



OCK
Group Bhd

ANNUAL REPORT 2018

**A TOWERING
VISION**





Telco Tower



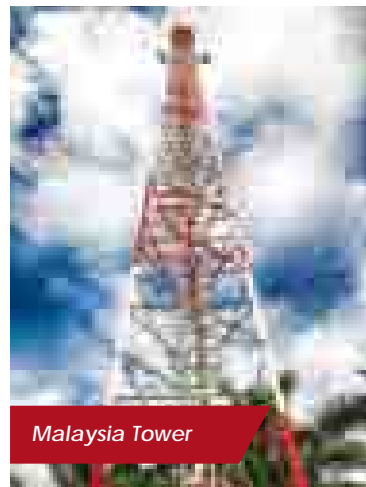
M&E Services



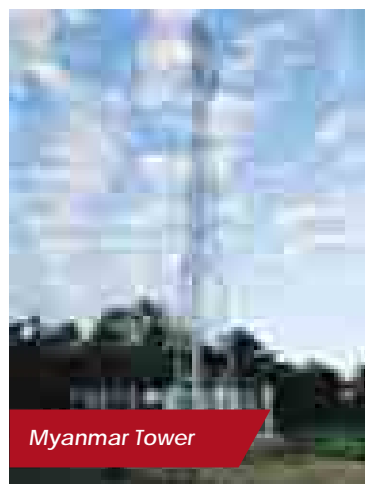
Renewable Energy



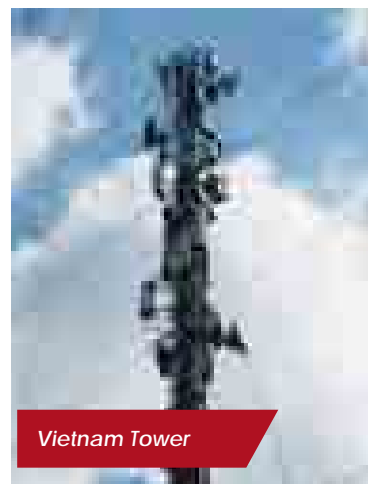
FULL-FLEDGED NETWORK SERVICES PROVIDER



Malaysia Tower



Myanmar Tower



Vietnam Tower



Telco Tower



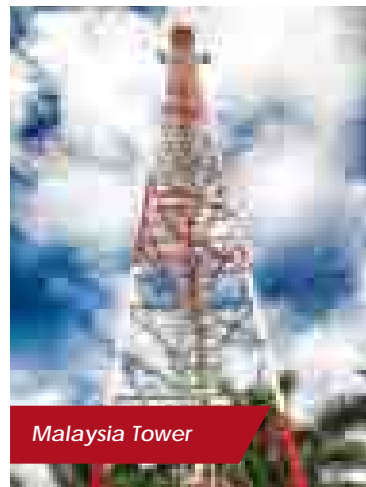
M&E Services



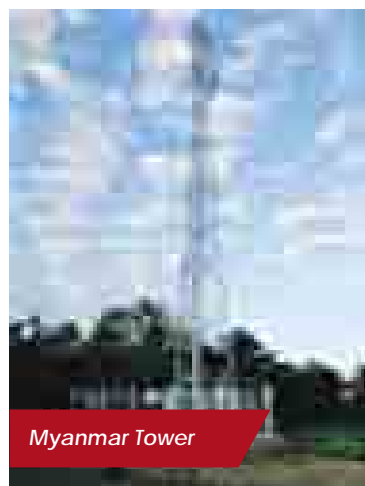
Renewable Energy



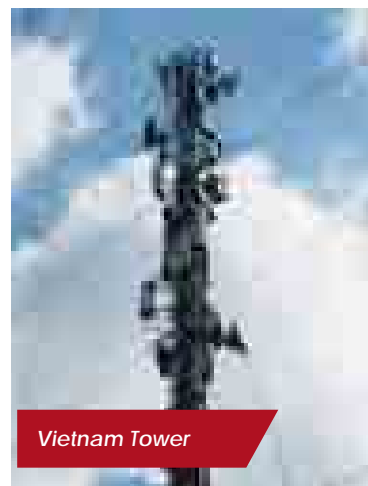
FULL-FLEDGED NETWORK SERVICES PROVIDER



Malaysia Tower



Myanmar Tower



Vietnam Tower

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COMPANY PROFILE

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

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

With the Group’s expertise in the telecommunications business, the Group has expanded its regional footprint with presence in Myanmar, Vietnam, Indonesia, Cambodia and China.

To date the Group is focusing on developing an independent ASEAN tower company and currently has a telecommunication tower portfolio of more than 3,800 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.

OCK 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, OCK Group has ventured into Green Energy and Power Solutions, an imminent and a rapidly increasing 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, and inclusive of installation, commissioning and testing services. M&E is one of the core businesses of OCK that provides mechanical and electrical services to housing development projects, commercial high-rise buildings, factories, infrastructures, airports, medical centres and hotels. We are capable of providing project management, supply and installation of most mechanical and electrical services.



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 & Executive Director

CHANG TAN CHIN
Executive Director

CHONG WAI YEW
Executive Director

MAHATHIR BIN MAHZAN
Independent Non-Executive Director

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

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

AUDIT AND RISK MANAGEMENT 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 Khoo
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 PLT
(LLP0019411-LCA & AF 0117)
Baker Tilly 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

Amlslamic Bank Berhad
(295576-U)
Level 18, Menara Dion
Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2026 3939
Fax : (603) 2026 6855

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

Malaysia Debt Ventures Berhad
(578113-A)
Level 5, Menara Bank
Pembangunan
1016, Jalan Sultan Ismail
50250 Kuala Lumpur
Tel : (603) 2617 2888
Fax : (603) 2697 8998

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



OCK GROUP BERHAD

OCK Setia Engineering Sdn. Bhd.

Delicom Sdn. Bhd. - (100%)
Telecommunications Network & Network
Deployment Services

OCK M&E Sdn. Bhd. - (100%)
Mechanical & Electrical Engineering Services

Fortress Pte. Ltd. (SG) - (100%)
Network Security Products and Solutions

Firatel Sdn. Bhd. - (61%)
Trading of Equipment & Materials Network
Security Products and Solutions

El Power Technologies Sdn. Bhd. - (52%)
Green Energy & Power Solutions

Steadcom Sdn. Bhd. - (51%)
Network Planning, Design & Optimisation

Dynasynergy Services Sdn. Bhd. - (51%)
Operations, Engineering & Maintenance Services

OCK Digital Infra (Sarawak) Sdn. Bhd. - (20%)
Telecommunication Network Services

Irat Civil Works Sdn. Bhd. - (40%)
(Associate)
Engineering Services

OCK International Sdn. Bhd.

OCK Phnom Penh Pte. Ltd. - (100%)
Telecommunications Network & Network
Deployment Services

Well Synergy Resources Pte. Ltd. - (100%)
Engineering Services, Rental Business, Market
Research and Management Services

PT Putra Mulia Telecommunication - (85%)
Telecommunications Network & Network on
Deployment Services

PT Harapan Utama Prima - (65%)
Telecommunications Network & Network
Deployment Services

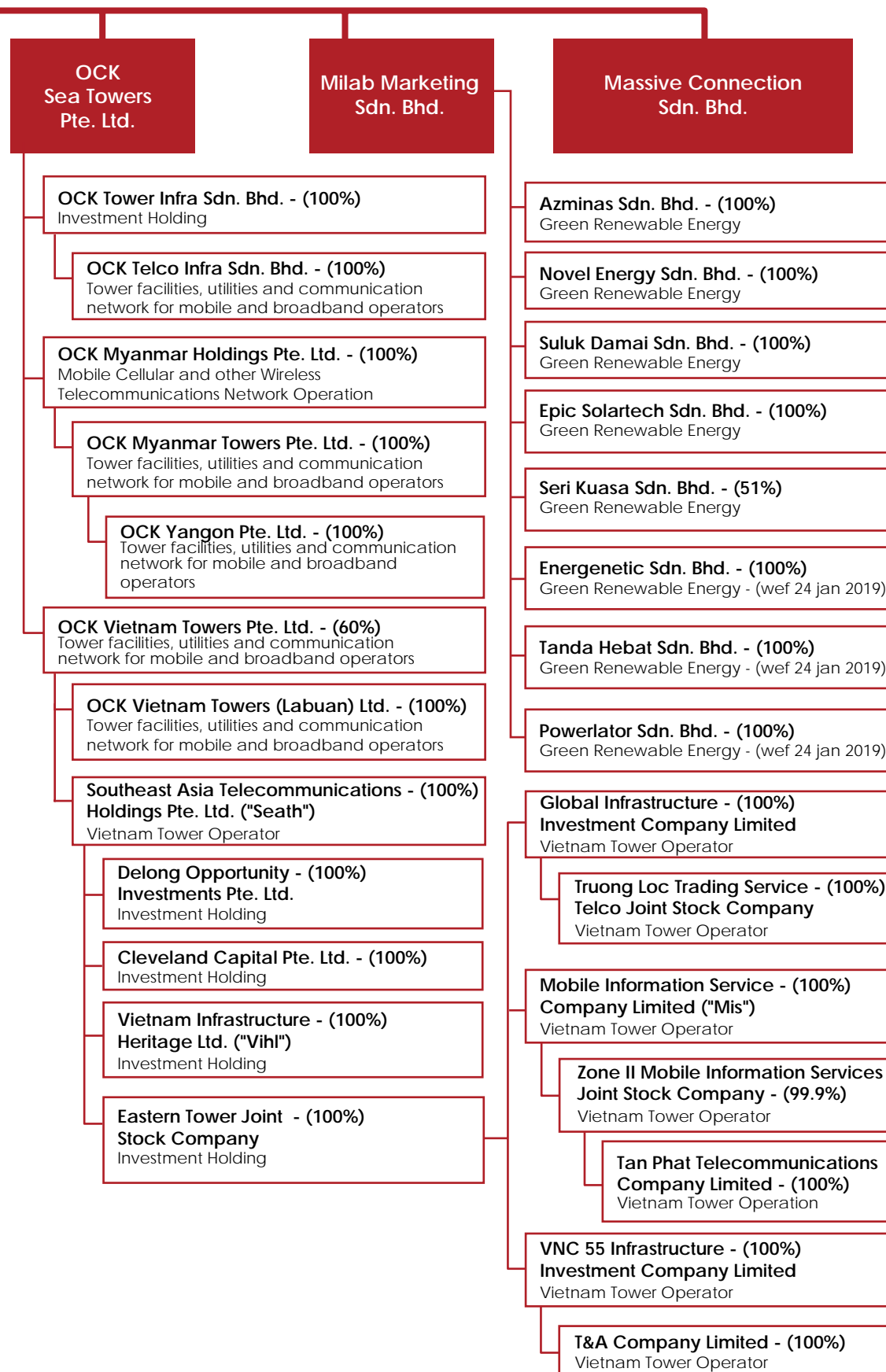
Fuzhou 1-Net Solution Co., Ltd. - (51%)
Telecommunication Network Services

**OCK Steadcom - (49%)
(Thailand) Co., Ltd.)**
Networking Planning, Design
& Optimisation

OCK Industries Sdn. Bhd. - (65%)
Investment Holding & General Trading

Agensi Pekerjaan OCK Ventures Sdn. Bhd. (fka OCK Ventures Sdn. Bhd.)





REVENUE

**RM457.2
MILLION**

GROSS PROFIT

**RM119.9
MILLION**

PROFIT BEFORE TAXATION

**RM44.2
MILLION**

**PROFIT
AFTER TAXATION**

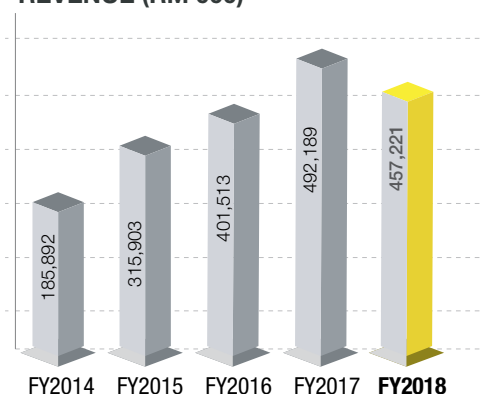
**RM29.8
MILLION**

TOTAL EQUITY

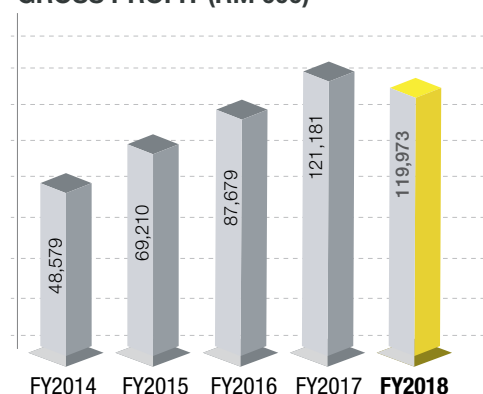
**RM495.1
MILLION**

For Financial Year Ended 31 December		AUDITED 2014	AUDITED 2015	AUDITED 2016	AUDITED 2017	AUDITED 2018
Revenue	RM'000	185,892	315,903	401,513	492,189	457,221
Gross Profit	RM'000	48,579	69,210	87,679	121,181	119,973
Profit Before Taxation (PBT)	RM'000	23,757	37,333	41,699	45,002	44,212
Profit After Taxation (PAT)	RM'000	17,056	27,151	30,356	31,940	29,846
Profit For The Year	RM'000	15,587	24,755	26,574	24,629	24,276
Attributable To Equity Holders						
GP Margin	%	26.13	21.91	21.84	24.62	26.24
PBT Margin	%	12.78	11.82	10.39	9.14	9.67
PAT Margin	%	9.18	8.59	7.56	6.49	6.52
Basic Earnings Per Share	Sen	3.27	4.62	3.23	2.83	2.79

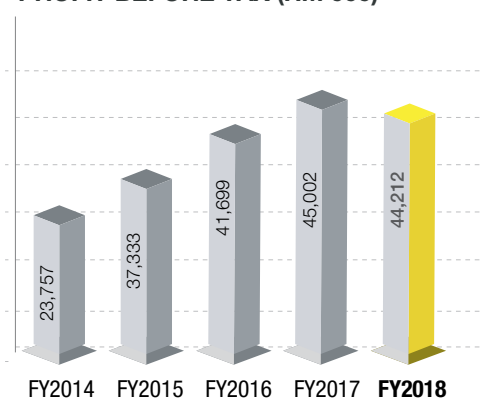
REVENUE (RM'000)



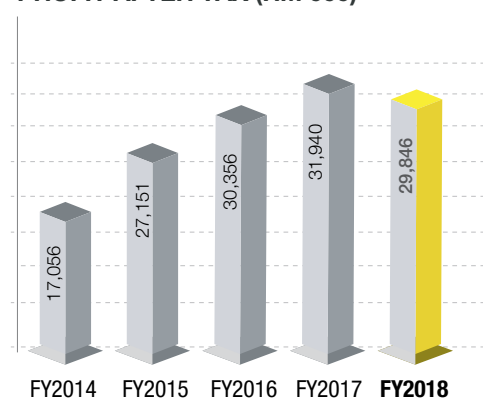
GROSS PROFIT (RM'000)



PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)





REGIONAL PRESENCE *of more than*

3,800 *Towers in ASEAN*

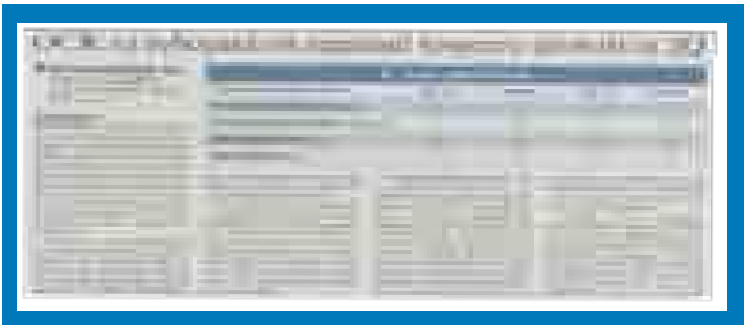


Telecom network services sets to remain as key growth driver of OCK

OCK Group Bhd, a leading telecommunications services provider in Malaysia, has announced that its telecom network services will continue to be a key growth driver for the company. The group, which has a strong presence in the telecommunications sector, has been expanding its services and infrastructure to meet the growing demand for network services. The announcement comes as the company reports strong financial performance and a steady increase in its market share. The telecom network services segment is expected to remain a key growth driver for OCK in the coming years, as the company continues to invest in its infrastructure and expand its service offerings.

Service	Revenue (RM million)	Profit (RM million)
Telecom Network Services	1,200	150
Other Services	800	100
Total	2,000	250





OCK ready spin-off listing of towers business



Possible for bottom fishing in OCK, says PublicInvest Research

By PublicInvest Research

PublicInvest Research (PIR) has issued a research report on OCK Group Bhd (OCK) and its subsidiaries, suggesting that the company may be a good candidate for bottom fishing.

As a telecommunications infrastructure company, OCK is a good candidate for bottom fishing, PIR says. The company's revenue is largely derived from its subsidiaries, which are engaged in various businesses, including telecommunications, real estate, and other services.

The research report also notes that OCK has a strong track record of dividend payments, which is a positive factor for investors. However, the report also points out that the company's revenue is heavily dependent on its subsidiaries, which may pose a risk for investors.

Overall, PIR suggests that OCK may be a good candidate for bottom fishing, but investors should conduct their own research before making any investment decisions.

OCK buys power generation firm

By PublicInvest Research



OCK Group Bhd (OCK) has announced that it has acquired a power generation firm, which is a significant move for the company. The acquisition is expected to increase OCK's revenue and diversify its business portfolio.

The power generation firm, which is a subsidiary of OCK, has been operating for several years and has a strong track record of generating electricity. The acquisition is expected to be completed within the next few months.

OCK's management has expressed confidence in the acquisition and believes that it will be a successful addition to the company's portfolio. The acquisition is also expected to create new job opportunities for the company's employees.

数限增至5000座 OCK冀电信塔分拆上市

【本报综合报道】OCK集团（OCK）计划将其旗下的电信塔业务分拆上市，并将数量限制增加至5000座。OCK集团表示，这一举措将有助于提高公司的透明度和财务表现，同时也有利于投资者更好地了解公司的业务状况。

OCK集团旗下的电信塔业务目前拥有约2000座塔，主要分布在马来西亚、新加坡和泰国。该业务是公司的重要收入来源之一，也是其未来发展的重点方向。OCK集团表示，随着5G网络的普及和物联网技术的发展，电信塔的需求将不断增加，因此增加数量限制是必要的。

OCK集团还计划通过分拆上市的方式，将电信塔业务与公司的其他业务分离开来，以便投资者能够更清晰地看到该业务的价值和潜力。OCK集团表示，这一举措将有助于提高公司的整体估值，并为投资者提供更多的投资机会。

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Front Row From Left:

Abdul Halim Bin Abdul Hamid
Deputy Chairman

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

Ooi Chin Khoon
Group Managing Director

Back Row From Left:

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

Low Hock Keong
*Group Chief Executive Officer
& Executive Director*

Chang Tan Chin
Executive Director

Chong Wai Yew
Executive Director

Mahathir Bin Mahzan
Independent Non-Executive Director

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



**DATO' INDERA SYED NORULZAMAN
BIN SYED KAMARULZAMAN**

Senior Independent Non-Executive Chairman
Malaysian, Aged 70,
(Appointed on 3 January 2013)

**BOARD OF DIRECTORS'
PROFILE**

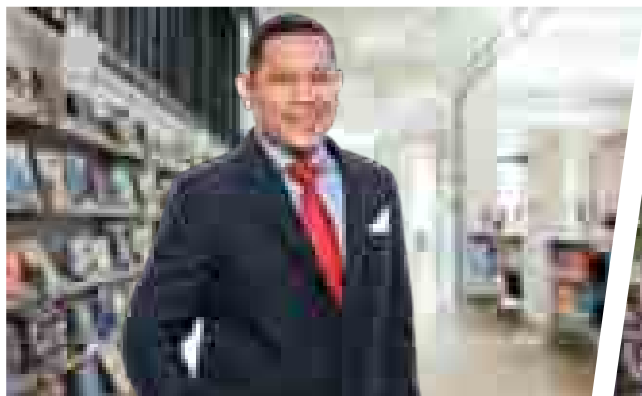
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman is our Senior Independent Non-Executive Chairman. Dato' Indera Syed Norulzaman holds a Bachelor of Arts (Honours) Degree from the University of Malaya.

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 Bin Syed Kamarulzaman 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 Bin Syed Kamarulzaman 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 Bin Syed Kamarulzaman 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 Bin Syed Kamarulzaman 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.

Number of Board Meetings attended during the financial year: 5 out of 5.



ABDUL HALIM BIN ABDUL HAMID

*Deputy Chairman
Malaysian, Aged 52,
(Appointed on 31 October 2011)*



OOI CHIN KHOON

*Group Managing Director
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.

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

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

He is also an Executive Director for OCK Group of Companies as well as Safety Health and Environment committee to ensure OCK's daily activities conform to related regulations. He also assists OCK in dealing with Government bodies.

Number of Board Meetings attended during the financial year: 4 out of 5.

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

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

Mr. Ooi is a member of the Remuneration Committee.

Number of Board Meetings attended during the financial year: 5 out of 5.

**LOW HOCK KEONG**

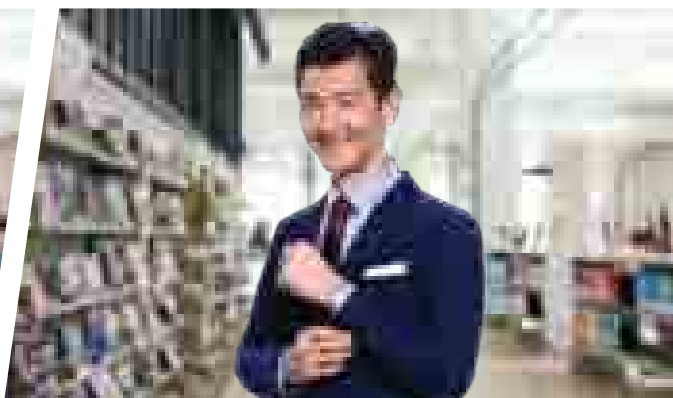
*Group Chief Executive Officer &
Executive Director
Malaysian, Aged 48,
(Appointed on 31 October 2011)*

Low Hock Keong is also our Group Chief Executive Officer & Executive Director. 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.

Number of Board Meetings attended during the financial year: 5 out of 5.

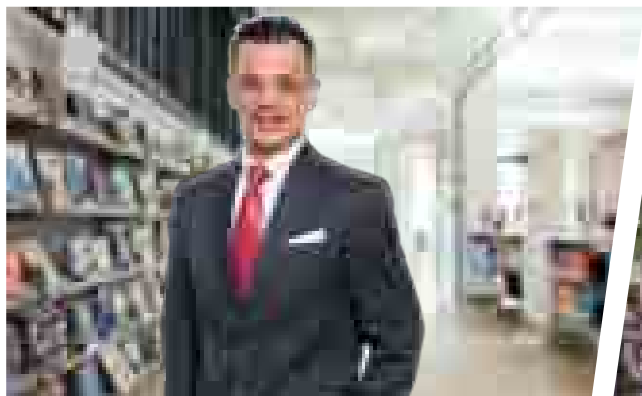
**CHANG TAN CHIN**

*Executive Director
Malaysian, Aged 51,
(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 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.

Number of Board Meetings attended during the financial year: 5 out of 5.



CHONG WAI YEW

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



MAHATHIR BIN MAHZAN

*Independent Non-Executive Director
Malaysian, Aged 41,
(Appointed on 25 November 2015)*

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 Facility Provider ("NFP") division and the renewable energy division.

Mr. Chong plays a key role in OCK's green renewable energy business division. In 2013, the Group ventured into owning a 1 megawatt solar farm. To date, the Group owns up to 11 solar farms with a combined total of 5.9 megawatts in Malaysia.

Number of Board Meetings attended during the financial year: 5 out of 5.

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.

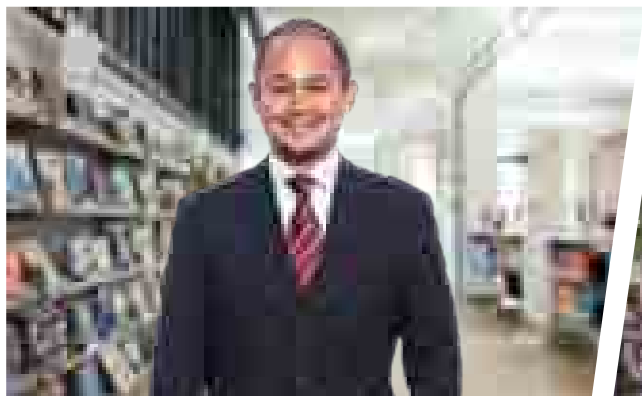
Mr. Mahathir returned to Malaysia after spending 15 years in the United Kingdom and Ireland and worked for Binafikir, a local strategic advisory firm and a subsidiary company of Maybank Investment Bank.

