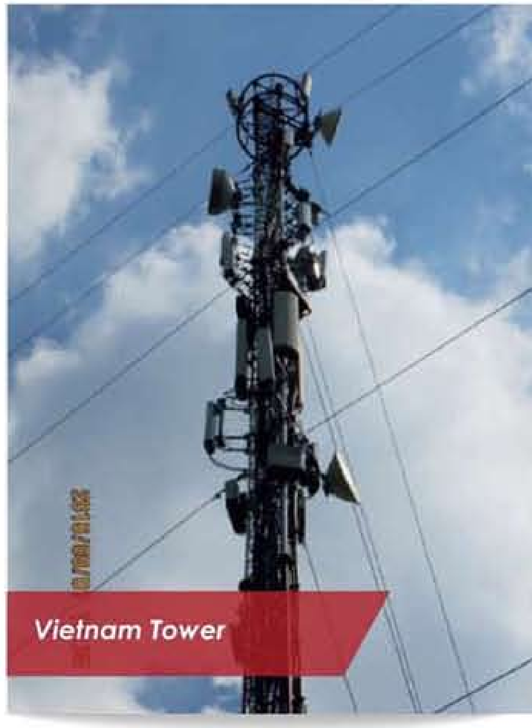
OCK GROUP BERHAD
(955915-M)

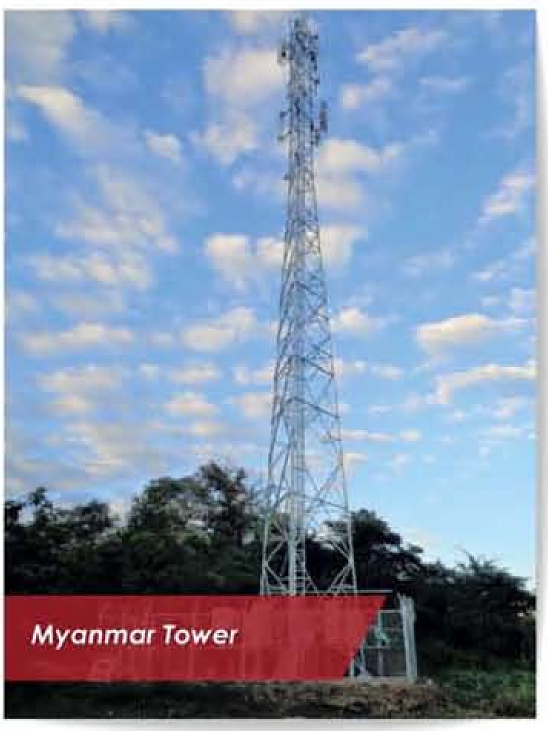
ANNUAL REPORT 2017

BOLSTER OUR REGIONAL PRESENCE

FULL-FLEDGED **NETWORK SERVICES PROVIDER**


Vietnam Tower


Vietnam Tower


Myanmar Tower


Malaysia Tower

CONTENTS

ABOUT US

OCK Group ("the Group") has four major business divisions that drives our business, namely Telecommunication Network Services, Trading of Telecommunication Network Products, Green Energy and Power Solutions as well as M&E Engineering Services.

The Group is principally involved in the provision of telecommunication services equipped with the ability to provide full turnkey services. We provide comprehensive end-to-end solutions telecommunication network services market: network planning, design and optimisation, 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.

The Group also has a trading division that trades telecommunication hardware and equipment materials such as antennas, feeder cables and connectors. This business division complements the core business of the Group with other telecommunication network service providers and operators. As our businesses expand, the 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 equipment for commercial, retail and factory buildings, inclusive of installation, commissioning and testing services. M&E is one of the core businesses of the Group that provides mechanical and electrical services to housing development projects, commercial high-rise buildings, factories, infrastructure, airports, medical centres and hotels.

More recently, the Group has expanded its regional footprint through expanding its presence in Myanmar, Vietnam, Indonesia, Cambodia and China. To date the Group is focused on developing an independent ASEAN tower company and currently has a telecommunication tower portfolio of more than 2,900 telecommunication towers. The Group's ambitions as a telecommunication tower company was demonstrated when the Group successfully penetrated into two high growth telecommunication tower markets, in Myanmar and Vietnam within a short period of 14 months.

Moving forward, the Group will remain vigilant despite the successes that it has achieved through the implementation of our regional plans. The Group will remain assertive in executing the next phase of business growth in its aspirations to be an independent ASEAN telecommunication tower company.

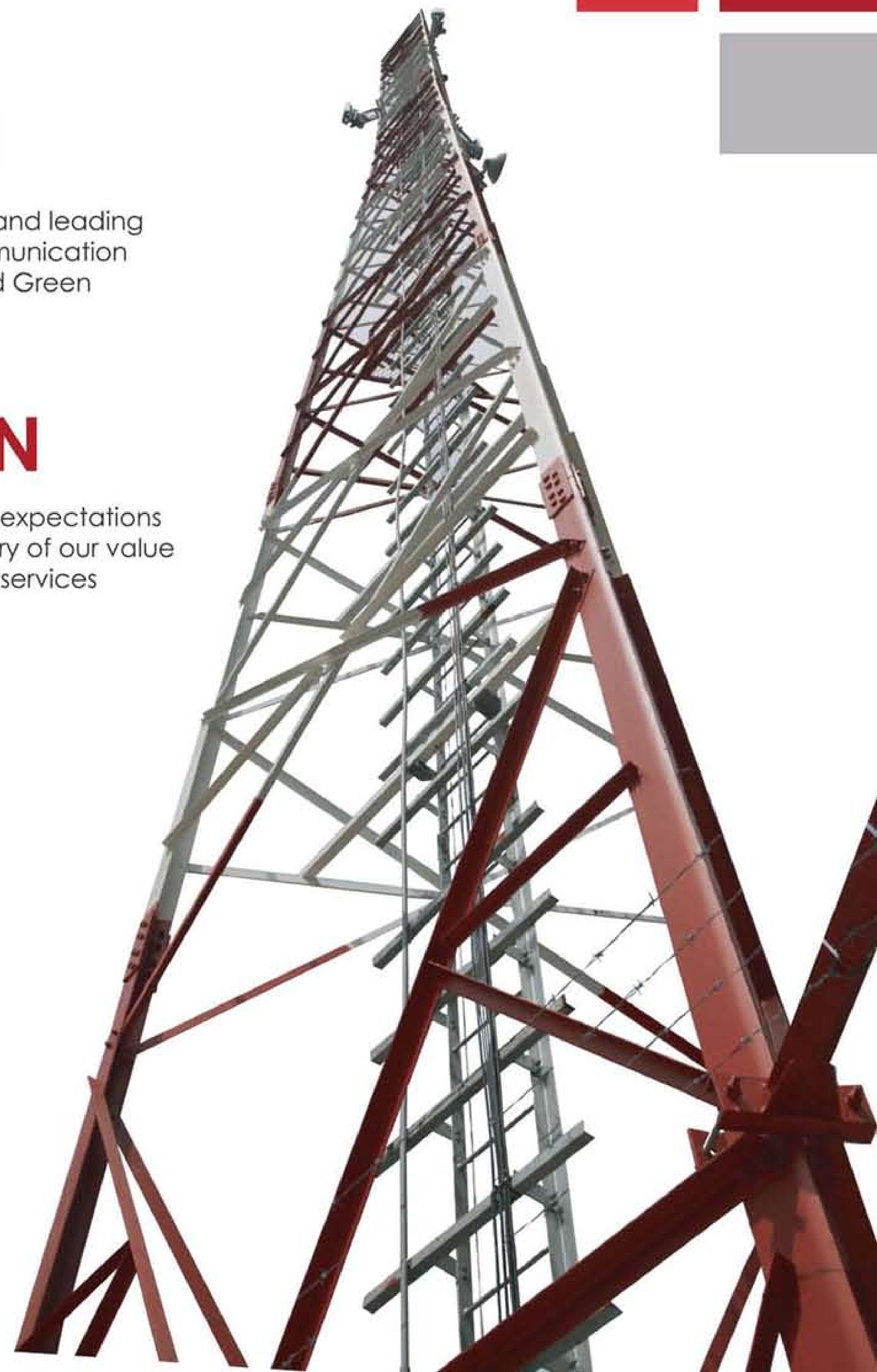
BOLSTER OUR REGIONAL PRESENCE

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



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
Group Chief Executive Officer

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
Mahathir Bin Mahzan

MEMBERS
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman

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

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

COMPANY SECRETARY

Wong Youn Kim
(MAICSA 7018778)

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

STOCK EXCHANGE LISTING

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

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

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

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

Maybank International Labuan Branch (130113D)
Level 16 (B), Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory of Labuan
Tel : (60) 8741 4406
Fax : (60) 8741 4806

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

CORPORATE STRUCTURE

OCK GROUP BERHAD

- **OCK Setia Engineering Sdn. Bhd.**
  - **Delicom Sdn. Bhd. - (100%)**
    Telecommunications Network & Network Deployment Services
  - **Steadcom Sdn. Bhd. - (51%)**
    Network Planning, Design & Optimisation
  - **Dynasynergy Services Sdn. Bhd. - (51%)**
    Operations, Engineering & Maintenance Services
  - **Firatel Sdn. Bhd. - (61%)**
    Trading of Equipment & Materials Network Security Products and Solutions
  - **Fortress Pte. Ltd. (SG) - (100%)**
    Network Security Products and Solutions
    - **Fortress Distribution Sdn. Bhd. - (100%)**
      Network Security Products and Solutions
  - **EI Power Technologies Sdn. Bhd. - (52%)**
    Green Energy & Power Solutions
  - **OCK M&E Sdn. Bhd. - (100%)**
    Mechanical & Electrical Engineering Services
- **PMT Asia Sdn. Bhd.**
- **Milab Marketing Sdn. Bhd.**
  - **Azminas Sdn. Bhd. - (100%)**
    Green Renewable Energy
  - **Novel Energy Sdn. Bhd. - (100%)**
    Green Renewable Energy
  - **Suluk Damai Sdn. Bhd. - (100%)**
    Green Renewable Energy
  - **Seri Kuasa Sdn. Bhd. - (51%)**
    Green Renewable Energy
- **OCK International Sdn. Bhd.**
  - **OCK Phnom Penh Pte. Ltd. - (100%)**
    Telecommunications Network & Network Deployment Services
  - **PT Putra Mulia Telecommunication - (85%)**
    Telecommunications Network & Network Deployment Services
    - **PT Harapan Utama Prima - (65%)**
      Telecommunications Network & Network Deployment Services
  - **Fuzhou 1-Net Solution Co. Ltd. - (51%)**
    Telecommunication Network Services
  - **Well Synergy Resources Pte. Ltd. - (100%)**
    Engineering Services, Rental Business, Market Research and Management Services
  - **OCK Telco Infra Pte. Ltd. - (100%)**
    Tower facilities, utilities and communication network for mobile and broadband operators
    - **MIN-OCK Infrastructure Pte. Ltd. - (100%)**
      Tower facilities, utilities and communication network for mobile and broadband operators

- **OCK Sea Towers Pte. Ltd.**
  - **OCK Myanmar Holdings Pte. Ltd. - (100%)**
    Mobile Cellular and other Wireless Telecommunications Network Operation
    - **OCK Myanmar Towers Pte. Ltd. - (100%)**
      Tower facilities, utilities and communication network for mobile and broadband operators
      - **OCK Yangon Pte. Ltd. (Myanmar) - (100%)**
        Tower facilities, utilities and communication network for mobile and broadband operators
  - **OCK Vietnam Towers Pte. Ltd. - (60%)**
    Tower facilities, utilities and communication network for mobile and broadband operators
    - **Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH") - (100%)**
      Vietnam Tower Operator
      - **Delong Opportunity Investments Pte. Ltd. - (100%)**
        Investment Holding
      - **Cleveland Capital Pte. Ltd. - (100%)**
        Investment Holding
      - **Vietnam Infrastructure Heritage Ltd. - (100%)**
        Investment Holding
      - **Global Infrastructure Investment Company Limited - (100%)**
        Vietnam Tower Operator
        - **Truong Loc Trading Service Telco Joint Stock Company - (100%)**
          Vietnam Tower Operator
      - **Mobile Information Service Company Limited - (100%)**
        Vietnam Tower Operator
        - **Zone II Mobile Information Services Joint Stock Company - (100%)**
          Vietnam Tower Operator
          - **Tan Phat Telecommunications Company Limited - (100%)**
            Vietnam Tower Operator
      - **VNC-55 Infrastructure Investment Company Limited - (100%)**
        Vietnam Tower Operator
        - **T&A Company Limited - (100%)**
          Vietnam Tower Operator
      - **Eastern Tower Joint Stock Company - (100%)**
        Investment Holding
    - **OCK Vietnam Towers (Labuan) Ltd. - (100%)**
      Tower facilities, utilities and communication network for mobile and broadband operators
  - **OCK Tower Infra Sdn. Bhd. - (100%)**
    Investment Holding
    - **OCK Telco Infra Sdn. Bhd. - (100%)**
      Telecommunications Infrastructure and Services (NFP License Holder)
- **Massive Connection Sdn. Bhd.**
- **OCK Ventures Sdn. Bhd.**
  - **OCK Industries Sdn. Bhd. - (65%)**
    Investment Holding & General Trading

CORPORATE STRUCTURE

CORPORATE MILESTONES

2017

- Completion of the SPA for the 100% equity interest in SEATH
- Signed Master Lease Agreement with Mytel and MPT for colocation and new build site
- Awarded Asia Most Impactful Service Award from Asia Success Inc. Group
- Awarded a full turnkey contract from one of the mobile operators in Malaysia
- Paid an interim dividend of RM0.01 per share, amounting to approximately RM8.7 million

2016

- Awarded NFP license Malaysia for OCK Telco Infra Sdn. Bhd.
- Completed 10% private placement
- Signed conditional SPA for the acquisition of SEATH. Completed the acquisition in Jan 2017

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

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

2012 - 2013

Listed on the ACE Market of Bursa Malaysia Securities Berhad in Year 2012

- 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

2005 - 2011

- Inflow of contracts awarded by various cellular Telemmunication operators and Telecommunication equipment vendors
- Awarded Network Facilities Provider ("NFP") license from MCMC to be a Tower Leasing Company

2000 - 2004

- Registered as approved Service Provider ("ASP") with Ericsson and Alcatel-Lucent
- OCK Setia Engineering Sdn. Bhd. was established

REGIONAL PRESENCE *of more than*

2,900 *Towers in ASEAN*

FINANCIAL HIGHLIGHTS

REVENUE
RM492.2 MILLION +22.6%

2016: RM401.5 million

GROSS PROFIT
RM121.2 MILLION +38.2%

2016: RM87.7 million

PROFIT AFTER TAX
RM31.9 MILLION +4.9%

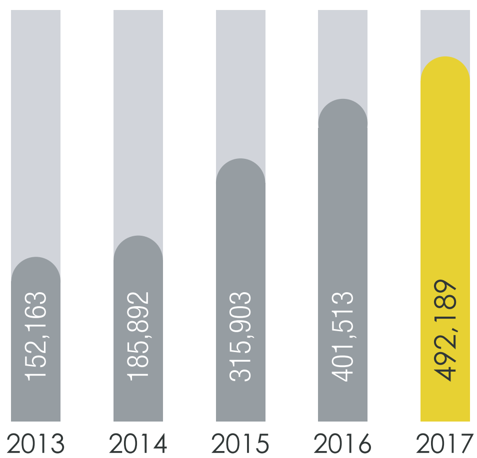
2016: RM30.4 million

TOTAL EQUITY
RM466.4 MILLION +0.5%

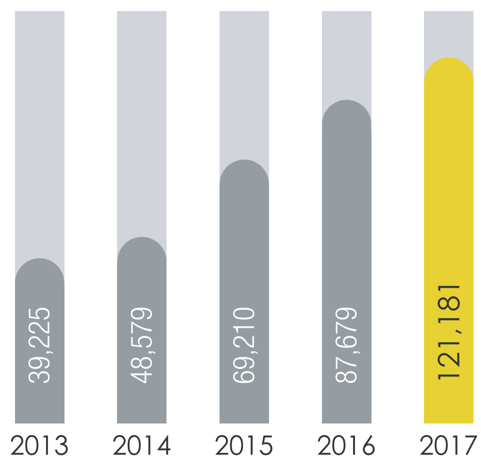
2016: RM463.9 million

For Financial Year Ended 31 DECEMBER		2013	2014	2015	2016	2017
Revenue	RM'000	152,163	185,892	315,903	401,513	**492,189**
Gross Profit	RM'000	39,225	48,579	69,210	87,679	**121,181**
Profit Before Taxation (PBT)	RM'000	21,159	23,757	37,333	41,699	**45,002**
Profit After Taxation (PAT)	RM'000	15,291	17,056	27,151	30,356	**31,940**
Profit For The Year Attributable To Equity Holders	RM'000	13,582	15,587	24,755	26,574	**24,629**
GP Margin	%	25.78	26.13	21.91	21.84	**24.62**
PBT Margin	%	13.91	12.78	11.82	10.39	**9.14**
PAT Margin	%	10.05	9.18	8.59	7.56	**6.49**
Basic Earnings Per Share	sen	4.99	3.27	4.62	3.23	**2.83**

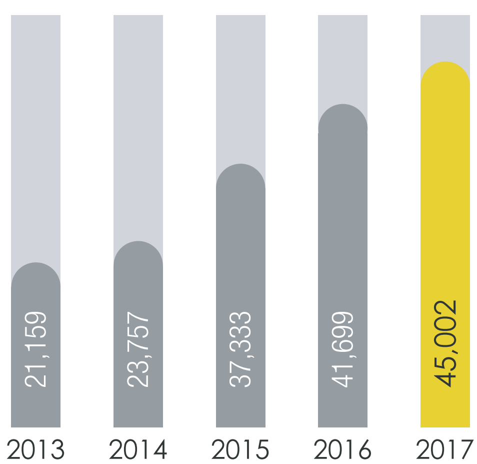
REVENUE
Amount denoted in RM '000



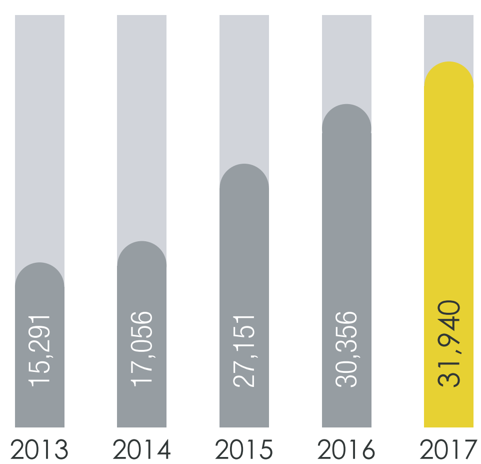
GROSS PROFIT
Amount denoted in RM '000



PROFIT BEFORE TAX
Amount denoted in RM '000



PROFIT AFTER TAX
Amount denoted in RM '000



MEDIA HIGHLIGHTS

MEDIA HIGHLIGHTS

MEDIA HIGHLIGHTS (Cont'd)

OCK stamping its mark in Asean

Telecom tower company makes strong entry into Myanmar and Vietnam

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November 28, 2017 8:54 pm JST

Malaysia's OCK Group 3Q Net Profit Rises 26.3% On Year

By Kuala Lumpur Newsroom

Nikkei Markets

KUALA LUMPUR (Nov 28) -- OCK Group, a Malaysian telecommunication services company, said Tuesday its net profit for the fiscal third quarter rose 26.3%, mainly due to higher revenue from telecommunication network services.

Net profit for the three months ended Sep. 30 was 6.89 million ringgit ($1.68 million) compared with 5.46 million ringgit in the year ago quarter, the company said in a stock exchange filing. Revenue rose 22.9% to 125.24 million from 101.92 million ringgit a year earlier.

The group is expected to benefit from the increase in projects coming out from the network expansions undertaken by major telecommunications companies, OCK Group added. "The group aims to grow its recurring revenue business via build-own-and-lease and acquiring existing tower sites operators in ASEAN."

OCK completes Vietnam acquisition

SHAH ALAM — OCK Vietnam Towers Pte Ltd (OCK Vietnam), an indirect 60%-owned subsidiary of OCK Group Bhd (OCK), has completed the acquisition of the entire equity interest in Vietnam's Southeast Asia Telecommunications Holdings Pte Ltd (SEATH).

The entire equity interest pertaining 42,042,702 ordinary shares in SEATH was acquired for a total purchase consideration of US$50 million (RM223 million), which was fully paid in cash.

OCK Vietnam is 40% owned by CapAsia Telecommunications Ltd, a wholly-owned company of The CapAsia Asian Infrastructure III LP, a fund managed by Capital Advisors Partners Asia Pte Ltd.

OCK managing director Sam Ooi said: "The acquisition is part of our regional expansion plans in achieving a wider business footprint in the Asean region. SEATH's business is synergistic to the group's existing business and will only strengthen our area of expertise, our portfolio and ultimately our income stream. We intend to grow the business and will leverage on OCK's experience to expand further in Vietnam. We will tap onto the launch of the 4G/LTE in Vietnam."

SEATH is principally involved in the development, installation, ownership, operating and leasing out of BTS (base transceiver station) towers, infrastructure and other related assets. It is the largest independent BTS owner in Vietnam, with 1,972 telecommunication towers, geographically dispersed throughout Vietnam. These telecommunication towers are backed by long-term lease rentals from mobile network operators in Vietnam.

With the completion of this acquisition, SEATH will start contributing to OCK's financials.

Good growth propects expected for OCK on Myanmar Tower profit

OCK Group Bhd
(April 17, 87 sen)

Maintain buy with a higher target price (TP) of RM1.05: We continue to like OCK Group Bhd for its good growth prospects underpinned by maiden profit contribution from Myanmar Tower Co. Additionally, OCK aims to build another 200 to 300 towers in Vietnam while working on increasing tenancy ratio from 1.26 times to 1.3 times by end 2017. All in all, we raise 2017 to 2019 core net profit by 4% to 6%, after incorporating holding company management fee and rental income (which turned positive in 2016).

OCK can deliver about 620 and 650 units of towers to Telenor Myanmar in first quarter 2017 (1Q17) and 2Q17 respectively. Additionally, we expect management to complete the handover of 920 towers by year end. To recap, the delay was due to Telenor's network replanning process in early 2016. At this juncture, a dozen new coordinates have been identified and OCK is undertaking site surveys.

We expect Myanmar Tower earnings to pour in from first quarter of financial year 2017 (1QFY17) onwards, after three quarters of start-up losses in 2016 (nine months of FY16: -RM2.3 million). In fact, the Myanmar Tower turned in a small profit in 4QFY16. We estimate the Myanmar Tower could lift 1QFY17's net profit by RM1.1 million, thereby contributing about 13% of FY17's net profit.

