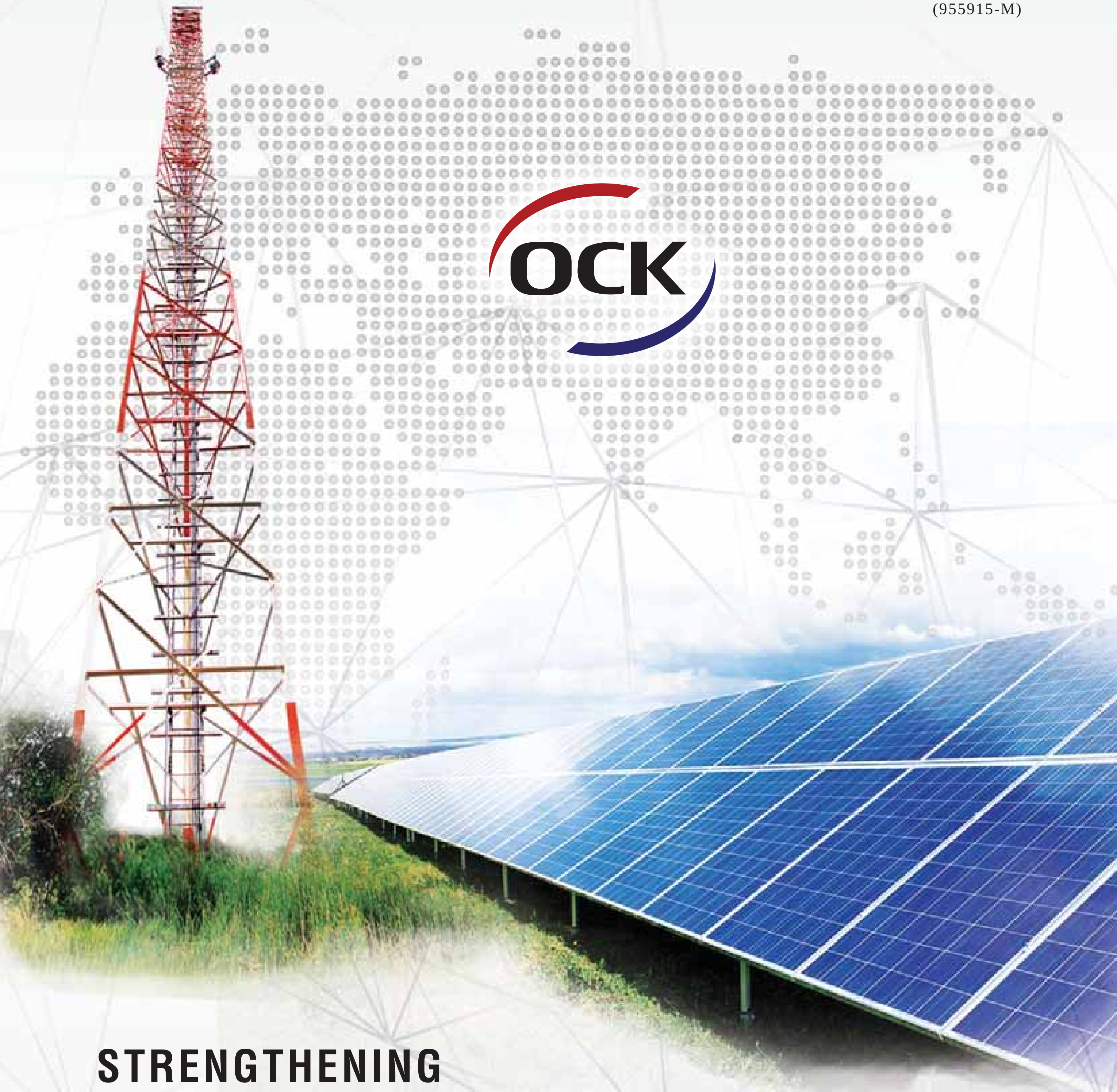
OCK GROUP BERHAD
(955915-M)



STRENGTHENING OUR REGIONAL PRESENCE

Annual Report 2016

CONTENTS

Company Overview

"To become your service partner of choice"

VISION

To be an innovative and leading provider of Telecommunication Network Services and Green Renewable Energy

MISSION

Exceeding customer expectations through timely delivery of our value added solutions and services

Green Energy and
Power Solutions

About OCK Group Berhad

Since our establishment, OCK Group has ventured into four major business divisions that expound our business footprint in the industry: Telecommunication Network Services, Trading of Telecommunication Network Products, Green Energy and Power Solutions, as well as M&E Engineering Services.

OCK Group is principally involved in the provision of telecommunication services equipped with the ability to provide full turnkey services. We provide comprehensive services to all six segments of the telecommunication network services market: network planning, design and optimization, network deployment, network operations and maintenance, energy management, infrastructure management, and other professional services. As a Network Facilities Provider (NFP) Licensee, we are able to build, own and lease telecommunication towers and rooftop structures to the telecommunication operators in Malaysia.

OCK Group also trades in telecommunication hardware and installation of materials such as antennas, feeder cables, connectors etc. This business division complements the core business of the Group as it acts not only as a materials supplier to the Group but to other telecommunication network service providers and operators as well.

As our businesses expand, OCK Group has ventured into Green Energy and Power Solutions, an imminent and a rapidly growing industry in Malaysia. Concurrently, we are active in the construction of solar farms as well as supplying power generation equipments for commercial, retail and factory buildings, inclusive of installation, commissioning and testing services.

M&E is one of the core businesses of OCK Group that provides mechanical and electrical services to housing development projects, commercial high-rise buildings, factories, infrastructures, airports, medical centres and hotels.

In 2016, OCK Group has achieved several significant milestones. Throughout the years, the Group has effectively executed our regional strategies, through expanding into countries namely Myanmar, Vietnam, Indonesia, Cambodia and China. Within a short 14 months from December 2015 to January 2017, the Group successfully secured our position in two main growth telecommunication economies which are Myanmar and Vietnam. In Myanmar, the Group is contracted to build and lease up to 920 telecommunication towers to Telenor. In Vietnam, the Group completed the acquisition of Southeast Asia Telecommunications Holdings Pte. Limited, the largest independent telecommunication tower company in Vietnam with 1,983 telecommunication towers.

Though the Group's current regional plans have been successful, we will remain assertive in executing our next phase of business growth.

VIETNAM TOWER

MALAYSIA TOWER

MYANMAR TOWER

TELECOMMUNICATION NETWORK SERVICES

SOLAR
RENEWABLE ENERGY

SELANGOR, MALAYSIA

SELANGOR, MALAYSIA

SELANGOR, MALAYSIA

KELANTAN, MALAYSIA

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN
Senior Independent
Non-Executive Chairman

ABDUL HALIM BIN ABDUL HAMID
Deputy Chairman

OOI CHIN KHOON
Group Managing Director

LOW HOCK KEONG
Executive Director

CHANG TAN CHIN
Executive Director

CHONG WAI YEW
Executive Director

MAHATHIR BIN MAHZAN
Independent Non-Executive Director

YM SYED HAZRAIN BIN SYED RAZLAN JAMALULLAIL
Independent Non-Executive Director

REAR ADMIRAL (R) DATO' MOHD SOM BIN IBRAHIM
Non-Independent &
Non-Executive Director

AUDIT COMMITTEE

CHAIRMAN
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman

MEMBERS
Mahathir Bin Mahzan
YM Syed Hazrain Bin Syed Razlan Jamalullail

NOMINATION COMMITTEE

CHAIRMAN
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman

MEMBERS
Mahathir Bin Mahzan
YM Syed Hazrain Bin Syed Razlan Jamalullail

REMUNERATION COMMITTEE

CHAIRMAN
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman

MEMBERS
Ooi Chin Khoon
Mahathir Bin Mahzan

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)

REGISTERED OFFICE

Level 2, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : (603) 2241 5800
Fax : (603) 2282 5022

CORPORATE OFFICE

No. 18, Jalan Jurunilai U1/20 Seksyen U1
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan Malaysia
Tel : (603) 5565 9688
Fax : (603) 5565 9699
website : www.ock.com.my

AUDITORS

Baker Tilly Monteiro Heng *(AF 0117)*
Baker Tilly MH Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : (603) 2297 1000
Fax : (603) 2282 9980

SHARE REGISTRAR

Tricor Investor & Issuing
House Services Sdn Bhd *(11324-H)*
Level 17, The Gardens
North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (603) 2264 3883
Fax : (603) 2282 1886

PRINCIPAL BANKERS

AMISLAMIC BANK BERHAD (295576-U)
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2026 3939
Fax : (603) 2026 6855

OCBC BANK (MALAYSIA) BERHAD (295400-W)
12th Floor, Wisma Lee Rubber1,
Jalan Melaka,
50100 Kuala Lumpur
Tel : (603) 2783 4031
Fax : (603) 2698 1919

MALAYSIA DEBT VENTURES BERHAD (578113-A)
Level 5, Menara Bank Pembangunan
1016, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2617 2888
Fax : (603) 2697 8998

RHB BANK BERHAD (6171-M)
Jalan Kenanga,
Lot LGF 019-021
Kenanga Wholesale
City 28, Jalan Gelugor
Off Jalan Kenanga
55800 Kuala Lumpur
Tel : (603) 9280 6068
Fax : (603) 9287 9000

STOCK EXCHANGE LISTING

Main Market of Bursa
Malaysia Securities Berhad *(30632-P)*
Stock Name : OCK
Stock Code : 0172

OCK GROUP BERHAD
(955915-M)

- **100% OCK Setia Engineering Sdn. Bhd.**
  - **100% Delicom Sdn. Bhd.**
    – Telecommunications Network and Network Deployment Services
  - **51% Steadcom Sdn. Bhd.**
    – Network Planning, Design & Optimisation
  - **51% Dynasynergy Services Sdn. Bhd.**
    – Operations, Engineering & Maintenance Services
  - **100% OCK Yangon Pte. Ltd. (Myanmar)**
    – Tower Facilities, utilities and communication network for mobile and broadband operators.
  - **61% Firatel Sdn. Bhd**
    – Trading of Equipment & Materials
  - **100% Fortress Pte. Ltd. (Singapore)**
    – Network Security Products and Solutions
    - **100% Fortress Distribution Sdn. Bhd.**
      – Network Security Products and Solutions
  - **52% EI Power Technologies Sdn. Bhd.**
    – Green Energy & Power Solutions
  - **100% OCK M&E Sdn. Bhd.**
    – Mechanical & Electrical Engineering Services
- **100% Milab Marketing Sdn. Bhd.**
- **100% OCK Ventures Sdn. Bhd.**
  - **100% Massive Connection Sdn. Bhd.**
    – Information Technology Services
  - **65% OCK Industries Sdn. Bhd.**
    – Investment Holding & General Trading
- **100% OCK International Sdn. Bhd.**
  - **100% OCK Phnom Penh Pte. Ltd.**
    – Telecommunications Network & Network Deployment Services
  - **85% PT Putra Mulia Telecommunication**
    – Telecommunications Network & Network Deployment Services
  - **51% Fuzhou 1-Net Solution Co. Ltd.**
    – Telecommunications Network Services
  - **100% Well Synergy Resources Pte. Ltd.**
    – Engineering Services, Rental Business, Market Research and Management Services
  - **100% OCK Telco Infra Pte. Ltd.**
    – Tower facilities, utilities and communication network for mobile and broadband operators
    - **100% MIN-OCK Infrastructure Pte. Ltd.**
      – Tower facilities, utilities and communication network for mobile and broadband operators
  - **100% OCK Tower Infra Sdn. Bhd.**
    – Investment Holdings
    - **70% OCK Telco Infra Sdn. Bhd.**
      – Telecommunication infrastructure and services (NFP License Holder)
- **100% OCK Sea Tower Pte. Ltd.**
  - **100% OCK Myanmar Towers Pte. Ltd.**
    – Tower facilities, utilities and communication network for mobile and broadband operators
  - **60% OCK Vietnam Towers Pte. Ltd.**
    – Tower facilities, utilities and communication network for mobile and broadband operators
    - **100% Southeast Asia Telecommunications Holdings Pte. Ltd. (Completion date: 13 JAN 2017)**
      – Vietnam Tower Operator
    - **100% OCK Vietnam Towers (Labuan) Ltd.**
      – Investment Holdings
- **100% PMT Asia Sdn. Bhd.**

CORPORATE MILESTONES

2000
OCK Setia Engineering Sdn. Bhd. was established

2004
Registered as approved Service Provider(ASP) with Ericsson and Alcatel-Lucent

2005-2010
Inflow of contracts awarded by various cellular Telemmunication operators and Telecommunication equipment vendors

2012
Listed on the ACE Market of Bursa Malaysia Securities Berhad

2011
Awarded Network Facilities Provider (NFP) license from MCMC to be a Tower Leasing Company

2013
Lembaga Tabung Angkatan Tentera ("LTAT") emerged as substantial shareholders with more than 15% stake

Launch of RM150 million SUKUK Programme for the expansion plan in the Telecommunication Network Services

CORPORATE MILESTONES

2014

Emerged as RHB's Top 5 Malaysia Small Cap Jewels

Private placement of 20% paid up share capital

Bonus Issue of 176,053,636 new shares on 1 for 2 basis

Completed 85% acquisition of PT Putra Mulia Telecommunications, Indonesia

Transfer of listing from the ACE Market to the Main Market of Bursa Malaysia Securities Bhd

2015

Massive Connection was granted MSC status by MDEC

Rights Issue of 1 right share for every 2 existing shares, 1 free detachable warrants for every 1 right share subscribed

Secured 920 telecommunications towers contract from Telenor Myanmar

Relocation to New HQ at Shah Alam

2016

Awarded NFP license Malaysia for OCK Telco Infra Sdn. Bhd.

Completed 10% private placement

Signed conditional SPA for the acquisition of Southeast Asia Telecommunications Holdings Pte Ltd ("SEATH"). Completed the acquisition in Jan 2017

FINANCIAL HIGHLIGHTS

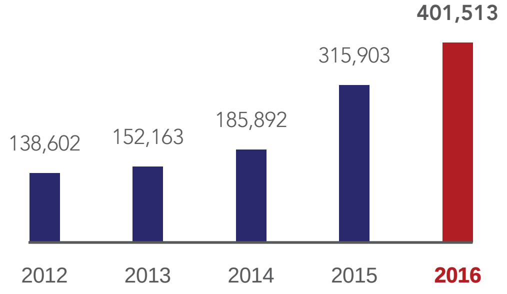
For Year Ended 31 December		AUDITED 2012	AUDITED 2013	AUDITED 2014	AUDITED 2015	AUDITED 2016
Revenue	RM'000	138,602	152,163	185,892	315,903	**401,513**
Gross Profit	RM'000	35,464	39,225	48,579	69,210	**87,679**
Profit Before Taxation (PBT)	RM'000	19,043	21,159	23,757	37,333	**41,699**
Profit After Taxation (PAT)	RM'000	13,954	15,291	17,056	27,151	**30,356**
Profit For The Year Attributable To Equity Holders	RM'000	13,148	13,582	15,587	24,755	**26,57**
GP Margin	%	25.59	25.78	26.13	21.91	**21.84**
PBT Margin	%	13.74	13.91	12.78	11.82	**10.39**
PAT Margin	%	10.07	10.05	9.18	8.59	**7.56**
Basic Earnings Per Share #	sen	5.10	4.99	3.27	4.62	**3.23**

Notes :

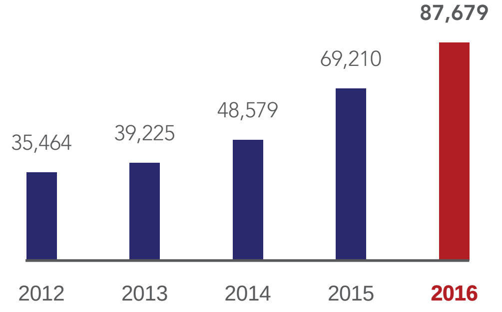
** *The net EPS is computed based on the consolidated PAT divided by the number of Shares in issue during the financial year*

Basic earnings per share is calculated based on the net profit for the financial year attributable to shareholders of the Company divided by the weighted average number of ordinary shares issued during the financial year.

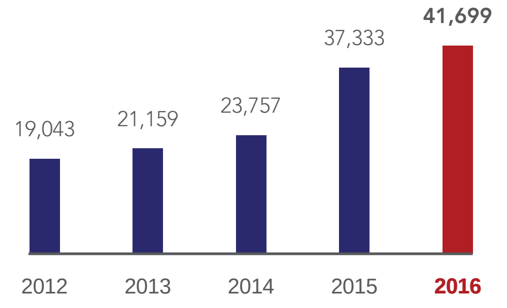
REVENUE
(RM'000)



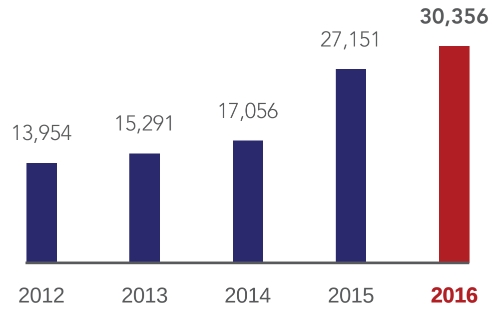
GROSS PROFIT
(RM'000)



PROFIT BEFORE TAX
(RM'000)



PROFIT AFTER TAX
(RM'000)



REVENUE
+27.1%

RM401.5 million

2015: RM315.9 million

GROSS PROFIT
+26.7%

RM87.7 million

2015: RM69.2 million

PROFIT BEFORE TAX
+11.7%

41.7 million

2015: 37.3 million

PROFIT AFTER TAX
+11.8%

30.4 million

2015: 27.2 million

TOTAL EQUITY
+35%

463.9 million

2015: 343.3 million

REGIONAL EXPANSION

"Uncovering new opportunities within the region"


VIETNAM
CAMBODIA
MALAYSIA
INDONESIA

海外营收明年冲25%

OCK 2亿购越南电信塔公司

闖緬甸建電訊塔 OCK長做長有

OCK continues to expand regional presence

OCK ventures into Vietnam's telco tower market

OCK's strategic regional expansion starting to bear fruit

OCK secures US$40m loan to build 920 telecom towers in Myanmar

OCK Group expands exposure in Asean

Vietnamese firm buy set to boost group's telecom tower ownership to 3,000

OCK making a mark in Myanmar

OCK 集团上挑92仙

MEDIA HIGHLIGHTS

EVENT HIGHLIGHTS

BOARD OF DIRECTORS

Front Row From left:

1. **Abdul Halim Bin Abdul Hamid**
   Deputy Chairman

2. **Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman**
   Senior Independent Non-Executive Chairman

3. **Ooi Chin Khoon**
   Group Managing Director

Back Row From left:

4. **Rear Admiral (R) Dato' Mohd Som Bin Ibrahim**
Non-Independent & Non-Executive Director

5. **Low Hock Keong**
Executive Director

6. **Chang Tan Chin**
Executive Director

7. **Chong Wai Yew**
Executive Director

8. **Mahathir Bin Mahzan**
Independent Non-Executive Director

9. **YM Syed Hazrain Bin Syed Razlan Jamalullail**
Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN

Malaysian, Aged 68,
Senior Independent Non-Executive Chairman
(Appointed on 3 January 2013)

Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman is our Senior Independent Non-Executive Chairman. Dato' Indera Syed Norulzaman holds a Bachelor of Arts (Honours) Degree from the University of Malaya.

Upon graduation from the University of Malaya, Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman joined the Administrative and Diplomatic Service of the Malaysian Government in 1973 and was assigned to the Ministry of Foreign Affairs. Dato' Indera Syed Norulzaman served in different capacities in the Ministry's Political and Administration divisions as well as in Malaysia's diplomatic mission in Geneva, Baghdad, Ottawa and Jakarta. In September 1994, Dato' Indera Syed Norulzaman was appointed as Malaysia's Ambassador to Spain where he served for 3 years. On returning to Kuala Lumpur in November 1997, he assumed the post of Undersecretary for East-Asia and South-Asia at the Ministry of Foreign Affairs, prior to his appointment to head the Institute of Diplomacy and Foreign Relations, Prime Minister's Department, as its Director General in June 1999. He returned to the Ministry of Foreign Affairs in November 2001 before his appointment as Malaysia's Ambassador to the Kingdom of Thailand, a position he held until January 2005. He was subsequently appointed as Malaysia's Ambassador to the People's Republic of China, based in Beijing where he served for 5 years till December 2009 before returning to Malaysia to retire from government service.

Upon his return to Malaysia, Dato' Indera Syed Norulzaman was appointed as Public Interest Director at the Federation of Investment Managers Malaysia (FIMM), a position he held until August 2012. He is currently the Chairman of Yong Tai Berhad and a Director of Malaysia China Business Council (MCBC). Dato' Indera Syed Norulzaman is also the Chairman of Mah Sing Foundation, a charitable organisation providing assistance to the needy within the community.

He is the Chairman of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

BOARD OF DIRECTORS' PROFILE

Abdul Halim Bin Abdul Hamid is our Group Deputy Chairman. Encik Halim completed his secondary education at Sekolah Menengah Tuanku Abdul Rahman Putra, Selangor in 1985.

Encik Halim has more than 20 years' experience in the telecommunications engineering services industry. Prior to his venture into the telecommunications industry, he commenced his business ventures in the food and beverage sector by offering local cuisine in various locations in the state of Selangor, such as food courts and school canteens from 1986 to 1991.

Encik Halim started his career in the telecommunications industry as a supervisor with Mognas Communication Sdn Bhd. Mognas Communication Sdn Bhd was one of the pioneering network deployment companies in Malaysia in the 1990s. He subsequently moved to Rank Liberty Sdn Bhd in 1996 as a Senior Supervisor before joining Prospective Goals Sdn Bhd as its Project Manager in 1997. Accordingly, Encik Halim is also one of the pioneers who contributed in the telecommunications industry whereby he had contributed in terms of introducing various kinds of telecommunication structures and equipment in Malaysia. In 2007, Encik Halim acquired shares in the Group's subsidiary companies, namely OCK Setia Engineering Sdn Bhd and Delicom Sdn Bhd. Since then, Encik Halim progressively develops his contribution in OCK by overseeing the day to day technical aspect of OCK.

He is also an Executive Director for OCK Group of Companies Safety Health and Environment committee to ensure OCK daily activities conform to related regulations. He also assiting OCK especially dealing with Government bodies.

ABDUL HALIM BIN ABDUL HAMID

Malaysian, Aged 50,
Deputy Chairman
(Appointed on 31 October 2011)

OOI CHIN KHOON

Malaysian, Aged 49,
Group Managing Director
(Appointed on 31 October 2011)

Ooi Chin Khoon is our Group Managing Director. Mr.Ooi graduated from Tri-State University, now known as Trine University, Indiana, United States of America, with a Bachelor's Degree in Electrical and Electronics Engineering in 1996. Prior to that, he obtained a Diploma in Electrical and Electronic Engineering from TAFE College in Negeri Sembilan in 1992.

Mr. Ooi began his career in 1992 as an Electrical Engineer at Cobrain Holding Sdn Bhd and was promoted as its Project Manager in 1994. He left the industry briefly to continue his studies in electrical and electronic engineering and rejoined the company in 1996 as a Senior Project Manager and was promoted to the position of Contract Manager in 1998 whereby he was tasked with the responsibility of customer contracts management. In 1999, Mr. Ooi founded OCK Setia Engineering Services as sole proprietorship and later expanded the business with the incorporation of OCK Setia Engineering Sdn Bhd ("OCK Setia") in 2000. Currently, Mr. Ooi is the Managing Director of our Group. Apart from managing the operations of our Group, he is also responsible for formulating and executing the business strategies of our Group. He plays a key role in driving the growth, development, transformation and strategic direction of our Group.

Mr. Ooi is a member of the Remuneration Committee.

Low Hock Keong is also our Group Chief Operating Officer. In 1994, Mr. Low graduated from Monash University, Melbourne, Australia with First Class Honours in his Bachelor's Degree of Electrical and Computing. In 1997, he completed his Master of Engineering Science from University of Malaya.

Mr. Low began his career with Mutiara Telecommunication Sdn Bhd, now known as DiGi, as a Transmission Engineer in 1995. After two (2) years, he joined Andersen Consulting Sdn Bhd, now known as Accenture Solutions Sdn Bhd, as an analyst focusing on Software System Development and Telecommunications. In 1999, Mr. Low joined Alcatel Network System (M) Sdn Bhd, now known as Alcatel-Lucent, as a Radio Frequency Planning and Optimisation Engineer. He was later promoted to the position of Regional Radio Frequency Manager before he took up the role to head and lead the Radio Planning and Optimisation team that supports various projects in the region. In 2006, Mr. Low joined the group as our General Manager. He is responsible for overseeing the Group's overall daily operations.

LOW HOCK KEONG

Malaysian, Aged 46,
Executive Director
(Appointed on 31 October 2011)

BOARD OF DIRECTORS' PROFILE

Chang Tan Chin is also our Group Technical Director. Mr. Chang graduated from University of Hertfordshire, United Kingdom in 1995 with a Bachelor's Degree in Electrical and Electronic Engineering. In 2000, he became a member of the Institution of Engineers Malaysia. In the same year, he was a recognised Professional Engineer by Board of Engineers in Malaysia.

Mr. Chang started his career with Perunding KDI Sdn Bhd as an Electrical Engineer after graduating in 1995. In 1997, he joined Technic Delta M&E Engineering Sdn Bhd as an Electrical Engineer before joining Transframe Sdn Bhd as Project Manager in 1998. In 2003, he joined SRL Electrical Engineering Sdn Bhd as its Project Manager prior to accepting the position of Technical Director at OCK M&E Sdn Bhd in 2005 where he monitors the overall project planning and implementation, manages procurement planning and delivery and project cash flow projections. He is currently the head of our M&E division and also head of 150 staff to monitor all projects QA and QC requirements and standards.

CHANG TAN CHIN

Malaysian, Aged 49,
Executive Director
(Appointed on 31 October 2011)

Chong Wai Yew is also one of the Group's Project Management Directors. Mr. Chong graduated from University of East London with a Bachelor's Degree in Electrical and Electronic Engineering in 1996.

Mr. Chong began his employment in 1996 with United Perunding & Associate Sdn Bhd in Kuala Lumpur, where he worked as a Consultant Engineer. Subsequently, he joined OCK Setia Engineering Sdn Bhd in 2002 as our Project Director and was subsequently promoted to be our Project Management Director in 2008. He is responsible for overseeing the Network Facilities Provider (NFP) division and the green energy division.

CHONG WAI YEW

Malaysian, Aged 47,
Executive Director
(Appointed on 31 October 2011)

BOARD OF DIRECTORS' PROFILE

MAHATHIR BIN MAHZAN

Malaysian, Aged 39,
Independent Non-Executive Director
(Appointed on 25 November 2015)

Mahathir Bin Mahzan is a Fellow member of Chartered Accountants Ireland (previously known as the Institute of Chartered Accountants in Ireland) and a member of the Malaysian Institute of Accountants (MIA).

Mr. Mahathir graduated with honours from University College London with a Bachelor's of Engineering Degree in the field of Electronic and Electrical Engineering. He then pursued his accountancy training with a medium sized audit firm in Dublin, Ireland. After successful completion of his professional examinations and practical training, he was admitted as a member of Chartered Accountants Ireland.

Mr. Mahathir returned to Malaysia after spending 15 years in the United Kingdom and Ireland and worked for Binafikir, a local strategic advisory firm and a subsidiary company of Maybank Investment Bank.

Mr. Mahathir is currently the Managing Partner of Mahzan Sulaiman PLT, a firm of Chartered Accountants and Advisors.

Throughout his professional career, Mr. Mahathir has accumulated significant experience in areas of audit, accounting, tax, corporate finance and investor relations.

YM SYED HAZRAIN BIN SYED RAZLAN JAMALULLAIL

Malaysian, Aged 38,
Independent Non-Executive Director
(Appointed on 25 November 2015)

YM Syed Hazrain Bin Syed Razlan Jamalullail is a Chartered Accountant (Malaysia) member with the Malaysian Institute of Accountants (MIA).