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 and Risk Management Committee of the Company.

Number of Board Meetings attended during the financial year: 5 out of 5.



YANG MULIA SYED HAZRAIN BIN SYED RAZLAN JAMALULLAIL

*Independent Non-executive Director
Malaysian, Aged 40,
(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").

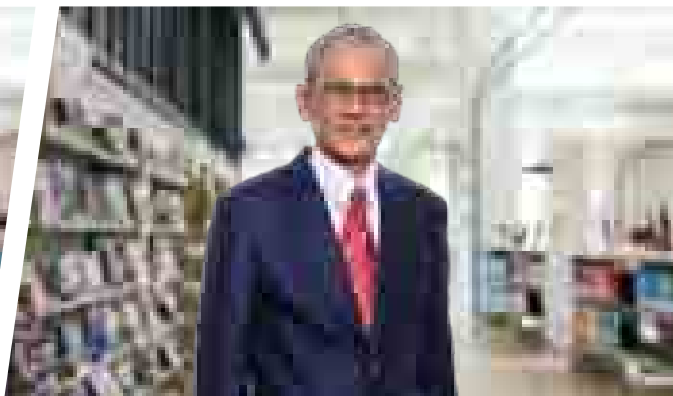
YM Syed Hazrain Bin Syed Razlan Jamalullail graduated from the University of Malaya with a Bachelor's Degree in Accountancy with honours. He then pursued his career development in various fields, which include Human Capital Development, Information Technology and Investments.

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 the pre-IPO companies.

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

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

Number of Board Meetings attended during the financial year: 4 out of 5.



REAR ADMIRAL (R) DATO' MOHD SOM BIN IBRAHIM

*Non-Independent & Non-Executive Director
Malaysian, Aged 65,
(Appointed on 9 December 2013)*

Rear Admiral 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, RAMD 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 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.

Number of Board Meetings attended during the financial year: 5 out of 5.

KEY MANAGEMENT TEAM



Top Row From Left:

Ooi Chin Khoon - Group Managing Director; **Low Hock Keong** - Group Executive Officer; **Quek Meu San** - Director of Group Human Resources ("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, **John Seet Wan Chi** Chief Executive Officer Southeast Asia Telecommunication Holdings Pte Ltd ("SEATH") , Vietnam



Top Row From Left:

Chang Tan Chin - Executive Director; **Lim Hooi Seeh** - Chief Executive Officer, PT Putra Mulia Telecommunications, Indonesia; ; **Omer Chappelart** - Chief Executive Officer OCK Yangon Pte Ltd, Myanmar; **Chong Wai Yew** - Director, Milab Marketing Sdn. Bhd.; **Lee Kong Jin** - Director, Firatel Sdn. Bhd.; **Sharon Mak May Cheng** - Director, EL Power Technologies Sdn. Bhd.; **Anthony Thong Yeong Shyan** - Group Chief Financial Officer; **Jes Tan Chin Hong** - Financial Controller

KEY MANAGEMENT PERSONNEL



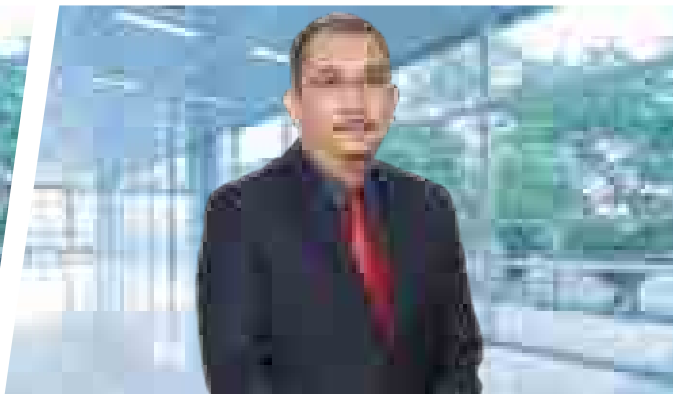
QUEK MEU SAN

*Director
Group Human Resource ("HR"), Administration
and Information Technology ("IT")
Malaysian, Aged 48,
(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 51,
(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 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.

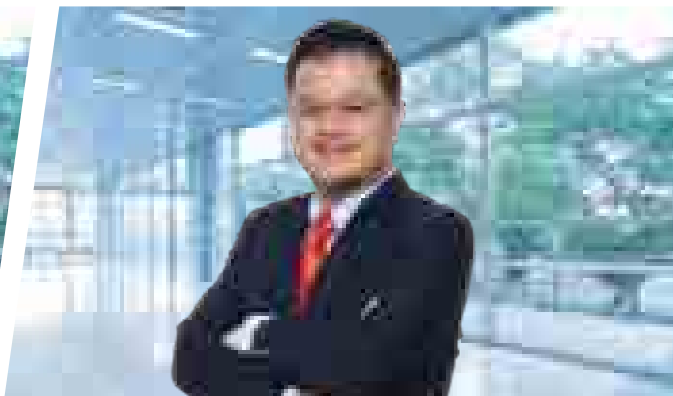
**TAN YEW TONG**

*Chief Marketing Officer
Marketing and Business
Development
Malaysian, Aged 50,
(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 50,
(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 54,
(Appointed on 15 July 2010)*



JOHN SEET WAN CHI

*Chief Executive Officer
Southeast Asia Telecommunication Holdings
Pte Ltd ("SEATH"), Vietnam
Malaysian, Aged 58,
(Appointed on 24 November 2014)*

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.

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 63,
(Appointed on 1 May 2017)*

**LIM HOOI SEEH**

*Chief Executive Officer
Putra Mulia Telecommunication, Indonesia
Malaysian, Aged 51,
(Appointed on 1 November 2011)*

Omer Chappelart possess 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 telecommunications industry to gain experiences before he was appointed as Country Manager for Alcatel Yemen in 1992.

In 1997, he was appointed as Project Manager for Alcatel Indonesia in 1997 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 then 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 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. His 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 49,
(Appointed on 5 August 2009)*

KJ Lee has been in Telecommunications field 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 had the honor in supporting 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 41,
(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.

**ANTHONY THONG YEONG SHYAN**

*Group Chief Financial Officer
Malaysian, Aged 53
(Appointed on 11 Feb 2019)*

Anthony Thong is a Qualified Certified Practicing Accountants ("CPA") and Chartered Accountant with the Malaysia Institute of Accountants ("MIA").

He has over 30 years of experience in Accounting and Financial Reporting, Corporate Finance, Treasury Management, Financial Planning and Control, as well as matters pertaining to tax and business planning in the Asia Pacific ("APAC") region.

He had worked in different financial control environments ranging from conglomerates to startups in various industries such as finance, oil and gas, telecommunications and information technology. These experiences give him a broad and hands on perspective on the challenges and opportunities facing companies of various sizes across the region. Such cross-industry knowledge also provides him with the insight to better support the diverse needs of enterprises in embracing technology to achieve sustained growth in a fast-expanding market.

Prior to joining OCK Group Berhad, Anthony was the APAC Chief Financial Officer ("CFO") of Softline Group and was responsible in managing the Softline Group's financial and operational efficiencies across the region. He also played an important role in establishing Softline Group's new business and financial operations in countries such as Myanmar, Philippines, Thailand and Bangladesh, as Softline extends its reach within the APAC region. Before joining Softline, Anthony was the APAC Director of Finance at Ascom Network Testing, a global solutions provider focused on telecommunications, healthcare Information and Communication Technology and mobile workflow solutions. He was previously a CFO at related telecommunications industries and prior to that, he also held leadership finance positions at various multinational and Malaysian companies.

**JES TAN CHIN HONG**

*Financial Controller
Malaysian, Aged 44
(Appointed on 1 Mar 2019)*

Jes Tan is a Qualified Chartered Accountant and member of Malaysian Institute of Accountants and Association of Chartered Certified Accountants.

She has at least 15 years of experience in Accounting and Financial Reporting, Corporate Finance, Treasury management, Financial Planning and Tax Compliance as well as Sales Operation Management.

She has started her career with BDO Binder Malaysia as auditor, during her roles as auditor, she has performed audits for small to large companies in various industry including trading, manufacturing, shipping, insurance and information technology companies.

Then she has ventured into different financial control environments ranging from KLSE Listed Company, Multinational Company and Startup in industries such telecommunications, fast moving consumer goods and information technology. These experiences provide her with the adequate knowledge and exposure to handle challenging opportunities in her future undertaking.

Prior to joining OCK Group Berhad, she was the Chief Accountant of Softline Solutions International Sdn. Bhd. (Softline Malaysia), a subsidiary of Global IT Solutions and Service Provider, she was responsible for managing the Softline Malaysia's Financial and Sales Operations. Before joining Softline Malaysia, she is Finance Manager for Socma Trading (M) Sdn. Bhd., a Subsidiary of Hanwell Holdings Limited listed in Singapore Stock Exchange, she was previously also Accountant at various multinational and Malaysian companies.



“ 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 2018 (“FYE2018”). ”

**DATO' INDERA SYED NORULZAMAN
BIN SYED KAMARULZAMAN**

Senior Independent
Non-Executive Chairman

CHAIRMAN'S STATEMENT

Reflecting on what transpired in the financial year ended December 2018 (“FYE2018”), I am pleased to say that OCK Group Berhad (“OCK” or the “Group”) has weathered the challenging times last year commendably.

We are determined to remain as the largest Telecommunication Network Services (“TNS”) provider in Malaysia for years to come. Despite the delay in the roll out of TNS works during FYE2018, we are optimistic that the Government’s plans for FYE2019 will further enhance the telecommunication industry which will benefit our TNS business segment.

FINANCIAL PERFORMANCE HIGHLIGHTS

OCK recorded a 7% decline in revenue to RM457.2 million in 2018 as compared to the previous year. This decline is attributed to lower contribution of the TNS division which had a revenue drop to RM422.1 million from 2017’s RM457.1 million.

Despite this decline, the earnings before interest, depreciation, tax and amortisation (“EBIDTA”) increased by almost 4.4% to RM103.3 million. This is primarily due to the higher revenue contribution of our Tower leasing business which has a higher margin.

REGIONAL HIGHLIGHTS

In addition to owning telecommunication towers in Malaysia, OCK is well entrenched in Vietnam and Myanmar. The Group's strategy in both countries varies between greenfield and brownfield and thus far the growth has been tremendous thanks to the commendable execution of our management team.

The Group's telecommunication managed services business in Indonesia has been contributing steady income with OCK managing more than 25% of the total telecommunication sites in Indonesia. We expect to maintain our market share and will continuously work on increasing our market share in managed services.

We are constantly looking out for opportunities in the region for the Towerco business. OCK will be able to provide its tower and network expertise across the region.

AWARD RECOGNITION

I am truly humbled that the Group's performance has continued to gain recognition. Over the years, OCK continued to receive a fair share of recognition. In 2017, we were honoured by Huawei. This year was no different. Firstly, the Group was one of the recipients of the CIMB – SIN CHEW Regional Excellence Award. Then, our Managing Director, Mr Ooi Chin Khoon, was bestowed the 'Focus Malaysia Best Under Billion Awards' for the Best CEO. I would like to congratulate him for getting the award which he truly deserves and also for all his hard work. The award was for leadership skills, business acumen and dynamism.

MOVING FORWARD

At 4.7%, Malaysia's economy expanded at a lower rate in 2018, relative to 2017's 5.9%. Market experts predicted that Malaysia 2019's outlook at best will be in the low 4% region, unlikely to emulate the high 5% achieved in 2017. Despite the expected slower growth, we remain very buoyant that OCK will continue to perform well this year. Given our experience and expertise, I am truly confident we can continue to preserve through this challenging period.

The Group maintains a positive outlook on our TowerCo businesses as we anticipate key industry trends to generate robust revenue opportunities. OCK's strong regional presence will allow us to expand via greenfield, brownfield and acquisition opportunities. We are closely following developments in the region where the markets are opening up to TowerCos.

In addition, with the deployment of advanced mobile technology such as 4G LTE and 5G, speed will be faster and more tower sites will be required. Operators worldwide today have started carrying out 5G trials and the 5G timeline includes the installation of additional cell sites, which requires significant fibre backhaul. In addition to that, existing tower and rooftop sites would need more modification and upgrading. As an independent TowerCo and telecommunication network services provider, we see this market move as a great opportunity to secure more contracts.

In Malaysia the government had recently launched its National Fiberization Connectivity Plan. The move to fiberize the country's Telecommunication infrastructure will push Malaysian Telecoms to further expand fibre optic network.

In the area of Green energy, we will be capitalising on the Energy Commission's initiative to build large scale solar photovoltaic plants in the country. The government has opened bids to undertake solar projects. We will actively participate in, leveraging on OCK's expertise and know-how as an Engineering, Procurement and Construction ("EPC") contractor.

APPRECIATION

On behalf of the Board of Directors, I would like to extend our heartfelt appreciation to our valued shareholders, business associates and clients for their continuous support.

Finally, my appreciation and thanks also goes to the management and staff for their dedication in 2018.

DATO' INDERA SYED NORULZAMAN SYED KAMARULZAMAN

Senior Independent Non-Executive Chairman



SAM OOI CHIN KHOON

Group Managing Director
OCK Group Berhad

MANAGEMENT'S DISCUSSION & ANALYSIS

ECONOMIC LANDSCAPE

Malaysia recorded a lower growth of 4.7% this year, down from 5.9% in 2017. The Finance Minister has come forth to say Malaysia is expected to grow by 4.9% in 2019. Potentially, economic growth in the low 4% range is still very commendable. In 2016, when the country's economy grew by only 4.2%, OCK still managed to record revenue and pre-tax profit growth to the tune of 29% and 11% respectively. The Group is cautiously optimistic that we will continue to grow.

On the ASEAN front, the Group's views on Myanmar and Vietnam have not wavered. These two countries are new to the vast growing global telecommunications industry in their respective landscape. It is anticipated that there will be large amount of telecommunication network infrastructures that are needed to be invested by these two countries. OCK will be at the forefront to help nurture the growth process of the respective country's telecommunication sector.

As for Myanmar, from an economic growth of 5.9% in 2016, the economy grew by 6.4% in 2017. 2018 and 2019 growth rates are expected to remain strong in the 6% region. Our own views on the country's outlook remain unchanged. We are confident that the country will continue to grow. Thus, we persist with our long term plans and aim to maintain our strong presence in the country.

OCK's interest in Vietnam is no less important than Myanmar. Having expanded by 6.8% in 2017, the country's economy grew by 7.1% in 2018 full year, where it was the country's highest growth rate in the past 11 years.

FINANCIAL PERFORMANCE

OCK's revenue eased to RM457.2 million in financial year ended December 2018 ("FYE2018") on the back of lower revenue contributions from its Telecommunication Network Services ("TNS") division. The Group's profit after tax and minority interests ("PATAMI") dipped marginally to RM24.2 million. Nevertheless, OCK managed to report a higher PATAMI margin of 5.3%. The lower PATAMI was attributed to higher tax expenses arising from the under provision of tax. Taxation was reversed from Q4FYE2017 and adjusted in Q4FYE2018. Upon adjustments for the taxation losses, the normalized PATAMI for FYE2018 would have been RM26 million versus FYE2017's RM24.6 million.

While OCK's pretax profit decreased slightly in FYE2018 to RM44.2 million, its earnings before interest, taxes, depreciation and amortization ("EBIDTA") recorded a higher growth of 4.4% to RM103.3 million. FYE2018 EBIDTA margin increased by over three percentage points to 22.6% in FYE2018.

OCK's total borrowings increased from RM147 million as at end 2016 to RM448 million in 2017 before further increasing to RM495 million as at end 2018. Despite the increase in borrowings, the Group's net gearing ratio remains healthy at 0.95 times.

BUSINESS OPERATIONS & PLANS

Moving into 2019, OCK is working to further entrenched itself as a regional telecommunication tower company ("towerco") and maintain its position as the leader of telecommunication network services provider in Malaysia.

In addition, the Group will continue to increase its awareness to stay green at the same time increase secondary recurring income stream by owning more solar farms.

TELECOMMUNICATION INFRASTRUCTURE PROVIDER

• Towerco business

The global telecommunications industry is very fluid and dynamic. Telecommunication operators need to continuously upgrade their vast networks to evolve together with the fast moving industry, as not to fall behind.

OCK's synergistic role in working with the telecommunication operators is through the provision of telecommunication infrastructure in keeping up with the industry. The Group's outlook therefore mirrors that of the other telecommunication operators. Demand for telecommunication towers is not expected to falter.

The capital-intensive telecommunications industry continuously seeks ways to minimise operating costs. OCK's role is to bridge telecommunications operators' requirements by providing tower sharing to bring in operational efficiency for operators. This also generates revenue for the Group. On that note, the Group intends to increase its tower portfolio to 5,000 sites over the next two years.

• Myanmar Updates

For its Myanmar operations, the Group has completed and handed over 900 telecommunication sites and is currently in the process of rolling out its current outstanding order book of over 500 telecommunication sites.

Having established itself as a dominant player in the market, OCK now has working ties with all 4 of Myanmar's mobile network operators ("MNOs") namely Telenor Myanmar Limited ("Telenor"), Myanmar Posts and Telecommunications ("MPT"), Telecom International Myanmar Company Limited ("Mytel") and Ooredoo Myanmar Limited ("Ooredoo").

For FYE2018, OCK's Myanmar operations recorded a revenue of RM65.6 million from FYE2017's RM49.3 million.

The tenancy ratio for the Myanmar operations is currently 1.42x from FYE2017's 1.14x. The higher ratio was attributed to the increase in co-location contracts that were signed with the respective telecommunication operators. The ratio measures the number of telecommunication operators that have infrastructure on the said tower. Efficiency will drive up the ratio to boost towercos' earnings.

- **Vietnam Updates**

OCK is currently the largest independent towerco in the country. It owns over 2,500 telecommunication sites and the Group intends to acquire another 1,000 sites in the near future. Vietnam's telecommunication market is reaching a matured level. We still view opportunities in this country through brownfield M&A acquisitions as well as rolling out the latest technologies for the existing telecommunication towers.

OCK's Vietnam operations registered a revenue of RM48.1 million from FYE2017's RM51.9 million. The lower revenue was due to the delay in contract renewals for certain towers.

OCK's Vietnam towerco business' tenancy ratio was 1.32x as at end FYE2018 from FYE2017's 1.28x.

TELECOMMUNICATION NETWORK SERVICES PROVIDER

- **Contract business**

The Group liaised closely with the main local telecommunications operators in the country such as Digi, Maxis, Celcom and U Mobile.

The consumption of data has remained high over the years and this is not expected to falter into the long term. The exponential increase in demand for faster internet speed and data will see the Group continue to be extremely busy in the local mobile telecommunications sector.

MANAGED SERVICES/ OPERATIONS BUSINESS

In FYE2018, given its revenue of RM58.6 million, the managed services/operations business division accounted for 13% of the Group's revenue. The division will continue to play an important part of the Group's operations. The managed services & operations business' activities of maintaining telecommunication operators' networks complements the Group's main businesses. Contribution from this business division has always been steady and recurring in nature. The Group will continue to increase its tower portfolio under management as and when opportunities arises.

GREEN ENERGY AND POWER SOLUTIONS

The division's revenue fell by 22% to RM29.9 million from FYE2017's RM38.3 million. The pretax profit declined from FYE2017's RM3.8 million to RM1.5 million. The decline was mainly due to a slow down in the demand for Gen Sets after the GE14.

As at end 2018, OCK owns 11 farms generating a combined total 5.9MW of energy. The Group will continue to nurture the division as more organisations are focussing on green renewable energy in particularly those from the construction and property sectors. This division's revenue is still low compared to the telecommunication network services division which accounts for almost 90% of OCK's yearly revenue.

M&E ENGINEERING SERVICES

The division recorded a 52% decline in its pretax profit to RM523,000 on the back of a RM21.2 million revenue in FYE2018. The revenue itself fell by 19.4% in contrast to the RM26.3 million achieved in FYE2017.

Moving forward, the Group intends to bid for more projects apart from its existing clientele.

TRADING

The trading division's revenue grew by an impressive 259% to RM15.8 million in FYE2018. The pretax profit recorded a 121% growth to RM2.8 million.

The trading business is a synergistic business division that supports the telecommunication network services division. The Group trades products under the brand "Rosenburger". The Group has the leading market share of the Indoor Distributed Antenna System, with majority coverage of key buildings in Malaysia.

CAPEX

OCK's total capital expenditure ("capex") in FYE2018 amounted to RM110 million. Bulk of this went to the regional businesses. In comparison, RM108 million was spent in the previous year which were mainly for the roll out of sites in Myanmar and to build new solar farms.

Moving forward, having an additional 1,000 number of towers to be added this year, which its anticipated to incur more capex.

Listing of its telecommunication network services division, namely the tower business, in a foreign stock market, is still an open option. One advantage which OCK has is that it has already gained a foothold in Myanmar and Vietnam.

RISK

The Group is exposed to fluctuations of the major currencies. It is however something which cannot be avoided totally. The ringgit was weaker at RM4.30 per US dollar in FYE2018 from the average of approximately RM4.05 in FYE2017.

The other common risks that may affect the Group would be the change in government, political, financial, industry, economic and regulatory landscapes in the respective countries that the Group is currently in. OCK will continue to mitigate these risks going forward.

OUTLOOK

The competitive telecommunication industry landscape in 2019 looks poised to remain very much the same as last year. The longer-term outlook is brighter. The optimism is derived from OCK's strong position in the rapid growing 4G long-term evolution ("LTE") market and the future deployment of 5G, of which requires significant network investments, along with the greater adoption of Industry 4.0 technologies.

In Vietnam, escalating mobile data demand, 4G LTE technology deployment along with 5G network in the near future are fuelling the need for additional tower sites as the pressure on network operators' wireless infrastructure continues. The telecommunication tower market recorded a growth of 7.3% in 2017. There are more opportunities for the telecommunication network and infrastructure players like OCK as the Vietnamese government expands wildfire measures for technology development.

On the Myanmar operations, the telecommunication industry remains a growing greenfield market and is expected to grow aggressively for many years, especially with the growing demand of connectivity through data. This calls for more telecommunication towers to cater for both coverage and capacity.

In Malaysia, the government has recently instituted the National Fibre Connectivity Plan. The Group therefore expects more fiberisation work orders to come through from major MNOs in 2019. New network structures for 4G and 5G, by MNOs will provide an aggressive expansion path for the Group.

Overall, the Group is set to benefit from the rapid network expansion initiatives undertaken by the respective countries and will continue to build its tower portfolio, maintaining its presence as one of the largest telecommunication network services provider in the region.

SAM OOI CHIN KHOON

Group Managing Director

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Scope & Boundary of Report

As Malaysia's largest telco service provider in terms of revenue, OCK Group Berhad ("OCK", "the Group" or "the Company") has a pivotal role to play in the generation of value and long-term sustainability for both our stakeholders as well as the future generation of society. Therefore, we are committed to the goals set by Bursa Malaysia in its Economic, Environmental and Social ("EES") pillars for Sustainability disclosure and reporting.

Guided by the principles in the Main Market Listing Requirements on Sustainability Reporting issued by Bursa Malaysia Securities Berhad ("Bursa" or "Bursa Malaysia") in October 2015, we have prepared this Sustainability Report as a foundation to our future activities.

Preparation of this Report takes into consideration Bursa Malaysia's Second Edition of its Sustainability Reporting Guide (2018), which in addition to its initial adherence to the Global Reporting Initiative ("GRI") 4 guidelines also recommendations on considering the UN Sustainable Development Goals ("SDG" or "UN SDG") and recommendations on the Task Force on Climate-related Financial Disclosures ("TCFD").

Although OCK's regional expansion has widened the Group's geographical footprint to Myanmar, Vietnam, Cambodia, China and Indonesia, this report will cover only the Group's headquarters of Malaysia as it is the nucleus of the Group's sustainability framework and efforts. This is displayed in Diagram 1.0, which is a map of the Group's operational footprint with the areas in dark blue covered under the scope of reporting.

As the Group's main business activity is to provide Telecommunications Network Services or a towerco, the report's main segmental activity will cover the building and leasing of telecommunications towers and managed services as well as managed services and resource supply related to these assets. Although OCK is also a telecoms contractor and has a business unit in renewable energy, i.e. solar energy, we will not be discussing their contributions in this inaugural report, with the exception being the Group's generation and consumption of renewable energy for operations under Management & Organisation section of this report (page 42). Finally, we will not be discussing any joint ventures or associate and partner assets within this report.

Following the financial disclosures in this Annual Report, this Sustainability Report will cover the Group's activities taking place within the calendar year of 1 January 2018 – 31 December 2018.



Diagram 1.0: OCK Group Berhad's footprint and Sustainability Report 2018 scope

Strategy & Roadmap

To maintain our position as the largest telecommunications network services provider in Malaysia, we are aware of the impact that different key stakeholders have on the sustainability of our vision and mission. The main four key stakeholder groups are:



Management & Organization



Suppliers & Vendors



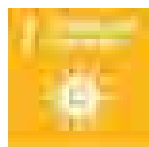
Employees & Human Capital



Local Community

Further discussion on how each stakeholder group is engaged will be discussed in the section Stakeholder Engagement (page 40) of this report.