We also expect the government-owned incumbent Myanmar Post and Telecommunication (MPT) to ramp up network expansion plans as the Myanmar government focuses on wide network expansion in the coming years. We gather that MPT is interested in at least 100 of OCK's tower sites and is aiming to sign long-term lease agreements (10 to 12-year tenure) within the next few months. — *UOB KayHian, April 17*

OCK Group Bhd

FYE Dec (RMmil)	2015	2016	2017F	2018F	2019F
Net turnover	315.9	407.1	526.7	581.8	638.5
Ebitda	45.8	66.6	80.7	113.2	133.7
Operating profit	38.0	53.7	68.7	84.6	97.3
Net profit (rep/act)	24.6	25.8	34.5	39.6	42.4
Net profit (adj)	20.9	31.0	34.5	39.6	42.4
EPS (sen)	2.4	3.6	4.0	4.5	4.8
PER (x)	36.6	24.6	22.1	19.3	18.0
P/B (x)	2.3	1.8	1.7	1.6	1.5
EV/Ebitda (x)	20.7	14.2	10.6	8.4	7.1
Dividend yield (%)	0.0	0.0	9.8	11.3	14.5
Net margin (%)	7.8	6.3	6.5	6.8	6.6
Net debt/(cash) to equity (%)	(22.3)	4.5	37.3	90.2	111.8
Interest cover (x)	10.0	9.5	6.4	5.2	4.5
ROE (%)	9.6	6.8	7.0	8.6	8.6
Consensus net profit	-	-	36	41	-
UOBKH/Consensus (x)	-	-	0.95	0.96	-

Source: OCK Group Bhd, Bloomberg, UOB Kay Hian

OCK首季净利扬27%

缅越新公司贡献大


黄点福

（吉隆坡30日讯）OCK集团（OCK，0172，主板贸易股）截至3月31日首季，净利扬27.3%，达472万3000令吉；营业额涨35.8%，报1亿652万0000令吉。

OCK集团向交易所报备，首季税前盈利为910万令吉。

[illegible]

海外业务贡献大

[illegible]

EVENT HIGHLIGHTS

EVENT HIGHLIGHTS (Cont'd)

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**
   Group Chief 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

Senior Independent Non-Executive Chairman
Malaysian, Aged 69,
(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 Nomination Committee and Remuneration Committee of the Company.

ABDUL HALIM BIN ABDUL HAMID

Deputy Chairman
Malaysian, Aged 51,
(Appointed on 31 October 2011)

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.

Prior to joining the telecommunications industry, he started food and beverage businesses by offering local cuisine within the state of Selangor, such as food courts and school canteens from 1986 to 1991.

With more than 20 years of experience in the telecommunications industry, Encik Halim started his career as a supervisor with Mognas Communication Sdn Bhd which 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. Encik Halim was also one of the pioneers who contributed in the telecommunications industry where he introduced various kinds of telecommunication structures and equipment in Malaysia. In 2007, Encik Halim acquired shares in OCK'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 as well as Safety Health and Environment committee to ensure OCK daily activities conform to related regulations. He also assists OCK in dealings with Government bodies.

OOI CHIN KHOON

Group Managing Director
Malaysian, Aged 50,
(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 a 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

Group Chief Executive Officer
Malaysian, Aged 47,
(Appointed on 31 October 2011)

Low Hock Keong is our Group Chief Executive 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. In 2017, he was redesignated as the Group Chief Executive Officer and is responsible for overseeing the Group's overall daily operations.

CHANG TAN CHIN

Executive Director
Malaysian, Aged 50,
(Appointed on 31 October 2011)

Chang Tan Chin is 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 a 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.

CHONG WAI YEW

Executive Director
Malaysian, Aged 48,
(Appointed on 31 October 2011)

Chong Wai Yew is 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.

MAHATHIR BIN MAHZAN

Independent Non-Executive Director
Malaysian, Aged 40,
(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.

Mr. Mahathir is the Chairman of the Audit Committee of the Company.

YM SYED HAZRAIN BIN SYED RAZLAN JAMALULLAIL

Independent Non-Executive Director
Malaysian, Aged 39,
(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 include 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 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 the ACE Market of Bursa Malaysia, an integrated bamboo wood products manufacturer.

REAR ADMIRAL (R) DATO' MOHD SOM BIN IBRAHIM

Non-Independent & Non-Executive Director
Malaysian, Aged 64,
(Appointed on 9 December 2013)

Rear Admiral (R) Dato' Mohd Som Bin Ibrahim ("RADM Dato' Mohd Som") 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. Eventually, he became a specialist in Navigation in 1980 in the UK. After which, RADM Dato' Mohd Som continued to attend many courses both local and abroad.

With more than 37 years of service, RADM Dato' Mohd Som served on board of 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). RADM 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.

KEY MANAGEMENT TEAM

Top Row From Left:

Ooi Chin Khoon - Group Managing Director; **Low Hock Keong** - Group Chief Executive Officer; **Hillary Chua Pei Sum** - Group Chief Financial Officer; **Quek Meu San** - Director of Group Human Resource ("HR"), Administration and Information Technology ("IT"); **Foo See Liang** - Chief Operating Officer, Network Design and Deployment Division; **Tan Yew Tong** - Chief Marketing Officer, Marketing and Business Development; **Apollo Wong Shau Yang** - Director, Tendering and Marketing Support; **Hussin Bin Abu Bakar** - Head of Quality, Regulatory and Government Liaison

KEY MANAGEMENT TEAM (Cont'd)

Top Row From Left:

Omer Chappelart - Chief Executive Officer, OCK Yangon Pte. Ltd., Myanmar; **John Seet Wan Chi** - Chief Executive Officer, Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH") , Vietnam; **Dr. Yap Wai Khee** - Chief Executive Officer, OCK SEA Towers Pte. Ltd., Singapore; **Lim Hooi Seeh** - Chief Executive Officer, PT Putra Mulia Telecommunication , Indonesia; **Chang Tan Chin** - Director , OCK M&E Sdn. Bhd.; **Chong Wai Yew** - Director, Milab Marketing Sdn. Bhd.; **Lee Kong Jin** - Director, Firatel Sdn. Bhd.; **Sharon Mak May Cheng** - Director, EI Power Technologies Sdn. Bhd.

KEY MANAGEMENT'S PROFILE

HILLARY CHUA PEI SUM

Group Chief Financial Officer
Malaysian, Aged 42
(Appointed on 1 July 2016)

Hillary Chua is a qualified CPA and member of MIA. She has 19 years of business and financial management experience in various organizations in Malaysia, Singapore and Australia – in Altel, Axiata, Maxis, Citibank, American Express ("AMEX") and PricewaterhouseCoopers ("PwC").

She started her career in PwC in the area of auditing and business assurance in 1999 and later joined AMEX, specializing in controls and procedures, business planning and financial analytics. Her last position with AMEX was the Business Planning Manager in Australia overseeing the Australia's Card business. She stayed with AMEX for 5 years.

Upon returning to Malaysia, she took up a position in Citibank Malaysia as the Head of Strategic Planning and Analysis in the Credit Cards business. Seeking to diversify her experience in Telecommunication, she later joined Maxis – Mobile Finance in 2008, overseeing the Budgeting and Forecasting of the Consumer Mobile business. With her extensive experience in analytics, financial and accounting management, she was offered a position of Assistant Vice President in Axiata's Strategic Planning Division.

In 2012, she joined Altel Communications (one of the start-up Mobile Network Operators that was awarded the 4G LTE license) to establish the Finance operations and grew the business to mid-size revenue-generating company. She was later entrusted to take-up the Group CFO role in Altel Holdings to oversee the financial management and operations of 3 subsidiaries (Altel Communication, MYTV Broadcasting and Net2One); in-line with the expansion of the Group's into Digital TV Broadcasting and Fixed line businesses. She stayed with the Group for 4 years prior to joining OCK.

QUEK MEU SAN

Director
Group Human Resource ("HR"), Administration and Information Technology ("IT")
Malaysian, Aged 47
(Appointed on 17 March 2000)

Quek Meu San is our Director of Group HR, Administrative and IT. She obtained her certified of London Chamber of Commerce and Industry ("LCCI") in 1992 and she also has obtained certificate for Secretarial and Administrative Course in 1995.

Ms. Quek started her employment with United Overseas Bank (M) Berhad in 1994 in the Consumer Banking division, she was later promoted to the Office-in-charge of Customer Service in 1996. A year later, in order to build her experience in accounting and finance, she joined Cobrain Holding Sdn. Bhd. and handled the end-to-end finance and admin operation of the company.

In recognition of her outstanding performance in Cobrain, she was later offered to be the pioneer team to set-up the finance and admin operation for OCK Setia Engineering Sdn. Bhd. in 1999. As OCK grew exponentially over the years, she was promoted and seconded to various positions in the Group in departments such as Procurement, Tender, Human Resources, Billing and Collection. Her career with OCK grew in tandem with the business expansion of OCK and she was promoted to her current position of Director of Group HR, Administrative and IT in 2012.

FOO SEE LIANG

Chief Operating Officer
Network Design and Deployment Division
Malaysian, Aged 50
(Appointed on 1 August 2009)

Foo See Liang graduated from Oxford Brookes University, England, in 1995 with a Bachelor's Degree (Hons) in Electronics Engineering. He is also a certified Project Management Professional from Project Management Institute since 2009.

In 1996, he joined Lucent Technologies, now known as Alcatel-Lucent, as a project engineer and was promoted to project manager in 2007. Throughout his 13 years career in ALU, he gained solid telecommunications technical skillsets and project management experiences in deploying wireless (mobile and microwave transmission) and wireline (SDH/DWDM fiber optic and submarine cable) networks.

In 2009, he joined OCK Setia Engineering Sdn. Bhd. as a Project Management Office Director. He has since been responsible to optimum the allocation of resources across all projects, and to develop and implement project management methodology, best practices and standards.

As the Project Director, he has been instrumental in successfully planning and executing the NEC Full Turn Key, Ericsson/Maxis 3G project and various major ongoing projects

Currently, Foo See Liang's main role is to oversee the day-to-day execution of all projects. He is also part of the team which is actively sourcing and tendering for new projects.

TAN YEW TONG

Chief Marketing Officer
Marketing and Business Development
Malaysian, Aged 49
(Appointed on 1 May 2017)

Tan Yew Tong is our Group's Chief Marketing Officer of OCK. Graduated from The University of Queensland, Australia, in 1993 with a Bachelor's Degree (Hons) in Electrical & Electronics Engineering and Communication system. Mr. Tan started his career with Motorola Malaysia Sdn. Bhd. (Land Mobile Product Sector) as a Radio Research and Development Engineer in 1994. In 1997, he joined Lucent Technologies (M) Sdn. Bhd., now known as Alcatel-Lucent (Nokia), as a RF Optimization Engineer. He continued to work in Alcatel-Lucent (Nokia) until 2011, holding various senior positions in the pre and post sales divisions. In 2013, he is the co-founder of Dynasynergy Services Sdn. Bhd., a subsidiary of OCK Setia Engineering Sdn. Bhd..

Tan Yew Tong joined the group as the COO of Infrastructure Management and Resources Division in 2017. For his current role as the CMO, his key function is to oversee the marketing operations of OCK and develop its marketing strategy and vision leveraging on their experience and expertise. He is to take charge of a team of enthusiastic marketing professionals and direct the marketing efforts towards achieving OCK's short and long term growth goals.

APOLLO WONG SHAU YANG

Director
Tendering and Marketing Support
Malaysian, Aged 49
(Appointed on 1 July 2010)

Apollo Wong is our Group's Marketing and Accounts Management Director. Mr. Wong graduated from University of Alberta, Edmonton, Alberta, Canada in 1993 with a Bachelor's Degree in Electrical Engineering.

After graduation, he joined Celcom in 1994 as a Technical Officer and was subsequently promoted to its Technical Assistance. In 1997, he joined Prismanet Sdn. Bhd. as its Project Manager prior to joining Lucent Technologies (M) Sdn. Bhd., now known as Alcatel-Lucent, as a Senior Engineer in 1998 and was promoted to Alcatel-Lucent's Customer Solution Leader in 2007. In 2010, Mr. Wong joined OCK Setia as our Marketing and Accounts Management Director. His current responsibilities include overseeing all marketing and customer account management, pre-sales, tendering bids and proposals activities for OCK's telecommunication network services division.

HUSSIN BIN ABU BAKAR

Head of Quality, Regulatory and Government Liaison
Malaysian, Aged 53
(Appointed on 15 July 2010)

Encik Hussin is our Group's Quality, Regulatory and Government Liaison Head. Encik Hussin graduated from Universiti Teknologi Mara, Shah Alam, Selangor in 1986 with a Diploma in Estate Management (Property).

Encik Hussin has over 20 years of experience in regulatory and permitting within the telecommunications industry. He started off by joining TIMECel Sdn Bhd in 1997 as a senior property executive and subsequently joined both operators and technology vendors such as Maxis, DiGi, Alcatel-Lucent Malaysia and Ericsson Malaysia.

Encik Hussin joined OCK Setia Engineering Sdn. Bhd. since 2010, and today he oversees and manages regulatory requirements related to authorities, new contracts from government bodies, new tenders, licensing, agreements, projects, as well as CSR activities under OCK Group Berhad.

DR. YAP WAI KHEE

Chief Executive Officer
OCK SEA Towers Pte. Ltd., Singapore
Malaysian, Aged 51
(Appointed on 5 January 2015)

Dr. Yap graduated from Imperial College, University of London with a Bachelor of Engineering. He also holds a Master of Business Administration from Imperial College, University of London and a Doctor of Philosophy (Engineering) from University of Cambridge.

Dr. Yap has over 21 years of experience in strategy and commercials, with 16 years in telecommunications industry. He acted in senior management roles for several telecom companies and has been managing regional projects in Cambodia and Myanmar. Previously, he was the Head of Strategy & Analysis of Axiata Group Berhad, Chief Operating Officer and a Member of the Executive Committee ("ExCo") of U Mobile Sdn. Bhd. and Chief Executive Officer of Mfone Co. Ltd. (Cambodia). Prior to joining OCK, he was the Chief Strategy Officer of Robi Axiata Ltd. in Bangladesh.

To date, he has been appointed as the Chief Executive Officer for OCK SEA Towers Pte. Ltd. in Singapore where he will be spearheading the growing towerco business of OCK Group both locally and regionally.

JOHN SEET WAN CHI

Chief Executive Officer
Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH") , Vietnam
Malaysian, Aged 57
(Appointed on 24 November 2014)

John Seet started his career in the telecommunication industry and over the span of 36 years, he has developed his career along with the evolution of telecommunication technologies from fixed line to mobile, copper to fiber optical cable and analog to digital & IP technology. He graduated with a Diploma in Civil Engineering and BBA from University of Mississippi USA. Starting with Uniphone Usaha Sdn. Bhd. in 1981 as a Technical Assistant, a JV between Sapura Holding and Sumitomo of Japan. He then joined Time Telecom (now TTdotCom) as the Project Manager in 1995 and later as Head of the Regional Network Construction Division, Customer Access Network Division and Network Operations Division. In 2001, he joined Alcatel Network Systems Malaysia and completed more than 50 major and complex projects. After 10 years with Alcatel, he joined Huawei Technologies Co. Ltd. (China) later as the Global Deputy Program Director in the Software Service Department. His key accomplishment was turning around the Service Delivery Platform ("SDP") VAS project for Digital Merchant Business Operation project for XL in Indonesia and RCS project for UAE Etisalat which gained recognition from customers.

In 2014, he joined OCK Group as Regional Director and led the project to build a towerco business in Myanmar. OCK successfully signed the master service agreement with Telenor Myanmar Limited and he was appointed as CEO of OCK Yangon Pte. Ltd. to oversee the business operations and development in Myanmar until June 2017.

He is currently being appointed as Chief Executive Officer for SEATH in Vietnam.

OMER CHAPPELART

Chief Executive Officer
OCK Yangon Pte. Ltd., Myanmar
French, Aged 62
(Appointed on 1 May 2017)

Omer has more than 25 years of experience working in Telecommunications, Building & Leading organisations in senior management positions and with an extensive international experience. In 1990, he earned his Master Degree in Telecommunication (Engineering) from France. After graduation, he started in the telecommunications industry to gain experience before he was appointed as Country Manager for Alcatel Yemen in 1992.

In 1997, He was appointed as Project Manager for Alcatel Indonesia and then Deputy Head of Field Operations for Alcatel France in 1999. At the end of 1999, he was relocated back to Indonesia as the Senior Operations Manager for Satelindo Program. In 2003, he was appointed as the Country Project Director for Alcatel Brunei and was promoted to Regional Program Director, Alcatel Malaysia on August 2004. He was later promoted as Country Program Director for Alcatel-Lucent Indonesia in 2007 and became the Director for Data Management Center Ltd. in 2010. He was the Chief Representative Officer for Ellipse Projects SAS Indonesia in 2015. Prior to joining OCK Yangon as the new Chief Executive Director in May 2017, he was appointed as the Senior Project Director for Nokia Cambodia.

He has constantly attended various training such as Senior Project Management training, Core Project Management training, Risk Management Training, Advance Negotiation Skills training and Directing Customer Project training to improve his skills and knowledge. He is a certified Project Manager Professional ("PMP") from 2006 to 2019.

LIM HOOI SEEH

Chief Executive Officer
PT Putra Mulia Telecommunication, Indonesia
Malaysian, Aged 50
(Appointed on 1 November 2011)

Lim Hooi Seeh graduated from Nottingham Trent University, UK in 2007 with a Master of Business Administration ("MBA").

Lim Hooi Seeh started his career in 1995 in DiGi Telecom Malaysia as a system support engineer, manager and senior manager of Technology Division and finally was promoted as a Head of IP Planning lead ISP and Network Engineering department.

In 2006, he joined P1 Malaysia, as the Vice President of Technology Officer for Wireless Broadband Mobile WiMAX

In 2011, Lim Hooi Seeh joined PT Putra Mulia Telecommunication Indonesia as the Chief Executive Officer and Director. He is currently responsible for overall business operations, finance, procurement and logistic and telco solutions services deliveries.

LEE KONG JIN

Director
Firatel Sdn. Bhd.
Malaysian, Aged 48
(Appointed on 5 August 2009)

KJ Lee has been in Telecommunications industry since 1994 and currently manages Firatel Sdn. Bhd. specialising in telco product solutions and mobile phone in building coverage infrastructure.

He has a Masters degree in Electrical Engineering, majoring in Computer Engineering and also an accredited project manager ("PMP") of Project Management Institute since 2008.

He joined AT&T (Singapore) Network System in 1994 as a regional switching engineer, supporting Asia Pacific region telephony system. He mainly supported international switching centre and GSM network rollout in Malaysia since 1995. He also supported the making of the first successful Celcom own international call and GSM call in Ipoh, Kuantan, Sabah and Sarawak. In 1996, when AT&T Network system was spun off as Lucent Technologies, he was heading the maintenance department for Malaysia. In 1999, KJ advanced his career as services director as well as corporate director for Lucent's operation in Malaysia. In 2006, when Lucent merged with Alcatel, he was the head of Network Integration director. In 2008, he headed the project management department before joining Firatel Sdn. Bhd. in 2009.

He was the local representative of Multimedia Super Corridor International Advisory Panel in 1999 and 2000. He was also the industrial advisor to the course curriculum board of Universiti Tun Abdul Razak in 2007.

SHARON MAK MAY CHENG

Director
EI Power Technologies Sdn. Bhd.
Malaysian, Aged 40
(Appointed on 1 November 2010)

Sharon Mak is EI Power's Director. She graduated from Monash University in 2000 with a Bachelor's Degree of Commerce Majoring in Accounts and Finance. Ms. Sharon is also a member of Certified Practicing Accountants ("CPA") Australia.

Ms. Sharon started her career in 2000 with Deloitte Kassim Chan Sdn. Bhd. as an auditor. In 2003, she joined Knusford Berhad as an accountant. She was seconded to the Power Generation Division of Knusford Berhad in 2004 as a Sales Manager.

In 2004, she was promoted to Marketing Manager and after five (5) years of holding this position, she started Energy Icon Sdn. Bhd., a business venture focusing on power generation. She subsequently joined EI Power in 2010 as its Marketing Director. Currently, Ms. Sharon is responsible in evaluating market feasibility, increase market coverage and to manage the sales and marketing team in EI Power.

CHAIRMAN'S STATEMENT

Dear Valued Shareholders,

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 2017 ("FYE2017").

Looking back at FYE2017, I am proud to announce that OCK has achieved significant progress in our core businesses of telecommunication and solar green energy. For the telecommunications business division, we have stamped our mark as a regional independent tower company through our successful acquisition of Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH") in Vietnam. In addition, the Group continues to support and service our customers as a full turnkey telecommunication network solutions provider.

Under our green energy business division, we have increased our ownership of solar farms with business partners under the feed-in-tariff program. The Group now owns a total of 11 farms, generating an aggregate power output of 5.9MW to date.

CHAIRMAN'S STATEMENT (Cont'd)

FINANCIAL PERFORMANCE

I am pleased to report that the Group has yet again achieved an excellent financial performance for FYE2017 with a year-on-year growth in revenue of 22.6%. The continuous growth enabled the Group to record a full year revenue of RM492.2 million and profit after tax of RM31.9 million compared with the preceding year's revenue and profit after tax of RM401.5 million and RM30.4 million, respectively.

The strong performance was largely contributed from the Group's regional ventures into Myanmar and Vietnam. Our regional revenue YoY has grown significantly and contributed 34.4% to the Group's total revenue.

CREATING SHAREHOLDERS VALUE

The Board was delighted to recommend a single-tier interim dividend of RM0.01 per ordinary share for FYE2017, which amounted to a total payout of approximately RM8.7 million, paid on 28 March 2018.

We remain committed to deliver short and long-term value proposition to our shareholders. Taking into account the current volatile economic landscape and OCK's growth phase which requires considerable capital expenditure, a prudent dividend payout approach has been taken to ensure that the Group maintains a strong and healthy balance sheet while continuing with our strategic plans for regional expansion.

GLOBAL RECOGNITION

On 16 February 2017, Huawei honored the Group with the "Collaboration & Development Prize". This was significant as it represented Huawei's acknowledgement of OCK as a trusted professional partner in the ASEAN region. Over the years, the Group has had its fair share of globally recognised accolades presented by renowned technology vendors and suppliers in recognition for our excellent delivery of works which has set a benchmark of excellence for the Group.

ASSIGNMENT OF REGIONAL CEO TO SPEARHEAD GROWTH

More recently, the Group has refocused our leadership team to be in line with the Group's strategic direction of rapid regional expansion. To achieve the Group's vision of becoming an ASEAN tower company, it was in the best interest of the Group to assign a dedicated leader to oversee and manage the Group's regional telecommunication operations. In line with this aspiration, the Group has assigned Dr. Yap Wai Khee to be the Chief Executive Officer of OCK SEA Towers Pte. Ltd..We are confident that Dr. Yap will further grow the Group's telecommunications tower business in South East Asia.

With more than 12 years of experience and as an Executive Director, Mr. David Low has been designated as the Group Chief Executive Officer, overseeing the Group's telecom operations comprising of telecommunication network services, telco managed services, solar engineering, procurement and construction, and mechanical and electrical engineering services.

We foresee that the repositioning of key management personnel will allow them to have undivided attention to their respective roles so as to propel the Group to reach greater heights.

MOVING FORWARD

The World Bank has forecasted that global economic growth will edge up to 3.1% in 2018 after a much stronger-than-expected 2017 growth of 3.0%. East Asia and Pacific region's growth is expected to slip to 6.2% in 2018 from an estimated 6.4% in 2017.

Nevertheless, we are optimistic that there continues to be growth opportunities in the telecommunication industry especially in the ASEAN region. We are expecting the demand for technology infrastructure to accelerate further as countries such as Vietnam and Myanmar catch up to meet 4G network standards and as 5G network and "Internet-of-Things" takes flight. This will be a key metric for mobile internet adoption which is increasingly becoming a necessity in this current digital ecosystem which requires higher data connectivity and faster data speeds.

Therefore, there remains many valuable opportunities in the telecommunications industry in the ASEAN region. The Group will continue to increase and widen our international presence.

CHAIRMAN'S STATEMENT (Cont'd)

APPRECIATION

On behalf of the Board of Directors, I would like to extend our appreciation to the Government and regulatory authorities, our clients, business associates, vendors and bankers for their continued support of OCK.

I also wish to thank our valuable shareholders for their steadfast support and confidence in the Group.

