholding in the enlarged RHB Group by taking over shares from RHB's founder and executive chairman Tan Sri Abdul Rashid Hussain and MRCB. UBG also acquired management control of the enlarged RHB Group which had 200 branches and 470 ATMs in Malaysia plus operations



LEFT The Kuala Lumpur headquarters of Rashid Hussain Bhd (RHB).

ABOVE On 20 March 2002, UBG announced its merger with RHB. Mahmud Bekir Taib, deputy chairman of UBG, and Tan Sri Rashid Hussain, founder and chairman of RHB, watched by Sulaiman Abdul Rahman Taib, chairman of CMS, congratulate each other at the ceremony to mark the announcement.



ABOVE UBG acquired part of its majority shareholding in RHB from property and infrastructure developer MRCB. Seated from left are Abdul Rahman Ahmad and Dato' Seri Syed Anwar Jamalullail of MRCB (who was later, in 2005, appointed chairman of CMS) with Dato' Paduka Nik Hashim bin Nik Yusoff, chairman of UBG, and Dato' Vaseehar Hassan bin Abdul Razak, also of UBG, at the signing ceremony on 20 March 2002.

ABOVE RIGHT PPES Works (Sarawak) Sdn Bhd Chairman Haji Talib Zulpilip exchanging documents with Dato' Izzuddin bin Dali, secretary-general of the Ministry of Works Malaysia at the signing ceremony for the privatisation of Federal road maintenance in Sarawak for 15 years, awarded to PPES Works, 14 July 2003. The agreement covered Federal roads in the Kuching, Samarahan, Sri Aman, Betong and Sarikei divisions of Sarawak.



in Singapore, Brunei and Thailand. UBG's takeover of RHB was completed in January 2003. The merger established a larger platform for unified growth with the creation of a stronger institution.

On 1 May 2003, RHB Bank Bhd officially merged with Bank Utama and formed the RHB Group. RHB Bank's and Bank Utama's systems were fully integrated from 18 August 2003. The RHB Group had assets of RM73 billion at the end of December 2003. The merger established a larger platform for unified growth with the creation of a stronger institution.

At the very end of 2004, UBG completed the disposal of UMBB to Malaysian Industrial Development Finance Berhad (MIDF) for cash consideration of just over RM138 million.

In 2005 RHB Islamic Bank received its license to begin operations, making it the first domestic banking group to have a full-fledged Islamic bank. It was also the largest Islamic banking network in the country, as customers could use any of RHB's branches, ATMS and Internet facilities.

In June 2006, the Employees Provident Fund (EPF) offered to acquire all UBG's shares and loan stock in RHB. At the time, UBG owned a 32.8 percent stake in RHB together with irredeemable convertible unsecured loan stocks which, upon conversion, raised UBG's ownership in RHB to about 60%. However, in September 2006, UBG rejected

the EPF's offer as the offer price was too low and there were other bidders for UBG's stake in RHB such as Kuwait Finance House (M) Bhd (KFH) and Primus Pacific Partners.

Infrastructure and construction: solid performance from 2002–05

The year 2002 was a robust one for the construction sector in Sarawak, pushing the annual demand for cement to a historical high – in fact the highest in all the 25 years of CMS Cement's production. In 2003, the CMS Group made bigger and bolder steps to spread its wings further beyond the boundaries of Sarawak, going nationwide with its business investments and in the process become a stronger and more resilient organisation. That part of the Group's business involved in infrastructure development performed extremely well, recording impressive sales in manufacturing and construction materials and civil engineering. The Group's commendable financial performance was achieved against the backdrop of an improving national economy which grew by 5.2 percent in 2003, and the pace of growth was even greater in Sarawak.

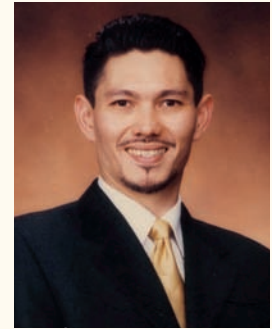
Two significant long-term contracts were among those that buoyed the Group in 2003. The first was the award to subsidiary Sara Road Maintenance

CMS LEADERS SULAIMAN ABDUL RAHMAN TAIB (Dato' Sri from 2005) 2001–07

Sulaiman Abdul Rahman Taib first joined the CMS Board on 23 January 1995. In 2001 he was temporarily appointed acting group chief executive officer of CMS and served as deputy chairman, to which he was appointed on 1 January 2002. In May 2002 he was appointed CMS executive group chairman. Besides this he also held the posts of executive chairman of RHB Bhd and RHB Capital Bhd. He was also a director of UBG, RHB Sakura

Merchant Bankers Bhd, RHB Bank Bhd, RHB Islamic Bank Bhd, K&N Kenanga Holdings Bhd and CMS Works International Ltd.

A Bachelor of Science degree holder from the University of San Francisco, Sulaiman oversaw the transition of CMS from being a market leader in financial services in Sarawak through UBG to become a leading player in Malaysia's financial services sector through the RHB Group.



(later renamed CMS Roads) of a 15-year contract to maintain all Sarawak State roads valued at RM86 million per year, and the second was when CMS subsidiary PPES Works (Sarawak) Sdn Bhd signed a privatisation agreement of similar duration with the Government of Malaysia on 14 July 2003 covering the maintenance of 663.29 kilometres of Federal roads in Sarawak. The contract was valued at approximately RM25 million per year.

In 2004 CMS registered a 59 percent increase in Group turnover of RM1.02 billion compared to the previous year. It had a pre-tax profit of RM131 million, compared to RM82.3 million in 2003. The main contributors were manufacturing, construction materials, construction and road maintenance.

Despite the government's development strategy of focusing on developing communities – thus reducing the size of projects to be awarded – and the award of fewer construction contracts as the Eighth Malaysian Plan was coming to a close, CMS was able to overcome the challenge, even though it counted construction of large projects as an area of expertise, because of its operations in financial services and infrastructure development.

In 2005, CMS embarked on two major projects – the New DUN (Dewan Undangan Negeri) or Sarawak State Legislative Assembly building on the Kuching waterfront and the Kuching Isthmus – an

exclusive enclave further down the Sarawak River which saw greater development on the outer fringes of the city. These two projects were significant for CMS as they heralded the Group's diversification

The New DUN Sarawak, a major project by PPES Works (Sarawak), under construction. The building was designed by architects Hijjas Kasturi Associates.



MAJOR PPES WORKS (SARAWAK) PROJECTS 2003–06



The years 2003–05 were busy ones for PPES Works. In 2003, the Dalat and Sarikei hospitals were both completed under contracts worth RM41 million and RM64 million respectively. Then, in 2004, PPES Works completed the engineering, procurement and construction of the Miri pipeline (Sector 4) protection/relocation project for PETRONAS in 2004.

Following an open tender, in July 2003 PPES Works was awarded the contract to develop Phase 1 of ASSAR Chemicals Sdn Bhd's Independent Oil Terminal (IOT) project adjacent to Senari Port in Kuching, Sarawak. Phase 1 involved the preparation of the 16.2 hectare site. Subsequently in February 2005, again following a competitive bidding exercise, a joint venture between PPES Works and Chiyoda Malaysia Sdn Bhd – an integrated contractor specialising in building of petroleum, petrochemicals, chemicals and natural gas plants – was awarded the RM120-million contract to develop Phase 3 (bulk depot facilities) and Phase 4 (liquid petroleum gas bottling facilities) of the project. Phases 3 and 4 were successfully completed on time in 2006.

The Tanjong Kidurong–Suai–Bakam coastal road project undertaken by PPES Works was officially opened on 10 March 2006. The road shortened the journey between Miri and Bintulu by 48 kilometres. Built at a cost of RM581 million, the road was the single longest road construction project ever awarded by the Federal Government in Sarawak.

In 2005, PPES Works was awarded the contract to construct and complete a four-storey block of hostels for Swinburne University of Technology at a cost of RM8.5 million. That same year, PPES Works undertook on a design and build basis the construction of the RM60-million Swinburne extension.

ABOVE The Assar Chemicals Independent Oil Terminal (IOT) at Kuching was the first time PPES Works had constructed an oil and gas facility. The contract included engineering, procurement, construction and commissioning of the bulk depot facilities and the liquid petroleum gas bottling facilities.

BELOW RIGHT The Swinburne extension included new classroom blocks, an engineering and IT block, lecture theatre and more.

BOTTOM The 268-bed Sarikei Hospital during construction. It was completed by PPES Works in 2003.

BELOW LEFT The 178-kilometre Tanjong Kidurong–Suai–Bakam coastal road took PPES Works four years to build.





On 9 May 2005, CMS formally agreed to work together with Luneng Group Co. Ltd and Sinohydro Corporation to assess the viability of setting up an aluminium smelting plant, port and related infrastructure in Sarawak. Present to witness the signing of the MOU were Sarawak Chief Minister Pehin Sri Haji Abdul Taib Mahmud and Minister of Energy, Water and Communications Dato' Seri Dr Lim Keng Yaik.

into building construction from being a pure civil works construction player in the past.

Notwithstanding these successes, CMS's financial performance for the first half of 2005 was poor – a net loss after tax of RM20.2 million. A comprehensive turnaround plan was being developed in February 2006.

Aggressive expansion overseas and in Sarawak

In September 2005, CMS signed a MOU with China Yunnan Highway & Bridge Construction Group Co. Ltd to construct two major expressways in the Yunnan Province in China worth RM5.12 billion. Once completed, the Chinese company was to operate the concession. CMS also inked an MOU to buy a stake in a company that owned rights to coal deposits in Mongolia. It was also looking at property development in Mongolia and road, infrastructure and property projects in Vietnam, Indonesia and Saudi Arabia.

A landmark MOU had earlier been signed in May 2005 with two leading state-owned companies in China – Shandong Luneng Group Co Ltd and Sinohydro Corporation – to undertake a feasibility study to build an aluminium smelter plant in Sarawak. The plant would be able to source the

bulk of its power, at a favourable price, from the 2,400MW Bakun Dam and a new port at the site would create more than 15,000 jobs. The site was that of the Samalaju Industrial Park (SIP).

There were also established in 2005 two new subsidiaries, CMS Opus Private Equity Sdn Bhd, Sarawak's first private equity fund, which aimed to provide an alternative financing platform for undercapitalised but potentially profitable companies in Sarawak, and CMS I-Systems Bhd, which CMS acquired to serve as a platform for the expansion of its IT business. Its flagship application, InsureConnect Life, and the InsureHealth Suite were targeted at the insurance and health sectors.

CMS Steel closed down and sold off

In January 2006, CMS announced that it would shortly be exiting the steel business and close the steel rolling mill at Sejingkat, Kuching later in the first quarter of 2006. The difficult decision to exit the steel business was made after suffering continuous losses for several years.

In the aftermath of the Asian Financial Crisis, demand for steel products in Sarawak dropped significantly. In 1998, sales only amounted to 39,000 tonnes, compared to 100,000 tonnes in 1997. Even 100,000 tonnes was only one-third of the plant's



CMS Group Chairman Dato' Sri Sulaiman Abdul Rahman signing the MOU with Luneng Group Co. Ltd and Sinohydro Corporation in Jinan, Shandong Province, China on 9 May 2005.



ABOVE AND ABOVE RIGHT Mild steel round bars being forged and loaded at the loss-making CMS Steel plant prior to its closure in 2006.

rated capacity. The CMS Board noted in 1999 that utilisation of full capacity was only expected to be achieved in 2008. They also noted that financial institutions were wary of extending loans to the company because of the bleak outlook for the steel industry as a whole.

A further concern was that the Asian Free Trade Area (AFTA) Common Effective Preferential Tariff (CEPT) scheme would lead to the reduction of duty on finished steel products from 20 percent to 5 percent by January 2002.

CMS tried hard to increase utilisation of the new steel mill and explored several possibilities with potential new partners, both for expansion into downstream products and for contract manufacturing of steel bars and wire rods. However, the interest charges of RM1.9 million per month remained a burden. By the end of 2005, some 13 different parties had been contacted for a possible joint venture through equity participation in the existing mill and upstream expansion to include a

meltshop. None of the multinational, regional or Malaysian steel producers agreed to the proposed joint ventures, nor did they show any interest in buying CMS's stake in CMS Steel outright.