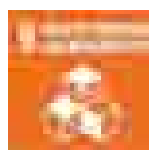
As part of Malaysia's ratification of the United Nation Sustainable Development Goals ("UN SDGs") on September 2015, the 17 SDGs are a cornerstone for the achievement of the 2030 Agenda for Sustainable Development. For the long-term sustainability of the Group, OCK has identified four out of the 17 UN SDGs which are highly relevant to the Group's sustainability agenda and which will be targeted to be embedded in the company's culture. They are:



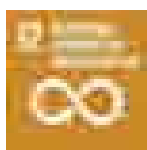
Affordable and Clean Energy



Decent Work and Economic Growth



Industry, Innovation and Infrastructure



Responsible Consumption and Production

In our roadmap for Sustainability, we aim to expand the scope to the rest of our main revenue generating markets in the following year. Using the guidance provided by Bursa Malaysia, Diagram 2.0 would be representative of our sustainability reporting journey:

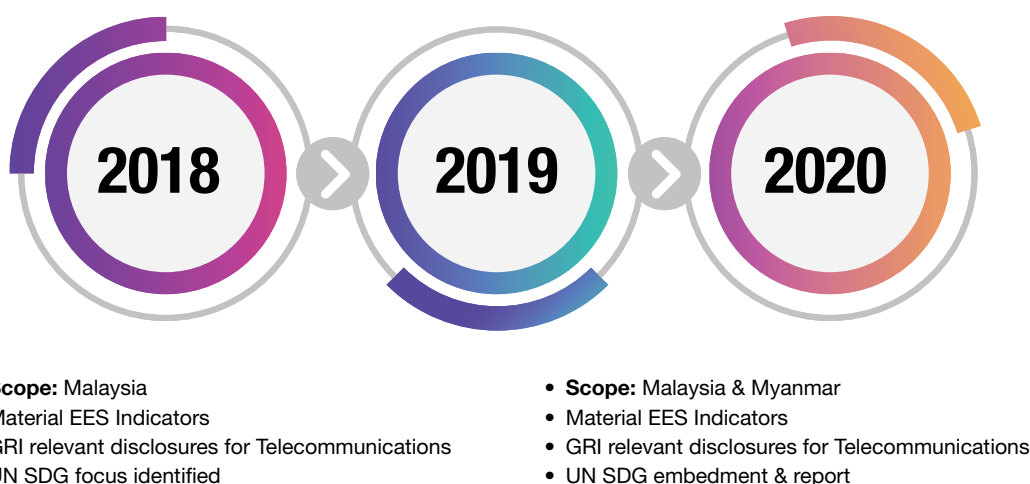


Diagram 2.0: OCK Group Berhad's Sustainability Roadmap

Sustainability Governance & Structure

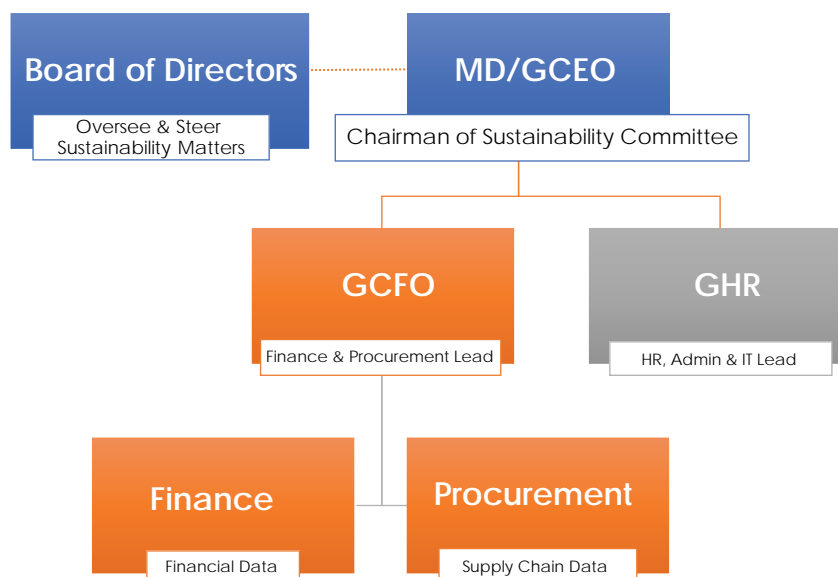


Chart 1.0: OCK Group Berhad's Sustainability Governance Structure

The Board of Directors are cognisant of the latest developments in sustainability issues both as a global megatrend for business and the need for it to be part of the company's culture. As part of their oversight and counsel, they have given the Group Managing Director/CEO the mandate to chair a Sustainability Committee ("the Committee") in order to embed sustainability in the company and to report to the Board on the progress of sustainability within the Company.

At OCK, the Sustainability Committee comprises of:

- Chairman of the Committee, the Group Managing Director and CEO,
- Group Chief Financial Officer (GCFO),
- Group Human Resources (GHR) Head of Department,
- Financial Controller (Finance),
- Procurement Head of Department

The joint Heads of Department cascade sustainability matters to their respective teams as a matter of policy, in the form of internal memos and updates to Standard Operating Procedures (SOPs) to continue embedding sustainability in the daily operations of the Group.

Stakeholder Engagement

As per the earlier mention in Strategy & Roadmap (pg 37), the Sustainability Committee identified four groups of stakeholders that are highly relevant in the day-to-day operations of the Group's business. The ways and frequency these groups are engaged are captured in the following table:





Stakeholder	Engagement	Frequency
 Management & Organization	Performance Review Forecasting/Budgeting Review	Annually
 Suppliers & Vendors	Supplier Form (New Suppliers) Evaluation Forecast/ Planning – Selected Project-related	One-time Annual Annual As needed
 Employees & Human Capital	Coffee Talks Employee Engagement Survey Internal Departmental Meetings In-house Newsletter/Internal Communications Programmes Annual Dinner	Annually/ As needed Annually Monthly Half-yearly Annually
 Local Communities	Charity and Welfare Programs	Bi Annually

Table 1.0: OCK Group Berhad's Stakeholder Engagement

Identification & Prioritisation of Material Matters

Identification of sustainability matters were initially done through a discussion with the Sustainability Committee based on guidance by Bursa Malaysia's suggested sustainability themes and indicators. This provided a basis for the Committee to consider matters that faced all sectors and those faced particularly by the telecommunications sector. Further to that, certain matters that were deemed irrelevant to the Group were removed from further consideration.

The list of material sustainability matters were then categorised by stakeholder groups in the following table:





No	Stakeholder	Material Sustainability Matter	Indicators
1	 Management & Organization	Anti-Corruption	- Policies developed to educate and inform workforce against corruption
		Procurement	- Percentage of budget spent on local suppliers
		Water	- Total volume of water used
		Energy	- Total volume of electricity used - Amount of reduction from conservation and efficiency initiatives - Use of renewable energy (solar power)
		Products & Services Responsibility	- Environmental impact of products and services during their lifecycle - Innovation to reduce impact - Feedback loop on complaints and customer relationship management - No of cyberattacks per annum
2	 Suppliers & Vendors	Supply Chain Management	- Identification of new suppliers who are environmentally and operationally sound - Results of supplier and vendor audit against environmental and operational excellence - Supplier and vendor management in non-compliance matters
3	 Employees & Human Capital	Diversity & Inclusion	- Diversity in the board, management and workforce by gender, age, ethnicity and disability - Ratio of foreign to local hires of low-skilled workers
		Occupational Safety & Health	- Percentage of workers undergoing occupational safety and health training per annum - Total and rate of work-related injuries, fatalities, accident frequency and severity per annum
		Labour Practices	- Average training hours per employee per annum by category - Total and rate of employee turnover by age, gender and disability - Employee benefits
4	 Local Communities	Community Investment	- Total amount spent on external beneficiaries

Table 2.0: OCK's List of Material Sustainability Matters

The material sustainability matters were then prioritised according to the weighted average method for the importance to different stakeholder groups and an internal scale developed by the Sustainability Committee for the importance to OCK's EES impacts. This resulted in the Group's Materiality Matrix being produced.

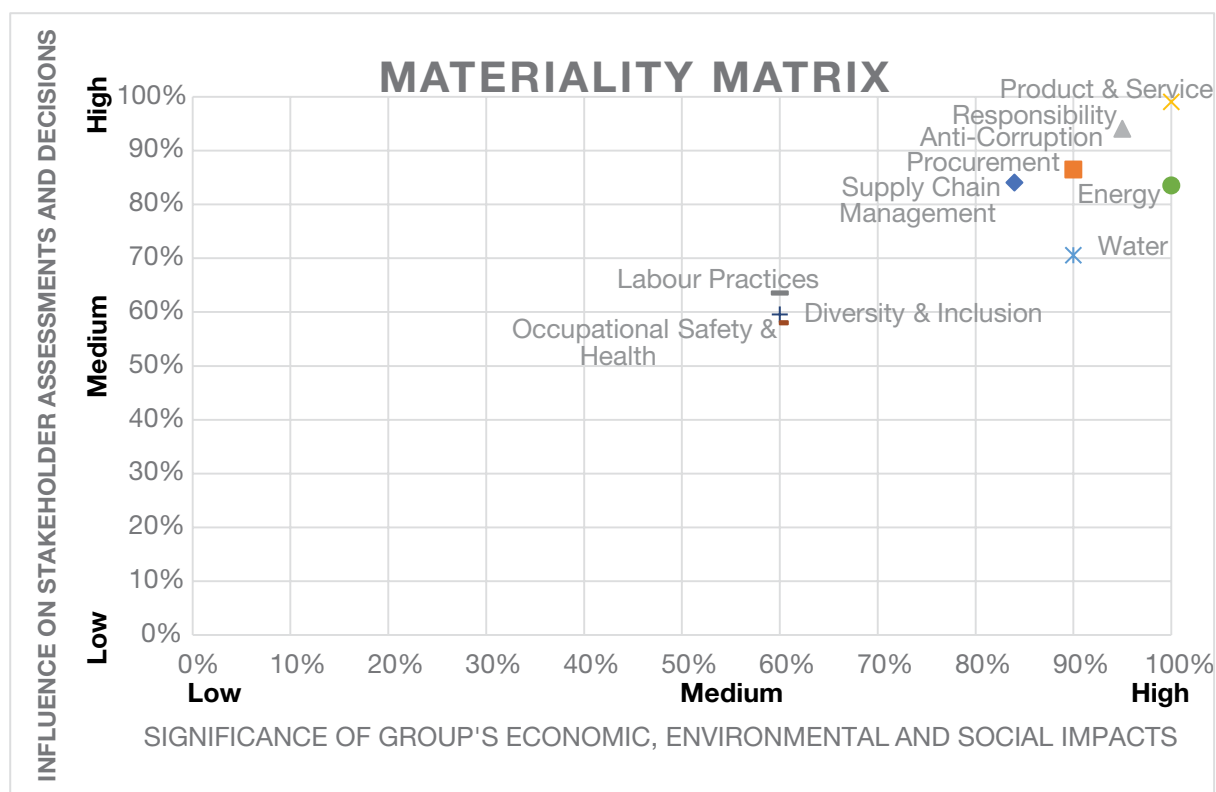


Chart 2.0: OCK Group Berhad's Materiality Matrix

Sustainability Themes



Management & Organization

In the Company, the Management refers to the group of people entrusted with duties and responsibilities in steering the company towards its goals. Within the scope of this report, the Management will refer to the Senior Management Team and the decisions made that guides the Company in daily operations. Meanwhile, the Organization refers to the Group in terms of the business entity as well as the physical premises of business.

Anti-Corruption

As a matter of principle, the Group maintains benchmark standards of professional operations through a set of ethical guidelines. These are communicated to the Employees through the Employee Handbook and a dedicated in-house programme during staff Orientation. Therefore, under the Code of Business Conduct and Ethics, all new employees are aware of the Company's policies on anti-corruption.

Furthermore, employees are made aware of the Company's policies on confidentiality and conflict of interest, signing off on a declaration at the end of their Orientation. Periodically, groups of employees will attend in-house training on integrity practices to update and enable employees to be aware of prevention of staff fraud. In 2018, a total of 145 employees were trained on Anti-Corruption practices, corresponding to 21.4% of total workforce. In terms of breakdown by category, it would be 0.6% senior management, 32.4% middle management, 13.8% administrative workforce, 22.1% technical workforce and 31.0% field workforce.

Procurement

As the telecommunications industry is highly localized, the Company focusses its procurement activities towards local vendors. During the reporting period, the Group's main subsidiary, OCK Setia Engineering, has utilized 100% of its procurement budget to locate, evaluate and engage local suppliers and vendors that have a strong service record, free from reputational issues and capable of turning around quality work at agreed schedules of delivery.

As a matter of business sustainability, the Group is continuously looking for local suppliers and vendors as this is the Group's strategy in keeping a price-competitive solution while supporting the local economy through job creation and sustained economic activity.

Product & Services Responsibility

The Company's main consideration of this material sustainability matter takes into account both the environmental and social impacts of the TowerCo business in Malaysia.

Environmental Impact

At the beginning of the telecommunications towers' lifecycle, the site location, construction and setting-up of the towers do not present an environmental hazard to any of its immediate surroundings. During the service lifetime of the towers, there are no emissions, effluents or waste generated. Due to this, there is no threat to the environment and these proposed environmental themes were removed from consideration.

At the end of the towers' lifecycle, where decommissioning happens, the material used for the tower is sold as scrap to local waste recycling centres and they do not dispose of the waste by means of landfill.

In terms of innovation to reduce impact, the Company has done retrofitting or modification to fit new client requirements. This upcycling of towers prolongs the natural lifespan and reduces waste to be scrapped. With the consumption of energy during the operational service period seen as a balance that can be offset, the Company generates renewable solar energy from its photovoltaic (PV) grid which is discussed further in the Energy section of this report (Page 44).

Social Impact - Customers

As with any business entity, customers are very important to the Group and an impartial feedback mechanism has been adopted to address the complaints of customers and managing our relationship with them. This feedback mechanism takes the form of Client Evaluation Forms and periodic interaction with key customers during service contract renewals. From this feedback, we improve our service levels and implement changes to operations, enabling product and service excellence.

Social Impact - Cybersecurity

The Company views technology and data privacy as a very important asset to be guarded. Hence the risks of cyberattacks being hindered is pivotal to the Company's cybersecurity infrastructure. To manage the Group's cybersecurity, key Information Technology ("IT") officers are sent for training to embed and improve their skills in handling cybersecurity issues.

While there have been no incidences of breaches in the form of malware, ransomware, hacking or any other cyberattacks to compromise the security of our database, the Company's IT Department carries out routine IT Audits to ensure compliance with the Company's cybersecurity standards. A random IT Audit is performed every year as a form of assurance that Company assets are given an IT health check and are not exposed to risks arising from unauthorised software usage.

Water

In 2018, the total amount of water used at Group level was at 3,518 m³ amounting to RM8,122.66 spent. This is an increase of RM1,612.34 or 623m³ and is attributed mainly to new premises being added to the Group's operations base.

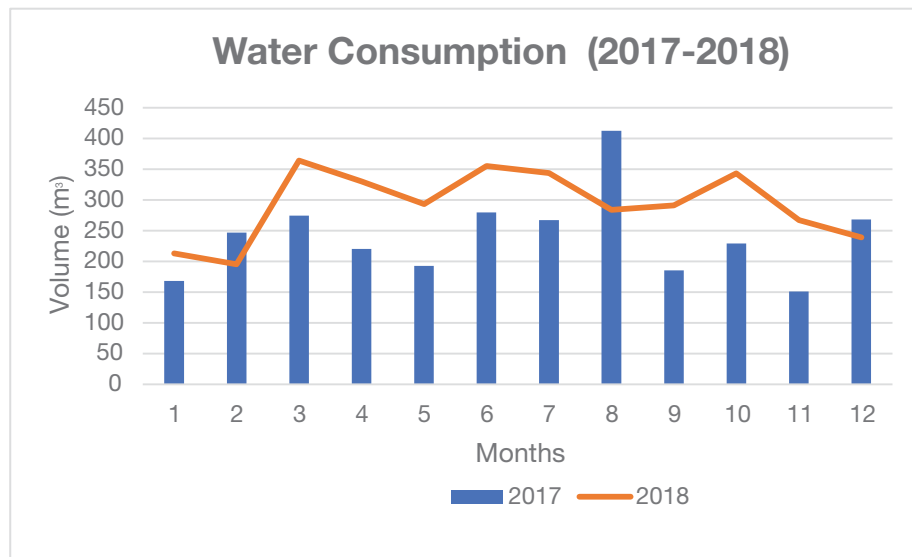


Chart 3.0: Total water consumption at OCK Group Berhad's headquarters

While the Group has not initiated policies for water conservation, as a responsible corporation, it intends to look into water management and study the appropriate water conservation efforts moving forward.

Energy

Consumption of electricity in 2018 for the Group stood at 182,205 kWh amounting to RM92,498.06 and similarly due to expansion within the Group's operations base, consumption grew by RM2,861.78 or 580 kWh.

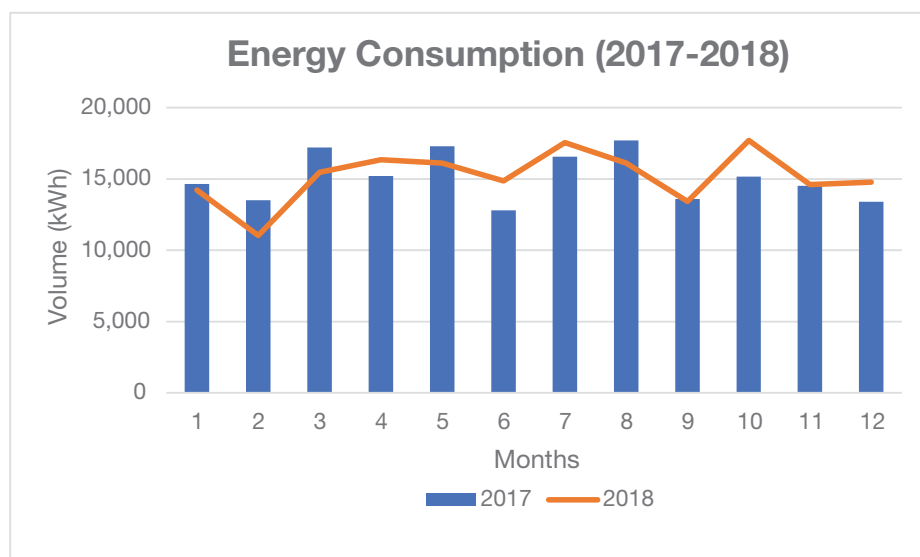


Chart 4.0: Total energy consumption at OCK Group Berhad's headquarters

Of particular note is the Group's increase in energy demand did not spike as the Group's reliance on the national grid is supplemented by its abilities to power its operations with renewable energy. The Group owns and operates a renewable energy division through its Photovoltaic (PV) grid. This aids the Group in energy conservation as is evident in Chart 4.0 where 5 out of 12 months show a visible reduction in the amount of energy used. Although this business unit does not fall within the scope of the Sustainability Report, it is worth mentioning as it makes an impact on the Group's overall Energy Management Plan ("EMP").

Further to this, the Group practices energy conservation efforts such as switching off its HVAC systems and lights when not in use such as during lunch times and after office hours. Along with the renewable energy generation, the Group's energy conservation efforts are intended to generate more savings for the business going forward.



Suppliers & Vendors

Supply Chain Management

Identifying suitable suppliers and vendors relate to the quality of service and product output of a business. From Table 1.0 in the discussion of Stakeholder Engagement (page 40), new Suppliers and Vendors are marked against a checklist of the New Suppliers' Form by the Procurement Department. This is to ensure that the Supplier and Vendor is a good fit with the Group's overall business goals and aspirations.

Among the items within the checklist include suppliers who are environmentally and operationally sound. These would be determined by not only their good track record but also that there are no environmental issues pending against them. All suppliers are to adhere to the Supplier Code of Conduct, and the Non-Conformance policy as defined under ISO 9001:2015, Clauses 8.3 and 8.5.2 respectively.

At the end of the service contract period, there will be a supplier and vendor audit for both environmental and operational excellence. At any point during the service period, if the supplier or vendor is found to be non-compliant in any area pertaining to environmental or operational issues, it may result in termination of contract to them and loss of business to the particular vendor going forward.

Satisfactory performance of suppliers and vendors are discussed with them annually during the annual review period. In this engagement, the Group's feedback to the suppliers and vendors are taken onboard to ensure further improvements to the service or products provided.



Employees & Human Capital

As part of a vibrant Company, the employees form the backbone of daily operations and as laid out in the scope of this Report, only direct employees under the Company's payroll will be included for consideration. Those under the employ of joint venture partners, associate companies and partner assets will not be covered for reporting.

Diversity & Inclusion

Diversity as a construct refers to the differences in the workforce by gender, age, ethnicity and disability. This measure is considered across the board of directors, management and the rest of the workforce.

At board level, the directors are aware of the initiative to introduce more female representation to the boardroom and are looking into potentially introducing female representation at board level should the right director be found.

As for persons with disabilities, the Group has yet to hire any. However, as an equal-opportunity employer, there is no limitation or obstacle for persons with disabilities, as long as it does not interfere with the natural job functions that otherwise require the skills of the able-bodied.

As at 31 December 2018, the Group has a staff strength of 676 personnel, a contraction of 4.4% corresponding to a loss of 31 staffs from 2017's 707 personnel. The following depicts the composition of the Group's human capital in 2018.

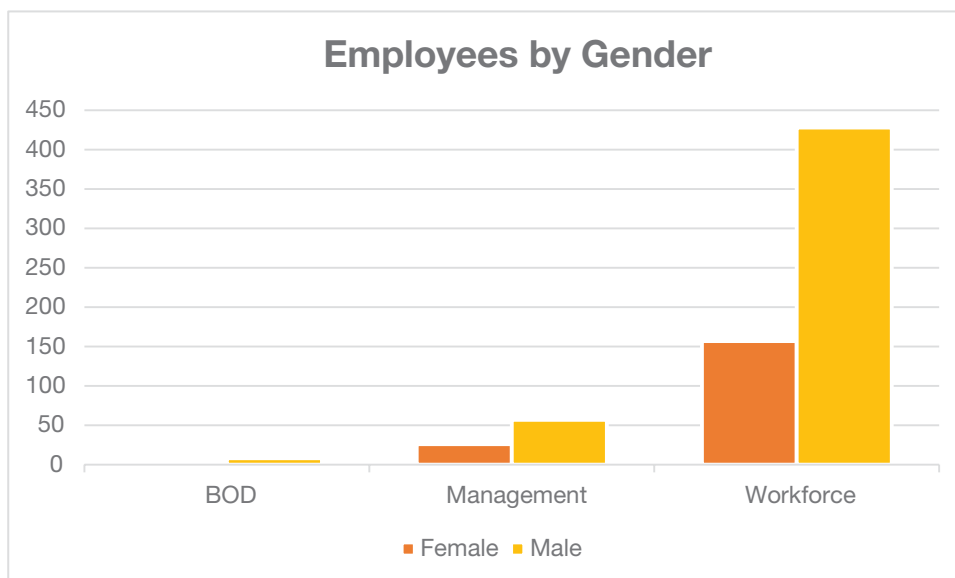


Chart 5.0: Employee diversity by Gender

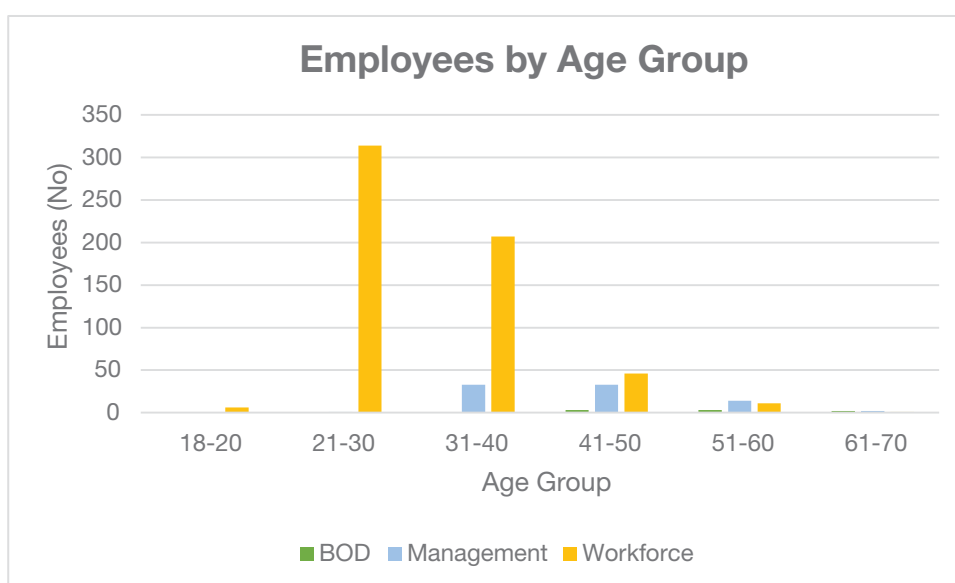


Chart 6.0: Employee diversity by Age Group

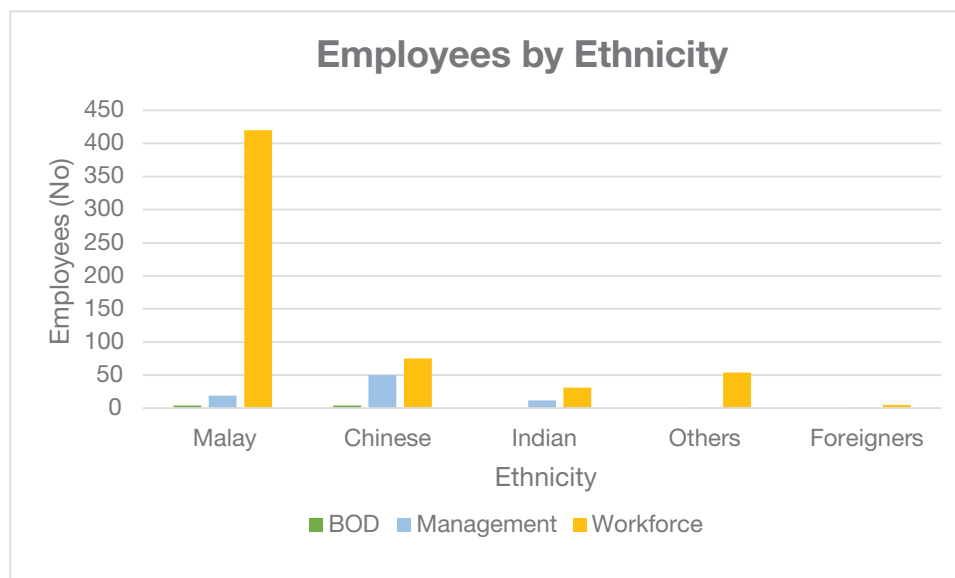


Chart 7.0: Employee diversity by Ethnicity

Occupational Safety & Health

Malaysia's Occupational Safety and Health Act ("OSHA") 1994 is the main framework on which the Company's Occupational Safety & Health provisions are based upon. In 2018, a total of 166 employees underwent safety training, corresponding to 24.5% of the entire workforce in the group. The main forms of training were provided by the National Institute of Occupational Safety and Health ("NIOSH"), an agency under the Ministry of Human Resources, and were largely for technical staff or those engaged in fieldwork.