Finally, to our management team and employees, a big heartfelt thank you for their dedication and contribution towards making OCK what it is today. Let us strive together to make OCK a regional leader in the telecommunications services industry.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

"For the financial year ended 2017 ("FYE2017"), OCK Group Berhad ("OCK" or "the Group") has been fortifying our vision and strategic plans to develop an ASEAN Tower Company ("Towerco") and a regional leader as a telecommunication network services provider."

SAM OOI CHIN KHOON,

Group Managing Director

THE ECONOMIC LANDSCAPE

Malaysia's economy continues to perform with an anticipated GDP growth of 5.8% in 2017 with a projected growth of 5.3% for 2018 according to the International Monetary Fund ("IMF"). This is backed by strong employment, boosting private consumption and investment which has led to a growth at a sustained pace despite external shocks in Malaysia. Local Mobile Network Operators ("MNO") such as Maxis, Digi and Axiata still continued to invest capital expenditure ("Capex") for 4G LTE for both capacity and coverage requirements to support their internet and data revenue growth.

On the ASEAN front, we continue to see strong growth in telecommunication investments in both Vietnam and Myanmar where we have a strong presence in. The growth in Vietnam is driven by mobile customers demanding faster internet connectivity from 3G to 4G networks. On the other hand, as Myanmar is a relatively young nation there has been a lot of new investments into its telecommunication network infrastructure to support its telecommunication industry.

MANAGEMENT'S DISCUSSION & ANALYSIS (Cont'd)

FINANCIAL PERFORMANCE

For FYE2017, OCK achieved record revenue of RM492.2 million; a reported growth of 22.6% compared to RM401.5 million in the financial year ended 2016 ("FYE2016"). The growth was mainly contributed by regional businesses expansion into Myanmar and Vietnam.

The Group reported a profit after tax ("PAT") of RM31.9 million which translates into a 4.9% increase compared to FYE2016. Excluding the one off forex losses, the Group's core PAT would be RM32.9 million, a core PAT improvement of 26.1% compared to FYE2016's core PAT of RM26.1 million.

OCK's regional business revenue continues to trend higher, with a contribution of 34.4% over the total revenue as compared to 20.0% in FYE2016. This growth was mainly contributed from the increase in Towerco business in Myanmar and Vietnam as well as the managed services business in Indonesia.

Over the years, OCK has achieved an impressive compounded annual growth rate ("CAGR") of 32.8% for revenue and 36.8% for PAT over the past 7 years.

BUSINESS OPERATIONS & PLANS

OCK's exponential growth in the Towerco business began with our partnership with Telenor Myanmar Limited ("Telenor Myanmar") through the procurement of the Master Services Agreement for a long-term build and lease model for 920 telecommunication towers for Telenor Myanmar. This was a significant breakthrough for the Group in 2016 as Myanmar

FYE2017 has been a notable year as OCK continues to grow as a regional independent Towerco with the ownership of over 2,900 towers in ASEAN. One of the key achievement in 2017 that stamped our mark as a regional independent Towerco was the successful acquisition of SEATH which is the largest independent Towerco in Vietnam.

In addition, our second core business in green renewable energy focuses on constructing and owning solar farms which has been consistently increasing over the years. The Group now owns 11 farms generating a total of 5.9 mega-watts ("MW") energy.

1. TELECOMMUNICATION NETWORK SERVICES PROVIDER

For FYE2017, the telecommunication network services business division remains the core contributor of OCK delivering RM423.2 million in revenue, which translates to 86.0% of the Group's total revenue.

Contract Business

Currently, OCK is Malaysia's largest end-to-end telecommunication network services provider. Our services include planning, building and maintenance for all major MNOs namely Digi, Maxis, Celcom and U Mobile.

In line with Malaysia's MNOs' direction of keeping up with the growing demand in internet speed and high data usage, the Group has been actively engaged in the fiberisation of telecommunication towers which is a core infrastructure component to meet the explosive data demand.

With our current expertise, we will continue to make waves in the ASEAN region to be one of the largest telecommunication network services provider as well as to capitalise on synergistic opportunities in other industries which is relevant to our expertise.

MANAGEMENT'S DISCUSSION & ANALYSIS (Cont'd)

Towerco Business

The Towerco business brings operational efficiency to MNOs through the sharing of Telco towers as well as through the optimisation of operations and maintenance. With tower sharing, MNOs will be able to reduce operational cost as well as achieve efficient population and area coverage. At the same time, Towercos can generate long term stable cash flows from the lease of Telco towers.

Due to the increasingly competitive environment for MNOs, partnering with Towercos is advantageous for cost efficiency. As OCK owns more than 2,900 telecommunication towers with new orders and plans to increase our tower portfolio size within the ASEAN region, we are well positioned to benefit from this opportunity.

Myanmar Updates

Since the signing of the Master Services Agreement for long-term build and lease contract for Telco towers for Telenor Myanmar, the Group has to date handed over more than 700 Telco towers to Telenor.

Within a short period of time, OCK have also expanded our client base to all 4 MNOs in Myanmar and we have secured new leasing agreements for built-to-suit and co-location with them. The 4 MNOs in Myanmar that OCK are currently working with are Telenor Myanmar Posts and Telecommunications ("MPT"), Ooredoo Myanmar and Myanmar Telecom International Myanmar Co. Ltd. ("Mytel") which was offered the fourth and final telecom license in Myanmar early January 2017. Mytel is a joint venture between Viettel (the largest MNO from Vietnam) and a local consortium of Myanmar National Telecom Holding Public and Star High Public Company.

For FYE2017, Myanmar's Towerco business has contributed a revenue of RM46.2 million with more than 700 sites that are generating revenue progressively throughout the year. To date, the Group owns more than 820 telecommunication towers in Myanmar.

OCK will continue to deliver the telecommunication sites as well as seek for more valuable opportunities in this growing greenfield market.

Vietnam Updates

Since the acquisition of SEATH on 13 January 2017, the Group became the largest independent Towerco in Vietnam where we grew our tower portfolio from 1,938 to approximately 2,000 towers by the end FYE2017. All our towers are backed by long term lease rentals from MNOs.

OCK has also improved the tenancy ratio from 1.24x to 1.28x and we will to continue to increase co-locations as well as new built-to-suit. In addition, Vietnam's Towerco market is made up of fragmented Towercos, we expect this segment of the market to consolidate and there will be opportunities for us to acquire these existing Towerco or assets.

2. MANAGED SERVICES / OPERATIONS BUSINESS

The managed services/ operations segment is in the business of operating and maintaining MNOs' telco networks which are not owned by the Towerco business. The Group provides routine preventative and corrective maintenance services on a 24/7 basis, to ensure smooth running for networks.

For FYE2017, this business has delivered a recurring revenue of RM72.8 million translating into an increase of 21.3% as compared to FYE2016. The contribution was generated from the management of more than 28,000 telecommunication sites in both Malaysia and Indonesia.

MANAGEMENT'S DISCUSSION & ANALYSIS (Cont'd)

3. GREEN ENERGY AND POWER SOLUTIONS

Since the beginning, the Group has been an advocate of green renewable solar energy. To date the Group owns 11 farms generating a total of 5.9MW energy, compared to 7 solar farms with a total generating capacity of 3.3MW in FYE2016.

The Group will continue to explore for opportunities to develop more solar farms or large scale solar power plant projects.

DIVIDEND

The Group declared a single-tier interim dividend of RM0.01 per ordinary share for FYE2017, amounting to a total payout of approximately RM8.7 million which was paid on 28 March 2018.

The Group believes in rewarding shareholders while continuing to aggressively pursue investments in valuable opportunities in order to generate extensive long-term shareholders' value.

CAPEX

Total capital expenditure in FYE2017 amounted to RM 110.0 million which was primarily utilised for the roll out of sites in Myanmar, acquisition of SEATH and new solar farms built in FYE2017. We will continue to invest and expand our business which is associated with telecommunication network services, increasing our telco sites, acquisition of independent Towercos in existing or new markets, and owning more solar green energy farms.

RISK

Operating across various markets has its common range of risks. In general, being exposed to government, financial, regulatory, operational, industry, economic, foreign currency exchange rates and reputational risks are risks which we typically encounter and endeavour to mitigate.

With the Group's operations set up regionally, OCK is exposed to foreign currency translation risk primarily from the movement in non-Ringgit functional currencies. Such exposures are mitigated through natural hedges in the form of payables and borrowings denominated in the respective functional currencies. Nevertheless, any strengthening of the Ringgit will result in a negative translation loss for the Group which is accounting in nature, non-recurring and does not affect the cash flows of the group.

OUTLOOK

Going forward OCK will continue to maintain our position as the largest Telecommunication Network Services Provider in Malaysia through capitalising on spectrum re-farming by all MNOs, network fiberisation, 4G/5G expansion and managed services for MNOs. In terms of managed services regionally, we will maintain our position as the leader for network managed services in Indonesia as we capitalise to win more sites from MNOs and towercos.

As we remain focus on building streams of recurring income, we will continue to develop our regional ASEAN Towerco business by increasing our telecommunication tower portfolio through organic and inorganic growth. We will ride on our strategy to secure more long-term leasing contracts with MNOs and co-location to increase tenancy ratio of existing towers in our portfolio.

MANAGEMENT'S DISCUSSION & ANALYSIS (Cont'd)

OCK foresees a phenomenal growth of mobile services to become a digitalised ecosystem. We are cautiously optimistic of the telecommunication industry in the ASEAN region. While most developed countries have reached high mobile internet penetration, we are expecting the fresh demand for mobile internet from emerging and developing countries of which OCK is poised to be a market leader in.

As we remain cautious given the challenging business environment, we expect to reach new milestones for the financial year ending 2018 ("FYE2018"). Operationally, OCK will continue to refine our internal operations' efficiency and to focus our resources to execute our strategic expansion plans to drive the next phase of growth for the Group.

In conclusion, OCK will continue to work towards sustainable recurring earnings growth as we seek to deliver long-term shareholders' value.

SAM OOI CHIN KHOON
Group Managing Director

SUSTAINABILITY STATEMENT

OCK Group Berhad ("OCK" or "the Group") recognises sustainability as a business method that enhances responsibilities, efficiencies and safety in a manner that protects stakeholders, communities and the environment. We firmly believe the way we conduct business is not only of equal importance to our results but also is a major contributing factor to the well-being and growth of the business.

We are committed at integrating the principles of sustainability into the Group's strategies, policies and procedures, to create a sustainable culture within the company. As a responsible corporate citizen, we strive to have a positive impact to the communities we operate in, while conserving and protecting the environment. As part of our commitments, our objectives are to comply to, and exceed when practical, relevant legislation, regulation and codes of practice to ensure economic, environmental and societal impacts are part of our risk management.

To further strengthen the Group's strategies and policies, together with the related management systems, regulations compliance and performance monitoring, with sustainability principles, we will be forming a Sustainability Committee ("SC"). The SC will be led by our Group's Chief Executive Officer and will comprise of management members from the Group's businesses and contributing corporate functions. The responsibilities of the SC includes the following:

1. STAKEHOLDERS ENGAGEMENT

The Group recognises the importance of having its stakeholders' input on sustainability matters as an essential component in determining issues that are material to the Group. The SC is to seek the views and obtain feedbacks on sustainability from our stakeholders. Our key stakeholders includes:

- Employees
- Suppliers and contractors
- Business partners
- Authorities/ Regulators/ Government
- Customers
- Local community

2. MATERIALITY ASSESSMENT

Identification of significant economic, environment and social impacts that are material to the Group's business, with the consultation of stakeholders and guided by Bursa Malaysia's Sustainability Reporting Guide and Toolkit. As part of the process, categorisation and prioritisation of these matters are to be done and be presented as part of an action plan.

3. SUSTAINABILITY ACTION PLAN MANAGEMENT

The SC is to present an action plan resulting from the materiality assessment process to the Board of Directors for consideration and approval. The SC is to manage and oversee the implementation of the approved action plan with timely progress reporting to the Board of Directors. The SC will be responsible for the preparation of the Sustainability Statement.

4. CURRENT INITIATIVES

As a responsible corporate citizen, the Group has been carrying out programs to have a positive impact to our stakeholders, environment and the community in which we operate. Among our current initiatives are :

Human Capital

Employees are a vital member in our journey as a successful and sustainable business. Over the years we have sought to provide a conducive and open working environment whereby our employees are given the full opportunity to excel and develop.

i. Management Trainee Program

An essential part of our consideration for our employees is human capital development. As part of our commitment to develop leaders for the next generation, this program provides guided development for the career of our young professionals which comprises of structured training and exposure to the many functions of the Group through job rotation.

ii. Staff Fraud Prevention and Integrity Conference

It is important to the Group as a sustainable business to maintain good ethics and integrity in its employees. This initiative is to stress the importance of, and to instil the values of accountability and honesty in line with our corporate governance.

iii. Coffee Talk Session with the Managing Director and Chief Executive Officer

We strive to cultivate an open and positive environment for sharing and exchanging opinions as well as ideas across the organisation. An engaged workforce is a key contributor to the advancement of the Group's sustainability. These sessions are put in place to include direct accesses with the management in an informal setting to further enhance communications across the Group.

iv. Employee Satisfaction Survey Program

We view this program as an important component in strengthening our human capital foundation, as part of an essential process to monitor and identify areas for improvement by obtaining feedback on employee engagement, morale, performance and assisting our effort to build a better working environment.

Environmental Conservation

We are committed to minimising environmental impact of resource use by considering reduced consumption and recycling whenever practical. With collaborations with our stakeholders and the community, we aim to play our part in the conservation of the environment *i. **Recycling Campaign – in coordination with Tzu Chi Foundation***

The Group is committed in being responsible to the environment as reflected in our renewable energy business. We have 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 workplace. In tandem with our recycling program, we have educated our employees on how to pre-sort recyclables before sending the items to Tzu Chi's recycling centers.

Community Outreach

We believe in striving to uphold our corporate social responsibility commitment as a responsible corporate citizen to pursue and create a positive impact to our shareholders, stakeholders, community and the environment around us.

*i. **Learning excursion to Kidzania KL – in coordination with Kiwanis Down Syndrome Foundation PJ***

It is a program organised by the Group to enhance the skillset and development of the down syndrome children. We worked together with the Kiwanis Down Syndrome Foundation, a charity group that is committed to the welfare of down syndrome children, with the main focus of educating these children up to the age of 6. Kidzania visit delivers first-of-its-kind edutainment fun whereby the children can role play and perform different jobs and professions pertaining to adult life, offering interactive learning with an inspiring and empowering experience for the kids.

*ii. **Learning Excursion to Petrosains KL – in coordination with Agathians Shelter PJ***

It is a program organised by the Group for the school children to experience awareness of science

SUSTAINABILITY STATEMENT

iii. Program Khidmat Masyarakat Terengganu

This is part of our initiative to carry out our social responsibilities in the communities where we build and operate.

During the flood season, the Group donated approximately RM20,000 and provided daily essentials to the flood victims in Terengganu.

iv. Food Distribution to the Homeless, Medan Tuanku – in coordination with Kechara Soup Kitchen KL

This initiative is focused on giving back to the less fortunate members of the communities in which we operate. OCK volunteers exemplified this by heading out to the designated locations of Kuala Lumpur city in the evening to distribute food, drinks, towels and other essential items to the homeless and urban poor.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of OCK Group Berhad ("OCK" or "the Company") is committed to uphold the high standards of corporate governance throughout OCK and its subsidiaries ("the Group") with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders. This Corporate Governance Overview Statement sets out the extent to which the Company has applied the practices encapsulated in the Principles of the Malaysian Code on Corporate Governance ("MCCG") except where stated otherwise.

Details of the Group's application of each practices set out in the MCCG are disclosed in the Corporate Governance Report, which is available on the Group's website at www.ock.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Charter and Board Committees

The Board is responsible and is accountable to shareholders for managing the business of the Group. The Board retains full and effective controls of the Company and is committed to take full responsibility for the overall corporate governance of the Group, including its strategic business direction and overall wellbeing.

The Board has retained for itself decisions in respect of matters significant to the Group's business operations which include the approval of key corporate plans, major business transactions involving either the acquisitions or disposal of business, interests and/or assets, consideration of significant financial matters and announcements of financial results, appointments to the Board and control structure within the Group.

In performing its duties, the Board is guided by the Board Charter that sets out amongst others its roles, composition, responsibilities, powers, board committees and board meeting procedures. The key elements of governance principles embedded in the Board Charter regulate the Board's conducts and guide the business strategic initiative of the Group. The Board Charter was reviewed and updated during the financial year and is available on the Company's website at www.ock.com.my.

The Board has established three (3) Board Committees, namely Audit Committee, Nomination Committee and Remuneration Committee that are delegated with specific responsibilities and authorities to assist the Board in executing its duties and to provide the Board with recommendations and advice. The delegation of authority to the Committees enables the Board to achieve operational efficiency, by empowering each Committee to review, report and make recommendations to the Board on matters relevant to their roles and responsibilities. Each Committee is governed by its own Terms of Reference which sets out its functions and duties, composition, rights and meeting procedures. These Terms of Reference are reviewed annually in accordance with the needs of the Company and taking into account the changes in the business, governance and legal environment that may have an impact on the discharge of the Committees' duties 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Company Secretary

The Board is supported by a qualified and competent Company Secretary who provide advice and regularly update the Board on good governance, board policies and procedures, administrative matters and corporate compliances. All Directors have unhindered access to the advice and services of the Company Secretary, whose appointment and removal is a matter of the Board as a whole.

The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and update on the developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company. In this respect, the Company Secretary 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 Main Market Listing Requirements ("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.

Information and support for Directors

In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decision needs to be taken between the scheduled meetings. All the Directors had committed their time to the board meetings held during the financial year. Prior to the meetings, 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.

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

All the Directors have full and free access to all relevant Company's information, access to management and may obtain independent professional advice at the Company's expense that are deemed necessary to carry out their duties, subject to prior consultation with the Chairman.

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

Code of Conduct and Ethics

Good governance at all levels is essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standard throughout the Group.

In this respect, the Group has established a Code of Ethics and Code of Conduct to provide direction and guidance to all Directors, Senior Management, employees and external parties in the discharge of their duties and responsibilities that will be in the best interest of the Group. The Code of Ethics and Conduct had been uploaded on the Company's website at www.ock.com.my

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I. Board Responsibilities (Cont'd)

Whistle-blowing Policy

The Board is committed to achieve and maintaining high standards of corporate governance practices across the Group. A Whistle-blowing policy is implemented to provide a channel to enable Directors, Employees, Shareholders, Vendors or any parties with a business relationship with the Group with an avenue to report suspected wrongdoings that may adversely impact the Group. The Company treats all reports in a confidential manner and at the same time provides protection to anyone who reports such concerns in good faith.

Further details pertaining to the Whistle-blowing Policy can be found at the Company's website.

II. Board Composition

The Board recognizes the importance of having a diverse Board in terms of age, ethnicity and gender as this provides the necessary range of perspectives, experience and expertise in bringing value to the Company and achieve effective stewardship.

The present Board of nine (9) Directors is made up of one (1) Independent Non-Executive Chairman, four (4) Executive Directors, one (1) Chief Executive Officer, two (2) Independent Non-Executive Directors, and one (1) Non-Independent Non-Executive Director.

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. They 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.

The Board is confident that its current size and composition reflects an appropriate balance of Executive and Non-Executive Directors which is adequate for the scope and nature of the Group's business and operations.

The Company currently does not have a policy to limit the tenure of its independent directors to nine (9) years. At this juncture, none of the independent director of the Group has exceeded a cumulative term of nine (9) years. The Board believes that the length of service on the Board did not impair the objectivity of these Independent Directors. Moreover, the Independent Directors had made significant contributions to the Board in view of their sufficient breadth of understanding of the Group's activities and corporate history that will continue to add value to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Diversity on Board and Senior Management

The Board and the Nomination Committee take into account the current diversity in the skills, experience, age, race/ethnicity (cultural background) and nationality of the existing Board in seeking potential candidate(s). The Committee has the responsibility to ensure that the Board comprises suitably qualified members that demonstrate appropriate qualities and experience that contribute to the effective oversight and stewardship.

During the financial year, no new Director was appointed. The Board decided to maintain the optimum Board size at 9 based on the review of the Board composition in 2017. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

Gender Diversity

The Board is committed to maintain an appropriate balance in terms of diversity in experience, skills, competence, caliber and gender in order to have balanced, comprehensive and thorough decision makings. The Board consists of members with a broad range of skills, well-rounded experience and knowledge in different fields relevant to oversee the business. The Board ensures that each member has a proper understanding of the Group's business and competence to deal with current and emerging issues of the Group.

The Board has no specific policy on gender and age 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 Nomination Committee, will however continue to take steps to ensure that gender and age of the candidates will be taken into consideration as part of its recruitment exercise.

Nomination Committee

The Board has established a Nomination Committee to provide advice and assistance to the Board in matters relating to appointment of new Directors, board composition, training program and performance evaluation on effectiveness of the Board, Board Committees and individual directors. Full details of the Nomination Committee's duties and responsibilities are stated in its Term of Reference which is available on the Company's website.

The Nomination Committee comprises exclusively of Independent Non-Executive Directors and chaired by the Senior Independent Director. The Committee meets as and when required, at least once a year. During the financial year, one (1) meeting was carried out, with attendance as follows:

Name of Director	Designation	No. of Meetings Attended
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman (Senior Independent Non-Executive Chairman)	Chairman	1/1
Mahathir Bin Mahzan (Independent Non-Executive Director)	Member	1/1
YM Syed Hazrain Bin Syed Razlan Jamalullail (Independent Non-Executive Director)	Member	1/1

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Nomination Committee (Cont'd)

During the financial year, the Nomination Committee had carried out the following activities:

(a) assessed the performance of the Board, Board Committees and individual Director, including the term of office and performance of the Audit Committee and each of its members;
(b) assessed the independence of all three (3) Independent Directors whose tenure had exceeded a nine (9) year term;
(c) reviewed the performance of retiring Directors and recommended them to the Board for re-election at the forthcoming AGM;
(d) reviewed the position of the Senior Independent Director and recommended the same to the Board;
(e) reviewed the size of the Board against the size of the Group and the complexity of the business to assess the impact of the number upon its effectiveness;
(f) reviewed and assessed the performance of the key Senior Management;
(g) ensure all Directors receive appropriate continuous training programmes;
(h) leads the succession planning and appointment of new Audit Committee's chairman and new Chief Executive Officer;
(i) reviewed and updated the Director's Recruitment Criteria and Process; and
(j) reviewed and updated its Term of Reference pursuant to the new MCCG.

Evaluation of Board, Board Committees and Individual Directors

The Nomination Committee annually performs a board self-evaluation to evaluate the performance of the Board, Board Committees and individual Directors, in order to verify that the Board is operating effectively and efficiently as a whole. Each Director completed a detailed questionnaire in the Directors' Performance Evaluation which covered matters relevant to the Board performance, among other things, contribution to interaction, quality of input, understanding of role and personal developments. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Term of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

Based on the assessment carried out during the financial year, the Nomination Committee had concluded the following:-

(a) The Board was found to be competent and had a dynamic and balanced mix of skills and experience wherein the Directors were able to contribute effectively to the Board's decision-making process.
(b) The current structure, size and composition of the Board, which comprises people who possess a wide range of expertise and experience in various fields with diverse backgrounds and specialisations, would enable the Board to lead and manage the Company effectively.
(c) The Directors had discharged their responsibilities in a commendable manner, acted competently, contributed effectively to the Board and demonstrated full commitment to their duties as Directors.
(d) The Board and Board Committees had contributed positively to the Company and its subsidiaries and were operating in an effective manner.
(e) The Board Chairman had performed in an excellent manner and contributed to the Board.
(f) The performances of the Board Committees were found to be effective.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Evaluation of Board, Board Committees and Individual Directors (Cont'd)

The Board recognises the importance of continuous training to remain abreast of the latest developments in related industry and changes to the regulatory environment. The assessment on individual directors also provided the Board with valuable insights into training and development needs of each Director, to ensure that each Board member's contribution to the Board remains informed and relevant.