YM Syed Hazrain Bin Syed Razlan Jamalullail graduated from the University of Malaya with a Bachelor's Degree in Accountancy with honours. He then pursued his career development in various fields, which includes Human Capital Development, Information Technology and Investments.

He was entrusted to set up and lead a Private equity company, with a purpose of investment by K&N Kenanga Berhad, his portfolio involves identifying potential companies, structuring the investment terms and performing due diligence of the pre-IPO companies.

He was also attached to KPMG Malaysia, in the Risk Management & Internal Audit, Business Advisory Services department. Realising the importance of understanding the core of a business, he spent several years broadening his knowledge and exposure to related industries.

Currently, YM Syed Hazrain Bin Syed Razlan Jamalullail is also an Executive Director of Kanger International Berhad, a public listed company on ACE Market of Bursa Malaysia, an integrated bamboo wood products manufacturer.

BOARD OF DIRECTORS' PROFILE

REAR ADMIRAL (R)
DATO' MOHD SOM BIN IBRAHIM

Malaysian, Aged 63,
Non-Independent &
Non-Executive Director
(Appointed on 9 December 2013)

Rear Admiral (R) Dato' Mohd Som Bin Ibrahim began his career in the Royal Malaysia Navy ("RMN") as a Cadet Officer in September 1973. He received his Naval Training in the Britannia Royal Naval College Dartmouth, United Kingdom ("UK") in 1974 and was commissioned as a Sub-Lieutenant in January 1977. He became a specialist in Navigation after passing the course in 1980 in the UK.

With more than 37 years of service, Rear Admiral (R) Dato' Mohd Som served on board many ships and shore jobs. He commanded 5 RMN warships from 1981-2004, including the 4400 tons Multirole Support ship KD MAHAWANGSA.

Besides the sea service, he also held several shore appointments in the Malaysian Armed Forces. Among the notable ones are as Assistant Defense Advisor Embassy of Malaysia in Jakarta (1990-1993), Director of Operations (1998-2002) and as Deputy Head of Mission to the Malaysia Lead International Monitoring Team in Mindanao (2006). Rear Admiral (R) Dato' Mohd Som held the post of Assistant Chief of Staff Communications and Electronics of the Armed Forces in 2007. Before his retirement in February 2011, he was appointed as The Naval Region Commander Area 1, based in Tanjung Gelang, Kuantan. In this capacity, he was involved in many inter agency cooperation maritime security and communications market of South East Asia countries.

Rear Admiral (R) Dato' Mohd Som has attended many courses both local and abroad. He attended the Navigation Course in UK (1980), Naval Staff College, Jakarta (1988) and Defense College Course Kuala Lumpur (1997). He obtained his Advance Diploma in Business Engineering Management from University Technology Malaysia (UTM) in 1999.

Dear Valued Shareholders,

As Chairman of OCK Group Berhad, it gives me great pleasure to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2016. (“FYE2016”)

DATO’ INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN
Senior Independent
Non-Executive Chairman

CHAIRMAN’S STATEMENT

CHAIRMAN'S STATEMENT

"OCK Group Berhad once again delivered remarkable results for the financial year 2016, with a record breaking revenue. The Group's expansion into the ASEAN region has strategically positioned the Group for further growth in earnings."

2016 was indeed a challenging year for many companies in various industries due to the uncertainties in the global economy. The slow economic growth in Malaysia was characterized by uncertain macroeconomic landscape, volatilities in currency and commodity prices, and the decline in oil price.

Despite the economic headwinds, the Group's solid foundation, strong governance and prudent practices have enabled us to remain resilient. This was coupled by the hard work, dedication and unwavering passion of our employees that steered the Group to deliver very respectable results for the year, both operationally and financially.

The ASEAN telecommunication scene has always been evolving and highly dynamic. The mobile data revolution has been spreading across the region, with low cost data access, affordable smart phones to mass consumers and evolving data technology for mobile networks.

It is inevitable for developing, emerging and frontier markets to make their respective transitions by continuously upgrading their technology - 2G, 3G, 4G LTE and even preparing for the upcoming 5G network. In tandem with the technology change, governments have also encouraged their respective mobile network operators to increase telecommunication infrastructure for wider geographical coverage across each respective country, and encourage infrastructure sharing between mobile network operators to maintain efficiency among all operators.

FINANCIAL PERFORMANCE

I am delighted to share with you the Group's financial performance for FYE2016. OCK has delivered a full year revenue of RM401.5 million and profit after tax of RM30.4 million, an increase of 27.1% and 11.8% respectively compared to FYE2015.

The improvement in revenue came largely from the Group's regional investments, which contributed 20% to the Group's total revenue. We are optimistic that our regional investments will continue to contribute positively to the Group's earnings moving forward.

Telecommunications network services remains as the Group's core contributor with revenue contribution of 83.3% over total revenue, followed by green energy and power solutions with a revenue contribution of 9.3%.

NEW REGIONAL GEMS

OCK, being Malaysia's largest telecommunication network service provider in terms of revenue is well positioned to undertake potential strategic regional expansion.

During the year under review, the Group has successfully expanded its regional presence with the addition of Myanmar and Vietnam to our portfolio.

Myanmar
Since the signing of the Master Services Agreement ("MSA") with Telenor Myanmar Limited ("Telenor") to build and lease 920 telecommunications towers in end 2015, OCK has successfully delivered 608 towers to Telenor as at March 2017. We will continue with our roll-out plan in 2017 and the management is looking new collaboration and partnership with other MNOs in Myanmar.

Vietnam
As at 13 January 2017, together with our equity partner CapAsia Telecommunications Limited, we have completed the acquisition of 100% equity interest in Southeast Asia Telecommunications Holdings Pte Ltd ("SEATH"). This acquisition of 1,983 telecom towers will contribute to the Group's earnings with immediate effect.

CREATING SHAREHOLDERS' VALUE

The Board has declared and paid a single-tier interim dividend of 0.6 sen per ordinary share for FYE2016, amounting to a total payout of approximately RM4.75 million which was paid on 14 April 2016.

A corporate exercise of 10% Private Placement was also carried out during the year to strengthen the institutional shareholder mix and fund the acquisition of SEATH.

GLOBAL RECOGNITION

Throughout the years, OCK has been recognised with numerous awards for outstanding services by technology vendors, trading partners and corporates. In 2016, OCK continued to gain greater recognition in the global telecommunication space. As a result, the Group was awarded the "Collaboration & Development Prize" by Huawei on 16 February 2017, recognizing its commitment as one of the best partner and constant efforts in delivering excellence to the clients.

CORPORATE SOCIAL RESPONSIBILITY

At OCK, we believe in striving to uphold our corporate social responsibility ("CSR") commitment as a responsible corporate citizen to pursue and create a positive impact to our shareholders, stakeholders, community and the environment around us.

This year, our CSR journey has been focusing on our people as the key asset of our Group. We believe that communication and teamwork are essential to ensure people across all levels are aligned with the Group's goals and objectives. In this aspect, we organized multiple trainings and team building camps.

Among them were:


1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1. **LEADERSHIP ENGAGEMENT WORKSHOPS (14 APRIL 2016)**

   Understanding the concept of "leader-follower relationship", this is where leaders learn to cross examine personal values as a leader and learn to lead according to their followers' needs. Understanding the key attributes that allow employee engagement, therefore leading to employee motivation and satisfaction.

2. **COFFEE TALK SESSIONS WITH THE MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER (14/21 NOVEMBER 2016)**

   This is an open communication session designed for all entry level of employees to share and exchange opinions as well as ideas with the top management to cultivate a positive environment.

3. **TEAM BUILDING LEARNING CAMPS (7-8 MAY / 20-21 NOVEMBER 2016)**

   These training camps are designed to cultivate teamwork, trust, understanding and communications among peers.

4. **TRAINING STAFF AGAINST FRAUD & DISHONESTY (20-27 AUGUST 2016)**

   In line with our corporate governance, we believe that values of accountability and honesty have to be upheld by each individual in every level of the Group.

5. **TZU CHI FOUNDATION (29-30 DECEMBER 2016)**

   The Group has always believed in being responsible to the environment as reflected in our renewable energy business. This year, the Group has implemented recycling initiatives adopted from the Tzu Chi Foundation. To conserve the environment, we provided eco-friendly food containers to employees and implemented a recycling program by setting up recycling points in the office. In tandem with our recycling program, we had educated our employees on how to pre-sort recyclables before sending the items to Tzu Chi's recycling centers.

6. **PROGRAM KHIDMAT MASYARAKAT, TERENGGANU (14 JANUARY 2017)**

   Through the initiatives of Malaysian Communications and Multimedia Commission and the Universal Service Provision (USP) Project, we continue to build and operate towers to increase the connectivity in rural areas. During the flood season, the Group donated approximately RM20,000 and provided daily essentials to the flood victims in Terengganu. We organized an event and invited all the residents to participate in the event where some of the mobile network operators ("MNOs") managed to set up their booths to display and promote for their communication products. It was highly successful where more than 500 participants. We will continuously ensure that our social responsibility efforts are guided by demand of local communities.

HUMAN CAPITAL DEVELOPMENT

What began as a small setup has now grown to a strong workforce of more than 2,500 colleagues across all our divisions and regions catering to renowned telecommunication network operators, telecommunication technology vendors, renewable energy expertise and engineers. Our staff force is diverse in gender, ethnicity and age.

The Group believes in developing our people to be future leaders of the company, and we take our employees' growth in the company as a priority. As part of the Group's continuous effort to develop leaders for the next generation, the Group has implemented a Management Trainee Programme in 2016. This comprehensive training programme will accelerate the career of our young professionals. The programme comprises of structured training and exposure to many functions in the Group through job rotation, hence providing them a guided development for their career.

MOVING FORWARD

We are highly optimistic on the telecommunication sector and foresee plenty of opportunities in the telecommunication industry within the ASEAN region. With our successful venture into many countries, we will continue to expand and widen our footprint to enhance and add value to each market.

APPRECIATION

On behalf of the Board of Directors, I would like to extend my sincere thanks to the relevant regulatory authorities, customers, vendors, business associates, bankers and strategic partners for your continued support, confidence and trust in OCK.

To all our esteemed shareholders, I thank you for your endless support and loyalty. We will endeavor to execute our strategic plans, and focus on increasing shareholders' value.

My deepest gratitude and appreciation to my fellow Board members for your valuable contribution and advice, I look forward to working with all of you in the years ahead.

Above all, to our management team and all our employees – you deserve the highest praise for another record-breaking year. I wish to take this opportunity to express my gratitude and appreciation for your continued hard work and commitment to OCK. Let us all work hard to ensure we surpass our past performance.

Regards,

DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN
Senior Independent Non-Executive Chairman

> “OCK Group Berhad started as a telecommunication (“Telco”) tower contractor, and today, we own more than 2,800 Telco towers across the region. Being a full-fledged network service provider to regional Telco tower companies and one of the most recognised technology partner, OCK is on track to achieve our vision to be a regional leader as telecommunication service provider.”

OOI CHIN KHOON
Group Managing Director

MANAGEMENT’S DISCUSSION & ANALYSIS

INTRODUCTION

The Group sailed through a challenging year of surprising economic development and anemic global economic growth. Nevertheless, we still managed to once again deliver an all-time high financial performance to remain as the country's leader in the Telco network service industry. The Group had also made new waves in the regional Telco tower scene, most notably in Myanmar and Vietnam.

Despite uncertainties in the global micro and macroeconomics, the Telco industry continues to grow. The Mobile Economy Report 2017 indicates that world mobile subscription is expected to reach 5 billion subscribers in mid-2017. By the end of the decade, Asia Pacific is set to account for two thirds of the expected 860 million new subscribers and the deployment of Internet of Things (IoT). There is great opportunity for OCK to be the leading Telco network service provider in this region.

BUSINESS OPERATIONS & PLANS

OCK remains focused on our long-term business goals and will continue to play an important role in telecommunication network services as well as green energy businesses. As mentioned in the 2015 Annual Report, we will continue with our strategic plans to extend our track record of expediential and sustained growth in our area of expertise.

As the leading telecommunication network services provider, we will continue to work together with both mobile network operators ("MNO") and mobile technology vendors to ensure the mobile operators are provided with the wide extension and advanced network to serve its customers.

The Group has overcome various challenges over the years, and emerged stronger through continuous improvement. Our strategic focus, combined with determination and experience, have enabled us to grow to become a well-known independent Telco Tower Company ("towerco") player in Malaysia and has spurred our overseas rapid business expansion in Indonesia, Myanmar and Vietnam.

TELECOMMUNICATION NETWORK SERVICES PROVIDER

CONTRACT BUSINESS

The Group's contracting business provides end-to-end Telco network solutions which ranges from planning, building to maintenance for most Malaysian MNOs.

For the financial year ended 2016, the contracting business remained as the biggest contributor to the Telco business division recognising RM334.6 million in revenue and RM24.3 million in profit after tax. The contracting business continues to grow by 30% compared to FYE2015.

Riding on the wave of demand for faster speed connection, it is estimated that Malaysia's MNOs will deploy a total of RM3.2 billion for overall capital expenditure ("CAPEX") for the year 2017 to cater for the growing demand of data which will greatly benefit the Group.

Now that the Group has established our footprints in the region, we are looking into extending our contracting expertise to those countries.

TOWERCO BUSINESS

Towerco is a business that brings about efficiency to MNOs through the sharing of Telco towers as well as optimising operations and maintenance. With tower sharing, MNOs will be able to reduce operational cost as well as achieve efficient population and area coverage.

Due to margin erosion, more MNOs are looking into the option of partnering with towercos for network cost efficiency. OCK is well-position to seize this opportunity. To date, we have secured a total of 2,767 Telco towers in the region in countries such as:

Myanmar

Since the signing of the Master Services Agreement for a long term build and lease model of telecommunication towers to Telenor Myanmar, the Group has to date handed over 608 Telco towers to Telenor.

We were awarded with the Network Facilities Service License (Class) (the "NFS-C License") by the Myanmar government for us to operate a tower business in the country.

For the financial year ended 2016, the towers which has been delivered in stages have contributed RM6.5 million in revenue.

OCK will seek for more opportunities in Myanmar, as the country is one of the rare growing greenfield Telco space in the region. OCK will also be working on increasing the tenancy ratio for the built towers.

MANAGEMENT'S DISCUSSION & ANALYSIS

Vietnam

OCK completed the 100% equity interest acquisition of Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH") for USD50 million on 13 January 2017. SEATH is the largest independent tower company in Vietnam which currently owns 1,983 Telco towers backed by long term lease rentals from MNOs.

Moving forward, we will focus on operations and cost efficiency initiatives and continue to improve the tenancy ratio for the towers, and secure more new towers from Vietnam's MNOs.

MANAGED SERVICES/OPERATIONS BUSINESS

The Group provides routine preventive and corrective maintenance services on a 24/7 basis, to ensure smooth running for MNOs Telco networks.

For the financial year ended 2016, this business delivered a recurring revenue of RM60 million.

OCK currently manages a combination of more than 25,000 Telco sites in both Malaysia and Indonesia.

GREEN ENERGY AND POWER SOLUTIONS

The Group owns a total of 9 solar farms (5.3 Megawatts) under the Sustainable Energy Development Authority (SEDA) Malaysia's initiatives, together with our business partners

We are excited with our business venture in the renewable solar energy, we strive to continue to add more solar farms to our portfolio.

CLIENTS' BEST PARTNER

OCK's motto has always been to be our client's best and most reliable partner. For the year under review, it is OCK's honour to receive the "Collaboration & Development Prize" by Huawei. This symbolises the trust and appreciation as best partner from a leading global information and communications technology (ICT) solutions provider.

FINANCIAL PERFORMANCE

For the financial year under review ("FYE2016"), the Group delivered its consecutive 8th Year-on-Year ("Y-o-Y") financial growth with revenue of RM401.5 million; a reported growth of 27.1% compared to RM315.9 million in FYE2015. The growth in revenue was mainly contributed by strong performance in the Malaysia operations.

The Group reported a profit after tax ("PAT") of RM30.4 million which translates into a 11.8% increase compared to FYE2015. The lower growth in PAT was hampered by the cost of acquisition of SEATH, which amounted to RM2.9 million. Despite the decrease in PAT margins Y-o-Y, the Group had set in place various cost rationalising and tax efficiency methods which helped improve PAT margins throughout year 2016.

The Group's two main businesses continue to dominate under segmental financial results. Telco network services, being the core contributor, contributed 83.3% of the total revenue. This was followed by green energy and power solutions at 9.3%.

The Group's regional business continues on an upward trend, with an increase contribution of 20% over the total revenue, compared to 17% in FYE2015. This increase resulted from the growth in Myanmar and Indonesia counterparts. For FYE2017, we expect more contributions from Myanmar and Vietnam in FYE2017.

In order to meet the required capital in its regional ventures, the Group completed a private placement exercise on the 17th August 2016. The total gross proceeds raised were RM64.2 million, increasing total issued and paid up share capital to 871,465,462 Ordinary Shares.

DIVIDEND

The Group declared and paid an interim dividend of 0.6 sen for FYE2016.

CAPEX

Total capital expenditure in 2016 amounted to RM192 million, primarily for site roll-out in Myanmar and new solar farms built in 2016.

RISK

While it has been a fruitful journey, operating across many markets has its common range of risk being exposed to government, financial, regulatory, operational, industry and reputational risks that may have an unpleasant effect on the business.

To date, the foreign investment regulations has been highly conducive for foreign investors in the countries we invested in. Internally, we will ensure business operations are well run through the implementation of strict corporate governance to adhere to all regulations set by each country.

OUTLOOK

For the year 2017, the International Monetary Fund ("IMF") forecasted a global economic growth of 3.4%. This was based on uncertainties resulting from changes in policy from the US as well as Brexit, although growth prospects from China are expected to balance this.

The Organisation for Economic Co-operation and Development (OECD) forecasted a real GDP growth at an average of 6.2% p.a. over 2017-2021 in the ten ASEAN member countries of Emerging Asia. Vietnam is expected to be the highest among the ASEAN-5 countries followed by Malaysia, Indonesia, and Thailand. In the medium term, countries such as Cambodia and Myanmar are expected to have a stable and moderate growth. As for Myanmar, it is expected to catch up annually over the next five years and reach an 8.5% growth on average.

We are optimistic towards the general outlook for the year 2017 due to the increase in smart phone users, Telco coverage in the region, as well as advancement in technology - 2G/3G/4G LTE.

For FYE2017, OCK will continue to assist the MNOS on the implementation of LTE, fibre networks, and continuous upgrades in existing networks. We will continue to increase our market share by providing quality expertise across the region.

Operationally, OCK is in the midst of unfolding our plans for the year ahead and we are making progress in all our key focus area. Amongst the plans are the implementation and enhancement of our operations efficiency across multiples countries. With our regional ventures, one of the Group's key strategies is to ensure that each business venture is self-sustainable and adds value to the Group.

The Group is also looking ahead for the next wave of wireless development and Telco technology.

OOI CHIN KHOON
Group Managing Director

STATEMENT ON CORPORATE GOVERNANCE

The Board of Directors is committed to safeguarding the interests of its stakeholders and recognises the importance of corporate governance in achieving this objective. The Board knows that transparent disclosure of its organizational and management structure as well as other aspects of its corporate governance helps stakeholders to assess the quality of the Group and its management and assists investors in their investment decisions.

This Statement outlines the key aspects of how the Company has applied and taken into account the Principles enumerated under the Malaysian Code of Corporate Governance 2012 (the "Code") during the financial year ended 31 December 2016. Where there are gaps in the Company's observation of any of the Recommendations of the Code, these are disclosed herein with explanations.

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Board Charter and Board Committees

The Board retains full and effective control of the Group. Its roles are essentially providing leadership, management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. The Board has adopted certain responsibilities for effective discharge of its functions through formalizing its Board Charter.

As set out in the Board Charter, the Board is responsible for:

(a) Establishing and reviewing the strategic direction and plans of the Company.
(b) Monitoring the implementation of strategic plans by Management.
(c) Timely review and approve all quarterly and annually financial statements for declaration to Bursa Malaysia and stakeholders. The Audit Committee reviews and recommends the financial statements prior to presentation to the Board. A robust approach and engagement with the Audit Committee had been carried out.
(d) Overseeing and evaluating the conduct of the businesses of the Company including the value system.
(e) Evaluate performance of the Management in accordance to pre-determined set of performance measurement and KPIs.
(f) Identifying and evaluating business risks and ensure implementation of a managed sound risk management framework.
(g) Reviewing the adequacy and integrity of the internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
(h) To review and oversea the appointment, resignation or termination of Directors, Company Secretaries, Auditors and key management are properly carried out and documented.
(i) Ensure establishment of succession plans for the Board members and senior management.
(j) Ensure the Board is supported by at least a suitably qualified and competent Company Secretary to whom shall have advice on compliance with applicable laws and any amendment to the laws and regulations related to the listing.
(k) Formalise ethical standards of conduct through a Code of Conduct for Directors and Management and ensure compliance.
(l) Developing and implementing an investors' relations programme, shareholders or stakeholders communication policy and ensure the Company's strategies to promote sustainability.

The salient features of the Board Charter had been uploaded on the Company's website at www.ock.com.my

The Board has delegated specific responsibilities to various Board Committees namely the Audit Committee, the Nomination Committee and the Remuneration Committee whose functions are within their respective terms of reference approved by the Board. The said terms of reference are periodically reviewed by the Board, as and when necessary and the Board appoints the Chairman and members of each committees. These Committees assist the Board in making informed decisions through in-depth discussions on issues in discharge of the respective committees' terms of reference and responsibilities. The Chairmen of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

Board Charter and Board Committees (continued)

For certain day-to-day operations, the Board has delegated authorities and powers to Management with the prescribed limits of authority.

Code of Ethics and Conduct

The Board acknowledges and emphasises the importance for all Directors and employees of OCK to embrace the highest standards of corporate governance practices and ethical standards.

In this respect, the Board has formalised a Code of Ethics and Code of Conduct. These codes are aimed to emphasise the Company's commitment to ethics and compliance with applicable laws and regulations. The Code of Ethics and Conduct had been uploaded on the Company's website at www.ock.com.my

Whistle-Blowing Policy

To enhance corporate governance practices across the Group, a whistle-blowing policy was adopted which provide Directors, Employees, Shareholders, Vendors or any parties with a business relationship of the Group with an avenue to report suspected wrongdoings that may adversely impact the Group.

The aim of this policy is to encourage the reporting of such matters in good faith, with the confidence that the person filing the report, as far as possible, be protected from reprisal, harassment or subsequent discrimination.

Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the needs of the wider environment, the requirements of shareholders and stakeholders and economic success.

In transition, the Company will consider formalising a Sustainability Policy which aims to endeavour to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and senior management are involved in implementation of this policy, review the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

Supply and Access to Information

Board meetings were held to discuss matters that require members' input and decision. The Chairman ensures that all directors have full and timely access to information. Prior to the meetings of the Board and the Board Committees, notice of agenda together with previous minutes and other relevant information were circulated to all directors on a timely basis in order to enable the directors to be well informed and briefed before the meetings.

All directors also have full and free access to information within the Group and can as individual Director or as a full Board have unrestricted access to all information pertaining to the Group's business and affair. This is to enable them to carry out their duties effectively and diligently. As and when necessary, the Board may obtain independent professional advice, in furtherance of their duties, at the expense of the Group, in furtherance if their duties.

The external auditors also briefed the Board members on the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the year.

A. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES (continued)

Company Secretary

Every director also has unhindered access to the advice and services of the Company Secretary. The Board believes that the current Company Secretary is capable of carrying out his duties to ensure the effective functioning of the Board. In the event that the Company Secretary fails to fulfil his functions effectively, the terms of the appointment permits their removal and appointment of successor which is a matter for the Board to decide.

The Company Secretary plays an advisory role to the Board in relation to the Company's constitution, the Board's policies and procedures, and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary is suitably qualified, competent and capable of carrying out the duties required and has attended training and seminars conducted by relevant regulatories to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the MMLR of Bursa Securities.

The Company Secretary also serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares, in accordance with Chapter 14 of the MMLR of Bursa Securities. Deliberations during the Board and Board Committees' meetings were properly minuted and documented by the Company Secretary.

B. STRENGTHEN COMPOSITION

The principle emphasizes the importance of right board composition in bringing value to the board deliberation and transparency of policies and procedures in selection and evaluation of board members.

The present Board, led by an independent non-executive Chairman is made up of nine (9) members comprising five (5) Executive Directors, four (4) other Non-Executive Directors, out of which three (3) are independent and one (1) is non- independent. This is in compliance with the Listing Requirements of Bursa Securities for Main Market which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, are independent Directors.

The Executive Directors are responsible for the making of the day-to-day business and operational decisions and implementation of Board policies. There is a clear division of duties and responsibilities amongst them in order to maintain a balance of control, power and authority within the Management.

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long term interest of all stakeholders.

The Independent Non-Executive Directors have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

The Non-Independent Non-Executive Director acts as a bridge between Management and stakeholders, particularly, shareholders. He provides relevant checks and balances and ensures that high standards of Corporate Governance are applied.

Decision of the Board is done collectively without undue influence or dominance by any individual Director or group of Directors.

The Board is confident that its current size and composition is sufficient and effective in discharging the Board's responsibilities and in meeting the Group's current needs and requirements.

B. STRENGTHEN COMPOSITION (continued)

The profile of the Board members are set out in this annual Report on pages 18 to 26.

The MCCG 2012 endorses a formal procedure for appointments to the Board based on the recommendation of a Nomination Committee. As such the Board has established a Nomination Committee who is responsible for reviewing and making recommendation of appointments to the Board based on size of the Board, the mix of skills and experience and other qualities director should bring to the Board. New nomination is assessed and recommended to the full Board for appointment.

When there are changes in the regulatory requirements and retirement of directors, the Board would through the Nomination Committee review the composition of the Board members in order to ensure that the current composition of its Board functions competently.

Nomination Committee

The present members of the Nomination Committee are as follows:-

Name	Designation	Directorship
YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Chairman	Senior Independent Non-Executive Director
Mahathir Bin Mahzan	Member	Independent Non-Executive Director
YM Syed Hazrain Bin Syed Razlan Jamalullail	Member	Independent Non-Executive Director

The Board has identified YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman as the Senior Independent Non-Executive Director, to whom any queries, feedbacks and concerns with regards to the Company , may be conveyed. YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman is also the Chairman of the Nomination Committee in observance with recommendation 2.1 of the MCCG 2012.

During the financial year ended 31 December 2016, one (1) NC meeting was held on 25 April 2016 and attended by all the NC members.

The NC has reviewed and assessed the size of Board, required mix of skills, experience, performance and contribution of Directors; effectiveness of the Board as a whole; independence of Independent Directors and training courses required by the Directors, and is satisfied with the current composition and performance of the Board.

The NC also considered the performance and contribution of the Director who stand for re-election at the forthcoming Annual General Meeting to determine whether they are eligible for re-election. The NC will recommend the re-election of Director to the Board for approval. All the retiring Director will abstained from deliberations and decisions on their own eligibility to stand for re-election at the Board Meeting.

With the current composition, the NC opines that all the Board members have the necessary knowledge, experience, requisite range of skills and competence to enable them to discharge their duties and responsibilities effectively. All Directors on the Board have extensive experience with their many years of experience on the Boards of other companies and/or also as professionals in their respective fields of expertise.

B. STRENGTHEN COMPOSITION (continued)

Nomination Committee (continued)

The NC will recommend to the Board on suitable candidates for appointment as Board members, member of Board Committees and Executive Director of the Company based on the following evaluation criteria:

- skills, knowledge, expertise and experience;
- professionalism;
- time commitment to effectively discharge his role as a director;
- contribution and performance;
- character, integrity and competence;
- boardroom diversity including gender diversity; and
- in the case of candidates for the position of Independent Non-Executive Directors, the NC shall also evaluate the candidates' ability to discharge such responsibilities/functions as are expected from independent non-executive directors.

The NC will arrange for the induction of any new Directors appointed to the Board to enable them to have a full understanding of the nature of the business, current issues within the Company and corporate strategies as well as the structure and management of the Company.