In the year under review, there were a total of 4 claims for work-related injuries, including one that was later withdrawn, but there were no fatalities or total permanent disabilities ("TPD") recorded. The rate of accidents in 2018 was at 0.6% and this is considered low by industry standards. In terms of frequency, the reported cases happened over four different quarters, which is one case per quarter. The Company will work even harder with employees to reduce this amount as it aims to be an accident-free workplace going forward.

Labour Practices

The Group has adopted a 10-point approach to provide and respect fundamental human rights and safeguard against any violation of human rights. In this approach, the Group provides for freedom from forced labour and child labour, adherence to minimum wages and fair compensation as well as reasonable working hours as per stipulated by Labour Law.

The working environment provided by the Group is anti-discriminatory and anti-harassment, safe and healthy, and above all ethical in conduct. Employees are not restricted from unionising and afforded freedom of association as per local laws and practice.

In addition to this, all employee benefits provided by the Group are above minimum statutory requirements and includes healthcare and insurance coverage, leaves, statutory payment, career development and bonuses. In this regard, remuneration packages are determined by the employees' experience, expertise, qualifications and job level.

Employee Engagement – Training & Talent Development

For an employee to remain engaged and continually relevant in the marketplace, the Company employs both external and internal training programmes. The statistics for external and internal training programmes, along with the averages are detailed in Diagram 3.0 below.



Diagram 3.0: OCK Group Berhad's Training Matrix

In the breakdown by category for external training, 13.1% was attended by senior management, 37.8% by middle management, 6.8% by administrative workforce, 29.6% by technical workforce and 12.7% by field workforce. Breakdown figures for internal training are discussed in the Anti-Corruption section of this Report (page 42).

The Group's talent development programme is designed to keep fresh talents who are interested in the telecommunications sector, particularly the towerco industry, continually engaged. Among the key initiatives carried out by the Group is its Management Trainee Programme, that is designed to train and develop high-quality graduates into talented and skilled workforce within the organisation. Graduates of the inaugural Management Trainee Programme launched in 2015 have been placed in the department that fits their educational background, career aspirations and functional abilities.

Other forms of Employee Engagement activities included the annual team building and annual dinner for staff. In order to enhance the employees interpersonal and interdepartmental bonds, the Company has a series of get-togethers with employees, coffee talks with the MD/CEO, internal newsletters and townhalls to allow feedback from staff to reach senior management.

Employee Turnover

While the Company manages attrition rate to keep it low, the contraction of workforce in 2018 has resulted in a contraction of attrition in workforce. At the board level, there has been no turnover and the movement of staff in 2018 is best represented below:

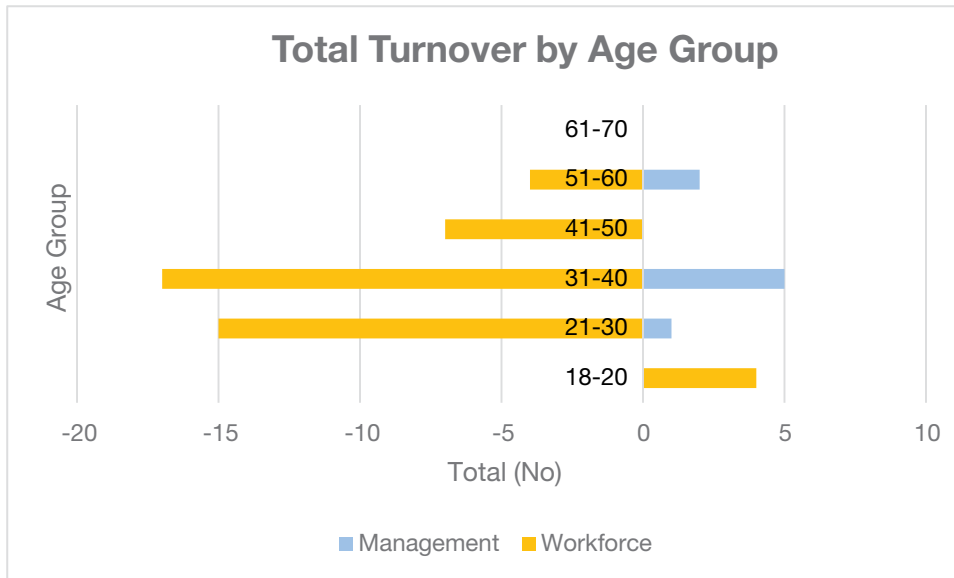


Chart 8.0: Total employee turnover by Age Group

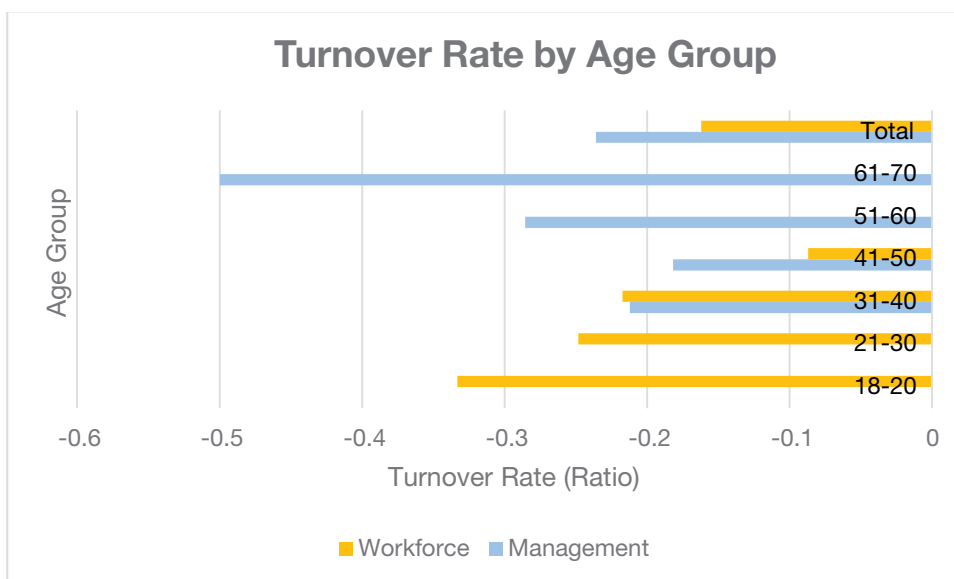


Chart 9.0: Rate of employee turnover by Age Group

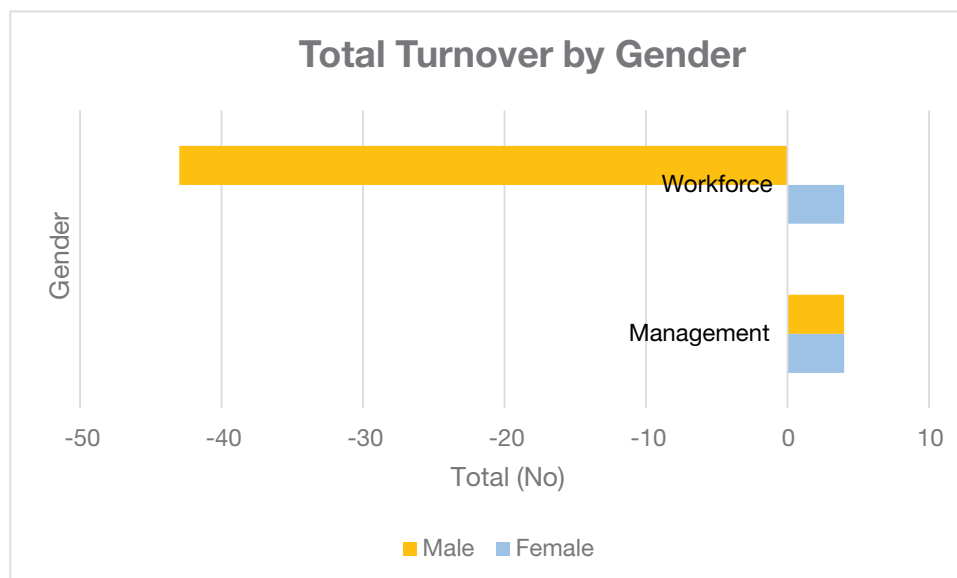


Chart 10.0: Total employee turnover by Gender

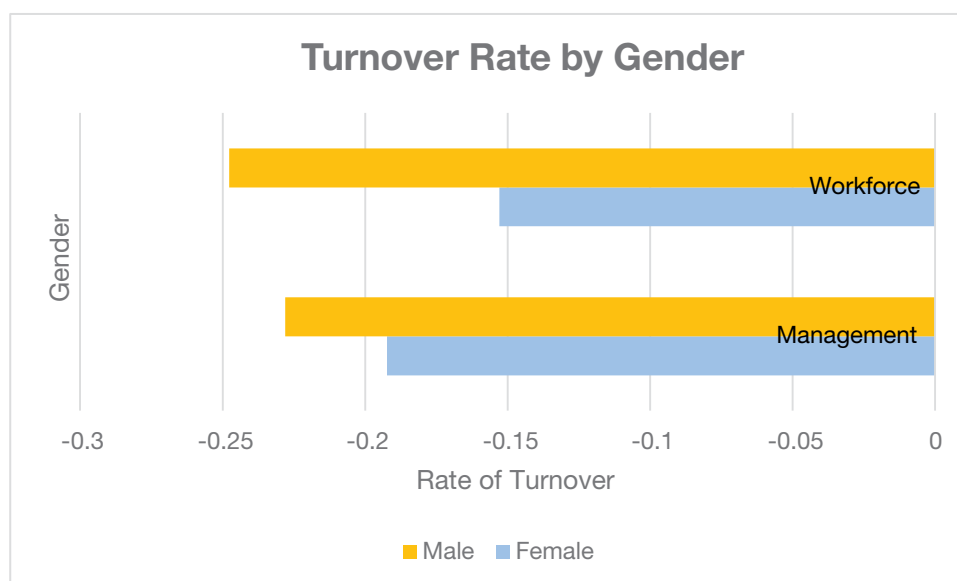


Chart 11.0: Rate of employee turnover by Gender



Local Communities

Over the years of OCK's establishment, the Company has played an important part as a caring and responsible corporate citizen. The year 2018 was a continuation of the Group's efforts in bringing care and a sustainable future to the communities in which the Group operates.

A total of RM39,478.50 was pledged to third-party external beneficiaries which includes Hospital USM, Kelantan's Ronald McDonald Trust for Children as well as charity events and CSR sponsorship.

The Group also undertakes direct community engagement through sponsorship of reading programmes and feeding programmes at local primary schools. The Group invested a total of RM20,000. Details of the programmes sponsored by the Group are:

No	School	Activity	Amount
1	SJKC Mentakab 2, Pahang	Reading Programme – Remedial classes for students undergoing UPSR exams	RM10,000.00
2	SJKC Yeow Cheng Luan, Pahang	Feeding Programme – To provide breakfast packs for underprivileged students	RM10,000.00

Table 3.0: OCK's direct beneficiaries list



Clockwise from Left:
Beneficiaries at SJKC Yeow Cheng Luan with their breakfast packs.

In addition to the donations, sponsorships and pledges, the Group embarked on a green mission through its Tree Huggers Volunteer Planting in coordination with the Free Tree Society in Bangsar to plant a total of 45 trees. This initiative took place in July and saw the participation of 15 of the group's employees.



Left: This July initiative saw the participation of 15 employees.

Between July-December 2018, the Group also launched a recycling campaign at its headquarters. Employees helped organise removal of recycled waste such as paperboards and cardboard boxes and other office waste which were removed by a third-party recycling plant. The amount of paper, metal and plastics recycled amounted to 1,000 kg and raised a total of RM400 from the sale to the third-party recycling plant. With this the Group is able to reduce its environmental impact in addition to reusing the proceeds for other employee welfare activities.



Top: A total of 35 employees were involved in the recycling campaign at the Group's headquarters.

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 and Risk Management 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 regulatory bodies 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

I. Board Responsibilities (Cont'd)

Whistle-blowing Policy

The Board is committed to achieving 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 2018. 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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 and Risk Management 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.

The Board recognized 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.

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)

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	15.03.2018	Corporate Governance Briefing Session
	09.04.2018	Risk Management Awareness and Assessment Workshop
	06.09.2018	Sustainability Management Series for Directors / Chief Executive Officers
	04.12.2019	Breakfast Series-Companies of the Future-The Role of the Boards
Mahathir Bin Mahzan	12.07.2018 & 13.07.2018	MIA AccTech Conference 2018
YM Syed Hazrain Bin Syed Razlan Jamalullail	09.04.2018	Risk Management Awareness and Assessment Workshop
Ooi Chin Khoon	09.04.2018	Risk Management Awareness and Assessment Workshop
	06.09.2018	Sustainability Management Series for Directors / Chief Executive Officers
	15.10.2018 & 16.10.2018	Simplified Strategic Planning
Low Hock Keong	01.02.2018	Driving Employees Engagement Workshop
	09.04.2018	Risk Management Awareness and Assessment Workshop
	23.04.2018 & 24.04.2018	Negotiate to Win Masterclass
Abdul Halim Bin Abdul Hamid	01.02.2018	Driving Employees Engagement Workshop
	09.04.2018	Risk Management Awareness and Assessment Workshop
Chang Tan Chin	20.01.2018	Core Management Skills for Leaders
	01.02.2018	Driving Employee Engagement Workshop
	17.03.2018	Human Resource Management Skills for Leaders
	09.04.2018	Risk Management Awareness and Assessment Workshop
	21.04.2018	Continuous Improvement & Risk Management for Leaders
	19.05.2018	No Excuses Banking & Macroeconomics for Leaders
	23.06.2018	7 Common Habits to Avoid as Leaders & Structuring Deals For Leaders

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	11.07.2018	Business Transformation Using Capital Management Strategies
Chong Wai Yew	20.01.2018	Core Management Skills for Leaders
	01.02.2018	Driving Employee Engagement Workshop
	17.03.2018	Human Resource Management Skills for Leaders
	09.04.2018	Risk Management Awareness and Assessment Workshop
	21.04.2018	Continuous Improvement & Risk Management for Leaders
	19.05.2018	No Excuses Banking & Macroeconomics for Leaders

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

III. Remuneration (Cont'd)

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 Khoo	Member
Mahathir Bin Mahzan	Member

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 2018;
- (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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

III. Remuneration (Cont'd)

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	54	–	–	–	54
YM Syed Hazrain bin Syed Razlan Jamalullail	29	–	–	–	29
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	39	–	–	–	39
Executive Directors					
Ooi Chin Khoon	963	140	132	28	1,263
Low Hock Keong	667	91	91	24	873
Abdul Halim Bin Abdul Hamid	360	58	50	13	481
Chong Wai Yew	360	56	52	24	492
Chang Tan Chin	360	56	51	24	491
	2,898	401	376	130	3,805

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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

III. Remuneration (Cont'd)

Remuneration of Directors (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	54	–	–	–	54
YM Syed Hazrain bin Syed Razlan Jamalullail	29	–	–	–	29
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	39	–	–	–	39
Executive Directors					
Ooi Chin Khoon	963	140	132	28	1,263
Low Hock Keong	667	91	91	24	873
Abdul Halim Bin Abdul Hamid	360	58	50	13	481
Chong Wai Yew	3	–	–	–	3
Chang Tan Chin	3	–	–	–	3
	2,184	289	273	82	2,828

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
RM300,001 to RM350,000	2
RM350,001 to RM400,000	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 on the Board 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 Committees review its 2018 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)

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.

II. 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.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (Cont'd)

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 23 April 2019.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. COMPOSITION AND DESIGNATION OF AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises three (3) members of the Board, all the whom are Non-Executive Independent Directors. The members during financial year ended 31 December 2018 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 Tuan Syed Hazrain bin Syed Razlan Jamalullail	Independent Non-Executive Director

2. AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS ATTENDANCE

During the financial year, the Audit and Risk Management Committee conducted 5 meetings of which all were duly convened with sufficient notices given to all Audit and Risk Management Committee members together with the agenda, report and proposals for deliberation at the meetings. The Executive Director was invited to all Audit and Risk Management 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 and Risk Management 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 2018.

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

Details of attendance of the Audit and Risk Management Committee members at the Audit and Risk Management 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	4/5

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

3. ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

Quarterly Financial Statements and Audited Financial Statements

- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 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
 - Significant adjustments arising from audit
 - Compliance with accounting standards and other legal requirements

External Auditors

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

At the Audit and Risk Management Committee Meeting held on 23 April 2019, the Audit and Risk Management Committee recommended to the Board for approval of the audit fee of RM370,700 in respect of the financial year ended 31 December 2018.

The Board at its meeting held on 23 April 2019, approved the audit fee based on the recommendation of the Audit and Risk Management 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, 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (Cont'd)

3. ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE (CONT'D)

Internal Auditors (Cont'd)

The Audit and Risk Management Committee had reviewed:-

- The effectiveness of management control procedures and compliance with the operating instructions 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, monitoring of licensing for OCKSE, Firatel Sdn. Bhd. and OCK Telco Infra Sdn Bhd.;
- The effectiveness of Management control in Credit Control of OCKSE; and
- Follow up Audit Report on the above findings.

The cost of the internal audited function was RM70,000 (2017:RM70,000).

4. RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

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

The Audit and Risk Management Committee review the RPT and conflict of interest situation presented by the Management prior to the Company entering into such transaction. The Audit and Risk Management 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.

The Audit and Risk Management Committee also requested the Internal Auditor to review the procedures and transactions of the RPT carried out by the Group in the Financial Year Ended 31 December 2018. The Internal Auditors' report was presented to the Audit and Risk Management Committee in financial year 2019.

5. INTERNAL AUDIT FUNCTION

The purpose of the Internal Audit function is to provide the Board, through the Audit and Risk Management 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 and Risk Management 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 and Risk Management 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of OCK Group Berhad is pleased to provide the following statement on 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.

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.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Group’s risk management is primarily driven by all Executive Directors and executed by the management. The Executive Directors and the management 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.

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.

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. As reported previously, 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. Going forward, the Group will continue to conduct its risk assessment annually.

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

RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

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 of 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

- (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

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;
- (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) Report the business risks that have impacted or likely to impact the Group and the achievement of its objectives and strategies; and
- (v) Provide assurance on the effectiveness and adequacy of the risk management and internal control systems in managing risks.

In concluding this Statement, 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, there were no material losses resulting from significant control weaknesses. The Board is also satisfied that the existing levels of system of risk management and internal controls including material joint ventures and associated companies are effective to enable the Group to achieve its business objectives. The Board continues to be committed toward maintaining a sound system of risk management and internal controls and carrying out measures to strengthen these systems.

However, 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

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 2018. 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 Guidelines to be set out, or is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 23 April 2019.

ADDITIONAL COMPLIANCE INFORMATION

ADDITIONAL COMPLIANCE INFORMATION

Statement of Directors' Responsibility in respect of the Financial Statements

The Directors are responsible for ensuring that:

- (i) The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable Financial Reporting Standards, the provisions of the Companies Act 2016 and the Main Market Listing Requirement so as to give a true and fair view of the state of affairs of the Group and of the Company for the financial year, and
- (ii) Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31 December 2018, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

Utilisation of Proceeds

During the financial year, there were no proceeds raised from corporate proposals.

Material Contracts

No material contracts had been entered into for the financial year under review between the Group and the Directors and/or Major Shareholders.

Related party transactions of A revenue or Trading Nature

Details of transactions with related parties undertaken by the Group during the financial year under review are disclosed in Note 35 to the Financial Statement.

Audit and Non Audit Fees

During the financial year under review, the fees for External Auditors of the Group were RM809,370 in audit fees and RM143,775 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.