Between 2002 and 2005, CMS Steel had reported a total loss of RM29 million, with a loss of RM15.8 million in 2005 alone. The company had been affected by the softening construction sector leading to overall weak market demand for its products in a highly competitive market. This resulted in the low price of steel bars and rod products. The crux of the problem was that as a non-integrated mill it suffered from the high price of raw materials. No sources either in or beyond Malaysia could commit to supply billets based on a pricing formula that could yield a positive impact over the long term. With little indication of a turnaround in the future, it was deemed to be financially unfeasible in the long run to continue to operate the mill. A loss provision of RM103 million was made by CMS in recognition of the closure.

On 31 March 2006, 102 employees of the steel plant were retrenched. These were the first of a total of 152 employees of CMS Steel to be retrenched. The remaining employees were released in stages the following month. As part of the retrenchment exercise, employees were compensated with a fair termination package based on the more generous provisions of Malaysia's Employment Act as opposed to the Sarawak Labour Ordinance which was the prevailing legislation. The termination package for the 102 employees was approximately RM1.23 million in total.

The mill itself was sold to Pert Progetti E Rilievi Technici S.R.L. of Italy later in 2006 for a lump sum price of €9 million (RM40 million) and the land and administrative building to KKB Engineering Bhd for RM30.5 million paid for in shares in KKB Engineering, thus providing CMS with a 20.5 percent stake in the engineering company.

New leadership

On 1 July 2006, Group Chairman Dato' Sri Sulaiman Taib was redesignated as non-executive, non-independent director while director Tan Sri Syed Anwar Jamalullail, who had joined the Board in May 2006, was appointed non-executive group chairman. Tan Sri Syed Anwar Jamalullail was at the time chairman of DRB-Hicom Berhad and EON Capital Berhad and a director of Nestle (M) Bhd, Maxis Communications Bhd, Bangkok Bank Berhad and several private companies. He had also served as chairman of MRCB and Media Prima Bhd.

On 4 September 2006, Dato' Richard Curtis was appointed Group managing director and Tuan Syed Ahmad Alwee Alsree, former Group general manager, human resources, appointed deputy Group managing director. This heralded a new era of growth for CMS initiated by renewed focus on CMS's core competencies.



CMS Inspiration newsletter issue of July–September 2006 announcing the arrival of Dato' Richard Curtis and Datuk Syed Ahmad Alwee Alsree as the Group's managing director and deputy managing director, respectively.



2007-14

FOCUS ON KEY COMPETENCIES



UBG's Board of Directors and Working Committee after agreeing next actions following the disposal of RHB shares, 2007. UBG and the EPF had received approval for the transaction from Bank Negara Malaysia on 29 March 2007.

The soaring columns of the New DUN Sarawak building's 27-metre-high atrium fuse to crown the building's largest space. CMS subsidiary PPES Works (Sarawak) Sdn Bhd completed construction of the building in 2009.

FOLLOWING SEVERAL MONTHS OF negotiations with potential bidders for its 32.8 percent stake in RHB, CMS subsidiary UBG announced on 8 March 2007 that its Board had accepted a revised offer of RM2.25 billion from the EPF, subject to shareholders' and regulatory approvals. The EPF's offer was reportedly more than double its original offer back in June 2006 and resulted in a net gain to UBG of RM1.25 billion. The deal made EPF the largest shareholder in RHB.

Following UBG's disposal of its stake in RHB, CMS was reclassified by Bursa Malaysia from the 'Finance' sector to the 'Industrial Products' sector. Having sold its stake in RHB, UBG took steps to acquire new core businesses. It decided to venture into two growth areas in particular – construction and property development and water infrastructure – and in July 2008 it acquired from CMS 100 percent of the shares in both CMS Roads Sdn Bhd and CMS Pavement Tech Sdn Bhd.

That same month, in accordance with the Malaysian Code on Takeovers and Mergers, UBG issued notices of conditional take-over offer to the Boards of two public listed companies, niche construction operations Putrajaya Perdana Bhd and water infrastructure specialist Loh & Loh Corporation Bhd, to acquire all the shares in those two companies not already owned by UBG. Around the same time, UBG itself received a notice of conditional take-over offer from Majestic Masterpiece Sdn Bhd, a wholly owned subsidiary of Abu Dhabi-Kuwait-Malaysia Investment Corp, to acquire all the voting shares in UBG not already held by Majestic Masterpiece. The result of this was a dilution of CMS's equity in the enlarged UBG, from 51.8 percent to 37.2 percent at

the end of 2008. It also had the effect of making UBG a pan-regional Middle East–Southeast Asia (MESEA) group of companies.

Tunku Putra School moves to a purpose-built new campus

Just four months after celebrating UBG's sale of its stake in RHB, CMS had further cause for pride when more than 500 parents and other guests witnessed the official opening of the new RM20 million campus of Tunku Putra School at Petra Jaya, Kuching. The event was officiated by Chief Minister of Sarawak Pehin Sri Haji Abdul Taib Mahmud on 17 July 2007 and culminated in him dotting the eye of the hornbill on a specially produced mural created by the school's students. The school, which had recently moved from the smaller campus it had occupied at Jalan Nanas Kuching since 1997, boasted an enrolment of 350 students.

FAR RIGHT BELOW Chief Minister Pehin Sri Haji Abdul Taib Mahmud officially opening the Tunku Putra School new campus on 17 July 2007.

FAR RIGHT BOTTOM Tunku Putra students dressed in the traditional dress of a variety of communities await the arrival of the chief minister of Sarawak to officially open the school's new campus.

BELOW Single-storey classrooms in clusters and a multi-purpose hall are the dominant architectural features of the new RM20-million purpose-built Tunku Putra School campus.

On 8 September that same year, the school hosted its first open day at the new campus to enable the wider community to experience its environment, facilities and teaching quality. Approximately 1,500 members of the public observed students and teachers working and interacting in their classes. Afterwards, families browsed the international food and craft stalls set up by the Parent Support Group and vied for attractive raffle prizes. The event was also used to raise funds for a new primary playground shade sail and for library resources. A total of RM29,000 was raised, a percentage of which was given to the Sarawak Autistic Association.

A double-storey 16-classroom block was subsequently added to the school in 2011 and an additional multi-purpose sports hall is being added in 2014. The classrooms are built around a covered inner courtyard that can be used as an alternative venue for student activities when the School's Multi-Purpose Hall is in use.



A STRATEGIC INVESTMENT: KKB ENGINEERING

KKB Engineering Berhad's history goes back to 1962 when a small engineering company established by present-day Chairman and Managing Director Dato Kho Kak Beng undertook modest steel fabrication works for factory buildings and products. Incorporated on 20 February 1976 as a private limited company under the name of Kho Kak Beng Welding and Engineering Contractor Sdn Bhd, it was listed on the Second Board of the KLSE on 9 November 1994 and transferred to the main board of Bursa Malaysia, as the KLSE was renamed in 2004, on 21 June 2007.

The main activities of KKB are steel fabrication, civil construction, hot dip galvanising and the manufacture of LPG cylinders. Its subsidiaries manufacture and trade in uPVC roofing sheets and

pipes and other related products, manufacturing of steel pipes, hot-dip galvanising and steel fabrication. Through its 51-percent-owned subsidiary, KKB Halmac Services Sdn Bhd, KKB is also a contractor for mechanical and engineering.

Among the products that it manufactures are structural steel buildings (including airports, steel mills, power plants and cement plants), liquefied petroleum gas cylinders, steel water pipes, low-tension and high-tension poles, telecommunications towers, storage tanks and street light columns.

In addition, KKB's subsidiary OceanMight Sdn Bhd has obtained from PETRONAS an approved licence for onshore fabrication of offshore facilities, thus enabling it to take advantage of increasing opportunities in Malaysia's oil and gas industry.



Stake in KKB Engineering acquired

On 6 November 2007, CMS finalised the sale of the site of CMS Steel's rolling mill to Bursa Malaysia-listed KKB Engineering Bhd (KKB) for a disposal price valued at RM32 million. The sale of the 27.6-hectare site fronting the Sarawak River at Sejingkat, Kuching, included several buildings. The purchase price was to be satisfied by KKB through the issuance of 16 million new ordinary shares of RM1.00 each in KKB at an issue price of RM2.00 per share, giving CMS a strategic 20 percent stake in KKB.

KKB Group Chairman and Managing Director Dato Kho Kak Beng, whose initials form the name of the company he founded in Sarawak, said that the signing marked a new beginning in KKB's ambition to expand further within Sarawak and beyond, targeting its strengths of structural steel fabrication and related engineering works, and to undertake steel works for more CMS and third-party projects in the future. KKB is also involved in the manufacture of LPG cylinders and cylindrical steel drums.

The signing of the agreement followed an earlier Memorandum of Understanding between the two companies, signed at the end of July 2007, to negotiate a proposed strategic alliance to undertake steel fabrication activities in the oil and gas, shipping and marine sectors.

Dato' Richard Curtis and KKB Group Chairman and Managing Director Dato Kho Kak Beng exchanging documents at the signing ceremony held at CMS Head Office at Wisma Mahmud in Kuching, 6 November 2007.



CMS LEADERS

DATUK SYED AHMAD ALWEE ALSREE

2006–PRESENT

Appointed to the CMS Board the same day as Dato' Richard Curtis, Datuk Syed Ahmad had originally joined CMS as Group general manager – human resources in September 2004. He was subsequently appointed deputy Group managing director in September 2006. Datuk Syed Ahmad practised law in Singapore for more than 10 years before joining CMS. He is now Group executive director, having been appointed to that position on 1 September 2008. As Group executive director, he focuses on ensuring the opportunities, challenges and key management issues of the CMS Group are addressed by management and staff.



CMS LEADERS

DATO' RICHARD CURTIS

2006–PRESENT

Dato' Richard Curtis was appointed to the CMS Board on 4 September 2006 and appointed Group managing director. Born in Penang and educated in Malaysia and the UK, Dato' Richard brought with him a wealth of experience in business and finance. He began his career as a solicitor in London with Norton Rose and then joined Jardine Matheson & Co. in Hong Kong, followed by postings in Singapore and Indonesia with Jardine Offshore Group. He then pursued his own businesses in retail, consultancy and construction before being appointed CEO of Malaysian retailer and F&B chain operator The Melium Group in 1997.



CMS's ROAR strategy, as well as its new vision and mission, were printed on the Group's 2008 calendar.

The ROAR strategy

Soon after his appointment as Group managing director, Dato' Richard Curtis in late 2006 introduced a new strategy: ROAR, which stands for Restructure, Organise, Advance and Roar Ahead. This four-step strategy defined the management team's first milestones and timelines to turn CMS into a high performing company. The first part of the strategy – Restructure – was completed at the end of December 2006. Organise and Advance followed in 2007, with Roar Ahead implemented in 2008.

The ROAR strategy brought new momentum to CMS. Organisation structures were reviewed for better effectiveness and a performance-based culture developed with the introduction of KPIs for management staff in 2006. Project deadlines, quality, work output, risk management and event time management of meetings were scrutinised by CMS's new leadership. Innovative management practices were also introduced such as Koffee Talks, monthly operation review meetings with each division and

Town Halls to increase staff engagement and to open direct communication channels between staff and senior management.

The new momentum revitalised CMS and, as the Group began to focus on its core competencies in Sarawak and SCORE, its results began to improve and to rest more securely on sustainable business growth. Building on the success of the original ROAR strategy, ROAR V.2 was launched in 2012. This new strategy lays out a fresh set of challenging milestones and timelines for CMS to advance to even greater heights for the period up to 2016.

Vision and mission

In parallel with the ROAR strategy, a new vision and mission was launched in late 2006 to reinforce the other changes being made to CMS. This vision was to be the pride of Sarawak, and its mission to be driven by profit, proactive and synergised in business, delivering 'on spec' and on time, as well as



Tuan Syed Ahmad Alwee Alsree speaking to a crowd of employees from operations located in and around Kuching at the Town Hall, 2007.

TOWN HALLS

In December 2007, CMS's management introduced another innovation, adapting the format of its annual employee gathering on strategy and direction, which had previously been known as the Group MD's Address. The event was renamed 'Town Hall'. Of particular importance at this first Town Hall was the need to help employees of CMS Roads and CMS Pavement Tech understand how the sale of these two subsidiary companies to UBG affected them. Group Managing Director Dato' Richard Curtis also spoke about CMS's achievements in 2007 and its strategic focus for the coming year. The Town Halls include a lively question and answer session between employees and CMS's top leadership.