The Board has no specific policy on gender, age and ethnicity for candidates to be appointed to the Board. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company. The NC, will however continue to take steps to ensure that gender, age and ethnicity of the candidates will be taken into consideration as part of its recruitment exercise.

Remuneration Committee

The Remuneration Committee, comprised mainly of non-executive directors, is responsible for reviewing and recommending to the Board, the remuneration frameworks for directors and assists the Company in ensuring that the remuneration of the directors reflects the responsibility and commitment undertaken by the board membership. The Board as a whole determines the remuneration of each director. Directors do not participate in decisions regarding their own remuneration package. Directors' fees are approved by shareholders at the Annual General Meeting.

The present members of the Remuneration Committee are as follows:-

Name	Designation	Directorship
YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Chairman	Senior Independent Non-Executive Director
Ooi Chin Khoon	Member	Managing Director
Mahathir Bin Mahzan	Member	Independent Non-Executive Director

In general, the component parts of the remuneration for Executive Directors are structured so as to link rewards to corporate and individual performance of the executive directors. The remuneration of the Executive Director includes salaries and other emoluments, bonus, fees and benefits in kind.

The level of remuneration for the Independent Non-Executive Directors, reflects the experience and level of responsibilities undertaken by the particular Independent Non-Executive concerned. Currently the Non-Executive Directors are paid Director's fees and attendance allowance for Board/General Meetings they attended.

B. STRENGTHEN COMPOSITION (continued)

Remuneration Committee (continued)

The number of Directors whose income falls within the following band is set out as follows:-

Remuneration Bands	Executive Directors	Non-Executive
RM300,000 and below	-	4
RM300,001 – RM400,000	-	-
RM400,001 – RM450,000	3	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	-	-
RM600,001 – RM650,000	-	-
RM650,001- RM700,000	-	-
RM700,001 – RM750,000	1	-
RM750,001- RM800,000	-	-
RM800,001 – RM850,000	-	-
RM850,001 – RM900,000	1	-

The aggregate remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 31 December 2016 is as follows:

Group Level

Category	Salaries and other emoluments*	Bonus	Benefit-in-kind	EPF and SOCSO	Total
	(RM)	(RM)	(RM)	(RM)	(RM)
Executive	3,336,939	449,401	126,837	381,751	4,294,928
Non-Executive	167,500	-	17,400	-	184,900
Total	**3,504,439**	**449,401**	**144,237**	**381,751**	**4,479,828**

* *Other emoluments include salaries, bonuses, allowance, Employees Provident Fund contributions, and SOCSO contribution.*

For security and confidential reasons, the details of individual Directors' remuneration are not shown. The Board is of the opinion that the transparency and accountability aspects of corporate governance as applicable to Director's remuneration as appropriately served by the disclosure made above.

C. REINFORCE INDEPENDENCE

The Board recognises the importance of independence and objectivity in its decision making process which is in line with the Code.

The directors with their different backgrounds and specialisation, collectively bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, marketing and operations. The executive director is responsible for implementing the policies and decisions of the Board, overseeing the operations as well as co-ordinating the development and implementation of business and corporate strategies. The independent non-executive directors play key supporting roles, contributing their knowledge and experience towards formulating policies and in the decision-making process. They do not engage in day-to-day management of the Company and do not participate in any business dealings with the Company. The independent non-executive directors also bring with them objective and independent judgement to decision-making and provide a capable check and balance for the executive director.

The strong presence of Independent Non-Executive Directors on the Board who are neither related to any Director and/or major shareholders nor have any conflict of interests of the shareholders and the Group ensures that the interests of the shareholders and the Company are adequately protected.

The Board is also satisfied that its composition fairly reflects the investment of minority shareholders in the Company.

Annual Assessment of Independence

The Independent Non-Executive Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberations and decision-making process. In addition, the Independent Non-Executive Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

An assessment on the independence of the Directors based on the provisions of the MMLR of Bursa Securities is carried out before the appointment of any new Independent Non-Executive Director. Further, the Board with the assistance from the NC will undertake to carry out annual assessment of the effectiveness of the Board as a whole, including Independent Non-Executive Directors and consider whether the Independent Non-Executive Director can continue to bring independence and objective judgment to Board deliberations.

Any Director who considers that he has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

For the financial year ended 31 December 2016, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria set out in the MMLR of Bursa Securities. The Board is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Board in its Board Charter provided that the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, an Independent Director may continue to serve the Board upon reaching the 9 year limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the NC is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence and the candidate's performance.

C. REINFORCE INDEPENDENCE (continued)

Tenure of Independent Directors (continued)

At this juncture, none of the independent director of the Company has exceed a cumulative term of nine (9) years.

Chairman and Executive Director

The position of Chairman is held by YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman, an Senior Independent Non-Executive Director of the Company. The Managing Director, Mr. Ooi Chin Khoon is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board for its consideration and approval, where required. The Executive Directors are involved in the day-to-day management of the Company. The positions of Chairman and Executive Directors are held by different individuals. The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as facilitator at the meetings and ensure that Board proceedings are in compliance with good conduct and best practices. Whilst the Executive Directors are responsible for making and implementing operational and corporate decision as well as developing, coordinating and implementing business and corporate strategies.

The distinct and separate roles of the Chairman and Executive Directors, with a clear division of responsibilities, ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.

D. FOSTERING COMMITMENT

Time commitment

The Board endeavours to meet at least four (4) times a year, at quarterly intervals which are scheduled well in advance at the commencement of the financial year to help facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened where necessary to deal with urgent and important matters that require attention of the Board. Where appropriate, decisions are also made by way of circular resolutions in between scheduled meetings during the financial year.

Senior management staff and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Directors to arrive at a considered decision.

Prior to each board meeting, members of the Board will be provided with an agenda and a set of board papers containing reports and other relevant information detailing various aspects of the Group's operations and performance to enable them to make informed decisions. The board papers may include financial, strategic and corporate proposals that require the Board's deliberation and approval. The senior management, both external and internal auditors and/or advisers may be invited to attend the board meetings, if required, to provide additional information on the relevant agenda tabled at the board meetings.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities which is evidenced by the satisfactory attendance record of the Directors at Board meetings. The Board members are required to notify the Board prior to their acceptance of new directorships in other companies with indication of time that will be spent on the new appointment.

All pertinent issues discussed at the Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretary.

Besides board meetings, the Board also exercises control on matters that require its approval through the circulation of resolutions.

D. FOSTERING COMMITMENT (continued)

Time commitment (continued)

The Board met five (5) times during the financial year ended 31 December 2016 and the attendance records of each Director at the Board Meetings is set out below:-

Name of Directors	No. of Meetings Attended
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	5/5
Abdul Halim Bin Abdul Hamid	5/5
Ooi Chin Khoon	5/5
Low Hock Keong	5/5
Chang Tan Chin	5/5
Chong Wai Yew	5/5
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	5/5
Mahathir Bin Mahzan	4/5
YM Syed Hazrain Bin Syed Razlan Jamalullail	5/5

Directors' Training

All Directors are encouraged to participate in relevant training programmes for continuous professional development and to further enhance their skills and knowledge. The Directors are aware that they shall receive appropriate training which may be required from time to time to keep them abreast with the current developments in the industry as well as new statutory and regulatory developments including changes in accounting standards.

The Board further acknowledges that continuous education is essential to broaden their perspectives and to keep abreast with the developments in the business environment as well as with any new regulatory and statutory requirements so as to maximise their effectiveness in the Board.

Directors were also kept informed of the latest regulatory developments by the Company Secretary and new accounting standards issued by International Accounting Standards Board by the External and Internal Auditors.

D. FOSTERING COMMITMENT (continued)

Directors' Training (continued)

Additionally, the following directors have attended external training programmes and seminars as follows:-

Name	Date	Training	Training Provider
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	06-Apr-16	Focus Group Series: Corporate Governance	Malaysian Directors Academy
Abdul Halim Bin Abdul Hamid	14-Apr-16	Driving Employees Engagement Workshop	Innovative Training Expert Sdn Bhd
	20-Aug-16	Tackling Staff Fraud And Dishonesty	Law Kah Kit
Chang Tan Chin	14-Apr-16	Driving Employees Engagement Workshop	Innovative Training Expert Sdn Bhd
	27-Aug-16	Tackling Staff Fraud And Dishonesty	Law Kah Kit
Chong Wai Yew	20-Aug-16	Tackling Staff Fraud And Dishonesty	Law Kah Kit
Low Hock Keong	14-Apr-16	Driving Employees Engagement Workshop	Innovative Training Expert Sdn Bhd
	11-Aug-16	Navigating Through Shifting Sands	Affin Hwang Capital
Ooi Chin Khoon	14-Apr-16	Driving Employees Engagement Workshop	Innovative Training Expert Sdn Bhd
	21-Apr-16	Infrastructure Investor Tokyo Forum 2016	Infrastructure Investor

The Directors will continue to undergo other relevant training programmes, conferences and seminars that may further enhance their skills and knowledge.

The Nomination Committee would assist the Board to undertake an assessment of the training needs of each director in Year 2017.

E. UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board upholds integrity in financial reporting by ensuring that shareholders are provided with reliable information of the Company's financial performance, its position and future prospects, in the Annual Audited Financial Statements and quarterly financial reports.

The AC assist the Board in overseeing the Group's financial reporting processes and the quality of its financial reporting. One of the key responsibilities of the AC is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

E. UPHOLD INTEGRITY IN FINANCIAL REPORTING (continued)

Financial Reporting (continued)

The AC comprises of three (3) members of whom all are Independent Non-Executive Directors. The composition of the AC, including its roles and responsibilities are set out on pages 26 to 29 of this Annual Report.

Suitability and Independence of External Auditors

The Audit Committee and Board place great emphasis on the objectivity and independence of the external auditors in providing true and fair report to the shareholders. Through the Audit Committee, the Board maintains a transparent relationship with the External Auditors in ensuring compliance with the appropriate accounting standards. The Audit Committee is empowered to communicate directly with the external auditors and vice versa to highlight any issues of concern at any point in time.

The External Auditors met the Audit Committee during the financial year to discuss the nature, scope of the audit, internal controls and issues that may require the attention of the Audit Committee or the Board. Audit Plan was also discussed on that score taking into account of the historical risk and control matters and the ongoing risk exposure to the Group.

During the financial year under review, the fees for External Auditors of the Group were RM406,997 in audit fee and RM10,000 for non-audit fee for services rendered by the External Auditors to the Group for the financial year ended 31 December 2016.

The External Auditors of the Company have confirmed to the Audit Committee that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence requirements set out by the Malaysian Institute of Accountants.

In compliance with MMLR of Bursa Malaysia and the Code, the Audit Committee within its duties reviews the scope of work, independence, objectivity and findings and recommendations of the audit conducted by the External Auditors.

F. RECOGNISE AND MANAGE RISKS

The Board has overall responsibility of maintaining a system of internal controls and risk management which provides reasonable assurance of effective and efficient operations and compliance with laws and regulations as well as with internal policies and procedures.

The Board recognizes that risks cannot be fully eliminated. As such, the systems, processes and procedures being put in place are aimed at minimizing and managing them and to provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has mandated the AC with the overall responsibility of ensuring adequacy, completeness and effectiveness of the internal control system and risk management. The AC undertakes periodic reviews and monitors the compliance to these systems via the Internal Audit Function who carries out audit checks on such control processes and provides feedback on its effectiveness and compliance at the operating level. Any weaknesses or variances reported by the Internal Auditor to the AC will be turned into management actions to rectify any weaknesses in those control processes.

The Company has outsourced its internal audit function to an independent internal audit service provider namely IA Essential Sdn. Bhd. who is tasked with the aim of providing assurance to the AC and the Board on the adequacy, integrity and effectiveness of the system of internal control and risk management of the Company. The appointed internal auditor reports directly to the AC.

The key activities covered by the internal audit function during the financial year under review is provided in the AC Report of the Company as set out on page 28 to 29 of this Annual Report.

G. TIMELY AND HIGH QUALITY DISCLOSURE

The Group recognises the importance of communication with its shareholders and utilises many channels to disseminate information and to interact with them. To augment the process of disclosure, the Group has a website in which shareholders and the public can access up-to-date information about the business and the Group. The Group's website call be accessed via www.ock.com.my

In addition, the Group also releases financial results on a quarterly basis. The Group also aims to have full interaction with fund managers, bankers and analysts. The Group has established a Corporate Affairs department designated for the Executive Director and Senior Management to communicate and meet with bankers and analysts to brief them on the ongoing business scenario. Information is disseminated in strict adherence to disclosure requirements of Bursa Malaysia Securities Berhad.

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Group to the regulators, shareholders and stakeholders. Steps will be taken to formalise pertinent corporate disclosure policies to comply with the disclosure requirements as stipulated in the MMLR of Bursa Securities, and to set out the persons authorised and responsible to approve and disclose material information to shareholders and stakeholders.

H. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Company aims to ensure that the shareholders and investors are kept informed of all major corporate developments, financial performance and other relevant information by promptly disseminating such information to shareholders and investors via announcements to Bursa Securities, which is in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices, through dialogue with analysts and the media.

The annual report and the quarterly announcements are the primary mode of communications to report on the Group's business activities and financial performance to all shareholders.

The Company also maintains an effective communication channel between the Board, shareholders and the general public through timely dissemination of all material information. Minority shareholders may communicate with the Company through the Company's website.

The AGM is the principal forum for dialogue with the shareholders. Shareholders are notified of the meeting and provided with a copy of the Company's Annual Report before the meeting. All shareholders are encouraged to attend the AGM and participate in its proceedings. Every opportunity is given to the shareholders to ask questions and seek clarification on the business and performance of the Group.

The Notice of AGM will be circulated at least twenty-one (21) days before the date of the meeting to enable shareholders sufficient time to peruse the Annual Report and papers supporting the resolutions proposed. The Board encourages participation at general meetings and will generally carry out resolutions by show of hand, except for Related Party Transaction if any (wherein poll will be conducted) and unless otherwise demanded by shareholders in accordance with the Articles of Association of the Company. The Chairman of the Board will inform the shareholders of their right to demand a poll vote at the commencement of the general meeting.

The AC is available at the AGM to answer questions and consider suggestions. The External Auditors are also present to provide their professional and independent clarification on issues of concern raised by the shareholders, if any.

STATEMENT ON CORPORATE GOVERNANCE

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group at the end of financial year and of the results and cash flows of the Company and of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Company and of the Group for the financial year ended 31 December 2016 the Company and the Group have used the appropriate accounting policies and applied them consistently and prudently. The Directors also consider that all relevant approved accounting standards have been followed in the preparation of these financial statements.

COMPLIANCE STATEMENT

The Board confirms that the Group has made significant effort to maintain high standards of corporate governance throughout the year under review. The Board acknowledges that achieving excellence in corporate governance is a continuous process and is committed to play a pro-active role in steering the Group towards the highest level of integrity and ethical standards.

1. **COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE**

The Audit Committee comprises three (3) member of the Board, all the whom are Non-Executive Independent Directors. The members during financial year ended 31 December 2016 are as follows:-

		Designation
Chairman:	YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Senior Independent Non-Executive Chairman
Members:	Mahathir Bin Mahzan	Independent Non-Executive Director
	YM Syed Hazrain Bin Syed Razlan Jamalullail	Independent Non-Executive Director

2. **AUDIT COMMITTEE MEETINGS ATTENDANCE**

During the financial year, the Audit Committee conducted 5 meetings of which all were duly convened with sufficient notices given to all Audit Committee members together with the agenda, report and proposals for deliberation at the meetings. The Executive Director was invited to all Audit Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the Audit Committee at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the financial year ended 31 December 2016.

In the Audit Committee meetings, the external auditors were given opportunities to raise any matters and gave unrestricted access to the Audit Committee to contact them at any time should they become aware of incidents or matters during the course of their audits or reviews. Minutes of the Audit Committee meetings were tabled for confirmation at the following Audit Committee meeting and subsequently presented to the Board for notation.

Details of attendance of the Audit Committee members at the Audit Committee meetings during the financial year are as follows:

	Designation	Attendance
YBhg Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Senior Independent Non-Executive Chairman	5/5
Mahathir Bin Mahzan	Independent Non-Executive Director	4/5
YM Syed Hazrain Bin Syed Razlan Jamalullail	Independent Non-Executive Director	4/5

3. **ACTIVITIES OF THE AUDIT COMMITTEE**

The Audit Committees' activities during the financial year under review comprised the following:-

QUARTERLY FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS

- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 1965 and the applicable approved accounting standards as issued by Malaysian Accounting Standards Board; and

3. ACTIVITIES OF THE AUDIT COMMITTEE (continued)

QUARTERLY FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS (continued)

- reviewed the unaudited financial results before recommending them for Board's approval, focusing particularly on:-
  - Any change in accounting policies
  - Significant adjustments arising from audit
  - Compliance with accounting standards and other legal requirements

EXTERNAL AUDITORS

- reviewed the external audit plan, outlining the audit scope, audit process and areas of emphasis based on the external auditors' presentation of audit plan;
- reviewed the external audit review memorandum and audit planning memorandum and the response from the Management;
- consideration and recommendation to the Board for approval of the audit fees payable to the external auditors;
- reviewed the performance and effectiveness of the external auditors in the provision of statutory audit services and recommend to the Board for approval on the re-appointment of external auditors; and
- reviewed and evaluated the factors relating to the independence of the external auditors.

At the Audit Committee Meeting held on 19 April 2017, the Audit Committee recommended to the Board for approval of the audit fee of RM406,997 in respect of the financial year ended 31 December 2016.

The Board at its meeting held on 19 April 2017, approved the audit fee based on the recommendation of the Audit Committee.

INTERNAL AUDITORS

The Group outsources its Internal Audit Function to a professional services firm. The Internal Auditors were engaged to conduct regular review and appraisals of the effectiveness of the governance, risk management and internal control process within the Company and the Group.

The Internal Audit Report directly to the Audit Committee, the appointed Internal Auditors are given full access to all the documents relating to the Company and Group's governance, financial statements and operational assessments.

The Audit Committee had reviewed:-

- Project Work Progress, Progress Billing and Project Budgeting for OCK Setia Engineering Sdn Bhd;
- Compliance to Occupational Safety and Health Administration (OSHA) for OCK Setia Engineering Sdn Bhd;
- Information Technology General Control, System Continuity Plan, Disaster Recovery Plan and Monitoring of the allocation of IT Equipment for OCK Group; and
- Follow Up Audit Report on the above findings.

4. RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the Audit Committee reviewed the recurrent related party transactions ("RPT") and conflict of interest situation that may arise within the Company and its Group including any transaction, procedure or course of conduct that raises questions of Management integrity.

The Audit Committee review the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The Audit Committee also ensure that the adequate oversight over the controls on the identification of the interested parties and possible conflict of interest situation before entering into transaction.

5. INTERNAL AUDIT FUNCTION

The purpose of the Internal Audit function is to provide the Board, through the Audit Committee, with reasonable assurance of the effectiveness of the risk management, control and governance processes in the Group. To ensure that the responsibilities of internal auditors are fully discharged, the Audit Committee reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

The Internal Auditors also highlighted to the Audit Committee the audit findings which required follow-up action by Management as well as outstanding audit issues which required corrective action to ensure an adequate and effective internal control system within the Group.

All Internal Audit activities in financial year ended 31 December 2016 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM70,000 (2015:RM50,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of OCK Group Berhad is pleased to provide the following statement on the state of risk management and internal control of the Company and its subsidiaries (“the Group”). This statement is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITIES

The Board acknowledges that risk management is an integral part of corporate governance and believes that its focus on effective risk oversight is critical to set the right tone and culture towards effective risk management and internal control.

Principally, the responsibilities of the Board as provided in the Guideline, for the governance of risk and controls include:

- Embedding risk management in all aspects of the Group’s activities;
- Approving the board’s acceptable risk appetite; and
- Reviewing the risk management framework, processes, responsibilities and assessing whether they provide reasonable assurance that risk are managed within tolerable ranges.

Though risk is inherent in all business activities, it is not the Group’s objective to eliminate risk. Instead, the Board wants a structural mean to be established by the management within the Group to identify, prioritise and manage risks involved in the Group’s activities and to balance the cost of managing and treating risks, and the anticipated benefits that will be derived from risks. Towards this end, the Board together with the management of the Group continue to take measures to ensure that its risk management processes are effective to assist the Group to achieve its corporate objectives.

RISK MANAGEMENT AND INTERNAL CONTROL

The Group’s risk management is primarily driven by all Executive Directors and executed by the management. The Executive Directors and the management are responsible to identify, evaluate and manage significant risks facing the organisation in its businesses and operations. Quarterly Board of Directors meetings, involving the members of the key management were held within the Group.

When formulating the business strategy, the Board would give due regard to risk appetite. Risk appetite is a dynamic issue and it varies over time. Therefore, when assessing any business deals and ventures, the Board would consider and balance the rewards and returns of these deals and ventures to shareholders against the current Group’s human resources, financial, technology capabilities and timing in order to manage the risks effectively at that point of time.

In term of the key control systems, the Group has defined management organisation chart outlining the management responsibilities and hierarchical structure of reporting lines and accountability. Other key controls in the Group are:

i. Pre-evaluation of suppliers or sub-contractors or consultants before concluding supply or service;

ii. Post-evaluation or suppliers or sub-contractors to ensure timely delivery of materials and/or services to prevent the risk of delay in handing over of projects;

iii. Insurances covering fire insurance, burglary insurance, machine and equipment insurance, tender/performance bond insurance, contractor all risk insurance, workmen’s compensation insurance and personal accident insurance to protect the assets and/or interests of the Group;

iv. Safety and security measures to prevent theft, burglary and fire;

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

In term of the key control systems, the Group has defined management organisation chart outlining the management responsibilities and hierarchical structure of reporting lines and accountability. Other key controls in the Group are: (continued)

v. Review of operating performance and segregation of duties in the management functions of the Group; and

vi. ISO Quality Management System for project management processes ensuring compliance with customers' security and safety requirements and minimisation of hazard risks during installation.

THE REVIEW MECHANISM

Presently, the independent review of the system of internal controls is undertaken by the Board through the Audit Committee. The Audit Committee solicits feedback of the adequacy of risk management and internal control from the internal auditors. The internal audit function is currently outsourced.

Besides review the system of internal controls, the Audit Committee also reviews the financial information and reports produced by the management. In this case, the Audit Committee in consultation with the management deliberates the integrity of the financial results, annual report and audited financial statements and obtains feedback from external auditors on risks and controls related to the financial statements before and after the completion of annual statutory financial audit.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

The responsibilities of management in respect of risk management as provided in the Guideline include:

- Identify risks relevant to the business of the Group and the achievement of its objectives and strategies;
- Design, implement and monitor the risk management actions in accordance with the Group's objective and risk appetite; and
- Identify changes to risks or emerging risks, take actions as appropriate and report to the Board.

The Board has received assurance from the Managing Director, Chief Executive Officer ("CEO"), Chief Operating Officer ("COO") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

BOARD ASSURANCE AND LIMITATION

For the financial year under review, the Board is satisfied that the existing levels of system of risk management and internal controls are effective to enable the Group to achieve its business objectives and there were no material losses resulting from significant control weaknesses. The Board continues to be committed toward maintaining a sound system of internal controls and carrying out measures to strengthen the effectiveness of the internal control system and shareholders' confidence.

Nonetheless, the Board wishes to point out that all risk management system and system of internal controls could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems of risk management and internal control in the Group provide only reasonable but not absolute assurance against material misstatements, frauds and losses.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main Market Listing Requirement of Bursa Securities and Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants, the external auditors have performed a limited assurance engagement on the Statement on Risk Management and Internal Control for the inclusion in this Annual Report for the financial year ended 31 December 2016. The external auditors reported that nothing has come to their attention that could cause them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" to be set out, or is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 19 April 2017.

ADDITIONAL COMPLIANCE INFORMATION

The following is provided in compliance with the MMLR of Bursa Securities:-

1. Non-audit fees

The amount of non-audit fees incurred for the services rendered to the Group by the external auditors or their affiliated companies during the financial year amounted to RM80,000.

2. Material contracts

There were no material contracts entered into by the Company and/or its subsidiaries that involve Directors' or substantial shareholders' interests either still subsisting at the end of the financial year ended 31 December 2016 or entered into since the end of the previous financial year.

3. Share Buy-back

There was no share buy-back by the Company during the financial year.

4. Utilisation of Proceeds Raised from Corporate Proposals

(i) Proceeds from Rights Issue

As at 31 December 2016, the gross proceeds of RM132,04million from the Rights Issues exercise which was completed on 22 December 2015 would be utilised in the following manner:

	RM'000
Proceeds from Rights Issue	132,040
Business Expansion	115,000
General working capital	14,690
Rights Issues	1,887
	131,577
Balance of unutilized proceed s as at 31 December 2016	463

(ii) Proceeds from Private Placement

As at 31 December 2016, the gross proceeds of RM64.172 million from the Private Placement exercise which was completed on 17 August 2016 would be utilised in the following manner:

	RM'000
Proceeds from Private Placement	64,172
Business Expansion	57,712
General working capital	4,836
Placement expenses	1,624
	64,172

ADDITIONAL COMPLIANCE INFORMATION

5. **Options, Warrant or Convertible Securities**

No options, warrants or convertible securities were issued by the Company during the financial year ended 31 December 2016 except for the 264,080,454 outstanding warrants.

6. **Recurrent Related Party Transactions**

The nature, related parties and the value of the transactions of the recurrent related party transactions is disclosed under Section 2.2 of the Circular to Shareholders dated 28 April 2017 enclosed together with this annual report.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group	Company
	RM	RM
Profit for the financial year, net of tax	30,356,136	4,916,389
Attributable to:		
Owners of the Company	26,573,687	4,916,389
Non-controlling interests	3,782,449	-
	30,356,136	4,916,389

DIVIDENDS

The amount of dividend declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single-tier interim dividend of 0.6 sen per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2016, paid on 14 April 2016	4,753,448

The directors do not recommend the payment of any final dividend in respect of the current financial year.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render it necessary to write off any bad debts or render the amount of allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
(ii) any contingent liabilities in respect of the Group or of the Company which have arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors:

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report, which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had increased its issued and paid-up ordinary share capital from RM79,224,136 to RM87,146,546 by way of private placement of 79,224,100 new ordinary shares of RM0.10 each.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

No debentures were issued during the financial year.

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim
Abdul Halim Bin Abdul Hamid
Ooi Chin Khoon
Low Hock Keong
Chang Tan Chin
Chong Wai Yew
Mahathir Bin Mahzan
YM Syed Hazrain Bin Syed Razlan Jamalullail

DIRECTORS' INTERESTS

According to the Registers of Directors' shareholding required to be kept by the Company under Section 134 of the Companies Act, 1965 in Malaysia, the interests of the directors in office at the end of the financial year in shares in the Company and of its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2016	**Bought**	**Sold**	**At 31.12.2016**
Interest in the Company				
Direct interest				
Low Hock Keong	15,250,000	-	(1,250,000)	14,000,000
Chang Tan Chin	7,850,000	-	-	7,850,000
Chong Wai Yew	7,500,000	-	-	7,500,000
Ooi Chin Khoon	7,875,000	-	(7,850,000)	25,000
Indirect interest				
Abdul Halim Bin Abdul Hamid [1]	315,483,750	3,990,000	-	319,473,750
Ooi Chin Khoon [2]	318,564,825	3,990,000	-	322,554,825
Low Hock Keong [3]	2,875,500	-	-	2,875,500

Interest in the Ultimate Holding Company
- Aliran Armada Sdn. Bhd.