OCK Annual Report 2018

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed 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	29,846	5,754
Attributable to:		
Owners of the Company	24,276	5,754
Non-controlling interests	5,570	–
	29,846	5,754

DIVIDENDS

The amount of dividend declared and paid 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, paid on 28 March 2018	8,715

The directors do not recommend the payment of any final dividends 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 all known bad debts had been written off 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 the amount written off as bad debts or 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 prepared, 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 which 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

DIRECTORS' REPORT (Cont'd)

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 Khooon*
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:

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
Seet Wan Chi
Lee Jack Son
Sopian
Yuan Yuan
Song Soo Hwa
Chai Chee Tak
Tran Thi Phuong Thao
Devarshi Das
Nguyen Tri Ho
Craig Robert Martin
Yap Wai Khee

(Appointed on 1 December 2018)
(Resigned on 9 January 2018)
(Resigned on 3 October 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:

	At 1.1.2018	Number of ordinary shares		At 31.12.2018
		Bought	Sold	
Interest in the Company				
Direct interest				
Low Hock Keong	14,000,000	160,000	(2,094,100)	12,065,900
Chang Tan Chin	7,200,000	–	(1,100,000)	6,100,000
Chong Wai Yew	7,500,000	–	–	7,500,000
Ooi Chin Khoon	25,000	170,000	–	195,000
Indirect interest				
Ooi Chin Khoon ²	322,883,525	9,297,600	–	332,181,125
Low Hock Keong ²	2,875,500	200,000	–	3,075,500

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

	At 1.1.2018	Number of ordinary shares		At 31.12.2018
		Bought	Sold	
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 RM13,300 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 40 to the financial statements.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

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 PLT (converted from a conventional partnership, Baker Tilly Monteiro Heng on 5 March 2019), 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: 23 April 2019

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue	5	457,221	492,189	–	2,800
Cost of sales	6	(337,248)	(371,008)	–	–
Gross profit		119,973	121,181	–	2,800
Other income		7,657	7,236	16,829	17,329
Administrative expenses		(55,892)	(57,459)	(6,208)	(6,586)
Net impairment losses of financial assets		(38)	–	(2,679)	(2,117)
Other operating expenses		(5,253)	(6,205)	(192)	(45)
		(61,183)	(63,664)	(9,079)	(8,748)
Profit from operations		66,447	64,753	7,750	11,381
Finance costs	7	(22,038)	(19,751)	–	(56)
Share of results of associates		(197)	–	–	–
Profit before tax	8	44,212	45,002	7,750	11,325
Tax expense	9	(14,366)	(13,062)	(1,996)	(1,687)
Profit for the financial year		29,846	31,940	5,754	9,638
Other comprehensive income/(loss), net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Actuarial (loss)/gain from employee benefits		(4)	30	–	–
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		1,275	(20,131)	–	–
Other comprehensive income/ (loss) for the financial year		1,271	(20,101)	–	–
Total comprehensive income for the financial year		31,117	11,839	5,754	9,638

STATEMENTS OF COMPREHENSIVE INCOME

for the financial year ended 31 December 2018 (Cont'd)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit attributable to:					
Owners of the Company		24,276	24,629	5,754	9,638
Non-controlling interests		5,570	7,311	–	–
		29,846	31,940	5,754	9,638
<hr/>					
Total comprehensive income attributable to:					
Owners of the Company		27,842	7,609	5,754	9,638
Non-controlling interests		3,275	4,230	–	–
		31,117	11,839	5,754	9,638
<hr/>					
Earnings per share (sen):					
- Basic	10	2.79	2.83		
- Diluted	10	2.79	2.66		

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	463,043	383,457	–	–
Investment properties	12	17,861	16,800	–	–
Intangible assets	13	164,637	163,986	–	–
Deferred tax assets	14	643	633	–	–
Investment in subsidiaries	15	–	–	53,632	24,282
Investment in associates	16	225	–	–	–
Trade and other receivables	18	4,405	23,333	278,003	310,070
		650,814	588,209	331,635	334,352
Current Assets					
Inventories	17	72,422	70,791	–	–
Trade and other receivables	18	317,791	307,081	836	2,224
Contract assets	19	13,085	12,012	–	–
Tax assets		5,780	4,421	181	–
Cash and short term deposits	21	76,689	118,884	525	775
Total Current Assets		485,767	513,189	1,542	2,999
TOTAL ASSETS		1,136,581	1,101,398	333,177	337,351

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2018 (Cont'd)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	22	244,305	244,305	244,305	244,305
Foreign currency translation reserve	24	(15,073)	(18,633)	–	–
Revaluation reserve	25	4,207	4,306	–	–
Reverse acquisition reserve		(17,007)	(17,007)	–	–
Warrant reserve	26	84,134	84,134	84,134	84,134
Other reserve		967	546	–	–
Retained earnings/ (Accumulated losses)		139,535	115,700	4,551	(1,203)
		441,068	413,351	332,990	327,236
Non-controlling interests		53,989	53,041	–	–
Total Equity		495,057	466,392	332,990	327,236
Liabilities					
Non-Current Liabilities					
Borrowings	27	324,236	180,134	–	–
Deferred tax liabilities	14	13,784	13,637	–	–
Trade payables	28	–	3,699	–	–
Provision for liabilities	30	4,195	2,201	–	–
Post employment benefit liabilities	29	460	368	–	–
		342,675	200,039	–	–
Current Liabilities					
Contract liabilities	19	1,890	875	–	–
Trade and other payables	28	121,362	160,351	187	9,791
Borrowings	27	171,418	268,159	–	–
Derivative financial liabilities	20	2	6	–	–
Tax liabilities		4,177	5,576	–	324
Total Current Liabilities		298,849	434,967	187	10,115
Total Liabilities		641,524	635,006	187	10,115
TOTAL EQUITY AND LIABILITIES		1,136,581	1,101,398	333,177	337,351

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2018

	Note	Attributable to owners of the Company										
		Foreign										
		Share Capital RM'000	Share Premium RM'000	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
Group												
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	29	-	-	-	-	-	-	-	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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2018 (Cont'd)

		Attributable to owners of the Company																			
		Foreign Currency		Share Premium		Revaluation Reserve		Reverse Acquisition Reserve		Warrant Reserve		Other Reserve		Distributable Retained Earnings		Sub-total		Non- Controlling Interests		Total Equity	
Note	Group	Share Capital RM'000	Share Premium RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Acquisition Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Sub-total RM'000	Controlling Interests RM'000	Non- Controlling Interests RM'000	Total Equity RM'000								
25	Realisation of revaluation reserve	-	-	-	(99)	-	-	-	99	-	-	-	-								
Transactions with owners																					
22	Subscription of shares by non-controlling interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	1,970	1,970								
	Issuance of shares pursuant to: - conversion of warrants	8	-	-	-	-	(2)	-	-	6	-	-	6								
	- bonus issue by a subsidiary	-	-	-	-	-	-	-	(400)	(192)	192	-	-								
31	Arising from acquisition of a subsidiary	-	-	-	-	-	-	338	(558)	(220)	260	40	40								
	Changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	(300)	(300)	(300)								
	Dividends paid on shares	-	-	-	-	-	-	-	(8,715)	(8,715)	(2,349)	(11,064)	(11,064)								
Total transactions with owners		8	-	-	-	-	(2)	546	(9,673)	(9,121)	(227)	(9,348)	(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	466,392								

[^] Refer to Note 22 for details.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the financial year ended 31 December 2018 (Cont'd)

Attributable to owners of the Company												
		Foreign Currency										
		Share Capital	Share Premium	Translation Reserve	Revaluation Reserve	Reverse Acquisition Reserve	Warrant Reserve	Other Reserve	Distributable Retained Earnings	Sub-total	Non-Controlling Interests	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group	Note											
As at 1 January 2018		244,305	-	(18,633)	4,306	(17,007)	84,134	546	115,700	413,351	53,041	466,392
Total comprehensive income for the financial year												
Profit for the financial year		-	-	-	-	-	-	-	24,276	24,276	5,570	29,846
Actuarial loss from employee benefits	29	-	-	-	-	-	-	-	(3)	(3)	(1)	(4)
Foreign currency translation reserve		-	-	3,569	-	-	-	-	-	3,569	(2,294)	1,275
Total comprehensive income		-	-	3,569	-	-	-	-	24,273	27,842	3,275	31,117

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2018 (Cont'd)

		Attributable to owners of the Company																					
		Foreign Currency		Share Premium		Translation Reserve		Revaluation Reserve		Reverse Acquisition Reserve		Warrant Reserve		Other Reserve		Distributable Retained Earnings		Sub-total		Non- Controlling Interests		Total Equity	
	Note	Share Capital RM'000	RM'000	Share Premium RM'000	RM'000	Translation Reserve RM'000	RM'000	Revaluation Reserve RM'000	RM'000	Reverse Acquisition Reserve RM'000	RM'000	Warrant Reserve RM'000	RM'000	Other Reserve RM'000	RM'000	Distributable Retained Earnings RM'000	RM'000	Sub-total RM'000	RM'000	Non- Controlling Interests RM'000	RM'000	Total Equity RM'000	RM'000
Group																							
Realisation of revaluation reserve	25	-	-	-	-	-	-	(99)	-	-	-	-	-	-	-	99	-	-	-	-	-	-	-
Transactions with owners																							
Appropriation to other reserves	31	-	-	-	(9)	-	-	-	-	-	-	-	-	421	(537)	(537)	(125)	(125)	(125)	-	(2,327)	-	(125)
Dividends paid on shares		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,327)	-	(2,327)
Total transactions with owners		-	-	-	(9)	-	-	-	-	-	-	-	-	421	(537)	(537)	(125)	(125)	(125)	(2,327)	(2,452)	-	(2,452)
At 31 December 2018		244,305	-	-	(15,073)	4,207	(17,007)	84,134	967	139,535	441,068	53,989	495,057										

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2018

		Attributable to owners of the Company				
	Note	Share Capital RM'000	Share Premium RM'000	Warrant Reserve RM'000	Retained Earnings/ (Accumulated Losses) RM'000	Total Equity RM'000
Company						
As at 1 January 2017		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		8	–	(2)	–	6
Dividends paid on shares		–	–	–	(8,715)	(8,715)
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
Total comprehensive income for the financial year						
Profit for the financial year		–	–	–	5,754	5,754
Total comprehensive income		–	–	–	5,754	5,754
At 31 December 2018		244,305	–	84,134	4,551	332,990

[^] Refer to Note 22 for details.

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2018

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash Flows from Operating Activities					
Profit before tax		44,212	45,002	7,750	11,325
Adjustments for:					
Amortisation of intangible assets	13	2,679	2,945	–	–
Bad debts written off		167	–	–	–
Depreciation of property, plant and equipment	11	34,411	31,244	–	–
Fair value (gain)/loss on derivative instruments		(4)	27	–	–
Fair value gain on investment properties	12	(1,000)	(50)	–	–
Gain from bargain purchase	15	(32)	–	–	–
Impairment losses on receivables	18	38	–	2,679	4,911
Interest expense		22,038	19,751	–	56
Income from short term cash investments		(29)	(79)	(20)	(8)
Interest income		(3,731)	(4,191)	(12,529)	(13,453)
Loss on waiver of debts		–	–	192	10
Net (gain)/loss on disposal of property, plant and equipment		(78)	27	–	–
Net unrealised loss on foreign exchange		173	406	–	–
Share of results of associates	16	197	–	–	–
Property, plant and equipment written off	11	363	296	–	–
Provision for post employment benefits	29	98	113	–	–
Reversal of impairment losses on receivable		–	–	–	(2,794)
Reversal of fair value gain on derivatives		–	174	–	–
Unwinding effect on provision for site restoration		139	–	–	–
Operating profit/(loss) before working capital changes		99,641	95,665	(1,928)	47
Contract assets		(1,073)	2,097	–	–
Contract liabilities		1,015	–	–	–
Inventories		(2,377)	(20,367)	–	–
Receivables		8,895	(17,767)	1,518	5,641
Payables		(47,578)	(45,677)	(8,879)	8,307
Net cash generated from/ (used in) operations		58,523	13,951	(9,289)	13,995
Interest received		3,731	4,191	12,529	13,453
Tax paid		(16,883)	(15,707)	(2,501)	(2,817)
Tax refunded		17	337	–	–
Net cash from operating activities		45,388	2,772	739	24,631

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2018 (Cont'd)

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash Flows from Investing Activities					
Acquisition of subsidiaries	15	(90)	(215,965)	-	-
Additional investment in subsidiaries	15	-	-	(250)	-
Repayment from/(Advances to) subsidiaries		-	-	96	(15,902)
Advances to ultimate holding company		(126)	(55)	(129)	(51)
Advances to an associated company		(23)	(871)	-	-
Change in pledged deposits	21	(164)	(465)	-	-
Income from short term cash investments		29	79	20	8
Investment in associates	16	(422)	-	-	-
Proceeds from disposal of property, plant and equipment		758	601	-	-
Purchase of investment property		(61)	(2,250)	-	-
Purchase of property, plant and equipment	(a)	(108,211)	(81,411)	-	-
Net increase in other investments		-	226	-	-
Net cash used in investing activities		(108,310)	(300,111)	(263)	(15,945)
Cash Flows from Financing Activities (b)					
Repayment to subsidiaries		-	-	(726)	(769)
Advances from minority shareholders of subsidiaries		890	415	-	-
Interest paid		(20,477)	(16,752)	-	(56)
Net repayment of finance lease payables		(7,021)	(3,600)	-	-
Net drawdown of term loans		39,619	273,170	-	-
Net repayment of bonds		(552)	(522)	-	-
Net drawdown of bankers' acceptance		248	1,518	-	-
Net (repayment)/drawdown of revolving projects loan		(24,858)	34,847	-	-
Net drawdown of revolving credits		20,909	5,111	-	-
Subscription of shares by non-controlling interests in subsidiaries		-	1,971	-	-
Proceeds from issuance of shares arising from conversion of warrants	22	-	5	-	5
Dividends paid to:	31				
- owners of the Company		-	(8,715)	-	(8,715)
- non-controlling interests		(2,327)	(2,349)	-	-
Net cash from/(used in) financing activities		6,431	285,099	(726)	(9,535)
Net decrease in cash and cash equivalents		(56,491)	(12,241)	(250)	(849)
Cash and cash equivalents at the beginning of the financial year		82,811	84,825	775	1,624
Effect of exchange rate changes on cash and cash equivalents		(4,189)	10,227	-	-
Cash and cash equivalents at the end of the financial year	21	22,131	82,811	525	775

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2018 (Cont'd)

(a) Purchase of property, plant and equipment:

	2018 RM'000	Group 2017 RM'000
Purchase of property, plant and equipment	110,644	109,961
Financed by way of finance lease arrangements	(619)	(715)
Other payables and accruals	–	(25,634)
Provision for liabilities	(1,814)	(2,201)
Cash payments on purchase of property, plant and equipment	108,211	81,411

(b) Reconciliation of liabilities arising from financing activities:

Group	1.1.2018 RM'000	Cash flows RM'000	Non-cash		31.12.2018 RM'000
			Acquisition RM'000	Foreign exchange movement RM'000	
Amount owing to minority shareholders of subsidiaries	1,064	890	–	–	1,954
Finance lease payables	19,707	(7,021)	619	–	13,305
Term loans	331,926	39,619	–	76	371,621
Bonds	1,306	(552)	–	–	754
Bankers' acceptance	14,898	248	–	–	15,146
Revolving projects loan	51,540	(24,858)	–	–	26,682
Revolving credit	5,111	20,909	–	–	26,020
	425,552	29,235	619	76	455,482
Company					
Amounts owing to subsidiaries	726	(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 23 April 2019.

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"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int")

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

New MFRSs

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

Amendments/Improvements to MFRSs

MFRS 2	Share-based Payment
MFRS 4	Insurance Contracts
MFRS 128	Investments in Associates and Joint Ventures
MFRS 140	Investment Property

New IC Int

IC Int 22	Foreign Currency Transactions and Advance Consideration
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NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

The adoption of the above new MFRSs, amendments/improvements to MFRSs and new IC Int 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.

MFRS 9 Financial Instruments

MFRS 9 replaced the guidance of MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and liabilities, on impairment of financial assets, and on hedge accounting.

Key requirements of MFRS 9:

- MFRS 9 introduces an approach for classification and measurement of financial assets which is driven by cash flow characteristics and the business model in which an asset is held.

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 which replaced the "incurred loss" model in MFRS 139. 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. Trade receivables and contract assets that do not contain a significant financing component shall always measure the loss allowance at an amount equal lifetime expected credit losses.
- 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.

The retrospective application of MFRS 9 does not require restatement of 2017 comparative financial statements. As such, the Group and the Company have not restated the comparative information, which continues to be reported under MFRS 139. The Group and the Company recognised any difference between the carrying amount of financial instruments under MFRS 139 and the restated carrying amount under MFRS 9 in the opening balance of retained earnings (or other equity components) of the annual reporting period including the date of initial application i.e. 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Impact of the adoption of MFRS 9

The adoption of MFRS 9 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. Other than the enhanced new disclosures relating to financial instruments, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Classification and measurement

The following are the changes in the classification of the Group's and the Company's financial assets:

- Trade and other receivables, including refundable deposits previously classified as Loans and Receivables under MFRS 139 as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Accordingly, these financial assets are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications as at 1 January 2018:

MFRS 139 measurement category	RM'000	MFRS 9 measurement category	
		Amortised cost RM'000	Fair value through profit or loss RM'000
Financial assets			
Group			
Loans and receivables			
Trade and other receivables, net of non-refundable deposit, GST refundable, advances to sub-contractors and prepayments	293,460	293,460	–
Cash and short-term deposits	118,595	118,595	–
Fair value through profit or loss			
Short term cash investments	289	–	289
	412,344	412,055	289
Company			
Loans and receivables			
Other receivables, net of prepayments	310,329	310,329	–
Cash and short-term deposits	493	493	–
Fair value through profit or loss			
Short term cash investments	282	–	282
	311,104	310,822	282

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (Cont'd)

MFRS 9 Financial Instruments (Cont'd)

Impact of the adoption of MFRS 9 (Cont'd)

(i) Classification and measurement (Cont'd)

In summary, upon the adoption of MFRS 9, the Group and the Company had the following required or elected reclassifications as at 1 January 2018: (Cont'd)

MFRS 139 measurement category	RM'000	MFRS 9 measurement category	
		Amortised cost RM'000	Fair value through profit or loss RM'000
Financial liabilities			
Group			
<i>Other financial liabilities</i>			
Trade and other payables, net of GST payable	162,304	162,304	—
Borrowings	448,293	448,293	—
<i>Fair value through profit or loss</i>			
Derivative financial liabilities	6	—	6
	610,603	610,597	6
Company			
<i>Other financial liabilities</i>			
Other payables, net of GST payable	9,750	9,750	—

(ii) Impairment

In previous financial years, trade and other receivables are impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the receivables (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the receivables ("incurred loss model"). Upon adoption of MFRS 9, the Group and the Company are recording expected credit losses on all its trade and other receivables, either on a 12-month or lifetime basis. Based on the assessment, the Group and the Company do not recognise additional impairment losses on its trade and other receivables at the date of initial application arising from application of simplified approach and general approach respectively to reconcile the lifetime expected credit losses.

Other than as disclosed above, the adoption of MFRS 9 did not have any material impact on the financial statements at the date of initial application.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of new MFRSs, amendments/improvements to MFRSs and new IC Interpretation ("IC Int") (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;
- (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

Impact of the adoption of MFRS 15

The Group and the Company have applied MFRS 15 in accordance with the modified transitional approach, which involves not restating periods prior with the expedient in MFRS 15:C5(d) allowing both non-disclosure of the amount of the transaction price allocated to the remaining performance obligations, and an explanation of when it expects to recognise that amount as revenue for all reporting periods presented before the date of initial application, i.e. 1 January 2018.

In accordance with MFRS 15, the Group and the Company recognise revenue when a performance obligation is satisfied, which is when 'control' of provision of services underlying the particular performance obligation is transferred to the customer and also accounted for any variable consideration element against transaction price.

Other than the enhanced new disclosures relating to contracts with customers, which the Group and the Company have complied with in the current financial year, the adoption of this standard does not have any significant effect on the financial statements of the Group and the Company, except for those as discussed below.

(i) Presentation of contract assets and contract liabilities

The Group has changed the presentation of certain amounts in the statements of financial position to reflect the terminology of MFRS 15:

- Contract liabilities/assets recognised in relation to construction contracts which were previously presented as part of amount owing to/by contract customers.

The adoption of MFRS 15 did not have any material impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 16	Leases	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
<u>Amendments/Improvements to MFRSs</u>		
MFRS 2	Share-based Payment	1 January 2020*
MFRS 3	Business Combinations	1 January 2019/ 1 January 2020*
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2021#
MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020*
MFRS 7	Financial Instruments: Disclosures	1 January 2021#
MFRS 9	Financial Instruments	1 January 2019
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 11	Joint Arrangements	1 January 2019
MFRS 14	Regulatory Deferral Accounts	1 January 2020*
MFRS 15	Revenue from Contracts with Customers	1 January 2021#
MFRS 101	Presentation of Financial Statements	1 January 2020*
MFRS 107	Statements of Cash Flows	1 January 2021#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020*
MFRS 112	Income Taxes	1 January 2019
MFRS 116	Property, Plant and Equipment	1 January 2021#
MFRS 119	Employee Benefits	1 January 2019
MFRS 123	Borrowing Costs	1 January 2019
MFRS 128	Investments in Associates and Joint Ventures	1 January 2019/ Deferred
MFRS 132	Financial instruments: Presentation	1 January 2021#
MFRS 134	Interim Financial Reporting	1 January 2020*
MFRS 136	Impairment of Assets	1 January 2021#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020*
MFRS 138	Intangible Assets	1 January 2020*
MFRS 140	Investment Property	1 January 2021#
<u>New IC Int</u>		
IC Int 23	Uncertainty over Income Tax Treatments	1 January 2019
<u>Amendments to IC Int</u>		
IC Int 12	Service Concession Arrangements	1 January 2020*
IC Int 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020*
IC Int 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020*
IC Int 22	Foreign Currency Transactions and Advance Consideration	1 January 2020*
IC Int 132	Intangible Assets – Web Site Costs	1 January 2020*

* Amendments to References to the Conceptual Framework in MFRS Standards

Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to 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, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below.

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.

On initial adoption of MFRS 16, there may be impact on the accounting treatment for leases, which the Group as a lessee currently accounts for as operating leases. On adoption of this standard, the Group will be required to capitalise its rented premises and equipment on the statements of financial position by recognising them as "rights-of-use" assets and their corresponding lease liabilities for the present value of future lease payments.

The Group plans to adopt this standard when it becomes effective in the financial year beginning 1 January 2019 by applying the transitional provisions and include the required additional disclosures in its financial statements of that year. The Group is likely electing the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to 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, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. (Cont'd)

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.

Amendments to MFRS 128 Investments in Associates and Joint Ventures

Amendments to MFRS 128 clarify that companies shall apply MFRS 9, including its impairment requirements, to account for long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint to which the equity method is not applied.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRSs, amendments/improvements to MFRSs, new IC Interpretation ("IC Int") and amendments to 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, new IC Int and amendments to IC Int when they become effective. A brief discussion on the above significant new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int are summarised below. (Cont'd)

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.

Amendments to References to the Conceptual Framework in MFRS Standards

The Malaysian Accounting Standards Board has issued a revised Conceptual Framework for Financial Reporting and amendments to fourteen Standards under the Malaysian Financial Reporting Standards Framework on 30 April 2018.

The revised Conceptual Framework comprises a comprehensive set of concepts of financial reporting. It is built on the previous version of the Conceptual Framework issued in 2011. The changes to the chapters on the objective of financial reporting and qualitative characteristics of useful financial information are limited, but with improved wordings to give more prominence to the importance of providing information need to assess management's stewardship of the entity's economic resources.

Other improvements of the revised Conceptual Framework include a new chapter on measurement, guidance on reporting financial performance, improved definitions and guidance – in particular the definition of a liability – and clarifications in important areas, such as the role of prudence and measurement uncertainty in financial reporting.

The Amendments to the fourteen Standards are to update the references and quotations in these Standards which include MFRS 2, MFRS 3, MFRS 6, MFRS 14, MFRS 101, MFRS 108, MFRS 134, MFRS 137, MFRS 138, IC Int 12, IC Int 19, IC Int 20, IC Int 22 and IC Int 132.

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, new IC Int and amendments to 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 3.12(a).

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

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

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

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

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)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.1 Basis of consolidation (Cont'd)

(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.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates 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 3.16(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.

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).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.3 Foreign currency transactions and operations (Cont'd)

(b) Translation of foreign operations

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

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

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

3.4 Revenue and other income

Accounting policies applied from 1 January 2018

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics in the property development business if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range of possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.4 Revenue and other income (Cont'd)

Accounting policies applied from 1 January 2018 (Cont'd)

For contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(a) Revenue from telecommunication network services

Revenue is recognised at a point in time upon services rendered and customer's acceptance.

(b) Revenue from renewable energy

Revenue is recognised at a point in time when renewable energy is delivered to customer.

(c) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.4 Revenue and other income (Cont'd)

Accounting policies applied from 1 January 2018 (Cont'd)

(d) Sales of power solutions and other goods

Revenue is recognised at a point in time upon delivery of products and customer's acceptance.

(e) Interest income

Interest income is recognised 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 at a point in time when services are rendered.

(i) Dividend income

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

Accounting policies applied until 31 December 2017

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.4 Revenue and other income (Cont'd)

Accounting policies applied until 31 December 2017 (Cont'd)

(e) Interest income

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

(f) Lease of telecommunication towers or rental income

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(g) Income from short term funds

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(h) Management fees income

Revenue is recognised when services are rendered.

(i) Dividend income

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

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 actuary using the projected unit credit method. In the intervening years, the calculation may be updated by the actuary 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.5 Employee benefits (Cont'd)

(c) Defined benefit plans (Cont'd)

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

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

The Group recognises the following costs in profit or loss:

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

3.6 Borrowing costs

Borrowing costs are interests and other costs that the Group 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 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.

(a) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.7 Income tax (Cont'd)

(b) Deferred tax

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

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

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

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.11, 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)

3.8 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.

Accounting policies applied from 1 January 2018

Except for the trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

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; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured 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 derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

(a) Subsequent measurement

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

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost
- Financial assets at fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.8 Financial instruments (Cont'd)

Accounting policies applied from 1 January 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

(i) Financial assets (Cont'd)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify their debt instruments:

- **Amortised cost**

Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.16(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

- **Fair value through profit or loss (FVPL)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.8 Financial instruments (Cont'd)

Accounting policies applied from 1 January 2018 (Cont'd)

(a) Subsequent measurement (Cont'd)

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

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.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(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 shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.8 Financial instruments (Cont'd)

Accounting policies applied from 1 January 2018 (Cont'd)

(c) Regular way purchase or sale of financial assets (Cont'd)

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.

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

- (i) the contractual rights to receive cash flows from the financial asset expire, or
- (ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) 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 expired. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.8 Financial instruments (Cont'd)

Accounting policies applied from 1 January 2018 (Cont'd)

(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.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability.

Accounting policies applied until 31 December 2017

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.8 Financial instruments (Cont'd)

Accounting policies applied until 31 December 2017 (Cont'd)

(a) Subsequent measurement (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 3.16(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 3.16(a). Gains and losses are recognised in profit or loss through the amortisation process.

(ii) Financial liabilities

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

(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

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.8 Financial instruments (Cont'd)

Accounting policies applied until 31 December 2017 (Cont'd)

(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

Same accounting policies applied until 31 December 2017 and from 1 January 2018.

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 3.16(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 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.9 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

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 and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss as incurred.

(c) Depreciation

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.10 Leases

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

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

(a) Lessee accounting

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

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

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

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

(b) Lessor accounting

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

3.11 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.11 Investment properties (Cont'd)

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

3.12 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 initial 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 3.16(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.

3.13 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.14 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.15 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.

3.16 Impairment of assets

(a) Impairment of financial assets and contract assets

Accounting policies applied from 1 January 2018

Financial assets measured at amortised cost, contract assets and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group applies the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment and including forward-looking information.