At the first Town Hall session in Kuching on 1 December 2007, Dato' Richard and Group Executive Director Syed Ahmad Alwee Alsree – who was also deputy chairman of UBG – spoke to an audience of some 700 employees. This was only the first of five locations. The following day, another Town Hall session was held, this time in Sibul, where the bulk of the employees in attendance were from CMS Roads. The next session, again the following day, was in Bintulu, home to CMS Cement's Bintulu plant and numerous CMS Roads employees. Next came Miri and then, finally, Kuala Lumpur where employees of CMS Trust, CMS I-Systems and CMS Opus Private Equity attended the session.

KOFFEE TALKS

In May 2007, CMS held a 'Koffee Talk' which was the first of what has become an biennial event. These breakfast sessions give CMS employees from all parts of the Group's business and all levels the opportunity to discuss matters face-to-face in an informal setting with Group Managing Director Dato' Richard Curtis and Deputy Group Managing Director Tuan Syed Ahmad Alwee Alsree who was subsequently re-designated Group executive director in August 2008. Many topics of conversation are covered at the Koffee Talks. The most popular subjects include promotions, allowances, medical benefits, scholarships and internships, sporting events between the staff of different strategic business units (SBUs), the upgrading of old machinery, general complaints, uniforms and procurement issues. The sessions have further raised employee morale.



Group Managing Director Dato' Richard Curtis talks with staff of CMS Roads and PPES Works in Sibul, May 2008. Koffee talks are held only with staff of executive level or below and without their superiors present.



CMS's new vision and mission are spelt out, and its stakeholders identified, on the Group's 2014 calendar.

integrity and respect. Later, in 2013, CMS's mission was further refined to reflect the Group's vision to be the PRIDE of Sarawak and beyond.

A defining feature of CMS as a corporate citizen is that it is run for four stakeholders – its staff, its customers, the community in which it operates and its shareholders – rather than for just one, its shareholders, as is usually the case with other corporate entities. This is manifest internally in CMS's commitment to staff welfare and to meaningful corporate social responsibility (CSR) at the corporate level as well as through the personal involvement of its staff in community projects and

externally through the strong sense of obligation to meet properly and always all of its obligations to its four stakeholders.

Acquisition of clinker plant

Over the years, CMS had remained interested in acquiring the clinker plant at Mambong operated by Sarawak Clinker which was under private ownership. In 2004, the Indonesian conglomerate Bumi Raya, which had owned the plant since August 1993 through its subsidiary Landstone Investment Ltd, sold Sarawak Clinker to Maybach Investment

CORPORATE SOCIAL RESPONSIBILITY

CMS initiated a 'Doing Good' culture in the mid-1990s and its corporate social responsibility (CSR) role has continued to expand and evolve. Since 2007, CMS has focused primarily on direct participation in CSR activities and inculcates a sense of concern and a caring attitude as a matter of policy. Direct participation is in the form of year-round staff volunteerism via multiple, often staff-led, projects which have built respect for CMS within the local community. In 2007 alone, a total of 7,700 man-hours were dedicated by employee volunteers to help the wider community. By 2013, the number of volunteer man-hours reached 45,038. Also since 2007, CMS has regularly supported Habitat for Humanity build houses for low-income families through sponsorship of construction materials, voluntary labour and provision of in-house publicity.

CMS also makes donations and provides sponsorship focused within Sarawak. Over the years, beneficiaries have included the Sarawak Regatta annual celebrations, the Laila Taib Smile orthodontic project, and awards to top students at Swinburne University's Kuching campus. Beginning in 2002, CMS has also adopted a number of mosques and surau – 67 as of mid-2013 – and provides each with

a small annual donation. As well as assisting the wider community, CMS also takes firm steps to look after the welfare of its staff including through the availability of grants from CMS's Compassionate Fund to help alleviate staff and their families' burden in the event of major illness, disability or death. There is also a strong focus on safety throughout the Group, implemented by way of a KPI demerit system.

Helping rural schools: CMS Roads Saratok team carry gravel for a pathway they built for rural primary school, SK Babang, in September 2007.





The CMS Clinker plant at Mambong, located approximately 21 kilometres from Kuching. The plant occupies 24.8 hectares of industrial land and has another 78 hectares of neighbouring quarry concessions.



Co. At a simple ceremony in Kuala Lumpur on 30 August 2007, CMS Cement signed a share purchase agreement to buy 100 percent equity in Sarawak Clinker Sdn Bhd, 33 percent from Mirzan Mahathir and 67 percent from Maybach Investment Co., which was represented by Raymond Ang of the Philippines-based conglomerate, San Miguel Group.

The decision to buy Sarawak Clinker was based on the desire to make CMS Cement a more efficient, low-cost integrated cement producer. By having its raw material supply in-house, CMS Cement became able to expand its product mix beyond ordinary Portland cement (see page 28).

CMS acquired Sarawak Clinker in November 2007 for RM110 million on a willing-buyer-willing-seller basis. The plant had an annual production capacity of 800,000 tonnes and produced an average of 2,500 tonnes of clinker a day. It remains East Malaysia's sole producer of clinker. In 2008, Sarawak Clinker was renamed CMS Clinker. Next to the clinker plant at Mambong are CMS Clinker's own quarrying concessions of key raw materials – limestone, shale and sandstone – covering 78 hectares.

Under CMS, a team of 260 staff operates the clinker plant in three shifts per day. The clinker produced goes to CMS Cement to make cement for CMS Concrete Products and customers all around Sarawak. Following its acquisition of the plant, CMS

LEFT Dato' Richard Curtis, Mirzan Mahathir, Raymon Ang and Tuan Syed Anwar Alwee Alsree at the simple signing ceremony held on 30 August 2007 for CMS to acquire 100 percent equity in Sarawak Clinker Sdn Bhd. from Mirzan and Maybach Investment Co. The shares were valued at a total cash consideration of RM110 million which could be adjusted in accordance with the provisions of the Share Purchase Agreement.

LEFT BELOW CMS Clinker's General Manager Lim Kim Beng (right) receiving the CMS Clinker's operations manual from Paul Ang.



spent RM70 million in 2012–13 to increase its capacity to 900,000 tonnes and enable it to be fuelled by locally sourced lower-calorific-value coal as opposed to higher calorific value coal which would need to be imported at higher cost.

Completion of major projects

During the years 2008–10, CMS and its subsidiaries completed several major construction projects. The first two were officially opened within a week of each other by Chief Minister of Sarawak Pehin Sri Haji Abdul Taib Mahmud in August 2008: the uniquely designed Islamic Information Centre or Pusat Islam on 17 August, and the new Kuching campus for Swinburne University of Technology on 23 August. Both projects are located at Jalan Ong Tiang Swee in Kuching. Commenting on the completion of the projects, Robert Gardner, PPES Works Executive Director, said 'PPES Works was proud to have

delivered another two iconic buildings that will be of great benefit to the State of Sarawak.'

The Islamic Information Centre is as an important resource facility, both for new converts to Islam and to all others who seek to improve their knowledge of the religion. It is made up of six inter-connected buildings – an auditorium, administration block, male hostel, female hostel, surau and library, and barok (function hall). The architecture is inspired by ethnic design elements of the Chinese, Iban, Malay, Bidayuh, Melanau and Orang Ulu communities.

The project was a challenging one which required dogged determination by site staff to overcome the logistics of importing materials from China and Belgium, and flying in specialist craftsmen from China and Uzbekistan. In addition, the use of modern materials in the construction of traditional structures required significant practical construction input from supervisory staff to assist the owner's consultant team in the development of the design.

The Islamic Information Centre, constructed by PPES Works (Sarawak) Sdn Bhd, was officially opened on 17 August 2008.





The following year another major project, the Mukah Coal-Fired Power Plant, was completed by PPES Works which was the turnkey contractor for the non-plant zones and also undertook the civil works for the plant zone. The 2 x 135 MW coal-fired plant was handed over to client Sarawak Energy Berhad and had the potential to supply up to 15 percent of the State's power needs. The coal used to power the plant is sourced from the large deposits in the Mukah-Balingian area.

Construction on the 350-hectare site was challenging due to the remote site and limited road access which caused difficulties for the transportation of materials and equipment. Experienced trade subcontractors were also in short supply. Despite these and other challenges, PPES Works delivered its work scope on time.

Also in 2009, the New Dewan Undangan Negeri (DUN) Sarawak building (or New Sarawak State Legislative Assembly building) was opened by Yang di-Pertuan Agong Tuanku Mizan Zainal Abidin on 27 July. The ground-breaking ceremony for construction

of the building had been held in September 2004. Designed by leading architect and former CMS director Hijjas Kasturi, the nine-storey building reaches a height of 112 metres and is an imposing icon located on the bank of the Sarawak River across from the Kuching waterfront and between the historic Astana and Fort Margherita.

The Borneo Convention Centre Kuching (BCKK) was also completed in 2009, in September, and officially opened in February 2010 by Prime Minister Dato' Sri Mohd Najib Tun Abdul Razak. The BCKK was conceived as a venue to attract local and international concerts, events, exhibitions and conventions to Sarawak.

The State government had given verbal instructions to CMS as early as 2002 to proceed with the design and construction of a convention centre to be located on a 6-hectare riverfront site on the Kuching isthmus, some 8 kilometres from the city centre. Construction of the RM200-million project started in June 2006. The BCKK was originally planned to form part of a new marina and shopping

ABOVE The iconic New DUN Sarawak building stands majestically on the bank of the Sarawak River. The building was officially opened on 27 July 2009. PPES Works undertook construction of the building with a joint-venture partner.

ABOVE LEFT At the newly completed Mukah coal-fired power station, a 'gotong royong' team comprising 14 PPES Works' staff and 23 members of the project's subcontractors volunteered their weekend on 6–7 February 2009 to clean and beautify 5 acres of land and buildings at the project site.

mall including a RM300 million 39-storey Kuching Tower complex – now on hold – which was to be the tallest building in the State and to house offices and a luxury 315-room International hotel.

In order to ensure the world-class standard of the BCK's facilities, during the design phases key CMS personnel undertook visits to convention centres in Australia and Singapore. As a result of the insights and inspiration gained, the BCK was designed to accommodate traditional conventions, conferences, exhibitions and multi-dimensional events combining entertainment, exhibitions and performances. The largest of its meeting venues

is the 2,793 square metre Great Hall which can accommodate events for up to 5,000 people or a 200-table banquet. Another 14 meeting rooms can hold events of up to 300 people or a combined 1,100 people. It is an ideal venue for meetings, weddings, exhibitions and concerts. Since its completion, the BCK has been managed by Borneo Isthmus Development Sdn Bhd (BID), a Sarawak state-owned company. BID oversees all operational aspects of BCK.

In 2010, the BCK won the Best Business Centre recognition at the MIPIM Asia Awards 2010 presented in Hong Kong. CMS had submitted its BCK project



The Borneo Convention Centre Kuching (BCK), completed in 2009, is the only venue in Kuching to accommodate up to 5,000 people. The roof of the BCK is inspired by the form of a giant ririk leaf. Continuing the rainforest theme, the roof canopy is supported by a series of exposed structural elements resembling the trunks and branches of rainforest trees. Occupying a 6-hectare site, the BCK has a gross floor area of 36,500 square metres.



for judging by the 1,727 delegates who attended MIPIM Asia, the leading business-to-business real estate market and conference in Asia Pacific. BCCK's giant leaf-shaped roof attracted much interest from the voting delegates who agreed that using the local rainforest as its central architectural inspiration was the correct choice to enhance the 'sense of place' within Sarawak with its rivers and greenery.

Rationalisation: disposal of UBG and closure of IT subsidiary

In order to focus more clearly on its key businesses, CMS sought to dispose of its stake in UBG. Before doing so, however, in May 2009 UBG disposed of CMS Roads and CMS Pavement Tech to its listed subsidiary Putrajaya Perdana Bhd.

On 29 December 2009, it was announced that PetroSaudi International Ltd, a privately owned investment holding company with its headquarters in Saudi Arabia, proposed to acquire CMS's stake in UBG. The transaction was completed in September 2010. CMS's 37.21 percent stake in UBG, which it held through its wholly owned subsidiary Concordance Holdings and through PPES Works, in which it held a 51 percent stake, realised an immediate cash return for CMS and its subsidiaries of more than RM465 million.