	Number of ordinary shares of RM0.10 each			
	At 1.1.2016	**Bought**	**Sold**	**At 31.12.2016**
Direct interest				
Abdul Halim Bin Abdul Hamid	36,000	-	-	36,000
Ooi Chin Khoon	1,622,700	-	-	1,622,700
Indirect interest				
Ooi Chin Khoon [3]	141,300	-	-	141,300

[1] Deemed interested by virtue of Section 6A of the Companies Act 1965 in Malaysia.
[2] Deemed interested by virtue of Section 6A and 122A of the Companies Act 1965 in Malaysia.
[3] Deemed interested by virtue of Section 122A of the Companies Act 1965 in Malaysia.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Neither during nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

ULTIMATE HOLDING COMPANY

The directors regard Aliran Armada Sdn. Bhd., a company incorporated and domiciled in Malaysia, as the ultimate holding company of the Company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

OOI CHIN KHOON
Director

ABDUL HALIM BIN ABDUL HAMID
Director

Date: 19 April 2017

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	5	401,512,930	315,902,937	-	-
Cost of sales	6	(313,833,804)	(246,692,597)	-	-
Gross profit		87,679,126	69,210,340	-	-
Other income		15,051,729	7,917,136	15,169,843	4,359,644
Administrative expenses		(44,555,652)	(30,449,180)	(5,553,584)	(4,121,574)
Other operating expenses		(5,818,579)	(3,605,016)	(3,062,841)	(380,107)
		(50,374,231)	(34,054,196)	(8,616,425)	(4,501,681)
Profit/(Loss) from operations		52,356,624	43,073,280	6,553,418	(142,037)
Finance costs	7	(10,596,254)	(5,740,775)	(22,341)	-
Share of results of an associate		(61,404)	-	-	-
Profit/(Loss) before tax	8	41,698,966	37,332,505	6,531,077	(142,037)
Tax expense	9	(11,342,830)	(10,181,174)	(1,614,688)	(295,095)
Profit/(Loss) for the financial year		30,356,136	27,151,331	4,916,389	(437,132)
Other comprehensive income/(loss)					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain from employee benefits		7,920	24,763	-	-
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(1,541,202)	927,626	-	-
Other comprehensive income/(loss) for the financial year		(1,533,282)	952,389	-	-
Total comprehensive income/(loss) for the financial year		28,822,854	28,103,720	4,916,389	(437,132)

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Profit/(Loss) attributable to:					
Owners of the Company		26,573,687	24,754,772	4,916,389	(437,132)
Non-controlling interests		3,782,449	2,396,559	-	-
		30,356,136	27,151,331	4,916,389	(437,132)
Total comprehensive income/(loss) attributable to:					
Owners of the Company		24,526,293	25,525,767	4,916,389	(437,132)
Non-controlling interests		4,296,561	2,577,953	-	-
		28,822,854	28,103,720	4,916,389	(437,132)
Earnings per share (sen):					
- Basic	10	3.23	4.62		
- Diluted	10	3.15	4.56		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	268,548,025	87,988,500	-	-
Investment properties	12	14,500,000	14,500,000	-	-
Intangible assets	13	21,943,853	19,240,475	-	-
Deferred tax assets	14	173,366	144,346	-	-
Investment in subsidiaries	15	-	-	24,282,221	36,617,025
Investment in an associate	16	-	-	-	-
Trade and other receivables	18	19,790,180	31,361,016	296,294,452	-
		324,955,424	153,234,337	320,576,673	36,617,025
Current Assets					
Inventories	17	50,368,204	30,935,263	-	-
Trade and other receivables	18	292,229,344	174,554,499	7,814,335	93,831,226
Amount due from contract customers	19	13,870,168	16,087,695	-	-
Tax assets		1,681,328	304,546	-	-
Derivative financial assets	20	194,766	32,033	-	-
Other investments	21	226,236	40,549	-	-
Cash and short term deposits	22	129,284,395	163,821,686	1,623,890	134,023,840
		487,854,441	385,776,271	9,438,225	227,855,066
TOTAL ASSETS		812,809,865	539,010,608	330,014,898	264,472,091

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
EQUITY AND LIABILITIES					
Equity					
Share capital	23	87,146,546	79,224,136	87,146,546	79,224,136
Share premium	24	157,150,541	102,869,058	157,150,541	102,869,058
Foreign currency translation reserve	25	(1,587,433)	466,693	-	-
Revaluation reserve	26	4,405,361	4,504,400	-	-
Reverse acquisition reserve		(17,007,122)	(17,007,122)	-	-
Warrant reserve	27	84,136,031	84,136,031	84,136,031	84,136,031
Retained earnings/(Accummulated losses)		100,618,725	78,692,715	(2,125,820)	(2,288,761)
		414,862,649	332,885,911	326,307,298	263,940,464
Non-controlling interests		49,038,355	10,369,891	-	-
Total Equity		463,901,004	343,255,802	326,307,298	263,940,464
Liabilities					
Non-Current Liabilities					
Borrowings	28	65,214,022	41,030,347	-	-
Deferred tax liabilities	14	8,188,697	7,387,790	-	-
Trade payable	29	19,795,417	31,052,589	-	-
Post employment benefit liabilities	30	324,838	233,113	-	-
		93,522,974	79,703,839	-	-
Current Liabilities					
Amount due to contract customers	19	636,519	1,246,787	-	-
Trade and other payables	29	168,430,984	63,248,066	2,254,000	358,227
Borrowings	28	81,843,187	48,618,600	-	-
Tax liabilities		4,475,197	2,937,514	1,453,600	173,400
		255,385,887	116,050,967	3,707,600	531,627
Total Liabilities		348,908,861	195,754,806	3,707,600	531,627
TOTAL EQUITY AND LIABILITIES		812,809,865	539,010,608	330,014,898	264,472,091

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2016

		Attributable to owners of the Company									
			Non-distributable								
	Note	Share Capital	Share Premium	Foreign Currency Translation Reserve	Revaluation Reserve	Reverse Acquisition Reserve	Warrant Reserve	Distributable Retained Earnings	Sub-total	Non-Controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group											
As at 1 January 2015		52,816,091	84,187,096	(283,253)	5,245,160	(17,007,122)	-	53,840,632	178,798,604	8,246,250	187,044,854
Total comprehensive income for the financial year											
Profit for the financial year		-	-	-	-	-	-	24,754,772	24,754,772	2,396,559	27,151,331
Actuarial gain from employee benefits		-	-	-	-	-	-	21,049	21,049	3,714	24,763
Foreign currency translation reserve	25	-	-	749,946	-	-	-	-	749,946	177,680	927,626
Total comprehensive income		-	-	749,946	-	-	-	24,775,821	25,525,767	2,577,953	28,103,720

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2016

		Attributable to owners of the Company									
			Non-distributable								
	Note	Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Revaluation Reserve RM	Reverse Acquisition Reserve RM	Warrant Reserve RM	Distributable Retained Earnings RM	Sub-total RM	Non-Controlling Interests RM	Total Equity RM
Group											
Deferred tax relating to revaluation reserves		-	-	-	(664,498)	-	-	-	(664,498)	-	(664,498)
Realisation of revaluation reserve	26	-	-	-	(76,262)	-	-	76,262	-	-	-
Transactions with owners											
Issuance of shares by a subsidiary to non-controlling interest		-	-	-	-	-	-	-	-	1	1
Issuance of shares pursuant to rights issue with warrants	23	26,408,045	21,496,149	-	-	-	84,136,031	-	132,040,225	-	132,040,225
Arising from acquisition of a subsidiary		-	(1,227,272)	-	-	-	-	-	(1,227,272)	(454,313)	(1,681,585)
Share issuance expenses	24	-	(1,586,915)	-	-	-	-	-	(1,586,915)	-	(1,586,915)
Total transactions with owners		26,408,045	18,681,962	-	-	-	84,136,031	-	129,226,038	(454,312)	128,771,726
At 31 December 2015		79,224,136	102,869,058	466,693	4,504,400	(17,007,122)	84,136,031	78,692,715	332,885,911	10,369,891	343,255,802

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2016

		Attributable to owners of the Company									
			Non-distributable								
	Note	Share Capital	Share Premium	Foreign Currency Translation Reserve	Revaluation Reserve	Reverse Acquisition Reserve	Warrant Reserve	Distributable Retained Earnings	Sub-total	Non-Controlling Interests	Total Equity
		RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group											
As at 1 January 2016		79,224,136	102,869,058	466,693	4,504,400	(17,007,122)	84,136,031	78,692,715	332,885,911	10,369,891	343,255,802
Total comprehensive income for the financial year											
Profit for the financial year		-	-	-	-	-	-	26,573,687	26,573,687	3,782,449	30,356,136
Actuarial gain from employee benefits		-	-	-	-	-	-	6,732	6,732	1,188	7,920
Foreign currency translation reserve	25	-	-	(2,054,126)	-	-	-	-	(2,054,126)	512,924	(1,541,202)
Total comprehensive income		-	-	(2,054,126)	-	-	-	26,580,419	24,526,293	4,296,561	28,822,854

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2016

		Attributable to owners of the Company									
			Non-distributable								
	Note	Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Revaluation Reserve RM	Reverse Acquisition Reserve RM	Warrant Reserve RM	Distributable Retained Earnings RM	Sub-total RM	Non-Controlling Interests RM	Total Equity RM
Group											
Realisation of revaluation reserve	26	-	-	-	(99,039)	-	-	99,039	-	-	-
Transactions with owners											
Subscription of shares by non-controlling interests in subsidiaries		-	-	-	-	-	-	-	-	35,174,403	35,174,403
Issuance of shares pursuant to private placement	23	7,922,410	56,249,111	-	-	-	-	-	64,171,521	-	64,171,521
Dividends paid on shares	31	-	-	-	-	-	-	(4,753,448)	(4,753,448)	(802,500)	(5,555,948)
Share issuance expenses	24	-	(1,967,628)	-	-	-	-	-	(1,967,628)	-	(1,967,628)
Total transactions with owners		7,922,410	54,281,483	-	-	-	-	(4,753,448)	57,450,445	34,371,903	91,822,348
At 31 December 2016		87,146,546	157,150,541	(1,587,433)	4,405,361	(17,007,122)	84,136,031	100,618,725	414,862,649	49,038,355	463,901,004

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2016

		← Non-distributable →				
	Note	Share Capital RM	Share Premium RM	Warrant Reserve RM	Accumulated Losses RM	Total Equity RM
Company						
As at 1 January 2015		52,816,091	84,187,096	-	(1,851,629)	135,151,558
Total comprehensive loss for the financial year						
Loss for the financial year		-	-	-	(437,132)	(437,132)
Total comprehensive loss		-	-	-	(437,132)	(437,132)
Transactions with owners						
Issuance of shares pursuant to rights issue with warrants	23	26,408,045	21,496,149	84,136,031	-	132,040,225
Arising from acquisition of a subsidiary"		-	(1,227,272)	-	-	(1,227,272)
Share issuance expenses	24	-	(1,586,915)	-	-	(1,586,915)
Total transactions with owners		26,408,045	18,681,962	84,136,031	-	129,226,038
At 31 December 2015		79,224,136	102,869,058	84,136,031	(2,288,761)	263,940,464
Total comprehensive income for the financial year						
Profit for the financial year		-	-	-	4,916,389	4,916,389
Total comprehensive income		-	-	-	4,916,389	4,916,389
Transactions with owners						
Issuance of shares pursuant to private placement	23	7,922,410	56,249,111	-	-	64,171,521
Dividends paid on shares	31	-	-	-	(4,753,448)	(4,753,448)
Share issuance expenses	24	-	(1,967,628)	-	-	(1,967,628)
Total transactions with owners		7,922,410	54,281,483	-	(4,753,448)	57,450,445
At 31 December 2016		87,146,546	157,150,541	84,136,031	(2,125,820)	326,307,298

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2016

		Group		Company	
		2016	**2015**	**2016**	**2015**
	Note	**RM**	**RM**	**RM**	**RM**
Cash Flows from Operating Activities					
Profit/(Loss) before tax		41,698,966	37,332,505	6,531,077	(142,037)
Adjustments for:					
Amortisation of intangible assets	13	1,750,814	1,514,375	-	-
Depreciation of property, plant and equipment	11	11,718,755	6,837,368	-	-
Fair value gain on derivative assets		(162,733)	(32,033)	-	-
Fair value gain on investment properties	12	-	(4,691,478)	-	-
Impairment loss on other receivables	18	-	-	2,794,031	380,107
Interest expense		10,596,254	5,740,775	-	-
Income from short term cash investments		(2,050,427)	(295,392)	(2,014,769)	(236,978)
Interest income		(3,309,604)	(868,822)	(9,019,049)	(390,666)
Inventories written off	17	69	19,111	-	-
Net gain on disposal of property, plant and equipment		(155,752)	(128,006)	-	-
Net unrealised loss/(gain) on foreign exchange		3,181,982	561,383	(4,025)	-
Share of results of an associate	16	61,404	-	-	-
Property, plant and equipment written off	11	-	1	-	-
Provision for post employment benefits	30	78,166	78,487	-	-
Operating profit/(loss) before working capital changes		63,407,894	46,068,274	(1,712,735)	(389,574)
Amount due from contract customers		1,607,259	(4,915,045)	-	-
Inventories		(19,433,010)	(6,726,561)	-	-
Receivables		(92,685,783)	(106,784,229)	(10,588,854)	-
Payables		23,810,818	50,360,642	400,372	(496,190)
Cash used in operations		(23,292,822)	(21,996,919)	(11,901,217)	(885,764)
Interest received		3,309,604	868,822	9,019,049	390,666
Tax paid		(11,062,078)	(9,297,489)	(334,488)	(121,695)
Tax refunded		6,775	184,747	-	-
Net cash used in operating activities		(31,038,521)	(30,240,839)	(3,216,656)	(616,793)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Cash Flows from Investing Activities					
Additional investment in subsidiaries	15	-	-	(2,000,006)	(2,400,000)
Advances to subsidiaries		-	-	(188,129,946)	(40,522,829)
Advances to ultimate holding company		(17,982)	-	(17,982)	-
Advances to an associated company		(1,136,411)	-	-	-
Change in pledged deposits	22	(3,081,612)	(1,447,366)	-	-
Income from short term cash investments		2,050,427	295,392	2,014,769	236,978
Investment in an associate	16	(61,404)	-	-	-
Proceeds from disposal of property, plant and equipment		167,600	133,005	-	-
Purchase of property, plant and equipment	11	(127,414,445)	(22,569,513)	-	-
Net (decrease)/increase in other investments	21	(185,687)	412,978	-	-
Net cash used in investing activities		(129,679,514)	(23,175,504)	(188,133,165)	(42,685,851)
Cash Flows from Financing Activities					
Advances from subsidiaries		-	-	1,495,401	-
Advances from shareholder of a subsidiary		649,516	-	-	-
Interest paid		(10,596,254)	(5,740,775)	-	-
Net drawdown/(repayment) of short term borrowings		4,685,157	(1,303,753)	-	-
Net drawdown of long term borrowings		14,587,539	13,586,739		
Subscription of shares by non-controlling interests in subsidiaries		35,174,403	1	-	-
Proceeds from issuance of shares arising from:					
- private placement	23	64,171,521	-	64,171,521	-
- rights issue with warrants	23	-	132,040,225	-	132,040,225
Dividends paid to:	31				
- owners of the Company		(4,753,448)	-	(4,753,448)	-
- non-controlling interests		(802,500)	-	-	-
Share issuance expenses	24	(1,967,628)	(1,586,915)	(1,967,628)	(1,586,915)
Net cash from financing activities		101,148,306	136,995,522	58,945,846	130,453,310
Net (decrease)/increase in cash and cash equivalents		(59,569,729)	83,579,179	(132,403,975)	87,150,666
Cash and cash equivalents at the beginning of the financial year		149,805,421	65,067,892	134,023,840	46,873,174
Effect of exchange rate changes on cash and cash equivalents		(5,410,571)	1,158,350	4,025	-
Cash and cash equivalents at the end of the financial year	22	84,825,121	149,805,421	1,623,890	134,023,840

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. **CORPORATE INFORMATION**

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 15 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The registered office of the Company is located at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 18, Jalan Jurunilai U1/20, Sekysen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan.

The ultimate holding company of the Company is Aliran Armada Sdn. Bhd., a company incorporated and domiciled in Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 19 April 2017.

2. **BASIS OF PREPARATION**

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs

MFRS 5	Non-current Asset Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial Statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosure of Interest in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate financial statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 134	Interim Financial Reporting
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group's and the Company's existing accounting policies.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs, amendments/improvements to MFRSs and new IC Int that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRSs		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 4	Insurance Contracts	1 January 2018
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 12	Disclosure of Interests in Other Entities	1 January 2017
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018

A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. Due to the complexity of these new MFRSs, amendments/improvements to MFRSs and new IC Int, the financial effects of their adoption are currently still being assessed by the Group and the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

- MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (continued)

MFRS 9 Financial Instruments (continued)

Key requirements of MFRS 9:- (continued)

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

(i) identify the contracts with a customer;
(ii) identify the performance obligation in the contract;
(iii) determine the transaction price;
(iv) allocate the transaction price to the performance obligations in the contract; and
(v) recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (continued)

MFRS 15 Revenue from Contracts with Customers (continued)

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

MFRS 16 Leases

Currently under MFRS 117 Leases, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from the finance leases.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

Amendments to MFRS 107 Statement of Cash Flows

Amendments to MFRS 107 require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes. The disclosure requirement could be satisfied in various ways, and one method is by providing reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

Amendments to MFRS 112 Income Taxes

Amendments to MFRS 112 clarify that decreases in value of debt instrument measured at fair value for which the tax base remains at its original cost give rise to a deductible temporary difference. The estimate of probable future taxable profits may include recovery of some of an entity's assets for more that their carrying amounts if sufficient evidence exists that it is probable the entity will achieve this.

The amendments also clarify that deductible temporary differences should be compared with the entity's future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences when an entity evaluates whether it has sufficient future taxable profits. In addition, when an entity assesses whether taxable profits will be available, it should consider tax law restrictions with regards to the utilisation of the deduction.

Amendments to MFRS 140 Investment Property

Amendments to MFRS 140 clarify that to transfer to, or from, investment properties there must be evidence of a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition of investment property. A change in intention, in isolation, does not provide evidence of a change in use.

The amendments also clarify that the list of circumstances that evidence a change in use is not exhaustive.

2. BASIS OF PREPARATION (continued)

2.3 New MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") that have been issued, but yet to be effective (continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures (continued)

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosures of Interests in Other Entities and MFRS 128 Investments in Associates and Joint Ventures

These amendments address the following issues that have arisen in the application of the consolidation exception for investment entities:

- Exemption from presenting consolidated financial statements: the amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.
- Consolidation of intermediate investment entities: the amendments clarify that only a subsidiary is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.
- Policy choice for equity accounting for investments in associates and joint ventures: the amendments allow a non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

IC Int 22 Foreign Currency Transactions and Advance Consideration

IC Int 22 clarifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM, unless otherwise stated.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2. BASIS OF PREPARATION (continued)

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

A reverse acquisition occurs if the entity that issues securities (the legal acquirer) is identified as the acquiree for accounting purposes and the entity whose equity interests are acquired (legal acquiree) is the acquirer for accounting purposes.

The reverse acquisition reserve arises due to the elimination of the Company's investment in a subsidiary. Since the shareholders of the subsidiary became the majority shareholders of the enlarged group, the acquisition is accounted for as though there is a continuation of the legal subsidiary's financial statements. In reverse acquisition accounting, the business combination's costs are deemed to have been incurred by the legal subsidiary.

The accounting policy for goodwill is set out in Note 3.13.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non-controlling interests even if the losses exceed the non-controlling interests.

(c) Associates

Associates are entities over which the Group has significant influence, but not control, to the financial and operating policies.

Investment in associates are accounted for in the consolidated financial statements using the equity method.

Under the equity method, the investment in associates are initially recognised at cost. The cost of investment includes transaction costs. Subsequently, the carrying amount is adjusted to recognise changes in the Group's share of net assets of the associate.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of an available-for-sale financial asset or a held for trading financial asset. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries is measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.17(b).

3. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

(b) Translation of foreign operations

The assets and liabilities of foreign operations denominated in the functional currency different from the presentation currency, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at exchange rates prevailing at the reporting date. The income and expenses of foreign operations are translated at exchange rates at the dates of the transactions.

Exchange differences arising on the translation are recognised in other comprehensive income. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in foreign exchange translation reserves related to that foreign operation is reclassified to profit or loss. For a partial disposal not involving loss of control of a subsidiary that includes a foreign operation, the proportionate share of cumulative amount in foreign exchange translation reserve is reattributed to non-controlling interests. For partial disposals of associates or joint ventures that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount in foreign exchange translation reserve is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Revenue and other income

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's and the Company's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group and the Company base its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Revenue from telecommunication network services

Revenue is recognised upon services rendered and customer's acceptance.

(b) Revenue from renewable energy

Revenue is recognised when renewable energy is delivered to customer.

(c) Construction contracts

For a construction service contract with a customer, revenue is recognised in profit or loss progressively by reference to the stage of completion. The stage of completion is measured using the costs incurred for work performed to date bear to the estimated total costs (an input method). When the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

(d) Sales of power solutions and other goods

Revenue is recognised upon delivery of products and customer's acceptance.

(e) Interest income

Interest income is recognised on an accruals basis using the effective interest method.

(f) Lease of telecommunication towers or rental income

Lease or rental income is recognised over the lease term in accordance with the substance of the relevant agreements.

(g) Income from short term funds

Income from short term funds is recognised when the right to receive payment is established.

(h) Management fees income

Revenue is recognised when services are rendered.

3.5 Employee benefits

(a) Short term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non-monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Employee benefits (continued)

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

(c) Defined benefit plans

Subsidiary of the Company operates an unfunded defined benefit scheme. The subsidiary's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees would have earned in return for their service in the current and prior financial years, that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The discount rate is the market yield at the reporting date on high quality corporate bonds or government bonds.

The calculation is performed by an actuarist using the projected unit credit method. In the intervening years, the calculation may be updated by the actuarist based on approximations unless material changes in demographics or business processes have been identified that would cause doubt in the application of approximations, in which case detailed analysis would be necessary at the interim date.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return of plan assets (excluding amounts included in net interest on the net defined benefit liability) and the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in other comprehensive income. Remeasurements are not reclassified to profit or loss in subsequent periods.

The net interest is calculated by applying the discount to the net balance of the defined benefit obligation and fair value of plan assets, if any.

The Group recognises the following costs in profit or loss:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group incurs in connection with borrowing of funds.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The Group begins capitalising borrowing costs when the Group has incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Taxes

(a) Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

(i) Current tax

Current tax is the expected taxes payable or recoverable on the taxable income or loss for the financial year, using the tax rates that have been enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

(ii) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches, associates and interests in joint ventures, except where the Group is able to control the reversal timing of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.12, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Taxes (continued)

(a) Income tax (continued)

(ii) Deferred tax (continued)

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

Deferred tax assets and deferred tax liabilities are offset if there is legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but they intend to settle their income tax recoverable and income tax payable on a net basis or their tax assets and liabilities will be realised simultaneously.

(b) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST") except:

- where the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expenses item as applicable; and
- receivable and payables that are stated with the amount of GST included.

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

3.8 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contract provisions of the financial instrument.

Financial instruments are recognised initially at fair value, except for financial instruments not measured at fair value through profit or loss, they are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial instruments.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

<u>Financial assets at fair value through profit or loss</u>

Financial assets are classified as financial assets at fair value through profit or loss when the financial assets are either held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or are designated into this category upon initial recognition.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows: (continued)

(i) Financial assets (continued)

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at costs.

Loans and receivables

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

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(a). Gains and losses are recognised in profit or loss through the amortisation process.

Held-to-maturity investments

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

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less accumulated impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(a). Gains and losses are recognised in profit or loss through the amortisation process.

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(a) Subsequent measurement (continued)

(ii) Financial liabilities (continued)

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

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss through the amortisation process.

(b) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(c) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company themselves purchase or sell an asset). Trade date accounting refers to:

(i) the recognition of an asset to be received and the liability to pay for it on the trade date; and
(ii) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Financial instruments (continued)

(d) Derecognition (continued)

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

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

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment (other than freehold and leasehold land and buildings) are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

Cost of assets includes expenditures that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs in Note 3.6.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate items of property, plant and equipment.

Freehold and leasehold land and buildings are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on buildings and leasehold land and any accumulated impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold and leasehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost, net of tax.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property, plant and equipment (continued)

(b) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the part will flow to the Group or the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

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

All other property, plant and equipment are depreciated on the straight-line basis by allocating their depreciable amounts over their remaining useful lives. The principal depreciation rates are as follows:

Freehold building	2%
Leasehold land and building	2%
Furniture and fittings	10%
Computers and software equipment	33 1/3%
Office equipment	10% to 20%
Motor vehicles	12.5% to 20%
Renovation	10%
Engineering equipment	6.25% to 25%
Network facilities	4% to 5%
Plant and machinery	4% and 20%

The residual values, useful lives and depreciation methods are reviewed at the end of each reporting period and adjusted as appropriate.

(d) Derecognition

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

3.10 Capital work-in-progress

Capital work-in-progress is stated at cost less any accumulated impairment losses and includes borrowing cost incurred during the period of construction.

No depreciation is provided on capital work-in-progress and upon completion of construction, the cost will be transferred to property, plant and equipment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

(a) Lessee accounting

If an entity in the Group is a lessee in a finance lease, it capitalises the leased asset and recognises the related liability. The amount recognised at the inception date is the fair value of the underlying leased asset or, if lower, the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are charged as expenses in the periods in which they are incurred.

The capitalised leased asset is classified by nature as property, plant and equipment or investment property.

For operating leases, the Group does not capitalise the leased asset or recognise the related liability. Instead lease payments under an operating lease are recognised as an expense on the straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

(b) Lessor accounting

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statement of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

3.12 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Investment properties (continued)

An investment property is derecognised on their disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment.

3.13 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initially recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.17(b).

(b) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 8 years. Amortisation methods and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate.

3.14 Construction work-in-progress

Construction work-in-progress represents the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognised to date less progress billing and recognised losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

Construction work-in-progress is presented as part of contract assets as amount owing by contract customers in the statements of financial position for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as amount owing to contract customers which is part of the contract liabilities in the statements of financial position.

3.15 Inventories

Inventories are measured at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Consumables and trading goods: the actual costs of purchase and incidentals in bringing the inventories into store. These costs are assigned on a weighted average cost basis.
- Work-in-progress of services: the labour and other costs of personnel directly engaged in providing the services, including supervisory personnel and attributable overheads.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Inventories (continued)

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

3.16 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits and other short-term, highly liquid investments with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.17 Impairment of assets

(a) Impairment and uncollectibility of financial assets

At each reporting date, all financial assets (except for financial assets categorised as fair value through profit or loss and investment in subsidiaries, associates and joint ventures) are assessed whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables and held-to-maturity investments

The Group and the Company first assess whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If there is no objective evidence for impairment exists for an individually assessed financial asset, whether significant or not, the Group and the Company include the financial asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment. Financial assets that are individually assessed for impairment for which an impairment loss is or continues to be recognised are not included in the collective assessment of impairment.

The amount of impairment loss is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced through the use of an allowance account and the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting an allowance account to the extent that the carrying amount of the financial asset does not exceed what the amortised cost would have been had the impairment not been recognised.

Loan together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group and the Company. If a write-off is later recovered, the recovery is credited to the profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Impairment of assets (continued)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, amount due from contract customers, deferred tax assets and investment properties measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill and intangible assets that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of non-financial assets or cash-generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.18 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Provisions

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

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

3.20 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.21 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.22 Contingencies

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

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Determining the functional currency

Some subsidiaries of the Group operate in overseas jurisdictions but conduct sales, purchases and other transactions in multiple currencies. Judgement is applied in determining the functional currency wherever the indications are mixed. The Group uses, in a hierarchy, sale indicators as the primary basis, followed by purchase and operating expense indicators, and in the event that those indicators are not conclusive, the currency in which borrowings and other funds are raised for financing the operations.

(b) Depreciation and useful lives of property, plant and equipment

As disclosed in Note 3.9, the Group reviews the residual values, depreciation rates and depreciation methods at the end of each reporting period. Estimates are applied in the selection of the depreciation method, the useful lives and the residual values. The actual consumption of the economic benefits of the property, plant and equipment may differ from the estimates applied and therefore, future depreciation charges could be revised.