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.16 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

Accounting policies applied from 1 January 2018 (Cont'd)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties;
- or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or source of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedure for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.16 Impairment of assets (Cont'd)

(a) Impairment of financial assets and contract assets (Cont'd)

Accounting policies applied until 31 December 2017

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)

3.16 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, 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 exceeds 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.17 Share capital

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

3.18 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.

3.19 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.

3.20 Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

3.21 Fair value measurement

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

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

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

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

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

3.22 Contingencies

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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 financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the impairment losses on the Group's and the Company's financial assets and contract assets are disclosed in Note 38(a).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(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 income tax expense of the Group and the Company are disclosed in Note 9.

(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

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

The carrying amounts of contract assets and contract liabilities are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

5. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
At a point in time:				
Telecommunication network services	261,968	314,598	–	–
Green energy and power solutions	29,900	38,325	–	–
Sales of goods	15,841	4,419	–	–
Dividend income	–	–	–	2,800
	307,709	357,342	–	2,800
Over time:				
Lease income of telecommunication towers	128,282	108,581	–	–
M&E engineering services	21,230	26,266	–	–
	149,512	134,847	–	–
	457,221	492,189	–	2,800

6. COST OF SALES

	Group	
	2018 RM'000	2017 RM'000
Telecommunication network services	215,774	250,320
Lease of telecommunication towers	68,337	65,503
Green energy and power solutions	22,632	28,960
Sales of goods	11,680	3,049
M&E engineering services	18,825	23,176
	337,248	371,008

7. FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Bank overdrafts	3,787	1,765	–	–
Finance lease payables	717	1,090	–	–
Revolving project loan	4,138	3,307	–	–
Revolving credit	956	111	–	–
Term loans	10,428	10,086	–	–
Trade financing	451	393	–	–
Unwinding of discount on payables	1,561	2,999	–	–
Interest on inter company loans	–	–	–	56
	22,038	19,751	–	56

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Amortisation of intangible assets	2,679	2,945	–	–
Auditors' remuneration:				
- statutory audit				
- current year	809	685	116	85
- under-provision in prior year	1	1	–	–
- non-statutory audit				
- current year	7	7	7	7
- under-provision in prior year	–	9	–	9
Bad debts written off	167	–	–	–
Depreciation of property, plant and equipment	34,411	31,244	–	–
Directors' remuneration (Note (a))	4,749	5,122	2,746	2,332
Employee benefit expenses (Note (b))	128,975	105,020	2,015	2,363
Fair value (gain)/loss on derivative instruments	(4)	27	–	–
Fair value gain on investment properties	(1,000)	(50)	–	–
Gain from bargain purchase	(32)	–	–	–
Impairment losses on receivables	38	–	2,679	4,911
Income from short term cash investments	(29)	(79)	(20)	(8)
Interest income	(3,731)	(4,191)	(12,529)	(13,453)
Loss on waiver of debts	–	–	192	10
Net (gain)/loss on disposal of property, plant and equipment	(78)	27	–	–
Net loss on foreign exchange:				
- realised	233	513	–	35
- unrealised	173	406	–	–
Property, plant and equipment written off	363	296	–	–
Provision for post employment benefits	98	113	–	–
Rental expenses:				
- equipment	240	101	–	–
- premises	1,967	1,655	–	–
- sites	19,287	21,557	–	–
- vehicles	5,080	7,331	–	–
- warehouse	3,477	492	–	–
Rental income from premises	(1,010)	(905)	–	–
Reversal of fair value gain on derivatives assets	–	174	–	–
Reversal of impairment losses on receivable	–	–	–	(2,794)
Unwinding effect on provision for site restoration	139	–	–	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

8. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company				
Executive Directors:				
- salaries, allowances and bonuses	3,111	2,709	2,283	1,921
- other emoluments	376	329	275	232
	3,487	3,038	2,558	2,153
Non-executive Directors:				
- fees	168	158	168	158
- allowances	20	21	20	21
	188	179	188	179
Directors of the subsidiaries				
Executive Directors:				
- fees	24	24	-	-
- salaries, allowances and bonuses	961	1,796	-	-
- other emoluments	89	85	-	-
	1,074	1,905	-	-
Total directors' remuneration	4,749	5,122	2,746	2,332

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 RM147,975 (2017: RM211,873) and RM82,675 (2017: RM82,675) respectively.

- (b) Employee benefit expenses are:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Salaries, allowances and bonuses	122,015	98,080	1,760	2,083
Contributions to defined contribution plans and Socso	6,530	6,488	255	280
Other benefits	430	452	-	-
	128,975	105,020	2,015	2,363

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

9. TAX EXPENSE

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

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Statement of comprehensive income				
Current income tax:				
- Current income tax charge	12,381	13,085	1,859	1,651
- Adjustment in respect of prior years	1,772	(226)	137	36
	14,153	12,859	1,996	1,687
Deferred tax (Note 14):				
- Reversal of temporary differences	(312)	(167)	-	-
- Adjustment in respect of prior years	525	370	-	-
	213	203	-	-
	14,366	13,062	1,996	1,687

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2017: 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit before tax	44,212	45,002	7,750	11,325
Tax at Malaysian statutory income tax rate of 24% (2017: 24%)	10,611	10,800	1,860	2,718
Tax effects arising from:				
- non-deductible expenses	10,683	6,174	690	69
- non-taxable income	(5,163)	(3,118)	(691)	(1,136)
Effect of different tax rates in foreign jurisdictions	(1,035)	724	-	-
Deferred tax not recognised on tax losses and temporary differences	108	59	-	-
Deferred tax recognised at different tax rate	(140)	-	-	-
Utilisation of previously unrecognised tax losses and capital allowances	(2,995)	(1,721)	-	-
Adjustments in respect of prior years:				
- income tax	1,772	(226)	137	36
- deferred tax	525	370	-	-
Tax expense	14,366	13,062	1,996	1,687

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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:

	2018 RM'000	Group 2017 RM'000
Profit attributable to owners of the Company	24,276	24,629
Weighted average number of ordinary shares for basic earnings per share	871,473	871,471
Basic earnings per ordinary share (sen)	2.79	2.83

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:

	2018 RM'000	Group 2017 RM'000
Profit attributable to owners of the Company	24,276	24,629
Weighted average number of ordinary shares for basic earnings per share	871,473	871,471
Effect of dilution from warrants conversion	–	53,408
Weighted average number of ordinary shares for diluted earnings per share	871,473	924,879
Diluted earnings per ordinary share (sen)	2.79	2.66

In the previous 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.

The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2018 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

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
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 1.1.2017	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)	-
Acquisition 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
Additions	-	-	8	427	96	79	-	1,308	7,749	2,066	98,911	110,644
Disposals	-	-	(8)	(168)	(130)	(110)	-	(224)	(802)	-	(66)	(1,508)
Write off	-	-	-	-	(3)	-	(11)	-	(1,360)	(4)	(16)	(1,394)
Reclassifications	-	-	-	-	-	-	-	-	79,396	-	(79,396)	-
Transfer from inventories	-	-	-	-	-	-	-	-	-	-	746	746
Translation differences	-	-	-	(30)	(8)	(13)	-	(168)	3,718	5	371	3,875
At 31.12.2018	14,376	4,160	547	5,474	1,176	8,537	6,638	23,517	480,982	80,503	47,602	673,512

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 → RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	At Cost RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Accumulated depreciation												
At 1.1.2017	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)
Acquisition 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
Charge for the financial year	102	53	50	593	114	1,142	662	2,502	24,345	4,848	-	34,411
Disposals	-	-	(4)	(13)	(23)	(89)	-	(245)	(454)	-	-	(828)
Write off	-	-	-	-	(1)	-	(3)	-	(1,027)	-	-	(1,031)
Translation differences	-	-	-	(18)	(6)	(12)	-	(80)	328	13	-	225
At 31.12.2018	425	247	322	4,501	981	6,551	2,714	13,018	163,958	17,752	-	210,469
Net Carrying Amount												
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
At 31.12.2018	13,951	3,913	225	973	195	1,986	3,924	10,499	317,024	62,751	47,602	463,043

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	
	2018	2017
	RM'000	RM'000
Motor vehicles	1,662	3,001
Network facilities	6,406	6,696
Plant and machinery	16,814	19,252
	24,882	28,949

- (b) Included in leasehold land and building is a leasehold land with net carrying amount of RM1,179,664 (2017: RM1,195,731) which was held in trust by a director of the Group.

- (c) 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 27):

	Group	
	2018	2017
	RM'000	RM'000
Freehold land and building	13,951	14,053
Leasehold land and building	3,913	3,966
Plant and machinery	8,146	8,557
	26,010	26,576

- (d) 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.

- (e) 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold land and building RM'000	Total RM'000
At fair value:			
At 1 January 2017	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
Addition	61	–	61
Fair value gain	1,000	–	1,000
At 31 December 2018	15,361	2,500	17,861

- (a) Investment properties of the Group with an aggregate carrying amount of RM17,861,000 (2017: RM16,800,000) are pledged to the licensed banks for credit facilities granted to the subsidiaries (Note 27).
- (b) The following are recognised in profit or loss in respect of investment properties:

	Group 2018 RM'000	2017 RM'000
Rental income	879	786
Direct operating expenses	(67)	(52)

- (c) Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Group Level 3 RM'000	Total RM'000
2018				
Freehold land and buildings	–	15,361	–	15,361
Leasehold land and building	–	2,500	–	2,500
	–	17,861	–	17,861
2017				
Freehold land and buildings	–	14,300	–	14,300
Leasehold land and building	–	2,500	–	2,500
	–	16,800	–	16,800

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

12. INVESTMENT PROPERTIES (CONT'D)

(c) Fair value information (Cont'd)

The valuation of investment properties as at 31 December 2018 and 31 December 2017 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 2018 or 31 December 2017.

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 2017	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
Acquisition of subsidiaries (Note 15)	1,368	–	1,368
Translation differences	1,840	9	1,849
At 31 December 2018	139,436	34,445	173,881
Accumulated Amortisation			
At 1 January 2017	–	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
Charge for the financial year	–	2,679	2,679
Translation differences	–	(113)	(113)
At 31 December 2018	–	9,244	9,244
Net Carrying Amount			
At 31 December 2017	136,228	27,758	163,986
At 31 December 2018	139,436	25,201	164,637

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill

The carrying amounts of goodwill allocated to the CGUs are as follows:

	Group	
	2018 RM'000	2017 RM'000
Telecommunication network services - CGU 1	138,068	136,228
Green energy and power solutions - CGU 2	1,368	–
	139,436	136,228

CGU 1

The estimated recoverable amount of the CGU 1 exceeds the carrying amount of the CGU 1. As a result of the analysis, management did not identify an impairment for this CGU. Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts.

CGU 2

In current financial year, the estimated recoverable amount of the CGU 2 exceeds the carrying amount of the CGU 2. As a result of the analysis, management did not identify an impairment for this CGU. Based on the sensitivity analysis performed, management believes that there is no reasonably possible change in key assumptions that would cause the carrying values of the CGU to exceed its recoverable amounts.

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 5 to 21 years period. The key assumptions used for value-in-use calculations of each CGU are:

	CGU 1	Group CGU 2
2018		
Average gross profit margin	45%	94%
Average revenue growth rate	14%	1%
Pre-tax discount rate	16%	23%
	CGU 1	CGU 2
2017		
Average gross profit margin	32%	–
Average revenue growth rate	15%	–
Pre-tax discount rate	14%	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

13. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (Cont'd)

The calculations of value-in-use for each 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 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 each 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.

(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 RM2,679,000 (2017: RM2,945,000) 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)

	2018 RM'000	Group 2017 RM'000
Deferred tax assets/(liabilities)		
At beginning of the financial year	(13,004)	(8,016)
Deferred tax relating to intangible assets	—	(5,461)
Acquisition of subsidiaries (Note 15)	112	—
Recognised in profit or loss (Note 9)	(213)	(203)
Translation differences	(36)	676
At end of the financial year	(13,141)	(13,004)

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

	2018 RM'000	Group 2017 RM'000
Deferred tax assets	643	633
Deferred tax liabilities	(13,784)	(13,637)
	(13,141)	(13,004)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

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

	2018 RM'000	Group 2017 RM'000
Deferred tax assets		
Accrued expenses	448	459
Post employment benefits	195	174
	643	633
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(7,759)	(7,968)
Fair value gain arising from investment properties	(100)	(12)
Deferred tax relating to intangible assets	(5,925)	(5,657)
	(13,784)	(13,637)

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

	2018 RM'000	Group 2017 RM'000
Unabsorbed capital allowances	310	392
Unutilised tax losses	2,089	14,039
	2,399	14,431

The availability of unutilised tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under Income Tax Act, 1967 and guidelines issued by the tax authority.

Pursuant to Section 11 of the Act 812, special provision relating to Section 43 & 44 of Income Tax Act 1967, a time limit has been imposed on the unutilised business loss, to be carried forward for a maximum of 7 consecutive years of assessment, this section has effect from the year of assessment 2019 and subsequent year of assessment.

Any unutilised business losses brought forward from year of assessment 2018 can be carried forward for another 7 years consecutive years of assessment (i.e. from year of assessments 2019 to 2025).

15. INVESTMENT IN SUBSIDIARIES

	2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost		
At beginning of the financial year	24,282	24,282
Additions	29,350	–
At end of the financial year	53,632	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		Principal Activities
		2018	2017	
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.
Agensi Perkerjaan OCK Ventures Sdn. Bhd. ~ (formerly known as 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%	Investment holding.
Massive Connection Sdn. Bhd.	Malaysia	100%	100%	Provision of information technology services.
Subsidiaries of Milab Marketing Sdn. Bhd.				
Seri Kuasa Sdn. Bhd. * ~	Malaysia	51%	51%	Provision of renewable energy and power solutions.
Azminas Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Novel Energy Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Suluk Damai Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Epic Solartech Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.

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		Principal Activities
		2018	2017	
Subsidiaries of OCK International Sdn. Bhd.				
Fuzhou 1-Net Solution Co. Ltd. *	The People’s Republic of China	51%	51%	Provision of various telecommunications network services.
OCK Phnom Penh Pte. Ltd.	The Kingdom of Cambodia	100%	100%	Provision of consultants, deployment advisory and services relating to telecommunication network services.
OCK Telco Infra Pte. Ltd. ~ ^	Singapore	100%	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
PT Putra Mulia Telecommunication * β	The Republic of Indonesia	85%	85%	Provision of telecommunication solution services.
Well Synergy Resources Pte. Ltd. *	Myanmar	100%	100%	Provision of engineering services, rental business, market research and management services.
Subsidiary of OCK Telco Infra Pte. Ltd.				
MIN-OCK Infrastructure Pte. Ltd. ~ ^	Singapore	100%	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 telecommunication solution services.

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		Principal Activities
		2018	2017	
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.
Subsidiary of Fortress Pte. Ltd.				
Fortress Distribution Sdn. Bhd. >	Malaysia	–	100%	Distribution and installation of network security products and solutions for enterprise customers and provision of technical support.
Subsidiaries of Agensi Perkerjaan OCK Ventures Sdn. Bhd.				
OCK Industries Sdn. Bhd. ~	Malaysia	65%	65%	Provision of engineering services and general trading.

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		Principal Activities
		2018	2017	
Subsidiaries of OCK SEA Towers Pte. Ltd.				
OCK Myanmar Holdings Pte. Ltd. #	Singapore	100%	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.
Subsidiary of OCK Tower Infra Sdn. Bhd.				
OCK Telco Infra Sdn. Bhd.	Malaysia	100%	100%	Provision of civil, structural, electrical and mechanical engineering, telecommunication and industrial control equipment, telecommunication network services 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		Principal Activities
		2018	2017	
Subsidiaries of OCK Vietnam Towers Pte. Ltd.				
Southeast Asia Telecommunications Holdings Pte. Ltd. # β	Singapore	100%	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%	100%	Investment holding.
Cleveland Capital Pte. Ltd. #	Singapore	100%	100%	Investment holding.
Vietnam Infrastructure Heritage Ltd. ~ @	British Virgin Islands	100%	100%	Investment holding.
Eastern Tower Joint Stock Company *	Vietnam	100%	100%	Real estate consulting, management service, business management consulting service and investment holding.
Subsidiaries of Eastern Tower Joint Stock Company				
Global Infrastructure Investment Company Limited *	Vietnam	100%	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%	100%	Development, installation, ownership, operation and leasing out of base BTS towers, infrastructure and other assets.
VNC-55 Infrastructure Investment Company Limited *	Vietnam	100%	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		Principal Activities
		2018	2017	
Subsidiary of Global Infrastructure Investment Company Limited				
Truong Loc Trading Service Telco Joint Stock Company *	Vietnam	100%	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%	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%	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%	100%	Development, installation, ownership, operation and leasing out of base BTS towers, infrastructure and other assets.

* Audited by other auditors other than Baker Tilly Monteiro Heng PLT.

Audited by an independent member firm of Baker Tilly International.

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

β Shares pledged to a bank for term loan facilities granted to subsidiaries (Note 27).

~ Yet to commence operation

> Struck-off in current financial year

@ Consolidated using unaudited management financial statements, no statutory requirement for the financial statements to be audited at financial year end.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Acquisition/Incorporation of subsidiaries

2018

- (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 a wholly-owned subsidiary, Agensi Perkerjaan OCK Ventures Sdn Bhd ("OCKVSB").
- (b) On 8 March 2018, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had acquired entire equity interests in Novel Energy Sdn Bhd ("Novel Energy"), Suluk Damai Sdn. Bhd. ("Suluk Damai") and Azminas Sdn. Bhd. ("Azminas") for cash consideration of RM50,000 each. The principal activities of Novel Energy, Suluk Damai, and Azminas were provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.

The initial accounting for business combination of Novel Energy, Suluk Damai and Azminas in the consolidated financial statements of the Company involves identifying and determining the fair values to be assigned to these companies' identified assets, liabilities and contingent liabilities and the cost of the combination. As at the date of the financial statements are authorised for issue, the fair value of these companies' identified assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of purchase price allocation ("PPA") on these companies' identified assets, liabilities and contingent liabilities. The business combination of Novel Energy, Suluk Damai and Azminas has been accounted for using provisional values. The Group shall recognise any adjustments to these provisional values upon completion of the PPA exercise within 12 months from the acquisition date.

- (i) The provisional fair value of the identifiable assets and liabilities of Novel Energy, Suluk Damai, and Azminas as at the date of acquisition were as follows:

	Novel Energy RM'000	Suluk Damai RM'000	Azminas RM'000	Total RM'000
Assets				
Deferred tax asset (Note 14)	37	32	32	101
Trade and other receivables	261	338	97	696
Tax assets	1	1	1	3
Cash and cash equivalents	18	39	45	102
	317	410	175	902
Liabilities				
Trade and other payables	(684)	(804)	(632)	(2,120)
Total identifiable net liabilities acquired	(367)	(394)	(457)	(1,218)
Goodwill arising from acquisition (Note 13)	417	444	507	1,368
	50	50	50	150

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2018 (Cont'd)

(b) (Cont'd)

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

	Novel Energy RM'000	Suluk Damai RM'000	Azminas RM'000	Total RM'000
Total consideration paid in cash by the Group	50	50	50	150
Less: Cash and cash equivalent of the subsidiaries acquired	(18)	(39)	(45)	(102)
Net cash outflow on acquisition	32	11	5	48

(iii) Effects of acquisition in statement of comprehensive income

From the date of acquisition, the subsidiaries' contributed revenue and loss net of tax are as follows:

	Novel Energy RM'000	Suluk Damai RM'000	Azminas RM'000	Total RM'000
Revenue	298	311	423	1,032
Loss for the financial year	(110)	(92)	(91)	(293)

If the acquisition had occurred on 1 January 2018, the consolidated results for the financial year ended 31 December 2018 would have been as follows:

	Novel Energy RM'000	Suluk Damai RM'000	Azminas RM'000	Total RM'000
Revenue	377	385	509	1,271
Loss for the financial year	(122)	(103)	(102)	(327)

(c) On 12 June 2018, the Company's wholly-owned subsidiary, Milab had acquired entire equity interest in Epic Solartech Sdn. Bhd. ("Epic Solartech") for a cash consideration of RM50,000. The principal activity of Epic Solartech was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2018 (Cont'd)

(c) (Cont'd)

- (i) The fair value of the identifiable assets and liabilities of Epic Solartech as at the date of acquisition were as follows:

	Epic Solartech RM'000
Assets	
Deferred tax asset (Note 14)	11
Trade and other receivables	38
Tax assets	54
Cash and cash equivalents	8
	111
Liabilities	
Trade and other payables	(29)
Total identifiable net assets acquired	82
Gain on bargain purchase	(32)
	50

- (ii) The effect of the acquisition of the subsidiary on cash flows of the Group were as follows:

	Epic Solartech RM'000
Total consideration paid in cash by the Group	50
Less: Cash and cash equivalent of the subsidiaries acquired	(8)
Net cash outflow on acquisition	42

- (iii) Effect of acquisition in statement of comprehensive income

From the date of acquisition, the subsidiary's contributed revenue and loss net of tax are as follows:

	Epic Solartech RM'000
Revenue	157
Loss for the financial year	(45)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2018 (Cont'd)

(c) (Cont'd)

(iii) Effect of acquisition in statement of comprehensive income (Cont'd)

If the acquisition had occurred on 1 January 2018, the consolidated results for the financial year ended 31 December 2018 would have been as follows:

	Epic Solartech RM'000
Revenue	293
Loss for the financial year	(74)

2017

- (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) (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 RM2,344,239 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 was 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 was 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)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(ii) Subscription for additional interests in subsidiaries

2018

OCK Setia Engineering Sdn. Bhd.

On 5 February 2018, the Company had further subscribed for 3,000,000 ordinary shares of OCK Setia Engineering Sdn. Bhd. by way of capitalising the amount owing to the Company of RM3,000,000.

Massive Connection Sdn. Bhd.

On 28 June 2018, the Company had further subscribed for 99,998 ordinary shares of Massive Connection Sdn. Bhd. by way of capitalising the amount owing to the Company of RM99,998.

Milab Marketing Sdn. Bhd.

On 25 October 2018, the Company had further subscribed for 26,000,000 ordinary shares of Milab Marketing Sdn. Bhd. by way of capitalising the amount owing to the Company of RM26,000,000.

Agensi Perkerjaan OCK Venture Sdn. Bhd.

On 6 December 2018, the Company had further subscribed for 249,998 ordinary shares of Agensi Perkerjaan OCK Ventures Sdn. Bhd. for a cash consideration of RM249,998.

2017

EI 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 of EI 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 of OCK M&E Sdn. Bhd..

(iii) Striking-off of subsidiaries

2018

PMT Asia Sdn. Bhd.

On 7 August 2018, the Company's wholly-owned subsidiary, PMT Asia Sdn. Bhd. had been struck-off from the Register of Companies Commission of Malaysia.

Fortress Distribution Sdn. Bhd.

In December 2018, the Company's indirect wholly-owned subsidiary, Fortress Distribution Sdn. Bhd. had applied for struck-off with Register of Companies Commission of Malaysia.

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:

2018		OCK						SEATH Group RM'000	Others RM'000	Total RM'000
		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	Vietnam Towers Pte. Ltd. RM'000		
	NCI Percentage of ownership interest and voting interest	49%	15%	49%	48%	49%	39%	40%		
	Carrying amount of NCI	709	3,235	2,813	2,401	6,163	3,099	27,781	7,053	53,989
	Profit/(Loss) allocated to NCI	65	188	650	498	1,432	834	(2,506)	4,564	(155)
	Total comprehensive income/(loss) allocated to NCI	30	112	650	498	1,432	834	(2,226)	2,991	3,275
2017										
	NCI Percentage of ownership interest and voting interest	49%	15%	49%	48%	49%	39%	40%		
	Carrying amount of NCI	679	3,335	2,555	3,102	5,466	2,264	30,007	5,535	53,041
	Profit/(Loss) allocated to NCI	261	410	808	936	2,329	385	(2,732)	5,777	(863)
	Total comprehensive income/(loss) allocated to NCI	231	37	808	936	2,329	385	(5,803)	6,175	(868)

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

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

2018	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
Summarised statements of financial position								
Non-current assets	49	2,668	49	230	2,677	1,536	216,082	184,305
Current assets	3,703	22,666	11,238	14,350	17,429	22,462	2,336	179,263
Non-current liabilities	-	(439)	(15)	(163)	(1,594)	(172)	-	(134,262)
Current liabilities	(1,561)	(9,018)	(5,536)	(9,949)	(5,949)	(15,894)	(142,766)	(13,705)
Net assets	2,191	15,877	5,736	4,468	12,563	7,932	75,652	215,601
Summarised statements of comprehensive income								
Revenue	5,825	34,689	23,892	23,287	26,380	21,713	-	63,578
Profit/(Loss) for the financial year	132	1,252	1,327	1,038	2,922	2,140	(6,266)	28,506
Total comprehensive income/(loss)	61	745	1,327	1,038	2,922	2,140	(5,565)	22,110

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)

2018	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
Summarised cash flow information								
Cash flows (used in)/from:								
- operating activities	(420)	2,765	4,466	3,765	5,390	(1,182)	(6,258)	(100,196)
- investing activities	(30)	(735)	(1)	(35)	(98)	(933)	-	(12,592)
- financing activities	-	(2,772)	(1,755)	(4,348)	(6,989)	152	8,035	118,150
Net (decrease)/increase in cash and cash equivalents	(450)	(742)	2,710	(618)	(1,697)	(1,963)	1,777	5,362
Dividends paid to non-controlling interests	-	-	392	1,200	735	-	-	-

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)

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
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

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)

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
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	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. INVESTMENT IN ASSOCIATES

	Company	
	2018 RM'000	2017 RM'000
Unquoted shares, at cost		
At beginning of the financial year	61	61
Additions	422	–
At end of the financial year	483	61
Share of post-acquisition losses		
At beginning of the financial year	(61)	(61)
Share of results	(197)	–
At end of the financial year	(258)	(61)
	225	–

- (a) 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 were increased from RM2 to RM1,000,000 where OCKSE and IRAT each subscribed 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 principal activity of ICW is in the provision of engineering services.