During the financial year, all the Directors had participated in various training programs. Particulars of the seminars and courses attended are as follows:

Name of Directors	Date	Seminar / Training Course Title
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	17.01.2017	Economic Outlook in 2017
	05.04.2017	Audit Committee Conference 2017-Making An Impact
	26.04.2017	Release of The Malaysian Code on Corporate Governance
	09.04.2018	Risk Management Awareness & Assessment Workshop
Mahathir Bin Mahzan	18.07.2017	Capital Market Conference 2017
YM Syed Hazrain Bin Syed Razlan Jamalullail	05.04.2017	Audit Committee Conference 2017-Making An Impact
	09.04.2018	Risk Management Awareness & Assessment Workshop
Ooi Chin Khoon	17.01.2017	Economic Outlook in 2017
	22.03.2017-23.03.2017	Global Transformation Forum
	20.04.2017	Termination in Today's Employment Laws
	23.05.2017	The Fintech Future
	11.08.2017-14.11.2017	Customized Executive Coaching Program
	09.04.2018	Risk Management Awareness & Assessment Workshop
Low Hock Keong	20.04.2017	Termination in Today's Employment Laws
	23.05.2017	The Fintech Future
	18.07.2017	Capital Market Conference 2017
	09.04.2018	Risk Management Awareness & Assessment Workshop
Abdul Halim Bin Abdul Hamid	13.06.2017	Financial Reporting Essential for Directors
	09.04.2018	Risk Management Awareness & Assessment Workshop
Chang Tan Chin	20.04.2017	Termination in Today's Employment Laws
	13.06.2017	Financial Reporting Essential for Directors
	25.11.2017	Core Management Functions for Leaders
	09.04.2018	Risk Management Awareness & Assessment Workshop

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. Board Composition (Cont'd)

Evaluation of Board, Board Committees and Individual Directors (Cont'd)

Name of Directors	Date	Seminar / Training Course Title
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	13.06.2017	Financial Reporting Essential for Directors
Chong Wai Yew	13.06.2017	Financial Reporting Essential for Directors
	25.11.2017	Core Management Functions for Leaders
	04.12.2017	An Interactive Awareness Course for Implementing ISO 9001:2015 QMS In Construction
	09.04.2018	Risk Management Awareness & Assessment Workshop

III. Remuneration

Remuneration Policy

The Board has recognized the need to establish a fair and transparent Remuneration Policy with the objective to guide the Group in attracting, retaining and motivating highly qualified individuals to serve on the Board and key senior management. On a yearly basis, the Remuneration Committee reviewed and recommended to the Board the remuneration packages of the Executive Directors, while the remuneration for the Non-Executive Directors was determined by the Board as a whole. Fees and benefits payable to the Directors are subject to approval by the shareholders at the Company's AGM. The affected Directors had abstained from participation in deliberations and decisions regarding their individual remuneration.

In making its recommendation, the Remuneration Committee considered the principles set out in the Remuneration Policy. The remuneration was structured to align rewards to corporate and individual performances besides adequately compensate the Directors for risks and complexities of the duties and responsibilities they assumed. The Remuneration Committee also obtained data for similar roles of other public listed companies in the same industry for comparison.

All Executive Directors and key Senior Management are subject to an annual performance rating which serves as a basis to determine their variable compensation payments. The Remuneration Policy also covers bonus framework for the Executive Directors and key Senior Management, which link their appraisal process to specific reward and incentive outcomes. The appraisal process will assess the individual performance against the Key Performance Indicator targets and competency capability in meeting the Group's core values and Leadership and Management Expectations.

Remuneration Committee

The Remuneration Committee was established to assist the Board in developing remuneration policies and procedures that enable the Group to attract, motivate and retain qualified Directors and key Senior Management personnel. Full details of the functions and duties of the Remuneration Committee are stated in its Term of Reference which is available on the Company's website.

The Remuneration Committee comprises mainly Independent Non-Executive Directors as follows:-

Name of Director	Designation
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Chairman
Ooi Chin Khoon	Member
Mahathir Bin Mahzan	Member

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

Remuneration Committee (Cont'd)

The responsibilities of Remuneration Committee are as follows:-

(a) reviewed and assessed the performance and the remuneration package of the Executive Directors and key Senior Management;
(b) reviewed and assessed the Directors' fees and benefits payable for the financial year ended 2017;
(c) reviewed and updated its Term of Reference;
(d) reviewed the Board Remuneration Policy; and
(e) provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management.

Remuneration of Directors

Pursuant to the respective service contracts with the Company and its subsidiaries, the remuneration packages of the Executive Directors shall include a compensation payment amounting up to six (6) months of that Director's last drawn salary, in the event of loss of office.

The details of individual Directors' remuneration are as follows:-

Group Level

Name of Directors	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	66	–	–	17	83
Mahathir Bin Mahzan	44	–	–	–	44
YM Syed Hazrain Bin Syed Razlan Jamalullail	30	–	–	–	30
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	39	–	–	–	39
Executive Directors					
Ooi Chin Khoon	777	108	107	28	1,020
Low Hock Keong	547	86	77	24	734
Abdul Halim Bin Abdul Hamid	343	54	48	13	458
Chong Wai Yew	343	54	48	24	469
Chang Tan Chin	343	54	48	24	469
	2,532	**356**	**328**	**130**	**3,346**

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III. Remuneration (Cont'd)

Company Level

Name of Directors	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	66	–	–	17	83
Mahathir Bin Mahzan	44	–	–	–	44
YM Syed Hazrain Bin Syed Razlan Jamalullail	30	–	–	–	30
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	39	–	–	–	39
Executive Directors					
Ooi Chin Khoon	777	108	107	28	1,020
Low Hock Keong	547	86	77	24	734
Abdul Halim Bin Abdul Hamid	343	54	48	13	458
Chong Wai Yew	3	–	–	–	3
Chang Tan Chin	3	–	–	–	3
	1,852	**248**	**232**	**82**	**2,414**

Remuneration of Senior Management

The remuneration of the Senior Managements are set out as follows:-

Range of Remuneration (RM)	Number of Senior Management
RM250,000 to RM300,000	2
RM350,000 to RM400,000	1
RM450,000 to RM500,000	1
RM750,000 to RM800,000	1

(The details of senior management's remuneration are not shown, as the Board considers the information of the said remuneration to be sensitive and proprietary in view of the competitive nature of the human resource market and to support the Company's efforts in retaining executive talents. The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to senior management's remuneration are appropriately served by the disclosures in the RM50,000 bands. The total remuneration paid to each senior management reflects the time and effort devoted to fulfil his or her responsibilities and linked to the Group's performance.)

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Audit Committee consists of the following members:

(a) Encik Mahathir Bin Mahzan (Chairman)
(b) Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman
(c) YM Syed Hazrain Bin Syed Razlan Jamalullail

The Chairman of the Audit Committee is not the Chairman of the Board. In addition, the Audit Committee comprises wholly of Independent Non- Executive Directors. The Audit Committee Report is set out separately in this Annual Report. Full details of the Audit Committee's duties and responsibilities are stated in its Terms of Reference which is available on the Company's website.

Oversight of External Auditors

The Group has always recognised the need to uphold independence. None of the members of the Board were former key audit partners within the cooling-off period of two (2) years. Hence, there is no such person being appointed as a member of the Audit Committee.

The Board, through its Audit Committee maintains a formal and transparent relationship with its External Auditors. The Board had delegated the responsibility to the Audit Committee for making recommendations on the appointment, re-appointment or removal of the External Auditors as well as on their remunerations. The Audit Committee ensured that the External Auditors work closely with the Internal Auditors to enhance the effectiveness of the overall audit process. The Audit Committee assessed the performance and effectiveness of the External Auditors annually, considering amongst others, their qualifications, effectiveness of the audit process, quality of service and their independence.

In the course of their audit, the External Auditors presented for the Audit Committee review its 2017 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters. The External Auditors also highlighted to the Audit Committee matters pertaining to the financial reporting. During the financial year, the private meetings between them were held twice without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the Audit Committee.

The full details of the role of the Audit Committee in relation to the External Auditors is set out in the Audit Committee Report of this Annual Report.

II. Risk Management and Internal Control Framework

The Board is of the view that the system of internal control and risk management of the Group is sound and sufficient to maintain effective governance and sharpens corporate strategy. Supported by the Management and internal audit function, the Group complies with all applicable provisions of law and regulations and appropriate risk management systems are in place throughout the Group.

Currently, the Board is assisted by the Audit Committee in fulfilling the oversight responsibilities of reviewing the control systems in general and assessing the adequacy and effectiveness of the risk management and internal control practices conducted by the Management. The Audit Committee and the management are responsible to identify, evaluate and manage significant risks facing the organization in its businesses and operations. To facilitate effective monitoring, the Board regularly receives reports from the Management on any business risks related to its business activities that have impacted or likely to impact the Company from achieving of its objectives and strategies.

Compliance relating to risk recognition and management is presented in the Group's Statement on Risk Management and Internal Control as set out separately in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. Risk Management and Internal Control Framework (Cont'd)

Internal Audit function

The Group outsources its internal audit function to a professional services firm, IA Essential Sdn. Bhd.. The Head of the Internal Auditors is a member of the Institute of Internal Auditors Malaysia and possesses the skills, experience and competency to carry out the internal audit work effectively. The Internal Auditors provide an independent evaluation on the effectiveness of the risk management, control and governance processes in the Group. In addition, the Internal Auditors carry out a follow-up review on the issue raised in the previous internal audit and to ensure that the proposed action plan has been implemented by the Management to mitigate the risk exposure of the Group.

The independent internal audit function is reporting directly to the Audit Committee. 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 scope of work covered by the internal audit function during the financial year, summary of activities carried out, including its observations and recommendations, are provided in the Statement on Risk Management and Internal Control and Audit Committee Report of this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with Stakeholders

The Group is committed to ensure that its communication with the shareholders and various stakeholders is transparent, timely and with quality disclosure as each group of stakeholders expect a varying level of interaction from the Board based on their differing levels of interest in the Company. They expect the Company to communicate in a timely and open manner, adopts good corporate governance practices, prompt feedback and to engage stakeholders when making significant decisions.

In this respect, the Group has designed an Investor Relations Website and an Investor Relations Privacy Policy which provides guidance to the Management and employees on the Company's disclosure requirements, handling of material information, and in dealing with investors, analysts, media and the investing public. The Group also maintains comprehensive control of all important corporate information and prohibits any insider trading by any director or principal officer when he or she is in possession of price sensitive information.

Apart from that, the Group has in place the following initiatives to facilitate effective communication with its shareholders:

a. ensure the Annual Report consist of important information such as Management Discussion and Analysis, financial statements, and information on the Audit Committee, Corporate Governance, Sustainability and Corporate Social Responsibility, and Risk Management and Internal Control;
b. timely announcements made to Bursa Securities via Bursa LINK, which include the release of financial results on a quarterly basis, changes in substantial shareholder's interest, changes in Boardroom and any other matters. Concurrent with the release of financial results, all the announcements will be uploaded on the Company's website, and press releases forwarded to major newspapers and public media;
c. attending to shareholders' and investors' emails and phone enquiries; and
d. the Company's website at www.ock.com.my under Investor Relations section, which houses Board Charter, annual reports, quarterly report announcements, press releases, analyst briefings, analyst coverage and other corporate information.

Timely release of quarterly announcements and full year financial reports reflects the Board's accountability to its shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Risk Management and Internal Control Framework (Cont'd)

Integrated Reporting

The nature and pace of change in businesses today have evolved over time and stakeholders are now placing greater emphasis on the future performance and non-financial information of a company. In tandem with the growing demand, the Company would consider adopting integrated reporting in the near future; as such integrated reporting is still new in the current market. The Company will adopt integrated reporting based on a globally recognised framework. This framework would then be utilised in the preparation of Annual Report for the year ending 31 December 2020.

III. Conduct of General Meetings

Notice of general meeting

General meetings are the important platform for the shareholders to exercise their rights in the Company, either in AGM or Extraordinary General Meetings.

Given the significance of general meetings, the notice of meeting together with the annual report is sent to the shareholders at least 28 days prior to the AGM, so as to maximise their attendance and to provide sufficient time to consider the resolutions that will be discussed and decided at the general meeting. Concurrently, the notice of AGM is advertised in a nationally circulated English daily newspaper. In order to facilitate informed decision by the shareholders, notice of meeting is also accompanied by explanatory notes on the items of business to further explain the nature of business of the meeting.

Attendance of directors at general meetings

OCK's AGM is an important means of communicating with its shareholders. It enables the shareholders to interact directly with the Board and gain insights on the Company's business and financial position. It serves as a platform for shareholders to have a full understanding of the Company and of the Group.

Issues such as directors' remuneration, financial performance, and Company direction are key areas which shareholders typically have a keen interest in. During the AGM, the Chairman ensures that shareholders are given the opportunity to comment or raise issues and questions whether pertaining to issues on the agenda, the annual report, Group's strategy or developments in the Group. In this end, the communication between Board and shareholders can be enriched.

The Chairman plays a vital role in fostering constructive dialogue between the Board and the shareholders. All the members of the Board and the respective chairmen of the Board's Committees are present at the meetings to address queries raised by the shareholders which are relevant to their areas of responsibility. The Company's External Auditors also attend the AGM and are available to answer questions from the shareholders pertaining to the audit matters and the auditor's report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

III. Conduct of General Meetings (Cont'd)

Voting

In the event that shareholders are unable to attend the AGM in person, they are encouraged to appoint one (1) or up to two (2) proxies to attend and vote in his/her stead. The outcome of the meeting is announced to Bursa Securities on the same day, which is also accessible on the Company's website.

The Company conducts a poll voting on each resolution tabled during the general meetings to support shareholders participation. As the number of shareholders of the Company is not large, the Company currently conducts a manual poll voting instead of electronic poll voting. With the poll voting, each shareholder present in person or represented by proxy at the general meeting will be entitled to vote on a one-share, one-vote basis. At least one (1) scrutineer is appointed to validate the votes cast at the meeting.

AUDIT COMMITTEE REPORT

1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee comprises three (3) members of the Board, all the whom are Independent Non-Executive Directors. The members during financial year ended 31 December 2017 are as follows:-

		Designation
Chairman :	Encik Mahathir Bin Mahzan	Independent Non-Executive Director
Members:	Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Senior Independent Non-Executive Chairman
	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 Directors were 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 2017.

In the Audit Committee meetings, the Audit Committee Members were given opportunities to raise any matters and gave unrestricted access to the external auditors. 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
Encik Mahathir Bin Mahzan	Independent Non-Executive Director	5/5
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Senior Independent Non-Executive Chairman	5/5
YM Tuan Syed Hazrain Bin Syed Razlan Jamalullail	Independent Non-Executive Director	5/5

AUDIT COMMITTEE REPORT (Cont'd)

3. ACTIVITIES OF THE AUDIT COMMITTEE

The Audit Committee's 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 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- reviewed the unaudited financial results before recommending them for Board's approval, focusing particularly on:-
  - Any change in accounting policies
  - 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 18 April 2018, the Audit Committee recommended to the Board for approval of the audit fee of RM311,200 in respect of the financial year ended 31 December 2017.

The Board at its meeting held on 28 November 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 Auditors Report directly to the Audit Committee, and 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:-

- The effectiveness of management control procedures and compliance with the operating procedures in insurance coverage for Tools and Equipment including burglary and fire for OCK Setia Engineering Sdn. Bhd. ("OCKSE");
- The effectiveness of management control procedures and compliance with the operating instructions in Equipment Control Procedures (Requisition, issuance, return and transfer, safe keeping etc) for OCKSE;
- Compliance and monitoring of licensing for OCKSE, Firatel Sdn. Bhd. and Telco Infra Sdn. Bhd.;
- The effectiveness of Management control in Credit Control of OCKSE; and
- Follow up Audit Report on the above findings.

AUDIT COMMITTEE REPORT (Cont'd)

4. RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

At each quarterly meeting, the Audit Committee reviewed the recurring related party transactions ("RRPT") 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 RRPT 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 2017 were outsourced to an independent assurance provider and the total costs incurred were amounted to RM70,000 (2016: RM70,000).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. 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 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 ("Guidelines").

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.

2. 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 is managed within tolerable ranges.

3. 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

4. The Group's risk management is primarily driven by all Executive Directors and executed by the management. The Executive Directors and the management identify, evaluate and manage significant risks facing the organisation in its businesses and operations. Quarterly Board of Directors meetings are platform for the Board and top executives to review and ensure that the business operations are progressed in accordance with the objectives and targets.

5. When formulating the business strategy, the Board would consider and balance the risk and rewards of its strategies in order to maximise the shareholders' wealth.

6. The Group has processes for identifying, evaluating and managing the risks that affect the attainment of the Group's business objective and goal for year under review.

   In order to enhance the risk management processes in the Group, a risk awareness and assessment workshop was conducted on 9 April 2018. The objective of this workshop is to reinforce management awareness of risk management in the Group and to introduce risk management processes and features according to the international recognised frameworks. This workshop was attended by Board members, key management staff and heads of department.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

7. In terms 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;

   (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

8. (i) 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.

   (ii) The internal auditor continues to independently, objectively and regularly review key processes, check compliance with policies/procedures, evaluate the effectiveness of internal control, risk management and governance process established by the management and/or the Board within the Group. It highlights significant findings and corrective measures in respect of any non-compliance to the Audit Committee on a timely basis. The annual audit plan, established primarily on a risk-based approach, is reviewed and approved by the Audit Committee and updates are given to the Audit Committee from time to time.

   (iii) Besides reviewing 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (Cont'd)

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

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

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

   Periodically, management should report to the Board:

   (iv) The business risks that have impacted or likely to impact the Group and the achievement of its objectives and strategies; and
   (v) The effectiveness of the risk management and internal control system in managing risks.

   (vi) In this regards, 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.

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.

10. 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.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

11. Pursuant to Paragraph 15.23 of Main Market Listing Requirement of Bursa Securities and AAPG 3, 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 2017. 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.

12. This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 18 April 2018.

ADDITIONAL COMPLIANCE INFORMATION

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is committed to prepare the financial statements for each financial year which give a true and fair view of the state of affairs, and of the results of the operations of the Group and of the Company for the financial year then ended. As required by the Companies Act 2016 and the MMLR, the financial statements have been prepared in accordance with applicable approved financial accounting standards. The Board has applied appropriate accounting policies on a consistent basis and made judgements that are reasonable and prudent.

COMPLIANCE STATEMENT

The Board is satisfied that the Group has substantially complied with the majority of the practices of the MCCG throughout the financial year. In pursuit of safeguarding the interest of the shareholders and other stakeholders, the Board is committed and will continue to strengthen its application of the best practices in corporate governance.

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 18 April 2018.

AUDIT AND NON AUDIT FEES

During the financial year under review, the fees for External Auditors of the Group were RM662,777 in audit fees and RM29,000 for non audit fees for services rendered by the External Auditors to the Group.

ADDITIONAL INFORMATION ON DIRECTORS:

- None of the Directors has any family relationship with any Directors and/or major shareholders of the Company.

- None of the Directors has any conflict of interest with the Company or has any conviction for offences within the past ten (10) years other than traffic offences, if any.

- Save for Mr. Chang Tan Chin who attended four (4) out of five (5) meetings held, all other Directors attended all the five (5) Board of Directors' Meeting held during the financial year ended 31 December 2017.

OCK Annual Report 2017

FINANCIAL **STATEMENTS**

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DIRECTORS' REPORT

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 2017.

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 RM'000	Company RM'000
Profit for the financial year, net of tax	31,940	9,638
Attributable to:		
Owners of the Company	24,629	9,638
Non-controlling interests	7,311	–
	31,940	9,638

DIVIDENDS

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

	RM'000
Single-tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2017, payable on 28 March 2018	8,715

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 or 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 had satisfied themselves that there were no known bad debts and that adequate allowance 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.

DIRECTORS' REPORT (Cont'd)

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 be realised 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 has 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 (Cont'd)

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company had increased its issued and paid-up ordinary share capital from RM87,146,546 to RM87,154,261 by way of conversion of 7,500 warrants.

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 of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Yap Wai Khee	
Foo See Liang	
Lim Hooi Seeh	
Chang Wan Siong	
Teh Teong Poh	
Teoh Ping Yong	
Lee Kong Jin	
Liew Kuat Keong	
Hussin Bin Abu Bakar	
Nora Binti Ismail	
Mohamad Zulfikar Bin Ahmad	
Baskaran A/L Raja Manickam	
Chen Qiyuan, Julian	
Omer Chappelart	(Appointed on 7 June 2017)
Seet Wan Chi	
Lee Jack Son	
Sopian	
Yuan Yuan	
Song Soo Hwa	
Chai Chee Tak	
Tran Thi Phuong Thao	
Devarshi Das	(Appointed on 9 January 2018)
Craig Robert Martin	(Resigned on 9 January 2018)

DIRECTORS' REPORT (Cont'd)

DIRECTORS' INTERESTS

According to the Registers of Directors' shareholding required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Interest in the Company				
Direct interest				
Low Hock Keong	14,000,000	–	(2,000,000)	12,000,000
Chang Tan Chin	7,850,000	–	(650,000)	7,200,000
Chong Wai Yew	7,500,000	–	–	7,500,000
Ooi Chin Khoon	25,000	–	–	25,000
Indirect interest				
Ooi Chin Khoon [2]	322,554,825	–	(2,752,375)	319,802,450
Low Hock Keong [2]	2,875,500	–	–	2,875,500
Interest in the Ultimate Holding Company - Aliran Armada Sdn. Bhd.				
Direct interest				
Ooi Chin Khoon [1]	1,622,700	–	–	1,622,700
Indirect interest				
Ooi Chin Khoon [2]	141,300	–	–	141,300

[1] Deemed interested by virtue of Section 8 and Section 197 of the Companies Act 2016 in Malaysia.
[2] Deemed interested by virtue of Section 197 of the Companies Act 2016 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 and 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.

DIRECTORS' REPORT (Cont'd)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM10,000,000 and RM16,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 15 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.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Details of significant events during the financial year are disclosed in Note 41 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 42 to the financial statements.

AUDITORS' REMUNERATION

The details of the auditors' remuneration are disclosed in Note 8 to the financial statements.