The Group anticipates that the residual value of its property, plant and equipment will be insignificant. As a result, residual value is not being taken into consideration for the computation of the depreciable amount.

The carrying amounts of the Group's property, plant and equipment are disclosed in Note 11.

(c) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statements of financial position cannot be measured based on quoted prices in active markets, their fair value are measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 37(b).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(d) Impairment of goodwill

The Group assesses at each reporting date whether there is any indication that goodwill may be impaired. For the purpose of assessing impairment, assets (including goodwill) are grouped at the lowest level where there are separately identifiable cash flows (cash-generating units). In determining the value-in-use of a cash-generating unit, the directors estimate the discounted cash flows using reasonable and supportable inputs about sales, costs of sales and other expenses based on past experience, current events and reasonably possible future developments. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value in use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amount of the Group's goodwill and key assumptions used to determine the recoverable amount for different cash-generating units, including sensitivity analysis, are disclosed in Note 13.

(e) Impairment of trade and other receivables

The Group and the Company recognise impairment losses for trade and other receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that trade and other receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. Impairment is applied to receivables where events or changes in circumstances indicate that the carrying amounts may not be recoverable. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's trade and other receivables are disclosed in Note 18.

(f) Measurement of income taxes

The Group and the Company operate in various jurisdictions and are subject to income taxes in each jurisdiction. Significant judgement is required in determining the Group's and the Company's estimation for current and deferred taxes because the ultimate tax liability for the Group as a whole is uncertain. When the final outcome of the tax payable is determined with the tax authorities in each jurisdiction, the amounts might be different from the initial estimates of the taxes payables. Such differences may impact the current and deferred taxes in the period when such determination is made. The Group and the Company will make adjustments for current or deferred taxes in respect of prior years in the current period on those differences arise. The tax expense of the Group and the Company are disclosed in Note 9.

(g) Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances based on the projected future profits of the subsidiaries to the extent that is probable that taxable profit will be available against which the temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the future performance of the subsidiaries. The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 14.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(h) Defined benefit liabilities

The Group has unfunded defined benefit plans for eligible directors. The measurement of the present value of defined benefit obligations is based on a number of assumptions and factors that are determined on an actuarial basis. The assumptions used in the measurement of the defined benefit costs and the related liabilities or assets include projected salaries, inflation, interest cost and an appropriate discount rate using yields of high qualify corporate bonds. Any changes in these assumptions will have an impact on the carrying amount of the defined benefit obligations. The carrying amount of the Group's post employment benefit liabilities and the details of these actuarial assumptions and the sensitivity of the changes in key assumptions are disclosed Note 30.

(i) Write-down of obsolete or slow moving inventories

The Group write down its obsolete or slow moving inventories based on assessment of its estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's and the Company's inventories are disclosed in Note 17.

(j) Amortisation and useful lives of intangible assets

The Group estimates the useful lives to amortise intangible assets based on the future performance of the assets acquired and management's judgement of the period over which economic benefits will be derived from the assets. The estimated useful lives of other intangible assets are reviewed periodically, taking into consideration factors such as changes in technology. The amount and timing of recorded expenses for any period would be affected by changes in the estimates. A reduction in the estimated useful lives of the intangible assets would increase the recorded expenses and decrease the non-current assets.

The cost of intangible asset is amortised on a straight line basis over the assets' useful lives. Directors estimate the useful lives of these intangible assets to be 8 years. The amortisation period and the amortisation method for customer contracts and related customer relationship are reviewed at least at each reporting date. Therefore, future amortisation charges could be revised.

The carrying amount of the other intangible assets are disclosed Note 13.

(k) Impairment of non-financial assets

The Group assesses impairment of non-financial assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost of disposal for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates, taking into consideration factors such as historical and industry trends, general market and economic conditions and other available information. Cash flows that are projected based on those inputs or assumptions and the discount rate applied in the measurement of value-in-use may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

(l) Valuation of investment properties

Significant judgements are involved in the measurement of the fair value for investment properties performed by independent valuer is determined with reference to current prices in an active market for similar properties in the same location and condition and subject to similar lease and other contracts.

(m) Construction contracts

Significant judgement is used in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue (for contracts other than fixed price contracts) and costs, as well as the recoverability of the contracts. Total contract revenue also includes an estimation of the work that are recoverable from the customers. In making judgements, the Group evaluates based on the past experience and work of specialists.

The carrying amounts of amount owing by contact customers and amount owing to contract customers are disclosed in Note 19.

5. REVENUE

	Group	
	2016	**2015**
	RM	**RM**
Telecommunication network services	318,777,822	254,448,843
Lease income of telecommunication towers	15,855,836	3,883,499
Green energy and power solutions	37,279,291	32,249,219
Sales of goods	8,774,218	10,150,223
M&E engineering services	20,825,763	15,171,153
	401,512,930	315,902,937

6. COST OF SALES

	Group	
	2016	2015
	RM	RM
Telecommunication network services	246,196,338	198,663,720
Lease of telecommunication towers	10,967,770	1,850,133
Green energy and power solutions	29,372,178	27,738,274
Sales of goods	6,792,915	6,183,331
M&E engineering services	20,504,553	12,257,139
	313,833,804	246,692,597

7. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Bank overdrafts	1,121,727	201,298	-	-
Finance lease payables	1,277,432	907,076	-	-
Revolving project loan	2,279,347	2,628,289	-	-
Term loans - secured	3,288,755	1,877,682	-	-
Trade financing	278,081	126,430	-	-
Unwinding of discount on payables	2,350,912	-	-	-
Interest on inter company loans	-	-	22,341	-
	10,596,254	5,740,775	22,341	-

8. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Amortisation of intangible assets	1,750,814	1,514,375	-	-
Auditors' remuneration:				
- statutory audit				
- current year	406,997	317,212	60,000	50,000
- under-provision in prior year	5,826	13,000	-	13,000
- non-statutory audit				
- current year	10,000	10,000	10,000	10,000
- under-provision in prior year	-	-	-	-
Depreciation of property, plant and equipment	11,718,755	6,837,368	-	-
Directors' remuneration (Note (a))	4,335,591	3,753,586	1,756,073	1,592,228
Employee benefit expenses (Note (b))	87,432,483	56,561,030	1,841,946	1,177,030
Fair value gain on derivative assets	(162,733)	(32,033)	-	-
Fair value gain on investment properties	-	(4,691,478)	-	-
Impairment loss on other receivables	-	-	2,794,031	380,107
Income from short term cash investments	(2,050,427)	(295,392)	(2,014,769)	(236,978)
Interest income	(3,309,604)	(868,822)	(9,019,049)	(390,666)
Inventories written off	69	19,111	-	-
Net gain on disposal of property, plant and equipment	(155,752)	(128,006)	-	-
Net (gain)/loss on foreign exchange:				
- realised	(7,482,749)	411,802	268,810	-
- unrealised	3,181,982	561,383	(4,025)	-
Property, plant and equipment written off	-	1	-	-
Provision for post employment benefits	78,166	78,487	-	-
Rental expenses:				
- equipment	120,526	92,856	-	-
- premises	1,968,222	1,287,726	-	-
- sites	5,583,716	1,392,141	-	-
- vehicles	5,478,310	4,038,055	-	-
- warehouse	999,213	838,559	-	-
Rental income from premises	(851,582)	(863,164)	(63,600)	(60,200)

8. PROFIT/(LOSS) BEFORE TAX (continued)

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit/(loss) before tax: (continued)

(a) The aggregate amount of emoluments received and receivable by the directors of the Group and the Company during the financial year are as follows:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Executive Directors:				
- fees	24,000	24,000	-	-
- salaries, allowances and bonuses	3,762,340	3,207,433	1,379,900	1,239,095
- other emoluments	381,751	356,353	208,673	187,333
Total executive directors' remuneration	4,168,091	3,587,786	1,588,573	1,426,428
Non-executive Directors:				
- fees	144,000	144,800	144,000	144,800
- allowances	23,500	21,000	23,500	21,000
Total non-executive directors' remuneration	167,500	165,800	167,500	165,800
Total directors' remuneration	4,335,591	3,753,586	1,756,073	1,592,228

The estimated monetary value of benefit-in-kind received by executive and non-executive directors otherwise than in cash from the Group and the Company amounted to RM397,797 (2015: RM298,706) and RM96,338 (2015: RM97,350) respectively.

(b) Employee benefit expenses are:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries, allowances and bonuses	81,913,325	52,676,288	1,643,208	1,015,098
Contributions to defined contribution plans and Socso	5,104,525	3,488,059	198,738	161,932
Other benefits	414,633	396,683	-	-
	87,432,483	56,561,030	1,841,946	1,177,030

9. TAX EXPENSE

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Current income tax:				
- Current financial year	11,176,450	8,652,885	1,584,100	173,400
- (Over)/Under provision in prior financial year	(47,513)	820,407	30,588	121,695
	11,128,937	9,473,292	1,614,688	295,095
Deferred tax (Note 14):				
- Origination of temporary differences	812,753	864,369	-	-
- Over provision in prior financial year	(598,860)	(156,487)	-	-
	213,893	707,882	-	-
	11,342,830	10,181,174	1,614,688	295,095

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

9. TAX EXPENSE (continued)

The reconciliations from the tax amount at statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax	41,698,966	37,332,505	6,531,077	(142,037)
Tax at Malaysian statutory income tax rate of 24% (2015: 25%)	10,007,752	9,333,126	1,567,500	(35,500)
Tax effects arising from:				
- non-deductible expenses	2,860,502	1,683,578	773,367	208,900
- non-taxable income	(915,911)	(1,842,616)	(756,767)	-
Effect of different tax rates in foreign jurisdictions	115,601	(116,550)	-	-
Deferred tax recognised at different tax rates	-	(49,341)	-	-
Deferred tax assets not recognised during the financial year	110,890	536,945	-	-
Utilisation of previously unrecognised deferred tax assets	(189,631)	(27,888)	-	-
Under/(Over) provision in prior financial year:				
- income tax	(47,513)	820,407	30,588	121,695
- deferred tax	(598,860)	(156,487)	-	-
Tax expense	11,342,830	10,181,174	1,614,688	295,095

The Group has estimated unutilised tax losses and unabsorbed capital allowances of RM1,376,767 (2015: RM1,730,339) and RM37,724 (2015: RM106,126) respectively, available to be carried forward to set-off against future taxable profits.

During the financial year, the Group utilised its brought forward unutilised tax losses and unabsorbed capital allowance to set off against its chargeable income resulting in a tax saving of RM189,631 (2015: RM27,888).

10. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year, calculated as follows:

	Group	
	2016	**2015**
	RM	**RM**
Profit attributable to owners of the Company	26,573,687	24,754,772
Weighted average number of ordinary shares for basic earnings per share	821,977,527	535,395,989
Basic earnings per ordinary share (sen)	3.23	4.62

Diluted earnings per ordinary share

Diluted earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	Group	
	2016	**2015**
	RM	**RM**
Profit attributable to owners of the Company	26,573,687	24,754,772
Weighted average number of ordinary shares for basic earnings per share	821,977,527	535,395,989
Effect of dilution from warrants conversion	20,577,697	7,235,081
Weighted average number of ordinary shares for diluted earnings per share	842,555,224	542,631,070
Diluted earnings per ordinary share (sen)	3.15	4.56

Subsequent to the end of the financial year, the Company issued 7,500 new ordinary shares pursuant to the conversion of warrants. Other than as stated above, there have been no transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building	Leasehold land and building	Furniture and fittings	Computer and software equipment	Office equipment	Motor vehicles	Renovation	Engineering equipment	Network facilities	Plant and machinery	Capital work-in-progress	Total
	At Valuation		At Cost									
Cost / Valuation	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1.1.2015	14,356,188	4,160,000	496,003	2,596,097	920,968	5,668,644	3,943,267	5,940,929	10,299,637	23,315,726	3,254,851	74,952,310
Additions	-	-	210,620	1,115,018	24,915	1,943,098	2,550,909	2,674,050	-	12,362,485	9,071,309	29,952,404
Disposals	-	-	(35,096)	-	-	(394,000)	-	-	-	-	-	(429,096)
Reclassifications	-	-	-	-	-	-	-	5,836,314	-	-	(5,836,314)	-
Written off	-	-	-	-	-	(48,128)	-	-	-	-	-	(48,128)
Transfer to inventories (Note 17)	-	-	-	-	-	-	-	(201,192)	-	-	-	(201,192)
Translation differences	-	-	3,932	46,816	17,478	83,761	-	278,772	-	-	-	430,759
At 31.12.2015	14,356,188	4,160,000	675,459	3,757,931	963,361	7,253,375	6,494,176	14,528,873	10,299,637	35,678,211	6,489,846	104,657,057
Additions	-	-	1,659	1,199,596	81,545	937,493	79,932	6,342,210	-	10,692,800	172,835,288	192,170,523
Disposals	-	-	-	-	-	(797,129)	-	-	-	-	-	(797,129)
Reclassifications	-	-	-	-	-	-	-	-	164,055,096	-	(164,055,096)	-
Translation differences	-	-	438	(21,710)	14,736	54,939	-	272,572	-	-	(50,100)	270,875
At 31.12.2016	14,356,188	4,160,000	677,556	4,935,817	1,059,642	7,448,678	6,574,108	21,143,655	174,354,733	46,371,011	15,219,938	296,301,326

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land and building	Leasehold land and building	Furniture and fittings	Computer and software equipment	Office equipment	Motor vehicles	Renovation	Engineering equipment	Network facilities	Plant and machinery	Capital work-in-progress	Total
	At Valuation		At Cost									
Accumulated Depreciation	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1.1.2015	-	27,863	319,060	1,581,296	588,546	2,722,686	184,810	2,466,028	617,618	1,696,205	-	10,204,112
Charge for the financial year	104,762	56,840	45,542	649,065	92,407	1,073,158	558,304	1,471,376	506,697	2,279,217	-	6,837,368
Disposals	-	-	(30,099)	-	-	(393,998)	-	-	-	-	-	(424,097)
Written off	-	-	-	-	-	(48,127)	-	-	-	-	-	(48,127)
Transfer to inventories (Note 17)	-	-	-	-	-	-	-	(80,477)	-	-	-	(80,477)
Translation differences	-	-	2,615	38,409	13,942	24,393	-	100,419	-	-	-	179,778
At 31.12.2015	104,762	84,703	337,118	2,268,770	694,895	3,378,112	743,114	3,957,346	1,124,315	3,975,422	-	16,668,557
Charge for the financial year	100,298	54,001	47,792	932,377	91,551	1,205,472	653,218	3,069,224	3,023,563	2,541,259	-	11,718,755
Disposals	-	-	-	-	-	(785,281)	-	-	-	-	-	(785,281)
Translation differences	-	-	201	(906)	11,881	23,986	-	147,254	(31,146)	-	-	151,270
At 31.12.2016	205,060	138,704	385,111	3,200,241	798,327	3,822,289	1,396,332	7,173,824	4,116,732	6,516,681	-	27,753,301
Net Carrying Amount												
At 31.12.2015	14,251,426	4,075,297	338,341	1,489,161	268,466	3,875,263	5,751,062	10,571,527	9,175,322	31,702,789	6,489,846	87,988,500
At 31.12.2016	14,151,128	4,021,296	292,445	1,735,576	261,315	3,626,389	5,177,776	13,969,831	170,238,001	39,854,330	15,219,938	268,548,025

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) The carrying amount of property, plant and equipment of the Group held under finance lease arrangements as at end of the financial year are as follows:

	Group	
	2016	**2015**
	RM	**RM**
Motor vehicles	3,518,477	3,781,990
Network facilities	6,985,918	2,487,523
Plant and machinery	18,325,628	12,908,094
	28,830,023	19,177,607

(b) Included in leasehold land and building is a leasehold land with net carrying amount of RM1,211,799 (2015: RM1,227,866) which was held in trust by a director of the Group.

(c) Leasehold land has remaining unexpired lease period of more than 50 years.

(d) The carrying amount of property, plant and equipment of the Group pledged to the licensed banks for credit facilities granted to subsidiaries are as follows (Note 28):

	Group	
	2016	**2015**
	RM	**RM**
Freehold land and building	14,151,128	14,251,426
Leasehold land and building	4,021,296	4,075,297
Plant and machinery	8,967,807	9,378,603
	27,140,231	27,705,326

(e) In year 2014, freehold and leasehold land and buildings of the Group was revalued by an accredited independent valuer. The valuations are based on the comparison and open market value method that makes reference to comparable properties that were transacted within reasonable time frame, close proximity and similar nature of properties.

(f) If the freehold and leasehold land and buildings were measured using the cost model, the carrying amount would be as follows:

	Group	
	2016	**2015**
	RM	**RM**
Freehold land and building		
Cost	14,300,000	14,300,000
Accumulated depreciation	(421,494)	(322,319)
Net carrying amount	13,878,506	13,977,681

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(f) If the freehold and leasehold land and buildings were measured using the cost model, the carrying amount would be as follows: (continued)

	Group	
	2016	**2015**
	RM	**RM**
Leasehold land and building		
Cost	2,805,160	2,805,160
Accumulated depreciation	(193,918)	(152,871)
Net carrying amount	2,611,242	2,652,289

(g) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM192,170,523 (2015: RM29,952,404) which are satisfied by the following:

	Group	
	2016	**2015**
	RM	**RM**
Finance lease arrangements	6,867,003	7,382,891
Cash payments	127,414,445	22,569,513
Advances to sub-contractors	(11,969,670)	-
Other payables and accruals	69,858,745	-
	192,170,523	29,952,404

(h) Fair value information

The fair value of the land and buildings is categorised as Level 2. There is no transfer between Level 1 and Level 2 fair values during the financial year.

12. INVESTMENT PROPERTIES

Group	**Freehold land and building RM**	**Leasehold land and building RM**	**Total RM**
At fair value:			
At 1 January 2015	7,840,000	1,968,522	9,808,522
Fair value gain	4,160,000	531,478	4,691,478
At 31 December 2015	12,000,000	2,500,000	14,500,000
Fair value gain	-	-	-
At 31 December 2016	12,000,000	2,500,000	14,500,000

12. INVESTMENT PROPERTIES (continued)

(a) Investment properties of the Group with an aggregate carrying amount of RM14,500,000 (2015: RM14,500,000) are pledged to the licensed banks for credit facilities granted to the subsidiaries (Note 28).

(b) Leasehold land has remaining unexpired lease period of more than 50 years.

(c) The following are recognised in profit or loss in respect of investment properties:

	Group	
	2016	**2015**
	RM	**RM**
Rental income	744,482	729,614
Direct operating expenses	(41,973)	(43,420)

(d) Fair value information

Fair value of investment properties are categorised as follows:

		Group		
	Level 1	**Level 2**	**Level 3**	**Total**
	RM	**RM**	**RM**	**RM**
2016				
Freehold land and building	-	12,000,000	-	12,000,000
Leasehold land and building	-	2,500,000	-	2,500,000
	-	14,500,000	-	14,500,000
2015				
Freehold land and building	-	12,000,000	-	12,000,000
Leasehold land and building	-	2,500,000	-	2,500,000
	-	14,500,000	-	14,500,000

The valuation of investment properties as at 31 December 2016 and 31 December 2015 has been revalued by an accredited independent valuer. The valuations are based on the comparison and open market value method that makes reference to comparable properties that were transacted within reasonable time frame, close proximity and similar nature of properties.

There are no Level 1 and Level 3 investment properties or transfer between Level 1 and Level 2 during the financial year ended 31 December 2016 or 31 December 2015.

Level 2 fair value

Level 2 fair values of land and buildings have been derived using the sales comparison approach. Sales prices of comparable land and buildings in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable land and buildings.

13. INTANGIBLE ASSETS

Group	Goodwill RM	Other intangible assets RM	Total RM
Cost			
At 1 January 2015	7,797,476	12,115,000	19,912,476
Remeasurement of purchase price allocation	1,347,166	-	1,347,166
At 31 December 2015	9,144,642	12,115,000	21,259,642
Translation differences	2,176,109	2,882,321	5,058,430
At 31 December 2016	11,320,751	14,997,321	26,318,072
Accumulated Amortisation			
At 1 January 2015	-	504,792	504,792
Charge for the financial year	-	1,514,375	1,514,375
At 31 December 2015	-	2,019,167	2,019,167
Charge for the financial year	-	1,750,814	1,750,814
Translation differences	-	604,238	604,238
At 31 December 2016	-	4,374,219	4,374,219
Net Carrying Amount			
At 31 December 2015	9,144,642	10,095,833	19,240,475
At 31 December 2016	11,320,751	10,623,102	21,943,853

(a) Goodwill

Goodwill arising from business combination has been allocated to the Group's CGU's identified according to the following segment:

	Group 2016 RM	Group 2015 RM
Telecommunication Network Services	11,320,751	9,144,642

For the purpose of impairment testing, goodwill is allocated to the operating division of the Group which represents the lowest level within the Group at which goodwill is monitored for internal management purposes.

13. INTANGIBLE ASSETS (continued)

(a) Goodwill (continued)

Key assumptions used in value-in-use calculations

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on its value-in-use. Value-in-use is determined by discounting the future cash flows based on financial budgets approved by the directors covering a five-year period and extrapolated cash flows beyond the five-year period. The key assumptions used for value-in-use calculations are:

	Group	
	2016	**2015**
Average gross profit margin	24%	27%
Average revenue growth rate	16%	18%
Pre-tax discount rate	13%	12%

The calculations of value-in-use for the CGU are most sensitive to the following assumptions:

(i) Average gross profit margin

Average gross profit margin is the forecasted margin as a percentage of revenue over the five-year projection period.

(ii) Average revenue growth rate

Average revenue growth rate is based on assessment of the impact of aggressive marketing and sales activities to be carried out as well as the historical growth rate for the CGU.

(iii) Pre-tax discount rate

Discount rate is based on the estimated industry weighted average cost of capital that reflects the industry assessment of the risks.

Sensitivity to change in assumptions

With regard to the assessment of value-in-use calculation, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value to materially exceed its recoverable amount.

(b) Other intangible assets

Other intangible assets represent customer contracts and related customer relationship related to contracts secured from 4 major customers of a subsidiary, PT Putra Mulia Telecommunication ("PMT') prior to the acquisition date and post-acquisition date based on a valuation performed by professional valuer in prior financial year.

An amortisation amounting to RM1,750,814 (2015: RM1,514,375) relating to the customer contracts and related customer relationship has been recognised during the financial year based on estimated useful life of 8 years.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2016	**2015**
	RM	**RM**
Deferred tax assets/(liabilities)		
At beginning of the financial year	(7,243,444)	(2,855,750)
Deferred tax relating to intangible assets	-	(3,028,750)
Recognised in profit or loss (Note 9)	(213,893)	(707,882)
Deferred tax relating to revaluation reserves	-	(664,498)
Translation differences	(557,994)	13,436
At end of the financial year	(8,015,331)	(7,243,444)

(a) Presented after appropriate off-setting as follows:

	Group	
	2016	**2015**
	RM	**RM**
Deferred tax assets	173,366	144,346
Deferred tax liabilities	(8,188,697)	(7,387,790)
	(8,015,331)	(7,243,444)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows:

	Group	
	2016	**2015**
	RM	**RM**
Deferred tax assets		
Post employment benefits	173,366	144,346

14. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

(b) The components of deferred tax assets/(liabilities) prior to offsetting are as follows: (continued)

	Group	
	2016	**2015**
	RM	**RM**
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(5,192,110)	(4,478,758)
Deductible temporary differences in respect of expenses	-	3,294
Fair value gain arising from investment properties	(340,870)	(340,870)
Deferred tax relating to intangible assets	(2,655,717)	(2,523,958)
Taxable temporary differences in respect of income	-	(47,498)
	(8,188,697)	(7,387,790)

(c) The estimated amount of temporary differences for which no deferred tax assets are recognised in the financial statements are as follows:

	Group	
	2016	**2015**
	RM	**RM**
Unrealised loss on foreign exchange	93,737	-
Unabsorbed capital allowances	37,724	106,126
Unutilised tax losses	1,376,767	1,730,193
	1,508,228	1,836,319

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	**2015**
	RM	**RM**
Unquoted shares, at cost		
At beginning of the financial year	22,282,215	19,882,215
Additions	2,000,006	2,400,000
	24,282,221	22,282,215
Amount owing from a subsidiary	-	14,334,810
At end of the financial year	24,282,221	36,617,025

15. INVESTMENT IN SUBSIDIARIES (continued)

Amount owing from a subsidiary is part of net investments which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat these amounts as long-term source of capital to the subsidiary. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment loss, if any.

The details of the subsidiaries are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2016	2015	Principal Activities
Direct subsidiaries:				
Milab Marketing Sdn. Bhd.	Malaysia	100%	100%	Provision of renewable energy and power solutions.
OCK International Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
OCK Setia Engineering Sdn. Bhd.	Malaysia	100%	100%	Provision of turnkey telecommunications network services.
OCK Ventures Sdn. Bhd. ~	Malaysia	100%	100%	Investment holding and general trading.
OCK SEA Towers Pte. Ltd. #	Singapore	100%	-	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
PMT Asia Sdn. Bhd. ~@	Malaysia	100%	-	Investment holding.
Subsidiaries of OCK International Sdn. Bhd.				
Fuzhou 1-Net Solution Co. Ltd. *	The People's Republic of China	51%	51%	Provision of various telecommunications network services.
OCK Phnom Penh Pte. Ltd.	The Kingdom of Cambodia	100%	100%	Provision of consultants, deployment advisory and services relating to telecommunication network services.
OCK Telco Infra Pte. Ltd. ^ ~	Singapore	100%	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
PT Putra Mulia Telecommunication * β	The Republic of Indonesia	85%	85%	Provision of telecommunication solution services.
OCK Tower Infra Sdn. Bhd. ~	Malaysia	100%	-	Investment holding.

15. INVESTMENT IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows: (continued)

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2016	Proportion Equity Interest 2015	Principal Activities
Subsidiaries of OCK International Sdn. Bhd. (continued)				
Well Synergy Resources Pte. Ltd. ^ ~	Myanmar	100%	-	Provision of engineering services, rental business, market research and management services.
Subsidiary of OCK Telco Infra Pte. Ltd.				
MIN-OCK Infrastructure Pte. Ltd. ^ ~	Singapore	100%	70%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of OCK Tower Infra Sdn. Bhd.				
OCK Telco Infra Sdn. Bhd. ~	Malaysia	70%	-	Provision of civil, structural, electrical and mechanical engineering, telecommunication and industrial control equipment, telecommunication network services.
Subsidiaries of OCK Setia Engineering Sdn. Bhd.				
Delicom Sdn. Bhd.	Malaysia	100%	100%	Provision of telecommunications network services focusing on network deployment services.
Dynasynergy Services Sdn. Bhd.	Malaysia	51%	51%	Provision of operations, engineering and maintenance services in telecommunications sector and other sectors.
EI Power Technologies Sdn. Bhd.	Malaysia	52%	52%	Provision of green energy and power solutions.
Fortress Pte. Ltd. ^	Singapore	100%	100%	Distribution and installation of network security products and solutions for enterprise customers and provision of technical support.

15. INVESTMENT IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows: (continued)

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2016	Proportion Equity Interest 2015	Principal Activities
Subsidiaries of OCK Setia Engineering Sdn. Bhd. (continued)				
Firatel Sdn. Bhd.	Malaysia	61%	61%	Trading of telecommunications network equipment and materials.
OCK M&E Sdn. Bhd.	Malaysia	100%	100%	Provision of mechanical and electrical engineering services.
OCK Yangon Pte. Ltd. *	Myanmar	100%	100%	Provision of consultants, deployment advisory and services relating to telecommunication network services, tower facilities and leasing of telecommunication towers.
Steadcom Sdn. Bhd.	Malaysia	51%	51%	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation.
Subsidiary of Fortress Pte. Ltd.				
Fortress Distribution Sdn. Bhd. ~	Malaysia	100%	100%	Distribution and installation of network security products and solutions for enterprise customers and provision of technical support.
Subsidiaries of OCK Ventures Sdn. Bhd.				
OCK Industries Sdn. Bhd. ~	Malaysia	65%	65%	Provision of engineering services and general trading.
Massive Connection Sdn. Bhd.	Malaysia	100%	100%	Provision of information technology services.