- (b) On 23 May 2018, the Company's wholly-owned subsidiary, OCK Setia Engineering Sdn. Bhd. ("OCKSE") had completed acquisition of 49 ordinary shares in OCK Digital Infra (Sarawak) Sdn. Bhd. ("OCKDIS") representing the 49% equity interest in OCKDIS.

On 13 June 2018, OCKSE had further subscribed for 48,951 ordinary shares in the share capital of OCKDIS. Subsequently, on 19 September 2018, OCKSE disposed 29,000 ordinary shares representing 29% equity interest in OCKDIS for a cash consideration of RM29,000. Consequently, OCKSE owned 20% equity interest in OCKDIS.

- (c) The associate is accounted for using the equity method in the consolidated financial statements.
- (d) Details of the associate are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest		Principal Activities/ Nature of the relationship
		2018	2017	
OCK Steadcom (Thailand) Co., Ltd. ^	Thailand	49%	49%	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation/ Secondment of staff.
Irat Civil Works Sdn. Bhd. *	Malaysia	40%	–	Provision of engineering services.
OCK Digital Infra (Sarawak) Sdn. Bhd.	Malaysia	20%	–	Provision of turnkey telecommunication network services.

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

* Audited by other auditors other than Baker Tilly Monteiro Heng PLT.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. INVESTMENT IN ASSOCIATES (CONT'D)

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

	OCK Digital Infra (Sarawak) Sdn. Bhd. RM'000	Irat Civil Works Sdn. Bhd. RM'000	OCK Steadcom Thailand RM'000	Total RM'000
2018				
Assets and Liabilities				
Non-current assets	–	2	10	12
Current assets	107	1,243	3,108	4,458
Current liabilities	(12)	(736)	(3,206)	(3,954)
Net assets/(liabilities)	95	509	(88)	516
Results:				
Revenue	–	2,187	3,614	5,801
(Loss)/Profit for the financial year	(5)	(576)	633	52
Total comprehensive (loss)/profit	(5)	(576)	633	52
Reconciliation of net assets/ (liabilities) to carrying amount:				
Share of net assets at the acquisition date	20	402	61	483
Fair value adjustments	–	–	–	–
Cost of investment	20	402	61	483
Share of post-acquisition losses	(1)	(196)	(61)	(258)
Carrying amount in the consolidated statements of financial position	19	206	–	225
Group's share of results				
Group's share of loss, representing Group's share of total comprehensive loss	(1)	(196)	–	(197)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

16. INVESTMENT IN ASSOCIATES (CONT'D)

The following table illustrates the summarised financial information of the Group's associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interests in the associates: (Cont'd)

	OCK Steadcom Thailand RM'000
2017	
Assets and Liabilities	
Non-current assets	20
Current assets	2,067
Current liabilities	(2,458)
Net liabilities	(371)
Results:	
Revenue	831
Loss for the financial year	(187)
Total comprehensive loss	(187)
Reconciliation of net assets to carrying amount:	
Share of net assets at the acquisition date	61
Fair value adjustments	-
Cost of investment	61
Share of post-acquisition losses	(61)
Carrying amount in the consolidated statement of financial position	-
Group's share of results	
Group's share of loss, representing Group's share of total comprehensive loss	(61)

17. INVENTORIES

	2018 RM'000	Group 2017 RM'000
At cost:		
Raw materials	4,692	2,546
Work-in-progress	66,970	67,058
Finished goods	760	1,187
	72,422	70,791
Inventories recognised as cost of sales during the financial year	242,744	309,927

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current:					
Trade receivable					
- Third party	(a) (b)	-	21,878	-	-
Other receivables					
- Third parties		1,221	1	-	-
- Prepayments		3,184	1,454	-	-
- Amounts owing by subsidiaries	(f)	-	-	285,973	315,361
		4,405	23,333	285,973	315,361
Less: Allowance for impairment loss					
- Amount owing by a subsidiary		-	-	(7,970)	(5,291)
		4,405	23,333	278,003	310,070
Current:					
Trade receivables					
- Third parties:					
- billed		169,083	194,539	-	-
- unbilled		54,762	40,795	-	-
- Related parties	(c)	2,141	2,280	-	-
- Retention sum	(d)	3,783	4,569	-	-
		229,769	242,183	-	-
Less: Allowance for impairment loss					
- Third party		(265)	(265)	-	-
	(a) (e)	229,504	241,918	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TRADE AND OTHER RECEIVABLES (CONT'D)

Note	2018 RM'000	Group 2017 RM'000	2018 RM'000	Company 2017 RM'000
Other receivables				
- Third parties	29,132	15,851	1	1
- Interest receivables	–	–	–	189
- Amount owing by ultimate holding company	198	72	198	69
- Amounts owing by related parties	–	413	–	–
- Amount owing by an associated company	2,030	2,007	–	–
	31,360	18,343	199	259
Less: Allowance for impairment loss				
- Third party	(38)	–	–	–
Total other receivables, net	31,322	18,343	199	259
Deposits (g)	10,104	9,866	–	–
Advances to sub-contractors	8,244	6,192	–	–
GST refundable	992	1,513	13	–
Prepayments (h)	37,625	29,249	624	1,965
	88,287	65,163	836	2,224
Total trade and other receivables (current)	317,791	307,081	836	2,224
Total trade and other receivables (non-current and current)	322,196	330,414	278,839	312,294

(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 (2017: 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TRADE AND OTHER RECEIVABLES (CONT'D)

(a) Credit term of trade receivables (Cont'd)

The movements in the impairment of trade and other receivables are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Trade receivable				
At beginning/end of the financial year	265	265	–	–
Other receivables				
At beginning of the financial year	–	–	5,291	3,174
Charge for impairment losses (Note 8)				
- individually assessed	38	–	2,679	4,911
Reversal of impairment losses (Note 8)	–	–	–	(2,794)
At end of the financial year	38	–	7,970	5,291

- (b) In the previous financial year, long term trade receivable is measured at amortised cost at imputed interest rate at 7% per annum.
- (c) Included in trade receivables of the Group are amounts of RM2,140,935 (2017: RM2,280,161) owing by related parties in which certain directors of subsidiaries had substantial financial interest. The amount is under normal trade term.
- (d) Included in trade receivables of the Group are retention sum of RM3,782,659 (2017: RM4,568,453) 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 RM5,760,000 (2017: RM5,960,000) pledged as security for banking facility granted to a subsidiary (Note 27).
- (f) Amounts owing by subsidiaries are non-trade in nature, unsecured, not expected to be settled within the next 12 months (2017: within the next 12 months), bear interest at rate of 4.6% (2017: 4.6%) per annum and expected to be settled in cash.
- (g) Included in deposits of the Group is a refundable deposit of RM5,000,000 (2017: RM5,000,000) paid by a subsidiary to sub-contractors.
- (h) Included in prepayments of the Group are:
- (i) down payment of RM1,305,000 (2017: RM1,305,000) for the purchase of a company shares;
 - (ii) transaction costs of RM4,265,676 (2017: RM2,861,914) in relation to the undrawn loan facilities of the Group; and
 - (lii) down payments to suppliers of RM19,086,880 (2017: RM7,110,705) for the purchase of goods and equipment.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

18. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	2018 RM'000	Group 2017 RM'000
United States Dollar	481	55

- (j) The information about the credit exposures are disclosed in Note 38(a).

19. CONTRACT ASSETS/(LIABILITIES)

	2018 RM'000	Group 2017 RM'000
Contract assets relating to construction service contracts	13,085	12,012
Contract liabilities relating to construction service contracts	(1,890)	(875)

(a) Significant changes in contract balances

Group	2018 Contract assets increase/ (decrease) RM'000	2018 Contract liabilities (increase)/ decrease RM'000	2017 Contract assets increase/ (decrease) RM'000	2017 Contract liabilities (increase)/ decrease RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	–	202	–	631
Increases due to cash received, excluding amounts recognised as revenue during the period	–	(1,217)	–	(869)
Increases as a result of changes in the measure of progress	5,362	–	4,563	–
Transfers from contract assets recognised at the beginning of the period to receivables	(4,391)	–	(5,872)	–
Translation difference	102	–	(549)	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

19. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(b) Revenue recognised in relation to contract balances

	2018 RM'000	Group 2017 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	202	631

Revenue recognised that was included in the contract liability balance at the beginning of the year represented primarily revenue from the sale of construction contracts when percentage of completion increases.

20. DERIVATIVE FINANCIAL LIABILITIES

	2018 RM'000	Group 2017 RM'000
Derivatives liabilities at fair value through profit or loss: Forward foreign exchange contracts	2	6

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 2018 were RM119,098 (2017: RM3,367,461).

21. CASH AND SHORT TERM DEPOSITS

	2018 RM'000	Group 2017 RM'000	2018 RM'000	Company 2017 RM'000
Cash and bank balances	54,181	77,388	222	493
Short term deposits placed with licensed banks	21,197	41,207	–	–
Short term cash investments	1,311	289	303	282
Cash and short term deposits as presented in statements of financial position	76,689	118,884	525	775

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

21. 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Short term deposits placed with licensed banks	21,197	41,207	–	–
Less: Pledged deposits	(12,432)	(12,268)	–	–
	8,765	28,939	–	–
Cash and bank balances	54,181	77,388	222	493
Short term cash investments	1,311	289	303	282
Less: Bank overdrafts (Note 27)	(42,126)	(23,805)	–	–
Cash and short term deposits as presented in statements of cash flows	22,131	82,811	525	775

- (a) Deposits placed with licensed banks amounting of RM12,431,571 (2017: RM12,267,899) of the Group are pledged as security for banking facilities granted to subsidiaries (Note 27).
- (b) Deposits placed with licensed banks of the Group earn interest at rates ranging from 2.60% to 6.40% (2017: 2.45% to 6.40%) 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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Chinese Yuan	–	3	–	–
United States Dollar	24,273	25,530	–	5

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

22. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2018 Unit	2017 Unit	2018 RM'000	2017 RM'000
Issued and fully paid up:				
At beginning of the financial year	871,473	871,465	244,305	87,147
Transition to no-par value regime	–	–	–	157,150
Issuance of shares pursuant to conversion of warrants	–	8	–	8
At end of the financial year	871,473	871,473	244,305	244,305

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.

In the previous 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 in the previous financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

23. SHARE PREMIUM

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 22.

24. 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

25. REVALUATION RESERVE

	2018 RM'000	Group 2017 RM'000
At beginning of the financial year	4,306	4,405
Realisation of revaluation reserve	(99)	(99)
At end of the financial year	4,207	4,306

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

26. 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 (2017: 264,072,954).

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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. BORROWINGS

		2018 RM'000	Group 2017 RM'000
Non-current:			
Secured			
Finance lease payables	(a)	7,768	12,748
Term loans	(b)	316,468	166,632
Unsecured			
Bonds	(c)	—	754
		324,236	180,134
Current:			
Secured			
Bankers' acceptance	(d)	15,146	14,898
Revolving projects loan	(e)	26,682	51,540
Bank overdrafts	(f)	42,126	23,805
Finance lease payables	(a)	5,537	6,959
Term loans	(b)	55,153	165,294
Revolving credit	(g)	26,020	5,111
Unsecured			
Bonds	(c)	754	552
		171,418	268,159
		495,654	448,293
Total borrowings:			
Finance lease payables	(a)	13,305	19,707
Term loans	(b)	371,621	331,926
Bonds	(c)	754	1,306
Bankers' acceptance	(d)	15,146	14,898
Revolving projects loan	(e)	26,682	51,540
Bank overdrafts	(f)	42,126	23,805
Revolving credit	(g)	26,020	5,111
		495,654	448,293

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. 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	
	2018 RM'000	2017 RM'000
Future minimum lease payments	14,678	22,044
Less: Future finance charges	(1,373)	(2,337)
Total present value of minimum lease payments	13,305	19,707

Payable within one year

Future minimum lease payments	6,194	7,966
Less: Future finance charges	(657)	(1,007)
Present value of minimum lease payments	5,537	6,959

Payable more than 1 year but not more than 5 years

Future minimum lease payments	8,484	14,078
Less: Future finance charges	(716)	(1,330)
Present value of minimum lease payments	7,768	12,748
Total present value of minimum lease payments	13,305	19,707

The finance lease payables of the Group bear effective interest rates ranging from 4.15% to 7.01% (2017: 4.15% to 6.63%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. BORROWINGS (CONT'D)

(b) Term loans - secured

	Group	
	2018 RM'000	2017 RM'000
Term loan I	2,101	2,666
Term loan II	7,868	8,549
Term loan III	1,063	1,132
Term loan IV	3,472	4,028
Term loan V - United States Dollar	3,422	5,827
Term loan VI - Indonesian Rupiah	4,608	3,576
Term loan VII - United States Dollar	139,879	146,372
Term loan VIII - United States Dollar	–	121,425
Term loan IX	19,062	32,856
Term loan X	1,731	1,789
Term loan XI	3,223	3,706
Term loan XII - United States Dollar	40,533	–
Term loan XIII	12,377	–
Term loan XIV	3,776	–
Term loan XV	11,722	–
Term loan XVI - United States Dollar	60,836	–
Term loan XVII	16,485	–
Term loan XVIII	29,306	–
Term loan XIX	10,157	–
	371,621	331,926

The term loans are repayable as follows:

	Group	
	2018 RM'000	2017 RM'000
Non-current liabilities:		
- due more than 1 year but not later than 5 years	301,247	136,871
- due after 5 years	15,221	29,761
	316,468	166,632
Current liabilities:		
- due within 1 year	55,153	165,294
	371,621	331,926

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. BORROWINGS (CONT'D)

(b) Term loans - secured (Cont'd)

- (i) The term loans bear interest at rates ranging from 4.65% to 12.27% (2017: 4.40% to 12.27%) per annum and are secured and supported as follows:
- (a) Legal charge over the investment properties of the Group (Note 12);
 - (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 (Note 11);
 - (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;
 - (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;
 - (y) Assignment of contracts; and
 - (z) Master security agreement.
- (ii) The foreign currency exposure profile of the Group's term loans is as follows:

	Group	
	2018 RM'000	2017 RM'000
United States Dollar	64,258	152,199

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. 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 5.84% to 6.09% (2017: 5.80% to 6.08%) 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 (Note 11);
- (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 5.33% to 5.58% (2017: 3.84% to 5.36%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

27. 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% (2017: 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 7.92% to 8.74% (2017: 7.25% to 8.49%) 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 rates ranging from 6.51% to 7.51% (2017: 6.76%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. TRADE AND OTHER PAYABLES

		2018 RM'000	Group 2017 RM'000	2018 RM'000	Company 2017 RM'000
Non-current:					
Trade payable					
- Third party	(a) (b)	–	3,699	–	–
Current:					
Trade payables					
- Third parties		79,303	73,785	–	–
- Accruals		7,809	8,841	–	–
- Related parties		26	39	–	–
- Associate of ultimate holding company		445	575	–	–
- Retention sum		2,093	1,267	–	–
	(a)	89,676	84,507	–	–
Other payables		12,741	42,044	2	8,827
Accruals	(d)	9,598	23,205	185	197
Deposits		6,776	6,643	–	–
GST payable		518	1,746	–	41
Amounts owing to subsidiaries	(e)	–	–	–	726
Amounts owing to minority shareholders of subsidiaries	(f)	1,954	1,064	–	–
Amounts owing to directors of subsidiaries	(g)	99	1,142	–	–
		31,686	75,844	187	9,791
Total trade and other payables (current)		121,362	160,351	187	9,791
Total trade and other payables (non-current and current)		121,362	164,050	187	9,791

(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 (2017: 30 to 90 days).

(b) In the previous financial year, long term trade payable is measured at amortised cost at imputed interest rate at 7% per annum.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

28. TRADE AND OTHER PAYABLES (CONT'D)

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

	2018 RM'000	Group 2017 RM'000
Chinese Yuan	8,559	121

- (d) Non-trade accruals of the Group include accrued costs on property, plant and equipment of RM7,769,687 (2017: RM10,934,470) owing to the suppliers and sub-contractors.
- (e) In the previous financial year, amounts owing to subsidiaries are non-trade in nature, unsecured, repayable upon demand in cash and bear interest at 4.6% per annum.
- (f) Amounts owing to minority shareholders of subsidiaries are 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.
- (h) For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 38(b).

29. POST EMPLOYMENT BENEFIT LIABILITIES

	2018 RM'000	Group 2017 RM'000
At beginning of the financial year	368	325
Recognised in profit or loss (Note 8)	98	113
Actuarial loss/(gain) recognised in other comprehensive income	4	(30)
Translation differences	(10)	(40)
At end of the financial year	460	368

- (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 actuary on its report dated 26 February 2019 (2017: 29 January 2018) using the projected unit credit method.
- (c) Principal actuarial assumptions used at the reporting date are as follows:

	2018	Group 2017
Discount rate	8.66%	7.29%
Normal retirement age	55 years	55 years
Salary increase rate	10%	10%

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

29. POST EMPLOYMENT BENEFIT LIABILITIES (CONT'D)

Assumptions on future mortality are determined based on the published past statistics and actual experience. The measurements assume an average life expectancy of 30 years for an employee retiring at age 55.

Sensitivity analysis

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

Group	Reasonably possible change in assumption	Effect on defined benefit obligation	
		Increase RM'000	Decrease RM'000
2018			
Discount rate	1.0%	(51)	60
Future salary growth	1.0%	58	(50)
2017			
Discount rate	1.0%	(52)	63
Future salary growth	1.0%	59	(50)

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.

30. PROVISION FOR LIABILITIES

	Group	
	2018 RM'000	2017 RM'000
Site restoration costs		
At beginning of the financial year	2,201	—
Additions	1,814	2,201
Unwinding of discount (Note 8)	139	—
Translation difference	41	—
At end of the financial year	4,195	2,201

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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

31. DIVIDENDS

	Group and Company	
	2018	2017
Recognised during the financial year:	RM'000	RM'000
Single-tier interim dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2017	–	8,715

32. FINANCIAL GUARANTEES

	Company	
	2018	2017
	RM'000	RM'000
Financial guarantees given to licensed banks for outstanding banking facilities granted to subsidiaries	491,121	441,876

33. CAPITAL COMMITMENTS

	Group	
	2018	2017
	RM'000	RM'000
In respect of capital expenditure:		
Property, plant and equipment		
- approved and contracted for	96,740	77,836
- approved but not contracted for	96,487	101
In respect of acquisition of a subsidiary		
- approved and contracted for	145	145

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

34. OPERATING LEASE COMMITMENTS

(a) The Group as lessee

The Group has entered into a commercial lease for its sites, office premises, factory, equipment, motor vehicles and hostels. These leases have tenure of 1 to 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	
	2018 RM'000	2017 RM'000
Not later than one year	24,511	27,966
Later than one year and not later than five years	55,756	40,547
Later than five years	49,192	44,980
	129,459	113,493

(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	
	2018 RM'000	2017 RM'000
Not later than one year	76,315	101,750
Later than one year and not later than five years	295,529	271,116
Later than five years	426,502	352,490
	798,346	725,356

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

For the purpose of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability to directly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have related party relationships with their subsidiaries, related parties, directors of the Company and key management personnel. Related parties of the Group are as follows:

Related parties	Relationship
Dynasynergy Sdn. Bhd.	A company in which a director and shareholder of a subsidiary (Dynasynergy Services Sdn. Bhd.) is a director and a substantial shareholder
Dynasynergy Technology Sdn. Bhd.	A company in which a director and shareholder of a subsidiary (Dynasynergy Services Sdn. Bhd.) is a director and a substantial shareholder
Modern Net Sdn. Bhd.	A company in which a director of a subsidiary (Firatel Sdn. Bhd.) is a director and a substantial shareholder
PLY Technology	A company in which a director and shareholder of a subsidiary (Steadcom Sdn. Bhd.) is a director and a substantial shareholder
OCK Steadcom (Thailand) Pte. Ltd.	An associated company
Imejjiwa Communications	A company in which a director of the Company is a director
Irat Civil Works Sdn. Bhd.	An associated company

NOTES TO THE
FINANCIAL STATEMENTS (Cont'd)

35. RELATED PARTY TRANSACTIONS (CONT'D)

(b) Transactions with related parties are as follows:

	2018 RM'000	Group 2017 RM'000
Related Parties		
<i>Dynasynergy Sdn. Bhd.</i>		
Sales received/receivable	(2,231)	(8,174)
<i>Dynasynergy Technology Sdn. Bhd.</i>		
Purchases paid/payable	203	–
<i>Imejjiwa Communications</i>		
Consultancy fees paid/payable	69	72
<i>PLY Technology</i>		
Consultancy fees paid/payable	336	246
Associates		
<i>Irat Civil Works Sdn. Bhd.</i>		
Sales received/receivable	(973)	–
<i>OCK Steadcom (Thailand) Pte. Ltd.</i>		
Sales received/receivable	(1,234)	–
Staff cost paid/payable	–	448

	2018 RM'000	Company 2017 RM'000
Received and receivable from subsidiaries		
Management fees	(4,000)	(3,946)
Interest income	(12,525)	(13,452)
Paid and payable to subsidiaries		
Interest expense	—	56
Waiver of debts	192	10

Information regarding outstanding balances arising from related parties transactions at each reporting date are disclosed in Notes 18 and 28.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

35. RELATED PARTY TRANSACTIONS (CONT'D)

(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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Directors of the Company				
Executive Directors:				
- salaries, allowances and bonuses	3,111	2,709	2,283	1,921
- other emoluments	376	329	275	232
	3,487	3,038	2,558	2,153
Non-executive Directors:				
- fees	168	158	168	158
- allowances	20	21	20	21
	188	179	188	179
Directors of the subsidiaries				
Executive Directors:				
- fees	24	24	-	-
- salaries, allowances and bonuses	961	1,796	-	-
- other emoluments	89	85	-	-
	1,074	1,905	-	-
Total directors' remuneration	4,749	5,122	2,746	2,332
Other key management personnel				
Short term employee benefits	1,998	3,674	411	1,785
Post employment benefits	245	406	50	243
	2,243	4,080	461	2,028
	6,992	9,202	3,207	4,360

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. SEGMENT INFORMATION

The Group has five reporting segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies.

For each of the strategic business units, the Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

- (i) Telecommunication Network Services;
- (ii) Green Energy & Power Solutions;
- (iii) Trading;
- (iv) M&E Engineering Services; and
- (v) Investment Holding.