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: 18 April 2018

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Revenue	5	492,189	401,513	2,800	–
Cost of sales	6	(371,008)	(313,834)	–	–
Gross profit		121,181	87,679	2,800	–
Other income		7,236	15,052	20,123	15,170
Administrative expenses		(57,459)	(44,556)	(6,586)	(5,553)
Other operating expenses		(6,205)	(5,819)	(4,956)	(3,063)
		(63,664)	(50,375)	(11,542)	(8,616)
Profit from operations		64,753	52,356	11,381	6,554
Finance costs	7	(19,751)	(10,596)	(56)	(22)
Share of results of an associate		–	(61)	–	–
Profit before tax	8	45,002	41,699	11,325	6,532
Tax expense	9	(13,062)	(11,343)	(1,687)	(1,615)
Profit for the financial year		31,940	30,356	9,638	4,917
Other comprehensive income/(loss), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain from employee benefits		30	8	–	–
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(20,131)	(1,541)	–	–
Other comprehensive income/(loss) for the financial year		(20,101)	(1,533)	–	–
Total comprehensive income for the financial year		11,839	28,823	9,638	4,917

STATEMENTS OF COMPREHENSIVE INCOME
for the financial year ended 31 December 2017 (Cont'd)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Profit attributable to:					
Owners of the Company		24,629	26,574	9,638	4,917
Non-controlling interests		7,311	3,782	–	–
		31,940	30,356	9,638	4,917
Total comprehensive income attributable to:					
Owners of the Company		7,609	24,527	9,638	4,917
Non-controlling interests		4,230	4,296	–	–
		11,839	28,823	9,638	4,917
Earnings per share (sen):					
- Basic	10	2.83	3.23		
- Diluted	10	2.66	3.15		

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

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	383,457	268,548	–	–
Investment properties	12	16,800	14,500	–	–
Intangible assets	13	163,986	21,944	–	–
Deferred tax assets	14	633	173	–	–
Investment in subsidiaries	15	–	–	24,282	24,282
Investment in an associate	16	–	–	–	–
Trade and other receivables	18	23,333	19,790	310,070	296,294
		588,209	324,955	334,352	320,576
Current Assets					
Inventories	17	70,791	50,368	–	–
Trade and other receivables	18	307,081	292,229	2,224	7,814
Amount due from contract customers	19	12,012	13,870	–	–
Tax assets		4,421	1,681	–	–
Derivative financial assets	20	–	195	–	–
Other investments	21	–	226	–	–
Cash and short term deposits	22	118,884	129,284	775	1,624
Total Current Assets		513,189	487,853	2,999	9,438
TOTAL ASSETS		1,101,398	812,808	337,351	330,014

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2017 (Cont'd)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	244,305	87,147	244,305	87,147
Share premium	24	–	157,150	–	157,150
Foreign currency translation reserve	25	(18,633)	(1,587)	–	–
Revaluation reserve	26	4,306	4,405	–	–
Reverse acquisition reserve		(17,007)	(17,007)	–	–
Warrant reserve	27	84,134	84,136	84,134	84,136
Other reserve		546	–	–	–
Retained earnings/ (Accummulated losses)		115,700	100,619	(1,203)	(2,126)
		413,351	414,863	327,236	326,307
Non-controlling interests		53,041	49,038	–	–
Total Equity		466,392	463,901	327,236	326,307
Liabilities					
Non-Current Liabilities					
Borrowings	28	180,134	65,214	–	–
Deferred tax liabilities	14	13,637	8,189	–	–
Trade payable	29	3,699	19,795	–	–
Provision for liabilities	31	2,201	–	–	–
Post employment benefit liabilities	30	368	325	–	–
		200,039	93,523	–	–
Current Liabilities					
Amount due to contract customers	19	875	637	–	–
Trade and other payables	29	160,351	168,429	9,791	2,253
Borrowings	28	268,159	81,843	–	–
Derivative financial liabilities	20	6	–	–	–
Tax liabilities		5,576	4,475	324	1,454
Total Current Liabilities		434,967	255,384	10,115	3,707
Total Liabilities		635,006	348,907	10,115	3,707
TOTAL EQUITY AND LIABILITIES		1,101,398	812,808	337,351	330,014

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2017

		Attributable to owners of the Company									
Group	Note	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Reverse Acquisition Reserve RM'000	Warrant Reserve RM'000	Distributable Retained Earnings RM'000	Sub-total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
As at 1 January 2016		79,224	102,869	467	4,504	(17,007)	84,136	78,693	332,886	10,370	343,256
Total comprehensive income for the financial year											
Profit for the financial year		–	–	–	–	–	–	26,574	26,574	3,782	30,356
Actuarial gain from employee benefits		–	–	–	–	–	–	7	7	1	8
Foreign currency translation reserve		–	–	(2,054)	–	–	–	–	(2,054)	513	(1,541)
Total comprehensive income		–	–	(2,054)	–	–	–	26,581	24,527	4,296	28,823
Realisation of revaluation reserve	26	–	–	–	(99)	–	–	99	–	–	–
Transactions with owners											
Subscription of shares by non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	35,174	35,174
Issuance of shares pursuant to private placement	23	7,923	56,249	–	–	–	–	–	64,172	–	64,172
Dividends paid on shares	32	–	–	–	–	–	–	(4,754)	(4,754)	(802)	(5,556)
Share issuance expenses	24	–	(1,968)	–	–	–	–	–	(1,968)	–	(1,968)
Total transactions with owners		7,923	54,281	–	–	–	–	(4,754)	57,450	34,372	91,822
At 31 December 2016		87,147	157,150	(1,587)	4,405	(17,007)	84,136	100,619	414,863	49,038	463,901

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2017 (Cont'd)

Group	Note	Share Capital RM'000	Share Premium RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Reverse Acquisition Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Distributable Retained Earnings RM'000	Sub-total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		← Attributable to owners of the Company								→		
As at 1 January 2017		87,147	157,150	(1,587)	4,405	(17,007)	84,136	–	100,619	414,863	49,038	463,901
Total comprehensive income for the financial year												
Profit for the financial year		–	–	–	–	–	–	–	24,629	24,629	7,311	31,940
Actuarial gain from employee benefits		–	–	–	–	–	–	–	26	26	4	30
Foreign currency translation reserve		–	–	(17,046)	–	–	–	–	–	(17,046)	(3,085)	(20,131)
Total comprehensive income		–	–	(17,046)	–	–	–	–	24,655	7,609	4,230	11,839
Realisation of revaluation reserve	26	–	–	–	(99)	–	–	–	99	–	–	–
Transactions with owners												
Subscription of shares by non-controlling interests in subsidiaries		–	–	–	–	–	–	–	–	–	1,970	1,970
Issuance of shares pursuant to:												
- conversion of warrants	23	8	–	–	–	–	(2)	–	–	6	–	6
- bonus issue by a subsidiary		–	–	–	–	–	–	208	(400)	(192)	192	–
Arising from acquisition of a subsidiary		–	–	–	–	–	–	338	(558)	(220)	260	40
Changes in ownership interests in a subsidiary		–	–	–	–	–	–	–	–	–	(300)	(300)
Dividends paid on shares	32	–	–	–	–	–	–	–	(8,715)	(8,715)	(2,349)	(11,064)
Total transactions with owners		8	–	–	–	–	(2)	546	(9,673)	(9,121)	(227)	(9,348)
Transition to no par value regime^		157,150	(157,150)	–	–	–	–	–	–	–	–	–
At 31 December 2017		244,305	–	(18,633)	4,306	(17,007)	84,134	546	115,700	413,351	53,041	466,392

^ Refer for Note 23 for details.

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

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 31 December 2017

	Note	Share Capital RM'000	← Non-distributable → Share Premium RM'000	Warrant Reserve RM'000	Accumulated Losses RM'000	Total Equity RM'000
Company						
As at 1 January 2016		79,224	102,869	84,136	(2,289)	263,940
Total comprehensive income for the financial year						
Profit for the financial year		–	–	–	4,917	4,917
Total comprehensive income		–	–	–	4,917	4,917
Transactions with owners						
Issuance of shares pursuant to private placement	23	7,923	56,249	–	–	64,172
Dividends paid on shares	32	–	–	–	(4,754)	(4,754)
Share issuance expenses	24	–	(1,968)	–	–	(1,968)
Total transactions with owners		7,923	54,281	–	(4,754)	57,450
At 31 December 2016		87,147	157,150	84,136	(2,126)	326,307
Total comprehensive income for the financial year						
Profit for the financial year		–	–	–	9,638	9,638
Total comprehensive income		–	–	–	9,638	9,638
Transactions with owners						
Issuance of shares pursuant to conversion of warrants	23	8	–	(2)	–	6
Dividends paid on shares	32	–	–	–	(8,715)	(8,715)
Share issuance expenses	24	–	–	–	–	–
Total transactions with owners		8	–	(2)	(8,715)	(8,709)
Transition to no par value regime^		157,150	(157,150)	–	–	–
At 31 December 2017		244,305	–	84,134	(1,203)	327,236

^ Refer for Note 23 for details.

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2017

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Cash Flows from Operating Activities					
Profit before tax		45,002	41,699	11,325	6,532
Adjustments for:					
Amortisation of intangible assets	13	2,945	1,751	–	–
Depreciation of property, plant and equipment	11	31,244	11,719	–	–
Fair value loss/(gain) on derivative instruments		27	(163)	–	–
Fair value gain on investment properties	12	(50)	–	–	–
Impairment loss on other receivable	18	–	–	4,911	2,794
Interest expense		19,751	10,596	56	22
Income from short term cash investments		(79)	(2,050)	(8)	(2,015)
Interest income		(4,191)	(3,310)	(13,453)	(9,019)
Loss on waiver of debts		–	–	10	–
Net loss/(gain) on disposal of property, plant and equipment		27	(156)	–	–
Net unrealised loss/(gain) on foreign exchange		406	3,183	–	(4)
Share of results of an associate	16	–	61	–	–
Property, plant and equipment written off	11	296	–	–	–
Provision for post employment benefits	30	113	78	–	–
Reversal of impairment loss on other receivable		–	–	(2,794)	–
Reversal of fair value gain on derivatives		174	–	–	–
Operating profit/(loss) before working capital changes		95,665	63,408	47	(1,690)
Amount due from contract customers		2,097	1,607	–	–
Inventories		(20,367)	(19,433)	–	–
Receivables		(17,767)	(92,686)	5,641	(10,589)
Payables		(42,678)	23,811	8,307	400
Cash generated from/(used in) operations		16,950	(23,293)	13,995	(11,879)
Interest received		4,191	3,310	13,453	9,019
Tax paid		(15,707)	(11,062)	(2,817)	(334)
Tax refunded		337	7	–	–
Net cash from/(used in) operating activities, balances carried forward		5,771	(31,038)	24,631	(3,194)

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2017 (Cont'd)

	Note	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Net cash from/(used in) operating activities, balances brought forward		5,771	(31,038)	24,631	(3,194)
Cash Flows from Investing Activities					
Acquisition of subsidiaries		(215,965)	–	–	–
Additional investment in subsidiaries	15	–	–	–	(2,000)
Advances to subsidiaries		–	–	(15,902)	(188,130)
Advances to ultimate holding company		(55)	(18)	(51)	(18)
Advances to an associated company		(871)	(1,136)	–	–
Change in pledged deposits	22	(465)	(3,082)	–	–
Income from short term cash investments		79	2,050	8	2,015
Investment in an associate	16	–	(61)	–	–
Proceeds from disposal of property, plant and equipment		601	168	–	–
Purchase of investment property		(2,250)	–	–	–
Purchase of property, plant and equipment	(a)	(81,411)	(127,414)	–	–
Net increase/(decrease) in other investments	21	226	(186)	–	–
Net cash used in investing activities		(300,111)	(129,679)	(15,945)	(188,133)
Cash Flows from Financing Activities					
(Repayment to)/Advances from subsidiaries		–	–	(769)	1,495
Advances from shareholder of a subsidiary		415	650	–	–
Interest paid		(19,751)	(10,596)	(56)	(22)
Net repayment of finance lease payables		(3,600)	(882)	–	–
Net drawdown of term loans		273,170	23,021	–	–
Net repayment of bonds		(522)	(493)	–	–
Net drawdown of bankers' acceptance		1,518	4,685	–	–
Net drawdown/(repayment) of revolving projects loan		34,847	(7,058)	–	–
Net drawdown of revolving credits		5,111	–	–	–
Subscription of shares by non-controlling interests in subsidiaries		1,970	35,174	–	–
Proceeds from issuance of shares arising from:					
- private placement	23	–	64,172	–	64,172
- conversion of warrants	23	5	–	5	–
Dividends paid to:	32				
- owners of the Company		(8,715)	(4,754)	(8,715)	(4,754)
- non-controlling interests		(2,349)	(803)	–	–
Share issuance expenses	24	–	(1,968)	–	(1,968)
Net cash from/(used in) financing activities, balances carried forward		282,099	101,148	(9,535)	58,923

STATEMENTS OF CASH FLOWS
for the financial year ended 31 December 2017 (Cont'd)

		Group		Company	
	Note	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Net cash from/(used in) financing activities, balances brought forward		282,099	101,148	(9,535)	58,923
Net decrease in cash and cash equivalents		(12,241)	(59,569)	(849)	(132,404)
Cash and cash equivalents at the beginning of the financial year		84,825	149,805	1,624	134,024
Effect of exchange rate changes on cash and cash equivalents		10,227	(5,411)	–	4
Cash and cash equivalents at the end of the financial year	22	82,811	84,825	775	1,624

(a) Purchase of property, plant and equipment:

	Group	
	2017 RM'000	2016 RM'000
Purchase of property, plant and equipment	109,961	192,171
Financed by way of finance lease arrangements	(715)	(6,867)
Advances to sub-contractors	–	11,970
Other payables and accruals	(25,634)	(69,860)
Provision	(2,201)	–
Cash payments on purchase of property, plant and equipment	81,411	127,414

(b) Reconciliation of liabilities arising from financing activities:

			← Non-cash	→	
Group	1.1.2017 RM'000	Cash flows RM'000	Acquisition RM'000	Foreign exchange movement RM'000	31.12.2017 RM'000
Finance lease payables	22,592	(3,600)	715	–	19,707
Term loans	59,908	273,170	–	(1,152)	331,926
Bonds	1,828	(522)	–	–	1,306
Bankers' acceptance	13,380	1,518	–	–	14,898
Revolving projects loan	16,693	34,847	–	–	51,540
Revolving credit	–	5,111	–	–	5,111
	114,401	310,524	715	(1,152)	424,488
Company					
Amounts owing to subsidiaries	1,495	(769)	–	–	726

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 18 April 2018.

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 2016 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:

<u>Amendments/Improvements to MFRSs</u>

MFRS 12	Disclosure of Interests in Other Entities
MFRS 107	Statement of Cash Flows
MFRS 112	Income Taxes

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, except for those as discussed below:

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.

The Group and the Company have applied the amendments prospectively and accordingly, have disclosed the reconciliation in Note (b) of the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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
MFRS 17	Insurance Contracts	1 January 2021
Amendments/Improvements to MFRSs		
MFRS 1	First-time adoption of MFRSs	1 January 2018
MFRS 2	Share-based Payment	1 January 2018
MFRS 3	Business Combinations	1 January 2019
MFRS 4	Insurance Contracts	1 January 2018
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 112	Income Taxes	1 January 2019
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2018/ 1 January 2019/ Deferred
MFRS 140	Investment Property	1 January 2018
New IC Int		
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019

2. BASIS OF PREPARATION (CONT'D)

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

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below.

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.

  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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. (Cont'd)

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.

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 3 Business Combinations and MFRS 11 Joint Arrangements

Amendments to MFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. Amendments to MFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

2. BASIS OF PREPARATION (CONT'D)

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

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. (Cont'd)

Amendments to MFRS 9 Financial Instruments

Amendments to MFRS 9 allow companies to measure prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income if certain conditions are met.

The amendments also clarify that when a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss should be recognised in profit or loss.

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

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 112 Income Taxes

Amendments to MFRS 112 clarify that an entity recognises the income tax consequences of dividends in profit or loss because income tax consequences of dividends are linked more directly to past transactions than to distributions to owners, except if the tax arises from a transaction which is a business combination or is recognised in other comprehensive income or directly in equity.

Amendments to MFRS 119 Employee Benefits

Amendments to MFRS 119 require an entity to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after the plan amendment, curtailment or settlement when the entity remeasures its net defined benefit liability (asset).

Amendments to MFRS 123 Borrowing Costs

Amendments to MFRS 123 clarify that when a qualifying asset is ready for its intended use or sale, an entity treats any outstanding borrowing made specifically to obtain that qualifying asset as part of general borrowings.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs, amendments/improvements to MFRSs and new IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs and new IC Int are summarised below. (Cont'd)

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that an entity, which is a venture capital organisation, or a mutual fund, unit trust or similar entities, has an investment-by-investment choice to measure its investments in associates or joint ventures at fair value through profit or loss.

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.

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.

IC Int 23 Uncertainty over Income Tax Treatments

IC Int 23 clarifies that where there is uncertainty over income tax treatments, an entity shall:

(i) assume that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
(ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

2.3.2 The Group and the Company are currently performing a detailed analysis to determine the election of the practical expedients and to quantify the financial effects arising from the adoption of the new MFRSs, amendments/improvements to MFRSs and new IC Int.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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'000, 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.

2.6 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 Group's and the Company's 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(c) Associates (Cont'd)

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 and associate are 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).

3.3 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions and operations (Cont'd)

(a) Translation of foreign currency transactions (Cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Revenue and other income

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

(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 compared 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 accrual 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.

(i) Dividend income

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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

Certain subsidiaries of the Company operate an unfunded defined benefit scheme. Each 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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur 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.

3.7 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Taxes (Cont'd)

(a) Income tax (Cont'd)

(ii) Deferred tax (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Taxes (Cont'd)

(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 statements 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

Financial assets at fair value through profit or loss

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

The Group and the Company categorise the financial instruments as follows: (Cont'd)

(i) Financial assets (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Financial instruments (Cont'd)

(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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Property, plant and equipment (Cont'd)

(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% to 20%
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 33 1/3%
Network facilities	4% to 6.67%
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.

3.11 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Leases (Cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 to 20 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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 and associates) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Impairment of assets (Cont'd)

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Prior to Companies Act 2016 which came into effect on 31 January 2017, incremental external costs directly attributable to the issuance of new shares are deducted against the share premium account. Effective on 31 January 2017 and subsequent period, incremental external costs directly attributable to the issuance of new shares are deducted against equity. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

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.

Provision for liabilities mainly comprise provision for dismantling, removal or restoration on identified sites.

3.20 Earnings per share

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.21 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.

3.22 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.

3.23 Contingencies

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

(b) Impairment of trade receivables

The Group recognises impairment losses for trade receivables using the incurred loss model. At the end of each reporting period, the Group assesses whether there is any objective evidence that trade and other receivables is impaired. Individually significant trade 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 financial position and results.

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

(c) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (CONT'D)

(d) 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 to 20 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.

(e) 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		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Telecommunication network services	314,598	318,778	–	–
Lease income of telecommunication towers	108,581	15,856	–	–
Green energy and power solutions	38,325	37,279	–	–
Sales of goods	4,419	8,774	–	–
M&E engineering services	26,266	20,826	–	–
Dividend income	–	–	2,800	–
	492,189	401,513	2,800	–

6. COST OF SALES

	Group	
	2017 RM'000	2016 RM'000
Telecommunication network services	250,320	246,196
Lease of telecommunication towers	65,503	10,968
Green energy and power solutions	28,960	29,372
Sales of goods	3,049	6,793
M&E engineering services	23,176	20,505
	371,008	313,834

7. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Bank overdrafts	1,765	1,122	–	–
Finance lease payables	1,090	1,277	–	–
Revolving project loan	3,307	2,279	–	–
Revolving credit	111	–	–	–
Term loans - secured	10,086	3,289	–	–
Trade financing	393	278	–	–
Unwinding of discount on payables	2,999	2,351	–	–
Interest on inter company loans	–	–	56	22
	19,751	10,596	56	22

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. PROFIT BEFORE TAX

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

	Group		Company	
	2017 **RM'000**	**2016** **RM'000**	**2017** **RM'000**	**2016** **RM'000**
Amortisation of intangible assets	2,945	1,751	–	–
Auditors' remuneration:				
- statutory audit				
- current year	663	407	63	60
- under-provision in prior year	1	6	–	–
- non-statutory audit				
- current year	29	10	29	10
- under-provision in prior year	9	–	9	–
Depreciation of property, plant and equipment	31,244	11,719	–	–
Directors' remuneration (Note (a))	5,122	4,336	2,332	1,756
Employee benefit expenses (Note (b))	105,020	87,433	2,363	1,842
Fair value loss/(gain) on derivative instruments	27	(163)	–	–
Fair value gain on investment properties	(50)	–	–	–
Impairment loss on other receivable	–	–	4,911	2,794
Income from short term cash investments	(79)	(2,050)	(8)	(2,015)
Interest income	(4,191)	(3,310)	(13,453)	(9,019)
Loss on waiver of debts	–	–	10	–
Net loss/(gain) on disposal of property, plant and equipment	27	(156)	–	–
Net loss/(gain) on foreign exchange:				
- realised	513	(7,483)	35	269
- unrealised	406	3,183	–	(4)
Property, plant and equipment written off	296	–	–	–
Provision for post employment benefits	113	78	–	–
Rental expenses:				
- equipment	101	121	–	–
- premises	1,655	1,968	–	–
- sites	21,557	5,584	–	–
- vehicles	7,331	5,478	–	–
- warehouse	492	999	–	–
Rental income from premises	(905)	(852)	–	(64)
Reversal of fair value gain on derivatives assets	174	–	–	–
Reversal of impairment loss on other receivable	–	–	(2,794)	–

8. PROFIT BEFORE TAX (CONT'D)

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

(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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive Directors:				
- fees	24	24	–	–
- salaries, allowances and bonuses	4,505	3,762	1,921	1,380
- other emoluments	414	382	232	208
Total executive directors' remuneration	4,943	4,168	2,153	1,588
Non-executive Directors:				
- fees	158	144	158	144
- allowances	21	24	21	24
Total non-executive directors'remuneration	179	168	179	168
Total directors' remuneration	5,122	4,336	2,332	1,756

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 RM211,873 (2016: RM397,797) and RM82,675 (2016: RM96,338) respectively.

(b) Employee benefit expenses are:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Salaries, allowances and bonuses	98,080	81,913	2,083	1,643
Contributions to defined contribution plans and Socso	6,488	5,105	280	199
Other benefits	452	415	–	–
	105,020	87,433	2,363	1,842

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. TAX EXPENSE

The major components of tax expense for the financial years ended 31 December 2017 and 31 December 2016 are as follows:

	Group		Company	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Current income tax:				
- Current financial year	13,085	11,177	1,651	1,584
- (Over)/Under provision in prior financial year	(226)	(48)	36	31
	12,859	11,129	1,687	1,615
Deferred tax (Note 14):				
- (Reversal)/Origination of temporary differences	(167)	813	–	–
- Under/(Over) provision in prior financial year	370	(599)	–	–
	203	214	–	–
	13,062	11,343	1,687	1,615

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2016: 24%) of the estimated assessable profit for the financial year.

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	
	2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
Profit before tax	45,002	41,699	11,325	6,532
Tax at Malaysian statutory income tax rate of 24% (2016: 24%)	10,800	10,008	2,718	1,568
Tax effects arising from:				
- non-deductible expenses	6,174	2,861	69	773
- non-taxable income	(3,118)	(916)	(1,136)	(757)
Effect of different tax rates in foreign jurisdictions	724	116	–	–
Deferred tax assets not recognised during the financial year	59	111	–	–
Utilisation of previously unrecognised deferred tax assets	(1,721)	(190)	–	–
(Over)/Under provision in prior financial year:				
- income tax	(226)	(48)	36	31
- deferred tax	370	(599)	–	–
Tax expense	13,062	11,343	1,687	1,615

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. TAX EXPENSE (CONT'D)

The Group has estimated unutilised tax losses and unabsorbed capital allowances of RM1,360,004 (2016: RM8,401,363) and RM159,215 (2016: RM41,739) 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 RM1,720,638 (2016: RM189,631).