15. INVESTMENT IN SUBSIDIARIES (continued)

The details of the subsidiaries are as follows: (continued)

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2016	2015	Principal Activities
Subsidiaries of OCK SEA Towers Pte. Ltd.				
OCK Myanmar Towers Pte. Ltd. # ~	Singapore	100%	-	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
OCK Vietnam Towers Pte. Ltd. # ~	Singapore	60%	-	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of OCK Vietnam Towers Pte. Ltd.				
OCK Vietnam Towers (Labuan) Ltd. ~ @	Federal Territory of Labuan	100%	-	Investment holding.

* Audited by other auditors other than Baker Tilly Monteiro Heng.
# Audited by an independent member firm of Baker Tilly International.
^ Consolidated using management financial statements, auditors' report is not available.
ß Shares pledged to a bank for term loan facility granted to a subsidiary (Note 28).
~ Yet to commence operation.
@ Newly incorporated during the financial year and as such, no statutory requirement for the financial statements to be audited at financial year end.

(a) Acquisition/Incorporation of subsidiaries

2016

OCK Tower Infra Sdn. Bhd.
On 21 January 2016, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT") had acquired a 100% owned subsidiary, namely OCK Tower Infra Sdn. Bhd. ("OCKTI"), a company incorporated in Malaysia with an issued and paid-up capital of RM2. The principal activity of OCKTI is investment holding.

OCK Telco Infra Sdn. Bhd.
On 21 January 2016, the Company's wholly-owned indirect-subsidiary, OCKTI had acquired a 100% owned subsidiary, namely OCK Telco Infra Sdn. Bhd. ("OCKTelco"), a company incorporated in Malaysia with an issued and paid-up capital of RM2. The intended principal activity of OCKTelco is provision of civil, structural, electrical and mechanical engineering, telecommunication and industrial control equipment, telecommunication network services.

On 21 January 2016, the share capital of OCKTelco had increased from RM2 to RM1,000,000 via allotment of 999,998 new ordinary shares of RM1 each. On 5 February 2016, OCKTI had transferred 300,000 ordinary shares in OCKTelco to Hussin Bin Abu Bakar. Consequently, OCKTelco became 70% owned subsidiary of OCKTI.

15. INVESTMENT IN SUBSIDIARIES (continued)

(a) Acquisition/Incorporation of subsidiaries (continued)

<u>2016</u> (continued)

<u>OCK SEA Towers Pte. Ltd.</u>
On 7 June 2016, the Company had incorporated a 100% owned subsidiary, namely OCK SEA Towers Pte. Ltd. ("OST"), a company incorporated in Singapore with an issued and paid-up capital of SGD1. The intended principal activity of OST is provision of tower facilities, utilities and communication network for mobile and broadband operators.

<u>OCK Myanmar Towers Pte. Ltd.</u>
On 15 June 2016, the Company's wholly-owned subsidiary, OST had incorporated a 100% owned subsidiary, namely OCK Myanmar Towers Pte. Ltd. ("OMT"), a company incorporated in Singapore with an issued and paid-up capital of SGD1. The intended principal activity of OST is provision of tower facilities, utilities and communication network for mobile and broadband operators.

<u>OCK Vietnam Towers Pte. Ltd.</u>
On 15 June 2016, the Company's wholly-owned subsidiary, OST had incorporated a 100% owned subsidiary, namely OCK Vietnam Towers Pte. Ltd. ("OVT"), a company incorporated in Singapore with an issued and paid-up capital of SGD1 comprising 1 ordinary share of SGD1. The intended principal activity of OST is provision of tower facilities, utilities and communication network for mobile and broadband operators.

On 15 July 2016, the Company's wholly-owned subsidiary, OST and CapAsia Telecommunications Ltd. had subscribed for five (5) ordinary shares and four (4) ordinary shares of USD1 each in OVT respectively. Consequently, OVT ceased to be wholly-owned subsidiary of OST and remains as a 60% owned subsidiary of OST.

<u>OCK Vietnam Towers (Labuan) Ltd.</u>
On 30 September 2016, the Company's indirect 60% owned subsidiary, OVT had completed the establishment of OCK Vietnam Towers (Labuan) Ltd. ("OVT Labuan") in Federal Territory of Labuan with an issued and paid-up capital of USD1,000 divided into 1,000 shares of USD1 each. The intended principal activity of OVT Labuan is investment holding.

<u>PMT Asia Sdn. Bhd.</u>
On 7 November 2016, the Company had acquired a 100% owned subsidiary, namely PMT Asia Sdn. Bhd. ("PMTASIA"), a company incorporated in Malaysia with an issued and paid-up capital of RM2. The intended principal activity of PMTASIA is investment holding.

<u>Well Synergy Resources Pte. Ltd.</u>
On 17 November 2016, the Company's wholly-owned subsidiary, OCKINT had completed the establishment of Well Synergy Resources Private Limited ("Well Synergy") in The Republic of the Union of Myanmar with a registered capital of USD300,000 divided into 3,000 shares of USD100 each in which 2,999 shares are held by OCK International Sdn. Bhd and 1 share held by Low Hock Keong. The intended principal activity of Well Synergy is provision of engineering services, rental business, market research and management services.

<u>MIN-OCK Infrastructure Pte. Ltd.</u>
On 22 November 2016, the Company's wholly owned subsidiary, OCK Telco Infra Pte. Ltd. ("OCK Telco") had acquired three (3) ordinary shares fully paid to the extent of USD1 and/or equivalent of SGD1.35 in the share capital of MIN-OCK Infrastructure Pte. Ltd. ("MIN-OCK") for a cash consideration of USD1 and/or equivalent to SGD1.35. Consequently, MIN-OCK became a wholly-owned subsidiary of OCK Telco.

15. INVESTMENT IN SUBSIDIARIES (continued)

(a) Acquisition/Incorporation of subsidiaries (continued)

2015

MIN-OCK Infrastructure Pte. Ltd.
On 28 January 2015, the Company's wholly-owned subsidiary, OCK Telco Infra Pte. Ltd. ("OCK Telco") had completed the incorporation of a 70% owned subsidiary, namely MIN-OCK Infrastructure Pte. Lte. ("MIN-OCK"), a company incorporated in Singapore with an issued and paid-up capital of SGD1. The intended principal activity of MIN-OCK is the provision of tower facilities, utilities and communication network for mobile and broadband operators.

(b) Subscription for additional interests in subsidiaries

2016

OCK International Sdn. Bhd.
On 7 March 2016, the Company had further subscribed for 2,000,000 ordinary shares of RM1 each in the share capital of OCK International Sdn. Bhd. by way of capitalising the amount owing to the Company.

Fuzhou 1-Net Solution Co. Ltd.
On 31 May 2016, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT") had further subscribed ordinary shares of RM438,200 in the share capital of Fuzhou 1-Net Solution Co. Ltd.

Steadcom Sdn. Bhd.
On 1 August 2016, the Company's wholly-owned subsidiary, OCK Setia Engineering Sdn. Bhd. ("OCKSE") had further subscribed for 25,500 ordinary shares of RM1 each in the share capital of Steadcom Sdn. Bhd. by way of capitalising the amount owing to OCKSE.

2015

Milab Marketing Sdn. Bhd.
On 15 October 2015, the Company had further subscribed for 1,400,000 ordinary shares of RM1 each in the share capital of Milab Marketing Sdn. Bhd..

OCK International Sdn. Bhd.
On 16 November 2015, the Company had further subscribed for 1,000,000 ordinary shares of RM1 each in the share capital of OCK International Sdn. Bhd..

15. INVESTMENT IN SUBSIDIARIES (continued)

(c) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

2016	Fuzhou 1-Net Solution Co. Ltd. RM	PT Putra Mulia Tele-communication RM	OCK Industries Sdn. Bhd. RM	Dynasynergy Services Sdn. Bhd. RM	El Power Technologies Sdn. Bhd. RM	Steadcom Sdn. Bhd. RM	Firatel Sdn. Bhd. RM	OCK Vietnam Towers Pte. Ltd. RM	Others RM	Total RM
NCI Percentage of ownership interest and voting interest	49%	15%	35%	49%	48%	49%	39%	40%		
Carrying amount of NCI"	447,868	3,565,524	(106,181)	1,747,684	2,694,023	3,921,308	2,659,415	33,840,148	268,566	49,038,355
Profit/(Loss) allocated to NCI	(17,114)	401,027	(37,269)	817,335	427,003	2,539,999	799,025	(1,122,770)	(24,787)	3,782,449
Total comprehensive income/(loss) allocated to NCI	(22,082)	807,386	(37,269)	817,335	427,003	2,539,999	799,025	(1,009,755)	(25,081)	4,296,561
2015										
NCI Percentage of ownership interest and voting interest	49%	15%	35%	49%	48%	49%	39%	-		
Carrying amount of NCI	469,950	2,758,138	(68,912)	1,101,849	2,507,020	1,552,809	2,055,390	-	(6,353)	10,369,891
Profit/(Loss) allocated to NCI	119,711	482,584	(25,245)	407,355	63,404	630,101	724,613	-	(5,964)	2,396,559
Total comprehensive income/(loss) allocated to NCI	175,949	608,130	(25,245)	407,355	63,404	630,101	724,613	-	(6,354)	2,577,953

NOTES TO THE FINANCIAL STATEMENTS

15. INVESTMENT IN SUBSIDIARIES (continued)

(d) Summarised financial information of Group's subsidiaries that have non-controlling interests

The summarised financial information (before intra-group elimination) of the Group's material subsidiaries that have NCI are as follows:

2016	Fuzhou 1-Net Solution Co. Ltd. RM	PT Putra Mulia Tele-Communication RM	OCK Industries Sdn. Bhd. RM	Dynasynergy Services Sdn. Bhd. RM	El Power Technologies Sdn. Bhd. RM	Steadcom Sdn. Bhd. RM	Firatel Sdn. Bhd. RM	OCK Vietnam Towers Pte. Ltd. RM
Summarised statements of financial position								
Non-current assets	39,893	13,185,235	51,480	100,384	656,625	6,042,998	183,928	4,239
Current assets	2,825,798	19,658,269	2,020	13,493,594	17,278,624	26,445,937	9,822,340	90,129,426
Non-current liabilities	-	(2,655,717)	-	(61,621)	(453,799)	(2,898,156)	(153,593)	-
Current liabilities	(1,531,849)	(7,213,646)	(356,876)	(9,971,073)	(11,868,901)	(21,601,440)	(3,046,787)	(3,995,353)
Net assets/(liabilities)	1,333,842	22,974,141	(303,376)	3,561,284	5,612,549	7,989,339	6,805,888	86,138,312
Summarised statements of comprehensive income								
Revenue	4,941,321	38,861,651	-	22,144,747	33,997,743	33,386,649	14,896,595	-
Profit/(Loss) for the financial year	(34,926)	3,986,631	(106,482)	1,668,031	889,590	5,183,671	2,048,782	(2,806,926)
Total comprehensive income/(loss)	(45,064)	4,987,058	(106,482)	1,668,031	889,590	5,183,671	2,048,782	(2,524,389)
Summarised cash flow information								
Cash flows (used in)/from:								
- operating activities	117,045	1,919,044	(81,131)	351,709	(427,789)	1,956,452	320,811	(11,487,344)
- investing activities	(8,589)	(1,050,704)	-	(206,024)	(1,033,286)	(2,032,235)	(1,300)	(978,168)
- financing activities	761,459	(25,342)	75,815	826,425	2,193,511	434,731	(1,733,567)	91,057,360
Net increase/(decrease) in cash and cash equivalents	869,915	842,998	(5,316)	972,110	732,436	358,948	(1,414,056)	78,591,848
Dividends paid to non-controlling interests	-	-	-	171,500	240,000	196,000	195,000	-

OCK Vietnam Towers Pte Ltd is restricted from declaring any dividends to the Group unless prior written consent is obtained from the non-controlling interests shareholder.

15. INVESTMENT IN SUBSIDIARIES (continued)

(d) Summarised financial information of Group's subsidiaries that have non-controlling interests (continued)

The summarised financial information (before intra-group elimination) of the Group's material subsidiaries that have NCI are as follows: (continued)

2015	Fuzhou 1-Net Solution Co. Ltd. RM	PT Putra Mulia Tele-Communication RM	OCK Industries Sdn. Bhd. RM	Dynasynergy Services Sdn. Bhd. RM	EI Power Technologies Sdn. Bhd. RM	Steadcom Sdn. Bhd. RM	Firatel Sdn. Bhd. RM
Summarised statements of financial position							
Non-current assets	79,884	12,885,286	73,560	122,135	773,751	1,975,526	259,723
Current assets	1,624,161	13,899,830	7,396	8,139,830	13,729,176	6,815,479	7,906,446
Non-current liabilities	-	(2,523,958)	-	(83,478)	(588,096)	(491,309)	(243,139)
Current liabilities	(763,339)	(6,669,585)	(277,850)	(5,935,234)	(8,691,872)	(5,144,028)	(2,665,924)
Net assets/(liabilities)	940,706	17,591,573	(196,894)	2,243,253	5,222,959	3,155,668	5,257,106
Summarised statements of comprehensive income							
Revenue	3,677,676	29,127,366	31,778	19,416,103	29,313,773	10,002,028	12,592,530
Profit/(Loss) for the financial year	244,308	4,226,803	(72,128)	831,337	132,091	1,285,920	1,857,983
Total comprehensive income/(loss)	359,079	5,063,781	(72,128)	831,337	132,091	1,285,920	1,857,983
Summarised cash flow information							
Cash flows (used in)/from:							
- operating activities	(26,934)	(432,609)	(42,734)	(1,125,352)	(1,057,688)	1,449,954	622,715
- investing activities	(46,101)	(1,650,939)	-	133,376	(63,886)	(356,717)	(43,209)
- financing activities	-	1,481,624	44,645	315,848	(2,585,511)	(926,853)	100,320
Net (decrease)/increase in cash and cash equivalents	(73,036)	(601,924)	1,911	(676,128)	(3,707,085)	166,384	679,826
Dividends paid to non-controlling interests	-	-	-	-	-	-	-

16. INVESTMENT IN AN ASSOCIATE

	Group 2016 RM
Unquoted shares, at cost	
At beginning of the financial year	-
Addition	61,404
At end of the financial year	61,404
Share of post-acquisition losses	
At beginning of the financial year	-
Share of results	(61,404)
At end of the financial year	(61,404)
	-

During the financial year, the Company subscribed for 4,900 ordinary shares of THB100 each in the share capital of OCK Steadcom (Thailand) Co., Ltd..

The associate is accounted for using the equity method in the consolidated financial statements.

The Group has not recognised losses totalling RM79,992 in the current financial year since the Group has no obligation in respect of these losses.

Details of the associate are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2016	Proportion Equity Interest 2015	Principal activities/ Nature of the relationship
OCK Steadcom (Thailand)Co., Ltd.	Thailand	49%	-	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation/ Secondment of staff.

16. INVESTMENT IN AN ASSOCIATE (continued)

The following table illustrates the summarised financial information of the Group's associate, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associate.

	Group 2016 RM
Assets and Liabilities	
Non-current assets	23,558
Current assets	1,004,908
Current liabilities	(1,210,500)
Net liabilities	(182,034)
Results:	
Revenue	764,811
Loss for the financial year	(288,564)
Total comprehensive loss	(288,564)

17. INVENTORIES

	Group 2016 RM	Group 2015 RM
At cost:		
Raw materials	2,607,530	1,699,221
Work-in-progress	46,605,420	28,500,165
Finished goods	1,155,254	735,877
	50,368,204	30,935,263
Inventories recognised as cost of sales during the financial year	283,291,390	226,239,466

(a) Included in the inventories of the Group is an amount of RM Nil (2015: RM120,715) transferred from property, plant and equipment for trading purposes.

(b) The amount of inventories written off recognised in cost of sales was RM69 (2015: RM19,111).

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Non-current:				
Trade receivable				
- Third party	19,790,180	31,361,016	-	-
Other receivables				
- Amounts owing by subsidiaries	-	-	296,674,559	-
	19,790,180	31,361,016	296,674,559	-
Less: Allowance for impairment loss				
- Amount owing by a subsidiary	-	-	(380,107)	-
	19,790,180	31,361,016	296,294,452	-
Current:				
Trade receivables				
- Third parties:				
- billed	155,447,097	96,054,081	-	-
- unbilled	53,876,416	44,602,279	-	-
- Related party	5,901,565	4,735,322	-	-
- Retention sum	4,077,847	3,159,429	-	-
	219,302,925	148,551,111	-	-
Less: Allowance for impairment loss				
- Third party	(265,152)	(265,152)	-	-
	219,037,773	148,285,959	-	-

18. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Other receivables				
- Third parties	6,933,008	5,475,388	-	-
- Interest receivables	-	-	8,624,139	-
- Amount owing by ultimate holding company	17,982	-	17,982	-
- Amounts owing by subsidiaries	-	-	-	94,209,803
- Amount owing by an associated company	1,136,411	-	-	-
	8,087,401	5,475,388	8,642,121	94,209,803
Less: Allowance for impairment loss				
- Amount owing by a subsidiary	-	-	(2,794,031)	(380,107)
Total other receivables, net	8,087,401	5,475,388	5,848,090	93,829,696
Deposits	16,860,911	4,219,001	-	-
Advances to sub-contractors	19,852,531	3,470,007	-	-
GST refundable	608,079	88,426	-	-
Prepayments	27,782,649	13,015,718	1,966,245	1,530
	73,191,571	26,268,540	7,814,335	93,831,226
Total trade and other receivables (current)	292,229,344	174,554,499	7,814,335	93,831,226
Total trade and other receivables (non-current and current)	312,019,524	205,915,515	304,108,787	93,831,226

(a) Credit term of trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms extended to customers ranging from 30 to 150 days (2015: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

(b) Long term trade receivable is measured at amortised cost at imputed interest rate at 7% (2015: 7%) per annum.

(c) Included in trade receivables of the Group is an amount of RM5,901,565 (2015: RM4,735,322) owing by a related party in which a director of a subsidiary has substantial financial interest. The amount is under normal trade term.

18. TRADE AND OTHER RECEIVABLES (continued)

(d) Included in trade receivables of the Group are retention sum of RM4,077,847 (2015: RM3,159,429) relating to construction work-in-progress. Retention sums are unsecured, interest-free and are expected to be collected within the period of normal operating cycle.

(e) Included in trade receivables is an amount of RM4,995,000 (2015: RM4,665,000) pledged as security for banking facility granted to a subsidiary (Note 28).

(f) Amounts owing by subsidiaries are non-trade in nature, unsecured, not expected to be settled within the next 12 months (2015: repayable upon demand), bear interest at rate of 4.6% (2015: Nil) per annum and expected to be settled in cash.

(g) Included in deposits of the Group is a deposit held in trust by an Escrow Agent of RM10,563,609 for the acquisition of shares in Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH"). The deposit will be released to seller upon the completion of the transaction.

(h) Included in prepayments of the Group are:

(i) down payments of RM225,000 (2015: RM Nil) and RM435,000 (2015: RM Nil) respectively for the purchase of a property and a company shares respectively;
(ii) transaction costs of RM5,953,686 (2015: RM Nil) in relation to the undrawn loan facilities of the Group; and
(iii) advances to suppliers of RM7,471,938 (2015: RM6,972,977) for the purchase of goods and equipment.

(i) The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables are as follows:

	Group	
	2016	**2015**
	RM	**RM**
Neither past due nor impaired	187,582,511	165,541,679
1 to 30 days past due not impaired	29,602,569	2,933,887
31 to 60 days past due not impaired	4,429,280	1,583,321
61 to 90 days past due not impaired	2,266,326	216,217
91 to 120 days past due not impaired	4,820,984	306,801
More than 121 days past due not impaired	10,126,283	9,065,070
	51,245,442	14,105,296
Individually impaired	265,152	265,152
	239,093,105	179,912,127

<u>Receivables that are neither past due nor impaired</u>

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

18. TRADE AND OTHER RECEIVABLES (continued)

(i) The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables are as follows: (continued)

Receivables that are impaired

The Group's and the Company's trade and other receivables that are impaired at the end of each reporting date is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Individually impaired				
Trade receivable				
Trade receivable - nominal amount	265,152	265,152	-	-
Less: Allowance for impairment loss	(265,152)	(265,152)	-	-
	-	-	-	-
Other receivable				
Other receivable - nominal amount	-	-	3,174,138	380,107
Less: Allowance for impairment loss	-	-	(3,174,138)	(380,107)
	-	-	-	-
	-	-	-	-

The reconciliations of movement in the impairment of trade and other receivable are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Trade receivable				
At beginning of the financial year	265,152	265,152	-	-
Charge for the financial year (Note 8)	-	-	-	-
At end of the financial year	265,152	265,152	-	-
Other receivable				
At beginning of the financial year	-	-	380,107	-
Charge for the financial year (Note 8)	-	-	2,794,031	380,107
At end of the financial year	-	-	3,174,138	380,107

18. TRADE AND OTHER RECEIVABLES (continued)

(i) The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables are as follows: (continued)

Receivables that are impaired (continued)

The Group's and the Company's trade and other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

(j) The foreign currency exposure profile of the trade and other receivables of the Group is as follow:

	Group	
	2016	**2015**
	RM	**RM**
United States Dollar	10,563,609	34,159

19. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2016	**2015**
	RM	**RM**
Aggregate costs incurred to date	101,804,575	71,776,992
Attributable profits	24,471,891	15,435,286
	126,276,466	87,212,278
Progress billings	(113,042,817)	(72,371,370)
Net amount due from/(to) contract customers	13,233,649	14,840,908
Presented as:		
Amount due from contract customers included in current assets	13,870,168	16,087,695
Amount due to contract customers included in current liabilities	(636,519)	(1,246,787)
	13,233,649	14,840,908

The costs incurred to date on construction contracts include the following charges made during the financial year:

	Group	
	2016	**2015**
	RM	**RM**
Rental of equipment	4,282	-
Rental of motor vehicles	-	2,538
	4,282	2,538

20. DERIVATIVE FINANCIAL ASSETS

	Group	
	2016	2015
	RM	RM
Derivatives at fair value through profit or loss:		
Forward foreign exchange contracts	194,766	32,033

Forward exchange contracts are used to manage the foreign currency exposures arising from subsidiaries' payables denominated in currencies (USD and CNY) other than the functional currency of the subsidiaries. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity. The notional principal amounts of the subsidiaries' outstanding forward foreign exchange contracts as at 31 December 2016 were RM2,869,802 (2015: RM2,476,085).

21. OTHER INVESTMENTS

	Group	
	2016	2015
	RM	RM
Current		
Held-to-maturity investments (unquoted)	226,236	40,549

The fair value information has not been disclosed for the unquoted held-to-maturity investments as its fair value cannot be measured reliably. This relates to performance bonds placed with Multi-Purpose Insurans Bhd ("MPIB") for a period of more than 3 months and bear effective interest rates ranging from 3.0% to 7.8% (2015: 3.0% to 7.8%) per annum.

22. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash and bank balances	113,654,298	26,596,954	1,350,038	10,418,527
Short term deposits placed with licensed banks	14,430,404	13,429,236	-	-
Short term cash investments	1,199,693	123,795,496	273,852	123,605,313
	129,284,395	163,821,686	1,623,890	134,023,840

22. CASH AND SHORT TERM DEPOSITS (continued)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following:

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Short term deposits placed with licensed banks	14,430,404	13,429,236	-	-
Less: Pledged deposits	(11,803,209)	(8,721,597)	-	-
	2,627,195	4,707,639	-	-
Cash and bank balances	113,654,298	26,596,954	1,350,038	10,418,527
Short term cash investments	1,199,693	123,795,496	273,852	123,605,313
Less: Bank overdrafts (Note 28)	(32,656,065)	(5,294,668)	-	-
	84,825,121	149,805,421	1,623,890	134,023,840

(a) Deposits placed with licensed banks amounting of RM11,803,209 (2015: RM8,721,597) of the Group are pledged as security for banking facilities granted to subsidiaries (Note 28).

(b) Deposits placed with licensed banks of the Group earn interest at rates ranging from 2.44% to 3.45% (2015: 3.10% to 5.95%) per annum with a maturity of three months or less.

(c) Short term cash investments comprise money market funds placed with non-bank financial institutions which are highly liquid and subject to insignificant risk of changes in value.

(d) The foreign currency exposure profile of cash and short term deposits of the Group are as follows:

	Group	
	2016	2015
	RM	RM
Chinese Yuan	416	544,178
United States Dollar	89,138,595	2,898,593

23. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM0.10 each		<---------- Amount --------->	
	2016	2015	2016	2015
	Unit	Unit	RM	RM
Authorised:				
At beginning of the financial year	2,000,000,000	1,000,000,000	200,000,000	100,000,000
Created during the financial year	-	1,000,000,000	-	100,000,000
At end of the financial year	2,000,000,000	2,000,000,000	200,000,000	200,000,000
Issued and fully paid up:				
At beginning of the financial year	792,241,364	528,160,910	79,224,136	52,816,091
Issuance of shares pursuant to:				
- private placement	79,224,100	-	7,922,410	-
- rights issue with warrants	-	264,080,454	-	26,408,045
	79,224,100	264,080,454	7,922,410	26,408,045
At end of the financial year	871,465,464	792,241,364	87,146,546	79,224,136

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

On 17 August 2016, the Company had increased its issued and paid-up ordinary share capital from RM79,224,136 to RM87,146,546 by way of private placement of 79,224,100 new ordinary shares of RM0.10 each.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

24. SHARE PREMIUM

	Group and Company 2016 RM	Group and Company 2015 RM
At beginning of the financial year	102,869,058	84,187,096
Issuance of shares pursuant to:		
- acquisition of a subsidiary	-	(1,227,272)
- private placement	56,249,111	-
- rights issue with warrants	-	21,496,149
	56,249,111	20,268,877
Share issuance expenses	(1,967,628)	(1,586,915)
At end of the financial year	157,150,541	102,869,058

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of cash dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act 1965 in Malaysia.

25. FOREIGN CURRENCY TRANSLATION RESERVE

The translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

26. REVALUATION RESERVE

	Group 2016 RM	Group 2015 RM
At beginning of the financial year	4,504,400	5,245,160
Deferred tax relating to revaluation reserves	-	(664,498)
Realisation of revaluation reserve	(99,039)	(76,262)
At end of the financial year	4,405,361	4,504,400

The revaluation reserve relates to revaluation of freehold and leasehold land and buildings, net of tax.

27. WARRANT RESERVE

The warrants were constituted under the Deed Poll dated 6 November 2015.

The salient features of the warrants are as follows:

(i) Each warrant shall entitle the registered holder of the warrants to subscribe for one (1) new share at any time during the exercise period at the exercise price of RM0.71, subject to adjustments in accordance with the provisions of the Deed Poll;

(ii) The close of business on the warrants is five (5) years from and including the date of issue of the warrants, provided that if such day falls on a day which is not a market day, then on the preceding market day;

(iii) The warrants may be exercised at any time during the tenure of the warrants of five (5) years commencing on and including the date of issuance of the warrants until 5.00 p.m. on the expiry date. Warrants not exercised during the exercise period will thereafter lapse and cease to be valid;

(iv) The new shares to be issued arising from the exercise of the warrants will, upon allotment and issuance, rank pari passu in all respects with the existing shares, save and except that the new shares to be issued arising from the exercise of the warrants will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution that may be declared for which the entitlement date for the said distribution precedes the date of allotment and issuance of the new shares arising from the exercise of the warrants;

(v) The holders of the warrants are not entitled to any voting right or to participate in any dividends, rights, allotments and/ or other forms of distribution and/ or offer of further securities in the Company other than on winding up, compromise or arrangement of the Company as set out in the Deed Poll governing the warrants until and unless such holders of the warrants exercise their warrants into new shares; and

The warrants are quoted on the Main Market of Bursa Securities on 22 December 2015. The number of warrants remained unexercised at the end of the financial year are 264,080,454 (2015: 264,080,454).