CMS also realised that its momentum would be better maintained without involvement in this aspect of the information, communication and technology (ICT) sector. It had originally entered into a share sale agreement with local information technology company I-Systems Group Bhd in early 2005 for the acquisition of shares amounting to just over RM18 million, representing a 51 percent equity interest in the MSC-status company. It was thought at the time that this would strengthen CMS's foray into the ICT sector by leveraging on I-System's experienced R&D team, capabilities in developing and marketing, and cross-selling of new products. However, this did not turn out to be the case.

Despite strong in-house R&D capabilities to develop and implement enterprise-level software applications for the financial services, insurance, healthcare and education sectors, CMS I-Systems found it could not meet the challenges presented by the rapidly developing world of technology and also increased competition in its markets, which included Malaysia, Thailand, Hong Kong and China.

So, in 2010, CMS made the difficult decision to cease the operations of its technology subsidiary, CMS I-Systems Berhad, which had been incurring considerable losses for some time. The subsidiary's employees were retrenched with compensation and parts of its business sold off.

Shareholders of CMS met at Kuching to approve UBG's equity sale at an extraordinary general meeting on 30 April 2010. The meeting gave approval for the proposed disposal by Concordance Holdings, a wholly owned subsidiary of CMS, and PPES Works (Sarawak) Sdn Bhd, a 51 percent-owned subsidiary of CMS, to Petro Saudi International Ltd of their respective entire equity interests in UBG Berhad.

Talent development

In 2007 CMS began to operate a centralised Strategic Group Human Resources Division. Under a strategic model, key human resources were sourced from across CMS to form a talent pool. The division's transformation provided a strategic framework to turn CMS's diverse workforce into a high performance one with enough bandwidth and talent being developed to support CMS's ambitious transformational growth plans. As a result, a number of innovations were introduced that year.

The innovations included succession planning and talent management. This involved identification of potential talents from within CMS and their specific training needs for key management positions. Also beginning that year, senior management strategic workshops, employee training and industrial training for university students were undertaken to develop CMS's talent. Another innovation was the introduction of a KPI system to measure and

reward transparently and fairly the performance of 90 management staff, a system that has since been extended to all staff. The Group's first Cultural Transformation Survey was conducted too. This survey found that more than 70 percent of those surveyed agreed that a positive cultural transformation in CMS had taken place. CMS also participated in careers fairs in Kuching and Selangor in a bid to tap the local human capital pool. An online recruitment system was also launched in June 2008 to enable applicants to easily submit their resumes and details via the CMS web portal.

That was not all. Another innovation by senior management in 2008 was to widen CMS's internship programme to include a special allocation for children of CMS's own employees. The number of accepted applicants for the employees' Children's Internship Programme is unlimited. Priority is given to applicants from lower-income families who have the best academic results. For CMS, the benefits

Orientation site visit by management trainees to CMS Roads head office, April 2013.





LEFT Site visit by management trainees to CMS Pending Plant, 4 November 2010.

ABOVE Management trainees pose for a photograph during a meet-and-greet session with CMS Chairman Tan Sri Dato' Seri Syed Anwar Jamallulail (standing second from right) and Management Trainee Development Programme Mentor Wendy Yong (standing, right), 21 December 2011.

include the injection of 'young blood' into the Group as well as the Corporate Social Responsibility of providing valuable opportunity to the Group's loyal workforce and their families.

In November 2010, CMS for the first time recruited a batch of graduates under its year-long intensive Management Trainee Development Programme. A group of 12 graduates was selected for the initial programme, selected from a pool of 80 short-listed applicants. Four more graduates later joined the group. The trainees were drawn from universities in Sarawak and Peninsular Malaysia as well as Australia and the United Kingdom and were split between CMS's centre management and its various subsidiaries.

The trainee programme supports CMS's strategy of investing in human capital that can contribute to its future as well as that of Sarawak as a whole. The exposure and learning of skills beyond their fields of study enable the trainees to emerge as better, more rounded individuals who can look forward to

being more effective managers and leaders. At the conclusion of the programme, all trainees had to make a compulsory individual presentation to Group Managing Director Dato' Richard Curtis. Following this, 13 graduates were successfully absorbed

Management trainee graduation ceremony at Wisma Mahmud, 2011.



PREMIX PRODUCTION

Premix, also known as asphaltic concrete, is primarily used in road construction. It comprises a mixture of about 95 percent ground aggregates (stone, sand and gravel) and 5 percent asphalt binder which is heated in a kiln to produce the black, sticky premix which is widely used for the surface of airport runways and heavy-duty roads.

CMS Premix's asphaltic concrete is produced in fully computerised manufacturing plants that measure, proportion, blend and heat the aggregate and liquid asphalt in a drying and mixing drum to the required job mix formula. This ensures that the product has the necessary performance characteristics including durability, stability, rut resistance and skid resistance. Compliance with required standards is ensured by thorough testing and analysis by experienced technicians in CMS's fully equipped laboratories.



CMS Premix (Miri)'s new RM2.5 million plant comprising kiln, chimney, air filter, 40-tonne silo and tanks. Located at the company's premises at Lambir on the outskirts of Miri, the plant has a production capacity of 150 tonnes per hour.

into employment within CMS. A second batch of management trainees was recruited in 2013.

Every year, a summary of succession-planning development plans is submitted to the Board of Directors, signifying the management's commitment to build a strong second tier to advance CMS into the future. Potential successors to key leadership positions are identified group-wide with a view to ensure long-term business growth, continuity and sustainability. The process involves an annual one-on-one review with the Group managing director. During this session, the future leaders' developmental needs, performance trajectories and behavioural tendencies are identified in order to identify and mitigate shortfalls in performance and learning gaps. A combination of on-the-job training and tailored learning is then carried out to prepare the individuals identified to take the helm and fill various leadership positions in future. CMS also provides career opportunities and job challenges to its key talents which help to enhance

organisational skills and increase operational knowledge and performance.

During the same period as it upgraded its talent development programmes, CMS restructured the committees of its Board of Directors. In particular, beginning in 2009, a new focus was placed on business continuity planning and risk management. A dedicated Group Risk Committee was established in March 2009 with the primary responsibility of ensuring the effective functioning of the risk management function at CMS Group level. The committee held its first meeting in August 2009 and it has since submitted papers at least quarterly to the Board of Directors.

CMS Resources: expansion and growth

CMS Resources (formerly Sara Kuari Sdn Bhd), which is 51 percent owned by CMS and forms part of its Construction Materials and Trading Division, owns the entire or controlling share in the companies



operating CMS's quarrying and premix operations: CMS Quarries and CMS Penkuari, and CMS Premix and CMS Premix (Miri) respectively.

In early 2010, CMS Premix (Miri) commissioned its new equipment comprising a RM2.5 million kiln, chimney, air filter, 40-tonne silo and tanks. Located at the company's premises at Lambir on the outskirts of Miri, the new plant had a production capacity of 150 tonnes per hour; the existing plant had seen better days. Built in 1980 for the State's Public Works Department, it was rated at 100 tonnes per hour but, over time, its efficiency had deteriorated to 50 percent of this and sometimes even as low as 30 tonnes per hour.

With a limited shelf-life of only four hours after production, the market for premix or asphaltic concrete is competitive. This is especially so within the Miri area, with demand for premix increasingly extending to the Bintulu area with the accelerating implementation of projects at the Samalaju Industrial Park and road upgrading. In addition to its

increased production capacity, CMS Premix (Miri)'s advantage over its competitors is that it has an in-house laboratory to continuously monitor product quality. Higher quality premix makes better road surfaces, which is particularly important for roads with heavy traffic use.

A new quarry at Gunung Sibanyis outside Kuching commenced full commercial operations in July 2011 and is presently in the process of being expanded to include a second production line. It has stone reserves which are expected to last more than 100 years based on the existing quarry plant annual capacity of 900,000 tonnes.

In December 2013, CMS purchased a new 100-tonne-per-hour fully mobile premix plant which is strategically situated at Sri Aman and in 2014 another two mobile plants are being purchased for Samalaju and Kuching, respectively. This enables operations to be located to suit customers rather than delivering into the area as previously from the Kuching plant some 180 kilometres away.

ABOVE AND TOP CMS's new portable premix plant is able to move from one location to another, helping improve production capacity and designed with better environmental controls.

ABOVE LEFT Sibanyis quarry, built at a total project cost of RM23.5 million, commenced operations in 2011. Its primary crusher produces 6–9 inch block stones and the secondary crusher produces stone aggregates: 3 inch, 1.5–2 inch and 3/4 inch stones.



ABOVE CMS Roads worker finishing off shallow patching. CMS Roads, whose core business is road assessment, maintenance and management, has a 15-year concession awarded in early 2003 by the Sarawak State government to manage and maintain State roads through the performance-based road maintenance method, the first and only one of its kind in Malaysia .

LEFT A road-roller follows a CMS Pavement Tech truck. The core business of CMS Pavement Tech, a specialist provider of pavement works covering construction, rehabilitation and maintenance, is the rehabilitation of existing road surfaces by cement and bitumen stabilisation through recycling techniques.

Reacquisition of CMS Roads and CMS Pavement Tech

On 4 May 2011, CMS held an extraordinary general meeting (EGM) at the Riverside Majestic Hotel in Kuching to seek approval for the re-acquisition of both CMS Roads Sdn Bhd and CMS Pavement Tech Sdn Bhd from Putrajaya Perdana Bhd. After months of negotiations and discussions by numerous consultants, financiers and CMS management teams, the EGM took less than 10 minutes to convene and make a unanimous decision approving the proposal.

Two days later, the re-acquisition exercise of the companies by wholly owned CMS subsidiary CMS Works Sdn Bhd from Putrajaya Perdana Bhd for RM82 million was completed. In addition to having a positive impact on CMS's earnings, acquisition of the two companies returned additional expertise in road construction and road maintenance to CMS, enabling it to maximise potential earnings by securing more infrastructure-related projects.

Both CMS Roads and CMS Pavement Tech became wholly owned subsidiaries of CMS Works. They now have a total of approximately 600 employees who are engaged in providing road maintenance services for the 4,638 kilometres of roads in Sarawak under contracts that run till 2018 as well as undertaking pavement works covering construction, rehabilitation and maintenance.

The reacquisition exercise brought immediate benefits to the CMS Group, particularly its Construction and Roads Maintenance Division. Under the 10th Malaysia Plan, the government intended to improve basic infrastructure in rural areas, and pave an additional 2,819 kilometres of roads by the end of 2015. CMS Pavement Tech was also looking to diversify its customer base away from a heavy reliance on CMS Roads as well as exploring new technologies in road construction and rehabilitation for plantation roads by using different additives such as polymers or bitumen for soil stabilisation.

Cement bulk terminals established at Sibü and Miri

On 21 March 2012, CMS Cement Sdn Bhd opened its new RM22 million cement terminal in Miri—Asia's first Flat Store Cement Terminal using Innovative Panel Aeration and Pneumatic Conveying Technology – enabling more reliable distribution of fresh cement to the Miri area. Bulk cement manufactured at the Kuching plant could now be loaded – using a fully enclosed all-weather dust-free pneumatic pipeline – onto one of two dedicated barges.

The 7,000-tonne DWT purpose-built barges were built and are operated by Shin Yang Shipyard Sdn Bhd and Shin Yang Shipping Sdn Bhd respectively, both wholly owned subsidiaries of Shin Yang Shipping Corporation Bhd. Each barge is equipped with a Swedish-made fully enclosed dust-free pneumatic self-loading and unloading system and has a fully enclosed cargo hold fitted with aeration panels and a fluidised cement transfer system.

Upon arrival at CMS Cement's berth at Miri, the cement is self-unloaded through a sealed pneumatic pipeline into the new flat store terminal which can store up to 6,000 tonnes of cement. The cement is then transported from the flat store into one of the two 150-tonne steel hoppers, either for loading into bulk tankers or for packing into 50 kg or 1 tonne 'jumbo' bags for delivery to customers. Cement quality and freshness are preserved by the aeration panel and fluidised transfer technology used in the barges and in the flat store hall and by the system's 'first in first out' cement re-claiming system. Air pollution is also reduced by the use of fully enclosed pneumatic conveying and storing systems which extend from the time of manufacture through to delivery to the customer.