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	
	2017 RM'000	**2016 RM'000**
Profit attributable to owners of the Company	24,629	26,574
Weighted average number of ordinary shares for basic earnings per share	871,471	821,978
Basic earnings per ordinary share (sen)	2.83	3.23

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	
	2017 RM'000	**2016 RM'000**
Profit attributable to owners of the Company	24,629	26,574
Weighted average number of ordinary shares for basic earnings per share	871,471	821,978
Effect of dilution from warrants conversion	53,408	20,578
Weighted average number of ordinary shares for diluted earnings per share	924,879	842,556
Diluted earnings per ordinary share (sen)	2.66	3.15

During 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 (Cont'd)

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'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2016	14,356	4,160	675	3,758	963	7,253	6,494	14,529	10,300	35,678	6,490	104,656
Additions	–	–	2	1,200	82	937	80	6,342	–	10,693	172,835	192,171
Disposals	–	–	–	–	–	(797)	–	–	–	–	–	(797)
Reclassifications	–	–	–	–	–	–	–	–	164,055	–	(164,055)	–
Translation differences	–	–	–	(22)	15	55	–	273	–	–	(50)	271
At 31.12.2016	14,356	4,160	677	4,936	1,060	7,448	6,574	21,144	174,355	46,371	15,220	296,301
Additions	–	–	31	459	325	715	75	2,034	3,879	26,753	75,690	109,961
Disposals	–	–	(160)	(143)	(150)	(67)	–	(9)	(778)	(33)	–	(1,340)
Write off	–	–	–	–	–	–	–	–	(760)	(218)	–	(978)
Reclassifications	–	–	–	–	–	–	–	–	63,026	–	(63,026)	–
Acquistion of subsidiaries (Note 15)	22	–	–	74	17	632	–	–	165,121	6,162	32,229	204,257
Translation differences	(2)	–	(1)	(81)	(31)	(147)	–	(568)	(12,562)	(599)	(33,061)	(47,052)
At 31.12.2017	14,376	4,160	547	5,245	1,221	8,581	6,649	22,601	392,281	78,436	27,052	561,149

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2016	105	85	337	2,269	695	3,378	743	3,957	1,124	3,975	–	16,668
Charge for the financial year	100	54	48	932	92	1,205	653	3,069	3,024	2,542	–	11,719
Disposals	–	–	–	–	–	(785)	–	–	–	–	–	(785)
Translation differences	–	–	–	(1)	12	24	–	147	(31)	–	–	151
At 31.12.2016	205	139	385	3,200	799	3,822	1,396	7,173	4,117	6,517	–	27,753
Charge for the financial year	103	55	48	821	118	1,296	659	3,975	20,295	3,874	–	31,244
Disposals	–	–	(157)	(117)	(11)	(32)	–	(6)	(375)	(14)	–	(712)
Write off	–	–	–	–	–	–	–	–	(548)	(134)	–	(682)
Acquistion of subsidiaries (Note 15)	17	–	–	73	13	516	–	–	145,168	2,961	–	148,748
Translation differences	(2)	–	–	(38)	(22)	(92)	–	(301)	(27,891)	(313)	–	(28,659)
At 31.12.2017	323	194	276	3,939	897	5,510	2,055	10,841	140,766	12,891	–	177,692
Net Carrying Amount												
At 31.12.2016	14,151	4,021	292	1,736	261	3,626	5,178	13,971	170,238	39,854	15,220	268,548
At 31.12.2017	14,053	3,966	271	1,306	324	3,071	4,594	11,760	251,515	65,545	27,052	383,457

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

11. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(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	
	2017 RM'000	**2016 RM'000**
Motor vehicles	3,001	3,518
Network facilities	6,696	6,986
Plant and machinery	19,252	18,326
	28,949	28,830

(b) Included in leasehold land and building is a leasehold land with net carrying amount of RM1,195,731 (2016: RM1,211,799) 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	
	2017 RM'000	**2016 RM'000**
Freehold land and building	14,053	14,151
Leasehold land and building	3,966	4,021
Plant and machinery	8,557	8,968
	26,576	27,140

(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) 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'000	Leasehold land and building RM'000	Total RM'000
At fair value:			
At 1 January 2016/ 31 December 2016	12,000	2,500	14,500
Addition	2,250	–	2,250
Fair value gain	50	–	50
At 31 December 2017	14,300	2,500	16,800

(a) Investment properties of the Group with an aggregate carrying amount of RM16,800,000 (2016: 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	
	2017 RM'000	2016 RM'000
Rental income	786	744
Direct operating expenses	(52)	(42)

(d) Fair value information

Fair value of investment properties are categorised as follows:

	Group			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017				
Freehold land and building	–	14,300	–	14,300
Leasehold land and building	–	2,500	–	2,500
	–	16,800	–	16,800
2016				
Freehold land and building	–	12,000	–	12,000
Leasehold land and building	–	2,500	–	2,500
	–	14,500	–	14,500

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. INVESTMENT PROPERTIES (CONT'D)

(d) Fair value information (Cont'd)

The valuation of investment properties as at 31 December 2017 and 31 December 2016 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 2017 or 31 December 2016.

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'000	Other intangible assets RM'000	Total RM'000
Cost			
At 1 January 2016	9,145	12,115	21,260
Translation differences	2,176	2,882	5,058
At 31 December 2016	11,321	14,997	26,318
Acquisition of subsidiaries (Note 15)	135,257	22,996	158,253
Translation differences	(10,350)	(3,557)	(13,907)
At 31 December 2017	136,228	34,436	170,664
Accumulated Amortisation			
At 1 January 2016	–	2,019	2,019
Charge for the financial year	–	1,751	1,751
Translation differences	–	604	604
At 31 December 2016	–	4,374	4,374
Charge for the financial year	–	2,945	2,945
Translation differences	–	(641)	(641)
At 31 December 2017	–	6,678	6,678
Net Carrying Amount			
At 31 December 2016	11,321	10,623	21,944
At 31 December 2017	136,228	27,758	163,986

13. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill

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

	Group	
	2017 RM'000	2016 RM'000
Telecommunication Network Services	136,228	11,321

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.

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	
	2017	2016
Average gross profit margin	32%	24%
Average revenue growth rate	15%	16%
Pre-tax discount rate	14%	13%

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (Cont'd)

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 arising from acquisition of PT Putra Mulia Telecommunication ("PMT') and Southeast Asia Telecommunications Holdings Pte. Ltd. and its subsidiaries ("SEATH Group") based on valuations performed by professional valuers.

An amortisation amounting to RM2,945,000 (2016: RM1,750,814) relating to the customer contracts and related customer relationship has been recognised during the financial year based on estimated useful life of 8 to 20 years.

14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2017 RM'000	**2016 RM'000**
Deferred tax assets/(liabilities)		
At beginning of the financial year	(8,016)	(7,243)
Deferred tax relating to intangible assets	(5,461)	–
Recognised in profit or loss (Note 9)	(203)	(214)
Translation differences	676	(559)
At end of the financial year	(13,004)	(8,016)

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

	Group	
	2017 RM'000	**2016 RM'000**
Deferred tax assets	633	173
Deferred tax liabilities	(13,637)	(8,189)
	(13,004)	(8,016)

14. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Deferred tax assets		
Accrued expenses	459	–
Post employment benefits	174	173
	633	173
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(7,968)	(5,192)
Fair value gain arising from investment properties	(12)	(341)
Deferred tax relating to intangible assets	(5,657)	(2,656)
	(13,637)	(8,189)

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

	Group	
	2017	**2016**
	RM'000	**RM'000**
Unabsorbed capital allowances	159	42
Unutilised tax losses	1,360	8,401
	1,519	8,443

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2017	**2016**
	RM'000	**RM'000**
Unquoted shares, at cost		
At beginning of the financial year	24,282	22,282
Additions	–	2,000
At end of the financial year	24,282	24,282

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2017	2016	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%	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
PMT Asia Sdn. Bhd. ~ ^	Malaysia	100%	100%	Investment holding.
Subsidiary of Milab Marketing Sdn. Bhd.				
Seri Kuasa Sdn. Bhd. * ~	Malaysia	51%	–	Provision of renewable energy and power solutions.
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 * ß	The Republic of Indonesia	85%	85%	Provision of telecommunication solution services.
Well Synergy Resources Pte. Ltd. *	Myanmar	100%	100%	Provision of engineering services, rental business, market research and management services.

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (Cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2017	2016	Principal Activities
Subsidiary of OCK Telco Infra Pte. Ltd.				
MIN-OCK Infrastructure Pte. Ltd. # ~	Singapore	100%	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of PT Putra Mulia Telecommunication				
PT Harapan Utama Prima *	The Republic of Indonesia	65%	65%	Provision of telecomunication solution 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%	Provision of engineering services, rental business, market research and management services.
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.
Steadcom Sdn. Bhd.	Malaysia	51%	51%	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (Cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2017	2016	Principal Activities
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.
Subsidiaries of OCK SEA Towers Pte. Ltd.				
OCK Myanmar Holdings Pte. Ltd. #	Singapore	100%	–	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
OCK Tower Infra Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
OCK Vietnam Towers Pte. Ltd. #	Singapore	60%	60%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of OCK Myanmar Holdings Pte. Ltd.				
OCK Myanmar Towers Pte. Ltd. #	Singapore	100%	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of OCK Myanmar Towers Pte. Ltd.				
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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (Cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2017	2016	Principal Activities
Subsidiary of OCK Tower Infra Sdn. Bhd.				
OCK Telco Infra Sdn. Bhd.	Malaysia	100%	70%	Provision of civil, structural, electrical and mechanical engineering, telecommunication and industrial control equipment, and telecommunication network services.
Subsidiaries of OCK Vietnam Towers Pte. Ltd.				
Southeast Asia Telecommunications Holdings Pte. Ltd. ^ ß	Singapore	100%	–	Investment holding and telecommunication service provider.
OCK Vietnam Towers (Labuan) Ltd. ~ @	Federal Territory of Labuan	100%	100%	Investment holding.
Subsidiaries of Southeast Asia Telecommunications Holdings Pte. Ltd.				
DeLong Opportunity Investments Pte. Ltd. ^	Singapore	100%	–	Investment holding.
Cleveland Capital Pte. Ltd. ^	Singapore	100%	–	Investment holding.
Vietnam Infrastructure Heritage Ltd. @	British Virgin Islands	100%	–	Investment holding.
Global Infrastructure Investment Company Limited *	Vietnam	100%	–	Development, installation, ownership, operation and leasing out of base transceiver station ("BTS") towers, infrastructure and other assets.
Mobile Information Service Company Limited *	Vietnam	100%	–	Development, installation, ownership, operation and leasing out of base BTS towers, infrastructure and other assets.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (Cont'd)

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2017	2016	Principal Activities
Subsidiaries of Southeast Asia Telecommunications Holdings Pte. Ltd. (Cont'd)				
VNC-55 Infrastructure Investment Company Limited *	Vietnam	100%	–	Development, installation, ownership, operation and leasing out of base BTS towers, infrastructure and other assets.
Eastern Tower Joint Stock Company * ~	Vietnam	100%	–	Real estate consulting and management service and business management consulting service.
Subsidiary of Global Infrastructure Investment Company Limited				
Truong Loc Trading Service Telco Joint Stock Company *	Vietnam	100%	–	Development, installation, ownership, operation and leasing out of base BTS towers, infrastructure and other assets.
Subsidiary of Mobile Information Service Company Limited				
Zone II Mobile Information Services Joint Stock Company *	Vietnam	100%	–	Development, installation, ownership, operation and leasing out of base BTS towers, infrastructure and other assets.
Subsidiary of Zone II Mobile Information Services Joint Stock Company				
Tan Phat Telecommunications Company Limited *	Vietnam	100%	–	Development, installation, ownership, operation and leasing out of base BTS towers, infrastructure and other assets.
Subsidiary of VNC-55 Infrastructure Investment Company Limited				
T&A Company Limited *	Vietnam	100%	–	Development, installation, ownership, operation and leasing out of base BTS towers, infrastructure and other assets.

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows: (Cont'd)

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

(i) Acquisition/Incorporation of subsidiaries

<u>**2017**</u>

(a) On 13 January 2017, the Company's indirect 60% owned subsidiary, OCK Vietnam Towers Pte. Ltd. ("OVT") had acquired the entire equity interest in Southeast Asia Telecommunications Holdings Pte. Ltd. and its subsidiaries ("SEATH Group") for a total purchase consideration of USD51,937,441, to be fully satisfied via cash.

(i) The fair value of the identifiable assets and liabilities of SEATH Group as at the date of acquisition were as follows:

	Group 2017 RM'000
Assets	
Property, plant and equipment (Note 11)	55,509
Intangible assets (Note 13)	22,996
Deferred tax assets	566
Inventories	56
Trade and other receivables	14,022
Cash and cash equivalents	13,822
	106,971
Liabilities	
Trade and other payables	(5,266)
Tax liabilities	(1,148)
Deferred tax liabilities	(6,027)
Total identifiable net assets acquired	94,530
Goodwill arising from acquisition (Note 13)	135,257
Fair value of consideration transferred	229,787

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Acquisition/Incorporation of subsidiaries (Cont'd)

2017 (Cont'd)

(a) On 13 January 2017, the Company's indirect 60% wholly-owned subsidiary, OCK Vietnam Towers Pte. Ltd. ("OVT") had acquired the entire equity interest in Southeast Asia Telecommunications Holdings Pte. Ltd. and its subsidiaries ("SEATH Group") for a total purchase consideration of USD51,937,441, to be fully satisfied via cash. (Cont'd)

(i) The fair value of the identifiable assets and liabilities of SEATH Group as at the date of acquisition were as follows: (Cont'd)

Acquisition-related costs

Acquisition-related costs of the business combination amounted to RM 2,344,239 (2016: RM2,651,992) which was recognised in profit or loss as administrative expense.

(ii) The effects of the acquisition of SEATH Group on cash flows of the Group were as follows:

	Group 2017 RM'000
Total consideration paid in cash by the Group	229,787
Less: Cash and cash equivalents of subsidiaries acquired	(13,822)
Net cash outflows on acquisition	215,965

(b) 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. ("OMH") in The Republic of Singapore, as a wholly-owned subsidiary. Consequently, OMH became an indirect wholly-owned subsidiary of the Company. The intended principal activity of OMH is provision of tower facilities, utilities and communication network for mobile and broadband operators.

(c) On 23 August 2017, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 25,500 ordinary shares in Seri Kuasa Sdn. Bhd. ("Seri Kuasa") representing 51% equity interest in Seri Kuasa for a cash consideration of RM25,500. Consequently, Seri Kuasa became an indirect 51% owned subsidiary of the Company. The intended principal activity of Seri Kuasa is provision of renewable energy and power solutions.

(d) On 14 December 2017, OCK Tower Infra Sdn. Bhd. ("OCK Tower"), a wholly owned subsidiary of OST which in turn is a wholly owned subsidiary of the Company, had completed the acquisition of 300,000 ordinary shares in OCK Telco Infra Sdn. Bhd. ("OCK Telco") representing the remaining 30% equity interest in OCK Telco for a cash consideration of RM300,000. Consequently, OCK Telco becomes a wholly-owned subsidiary of OCK Tower which is turn, an indirect wholly owned subsidiary of the Company.

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Acquisition/Incorporation of subsidiaries (Cont'd)

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, a company incorporated in Malaysia with an issued and paid-up capital of RM2. The principal activity of OCK Tower is investment holding.

OCK Telco Infra Sdn. Bhd.

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

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

OCK SEA Towers Pte. Ltd.

On 7 June 2016, the Company had incorporated a 100% owned subsidiary, namely OST, a company incorporated in Singapore with an issued and paid-up capital of USD1. The principal activity of OST is provision of tower facilities, utilities and communication network for mobile and broadband operators.

OCK Myanmar Towers Pte. Ltd.

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 USD1. The principal activity of OMT is provision of tower facilities, utilities and communication network for mobile and broadband operators.

OCK Vietnam Towers Pte. Ltd.

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 USD1 comprising 1 ordinary share of USD1. The principal activity of OVT 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Acquisition/Incorporation of subsidiaries (Cont'd)

2016 (Cont'd)

OCK Vietnam Towers (Labuan) Ltd.

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 principal activity of OVT Labuan is investment holding.

PMT Asia Sdn. Bhd.

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 principal activity of PMTASIA is investment holding.

Well Synergy Resources Pte. Ltd.

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 OCKINT and 1 share held by Low Hock Keong. The principal activity of Well Synergy is provision of engineering services, rental business, market research and management services.

MIN-OCK Infrastructure Pte. Ltd.

On 22 November 2016, the Company's wholly owned subsidiary, OCK Telco Infra Pte. Ltd. ("OCK TelcoPL") 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 TelcoPL.

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(ii) Subscription for additional interests in subsidiaries

2017

El Power Technologies Sdn. Bhd.

On 12 May 2017, the Company's wholly-owned subsidiary, OCK Setia Engineering Sdn. Bhd. ("OCKSE") had further subscribed for 208,000 ordinary shares in the share capital of El Power Technologies Sdn. Bhd. by way of bonus issue.

OCK M&E Sdn. Bhd.

On 7 December 2017, the Company's wholly-owned subsidiary, OCKSE had further subscribed for 150,000 ordinary shares in the share capital of OCK M&E Sdn. Bhd..

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 OCKINT 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, 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, 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in subsidiaries

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

2017	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Tele-communication RM'000	Dynasynergy Services Sdn. Bhd. RM'000	EI Power Technologies Sdn. Bhd. RM'000	Steadcom Sdn. Bhd. RM'000	Firatel Sdn. Bhd. RM'000	OCK Vietnam Towers Pte. Ltd. RM'000	SEATH Group RM'000	Others RM'000	Total RM'000
NCI Percentage of ownership interest and voting interest	49%	15%	49%	48%	49%	39%	40%	40%		
Carrying amount of NCI	679	3,335	2,555	3,102	5,466	2,264	30,007	5,535	98	53,041
Profit/(Loss) allocated to NCI	261	410	808	936	2,329	385	(2,732)	5,777	(863)	7,311
Total comprehensive income/(loss) allocated to NCI	231	37	808	936	2,329	385	(5,803)	6,175	(868)	4,230
2016										
NCI Percentage of ownership interest and voting interest	49%	15%	49%	48%	49%	39%	40%			
Carrying amount of NCI	448	3,566	1,748	2,694	3,921	2,659	33,840	–	162	49,038
Profit/(Loss) allocated to NCI	(17)	401	817	427	2,540	799	(1,123)	–	(62)	3,782
Total comprehensive income/(loss) allocated to NCI	(22)	807	817	427	2,540	799	(1,010)	–	(62)	4,296

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(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:

	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Tele-Communication RM'000	Dynasynergy Services Sdn. Bhd. RM'000	El Power Technologies Sdn. Bhd. RM'000	Steadcom Sdn. Bhd. RM'000	Firatel Sdn. Bhd. RM'000	OCK Vietnam Towers Pte. Ltd. RM'000	SEATH Group RM'000
2017								
Summarised statements of financial position								
Non-current assets	34	10,872	76	404	3,985	107	210,221	184,030
Current assets	4,491	21,541	13,248	12,838	18,439	12,121	1,951	41,268
Non-current liabilities	–	(353)	(39)	(307)	(2,550)	(124)	–	(7,654)
Current liabilities	(2,396)	(8,668)	(8,076)	(7,006)	(8,732)	(6,311)	(135,478)	(6,190)
Net assets	2,129	23,392	5,209	5,929	11,142	5,793	76,694	211,454
Summarised statements of comprehensive income								
Revenue	7,332	42,410	25,807	34,780	49,987	8,395	–	57,577
Profit/(Loss) for the financial year	534	2,735	1,648	1,951	4,752	986	(6,829)	20,077
Total comprehensive income/(loss)	472	993	1,648	1,951	4,752	986	(14,509)	22,247
Summarised cash flow information								
Cash flows (used in)/from:								
- operating activities	907	175	836	2,911	14,347	6,928	13,255	16,489
- investing activities	(28)	(1,543)	(603)	42	(144)	(4,172)	(210,217)	455
- financing activities	–	1,764	(1,769)	(3,418)	(13,937)	(1,155)	126,050	(13,124)
Net increase/(decrease) in cash and cash equivalents	879	396	(1,536)	(465)	266	1,601	(70,912)	3,820
Dividends paid to non-controlling interests	–	65	–	720	784	780	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Tele-Communication RM'000	Dynasynergy Services Sdn. Bhd. RM'000	El Power Technologies Sdn. Bhd. RM'000	Steadcom Sdn. Bhd. RM'000	Firatel Sdn. Bhd. RM'000	OCK Vietnam Towers Pte. Ltd. RM'000
2016							
Summarised statements of financial position							
Non-current assets	40	13,185	100	657	6,043	184	4
Current assets	2,826	19,658	13,494	17,279	26,446	9,822	90,129
Non-current liabilities	–	(2,656)	(62)	(454)	(2,898)	(154)	–
Current liabilities	(1,532)	(7,214)	(9,971)	(11,869)	(21,601)	(3,047)	(3,995)
Net assets	1,334	22,973	3,561	5,613	7,990	6,805	86,138
Summarised statements of comprehensive income							
Revenue	4,941	38,862	22,145	33,998	33,387	14,897	-
Profit/(Loss) for the financial year	(35)	3,987	1,668	890	5,184	2,049	(2,807)
Total comprehensive income/(loss)	(45)	4,987	1,668	890	5,184	2,049	(2,524)
Summarised cash flow information							
Cash flows (used in)/from:							
- operating activities	117	1,919	352	(428)	1,956	321	(11,487)
- investing activities	(9)	(1,051)	(206)	(1,033)	(2,032)	(1)	(978)
- financing activities	761	(25)	826	2,194	435	(1,734)	91,057
Net increase/(decrease) in cash and cash equivalents	869	843	972	733	359	(1,414)	78,592
Dividends paid to non-controlling interests	–	–	171	240	196	195	–

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.

16. INVESTMENT IN AN ASSOCIATE

	Group 2017 RM'000	Group 2016 RM'000
Unquoted shares, at cost		
At beginning of the financial year	61	–
Addition	–	61
At end of the financial year	61	61
Share of post-acquisition losses		
At beginning of the financial year	(61)	–
Share of results	–	(61)
At end of the financial year	(61)	(61)
	–	–

During the previous financial year, the Group 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 RM91,630 (2016: RM79,992) 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 2017	Proportion Equity Interest 2016	Principal Activities/ Nature of the relationship
OCK Steadcom (Thailand) Co., Ltd. ^	Thailand	49%	49%	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation/ Secondment of staff.

^ Disclosed using unaudited management financial statements, auditors' report is not available.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. INVESTMENT IN AN ASSOCIATE (CONT'D)

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	
	2017	**2016**
	RM'000	**RM'000**
Assets and Liabilities		
Non-current assets	20	24
Current assets	2,067	1,005
Current liabilities	(2,458)	(1,211)
Net liabilities	(371)	(182)
Results:		
Revenue	831	765
Loss for the financial year	(187)	(289)
Total comprehensive loss	(187)	(289)

17. INVENTORIES

	Group	
	2017	**2016**
	RM'000	**RM'000**
At cost:		
Raw materials	2,546	2,608
Work-in-progress	67,058	46,605
Finished goods	1,187	1,155
	70,791	50,368
Inventories recognised as cost of sales during the financial year	309,927	283,291

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Non-current:				
Trade receivable				
- Third party	21,878	19,790	–	–
Other receivables				
- Third party	1	–	–	–
- Prepayments	1,454	–	–	–
- Amounts owing by subsidiaries	–	–	315,361	296,674
	23,333	19,790	315,361	296,674
Less: Allowance for impairment loss				
- Amount owing by a subsidiary	–	–	(5,291)	(380)
	23,333	19,790	310,070	296,294
Current:				
Trade receivables				
- Third parties:				
- billed	194,539	155,447	–	–
- unbilled	40,795	53,876	–	–
- Related party	2,280	5,902	–	–
- Retention sum	4,569	4,078	–	–
	242,183	219,303	–	–
Less: Allowance fo impairment loss				
- Third party	(265)	(265)	–	–
	241,918	219,038	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TRADE AND OTHER RECEIVABLES (CONT'D)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Other receivables				
- Third parties	15,851	6,932	1	–
- Interest receivables	–	–	189	8,624
- Amount owing by ultimate holding company	72	18	69	18
- Amounts owing by related parties	413	–	–	–
- Amount owing by an associated company	2,007	1,136	–	–
	18,343	8,086	259	8,642
Less: Allowance for impairment loss - Amount owing by a subsidiary	–	–	–	(2,794)
Total other receivables, net	18,343	8,086	259	5,848
Deposits	9,866	16,861	–	–
Advances to sub-contractors	6,192	19,853	–	–
GST refundable	1,513	608	–	–
Prepayments	29,249	27,783	1,965	1,966
	65,163	73,191	2,224	7,814
Total trade and other receivables (current)	307,081	292,229	2,224	7,814
Total trade and other receivables (non-current and current)	330,414	312,019	312,294	304,108

(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 (2016: 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% (2016: 7%) per annum.