The fair value of warrants is measured using the binomial option pricing model with the following inputs:

Fair value of warrants and assumptions

Fair value at grant date (RM)	0.3186
Warrant life (years)	5
Risk-free rate (%)	3.75
Expected dividend yield (%)	-
Expected volatility (%)	40.8

28. BORROWINGS

	Note	Group 2016 RM	Group 2015 RM
Non-current:			
Secured			
Finance lease payables	(a)	15,847,711	12,176,847
Term loans	(b)	48,060,311	27,025,500
Unsecured			
Bonds	(c)	1,306,000	1,828,000
		65,214,022	41,030,347
Current:			
Secured			
Bankers' acceptance	(d)	13,380,157	8,695,000
Revolving projects loan	(e)	16,692,701	23,750,485
Bank overdrafts	(f)	32,656,065	5,294,668
Finance lease payables	(a)	6,744,021	4,430,063
Term loans	(b)	11,848,243	5,955,384
Unsecured			
Bonds	(c)	522,000	493,000
		81,843,187	48,618,600
		147,057,209	89,648,947
Total borrowings:			
Finance lease payables	(a)	22,591,732	16,606,910
Term loans	(b)	59,908,554	32,980,884
Bonds	(c)	1,828,000	2,321,000
Bankers' acceptance	(d)	13,380,157	8,695,000
Revolving projects loan	(e)	16,692,701	23,750,485
Bank overdrafts	(f)	32,656,065	5,294,668
		147,057,209	89,648,947

28. BORROWINGS (continued)

(a) Finance lease payables

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

	Group	
	2016	**2015**
	RM	**RM**
Future minimum lease payments	25,541,386	18,667,386
Less: Future finance charges	(2,949,654)	(2,060,476)
Total present value of minimum lease payments	22,591,732	16,606,910
Payable within one year		
Future minimum lease payments	7,915,507	5,340,695
Less: Future finance charges	(1,171,486)	(910,632)
Present value of minimum lease payments	6,744,021	4,430,063
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	17,280,737	13,199,989
Less: Future finance charges	(1,708,141)	(1,146,763)
Present value of minimum lease payments	15,572,596	12,053,226
Payable more than 5 years		
Future minimum lease payments	345,142	126,702
Less: Future finance charges	(70,027)	(3,081)
Present value of minimum lease payments	275,115	123,621
Total present value of minimum lease payments	22,591,732	16,606,910

The finance lease payables of the Group bear effective interest rates ranging from 2.34% to 3.55% (2015: 3.53% to 5.82%) per annum.

28. BORROWINGS (continued)

(b) Term loans

	Group	
	2016	**2015**
	RM	**RM**
Secured		
Term loan I	3,225,326	3,784,534
Term loan II	9,200,145	9,823,561
Term loan III	1,200,596	1,259,659
Term loan IV	4,617,321	5,208,906
Term loan V - United States Dollar	9,060,605	11,038,224
Term loan VI - Indonesian Rupiah	2,037,595	1,866,000
Term loan VII - United States Dollar	30,566,966	-
	59,908,554	32,980,884

The term loans are repayable as follows:

	Group	
	2016	**2015**
	RM	**RM**
Non-current liabilities:		
- due more than 1 year but not later than 5 years	39,564,656	16,063,635
- due after 5 years	8,495,655	10,961,865
	48,060,311	27,025,500
Current liabilities:		
- due within 1 year	11,848,243	5,955,384
	59,908,554	32,980,884

(i) The term loans bear interest at rates ranging from 4.65% to 14.46% (2015: 4.65% to 14.46%) per annum and are secured and supported as follows:

(a) Legal charge over the investment properties of the Group;
(b) Assignment over all rents and other monies;
(c) Corporate guarantee from the Company and a subsidiary of the Company;
(d) Legal charge over the freehold and leasehold land and buildings of the Group;
(e) Joint and several guarantees by certain directors of the Company and a subsidiary;
(f) Legal charge over a property of a director of the subsidiary;
(g) Debenture creating a first rank fixed and floating charge over a subsidiary's present and future assets wheresoever situated;
(h) Memorandum of deposit or cash collateral agreement;
(i) Third party assignment of proceeds in favour of Malaysia Debt Ventures Berhad ("MDV") in relation to the Renewable Energy Power Purchase Agreement dated 7 January 2013 executed with Tenaga Nasional Berhad;

28. BORROWINGS (continued)

(b) Term loans (continued)

(i) The term loans bear interest at rates ranging from 4.65% to 14.46% (2015: 4.65% to 14.46%) per annum and are secured and supported as follows: (continued)

(j) Assignment in favour of MDV of all rights, interest and benefits of the subsidiary over all Takaful/insurance(s) issued in relation to the project;
(k) Assignment of performance bond/bank guarantee by the contractor of the solar power of MDV;
(l) Fiduciary security over asset of a subsidiary;
(m) Irrevocable payment instruction from the subsidiary to the Company for the financial obligation;
(n) Assignment over the revenue account by virtue of the dividend payment;
(o) Assignment over the Finance Service Reserve Account ("FSRA");
(p) Letter of Undertaking from the Company to cover any shortfall in the revenue account and FSRA;
(q) Pledge over the shares in its sub-subsidiary owned by the subsidiary (including the shares purchased from the Vendors and any future shares in the sub-subsidiary issued and allotted to the subsidiary)("Shares");
(r) Irrevocable and Unconditional Power of Attorney to attend general meeting of shareholders of its sub-subsidiary and to cast vote with respect to the Shares from the subsidiary to EXIM Bank;
(s) Irrevocable and Unconditional Power of Attorney to be granted by the subsidiary to Exim Bank;
(t) Assignment of Dividend arising from the Shares to be granted by the subsidiary to Exim Bank;
(u) Irrevocable standing instruction from the subsidiary to the sub-subsidiary so that all dividend payable to the subsidiary shall be paid by the sub-subsidiary to an account nominated by Exim Bank;
(v) Power of Attorney to receive dividend to be granted by the subsidiary to Exim Bank;
(w) Irrevocable payment instruction from the subsidiary to the sub-subsidiary for the financial obligation;
(x) Fiduciary receivables; and
(y) Assignment of contracts.

(ii) The foreign currency exposure profile of the Group's term loans is as follow:

	Group	
	2016	**2015**
	RM	**RM**
United States Dollar	39,627,571	11,038,224

28. BORROWINGS (continued)

(c) Bonds - unsecured

On 28 November 2013, a subsidiary of the Company had entered into an agreement to issue RM3,227,000 6-year Sukuk Murabahah bonds ("Sukuk") which bears interest at 8.2% per annum payable semi-annually in arrears.

The bonds are secured by way of:

(i) Assignment of, including customary step in rights in an Event of Default:

- All rental proceeds, in relation to the Telco Structures (completed basic telecommunication structures), due and payable by the lessee(s) under the rental agreements between the subsidiary and the lessee(s) which have been identified prior to the issuance ("Series Rental Agreement");
- All rights, title and interest in relation to the Series Rental Agreement, including the deposits paid by the lessee(s) and the issuer in relation to the Telco Structures;

(ii) First legal charge over the Series Designated Accounts and monies standing to the credit of the Series Designated Accounts, including Shariah compliant permitted investments (the "Permitted Investments").
(iii) Assignment of all rights, benefits and titles in respect of the insurance/takaful policies and coverage of force majeure (if any) in relation to all Telco Structures relating to the Series Rental Agreements which have been identified prior to each Series of Sukuk Murabahah;
(iv) Specific debenture over the Telco Structures; and
(v) Any other securities required by the Lead Arranger.

(d) Bankers' acceptance

The bankers' acceptance are secured by way of:

(i) First party legal charge over properties of a subsidiary;
(ii) Joint and several guarantees by certain directors of the Company and its subsidiaries;
(iii) Personal guarantee executed by a director of the Company;
(iv) Blanket 2-party Deed of Assignment of all contract proceeds/receivables for the contracts/transactions financed by the bank;
(v) Pledged of Fixed Deposit of a subsidiary;
(vi) All monies legal charge or all monies Deed of Assignment and Power of attorney over a property of a subsidiary;
(vii) Corporate guarantee from the Company;
(viii) Assignment over all rents and other monies; and
(ix) Assignment of contract.

The bankers' acceptance bears interest rates ranging from 3.74% to 5.37% (2015: 3.80% to 5.59%) per annum.

(e) Revolving projects loan

The revolving projects loan is secured by way of:

(i) All monies debenture incorporating fixed and floating charge over all present and future assets and undertaking of a subsidiary;
(ii) Assignment of all contract proceeds arising from contracts of a subsidiary;
(iii) Assignment of all contract proceeds and/or receivables of a subsidiary to be received from a frame agreement for provision of services of a subsidiary;
(iv) Pledged of fixed deposits of a subsidiary;
(v) Joint and several guarantees from certain directors of the Company and its subsidiaries; and
(vi) Deed of Assignment of all contract proceeds/receivables for the contracts/transactions financed by the bank.

The revolving projects loan bears interest rates ranging from 7.0% to 7.25% (2015: 7.0% to 7.25%) per annum.

28. BORROWINGS (continued)

(f) Bank overdrafts

The bank overdrafts are secured by way of:-

(i) First party legal charge over properties of a subsidiary;
(ii) Joint and several guarantees by certain directors of the Company and its subsidiaries;
(iii) Personal guarantee executed by directors of the subsidiaries;
(iv) Blanket 2-party Deed of Assignment of all contract proceeds/receivables for the contracts/transactions financed by the bank;
(v) All monies legal charge or all monies Deed of Assignment and Power of attorney over a property of a subsidiary;
(vi) Assignment over all rents and other monies;
(vii) Pledge of fixed deposits of the subsidiaries with licensed banks;
(viii) Corporate guarantee from the Company; and
(ix) Letter of negative pledge from a subsidiary.

The bank overdrafts bear effective interest rate of 6.35% to 8.6% (2015: 6.35% to 8.6%) per annum.

29. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-current:				
Trade payable				
- Third party	19,795,417	31,052,589	-	-
Current:				
Trade payables				
- Third parties	60,964,696	40,323,168	-	-
- Accruals	12,213,674	11,046,823		
- Related party	1,733	40	-	-
- Associate of ultimate holding company	738,399	-	-	-
- Retention sum	896,782	852,940	-	-
	74,815,284	52,222,971	-	-
Other payables	7,890,023	63,200	580,555	128,921
Advances from customers	4,332,186	4,332,186	-	-
Accruals	77,214,134	3,238,390	167,219	122,472
Deposits	1,351,673	856,664	-	-
GST payable	928,765	778,796	10,825	106,834
Amounts owing to subsidiaries	-	-	1,495,401	-
Amount owing to a minority shareholder of a subsidiary	694,516	-	-	-
Amounts owing to directors of subsidiaries	1,249,403	1,755,859	-	-
	93,615,700	11,025,095	2,254,000	358,227
Total trade and other payables (current)	168,430,984	63,248,066	2,254,000	358,227
Total trade and other payables (non-current and current)	188,226,401	94,300,655	2,254,000	358,227

(a) Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranging from 30 to 90 days (2015: 30 to 90 days).

(b) Long term trade payable is measured at amortised cost at imputed interest rate at 7% (2015: 7%) per annum.

29. TRADE AND OTHER PAYABLES (continued)

(c) The foreign currency exposure profile of the trade payables of the Group are as follows:

	Group	
	2016	2015
	RM	RM
Chinese Yuan	853,105	582,231
United States Dollar	-	3,658,298

(d) Non-trade accruals include accrued costs on property, plant and equipment of RM69,858,745 (2015: RM Nil) owing to the suppliers and sub-contractors.

(e) Amounts owing to subsidiaries are non-trade in nature, unsecured, repayable upon demand in cash and interest-free except for amounts of RM798,685 (2015: RM Nil) which bear interest at 4.6% (2015: Nil) per annum.

(f) Amount owing to a minority shareholder of a subsidiary is non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(g) Amounts owing to directors of subsidiaries are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 38(b).

30. POST EMPLOYMENT BENEFIT LIABILITIES

	Group	
	2016	2015
	RM	RM
At beginning of the financial year	233,113	158,852
Recognised in profit or loss (Note 8)	78,166	78,487
Actuarial gain recognised in other comprehensive income	(7,920)	(24,763)
Translation differences	21,479	20,537
At end of the financial year	324,838	233,113

(a) This is in respect of provision for employees' benefits related to retirement, separation fee, service fee, compensation payments and other benefits recognised.

(b) The provision is made based on the actuarial valuation performed by an independent actuarist on its report dated 1 March 2017 (2015: 26 February 2016) using the projected unit credit method.

30. POST EMPLOYMENT BENEFIT LIABILITIES (continued)

(c) Principal actuarial assumptions used at the reporting date are as follows:

	Group	
	2016	2015
	RM	RM
Discount rate	8.48%	9.18%
Normal retirement age	55 years	55 years
Salary increase rate	10.00%	10.00%

Assumptions on future mortality are determined based on the published past statistics and actual experience. The measurements assume an average life expectancy of 30 years for an employee retiring at age 55.

Sensitivity analysis
The sensitivity of the defined benefit obligation to the significant actuarial assumptions at the end of the reporting period are shown below:

	Reasonably possible change in assumption	Effect on defined benefit obligation	
		Increase	Decrease
Group		RM	RM
2016			
Discount rate	1.0%	279,642	379,480
Future salary growth	1.0%	377,605	280,201
2015			
Discount rate	1.0%	194,977	279,994
Future salary growth	1.0%	279,144	194,920

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in significant actuarial assumptions occurring at the end of reporting period.

31. DIVIDENDS

	Group and Company	
	2016	2015
Recognised during the financial year:	RM	RM
Single-tier interim dividend of 0.6 sen per ordinary share of RM0.10 each in respect of the financial year ended 31 December 2016	4,753,448	-

32. FINANCIAL GUARANTEES

	Company	
	2016	**2015**
	RM	**RM**
Financial guarantees given to licensed banks for outstanding banking facilities granted to subsidiaries	145,229,209	87,327,947
Financial guarantees given to a third party in respect of sales of goods to a subsidiary	41,857,552	46,020,348
	187,086,761	133,348,295

33. CAPITAL COMMITMENTS

	Group	
	2016	**2015**
	RM	**RM**
In respect of capital expenditure:		
Property, plant and equipment		
- approved and contracted for	154,352,387	288,336,932
- approved but not contracted for	585,252	3,620,397
In respect of acquisition of subsidiaries		
- approved and contracted for	213,576,391	-

34. OPERATING LEASE COMMITMENTS

(a) The Group as lessee

The Group has entered into a commercial lease for its sites, office premises, factory, equipment, motor vehicles and hostels. These leases have tenure of 1 to 6 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2016	**2015**
	RM	**RM**
Not later than one year	11,496,800	6,489,605
Later than one year and not later than five years	10,282,945	16,621,949
Later than five years	159,990	433,643
	21,939,735	23,545,197

34. OPERATING LEASE COMMITMENTS (continued)

(b) The Group as lessor

The Group has entered into non-cancellable lease arrangements by leasing its telecommunication towers and sub-letting its equipment, factory, warehouse and shop offices. The leases include a clause to enable upward revision of the rental charge depending on prevailing market conditions during or upon the expiry of these agreements.

Future minimum lease receivables as at the end of the reporting date is as follows:

	Group	
	2016	**2015**
	RM	**RM**
Not later than one year	45,418,485	11,692,759
Later than one year and not later than five years	174,250,755	53,598,801
Later than five years	252,777,320	40,372,869
	472,446,560	105,664,429

35. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their subsidiaries, related parties, directors of the Company and key management personnel. Related parties refer to companies in which certain directors of the Company and its subsidiaries have substantial financial interests and/or are also directors of the companies.

(b) Transactions with related parties are as follows:

	Group	
	2016	**2015**
	RM	**RM**
Related Parties		
Sales received/receivable	(20,091,853)	(16,887,044)
Consultancy fees paid/payable	317,750	244,050
Associate		
Staff cost paid/payable	725,014	-
Key Management Personnel		
Office rental expense paid/payable	-	164,948

35. RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with related parties are as follows: (continued)

	Group	
	2016	**2015**
	RM	**RM**
Received and receivable from subsidiaries		
Management fees	(4,054,000)	(3,654,000)
Office rental income	(63,600)	(63,600)
Utilities fees	(14,400)	(14,400)
Interest income	(5,830,108)	-
Paid and payable to a subsidiary		
Interest expense	22,341	-

Information regarding outstanding balances arising from related parties transactions at each reporting date are disclosed in Notes 18 and 29.

(c) Compensation of Key Management Personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Executive directors and Non-executive directors				
Short term employee benefits	3,951,896	3,397,233	1,547,400	1,404,895
Post employment benefits	383,695	356,353	208,673	187,333
	4,335,591	3,753,586	1,756,073	1,592,228
Other key management personnel				
Short term employee benefits	2,540,042	2,152,757	1,350,000	1,339,098
Post employment benefits	309,904	262,175	163,156	161,932
	2,849,946	2,414,932	1,513,156	1,501,030
	7,185,537	6,168,518	3,269,229	3,093,258

36. SEGMENT INFORMATION

The Group has five reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

(i) Telecommunication Network Services;
(ii) Green Energy & Power Solutions;
(iii) Trading;
(iv) M&E Engineering Services; and
(v) Investment Holding.

There are varying level of integration between reportable segments, the Telecommunication Network Services and M&E Engineering Services reportable segments. This integration includes transfer of raw materials, providing engineering services, respectively. Inter-segment pricing is determined on negotiated basis.

Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated statement of comprehensive income.

36. SEGMENT INFORMATION (continued)

Group	Note	Tele-communication Network Services RM	Green Energy and Power Solutions RM	Trading RM	M&E Engineering Services RM	Investment Holding RM	Adjustments and Eliminations RM	Consolidated RM
2016								
Revenue								
External revenue		334,633,658	37,279,291	8,774,218	20,825,763	-		401,512,930
Inter-segment revenue	a	23,043,773	108,500	6,122,377	2,973,740	-	(32,248,390)	-
		357,677,431	37,387,791	14,896,595	23,799,503	-	(32,248,390)	401,512,930
Results								
Interest income	a	(3,514,476)	(37,558)	(22,341)	(61,141)	(11,033,818)	9,309,303	(5,360,031)
Finance costs	a	14,648,296	1,203,721	8,965	320,215	930,329	(6,515,272)	10,596,254
Depreciation and amortisation		11,753,174	1,440,266	77,095	199,034	-	-	13,469,569
Other non-cash expenses/ (income)	b	2,930,761	(141,541)	110,140	-	2,992,155	(2,794,031)	3,097,484
Segment profit after tax	c	24,289,732	535,817	2,048,782	771,364	3,502,818	(792,377)	30,356,136
Segment Assets								
Additions to non- current assets	d	181,322,358	10,834,727	1,300	12,138	-	-	192,170,523
Segment assets	e	883,198,413	53,756,458	10,006,268	18,817,492	362,834,440	(515,803,206)	812,809,865
Segment Liabilities	f	608,851,071	45,940,856	3,200,380	9,965,449	36,303,636	(355,352,531)	348,908,861

NOTES TO THE FINANCIAL STATEMENTS

36. SEGMENT INFORMATION (continued)

Group	Note	Tele-communication Network Services RM	Green Energy and Power Solutions RM	Trading RM	M&E Engineering Services RM	Investment Holding RM	Adjustments and Eliminations RM	Consolidated RM
2015								
Revenue								
External revenue		258,332,342	32,249,219	10,150,223	15,171,153	-	-	315,902,937
Inter-segment revenue	a	15,519,552	-	2,442,307	922,336	-	(18,884,195)	-
		273,851,894	32,249,219	12,592,530	16,093,489	-	(18,884,195)	315,902,937
Results								
Interest income	a	(453,166)	(70,375)	-	(2,414)	(638,259)	-	(1,164,214)
Finance costs	a	4,689,678	473,795	10,541	144,661	422,100	-	5,740,775
Depreciation and amortisation		6,810,354	1,230,183	112,594	198,612	-	-	8,351,743
Other non-cash expenses/ (income)	b	(5,129,619)	4,135	(185,436)	-	1,246,391	-	(4,064,529)
Segment profit/(loss) after tax	c	25,888,508	(12,328)	1,814,293	855,546	(2,253,582)	858,894	27,151,331
Segment Assets								
Additions to non-current assets	d	18,297,618	11,543,586	21,200	90,000	-	-	29,952,404
Segment assets	e	354,273,994	38,144,384	8,557,919	22,421,835	290,845,374	(175,232,898)	539,010,608
Segment Liabilities	f	252,029,015	30,364,599	3,354,721	14,341,156	27,271,856	(131,606,541)	195,754,806

36. SEGMENT INFORMATION (continued)

(a) Inter-segment revenue and interest are eliminated on consolidation.

(b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	2016 RM	2015 RM
Fair value gain on derivative assets	(162,733)	(32,033)
Fair value gain on investment properties	-	(4,691,478)
Inventories written off	69	19,111
Net unrealised loss on foreign exchange	3,181,982	561,383
Provision for post employment benefits	78,166	78,487
Property, plant and equipment written off	-	1
	3,097,484	(4,064,529)

(c) Inter-segment transactions eliminated on consolidation.

(d) Additions to non-current assets (excluding financial instruments and deferred tax assets) consist of:

	2016 RM	2015 RM
Property, plant and equipment	192,170,523	29,952,404

(e) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2016 RM	2015 RM
Deferred tax assets	173,366	144,346
Inter-segment assets	(515,976,572)	(175,377,244)
	(515,803,206)	(175,232,898)

(f) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2016 RM	2015 RM
Deferred tax liabilities	5,532,979	4,863,832
Inter-segment liabilities	(360,885,510)	(136,470,373)
	(355,352,531)	(131,606,541)

36. SEGMENT INFORMATION (continued)

(g) Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	2016	**2015**
	RM	**RM**
Malaysia	321,066,866	263,256,515
Cambodia	14,909,522	12,188,755
China	4,941,321	3,677,676
Myanmar	17,393,027	7,652,625
Indonesia	38,861,651	29,127,366
Singapore	4,340,543	-
	401,512,930	315,902,937

The following is the analysis of non-current assets other than financial instruments and deferred tax assets analysed by the Group's geographical location:

	Non-current assets	
	2016	**2015**
	RM	**RM**
Malaysia	118,869,993	98,544,501
Cambodia	52,486	66,339
China	39,893	79,884
Myanmar	161,692,613	1,152,669
Indonesia	24,332,620	21,885,582
Singapore	4,273	-
	304,991,878	121,728,975

(h) Major customers

Revenue from a major customer in the Telecommunication Network Services segment represents approximately RM49,472,715 (2015: RM60,266,029) or 12% (2015: 19%) of the Group's revenue.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Financial Assets				
Loans and receivables				
Trade and other receivables, net of non-refundable deposit, GST refundable, advances to sub-contractors and prepayments	253,212,656	189,341,364	302,142,542	93,829,696
Amount due from contract customers	13,870,168	16,087,695	-	-
Cash and short-term deposits	128,084,702	40,026,190	1,350,038	10,418,527
	395,167,526	245,455,249	303,492,580	104,248,223
Held-to-maturity				
Other investments	226,236	40,549	-	-
Fair value through profit or loss				
Short term cash investments	1,199,693	123,795,496	273,852	123,605,313
Derivative financial assets	194,766	32,033	-	-
	1,394,459	123,827,529	273,852	123,605,313
Financial liabilities				
Other financial liabilities				
Trade and other payables, net of GST payable	187,297,636	93,521,859	2,243,175	251,393
Borrowings	147,057,209	89,648,947	-	-
	334,354,845	183,170,806	2,243,175	251,393

37. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, other investments, short term receivables and payables and amount due from contract customers are reasonable approximation to their fair values due to relatively short term nature of these financial instruments.

The fair values of long term receivables and long term payables are estimated using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rate as at the end of the reporting period.

The carrying amount of long term and short term floating rate borrowings approximates their fair value as the borrowings will be re-priced to market interest rate on or near reporting date. The fair value of finance lease payables is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

It was not practical to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The fair value of short term cash investments is determined by reference to the redemption price at the end of the reporting period.

There have been no transfers between Level 1 and Level 2 during the financial year (2015: no transfer in either directions).

37. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments (continued)

The following table provides the fair value measurement hierarchy of the Group's financial instruments:

Group	Carrying amount RM	Fair value of financial instruments carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM	Fair value of financial instruments not carried at fair value Level 1 RM	Level 2 RM	Level 3 RM	Total RM
2016									
Financial assets									
Fair value through profit or loss									
- short term cash investments	1,199,693	1,199,693	-	-	1,199,693	-	-	-	-
- derivatives financial assets	194,766	-	194,766	-	194,766	-	-	-	-
Financial liabilities									
Other financial liabilities									
- finance lease payables	22,591,732	-	-	-	-	-	23,174,821	-	23,174,821
2015									
Financial assets									
Fair value through profit or loss									
- short term cash investments	123,795,496	123,795,496	-	-	123,795,496	-	-	-	-
- derivatives financial assets	32,033	-	32,033	-	32,033	-	-	-	-
Financial liabilities									
Other financial liabilities									
- finance lease payables	16,606,910	-	-	-	-	-	17,192,725	-	17,192,725

NOTES TO THE FINANCIAL STATEMENTS

37. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments (continued)

The following table provides the fair value measurement hierarchy of the Group's financial instruments: (continued)

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Company	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
2016									
Financial assets									
Fair value through profit or loss									
- short term cash investments	273,852	273,852	-	-	273,852	-	-	-	-
2015									
Financial assets									
Fair value through profit or loss									
- short term cash investments	123,605,313	123,605,313	-	-	123,605,313	-	-	-	-

37. FINANCIAL INSTRUMENTS (continued)

(b) Fair value of financial instruments (continued)

Level 2 fair value

Fair value of financial instruments carried at fair value

The fair value of forward foreign exchange contracts is estimated by discounting the differences between the contractual forward price and the current forward price for the residual maturity of the contract.

Fair value of financial instruments not carried at fair value

The fair value of finance lease payables is determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rates as at the end of the reporting period.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to the credit risk arises primarily from trade and other receivables. For cash and bank balances and deposits with licensed bank, the Group and the Company minimises credit risk by dealing exclusively with high credit rating financial institutions.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. In addition, receivables balances are monitored on an on-going basis with the result that the Group's and the Company's exposure to bad debt is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

At the end of the reporting period, approximately 40% (2015: 47%) of the Group trade receivables were due from 5 major customers who are involved in telecommunication network services industry.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) Credit risk (continued)

Financial guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and financial guarantees given to a third party in respect of sales of goods to a subsidiary. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks is representing by the maximum amount the Company could pay if the guarantee is called on is disclosed in Note 32. As at the reporting date, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		Contractual undiscounted cash flows			
	Carrying amount	On demand or within 1 year	Between 1 to 5 years	More than 5 years	Total
	RM	RM	RM	RM	RM
2016					
Group					
Financial liabilities					
Trade and other payables	187,297,636	168,743,197	22,888,314	-	191,631,511
Bankers' acceptance	13,380,157	13,380,157	-	-	13,380,157
Revolving projects loan	16,692,701	16,692,701	-	-	16,692,701
Bank overdrafts	32,656,065	32,656,065	-	-	32,656,065
Bonds	1,828,000	561,373	1,614,725	-	2,176,098
Finance lease payables	22,591,732	7,915,507	17,280,737	345,142	25,541,386
Term loans	59,908,554	14,679,567	42,788,231	10,360,396	67,828,194
	334,354,845	254,628,567	84,572,007	10,705,538	349,906,112
Company					
Financial liabilities					
Other payables	2,243,175	2,243,175	-	-	2,243,175
Financial guarantee contracts	-	187,086,761	-	-	187,086,761
	2,243,175	189,329,936	-	-	189,329,936

38. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

(b) **Liquidity risk (continued)**

Maturity analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (continued)

		Contractual undiscounted cash flows			
	Carrying amount	On demand or within 1 year	Between 1 to 5 years	More than 5 years	Total
	RM	RM	RM	RM	RM
2015					
Group					
Financial liabilities:					
Trade and other payables	93,521,859	63,075,598	36,752,187	-	99,827,785
Bankers' acceptance	8,695,000	8,695,000	-	-	8,695,000
Revolving projects loan	23,750,485	23,750,485	-	-	23,750,485
Bank overdrafts	5,294,668	5,294,668	-	-	5,294,668
Bonds	2,321,000	530,180	2,358,978	-	2,889,158
Finance lease payables	16,606,910	5,340,695	13,199,989	126,702	18,667,386
Term loans	32,980,884	7,520,729	20,167,982	12,721,902	40,410,613
	183,170,806	114,207,355	72,479,136	12,848,604	199,535,095
Company					
Financial liabilities:					
Other payables	251,393	251,393	-	-	251,393
Financial guarantee contracts	-	133,348,295	-	-	133,348,295
	251,393	133,599,688	-	-	133,599,688

(c) **Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from sales, purchases, deposits and borrowings that are denominated in a currency other than the respective functional currency of the Group's entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and Chinese Yuan ("CNY").