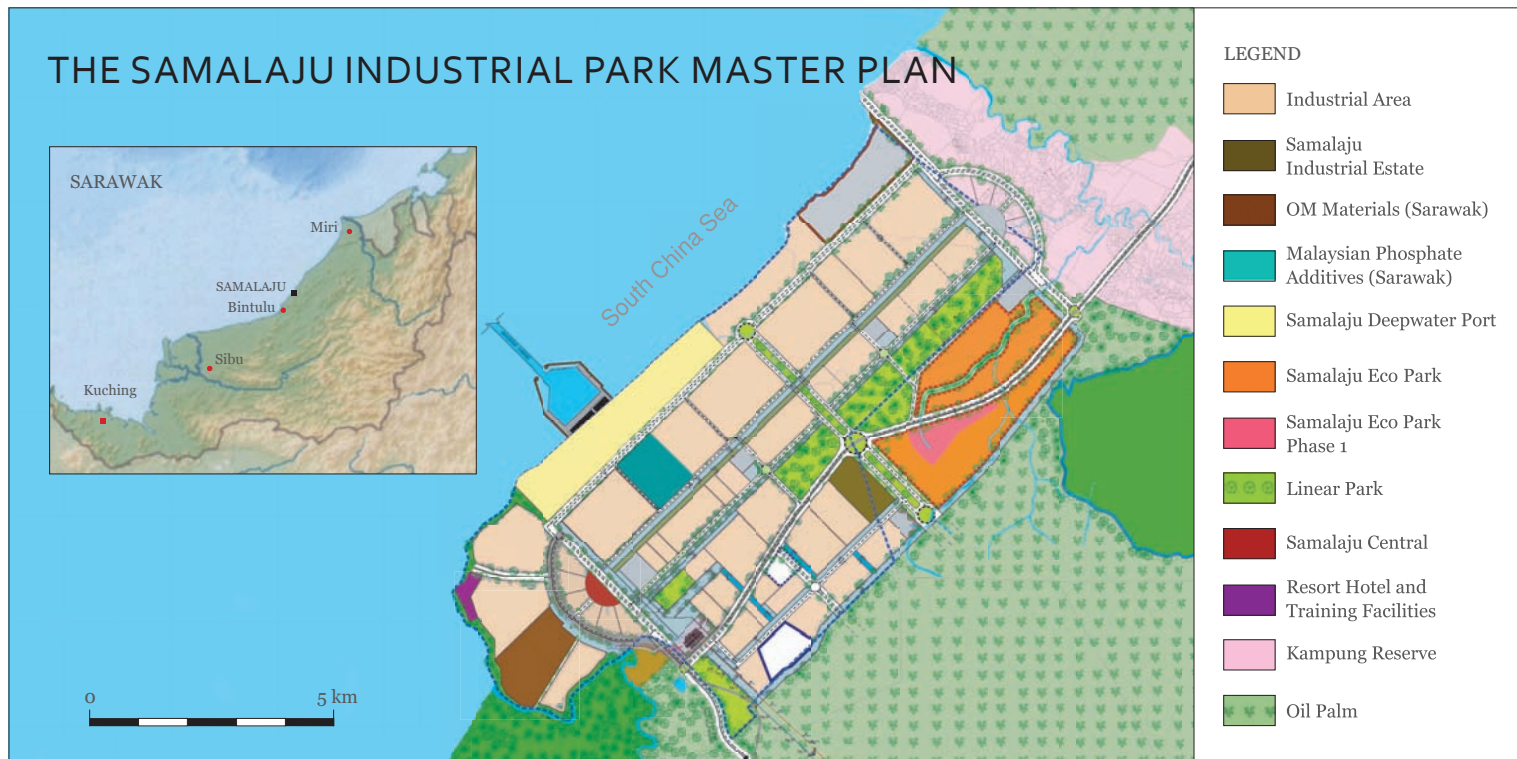
Two months later, CMS opened a similar cement terminal in Sibü ensuring that the Rejang River basin and the Sibü area were better able to get their cement supplies in good time.



Group Executive Director Datuk Syed Ahmad Alwee Alsree and Group Managing Director Dato' Richard Curtis sign a 50 kg bag of cement at the opening of the Miri cement terminal on 21 March 2012.



Miri Flat Store Cement Terminal under construction. Together with the bulk store at Sibü, this enables unloading through a self-discharging system that can operate even in rainy weather and allows increased sales in bulk as opposed to jumbo bags.



Developing Samalaju

CMS became aware of Sarawak's potential for hydro-electricity production as early as 2002 and realised that this presented an opportunity for it to seek out investment opportunities for transformational growth following the sale of its stake in UBG.

Samalaju, originally known as Similajau, is a greenfield site located to the north of Bintulu. The Samalaju Industrial Park (SIP) was established to attract energy-intensive industrial projects that would be drawn by the availability of a long-term supply of affordable energy from Sarawak's hydro-electric and other facilities, a deep water port, adjoining township and other necessary services and infrastructure. Located on a coastal site in the northwest part of the Sarawak Corridor of Renewable Energy (SCORE), SIP benefits from infrastructure comprising roads, water, emergency, health and education services, telecommunications, police and government housing are all being established by the State at a cost of approximately RM239 million.

In 2007 CMS and resources giant Rio Tinto Aluminium Limited (RTA) signed an agreement to finalise terms for the two parties to invest in an aluminium smelting project. Sarawak Aluminium Company Sdn Bhd (SALCO), the proposed joint venture between the two companies, received a manufacturing licence from the Federal Government's Malaysian Industrial Development Authority (MIDA) which enabled the parties to open negotiations with the Sarawak Energy Board (SEB) over access to the State's abundant power. A USD2-billion smelter was planned. However, the originally favourable economics of the project changed when the parties were unable to finalise satisfactory commercial power supply terms with SEB. So in 2012 CMS and RTA scrapped their plans for the smelter.

With the Rio Tinto experience behind it, CMS realised that this was a good time to proceed on its own. Sarawak is an attractive location and had a great advantage over many countries in the world because of its cheap hydro power. With the

establishment of SCORE, CMS initiated in 2008 a new division, the Samalaju Development Division, which was headed by Dato Isaac Lugun, and still is.

The division focuses on three core businesses: power-intensive industries, workers' accommodation and township development. One of the first things it worked on was the construction and operation of temporary workers' accommodation known as Samalaju Lodge for the workforce required for the SIP's industries during the construction and operational periods. The other was the initial stages of the planned new Samalaju township. CMS's wholly owned subsidiary Samalaju Industries Sdn Bhd has

a 51 percent stake in Samalaju Properties Sdn Bhd which is developing the new world-class and green Samalaju Eco Park Township, a commercial centre, light industrial park and an area for a resort hotel and training facilities (see map on p.87) with a gross development value of approximately RM5 billion.

Building the new township is a challenge for CMS but holds great rewards, not just for CMS but for the whole of Sarawak. Dato Isaac Lugun even goes as far to say 'Samalaju is a game changer for Sarawak which is transforming from a predominantly agriculture-based economy to a leading energy-based industrial powerhouse in ASEAN'.

BELOW Artist's impression of Phase 1 of Samalaju Eco Park Township. Planned and developed with the future in mind, the 800-hectare Samalaju Eco Park aims to provide the thousands working in Samalaju Industrial Park with a balanced, healthy and sustainable lifestyle. To accomplish this, green and blue spaces in the form of parks and gardens, lakes

and canals, communal gardens and a golf course will provide community spaces throughout the township.

RIGHT Artist's impression of the Resort Hotel and training facilities.





To date an estimated RM43 billion has been committed to Samalaju Industrial Park by five 'pioneer investors' who have started construction of their manufacturing plants and other facilities. These five investors – Asia Advanced Materials, Asia Minerals, OM Holdings, Press Metal and Tokuyama – are involved in manganese processing, aluminium smelting and silicone substrate manufacturing. Other investors from both the international and domestic markets have also indicated their interest in investing in Samalaju and are waiting for more infrastructure to be completed before commencing construction of their plants.

Strategic investments in Samalaju: OM Materials

In 2011, CMS announced that it was exploring investment in ferro-silicon and manganese smelting at the Samalaju Industrial Park. Later, CMS's wholly owned subsidiary Samalaju Industries Sdn Bhd signed an MOU with OM Materials Singapore Pte Ltd (OMS), a wholly owned subsidiary of OM Holdings Ltd (OMH), one of the world's largest manganese ore producers, which is listed on the Australian Stock Exchange (ASX). This related to the proposal to develop a USD450 million smelting plant capable of producing 600,000 tonnes of manganese and

ferrosilicon per year. In 2012, Chief Minister Pehin Sri Haji Abdul Taib Mahmud officiated at the signing ceremony of the joint venture.

OM Materials (Sarawak) Sdn Bhd (OM Sarawak), 80 percent owned by OMH and 20 percent by CMS, was formed in 2013. In March that year, OM Sarawak secured full funding for its ferrosilicon production facility (Phase 1) with the sealing of a financing facility worth USD315 million (RM970 million) with four local and foreign lenders. The banks were Export-Import Bank of Malaysia Bhd, RHB Bank Bhd, Standard Chartered Bank Malaysia and Malayan Banking Bhd. Standard Chartered is OM Sarawak's financial advisor in the smelting project.

OMH announced to the ASX that capital expenditure on Phase 1 was estimated to be USD397 million. As part of OM Sarawak's obligations under the power purchase agreement with Syarikat SESCO Bhd (Sesco), a unit of Sarawak Energy Bhd, it has issued SESCO with a performance and payment guarantee and SESCO will supply 500 MW to OM Sarawak for 20 years.

CMS Group Managing Director Dato' Richard Curtis notes that CMS is the best proxy listed investment for Sarawak's accelerating economic growth. This is driven by the State's plan to promote energy intensive industries under SCORE and by the infrastructure required across the State.

ABOVE The first two furnaces of the OM Materials smelter commenced operations in September 2014.

ABOVE LEFT Architectural model of the OM Materials plant as it will look upon completion.



ABOVE Malaysian Phosphate Additives (Sarawak) Sdn Bhd (MPAS) Director Wu Sor Hwa shakes hands with Sarawak Energy Chief Executive Officer Datuk Torstein Dale Sjøtveit after signing an agreement on 31 December 2013 to supply power to MPAS. Witnessing the signing ceremony was Samalaju Industries Sdn Bhd Chief Executive Officer Dato Isaac Lugun and senior management from CMS.

ABOVE RIGHT CMS Managing Director Dato' Richard Curtis discussing aspects of development at The Isthmus with Sarawak Chief Minister Pehin Sri Haji Abdul Taib Mahmud and Datu Dr Haji Sulaiman bin Haji Husaini, chief executive officer of the Land Custody and Development Authority (LCDA) during the launch of The Gateway Towers by CMS Land in joint venture with the SEDC, on 29 August 2013.



The high voltage 275kV transmission line connecting the project's power substation to the power supply generated from the Bakun Dam and the soon-to-be-operational Murum Dam has been completed and construction works on the plant itself commenced in March 2013. China's Sinohydro Corporation is the project's lump-sum turnkey contractor while Sinosteel Jilin Electro-Mechanical Equipment Co. Ltd is the sub-contractor. Full completion of the facility is expected in 2015. Phase 1 has a target of producing 308,000 tonnes of ferrosilicon alloys per year. As at October 2014, commercial production had commenced at the first two of the 16 furnaces and is being ramped up with a view to reaching full production by mid-2015.

Strategic investments in Samalaju: Malaysian Phosphate Additives

There is growing demand for phosphorus, an essential base nutrient widely used in food, feed and fertiliser products. CMS has joined forces to build an integrated phosphate complex at Samalaju at a projected cost of RM1.04-billion. On the last day of 2013, Samalaju Industries entered a shareholders' agreement with Malaysian Phosphate Venture Sdn Bhd (MPV) and Arif Enigma Sdn Bhd (AESB) to form a joint venture company called Malaysian Phosphate

Additives (Sarawak) Sdn Bhd (MPAS). Samalaju Industries and MPV will each own 40 percent of MPAS while AESB will own 20 percent. On 8 January 2014, MPAS signed a Power Purchase Agreement (PPA) with Sarawak Energy Board for the supply of 150MW of electricity.