(c) Included in trade receivables of the Group is an amount of RM2,280,161 (2016: RM5,901,565) 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 (CONT'D)

(d) Included in trade receivables of the Group are retention sum of RM4,568,453 (2016: RM4,077,847) 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 RM5,960,000 (2016: RM4,995,000) 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 (2016: within the next 12 months), bear interest at rate of 4.6% (2016: 4.6%) 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 RM Nil (2016: RM10,563,609) for the acquisition of shares in Southeast Asia Telecommunications Holdings Pte. Ltd. ("SEATH"). The deposit had been released to seller upon the completion of the transaction.

(h) Included in prepayments of the Group are:

(i) down payments of RM Nil (2016: RM225,000) and RM1,305,000 (2016: RM435,000) respectively for the purchase of a property and a company shares respectively;
(ii) transaction costs of RM2,861,914 (2016: RM5,953,686) in relation to the undrawn loan facilities of the Group; and
(iii) down payments to suppliers of RM7,110,705 (2016: RM7,471,938) 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	
	2017	**2016**
	RM'000	**RM'000**
Neither past due nor impaired	184,896	187,583
1 to 30 days past due not impaired	20,086	29,603
31 to 60 days past due not impaired	11,847	4,429
61 to 90 days past due not impaired	7,361	2,266
91 to 120 days past due not impaired	3,000	4,821
More than 121 days past due not impaired	36,606	10,126
	78,900	51,245
Individually impaired	265	265
	264,061	239,093

<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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(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: (Cont'd)

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Individually impaired				
Trade receivable				
Trade receivable - nominal amount	265	265	–	–
Less: Allowance for impairment loss	(265)	(265)	–	–
	–	–	–	–
Other receivable				
Other receivable - nominal amount	–	–	5,291	3,174
Less: Allowance for impairment loss	–	–	(5,291)	(3,174)
	–	–	–	–
	–	–	–	–

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Trade receivable				
At beginning/end of the financial year	265	265	–	–
Other receivable				
At beginning of the financial year	–	–	3,174	380
Charge for the financial year (Note 8)	–	–	4,911	2,794
Reversal of impairment loss (Note 8)	–	–	(2,794)	–
At end of the financial year	–	–	5,291	3,174

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.

18. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group 2017 RM'000	Group 2016 RM'000
United States Dollar	55	10,564

19. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group 2017 RM'000	Group 2016 RM'000
Aggregate costs incurred to date	128,051	101,805
Attributable profits	26,265	24,472
	154,316	126,277
Progress billings	(143,179)	(113,044)
Net amount due from/(to) contract customers	11,137	13,233
Presented as:		
Amount due from contract customers included in current assets	12,012	13,870
Amount due to contract customers included in current liabilities	(875)	(637)
	11,137	13,233

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

	Group 2017 RM'000	Group 2016 RM'000
Rental of equipment	–	4

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

20. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	Group	
	2017 RM'000	2016 RM'000
Derivatives (liabilities)/assets at fair value through profit or loss:		
Forward foreign exchange contracts	(6)	195

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 2017 were RM3,367,461 (2016: RM2,869,802).

21. OTHER INVESTMENTS

	Group	
	2017 RM'000	2016 RM'000
Current		
Held-to-maturity investments (unquoted)	–	226

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 Nil (2016: 3.0% to 7.8%) per annum.

22. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Cash and bank balances	77,388	113,654	493	1,350
Short term deposits placed with licensed banks	41,207	14,430	–	–
Short term cash investments	289	1,200	282	274
Cash and short term deposits as presented in statements of financial position	118,884	129,284	775	1,624

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. CASH AND SHORT TERM DEPOSITS (CONT'D)

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

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Short term deposits placed with licensed banks	41,207	14,430	–	–
Less: Pledged deposits	(12,268)	(11,803)	–	–
	28,939	2,627	–	–
Cash and bank balances	77,388	113,654	493	1,350
Short term cash investments	289	1,200	282	274
Less: Bank overdrafts (Note 28)	(23,805)	(32,656)	–	–
Cash and short term deposits as presented in statements of cash flows	82,811	84,825	775	1,624

(a) Deposits placed with licensed banks amounting of RM12,267,899 (2016: RM11,803,209) 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 2.45% to 6.40% (2016: 2.44% to 3.45%) 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		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Chinese Yuan	3	–	–	–
United States Dollar	25,530	89,139	5	560

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

23. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2017 Unit	2016 Unit	2017 RM'000	2016 RM'000
Issued and fully paid up:				
At beginning of the financial year	871,465	792,241	87,147	79,224
Transition to no par value regime	–	–	157,150	–
Issuance of shares pursuant to:				
- private placement	–	79,224	–	7,923
- conversion of warrants	8	–	8	–
At end of the financial year	871,473	871,465	244,305	87,147

The new Companies Act 2016 ("the Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM157,150,541 becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM157,150,541 for purposes set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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

During the financial year, the Company had increased its issued and paid-up ordinary share capital from RM87,146,546 to RM87,154,261 by way of conversion of 7,500 warrants.

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	
	2017	2016
	RM'000	RM'000
At beginning of the financial year	157,150	102,869
Issuance of shares pursuant to private placement	–	56,249
Transition to no par value regime	(157,150)	–
	(157,150)	56,249
Share issuance expenses	–	(1,968)
At end of the financial year	–	157,150

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. Pursuant to Section 618(2) of the Act, the sum of RM157,150,541 standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital as disclosed in Note 23.

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	
	2017	2016
	RM'000	RM'000
At beginning of the financial year	4,405	4,504
Realisation of revaluation reserve	(99)	(99)
At end of the financial year	4,306	4,405

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 264,072,954 (2016: 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 2017 RM'000	2016 RM'000
Non-current:			
Secured			
Finance lease payables	(a)	12,748	15,848
Term loans	(b)	166,632	48,060
Unsecured			
Bonds	(c)	754	1,306
		180,134	65,214
Current:			
Secured			
Bankers' acceptance	(d)	14,898	13,380
Revolving projects loan	(e)	51,540	16,693
Bank overdrafts	(f)	23,805	32,656
Finance lease payables	(a)	6,959	6,744
Term loans	(b)	165,294	11,848
Revolving credit	(g)	5,111	–
Unsecured			
Bonds	(c)	552	522
		268,159	81,843
		448,293	147,057
Total borrowings:			
Finance lease payables	(a)	19,707	22,592
Term loans	(b)	331,926	59,908
Bonds	(c)	1,306	1,828
Bankers' acceptance	(d)	14,898	13,380
Revolving projects loan	(e)	51,540	16,693
Bank overdrafts	(f)	23,805	32,656
Revolving credit	(g)	5,111	–
		448,293	147,057

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. BORROWINGS (CONT'D)

(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	
	2017 RM'000	2016 RM'000
Future minimum lease payments	22,044	25,541
Less: Future finance charges	(2,337)	(2,949)
Total present value of minimum lease payments	19,707	22,592
Payable within one year		
Future minimum lease payments	7,966	7,915
Less: Future finance charges	(1,007)	(1,171)
Present value of minimum lease payments	6,959	6,744
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	14,078	17,281
Less: Future finance charges	(1,330)	(1,708)
Present value of minimum lease payments	12,748	15,573
Payable more than 5 years		
Future minimum lease payments	–	345
Less: Future finance charges	–	(70)
Present value of minimum lease payments	–	275
Total present value of minimum lease payments	19,707	22,592

The finance lease payables of the Group bear effective interest rates ranging from 4.15% to 6.63% (2016: 4.44% to 6.63%) per annum.

28. BORROWINGS (CONT'D)

(b) Term loans

	Group 2017 RM'000	Group 2016 RM'000
Secured		
Term loan I	2,666	3,225
Term loan II	8,549	9,200
Term loan III	1,132	1,201
Term loan IV	4,028	4,617
Term loan V - United States Dollar	5,827	9,061
Term loan VI - Indonesian Rupiah	3,576	2,037
Term loan VII - United States Dollar	146,372	30,567
Term loan VIII - United States Dollar	121,425	–
Term loan IX	32,856	–
Term loan X	1,789	–
Term loan XI	3,706	–
	331,926	59,908

The term loans are repayable as follows:

	Group 2017 RM'000	Group 2016 RM'000
Non-current liabilities:		
- due more than 1 year but not later than 5 years	136,871	39,564
- due after 5 years	29,761	8,496
	166,632	48,060
Current liabilities:		
- due within 1 year	165,294	11,848
	331,926	59,908

(i) The term loans bear interest at rates ranging from 4.40% to 12.27% (2016: 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 subsidiaries's present and future assets relating to the loan;
(h) Memorandum of deposit or cash collateral agreement;
(i) Deed assignment over the sales proceeds of the metered renewable energy from Tenaga Nasional Berhad;

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. BORROWINGS (CONT'D)

(b) Term loans (Cont'd)

(i) The term loans bear interest at rates ranging from 4.40% to 12.27% (2016: 4.65% to 14.46%) per annum and are secured and supported as follows: (Cont'd)

(j) Assignment 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;
(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-subsidiaries owned by the subsidiaries;
(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;
(s) Irrevocable and Unconditional Power of Attorney to be granted by the subsidiary;
(t) Assignment of dividend arising from the shares to be granted by the subsidiary;
(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 the bank;
(v) Power of Attorney to receive dividend to be granted by the subsidiary to the 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 follows:

	Group	
	2017 RM'000	**2016 RM'000**
United States Dollar	152,199	39,628

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. BORROWINGS (CONT'D)

(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 5.80% to 6.08% (2016: 5.95% to 6.19%) 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 3.84% to 5.36% (2016: 3.74% to 5.37%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. BORROWINGS (CONT'D)

(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% (2016: 7.0% to 7.25%) per annum.

(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 7.25% to 8.49% (2016: 7.25% to 8.6%) per annum.

(g) Revolving credit

The revolving credit is secured by way of:-

(i) Corporate guarantee from the Company; and
(ii) Master security agreement.

The revolving credit bears effective interest rate of 6.76% (2016: Nil) per annum.

29. TRADE AND OTHER PAYABLES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Non-current:				
Trade payable				
- Third party	3,699	19,795	–	–
Current:				
Trade payables				
- Third parties	73,785	60,964	–	–
- Accruals	8,841	12,214	–	–
- Related party	39	2	–	–
- Associate of ultimate holding company	575	738	–	–
- Retention sum	1,267	897	–	–
	84,507	74,815	–	–
Other payables	42,044	7,888	8,827	580
Advances from customers	–	4,332	–	–
Accruals	23,205	77,214	197	167
Deposits	6,643	1,352	–	–
GST payable	1,746	929	41	11
Amounts owing to subsidiaries	–	–	726	1,495
Amount owing to a minority shareholder of a subsidiary	1,064	650	–	–
Amounts owing to directors of subsidiaries	1,142	1,249	–	–
	75,844	93,614	9,791	2,253
Total trade and other payables (current)	160,351	168,429	9,791	2,253
Total trade and other payables (non-current and current)	164,050	188,224	9,791	2,253

(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 (2016: 30 to 90 days).

(b) Long term trade payable is measured at amortised cost at imputed interest rate at 7% (2016: 7%) per annum.

(c) The foreign currency exposure profile of the trade payables of the Group are as follows:

	Group 2017 RM'000	Group 2016 RM'000
Chinese Yuan	121	853

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. TRADE AND OTHER PAYABLES (CONT'D)

(d) Non-trade accruals include accrued costs on property, plant and equipment of RM10,934,470 (2016: RM69,858,745) owing to the suppliers and sub-contractors.

(e) Amounts owing to subsidiaries are non-trade in nature, unsecured, repayable upon demand in cash and bear interest at 4.6% per annum. In the previous financial year, amounts owing to subsidiaries are non-trade in nature, unsecured, repayable upon demand in cash and interest-free except for an amount of RM798,685 which bears interest at 4.6% 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 39(b).

30. POST EMPLOYMENT BENEFIT LIABILITIES

	Group	
	2017 RM'000	2016 RM'000
At beginning of the financial year	325	233
Recognised in profit or loss (Note 8)	113	78
Actuarial gain recognised in other comprehensive income	(30)	(8)
Translation differences	(40)	22
At end of the financial year	368	325

(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 29 January 2018 (2016: 1 March 2017) using the projected unit credit method.

(c) Principal actuarial assumptions used at the reporting date are as follows:

	Group	
	2017	2016
Discount rate	7.29%	8.48%
Normal retirement age	55 years	55 years
Salary increase rate	10%	10%

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.

30. POST EMPLOYMENT BENEFIT LIABILITIES (CONT'D)

Sensitivity analysis

The sensitivity of the defined benefit obligation to the significant actuarial assumptions at the end of the reporting period are shown below:

Group	Reasonably possible change in assumption	Effect on defined benefit obligation Increase RM'000	Decrease RM'000
2017			
Discount rate	1.0%	316	430
Future salary growth	1.0%	378	317
2016			
Discount rate	1.0%	280	379
Future salary growth	1.0%	378	280

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. PROVISION FOR LIABILITIES

The provision for liabilities comprises site restoration costs which are estimated using the assumption that decommissioning will take place at the end of the lease terms based on the current condition of the sites, at the estimated costs to be incurred upon the expiry of the lease terms and discounted at the current market interest rate available to the Group.

32. DIVIDENDS

	Group and Company 2017 RM'000	2016 RM'000
Recognised during the financial year:		
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	–	4,754
Single-tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2017	8,715	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

33. FINANCIAL GUARANTEES

	Company	
	2017 RM'000	2016 RM'000
Financial guarantees given to licensed banks for outstanding banking facilities granted to subsidiaries	441,876	145,229

34. CAPITAL COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
In respect of capital expenditure:		
Property, plant and equipment		
- approved and contracted for	77,836	154,352
- approved but not contracted for	101	585
In respect of acquisition of subsidiaries		
- approved and contracted for	145	213,576

35. 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 20 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	
	2017 RM'000	2016 RM'000
Not later than one year	27,966	11,497
Later than one year and not later than five years	40,547	10,283
Later than five years	44,980	160
	113,493	21,940

35. OPERATING LEASE COMMITMENTS (CONT'D)

(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	
	2017 RM'000	**2016 RM'000**
Not later than one year	101,750	45,418
Later than one year and not later than five years	271,116	174,251
Later than five years	352,490	252,777
	725,356	472,446

36. 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	
	2017 RM'000	**2016 RM'000**
Related Parties		
Sales received/receivable	(8,174)	(20,092)
Consultancy fees paid/payable	318	390
Associate		
Staff cost paid/payable	448	725

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with related parties are as follows: (Cont'd)

	Company	
	2017 RM'000	2016 RM'000
Received and receivable from subsidiaries		
Management fees	(3,946)	(4,054)
Interest income	(13,452)	(8,624)
Paid and payable to a subsidiary		
Interest expense	56	22

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	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Executive directors and Non-executive directors				
Short term employee benefits	4,708	3,954	2,100	1,548
Post employment benefits	414	382	232	208
	5,122	4,336	2,332	1,756
Other key management personnel				
Short term employee benefits	3,674	2,540	1,785	1,350
Post employment benefits	406	310	243	163
	4,080	2,850	2,028	1,513
	9,202	7,186	4,360	3,269

37. 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 and providing engineering services. Inter-segment pricing is determined on negotiated basis.

Segment performance is evaluated based on operating profit or loss which in certain respects, is measured differently from operating profit or loss in the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENT INFORMATION (CONT'D)

Group	Note	Tele-communication Network Services RM'000	Green Energy and Power Solutions RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
2017								
Revenue								
External revenue		423,179	38,325	4,419	26,266	–	–	492,189
Inter-segment revenue	a	33,946	2,521	3,976	4,579	3,171	(48,193)	–
		457,125	40,846	8,395	30,845	3,171	(48,193)	492,189
Results								
Interest income	a	(5,527)	(82)	(128)	(150)	(13,461)	15,078	(4,270)
Finance costs	a	29,489	1,568	8	216	1,669	(13,199)	19,751
Depreciation and amortisation		31,087	1,952	77	177	–	896	34,189
Other non-cash expenses/(income)	b	1,133	263	32	–	4,476	(4,911)	993
Segment profit/(loss) after tax	c	27,115	2,663	986	649	8,765	(8,238)	31,940
Segment Assets								
Additions to non-current assets	d	83,890	26,071	–	–	–	–	109,961
Segment assets	e	1,588,569	74,942	12,228	25,627	494,627	(1,094,595)	1,101,398
Segment Liabilities	f	991,706	66,059	6,435	15,976	168,039	(613,209)	635,006

37. SEGMENT INFORMATION (CONT'D)

Group	Note	Tele-communication Network Services RM'000	Green Energy and Power Solutions RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
2016								
Revenue								
External revenue		334,634	37,279	8,774	20,826	–	–	401,513
Inter-segment revenue	a	23,043	109	6,122	2,974	–	(32,248)	–
		357,677	37,388	14,896	23,800	–	(32,248)	401,513
Results								
Interest income	a	(3,514)	(38)	(22)	(61)	(11,034)	9,309	(5,360)
Finance costs	a	14,648	1,204	9	320	930	(6,515)	10,596
Depreciation and amortisation		11,754	1,440	77	199	–	–	13,470
Other non-cash expenses/(income)	b	2,775	(142)	110	–	2,992	(2,794)	2,941
Segment profit after tax	c	24,289	536	2,049	771	3,503	(792)	30,356
Segment Assets								
Additions to non-current assets	d	181,323	10,835	1	12	–	–	192,171
Segment assets	e	883,198	53,756	10,006	18,817	362,834	(515,803)	812,808
Segment Liabilities	f	608,850	45,941	3,200	9,965	36,304	(355,353)	348,907

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. SEGMENT INFORMATION (CONT'D)

(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:

	2017 RM'000	2016 RM'000
Fair value loss/(gain) on derivative assets	27	(163)
Fair value gain on investment properties	(50)	–
Net unrealised loss on foreign exchange	406	3,182
Provision for post employment benefits	113	78
Property, plant and equipment written off	296	–
Reversal of fair value gain on derivatives assets	174	–
Net loss/(gain) on disposal of property, plant and equipment	27	(156)
	993	2,941

(c) Inter-segment transactions eliminated on consolidation.

(d) Additions to non-current assets (excluding financial instruments and deferred tax assets) consist of:

	2017 RM'000	2016 RM'000
Property, plant and equipment	109,961	192,171

(e) The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2017 RM'000	2016 RM'000
Deferred tax assets	–	173
Inter-segment assets	(1,094,595)	(515,976)
	(1,094,595)	(515,803)

(f) The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2017 RM'000	2016 RM'000
Deferred tax liabilities	6,672	5,533
Inter-segment liabilities	(619,881)	(360,886)
	(613,209)	(355,353)

37. SEGMENT INFORMATION (CONT'D)

(g) Geographical information

Revenue information based on the geographical location of customers is as follows:

	Revenue	
	2017 RM'000	2016 RM'000
Malaysia	322,652	321,067
Cambodia	2,761	14,910
China	7,332	4,941
Myanmar	49,332	17,393
Indonesia	46,951	38,862
Singapore	11,293	4,340
Vietnam	51,868	–
	492,189	401,513

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	
	2017 RM'000	2016 RM'000
Malaysia	149,671	118,870
Cambodia	8	52
China	34	40
Myanmar	206,653	161,693
Indonesia	20,540	24,333
Singapore	145,955	4
Vietnam	41,382	–
	564,243	304,992

(h) Major customers

Revenue from a major customer in the Telecommunication Network Services segment represents approximately RM38,340,875 (2016: RM49,472,715) or 8% (2016: 12%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Financial Assets				
Loans and receivables				
Trade and other receivables, net of non- refundable deposit, GST refundable, advances to sub-contractors and prepayments	293,460	253,211	310,329	302,142
Amount due from contract customers	12,012	13,870	–	–
Cash and short-term deposits	118,595	128,084	493	1,350
	424,067	395,165	310,822	303,492
Held-to-maturity				
Other investments	–	226	–	–
Fair value through profit or loss				
Short term cash investments	289	1,200	282	274
Derivative financial assets	–	195	–	–
	289	1,395	282	274
Financial liabilities				
Other financial liabilities				
Trade and other payables, net of GST payable	162,304	187,295	9,750	2,242
Borrowings	448,293	147,057	–	–
	610,597	334,352	9,750	2,242
Fair value through profit or loss				
Derivative financial liabilities	6	–	–	–

38. FINANCIAL INSTRUMENTS (CONT'D)

(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 (2016: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments:

		Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
Group	**Carrying amount RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**
2017									
Financial assets									
Fair value through profit or loss									
- short term cash investments	289	289	–	–	289	–	–	–	–
Financial liabilities									
Other financial liabilities									
- finance lease payables	19,707	–	–	–	–	–	20,544	–	20,544
2016									
Financial assets									
Fair value through profit or loss									
- short term cash investments	1,200	1,200	–	–	1,200	–	–	–	–
- derivatives financial assets	195	–	195	–	195	–	–	–	–
Financial liabilities									
Other financial liabilities									
- finance lease payables	22,592	–	–	–	–	–	23,175	–	23,175
Fair value through profit or loss									
- derivatives financial liabilities	6	6	–	–	6	–	–	–	–

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments (Cont'd)

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments: (Cont'd)

Company	Carrying amount RM'000	Fair value of financial instruments carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Fair value of financial instruments not carried at fair value Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2017									
Financial assets									
Fair value through profit or loss									
- short term cash investments	282	282	–	–	282	–	–	–	–
2016									
Financial assets									
Fair value through profit or loss									
- short term cash investments	274	274	–	–	274	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments (Cont'd)

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.

39. 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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (Cont'd)

Credit risk concentration profile

At the end of the reporting period, approximately 35% (2016: 40%) of the Group trade receivables were due from 5 (2016: 5) major customers who are involved in telecommunication network services industry.

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 33. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

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 RM'000	On demand or within 1 year RM'000	Between 1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2017					
Group					
Financial liabilities:					
Trade and other payables	162,304	158,605	–	–	158,605
Bankers' acceptance	14,898	14,898	–	–	14,898
Revolving projects loan	51,540	51,540	–	–	51,540
Revolving credit	5,111	5,111	–	–	5,111
Bank overdrafts	23,805	23,805	–	–	23,805
Bonds	1,306	566	918	–	1,484
Finance lease payables	19,707	7,966	14,078	–	22,044
Term loans	331,926	172,320	160,730	10,814	343,864
	610,597	434,811	175,726	10,814	621,351
Company					
Financial liabilities:					
Other payables	9,750	9,750	–	–	9,750
Financial guarantee contracts	–	441,876	–	–	441,876
	9,750	451,626	–	–	451,626

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

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: (Cont'd)

	Carrying amount RM'000	Contractual undiscounted cash flows On demand or within 1 year RM'000	Between 1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2016					
Group					
Financial liabilities:					
Trade and other payables	187,295	168,743	22,888	–	191,631
Bankers' acceptance	13,380	13,380	–	–	13,380
Revolving projects loan	16,693	16,693	–	–	16,693
Bank overdrafts	32,656	32,656	–	–	32,656
Bonds	1,828	561	1,615	–	2,176
Finance lease payables	22,592	7,915	17,281	345	25,541
Term loans	59,908	14,680	42,788	10,360	67,828
	334,352	254,628	84,572	10,705	349,905
Company					
Financial liabilities:					
Other payables	2,242	2,242	–	–	2,242
Financial guarantee contracts	–	145,229	–	–	145,229
	2,242	147,471	–	–	147,471

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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 and the Company 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 RM25,532,955 (2016: RM89,139,011) and RM5,287 (2016: RM559,517) respectively.