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD and Chinese Yuan ("CNY")) amounted to RM89,139,011 (2015: RM3,442,771).

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Foreign currency risk (continued)

The Group is also exposed to currency translation risk arising from its investments in foreign operations. The Group's investments in Singapore, Indonesia, China, Cambodia, Thailand and Myanmar are not hedged as currency positions in the functional currency of respective countries are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and CNY exchange rates against the respective functional currency of the Group's entities, with all other variables held constant:

		Group	
		Profit net of tax	
		2016	2015
		RM	RM
USD/RM	- strengthen by 5% (2015: 5%)	2,282,836	(441,141)
	- weaken by 5% (2015: 5%)	(2,282,836)	441,141
CNY/RM	- strengthen by 5% (2015: 5%)	(32,402)	(1,427)
	- weaken by 5% (2015: 5%)	32,402	1,427

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from:

(i) Interest bearing financial assets

Cash deposits are short term in nature and are not held for speculative purposes.

The Group manages its interest rate yield by prudently placing deposits with varying maturity periods.

(ii) Interest bearing financial liabilities

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the end of the financial year, if average interest rates increased/decreased by 1% with all other variable held constant, the Group's profit net of tax for the financial year ended 31 December 2016 will be lower/higher by RM945,938 (2015: RM547,815) as a result of exposure to floating rate borrowings.

39. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The Group and the Company monitor the level of dividends to be paid to shareholders. The Company's objectives are to pay out regular dividends to the shareholders based on the level of the Group's and the Company's profitability and cash flows. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2016 and 31 December 2015.

The capital structure of the Group and of the Company consists of equity attributable to owners of the Company, comprising share capital, retained earnings and total debts.

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Borrowings	147,057,209	89,648,947	-	-
Trade and other payables	188,226,401	94,300,655	2,254,000	358,227
Amount due to contract customers	636,519	1,246,787	-	-
Less: Cash and short-term deposits	(129,284,395)	(163,821,686)	(1,623,890)	(134,023,840)
Net debt /(cash)	206,635,734	21,374,703	630,110	(133,665,613)
Total equity	463,901,004	343,255,802	326,307,298	263,940,464
	670,536,738	364,630,505	326,937,408	130,274,851
Gearing ratio	31%	6%	0.2%	*

The Group is not subject to any externally imposed capital requirements other than a subsidiary which is required to maintain a finance service cover ratio of not less than 1.5 times.

* Not meaningful as the Company is in net cash position.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

On 4 August 2016, the Company's indirect 60% owned subsidiary, OVT had entered into a conditional share sale and purchase agreement ("SPA") with Vietnam Infrastructure Limited ("VNI") for the proposed acquisition by OVT of 42,042,702 ordinary shares in Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH"), representing the entire equity interest in SEATH at the purchase consideration of USD50,000,000 which will be fully satisfied via cash ("Proposed Acquisition"). SEATH is an investment holding company while its subsidiaries are principally involved in the following activities:

(i) Investment holding;
(ii) Development, installation, ownership, operation and leasing out of base transceiver station ("BTS") towers, infrastructure and other assets; and
(iii) Real estate consulting and management service and business management consulting service.

The acquisition was completed on 13 January 2017.

The initial accounting for SEATH Group's business combination in the consolidation financial statements of the Company involves identifying and determining the fair values to be assigned to SEATH Group's identifiable assets, liabilities and contingent liabilities and the cost of the combination. As at the date of the financial statements are authorised for issue, the fair value of SEATH Group's identifiable assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of purchase price allocation ("PPA") on SEATH Group's identifiable assets, liabilities and contingent liabilities. SEATH Group's business combination has been accounted for using these provisional values. The Group shall recognise any adjustments to these provisional values upon completion of the PPA exercise within 12 months from the acquisition date.

(i) The provisional fair value of the identifiable assets and liabilities of SEATH Group as at the date of acquisition were as follows:

	Group 2016 RM
Assets	
Property, plant and equipment	48,737,177
Inventories	56,008
Deferred tax assets	34,592
Trade and other receivables	15,719,282
Cash and cash equivalents	13,926,869
	78,473,928
Liabilities	
Trade and other payables	(3,378,027)
Tax liabilities	(1,156,391)
Total identifiable net assets acquired	73,939,510
Goodwill arising from acquisition	149,185,490
Fair value of consideration transferred	223,125,000

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

(i) The provisional fair value of the identifiable assets and liabilities of SEATH Group as at the date of acquisition were as follows: (continued)

Acquisition-related costs

Acquisition-related costs of the business combination amounted to RM2,651,992 which was recognised in profit or loss during the financial year ended 31 December 2016 as administrative expense.

(ii) The effects of the acquisition of SEATH Group on cash flows of the Group were as follows:

	Group 2016 RM
Total consideration paid in cash by the Group	223,125,000
Less: Cash and cash equivalents of subsidiaries acquired	(13,926,869)
Net cash outflows on acquisition	209,198,131

41. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 23 March 2017, the Company's wholly-owned subsidiary, OCK SEA Towers Pte. Ltd. ("OST") had completed the establishment of OCK Myanmar Holdings Pte. Ltd. in The Republic of Singapore with a registered capital of SGD1 divided into 1 share. The intended principal activity of OCK Myanmar is mobile cellular and other wireless telecommunications network operation, wired telecommunications network operation (including fixed-line, fibre optics, local/international PSTN and leased circuits).

(b) **Companies Act 2016**

The Minister of Domestic Trade, Co-operatives and Consumerism appointed 31 January 2017 as the date on which Companies Act 2016 comes into operation except for Section 241 and Division 8 of Part III.

Accordingly, the Group and the Company shall prepare the financial statements for the financial year ending 31 December 2017 in accordance with the requirements of Companies Act 2016 which will be applied prospectively.

Amongst the key changes introduced in the Companies Act 2016 which will affect the financial statements of the Group and of the Company are, where applicable:

- the removal of the authorised share capital;
- shares issued will have no par or nominal value; and
- share premium will become part of share capital.

In addition, the financial statements disclosure requirements under the Companies Act 2016 are different from those requirements set out in the Companies Act 1965. Consequently, items to be disclosed in the Group's and the Company's financial statements for the financial year ending 31 December 2017 may be different from those disclosed in the financial statements for the current financial year.

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFIT OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings/(accumulated losses) of the Group and the Company as at 31 December 2016 and 31 December 2015 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM	**RM**	**RM**	**RM**
Total retained earnings/(accumulated losses) of the Group and the Company				
- realised	119,003,184	89,840,045	(2,129,845)	(2,288,761)
- unrealised	(3,655,351)	(557,357)	4,025	-
	115,347,833	89,282,688	(2,125,820)	(2,288,761)
Less: Consolidation adjustments	(14,729,108)	(10,589,973)	-	-
Total retained earnings/(accumulated losses)	100,618,725	78,692,715	(2,125,820)	(2,288,761)

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not applied for any other purpose.

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, **OOI CHIN KHOON** and **ABDUL HALIM BIN ABDUL HAMID**, being two of the directors of OCK GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 63 to 163 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 164 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

OOI CHIN KHOON
Director

ABDUL HALIM BIN ABDUL HAMID
Director

Kuala Lumpur

Date: 19 April 2017

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, **DR. YAP WAI KHEE**, being the officer primarily responsible for the financial management of OCK GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 63 to 163 and the supplementary information set out on page 164 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

DR. YAP WAI KHEE

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 19 April 2017.

Before me,

Commissioner for Oaths

Opinion

We have audited the financial statements of OCK Group Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 63 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2016 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Goodwill (Note 4(d) and 13 to the financial statements)

The Group has significant goodwill arising from the acquisition of PT Putra Mulia Telecommunication ("PMT") in year 2014 and allocated to the Telecommunication Network Services segment. The goodwill is tested for impairment annually. This assessment requires the exercise of significant judgement by the directors on the discount rate applied in the recoverable amount calculation and the assumptions supporting the underlying cash flow projections, including the forecast growth rates and gross profit margin.

Our response:
Our audit procedures focus on evaluating the cash flow projections and the Group's forecasting procedures which included, among others:

- assessing the recoverable amount valuation methodology adopted by the Group in accordance with the requirements of MFRS 136 *Impairment of Assets;*
- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Group's assumptions to externally derived data as well as our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions that are expected to be most sensitive to the recoverable amount.

Key Audit Matters (continued)

Trade receivables (Note 4(e) and 18 to the financial statements)

We focused on this area because the directors made significant judgements over both the events or changes in circumstances indicating that trade receivables are impaired and the estimation of the size of any such impairment. The trade receivables are monitored individually by the Group and therefore the impairment is assessed based on knowledge of each individual receivable.

Our response:
Our audit procedures included, among others:

- evaluating the design and implementation of controls associated with monitoring and impairment assessment of trade receivables that were either in default or significantly overdue;
- understanding significant credit exposures on balances which were significantly overdue or deemed to be in default through analysis of ageing reports;
- obtaining confirmation of balances from selected trade receivables; and
- reviewing receipts subsequent to the end of the financial year and management explanation on recoverability of material trade receivables with significantly past due balances.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s and the Company’s internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s or the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) Other than those subsidiaries without the auditors' reports as indicated in Note 15 to the financial statements, we have considered the financial statements of the subsidiaries and the auditors' reports of the remaining subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.

(c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) Other than those subsidiaries without the auditors' reports as indicated in Note 15 to the financial statements, the audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Other Reporting Responsibilities

The supplementary information set out in page 164 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Lee Kong Weng
No. 2967/07/17(J)
Chartered Accountant

Kuala Lumpur

Date: 19 April 2017

LIST OF PROPERTIES

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 December 2016 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	**i) Title:** P.T No. 366 held under Title No. H.S.(D) 292524 Mukim Pekan Hicom District of Petaling State of Selangor (formerly known as P.T No.s 629 & 630 held under Title No. H.S.(D) 63627 & 63628 respectively Mukim Damansara District of Petaling State of Selangor) **Address:** No. 79 & 80, Hicom Sector B, Jalan Gadung 27/93A, 40000 Shah Alam Selangor Darul Ehsan	Single (1) storey detached warehouse annexed with a three (3) storey office building and a double laboratory (Rented to third party)	Freehold	55,800/ 46,013	12,000	12,000/ February 2017	20.06.1995
OCK Setia Engineering Sdn. Bhd.	**ii) Title:** P.T. No. 703 held under Title No. H.S.(D) 194910 Town of Sunway District of Petaling State of Selangor **Address:** No. 21, Jalan PJS 8/18, Dataran Mentari, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	Three (3) storey terrace intermediate shop office/ (rented to third parties)	99 years lease expiring 06.11.2102	1,765/5,280	2,500	2,500/ March 2017	18.08.2008
OCK Setia Engineering Sdn. Bhd.	**iii) Title:** P.T. No. 84 held under Title No. 215172, Lot No. 61777 (formerly known as H.S.(D) No. 225932, PT No. 84, Bandar Glenmarie, District of Petaling State of Selangor	A double storey warehouse with an annexed 3-storey office building	Freehold	46,016 46,857	14,151	16,500/ February 2017	25.11.1995

LIST OF PROPERTIES

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area (sq ft)	Audited NBV as at 31 December 2016 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	**Address:** No. 18, Jalan Jurunilai U1/20, Hicom Glenmarie Industril Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan						
OCK M&E Sdn. Bhd.	**iv) Title:** P.T. No. 41553 held under Title No. H.S.(M) 19182, Mukim Dengkil, District of Sepang, State of Selangor **Address:** No. 6, Jalan PTP 1/1 Taman Perindustrian Tasik Perdana @Puchong, 47120 Puchong, Selangor Darul Ehsan	One and a half storey (1 1/2 semi-detached factory/ Unoccupied	99 years lease expiring 24.11.2107	8,125/4,043	2,809	2,900/ September 2014	21.09.2011
Milab Marketing Sdn. Bhd.	**v) Title:** P.T. No. 2422 held under Title No. H.S.(M) 15/90, Mukim Semarak Pasir Puteh, State of Kelantan	1 MWP Solar Power Plant	99 years lease expiring 17.12.2089	195,257	1,212	1,243	25.11.2013
	P.T. No. 6757 held under Title No. H.S.(M) 1751, Mukim Semarak Pasir Puteh, State of Kelantan **Address:** Kawasan Ltn Semarak, Tok Bali 46400, Pasir Puteh, Kelantan Darul Naim		99 years leaase expiring 15.4.2094	197,087			

ANALYSIS OF SHAREHOLDINGS
as at 18 April 2017

Issued and fully paid-up Share Capital	:	RM87,147,296.20
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per shareholder on a show of hands or one vote per ordinary shares on poll
Number of Shareholders	:	3,875

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of shares	%
Less than 100	82	2.116	3,876	0.000
100 - 1,000	236	6.090	157,435	0.018
1,001 - 10,000	1,888	48.722	10,841,973	1.244
10,001- 100,000	1,379	35.587	43,674,925	5.011
100,001 - 43,573,647 (*)	286	7.380	418,033,878	47.968
5% and above of issued shares capital	4	0.103	398,760,875	45.757
Total	**3,875**	**100.000**	**871,472,962**	**100.000**

* *Less than 5% of issued shares*

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

	Shareholdings			
Name	**Direct**	**%**	**Indirect**	**%**
Aliran Armada Sdn. Bhd.	319,792,450	36.696	-	-
Lembaga Tabung Angkatan Tentera	107,968,425	12.389	-	-
Ooi Chin Khoon	25,000	0.003	322,873,525*[1]	37.049

Notes:-

*[1] *Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd and his Brothers, Ooi Cheng Wah's and Ooi Chin Lee's direct shareholdings in OCK Group Berhad.*

*[2] *Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd under Section 8 of the Companies Act, 2016.*

ANALYSIS OF SHAREHOLDINGS
as at 18 April 2017

DIRECTORS' INTERESTS IN SHARES

As per the Register of Directors' Shareholdings

	Shareholdings			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	-	-	-	-
Ooi Chin Khoon	25,000	0.003	322,873,525*1	37.049
Abdul Halim Bin Abdul Hamid	-	-	-	-
Low Hock Keong	14,000,000	1.767	2,875,500*3	0.363
Chang Tan Chin	7,441,800	0.853	-	-
Chong Wai Yew	7,500,000	0.860	-	-
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	-	-	-	-
Mahathir Bin Mahzan	-	-	-	-
YM Syed Hazrain Bin Syed Razlan Jamalullail	-	-	-	-

Notes:-

*1 *Deemed interested by virtue of his shareholding in Aliran Armada SdnBhd and his Brothers, Ooi Cheng Wah's and Ooi Chin Lee's direct shareholdings in OCK Group Berhad.*
*2 *Deemed interested by virtue of his shareholding in Aliran Armada SdnBhd under Section 8 of the Companies Act, 2016*
*3 *Deemed interested by virtue of his Mother, Hoh Moh Ying's direct shareholding in OCK Group Berhad.*

LIST OF TOP 30 SHAREHOLDERS AS AT 18 APRIL 2017

No.	**Name of Shareholders**	**No. of Shares Held**	**%**
1.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB BANK for Aliran Armada Sdn Bhd (PB)	117,800,000	13.517
2.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	111,792,450	12.827
3.	Lembaga Tabung Angkatan Tentera	107,968,425	12.389
4.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB BANK for Aliran Armada Sdn Bhd (PBCL-OG0407)	61,200,000	7.022
5.	He Swee Hong	19,595,100	2.248
6.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB BANK for Aliran Armada Sdn Bhd (PBCL-OG0265)	18,000,000	2.065
7.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	17,666,300	2.027
8.	AmanahRaya Trustees Berhad Public Islamic Treasures Growth Fund	17,554,500	2.014
9.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA BHD	17,430,500	2.000
10.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	15,440,000	1.771
11.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN For Phillip Capital Management Sdn Bhd	14,244,500	1.634

ANALYSIS OF SHAREHOLDINGS
as at 18 April 2017

LIST OF TOP 30 SHAREHOLDERS AS AT 18 APRIL 2017 (continued)

No.	Name of Shareholders	No. of Shares Held	%
12.	Low Hock Keong	11,900,000	1.365
13.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	11,172,700	1.282
14.	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment Shariah Progress Fund	11,042,175	1.267
15.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	11,000,000	1.262
16.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	10,632,600	1.220
17.	HSBC Nominees (Asing) Sdn Bhd Exempt AN for Credit Suisse (SG BR-TST-ASING)	10,408,900	1.194
18.	AmanahRaya Trustees Berhad AFFIN Hwang Growth Fund	10,092,450	1.158
19.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	8,250,000	0.946
20.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LBF)	8,047,000	0.923
21.	AmanahRaya Trustees Berhad AFFIN Hwang Principled Growth Fund	7,867,500	0.902
22.	Lee Mei Siang	7,648,350	0.877
23.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Wai Yew	7,500,000	0.860
24.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chang Tan Chin	7,441,800	0.853
25.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN For Phillip Capital Management Sdn Bhd (EPF)	7,136,280	0.818
26.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Pesaraan (Diperbadankan) (Affin HWNG SM CF)	4,797,250	0.550
27.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Dana EKT Prima)	4,000,000	0.458
28.	AmanahRaya Trustees Berhad Affin Hwang AIIMAN Equity Fund	3,821,800	0.438
29.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Affin Hwang Equity Fund (930090)	3,539,150	0.406
30.	AmanahRaya Trustees Berhad Amanah Saham Gemilang for Amanah Saham Persaraan	3,441,800	0.394
	Total	**668,431,530**	**76.687**

ANALYSIS OF WARRANTHOLDINGS
as at 18 April 2017

No. of warrants in issue	:	264,080,454
Exercise price of warrants	:	RM0,71
Voting Rights	:	One (1) vote per warrant holder on a show of hands or one (1) vote per warrant on poll in the meeting of warrant holders
Number of Shareholders	:	2,340

ANALYSIS OF WARRANT

Size of Holdings	No. of Shareholders	%	No. of shares	%
Less than 100	50	2.136	2,213	0.000
100 - 1,000	116	4.957	71,805	0.027
1,001 - 10,000	727	31.068	3,898,196	1.476
10,001- 100,000	1,056	45.128	43,650,155	16.529
100,001 - 39,612,067(*)	391	16.709	216,450,585	81.966
5% and above of issued shares capital	0	0.000	0	0.000
Total	**2,340**	**100.000**	**264,072,954**	**100.000**

SUBSTANTIAL WARRANT HOLDINGS

As per the Register of Substantial Warrant holders

There were no Substantial Warrantholders as at 18 April 2017.

DIRECTORS' INTERESTS IN WARRANTS

As per the Register of Directors' Warrantholdings

	Warrantholdings			
Name	**Direct**	**%**	**Indirect**	**%**
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	-	-	-	-
Ooi Chin Khoon	125,000	0.047	-	-
Abdul Halim Bin Abdul Hamid	-	-	-	-
Low Hock Keong	400,000	0.435	-	-
Chang Tan Chin	-	-	-	-
Chong Wai Yew	-	-	-	-
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	-	-	-	-
Mahathir Bin Mahzan	-	-	-	-
YM Syed Hazrain Bin Syed Razlan Jamalullail	-	-	-	-

ANALYSIS OF WARRANTHOLDINGS
as at 18 April 2017

LIST OF TOP 30 WARRANTHOLDERS AS AT 18 APRIL 2017

No.	Name of Shareholders	No. of Shares Held	%
1.	TA Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chai Lee Lee	9,000,000	3.408
2.	CIMSEC Nominees (Asing) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (House Account)	5,050,000	1.912
3.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Ng Kok Weng (MY2166)	5,000,000	1.893
4.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun	4,000,000	1.514
5.	Gan Kim Cheong	3,978,000	1.506
6.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Berhad for Chia Siew Ling	3,600,000	1.363
7.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Christina Loh Yoke Lin (8111756)	3,300,000	1.249
8.	Maybank Nominees (Tempatan) Sdn Bhd Yap Wai Khee	3,074,100	1.164
9.	Chai Ming Fatt	3,000,000	1.136
10.	Tan Jit Keong	2,859,025	1.082
11.	Liew Wing On	2,700,000	1.022
12.	Tan Song Kwan	2,636,000	0.998
13.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LBF)	2,544,000	0.963
14.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	2,500,000	0.946
15.	Ng Swee Ling	2,440,000	0.923
16.	Ngoi Lim Ben	2,400,000	0.908
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Allan Gan Chin Yong (8122098)	2,302,900	0.872
18.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Christina Loh Yoke Lin (SS2/AHI)	2,200,000	0.833
19.	Saw Lee Leng	2,150,000	0.814
20.	Oh Kim Sun	2,140,000	0.810
21.	Sai Yee @ Sia Say Yee	2,100,000	0.795
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wong Weng Kung	2,002,900	0.758
23.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (General Fund)	2,000,000	0.757
24.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Insurance Berhad (Dana EKT Prima)	2,000,000	0.757
25.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Fong Siling (CEB)	2,000,000	0.757
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun (CEB)	2,000,000	0.757

LIST OF TOP 30 WARRANTHOLDERS AS AT 18 APRIL 2017 (continued)

No.	Name of Shareholders	No. of Shares Held	%
27.	Ho Foi Kim	1,871,900	0.708
28.	Affin Hwang Nomiees (Tempatan) Sdn Bhd Pledged Securities Account for Oon Guek Kuang (M03)	1,700,000	0.643
29.	Chah Ching Boo	1,674,900	0.634
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Saw Lee Leng	1,650,000	0.624
	Total	85,873,725	32.506

NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting of **OCK GROUP BERHAD** (Company No.: 955915-M) will be held at Topas Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 24 May 2017 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2016 together with the Reports of the Directors and Auditors thereon. *Please refer to Note 1*

2. To approve the payment of Directors' fees for the financial year ended 31 December 2016. *Resolution 1*

3. To approve the payment of Directors' fees for the financial year ending 31 December 2017. *Resolution 2*

4. To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company's Constitution:-

    a) Mr. Low Hock Keong *Resolution 3*

    b) Mr. Chang Tan Chin *Resolution 4*

    c) Mr. Chong Wai Yew *Resolution 5*

5. To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *Resolution 6*

SPECIAL BUSINESS:-

To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:-

6. **ORDINARY RESOLUTION** *Resolution 7*

    - **Authority for Directors to allot and issue shares pursuant to Section 75 of the Companies Act, 2016**

    "THAT pursuant to Section 75 of the Companies Act, 2016 and subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

7. **ORDINARY RESOLUTION** *Resolution 8*

    - **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"**THAT** the Company and its subsidiaries shall be mandated to enter into the category of recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations as set out in the Circular to Shareholders dated 28 April 2017 subject to the following:

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year including amongst others, the following information:

(i) the type of recurrent related party transaction and;

(ii) the names of the related parties involved in each recurrent party transaction entered into and their relationship with the Company;

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

(a) the conclusion of the next AGM of the Company; or

(b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

(c) revoked or varied by ordinary resolution passed by the shareholders at a General Meeting;

whichever is the earlier,

AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the transactions contemplated and/or authorised by this ordinary resolution."

ANY OTHER BUSINESS:-

8. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary

Kuala Lumpur
Date: 28 April 2017

NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

Notes:-

1. This Agenda item is meant for discussion only as the provision of Section 248(2) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

2. A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting and where the member appoints two (2) proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.

3. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

4. Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.

5. In respect of deposited securities, only members whose names appear on the Record of Depositors on 18 May 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.

6. ***Explanatory Notes on Special Business***

   Resolution 7 pursuant to Section 75 of the Companies Act, 2016

   The proposed Ordinary Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Fifth Annual General Meeting of the Company held on 31 May 2016 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

   The general mandate granted by the shareholders at the Fifth Annual General Meeting of the Company held on 31 May 2016 have been utilised via a private placement exercise which have been completed on 17 August 2016 where 79,224,100 new ordinary shares of RM0.10 each have been issued. The proceeds of RM64.172 million raised from the private placement exercise had been utilised in the following manner as at 31 December 2016:

	RM'000
Proceeds from Private Placement	*64.172*
Business Expansion	*(57.712)*
General Working Capital	*(5.860)*
Placement Expenses	*(0.600)*
	64.712

   The general mandate for the issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding future investment, working capital and/or acquisition(s).

7. ***Ordinary Resolution 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature***

   The proposed Ordinary Resolution 8 is intended to enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations to facilitate transactions in the normal course of business of the Company with the specified classes of related parties, provided that they are carried out on an arms' length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to the Circular to Shareholders dated 28 April 2017 for further information.

STATEMENT ACCOMPANYING NOTICE OF THE SIXTH ANNUAL GENERAL MEETING

1. The Director who is standing for re-election at the Sixth Annual General Meeting of OCK Group Berhad are as follows:

   a) Mr. Low Hock Keong
   b) Mr. Chang Tan Chin
   c) Mr. Chong Wai Yew

   The profiles of the Directors who are standing for re-election is set out on pages 21 to 23 of this Annual Report.

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2016 are disclosed in the Corporate Governance Statement set out on 44 of this Annual Report.

3. The details of the Sixth Annual General Meeting are as follows:

Date of Meeting	Time of Meeting	Place of Meeting
Wednesday, 24 May 2017	10.00 a.m.	Topas Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang, 40150 Shah Alam, Selangor Darul Ehsan.

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OCK GROUP BERHAD
(955915-M)

PROXY FORM

*I/We,..
(FULL NAME IN BLOCK LETTERS)

of..
(ADDRESS)

being a member(s) of OCK GROUP BERHAD, hereby appoint..
(FULL NAME)

of ....
(ADDRESS)

or failing him/her,..
(FULL NAME)

of..
(ADDRESS)

or failing him/her, the Chairman of the Meeting as *my/our proxy(ies) to vote for *me/us on *my/our behalf at the Sixth Annual General Meeting of the Company to be held at Topas Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 24 May 2017 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:

*(*Strike out whichever is not desired)*

(Should you desire to direct your Proxy as to how to vote on the Resolution set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

RESOLUTIONS		FOR	AGAINST
ORDINARY BUSINESS			
1.	To approve the payment of Directors' fee for the financial year ended 31 December 2016		
2	To approve the payment of Directors' fee for the financial year ending 31 December 2017		
3.	Re-election of Director – Mr. Low Hock Keong		
4.	Re-election of Director – Mr. Chang Tan Chin		
5.	Re-election of Director – Mr. Chong Wai Yew		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration		
SPECIAL BUSINESS			
7.	Authority to Issue Shares Pursuant to Section 75 of the Companies Ac, 2016		
8.	Proposed Renewal and Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature		

Dated this .... day of 2017

No of Ordinary Shares Held :	
CDS Account No. :	
Tel No. (during office hours) :	

For appointment of two proxies, percentage of shareholding to be represented by the proxies:-		
	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

....
Signature/Common Seal of Shareholder
[Delete if not applicable]*

Fold this flap for sealing

Notes:-

1. *A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting and where the member appoints two (2) proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*
2. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
3. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
4. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 18 May 2017 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*
5. *A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting and where the member appoints two (2) proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*

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AFFIX
STAMP

OCK GROUP BERHAD
(955915-M)

LEVEL 2, TOWER 1
AVENUE 5, BANGSAR SOUTH CITY
59200 KUALA LUMPUR

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www.ock.com.my

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