The complex is the first of its kind in Malaysia and indeed Southeast Asia, and is the first non-metal or alloy-based plant in SIP, thus taking SCORE and CMS into a dynamic new industrial sector that offers long-term sustainable demand growth. The complex will have an annual production capacity of 500,000 tonnes of food and feed phosphate and related products such as fertiliser phosphate derivatives. It will be built on a 142-hectare site near the Samalaju deepwater port which is under construction. Construction started in the first quarter of 2014 and the complex is expected to be operational by 2017 and fully commissioned in 2018. Nearly 1,000 skilled workers and staff will be employed.

New projects

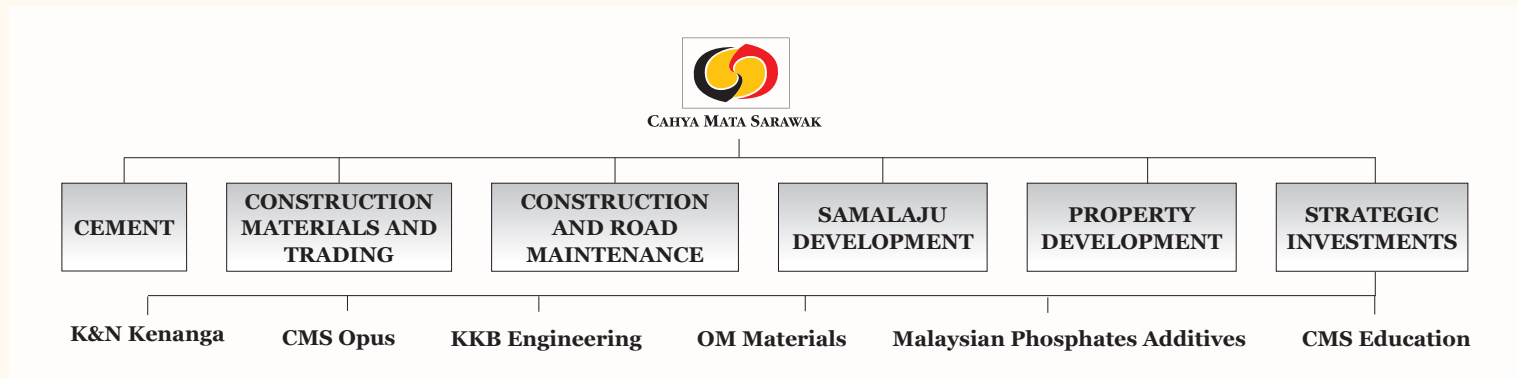
CMS Land Sdn Bhd and the SEDC launched their joint venture project The Gateway Towers on 29 August 2013. To be located at The Isthmus, Kuching's new 110-hectare central business district extension, the project comprises two headquarters buildings for

CMS TODAY

CMS now comprises five core business divisions – Cement, Construction Materials and Trading, Construction and Road Maintenance, Property Development and the increasingly important Samalaju Development Division – and its Strategic Investments which include its strategic stakes in K&N Kenanga and CMS Opus Private Equity, a private equity firm which primarily invests in unlisted emerging growth companies in Malaysia and ASEAN, as well as in KKB Engineering and CMS Education, which owns and operates Tunku Putra School. More recently, CMS has invested in joint venture companies Malaysian Phosphate Additives (Sarawak) Sdn Bhd and OM Materials (Sarawak) Sdn Bhd, at the vanguard of the new industries being developed in Sarawak as a result of SCORE.

The Cement Division includes CMS Cement and CMS Clinker. CMS Cement also owns CMS Concrete Products, a leading manufacturer of pre-formed concrete products. The Construction Materials and Trading Division includes CMS Quarries and CMS Penkuari as well as CMS Premix and CMS Premix (Miri), CMS Wires and CMS’s trading arm, CMS Infra Trading. The Construction and Road Maintenance Division operates subsidiaries PPES Works, CMS Roads and CMS Pavement Tech.

The Property Development Division is developing the riverine township of Bandar Samariang and The Isthmus as well as other Kuching land parcels, while the Samalaju Development Division focuses on the development of the Samalaju Industrial Park (SIP) and the Samalaju Eco Park initiatives.



ABOVE Concrete brick palletising at the CMS Concrete Products plant, Kuching, part of the CMS Cement Division.

ABOVE LEFT Part of CMS Property’s residential development at Bandar Samariang.

FAR LEFT Drain clearing work undertaken by CMS Roads.

LEFT Some of CMS Wires’ products.



ABOVE With improved road access, The Isthmus has excellent connectivity to north, south and central Kuching. CMS Land is in joint venture with the SEDC to develop The Isthmus's 274-acre as an extension of Kuching's central business district.

ABOVE RIGHT The launch of the Golden Bridge project in Kuching on 20 August 2013. The pedestrian bridge will span the Sarawak River between the Kuching Waterfront and the New DUN Sarawak building.



the SEDC and the Land Custody and Development Authority (LCDA). Both the 11-storey towers will be Green Building Index-certified. Completion is anticipated in August 2015, with the project cost of each building estimated to be RM76 million including land cost.

Under a massive development plan at an estimated cost of RM736 million, The Isthmus is in a strategic location earmarked to become a vibrant new township, 8 kilometres from Kuching City centre. It will have carefully placed green features including landscapes, community facilities and gardens and a water taxi jetty link to central Kuching.

On 20 August 2013, the Kuching Golden Bridge project was officially launched to commemorate Sarawak's 50th anniversary of Malaysia's formation by Sarawak Chief Minister Pehin Sri Haji Abdul Taib Mahmud at the New DUN Sarawak building. The S-shaped bridge – inspired by the meandering rivers of Sarawak – will link the north and south banks of the Sarawak River and be able to accommodate pedestrians, buggies and the disabled.

Construction of the bridge started in late 2013 and is expected to take 24 months and cost RM35 million. The project is being implemented by the SEDC for the Sarawak Government with the consortium of PPES Works and Sarawak property developer Naim Land Sdn Bhd as project contractor.

The future, planned

Building on its strong core competencies, CMS's leaders have identified growth areas to drive the Group's revenue and profits over the next decade and beyond. The Cement Division continues to be the strongest contributor to the Group's revenue stream. To maintain this momentum and to meet the anticipated continued increase in demand, on 23 June 2014, the Cement Division signed an agreement with German industrial plant and machine manufacturer Christian Pfeiffer Maschinefabrik GmbH as its turnkey contractor for the design, execution and commissioning of a new cement grinding plant with an annual rated capacity of 1 million metric tonnes per year for RM156 million.

The new plant will be CMS's third and will be located next to the clinker plant at Mambong. The plant will also be CMS's most efficient, and will increase the Group's total cement installed capacity to 2.75 million metric tonnes per year. The additional capacity will enable CMS to meet the increased demand for cement in Sarawak due to SCORE. The new plant will serve the needs of Kuching and its hinterland, while the existing plant at Pending – with its jetty facilities – will focus on catering for other towns in Sarawak when the new plant is commissioned. The new plant is expected to commence production in 2016.

Another major growth driver is CMS's property-related projects which include the development of The Isthmus, the Samalaju Permanent Township and the expansion of Bandar Samariang. As a further spur to the development of the latter, in August 2013 CMS subsidiary Projek Bandar Samariang entered an agreement with Sentoria Borneo Land Sdn Bhd, a subsidiary of Sentoria Group Bhd, for the latter to acquire 500 acres of land for the development of a RM1 billion water theme park and Safari resort city to be known as Borneo Samariang Resort. Sentoria has a track record of such projects with the Bukit Gambang Resort City at Gambang, near Kuantan,

Pahang. The theme park will be developed over a 10-year period; about 200 acres has been gazetted for a resort city and water theme park and 300 acres reserved for the construction of a residential park.

Samalaju Eco Park Township will be an integral part of Samalaju Industrial Park. The first phase will cover approximately 200 acres of residential and commercial properties built surrounding a lake and canal system. The first batch of homes is expected to be completed by the end of 2015. This phase will incorporate public amenities such as a clinic with trauma-handling capabilities, police station, fire station and a golf course.

SUSTAINABILITY

CMS is committed to good environmental practice throughout the operations of its various divisions and businesses. For example, the subsidiaries in its Construction Materials and Trading Division and its Cement Division, focus on ensuring good ambient air quality and minimising noise. By working together, CMS Cement and CMS Concrete Products have also found a way to put oil waste to good use, thereby reducing their own industrial waste. With certification and approval from the Department of the Environment, CMS Cement now sends its waste engine and lubricant oil to CMS Concrete Products to be re-used as mould-releasing agents in the production of concrete products. The Construction and Road Maintenance Division strongly advocates the Cold-in-Place Recycling (CIPR) technique for road rehabilitation, effectively reducing the use of construction materials.

The Property and Samalaju Development Divisions are incorporating green features in the construction of their buildings where possible. The Samalaju Development Division meanwhile has adopted a zero burning method to clear 200 acres (approximately 11,000 oil palms) of land for the Samalaju Township. The mulched biomass takes less than two months to decompose, much quicker than alternative chipping or dumping methods and without the degradation of air quality that results from open burning. Rainwater harvesting is also used to conserve water at worker and executive lodges at the Samalaju Township.

On a wider front, many of CMS's office-based operations have begun to use dedicated recycling bins to separate paper, glass and other recycled material. The operations of PPES Works and CMS Cement have long promoted the benefits of recycling among employees, including organising quarterly 'buy back' events with Kuching city councils.



CMS Clinker monitors dust emissions and their concentration as well as acid rain and water quality at its Mambong plant.

THE EDGE BILLION RINGGIT CLUB AWARD

For its excellent performance, in September 2013 CMS was awarded The EDGE Billion Ringgit Club award for the Highest Profit Growth Company 2013 – Industrial Products Sector. Launched in 2010, the club aims to set the benchmark in corporate Malaysia. Every year it honours the top businesses for excellence in delivering quality results and returns. Group Managing Director Dato' Richard Curtis, who received the award from Prime Minister Dato' Sri Mohd Najib Bin Tun Haji Abdul Razak said, 'This award is further testament to the good work that CMS is doing, consistently delivering for our shareholders, stakeholders and the community in which we operate. With our business strategies from the Sarawak Corridor for Renewable Energy (SCORE), CMS is on track to continue to steadily build its long term sustainable profitability.'

For the year ended 31 December 2013, CMS made a profit before tax of RM294.9 million on revenue of RM1.4 billion, compared with a profit before tax of RM226.9 million on revenue of RM1.2 billion the previous year – a 30 percent and 18 percent increase respectively. The increase in revenue was mainly attributable to the Construction Materials and Trading Division and the large rise in profits to the Cement Division whose own profit before tax rose by 46 percent.



CMS Group Managing Director Dato' Richard Curtis holds The Edge Billion Ringgit Club award received in 2013. In 2014 the Group won the award for Best Performing Stock – Industrial Products Sector.

Samalaju Property Development, as the township's master developer, has set its sight on two key objectives: firstly, to develop a township with facilities and services of high international standards in order to meet the expectations of its sizeable expatriate population and, secondly, to be green and sustainable so that the township becomes a global reference for green industrial living. When the township is completed by 2018, it will be able to accommodate a population of about 45,000 people.

Samalaju Development has contributed an increasing portion of CMS's profits since 2012. Its development of the Samalaju Industrial Park capitalises on the constant supply of inexpensive electricity sourced from the Bakun hydroelectric dam and other new dams which provides companies located there with a competitive edge in world markets. By 2020, Phase 1 of the Park will have contributed RM10 billion to the Sarawak economy and will create more than 5,450 jobs. Under Phase 2, the Park will have contributed RM14 billion to

the economy and created another 4,300 jobs by 2020. Phase 3 of the Samalaju node will develop downstream activities to further strengthen Samalaju's position.

This potential growth is fortified by Samalaju Development's strategic investments in OM Sarawak (Phase 2 of which involves the completion of a manganese production facility or smelter which is expected to commence full commercial operation in mid-2015; the facility will be able to produce 565,000 tonnes per year), MPAS (Phase 1 of which is scheduled to be completed in 2016) and others to be announced in the future.