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, Myanmar, British Virgin Islands and Vietnam are not hedged as currency positions in the functional currency of respective countries are considered to be long-term in nature.

<u>Sensitivity analysis for foreign currency risk</u>

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		Company Profit net of tax	
		2017 RM'000	**2016 RM'000**	**2017 RM'000**	**2016 RM'000**
USD/RM	- strengthen by 5% (2016: 5%)	(4,811)	2,253	–	21
	- weaken by 5% (2016: 5%)	4,811	(2,253)	–	(21)
CNY/RM	- strengthen by 5% (2016: 5%)	(4)	(32)	–	–
	- weaken by 5% (2016: 5%)	4	32	–	–

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(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.

<u>Sensitivity analysis for interest rate risk</u>

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 2017 will be lower/higher by RM3,257,260 (2016: RM945,938) as a result of exposure to floating rate borrowings.

40. 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 2017 and 31 December 2016.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Borrowings	448,293	147,057	–	–
Trade and other payables	164,050	188,224	9,791	2,253
Amount due to contract customers	875	637	–	–
Less: Cash and short-term deposits	(118,884)	(129,284)	(775)	(1,624)
Net debt	494,334	206,634	9,016	629
Total equity	466,392	463,901	327,236	326,307
	960,726	670,535	336,252	326,936
Gearing ratio	51%	31%	2.7%	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.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 13 January 2017, the Company's indirect 60% owned subsidiary, OCK Vietnam Towers Pte. Ltd. ("OVT") had acquired the entire equity interest in Southeast Asia Telecommunications Holdings Pte. Ltd. and its subsidiaries ("SEATH Group") for a total purchase consideration of USD51,937,441, fully satisfied via cash.

(b) 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. ("OMH") in The Republic of Singapore, as a wholly-owned subsidiary. Consequently, OMH became an indirect wholly-owned subsidiary of the Company. The intended principal activity of OMH is provision of tower facilities, utilities and communication network for mobile and broadband operators.

(c) On 23 August 2017, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 25,500 ordinary shares in Seri Kuasa Sdn. Bhd. ("Seri Kuasa") representing 51% equity interest in Seri Kuasa for a cash consideration of RM25,500. Consequently, Seri Kuasa became an indirect 51% owned subsidiary of the Company. The intended principal activity of Seri Kuasa is provision of renewable energy and power solutions.

(d) On 14 December 2017, OCK Tower Infra Sdn. Bhd. ("OCK Tower"), a wholly owned subsidiary of OST which in turn is a wholly owned subsidiary of the Company, had completed the acquisition of 300,000 ordinary shares in OCK Telco Infra Sdn. Bhd. ("OCK Telco") representing the remaining 30% equity interest in OCK Telco for a cash consideration of RM300,000. Consequently, OCK Telco becomes a wholly-owned subsidiary of OCK Tower which is turn, an indirect wholly owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

42. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 23 January 2018, the Company had completed the acquisition of 2 ordinary shares in Massive Connection Sdn. Bhd. ("MCSB") representing 100% equity interest in MCSB for a cash consideration of RM2 from OCK Ventures Sdn. Bhd. ("OCKV"), a wholly owned subsidiary of the Company.

(b) On 8 March 2018, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab Marketing") had completed the acquisition of 50,000 ordinary shares in Novel Energy Sdn. Bhd. ("Novel Energy") representing 100% equity interest in Novel Energy for a cash consideration of RM50,000. Consequently, Novel Energy became an indirect wholly-owned subsidiary of the Company.

(c) On 8 March 2018, the Company's wholly-owned subsidiary, Milab Marketing had completed the acquisition of 50,000 ordinary shares in Suluk Damai Sdn. Bhd. ("Suluk Damai") representing 100% equity interest in Suluk Damai for a cash consideration of RM50,000. Consequently, Suluk Damai became an indirect wholly-owned subsidiary of the Company.

(d) On 8 March 2018, the Company's wholly-owned subsidiary, Milab Marketing had completed the acquisition of 50,000 ordinary shares in Azminas Sdn. Bhd. ("Azminas") representing 100% equity interest in Azminas for a cash consideration of RM50,000. Consequently, Azminas became an indirect wholly-owned subsidiary of the Company.

(e) On 26 September 2017, the Company's wholly-owned subsidiary, OCK Setia Engineering Sdn. Bhd. ("OCKSE"), and Irat Properties Sdn. Bhd. ("IRAT") had entered into a Joint Venture Agreement to regularise their respective rights, duties and obligations and mutual covenants as shareholders of Irat Civil Works Sdn. Bhd. ("ICW").

ICW was incorporated on 25 April 2017 with paid-up share capital of RM2. The issued and paid-up share capital shall be increased from RM2 to RM1,000,000 where OCKSE and IRAT shall each subscribe in cash, through the allotment of 400,000 ordinary shares amounting to RM400,000 to OCKSE and the allotment of 599,998 ordinary shares amounting to RM599,998 to IRAT. The allotment of shares were completed on 14 March 2018. The intended activity of ICW is the provision of engineering services.

(f) On 27 March 2018, a sub-subsidiary of the Company, namely OVT, has entered into a Memorandum of Understanding ("MOU") with ISOC Infrastructures, Inc ("ISOC"). The MOU signed expresses intentions of OVT and ISOC ("the Parties") to jointly pursue the telecom tower business in the Philippines. The Parties will jointly pursue opportunities to acquire, install, operate, maintain and manage telecom tower assets in the Philippines, concentrating in the new towers roll-out or greenfield projects and potential sale-and-leaseback project from mobile telecom operators.

STATEMENT BY DIRECTORS

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

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 69 to 173 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of their financial performance and cash flows for the financial year then ended.

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: 18 April 2018

STATUTORY DECLARATION

Pursuant to Section 251(1) of the Companies Act 2016

I, **LOW HOCK KEONG**, being the director 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 69 to 173 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.

LOW HOCK KEONG

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 18 April 2018.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
to the members of OCK Group Berhad (Incorporated in Malaysia)

OPINION

We have audited the financial statements of OCK Group Berhad, which comprise the statements of financial position as at 31 December 2017 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 69 to 173.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 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 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We 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.

Group

Business combination (Note 15(i)(a) to the financial statements)

During the financial year ended 31 December 2017, the Group made a significant acquisition of Southeast Asia Telecommunications Holdings Pte. Ltd. and its subsidiaries ("SEATH Group"). We focused on this area due to the following factors:

- complex judgement is involved in determining whether the transaction should be accounted for as a business combination or as an acquisition of an asset; and
- in accounting for the SEATH Group under MFRS 3 *Business Combinations*, management applied significant judgement on the purchase price allocation in relation to the valuation of the intangible assets and the remaining goodwill balance.

Our response:

Our audit procedures included, among others,

- examining the sales and purchase agreements that the acquisition of SEATH Group should be accounted for as a business combination;
- assessing the appropriateness of the identifiable assets acquired and the liabilities assumed at the acquisition date;
- reviewing the valuation of tangible and intangible assets by reviewing the work performed by management's experts;
- testing the mathematical accuracy in the allocation of the purchase price to the different assets and liabilities; and
- assessing the appropriateness of the related disclosures.

INDEPENDENT AUDITORS' REPORT
to the members of OCK Group Berhad (Incorporated in Malaysia) (Cont'd)

KEY AUDIT MATTERS (CONT'D)

Group (Cont'd)

Goodwill (Note 4(a) and Note 13 to the financial statements)

The Group has significant balances of goodwill attributable to acquisitions of PMT and SEATH Group. There is a risk the future performance of the assets may not lead to their carrying values being recoverable in full. Significant judgements arise over the discount rates applied in the recoverable amount calculations and assumptions supporting the underlying cash flow projections of the respective cash-generating units ("CGU"), including forecast growth rates and gross profit margin.

Our response:

Our audit procedures focus on evaluating the cash flow projections of the respective CGU and the Group's projection procedures which included, among others:
- assessing the valuation methodology adopted by the Group;
- comparing the cash flow projections of the respective CGU to available business plans;
- comparing the actual results with previous cash flow projections to assess the performance of the business of PMT and historical accuracy of the projections;
- assessing the reasonableness of the Group's assumptions in relation to key inputs such as discount rates, forecast growth rates and gross profit margin;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key inputs that are expected to be most sensitive to the recoverable amount of the respective CGU to understand the impact of the changes on the available headroom.

Trade receivables (Note 4(b) and Note 18 to the financial statements)

We focused on this area because the Group made 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 receivables that were either in default or significantly overdue;
- understanding significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection reports prepared by the Group;
- obtaining confirmation of balances from selected samples of receivables;
- reviewing subsequent receipts, customer correspondence, and considering explanation on recoverability with significantly past due balances; and
- assessing the reasonableness of impairment charges for identified credit exposures.

INDEPENDENT AUDITORS' REPORT
to the members of OCK Group Berhad (Incorporated in Malaysia) (Cont'd)

KEY AUDIT MATTERS (CONT'D)

Group (Cont'd)

Revenue and expenses recognition for construction business (Notes 4(e) and Note 19 to the financial statements)

We focused on this area because the amounts of revenue and related expenses recognised in the construction business require the Group to apply significant judgement. The revenue and related expenses are recognised based on the estimated total revenue and expenses and the stage of completion method. The stage of completion method is determined by reference to costs incurred for work performed to date to the estimated total costs for each project. The estimated total revenue and costs are affected by a variety of uncertainties that depend on the outcome of future events.

Our response:

Our audit procedures on a sample of major projects included, among others:

- reviewing the design and implementation of controls over the Group's process in recording project costs, preparing project budget and calculating the stage of completion;
- reviewing the contractual terms, historical margin and our understanding gathered from the analysis of changes in assumptions from previous year;
- discussing the progress of the projects and expected outcome with the respective project directors to obtain an understanding of the basis on which the estimates are made;
- assessing the reasonableness of computed stage of completion for identified projects against progress report; and
- testing the mathematical computation of the recognised revenue and expenses during the financial year.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

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.

INDEPENDENT AUDITORS' REPORT
to the members of OCK Group Berhad (Incorporated in Malaysia) (Cont'd)

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 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

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.

INDEPENDENT AUDITORS' REPORT
to the members of OCK Group Berhad (Incorporated in Malaysia) (Cont'd)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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 2016 in Malaysia, we also report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTERS

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

Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2018 J
Chartered Accountant

Kuala Lumpur

Date: 18 April 2018

LIST OF PROPERTIES

Registered/ Benefical Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area sq ft	Audited Net Book Value as at 31 December 2017 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	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. 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 Teluk 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 / January 2018	20,06,1995
OCK Setia Engineering Sdn. Bhd.	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/ January 2018	18,08,2008
OCK Setia Engineering Sdn. Bhd.	Title: Geran 46092, Lot no 70, Seksyen 70, Town and District Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur Address: No 18-02, Q Sentral, 2A, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur"	Office unit/ Unoccupied	Freehold	1,660	2,300	2,300/ February 2018	14.09.2016

LIST OF PROPERTIES
(Cont'd)

Registered/ Benefical Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area sq ft	Audited Net Book Value as at 31 December 2017 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	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 Address: No. 18, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan	A double storey warehouse with an annexed 3-storey office building/ Head office of OCK	Freehold	46,016/ 46,857	14,053	16,500/ February 2017	25.11.1995
OCK M&E Sdn. Bhd.	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 semidetached factory)/ Unoccupied	99 years lease expiring 4.11.2107	8,125/ 4,043	2,770	2,900/ September 2014	21.09.2011
Milab Marketing Sdn. Bhd.	Title: P.T. No. 2422 held under Title No. H.S.(M) 15/90, Mukim Semarak Pasir Puteh, State of Kelantan 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	1 MWP Solar Power Plant	99 years lease expiring 17.12.2089 99 years lease expiring 15.4.2094	195,257 197,087	1,196	1,243	25.11.2013

ANALYSIS OF SHAREHOLDINGS
as at 13 April 2018

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	:	3,091

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of shares	%
Less than 100	86	2.782	4,007	0.000
100 – 1,000	250	8.087	157,786	0.018
1,001 - 10,000	1,512	48.916	8,505,080	0.975
10,001- 100,000	1,003	32.449	31,535,225	3.618
100,001 – 43,573,647 (*)	235	7.602	371,614,689	42.642
5% and above of issued shares capital	5	0.161	459,656,175	52.744
Total	3,091	100.000	871,472,962	100.000

** - Less than 5% of issued shares*

SUBSTANTIAL SHAREHOLDERS
As per the Register of Substantial Shareholders

	Shareholdings			
Name of Directors	Direct	%	Indirect	%
Aliran Armada Sdn. Bhd.	322,385,550	36.993	–	–
Lembaga Tabung Angkatan Tentera	107,893,425	12.380	–	–
Employees Provident Fund Board	48,376,000	5.551	–	–
Ooi Chin Khoon	25,000	0.003	325,429,625 *1	37.347

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.*

ANALYSIS OF SHAREHOLDINGS
as at 13 April 2018 (Cont'd)

DIRECTORS' INTERESTS IN SHARES
As per the Register of Directors' Shareholdings

Name of Directors	Shareholdings Direct	%	Indirect	%
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	–	–	–	–
Ooi Chin Khoon	25,000	0.003	325,429,625 *1	37.347
Abdul Halim Bin Abdul Hamid	–	–	–	–
Low Hock Keong	12,000,000	1.376	2,875,500 *2	0.33
Chang Tan Chin	6,200,000	0.71	–	–
Chong Wai Yew	7,500,000	0.860	–	–
Dato' Mohd Som Bin Ibrahim	–	–	–	–
Encik Mahathir Bin Mahzan	–	–	–	–
Encik Syed Hazrain Bin Syed Razlan Jamalullail	–	–	–	–

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 Mother, Hoh Moh Ying's direct shareholding in OCK Group Berhad.*

LIST OF TOP 30 SHAREHOLDERS
as at 13 April 2018

No.	Name of Shareholders	No. of Shares Held	%
1.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Aliran Armada Sdn Bhd (PB)	137,600,000	15.789
2.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	114,486,750	13.137
3.	Lembaga Tabung Angkatan Tentera	107,893,425	12.380
4.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Aliran Armada Sdn Bhd (PBCL-OG0407)	51,300,000	5.886
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	48,376,000	5.551
6.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA Bhd	24,237,600	2.781
7.	He Swee Hong	18,695,100	2.145
8.	AmanahRaya Trustees Berhad Public Islamic Treasures Growth Fund	17,554,500	2.014
9.	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment Shariah ProgressFund	11,853,475	1.360
10.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	11,632,600	1.334
11.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	11,172,700	1.282
12.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	11,000,000	1.262
13.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN For Phillip Capital Management Sdn Bhd	10,971,950	1.259
14.	Citigroup Nominees (Asing) Sdn Bhd Exempt AN for Citibank New York (Norges Bank 14)	10,127,000	1.162
15.	Low Hock Keong	9,900,000	1.136

ANALYSIS OF SHAREHOLDINGS
as at 13 April 2018 (Cont'd)

LIST OF TOP 30 SHAREHOLDERS (CONT'D)
as at 13 April 2018

No.	Name of Shareholders	No. of Shares Held	%
16.	AmanahRaya Trustees Berhad Affin Hwang Growth Fund	9,098,450	1.044
17.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	8,250,000	0.946
18.	AmanahRaya Trustees Berhad Amanah Saham Gemilang for Amanah Saham Persaraan	8,188,200	0.939
19.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Aliran Armada Sdn Bhd (PBCL-OG0265)	8,100,000	0.929
20.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LBF)	8,047,000	0.923
21.	Lee Mei Siang	7,648,350	0.877
22.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Wai Yew	7,500,000	0.860
23.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Affin HWNG SM CF)	7,301,250	0.837
24.	AmanahRaya Trustees Berhad Public Islamic Emerging Opportunities Fund	7,265,400	0.833
25.	AmanahRaya Trustees Berhad Affin Hwang Principled Growth Fund	7,118,200	0.816
26.	AmanahRaya Trustees Berhad Amanah Saham Nasional 2	6,618,200	0.759
27.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chang Tan Chin	6,000,000	0.688
28.	AmanahRaya Trustees Berhad PB Islamic SmallCap Fund	5,832,600	0.669
29.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) MIDF AM IS EQ)	4,351,000	0.499
30.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Public Takaful Bhd.	3,356,600	0.385
	Total	701,476,450	80.493

ANALYSIS OF WARRANTHOLDINGS
as at 13 April 2018

No. of warrants in issue	:	264,072,954
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	:	2,258

ANALYSIS OF WARRANTHOLDINGS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
Less than 100	57	2.524	2,503	0.000
100 – 1,000	101	4.472	61,331	0.023
1,001 - 10,000	672	29.760	3,834,625	1.452
10,001- 100,000	1,022	45.261	43,933,939	16.637
100,001 – 13,203,646(*)	405	17.936	199,474,956	75.537
5% and above of issued warrants	1	0.044	16,765,600	6.348
Total	2,258	100.000	264,072,954	100.000

** - Less than 5% of issued warrants*

SUBSTANTIAL WARRANTHOLDINGS
As per the Register of Substantial Warrantholders

	Warrantholdings			
Name	Direct	%	Indirect	%
Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	16,765,600	6,348	–	–

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	–	–	17,865,600 [1]	6.765
Abdul Halim Bin Abdul Hamid	–	–	–	–
Low Hock Keong	100,000	0.037	–	–
Chang Tan Chin	–	–	–	–
Chong Wai Yew	–	–	–	–
Dato' Mohd Som Bin Ibrahim	–	–	–	–
Encik Mahathir Bin Mahzan	–	–	–	–
Encik Syed Hazrain Bin Syed Razlan Jamalullail	–	–	–	–

Notes:-

**1 Deemed interested by virtue of his shareholding in Aliran Armada Sdn. Bhd. and his Brother, Ooi Chin Lee's direct warrantholdings in OCK Group Berhad.*

ANALYSIS OF WARRANTHOLDINGS
as at 13 April 2018 (Cont'd)

LIST OF TOP 30 WARRANTHOLDERS AS AT 13 APRIL 2018

No.	Name of Warrantholders	No. of Warrants Held	%
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	16,765,600	6.348
2.	CIMSEC Nominees (Asing) Sdn Bhd Exempt AN for CGS-CIMB Securities (Singapore) Pte Ltd (House Account)	5,050,000	1.912
3.	Lee Mei Siang	4,905,000	1.857
4.	Gan Kim Cheong	4,630,000	1.753
5.	Maybank Nominees (Tempatan) Sdn Bhd Yap Wai Khee	4,296,100	1.626
6.	Tan Jit Keong	3,737,025	1.415
7.	HLIB Nominees (Tempatan) Sdn Bhd Hong Leong Bank Bhd for Chia Siew Ling	3,633,000	1.375
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Allan Gan Chin Yong (8122098)	3,584,000	1.357
9.	Tan Song Kwan	3,026,300	1.146
10.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Christina Loh Yoke Lin (8111756)	3,000,000	1.136
11.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Oh Kim Sun	2,926,000	1.108
12.	Liew Wing On	2,800,000	1.060
13.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB Bank for Yong Hong Yeh (MY2094)	2,750,000	1.041
14.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LBF)	2,544,000	0.963
15.	Ngoi Lim Ben	2,535,000	0.960
16.	Ng Swee Ling	2,523,700	0.955
17.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	2,500,000	0.946
18.	Maybank Nominees (Tempatan) Sdn Bhd Wong Chui Yee	2,468,100	0.934
19.	Saw Lee Leng	2,400,000	0.908
20.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Huat Eng	2,210,000	0.836
21.	Affin Hwang Nomiees (Tempatan) Sdn Bhd Pledged Securities Account for Oon Guek Kuang (M03)	2,200,000	0.833
22.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Francis Martin Van HuiZen (CEB)	2,200,000	0.833
23.	Ho Foi Kim	2,171,900	0.822
24.	Olive Lim Swee Lian	2,100,000	0.795
25.	Saw Chye Heng	1,900,000	0.719
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Ren Woei	1,810,000	0.685
27.	Chin Keh Kong	1,800,000	0.681
28.	See Tian Seng	1,800,000	0.681
29.	Chew Piak Tat	1,778,500	0.673
30.	Maybank Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Saw Lee Leng	1,650,000	0.624
	Total	97,695,025	36.995

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Seventh 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 Thursday, 24 May 2018 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2017 together with the Reports of the Directors and Auditors thereon. *Please refer to Note 1*

2. To approve the payment of Directors' fees and benefits amounting to RM196,000 for the financial year ended 31 December 2017. *Resolution 1*

3. To approve the payment of Directors' fees and benefits of up to RM300,000 for the period from 1 January 2018 until the conclusion of the next Annual General Meeting. *Resolution 2*

4. To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company's Constitution:-

   (a) Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman *Resolution 3*

   (b) Encik Abdul Halim Bin Abdul Hamid *Resolution 4*

   (c) Mr. Ooi Chin Khoon *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 76 of the Companies Act 2016**

     "**THAT** pursuant to Section 76 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."

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING (Cont'd)

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 25 April 2018 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."

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING (Cont'd)

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: 25 April 2018

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 2018 (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.*

NOTICE OF THE SEVENTH ANNUAL GENERAL MEETING (Cont'd)

6. ***Explanatory Notes on Special Business***

Resolution 7 pursuant to Section 76 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 Sixth Annual General Meeting of the Company held on 24 May 2017 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 Company did not issue any shares pursuant to Section 76 of the Companies Act 2016 under the general authority which was approved at the Sixth Annual General Meeting held on 24 May 2017 and which will lapse at the conclusion of the Seventh Annual General Meeting to be held on 24 May 2018.

A renewal of this authority is being sought at the Seventh Annual General Meeting to provide flexibility to the Company to undertake future possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investments, working capital and/or acquisitions without having to convene another general meeting.

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 25 April 2018 for further information.

OCK GROUP BERHAD
(Company No. 955915-M)
(Incorporated in Malaysia)

FORM OF PROXY

*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)

....
(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 Seventh 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 Thursday, 24 May 2018 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' fees and benefits amounting to RM196,000 for the financial year ended 31 December 2017		
2.	To approve the payment of Directors' fees and benefits of up to RM300,000 for the period from 1 January 2018 until the conclusion of the next Annual General Meeting.		
3.	Re-election of Director – Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman		
4.	Re-election of Director – Encik Abdul Halim Bin Abdul Hamid		
5.	Re-election of Director – Mr. Ooi Chin Khoon		
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 76 of the Companies Act 2016		
8.	Proposed Renewal and Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature		

Dated this ___________ day of ____________________ 2018

No. Of Shares Held	
Cds Account No.	
Tel No. (During Office Hours):	

For appointment of two proxies, percentage of shareholdings to be represented by the proxies		
	No. of shares	**Percentage**
Proxy 1		%
Proxy 2		%
Total		100%

____
Signature(s)/Common Seal of Member(s)
[* Delete if not applicable]

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 2018 (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

Please fold here

www.ock.com.my

OCK GROUP BERHAD (955915-M)
No. 18, Jalan Jurunilai U1/20, Seksyen U1,
HICOM Glenmarie Industrial Park
40150 Shah Alam, Selangor, Malaysia
Tel : +(603) 5565-9688
Fax : +(603) 5565-9699
enquiry@myock.com