Looking ahead

The CMS story began in 1974 with the company working to establish the first cement plant in Sarawak. In the 40 years since then, CMS has been transformed into one of Sarawak's and Malaysia's leading listed companies with a synergistic portfolio

of businesses strongly focused on Sarawak and the economic opportunities arising from SCORE. This has occurred in tandem with Sarawak's own transformation from a State very visibly lagging behind the states of Peninsular Malaysia in terms of development into a State with exciting potential for growth – fuelled by its abundant and largely renewable energy resources, its people, its location and its proactive and stable leadership.

CMS is still at an early stage in terms of realising even its currently visible potential as it moves into a new era of transformational growth. This growth will come from CMS's new energy-intensive industrial investments in SCORE which are now coming on stream with additional phases already being planned. It will come also from CMS's present core businesses which have been fully equipped to participate in the infrastructure and services that will be required as the State develops. Both these growth components will be supplemented by

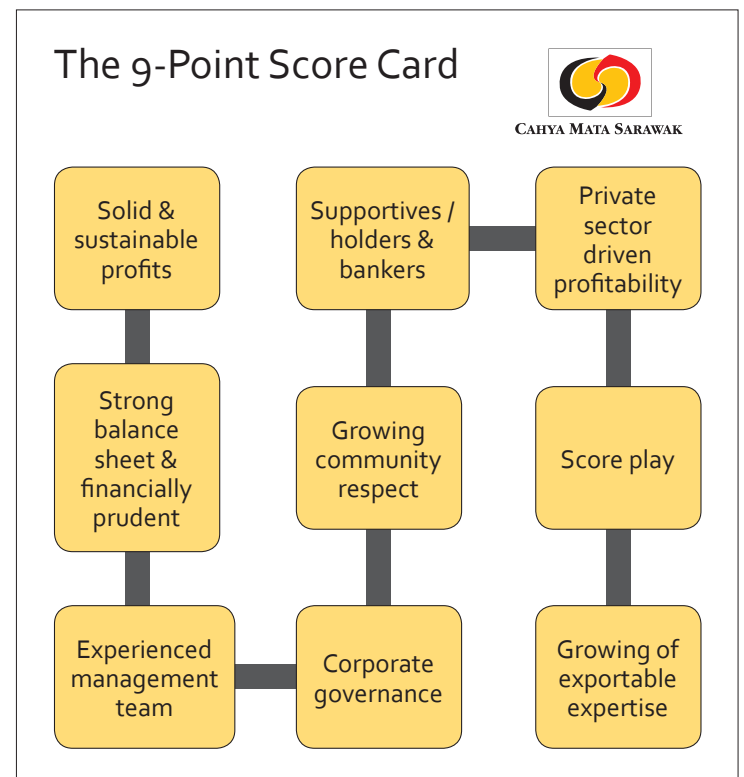
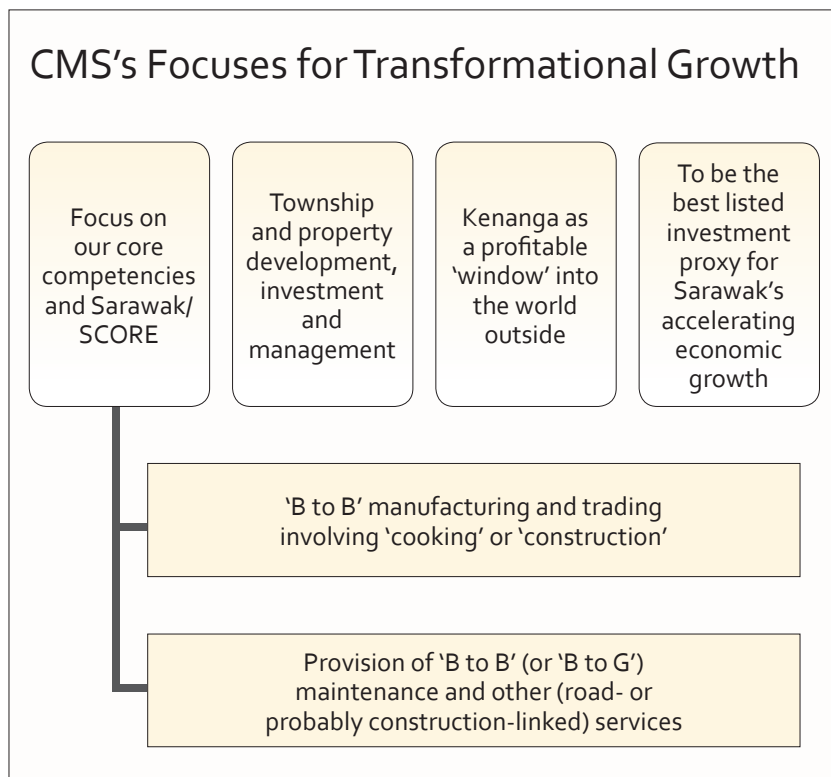
additional business investments that have been or will be identified and which will be taken up in the future using CMS's strong balance sheet, competent workforce and experienced management.

CMS's ability to deliver this transformational growth hinges not so much on external factors but on the steady support of its four stakeholders. Firstly, CMS needs to ensure that it works in close synergy with the State and its people as a responsible corporate citizen and development ally. Secondly, it needs to continue to operate fairly in its dealings with its customers and suppliers. Thirdly, it needs to deliver sustainable shareholder value growth. Lastly, and perhaps most importantly, it needs to invest in and nurture its family of employees, as an engaged, loyal workforce equipped with the right mix of competencies is essential to the Group's success.

Working harmoniously with its four stakeholders, CMS is set to realise its Vision to be the PRIDE of Sarawak and beyond.

BELOW LEFT Simplified graphic outlining CMS's plans for future growth as presented at the Group Managing Director's Town Hall addresses in 2013.

BELOW Since 2012, CMS has leveraged on the strategies under its 9-point scorecard to fuel growth and deliver robust performance.



CORPORATE MILESTONES

2014	Celebrates 40th anniversary
2013	Signs JVA with Malaysian Phosphate Additives and PPA Term Sheet for an Integrated Phosphate Plant in Samalaju
2012	Signs JVA with OM Materials (S) and PPA Term Sheet for Ferroalloy Smelter Plant in Samalaju
2011	Re-acquires CMS Roads and CMS Pavement Tech
2010	Disposes of UBG
2009	UBG disposes of CMS Roads and CMS Pavement Tech
2008	Disposes of CMS Roads and CMS Pavement Tech to UBG; acquires 20% stake in KKB Engineering Bhd
2007	UBG disposes of controlling stake in RHB; CMS acquires Sarawak Clinker
2002	UBG acquires controlling stake in RHB
2001	Restructures financial services business; merges futures and stockbroking businesses with K&N Kenanga Holdings Bhd
1997	UBG lists on the KLSE; Tunku Putra School opens
1996	Adopted current name, Cahya Mata Sarawak Bhd; acquisition of a controlling stake in UBG
1994	Rapid business expansion via acquisition of infrastructure-related businesses and diversification into new businesses
1989	CMS lists on the Main Board of the KLSE (now Bursa Malaysia)
1978	Commences manufacture of Ordinary Portland Cement at Sarawak's first cement grinding plant
1974	Established as Cement Manufacturers Sarawak

CAHYA MATA SARAWAK BHD BOARD OF DIRECTORS 2014



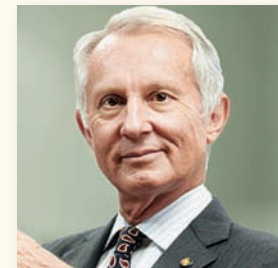
Tan Sri Dato' Seri Syed Anwar Jamalullail
Group Chairman



Dato Sri Mahmud Abu Bekir Taib
Deputy Group Chairman



Datuk Syed Ahmad Alwee Alsree
Group Executive Director



Dato' Richard Curtis
Group Managing Director



Datu Michael Ting Kuok Ngie @
Ting Kok Ngie



General (Retired) Tan Sri Dato' Seri
DiRaja Mohd Zahidi bin Hj Zainuddin

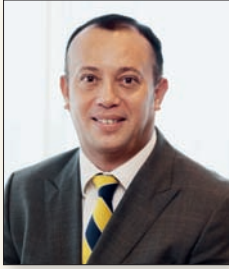


Datu Hubert Thian Chong Hui

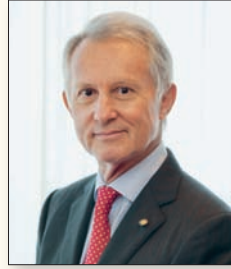


Datuk Kevin How Kow

CAHYA MATA SARAWAK BHD
SENIOR MANAGEMENT TEAM 2014



Datuk Syed Ahmad
Alwee Alsree
Group Executive Director



Dato' Richard Curtis
Group Managing Director



Tuan Syed Hizam Bin Syed Mahmood
Ezzularab Abdul-Moez Alsagoff
Group Chief Financial Officer



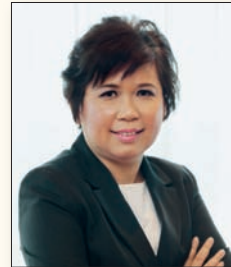
Dato Isaac Lugun
Head, Samalaju
Development Division



David Ling Koah Wi
Group General Counsel



Wendy Yong San San
Senior General Manager,
Group Human Resources



Tan Mei Fung
General Manager, Group Finance



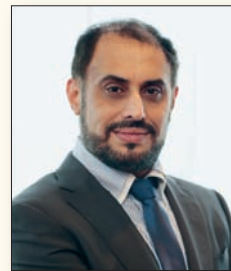
Danny Sim Wei Min
General Manager,
Group Procurement



Abdul Nasser Mohd Sanusi
General Manager, Special Projects



Mohamed Zaid Zaini
Head, Business Development



Daljit Singh
Head, Group Information
Technology



Francis Lou
Group Internal Auditor



Goh Chii Bing
Head, Cement Division



Lim Jit Yaw
Head, Construction and
Road Maintenance



Chong Swee Sin
Head, Construction Materials
and Trading Division



Vincent Kueh Hoi Chuang
Head, Property
Development Division

ABBREVIATIONS AND ACRONYMS

AMBB	Arab Malaysian Merchant Bank	LPG	Liquefied Petroleum Gas
ASEAN	Association of Southeast Asian Nations	MRCB	Malaysian Resources Corporation Bhd
BCKK	Borneo Convention Centre Kuching	MSC	Multimedia Super Corridor
BCG	Boston Consulting Group	RHB	Rashid Hussain Bhd
Bhd	Short for 'Berhad', which is used to signify a public limited company in Malaysia.	ROAR	Restructure, Organise, Advance and Roar Ahead
CEO	Chief Executive Officer	SCORE	Sarawak Corridor of Renewable Energy
DUN	Dewan Undangan Negeri (State Legislative Chamber)	SDFC	Sarawak Development Finance Corporation
DWT	Deadweight tonnage	Sdn Bhd	Short for 'Sendirian Berhad', which is used to signify a private limited company in Malaysia.
EPF	Employees Provident Fund	SEDC	Sarawak Economic Development Corporation
EPU	Economic Planning Unit	SEDCO	Sabah Economic Development Corporation
HRM	Hanafiah, Raslan and Mohamad	SIP	Samalaju Industrial Park
JKR	Jabatan Kerja Raya (Malay for PWD)	UBG	Utama Banking Group
KLSE	Kuala Lumpur Stock Exchange	UMBB	Utama Merchant Bank Berhad

INDEX

A

Abdul Aziz bin Haji Taha, 42
 Abdul Rahman Ahmad, 62
 Abdul Rahman Ya'kub, 14, 16, 17, 25, 26
 Abdul Rashid Hussain, 61
 Abdul Razak Hussein, 13
 Abdul Taib Mahmud, 13, 30, 33, 47, 48, 49, 56, 70, 76, 86, 89, 90, 92
 Achi Jaya Services, 47
 Amsteel Mills, 4
 Archipelago Shipping, 45, 47
 Asian Financial Crisis, 51, 65
 Awang Hussein Tahir, 24, 25, 30

B

Bakun Dam, 54, 55, 65, 86, 90, 94
 Bandar Samariang, 47-9, 91, 93
 Bank Utama (Malaysia) Bhd (Bank Utama), 49-51, 59, 61-2
 Batang Ai Dam, 34
 Batu Kitang Water Plant, 46
 Berry, David William @ Dayan Wazir

Berry, 60
 Borneo Convention Centre Kuching, 8, 77-9
 Bujang Mohd Nor, 11, 20, 21, 37, 38, 42
 Bursa Malaysia, 8, 69

C

Cahaya Mata Sarawak (CMS),
 board of directors 1995, 42
 board of directors 2014, 96
 core competencies, 8
 corporate milestones, 96
 corporate structure 1997, 58, 59
 Group vision and mission, 5, 72
 listing on the KLSE, 34, 35
 management team 1995, 42
 portfolio, 8
 senior management team, 97
 subsidiaries, 8
 Capital Issue Committee (CIC), 34
 Cement grinding plant, 19, 21, 22, 24, 25, 35, 55, 92

Cement Manufacturers (Sabah) Sdn Bhd, 32
 Cement Manufacturers Sarawak Sdn Bhd, 11, 47
 Chan, Rodger, 42
 ChanYong Ngai, 12, 22, 23
 Clinker, 11, 19, 20, 21, 22, 23, 24, 26, 28, 29, 37, 38, 39, 47, 51, 56, 74-5, 91, 92, 93
 CMS Capital Sdn Bhd, 43, 49, 57, 60
 CMS Clinker, 29, 75, 91, 93
 CMS Concrete Products Sdn Bhd, 58, 75, 91, 93
 CMS I-Systems Bhd, 65, 79
 CMS Modular Housing Sdn Bhd, 49
 CMS Opus Private Equity Sdn Bhd, 65, 91
 CMS Pavement Tech Sdn Bhd, 69, 73, 79, 84, 91
 CMS Premix (Miri), 82, 83, 91
 CMS Properties Sdn Bhd, 43, 58
 CMS Quarries Sdn Bhd, 27, 83, 91
 CMS Resources, 82
 CMS Roads, 63, 73, 74, 79, 80, 84, 91
 CMS Steel, 65-7, 71

CMS Transportation, 47, 58

Colombo Plan, 15

Concordance Holdings, 79

Construction and construction materials,
8, 14, 15, 17, 19, 22, 24, 27, 28, 34, 46,
54, 58, 61–5, 69, 76–7, 83–4, 91, 93, 94

Core businesses, 50, 95

Cement, 8, 28, 91

Construction and road maintenance, 8,
62, 63, 69, 84, 91

Construction materials and trading, 91,
94

Property development, 8, 58, 65, 91, 95

Strategic investments, 8, 91

Corporate Social Responsibility, 9, 74, 81

CMS Compassionate Fund, 74

Habitat for Humanity, 74

Curtis, Richard, 8, 67, 71, 72, 73, 75, 85, 86,
89, 90, 94, 96, 97

D

Datu Mustapha bin Harun, 16, 27

Daya Kuari Sdn Bhd, 27

E

EDGE Billion Ringgit Club, The, 9, 94

Employees Provident Fund (EPF), 47, 48,
62, 69

ENEX Consortium 546 Ltd, 12, 23

F

Financial Services, 8, 59, 63, 96

F.L. Smidth and Co., 12, 23, 26

Flower, Ian, 42

G

Gunjew, Nicholas, 11

H

Harris Salleh, 27

Hijjas bin Kasturi, 42, 43, 77

Holderbank Management and Consulting
Ltd, 12, 22

I

Islamic Information Centre, 76

Isthmus, The, 54, 63, 77, 90, 92

J

Jabatan Kerja Raya (JKR), see Public
Works Department

Jeffri Salim Davidson, 56

K

K&N Kenanga Holdings Bhd, 60, 63, 91,
95, 96

Kampung Mambong, 19

Kho Kak Beng, 71

KKB Engineering, 67, 71, 91, 96

Koffee Talks, 72, 73

Koh, Agapit Peter, 11, 12, 26, 32

Kuala Lumpur Stock Exchange (see also
Bursa Malaysia), 8, 16, 34, 35, 37, 96

L

Lee Hoon Choo, 42

Lee, Philip, 11

Lugun, Isaac, 42, 56, 88, 90, 97

M

M.A. Ismail, 42

Mahathir Mohamad, 12

Mahmud Abu Bekir Taib, 41, 42, 49, 56,
60, 96

Malaysian Phosphates Additives, 90, 91

Management Trainee Development
Programme, 81

Masonry cement, 28

Mizan Zainal Abidin, Tuanku, 77

Mohd Ali Dewal, 59, 60

Mohd Amin bin Haji Satem, 11, 16, 17, 20,
21, 24, 25, 26, 38, 39

Mohd Effendi Norwawi, 30, 31, 33, 35, 37,
39, 40, 42

Mohd Najib Tun Abdul Razak, 77, 94

Mohd Sallehuddin Othman, 37

Mohd Yahya Haji Lampong (Yahya
Lampong), 11, 12, 16, 20,

N

New DUN Sarawak building, 63, 69, 77,
92

Ng, Benny, 42

Ningkan, Stephen Kalong, 13

O

OM Materials, 89–90, 91

Onn bin Mahmud, 41, 42, 49, 57, 60

Othman Abdul Rani, 56

P

Parker, Michael, 42

Pavement technology, 45, 58

PCMS Sdn Bhd, 33, 43, 45, 58

Pending cement plant, 19, 21, 22, 25, 26,
28, 30, 31, 32, 35, 39, 42, 81, 92, 94

Pending Industrial Estate, 17, 25

Permodalan Nasional Berhad, 35

Portland cement, 26, 28, 29, 56, 75

Portland, Isle of, 29

PPES Concrete Product Sdn Bhd, 40, 58

PPES Penkuari Sdn Bhd, 27, 40, 58

PPES Premix Sdn Bhd, 44

PPES Road Construction Sdn Bhd, 40

PPES Trading Sdn Bhd, 40, 58

PPES Works (Sarawak) Sdn Bhd, 8, 40,
44, 45, 46, 52, 54, 58, 62, 63, 64, 69, 73,
76, 77, 79, 91, 92, 93

Premix, 82

Public Works Department, 15, 26, 27, 40,
44, 46, 83

Putrajaya Perdana Bhd, 69, 79, 84

Q

Quarrying, 27, 43, 44, 75, 83

R

Rashid Hussain Bhd (RHB), 51, 61, 62, 63,
69, 70, 89

Road maintenance, 8, 62, 63, 84, 91

ROAR strategy (Restructure, Organise,
Advance and Roar Ahead), 72

Rowland, John R., 15

S

Sabah Economic Development Corporation (SEDCO), 8, 11, 12, 16, 17, 19, 24, 25, 30, 32, 35, 41
 Sallehuddin Mohamed, 48
 Samalaju, 86, 87–9, 90, 91, 93, 94
 Samalaju Eco Park Township, 88
 Samalaju Industrial Park (SIP), 65, 87, 91
 Sara Kuari Sdn Bhd, 43, 58, 82
 Sarawak Chemicals Sdn Bhd, 17
 Sarawak Clinker Sdn Bhd, 39, 56, 74–75
 Sarawak Corridor of Renewable Energy (SCORE), 9, 72, 86–9, 90, 91, 92, 94, 95
 Sarawak Economic Development Corporation (SEDC), 8, 11, 12, 16, 17, 19, 21, 25, 27, 30, 31, 32, 33, 34, 35, 38, 40, 41, 43, 44, 45, 90, 92
 Sarawak River Regulation Scheme, 53, 54
 Sarawak Securities, 40, 41, 42, 43, 49, 52, 57, 58, 59, 60
 Sebor (Sarawak) Sdn Bhd, 33

Sebuyau Kuari Sdn Bhd, 27, 58
 Sharkawi bin Alis, 37
 Shen On Construction, 23, 24
 Sibanyis quarry, 8, 44, 83
 Sii Kie Wong, 42
 Stabar quarry, 15, 40, 44
 Steel Industry Sarawak Sdn Bhd, 33, 43, 44, 46, 52, 58
 Sufian Saufi, 24, 25
 Sulaiman Abdul Rahman bin Haji Taib, 41, 42, 49, 56, 60, 61, 63, 65, 67
 Sustainability, 82, 93
 Syed Ahmad Alwee Alsree, 8, 67, 72, 73, 75, 86, 96, 97
 Syed Anwar Jamalullail, 5, 62, 67, 81, 96
 Syrakusa Corporation Sdn Bhd, 41, 42, 43

T

Talib Ranik, 42
 Talib Zulpilip, 42, 62

Talent development, 9, 80, 82
 Tan Siew Sin, 13
 Ting Ding Ing, Philip, 34, 35, 40, 42, 52, 59
 Town Halls, 72, 73
 Tunku Putra School, 53, 70, 91

U

Utama Banking Group (UBG), 49, 50, 51, 52, 59, 61, 62, 63, 69, 70, 73, 79, 87
 Utama Securities Sdn Bhd, 57

W

Wahid Peter Andau, 11
 Wan Ali Tuanku Yubi, 42
 Wong Hung Huang, Peter, 40, 42

Y

Yong Kuat Tze, Stephen, 15

PICTURE CREDITS

All illustrations courtesy of CMS with the exception of the following:

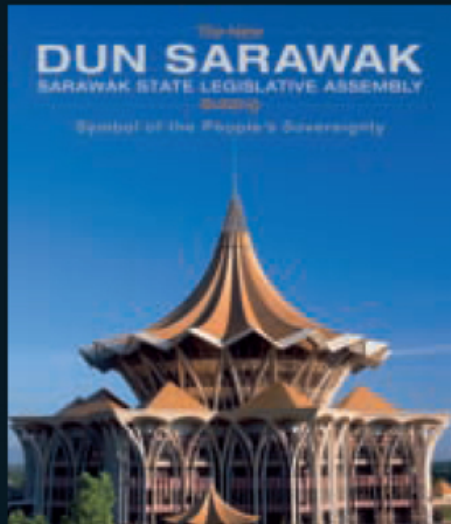
Arkib Negara: p.11 Nicholas Gunjew; p.13 Aerial view of Kuching;
 Christina Tan: p.11 Agapit Peter Koh; p.23, all photos; p.26, Mohd Amin Satem speech and NPC seminar
 David Hiscock: p.68, New DUN Sarawak atrium
 Datuk Haji Mohd Amin Satem: p.20, all photos
 Haji Rahman Noor: p.18, Family Day; p.38, Datuk Amin Satem's farewell dinner
 Jabatan Penerangan Malaysia, Sarawak: p.12, Electra House; p.13 Stephen Kalong Ningkan; p.13 Abdul Taib Mahmud; p.15, all photos; p.16, Tun Datu Mustapha's arrival, chief ministers in discussion; p.30 Abdul Taib Mahmud taking oath
 New Straits Times Press (Malaysia) Bhd: p.14, model of Kuching; p.34, Batang Ai dam; p.37, share information page
New Vanguard: p.25, chief minister turning on the mill, chief minister accompanied by Mohd Amin Satem
 Sarawak Hidro Sdn Bhd: p.55, Bakun Dam
 SEDC: p.10, aerial view of Kuching; p.11, Mohd Amin Satem; p.17, all photos; p.22 Pending plant under construction; p.30, Mohd Effendi Norwawi; 31, all photos; p.33, opening of Steel Industry Sarawak and loading 50 kg bags; p.40, PPES Kuari Operations; p.45, Steel Industry Sarawak
 SEDCO: p.12, Yahya Lampong; p.24, Awang Hussein Tahir; p.30, Sabah Flour and Feed Mill; p.32, Cement Industries (Sabah)
 The Edge Communications Sdn Bhd: p.94, Dato' Richard Curtis with the Billion Ringgit Club award
The Sarawak Tribune: p.25, CMS press conference



CAHYA MATA SARAWAK

The CMS logo has been designed to reflect the Group's focus on Sarawak, represented by the colours of the State flag: yellow, red and black, and the concepts of yin and yang. The interlocking shapes of the logo can be interpreted to represent the Group's business growth opportunities through the State's expanding infrastructure needs and the opportunities arising from investment in energy-intensive industries.

The book *The New DUN Sarawak Building: Symbol of the People's Sovereignty* was published for Cahya Mata Sarawak Bhd's subsidiary PPES Works (Sarawak) Sdn Bhd by Editions Didier Millet in 2009.



edm

www.edmbooks.com

ISBN 978-967-10617-9-4



9 789671 061794