There are varying level of integration between reportable segments, the Telecommunication Network Services and M&E Engineering Services reportable segments. This integration includes transfer of raw materials 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)

36. SEGMENT INFORMATION (CONT'D)

Group 2018	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
Revenue								
External revenue		390,250	30,275	15,841	21,230	-	(375)	457,221
Inter-segment revenue	a	31,861	1,198	5,872	1,023	-	(39,954)	-
		422,111	31,473	21,713	22,253	-	(40,329)	457,221
Results								
Interest income	a	(5,911)	(9)	(339)	(2)	(12,549)	15,050	(3,760)
Finance costs	a	29,288	2,767	459	114	1,610	(12,200)	22,038
Depreciation and amortisation		30,519	2,921	100	60	-	3,490	37,090
Other non-cash (income)/expenses	b	(3,036)	(25)	(107)	-	2,685	347	(136)
Segment profit after tax	c	47,939	932	2,140	368	4,134	(25,667)	29,846
Segment Assets								
Additions to non-current assets	d	109,988	1,339	784	14	-	(1,420)	110,705
Segment assets	e	1,826,163	75,777	23,997	25,216	365,922	(1,180,494)	1,136,581
Segment Liabilities	f	1,170,582	42,199	16,066	15,198	34,950	(637,471)	641,524

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. SEGMENT INFORMATION (CONT'D)

Group 2017	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
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 after tax	c	27,115	2,663	986	649	8,765	(8,238)	31,940
Segment Assets								
Additions to non-current assets	d	86,140	26,071	–	–	–	–	112,211
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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. 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:

	2018 RM'000	2017 RM'000
Bad debts written off	167	–
Impairment losses on other receivables	38	–
Fair value (gain)/loss on derivative instruments	(4)	27
Fair value gain on investment properties	(1,000)	(50)
Gain from bargain purchase	(32)	–
Net unrealised loss on foreign exchange	173	406
Provision for post employment benefits	98	113
Property, plant and equipment written off	363	296
Reversal of fair value gain on derivatives assets	–	174
Net (gain)/loss on disposal of property, plant and equipment	(78)	27
Unwinding effect on provision for site restoration	139	–
	(136)	993

- (c) Inter-segment transactions eliminated on consolidation.
- (d) Additions to non-current assets (excluding financial instruments, intangible assets and deferred tax assets) consist of:

	2018 RM'000	2017 RM'000
Property, plant and equipment	110,644	109,961
Investment properties	61	2,250
	110,705	112,211

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

	2018 RM'000	2017 RM'000
Inter-segment assets	(1,180,494)	(1,094,595)

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

	2018 RM'000	2017 RM'000
Deferred tax liabilities	5,925	6,672
Inter-segment liabilities	(643,396)	(619,881)
	(637,471)	(613,209)

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

36. SEGMENT INFORMATION (CONT'D)

(g) Geographical information

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

	Revenue	
	2018	2017
	RM'000	RM'000
Malaysia	282,453	322,652
Cambodia	–	2,761
China	5,825	7,332
Myanmar	65,648	49,332
Indonesia	47,090	46,951
Singapore	8,124	11,293
Vietnam	48,081	51,868
	457,221	492,189

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	
	2018	2017
	RM'000	RM'000
Malaysia	151,951	149,671
Cambodia	2	8
China	49	34
Myanmar	289,845	206,653
Indonesia	16,793	20,540
Vietnam	186,901	187,337
	645,541	564,243

(h) Major customers

Revenue from two major customers (2017: one) in the Telecommunication Network Services segment represents approximately RM81,716,063 (2017: RM38,340,875) or 18% (2017: 8%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

From 1 January 2018:

- (i) Amortised cost ("AC")
- (ii) Fair value through profit or loss ("FVPL")

On or before 31 December 2017:

- (i) Loans and receivables ("L&R")
- (ii) Fair value through profit or loss ("FVTPL")
- (iii) Other financial liabilities ("FL")

	Carrying amount RM'000	AC RM'000	FVPL RM'000
2018			
Financial Assets			
Group			
Trade and other receivables, net of non-refundable deposit, GST refundable, advances to sub-contractors and prepayments	272,151	272,151	–
Cash and short-term deposits	75,378	75,378	–
Short term cash investments	1,311	–	1,311
	348,840	347,529	1,311
Company			
Other receivables, net of prepayments	278,202	278,202	–
Cash and short-term deposits	222	222	–
Short term cash investments	303	–	303
	278,727	278,424	303
Financial liabilities			
Group			
Trade and other payables, net of GST payable	120,844	120,844	–
Borrowings	495,654	495,654	–
Derivative financial liabilities	2	–	2
	616,500	616,498	2
Company			
Other payables, net of GST payable	187	187	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: (Cont'd)

	Carrying amount RM'000	L&R RM'000	FVTPL RM'000	FL RM'000
2017				
Financial Assets				
Group				
Trade and other receivables, net of non-refundable deposit, GST refundable, advances to sub-contractors and prepayments	293,460	293,460	–	–
Cash and short-term deposits	118,595	118,595	–	–
Short term cash investments	289	–	289	–
	412,344	412,055	289	–
Company				
Other receivables, net of prepayments	310,329	310,329	–	–
Cash and short-term deposits	493	493	–	–
Short term cash investments	282	–	282	–
	311,104	310,822	282	–
Financial liabilities				
Group				
Trade and other payables, net of GST payable	162,304	–	–	162,304
Borrowings	448,293	–	–	448,293
Derivative financial liabilities	6	–	6	–
	610,603	–	6	610,597
Company				
Other payables, net of GST payable	9,750	–	–	9,750

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. FINANCIAL INSTRUMENTS (CONT'D)

(b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short term receivables and payables 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.

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 (2017: no transfer in either directions).

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. 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:

Group	Carrying amount RM'000	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
2018								
Financial assets								
Short term cash investments	1,311	1,311	-	-	-	-	-	-
Financial liabilities								
Finance lease payables	13,305	-	-	-	-	13,753	-	13,753
Derivatives financial liabilities	2	2	-	-	-	-	-	-
2017								
Financial assets								
Short term cash investments	289	289	-	-	-	-	-	-
Financial liabilities								
Finance lease payables	19,707	-	-	-	-	20,544	-	20,544
Derivatives financial liabilities	6	6	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. 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)

	Carrying amount RM'000	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total RM'000
		Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	
Company								
2018								
Financial assets								
Short term cash investments	303	303	-	-	-	-	-	-
2017								
Financial assets								
Short term cash investments	282	282	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

37. 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.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are subject to a variety of financial risks, including credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company have formulated a financial risk management framework whose principal objective is to minimise the Group's and the Company's exposure to risks and/or costs associated with the financing, investing and operating activities of the Group and of the Company.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to the credit risk arises primarily from trade and other receivables. For cash and bank balances and deposits with licensed bank, the Group and the Company minimises credit risk by dealing exclusively with high credit rating financial institutions.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. In addition, receivables balances are monitored on an on-going basis with the result that the Group's and the Company's exposure to bad debt is not significant.

Trade receivables and contract assets

At the reporting date, the maximum exposure to credit risk arising from trade receivables and contract assets is represented by the carrying amounts in the statements of financial position.

The carrying amount of trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group considers any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group has adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile

At the end of the reporting period, approximately 11% (2017: 13%) of the Group trade receivables was due from one (2017: one) major customer who was involved in telecommunication network services industry.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The information about the credit risk exposure on the Group's trade receivables and contract assets using the provision matrix are as follows:

	Expected credit loss rate %	Gross carrying amount at default RM'000	Impairment losses RM'000
Group			
2018			
Contract assets	0%	13,085	–
Trade receivables			
Current	0%	128,980	–
1 to 30 days past due	0%	6,537	–
31 to 60 days past due	0%	15,908	–
61 to 90 days past due	0%	27,455	–
91 to 120 days past due	0%	8,548	–
More than 121 days past due	0%	42,341	–
	0%	229,769	–
	0%	242,854	–

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

As at 31 December 2017, the ageing analysis of the Group's trade receivables were as follows:

	Group 2017 RM'000
Neither past due nor impaired	184,896
1 to 30 days past due not impaired	20,086
31 to 60 days past due not impaired	11,847
61 to 90 days past due not impaired	7,361
91 to 120 days past due not impaired	3,000
More than 121 days past due not impaired	36,606
	78,900
Individually impaired	265
	264,061

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are incorporated, amongst others:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

(a) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due from the credit term in making a contractual payment.

Some intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, impairment losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group and the Company will consider the expected manner of recovery and recovery period of the intercompany loan.

Refer to Note 3.16(a) for the Group's and the Company's other accounting policies for impairment of financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks is representing by the maximum amount the Company could pay if the guarantee is called on is disclosed in Note 32. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

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)

38. 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:

<div>← Contractual undiscounted cash flows →</div>					
	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
2018					
Group					
Financial liabilities					
Trade and other payables	120,844	120,844	–	–	120,844
Bankers' acceptance	15,146	15,146	–	–	15,146
Revolving projects loan	26,682	26,682	–	–	26,682
Revolving credit	26,020	26,020	–	–	26,020
Bank overdrafts	42,126	42,126	–	–	42,126
Bonds	754	754	–	–	754
Finance lease payables	13,305	6,194	8,484	–	14,678
Term loans	371,621	57,544	307,565	17,813	382,922
	616,498	295,310	316,049	17,813	629,172
2018					
Company					
Financial liabilities					
Other payables	187	187	–	–	187
Financial guarantee contracts	–	491,121	–	–	491,121
	187	491,308	–	–	491,308

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. 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)

		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
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

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. 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 RM24,272,651 (2017: RM25,532,955) and RM Nil (2017: RM5,287) 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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD and CNY exchange rates against the respective functional currency of the Group's entities, with all other variables held constant:

	Group		Company	
	Profit net of tax		Profit net of tax	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
USD/RM - strengthen by 5%				
(2017: 5%)	(1,501)	(4,811)	—	—
- weaken by 5%				
(2017: 5%)	1,501	4,811	—	—
CNY/RM - strengthen by 5%				
(2017: 5%)	(325)	(4)	—	—
- weaken by 5%				
(2017: 5%)	325	4	—	—

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

38. 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.

Sensitivity analysis for interest rate risk

At the end of the financial year, if average interest rates increased/decreased by 1% with all other variable held constant, the Group's profit net of tax for the financial year ended 31 December 2018 will be lower/higher by RM3,468,106 (2017: RM3,257,260) as a result of exposure to floating rate borrowings.

39. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to build and maintain a strong capital base so as to maintain healthy capital ratios and at the same time be able to leverage on the capital to provide the funds to fund their expansion and growth.

The Group and the Company manage their capital structure, and make adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares, raise new debts and reduce existing debts.

The Group and the Company monitor the level of dividends to be paid to shareholders. The Company's objectives are to pay out regular dividends to the shareholders based on the level of the Group's and the Company's profitability and cash flows. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2018 and 31 December 2017.

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)

39. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Borrowings	495,654	448,293	–	–
Trade and other payables	121,362	164,050	187	9,791
Contract liabilities	1,890	875	–	–
Less: Cash and short-term deposits	(76,689)	(118,884)	(525)	(775)
Net debt/(cash)	542,217	494,334	(338)	9,016
Total equity	495,057	466,392	332,990	327,236
	1,037,274	960,726	332,652	336,252
Gearing ratio	52%	51%	*	2.7%

The Group is not subject to any externally imposed capital requirements other than a subsidiary which is required to maintain a finance service cover ratio of not less than 1.5 times.

* Not meaningful as the Company is in net cash position.

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (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 Agensi Perkerjaan OCK Ventures Sdn. Bhd. ("OCKV"), a wholly-owned subsidiary of the Company.
- (b) On 5 February 2018, the Company had further subscribed for 3,000,000 ordinary shares of OCK Setia Engineering Sdn. Bhd. by way of capitalising the amount owing to the Company of RM3,000,000.
- (c) On 8 March 2018, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") 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.
- (d) On 8 March 2018, the Company's wholly-owned subsidiary, Milab 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.
- (e) On 8 March 2018, the Company's wholly-owned subsidiary, Milab 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.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

40. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

- (f) 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 was the provision of engineering services.

- (g) On 23 May 2018, the Company's wholly-owned subsidiary, OCK Setia Engineering Sdn. Bhd. ("OCKSE") had completed acquisition of 49 ordinary shares in OCK Digital Infra (Sarawak) Sdn. Bhd. ("OCKDIS") representing the 49% equity interest in OCKDIS.

On 13 June 2018, OCKSE had further subscribed for 48,951 ordinary shares in the share capital of OCKDIS. Subsequently, on 19 September 2018, OCKSE disposed 29,000 ordinary shares representing 29% equity interest in OCKDIS for a cash consideration of RM29,000. Consequently, OCKSE owned 20% equity interest in OCKDIS.

- (h) On 12 June 2018, the Company's wholly-owned subsidiary, Milab had acquired entire equity interest in Epic Solartech Sdn. Bhd. ("Epic Solartech") for a cash consideration of RM50,000. The principal activity of Epic Solartech was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
- (i) On 28 June 2018, the Company had further subscribed for 99,998 ordinary shares of Massive Connection Sdn. Bhd. by way of capitalising the amount owing to the Company of RM99,998.
- (j) On 7 August 2018, the Company's wholly-owned subsidiary, PMT Asia Sdn. Bhd. had been struck-off from the Register of Companies Commission of Malaysia.
- (k) On 25 October 2018, the Company had further subscribed for 26,000,000 ordinary shares of Milab Marketing Sdn. Bhd. by way of capitalising the amount owing to the Company of RM26,000,000.
- (l) On 6 December 2018, the Company had further subscribed for 249,998 ordinary shares of Agensi Perkerjaan OCK Ventures Sdn. Bhd. for a cash consideration of RM249,998.
- (m) In December 2018, the Company's indirect wholly-owned subsidiary, Fortress Distribution Sdn. Bhd. had applied for struck-off with Register of Companies Commission of Malaysia.

NOTES TO THE FINANCIAL STATEMENTS (Cont'd)

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

- (a) On 24 January 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 50,000 ordinary shares in Tanda Hebat Sdn. Bhd. ("Tanda Hebat") representing 100% equity interest in Tanda Hebat for a cash consideration of RM50,000. Consequently, Tanda Hebat became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Tanda Hebat is provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.
- (b) On 24 January 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 50,000 ordinary shares in Energenetic Sdn. Bhd. ("Energenetic") representing 100% equity interest in Energenetic for a cash consideration of RM50,000. Consequently, Energenetic became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Energenetic is provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.
- (c) On 24 January 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 50,000 ordinary shares in Powerlator Sdn. Bhd. ("Powerlator") representing 100% equity interest in Powerlator for a cash consideration of RM50,000. Consequently, Powerlator became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Powerlator is provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.
- (d) On 7 March 2019, the Company's indirect wholly-owned subsidiary, MIN-OCK Infrastructure Pte. Ltd. ("MIN-OCK") had been struck off from the Register of Accounting and Corporate Regulatory Authority of Singapore ("ACRA").
- (e) On 4 April 2019, the Company's indirect wholly-owned subsidiary, OCK Telco Infra Pte. Ltd. ("OCKTI") had been struck off from the Register of Accounting and Corporate Regulatory Authority of Singapore ("ACRA").

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 80 to 204 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 2018 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: 23 April 2019

STATUTORY DECLARATION

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

I, **OOI CHIN KHOON**, 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 80 to 204 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.

OOI CHIN KHOON

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 23 April 2019.

Before me,

Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

to the members of OCK Group Berhad (Incorporated in Malaysia)

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of OCK Group Berhad, which comprise the statements of financial position as at 31 December 2018 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 80 to 204.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and their cash flows for the 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 judgement, 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

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

The Group has significant balances of goodwill attributable to acquisitions of subsidiaries. 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 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 the respective CGU 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.

INDEPENDENT AUDITORS' REPORT

to the members of OCK Group Berhad (Cont'd)

(Incorporated in Malaysia)

Key Audit Matters (Cont'd)

Group (Cont'd)

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

The Group has significant trade receivables and contract assets as at 31 December 2018 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding trade receivables and contract assets and impairment calculation;
- developing understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports prepared by the Group;
- obtaining confirmation of balances from selected samples of trade receivables;
- checking subsequent receipts, customer correspondence, and considering explanation on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of impairment loss as at the end of the reporting period.

Revenue and corresponding costs recognition for construction activities (Notes 4(e) and Note 19 to the financial statements)

The amount of revenue and corresponding costs of the Group's construction activities is recognised over the period of contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of performance obligation is determined by reference to proportion of construction costs incurred for works performed to date bear to the estimated total costs for each project (input method). We focused on this area because significant directors' judgement is required, in particular with regards to determining the progress towards satisfaction of a performance obligation, the extent of the construction costs incurred, the estimated total construction contracts revenue and costs, as well as the recoverability of the construction contracts projects. The estimated total revenue and costs are affected by a variety of uncertainties that depend of the outcome of future events.

Our response:

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

- reading the terms and conditions of agreements with customers;
- understanding the Group's process in preparing project budget and the calculation of the progress towards anticipated satisfaction of a performance obligation;
- comparing directors' major assumptions to contractual terms, our understanding gathered from the analysis of changes in the assumptions from previous financial year and discussing with project manager;
- assessing the reasonableness of computed progress towards anticipated satisfaction of a performance obligation for identified projects against architect or consultant certificate; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

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

Key Audit Matters (Cont'd)

Company

Amounts owing by subsidiaries (Note 18 to the financial statements)

The Company determined whether objective evidence of impairment exists for amounts owing by subsidiaries.

The amounts owing by subsidiaries were compared with the present value of estimated future cash flows, which involves exercise of significant judgement on the discount rates applied and the assumptions supporting the underlying cash flow projections which include future sales, gross profit margin and operating expenses.

Our response:

Our audit procedures included, among others:

- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 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.

INDEPENDENT AUDITORS' REPORT

to the members of OCK Group Berhad (Cont'd)

(Incorporated in Malaysia)

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.

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.

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

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 PLT
LLP0019411-LCA & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2020 J
Chartered Accountant

Kuala Lumpur

Date: 23 April 2019

LIST OF PROPERTIES

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area sq ft	Audited Net Book Value as at 31 December 2018 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	13,000	13,000 January 2019	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 2019	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	2,361	2,300/ January 2019	14.09.2016

LIST OF PROPERTIES (Cont'd)

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area sq ft	Audited Net Book Value as at 31 December 2018 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	13,951	17,000/ January 2019	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)/ Rented to third party	99 years lease expiring 4.11.2107	8,125/ 4,043	2,734	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	1,180	1,243	25.11.2013

ANALYSIS OF SHAREHOLDINGS

as at 1 April 2019

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	:	4,609

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of shares	%
Less than 100	88	1.909	3,946	0.000
100 – 1,000	303	6.574	180,752	0.020
1,001 – 10,000	2,297	49.837	13,663,365	1.567
10,001 – 100,000	1,619	35.126	52,874,910	6.067
100,001 – 43,573,647 (*)	298	6.465	390,293,814	44.785
5% and above of issued shares capital	4	0.086	414,456,175	47.558
Total	4,609	100.000	871,472,962	100.000

* - Less than 5% of issued shares

SUBSTANTIAL SHAREHOLDERS

As per the Register of Substantial Shareholders

Name of Directors	Direct	%	Shareholdings Indirect	%
Aliran Armada Sdn. Bhd.	244,415,950	28.045	–	–
Lembaga Tabung Angkatan Tentera	107,893,425	12.380	–	–
Employees Provident Fund Board	62,146,800	7.131	–	–
Ooi Chin Khoon	195,000	0.022	332,181,125 ^{*1}	38.117

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 (Cont'd) as at 1 April 2019

DIRECTORS' INTERESTS IN SHARES

As per the Register of Directors' Shareholdings

Name of Directors	Direct	Shareholdings		%
		%	Indirect	
Dato' Indera Syed Norulzaman				
Bin Syed Kamarulzaman	—	—	—	—
Ooi Chin Khoon	195,000	0.022	332,181,125 ^{*1}	38.117
Abdul Halim Bin Abdul Hamid	—	—	—	—
Low Hock Keong	12,154,100	1.393	3,075,500 ^{*2}	0.353
Chang Tan Chin	6,100,000	0.70	—	—
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 1 April 2019

No.	Name of Shareholders	No. of Shares Held	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN.BHD.	179,055,950	20.546
2.	LEMBAGA TABUNG ANGKATAN TENTERA	107,893,425	12.380
3.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN. BHD. (SIN 45387)	65,360,000	7.499
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	62,146,800	7.131
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ALIRAN ARMADA SDN BHD (PBCL-0G0407)	34,000,000	3.901
6.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ALIRAN ARMADA SDN BHD (PBCL-0G0265)	25,400,000	2.914
7.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	22,463,900	2.577
8.	HE SWEE HONG	17,859,100	2.049
9.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN. BHD.	16,000,000	1.835
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD 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.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	10,941,900	1.255
13.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ALIRAN ARMADA SDN BHD (PB)	10,186,500	1.168
14.	LOW HOCK KEONG	10,054,100	1.153
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	8,250,000	0.946

ANALYSIS OF SHAREHOLDINGS (Cont'd) as at 1 April 2019

LIST OF TOP 30 SHAREHOLDERS (CONT'D)

as at 1 April 2019

No.	Name of Shareholders	No. of Shares Held	%
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	8,047,000	0.923
17.	LEE MEI SIANG	7,648,350	0.877
18.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG WAI YEW	7,500,000	0.860
19.	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 2	6,618,300	0.759
20.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWANG SM CF)	6,583,650	0.755
21.	AMANAHRAYA TRUSTEES BERHAD AFFIN HWANG GROWTH FUND	6,295,350	0.722
22.	CARTABAN NOMINEES (TEMPATAN) SDN BHD TMF TRUSTEES MALAYSIA BERHAD FOR AFFIN HWANG DANA MALAYSIA	6,022,000	0.691
23.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG TAN CHIN	5,065,100	0.581
24.	AMANAHRAYA TRUSTEES BERHAD AFFIN HWANG PRINCIPLED GROWTH FUND	4,956,700	0.568
25.	LEE ENG HOCK & CO. SENDIRIAN BERHAD	4,171,300	0.478
26.	SONG CHIN YEW	4,020,296	0.461
27.	TAN YU YEH	3,750,000	0.430
28.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	3,600,000	0.413
29.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	3,365,600	0.386
30.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MIDF AM IS EQ)	3,351,000	0.384
Total		673,411,621	77.272

ANALYSIS OF WARRANTS as at 1 April 2019

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 warrant holders	:	2,295

ANALYSIS OF WARRANTHOLDINGS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
Less than 100	64	2.788	2,807	0.001
100 – 1,000	107	4.662	59,902	0.022
1,001 – 10,000	660	28.758	3,895,650	1.475
10,001 – 100,000	1,054	45.925	46,533,364	17.621
100,001 – 13,203,646(*)	409	17.821	196,668,831	74.475
5% and above of issued warrants	1	0.043	16,912,400	6.404
Total	2,295	100.000	264,072,954	100.000

* - Less than 5% of issued warrants

SUBSTANTIAL WARRANTHOLDINGS

As per the Register of Substantial Warrantholders

Name	Direct	Warrantholdings %	Indirect	%
Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	16,912,400	6.404	–	–

DIRECTORS' INTERESTS IN WARRANTS

As per the Register of Directors' Warrantholdings

Name	Direct	Warrantholdings %	Indirect	%
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	–	–	–	–
Ooi Chin Khoo	558,000	0.211	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 WARRANTS (Cont'd) as at 1 April 2019

LIST OF TOP 30 WARRANTHOLDERS AS AT 1 APRIL 2019

No.	Name of Warrantholders	No. of Warrants Held	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN.BHD.	16,912,400	6.404
2.	GAN KIM CHEONG	8,500,000	3.218
3.	TAN SONG KWAN	6,684,500	2.531
4.	LEE MEI SIANG	6,155,000	2.330
5.	CIMSEC NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (HOUSE ACCOUNT)	5,050,000	1.912
6.	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR CHIA SIEW LING	3,633,000	1.375
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MOHD FAIRI BIN CHE WANIK	3,161,200	1.197
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG CHUI YEE	3,098,100	1.173
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD TIONG CHIN TUNG	3,000,000	1.136
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	2,544,000	0.963
11.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	2,500,000	0.946
12.	SAW LEE LENG	2,400,000	0.908
13.	TAN CHEOW HENG	2,300,000	0.870
14.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR OON GUEK KUANG (M03)	2,200,000	0.833
15.	OLIVE LIM SWEE LIAN	2,100,000	0.795
16.	CHEW PIAK TAT	2,058,500	0.779
17.	CHIN KEH KONG	2,000,000	0.757
18.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN REN WOEI	1,810,000	0.685
19.	LIEW WING ON	1,800,000	0.681
20.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ALIRAN ARMADA SDN BHD (PBCL-0G0265)	1,775,000	0.672
21.	GAN MIN SHIUH	1,740,000	0.658
22.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAW LEE LENG	1,700,000	0.643
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN MENG BOON (SEGAMAT-CL)	1,579,000	0.597
24.	ALIRAN ARMADA SDN BHD	1,560,000	0.590
25.	NG SWEE LING	1,545,300	0.585
26.	HOH MOH YING	1,530,000	0.579
27.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG KENG SAN	1,515,000	0.573
28.	YAU WEN CHIN	1,514,100	0.573
29.	OOI CHIN LEE	1,512,000	0.572
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIEW WAI MING	1,500,000	0.568
Total		95,377,100	36.117

NOTICE OF THE EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting of **OCK GROUP BERHAD** (Company No.: 955915-M) will be held at Topas Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 29 May 2019 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

- | | |
|--|-------------------------------|
| 1. To receive the Audited Financial Statements for the year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to Note 1</i> |
| 2. To approve the payment of Directors' fees and benefits amounting to RM188,000 for the financial year ended 31 December 2018. | <i>Resolution 1</i> |
| 3. To approve the payment of Directors' fees and benefits of up to RM300,000 for the period from 1 January 2019 until the conclusion of the next Annual General Meeting. | <i>Resolution 2</i> |
| 4. To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company's Constitution:- | |
| (a) Rear Admiral Dato' Mohd Som Bin Ibrahim | <i>Resolution 3</i> |
| (b) Encik Mahathir Bin Mahzan | <i>Resolution 4</i> |
| (c) Encik Syed Hazrain Bin Syed Razlan Jamalullail | <i>Resolution 5</i> |
| 5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <i>Resolution 6</i> |

SPECIAL BUSINESS:-

To consider and, if thought fit, pass with or without modifications, the following Ordinary Resolution:-

- | | |
|--|---------------------|
| 6. ORDINARY RESOLUTION | <i>Resolution 7</i> |
| <ul style="list-style-type: none"> Authority for Directors to allot and issue shares pursuant to Section 76 of the Companies Act, 2016 <p>"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."</p> | |

NOTICE OF THE EIGHTH 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 30 April 2019 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 EIGHTH ANNUAL GENERAL MEETING (Cont'd)

8. SPECIAL RESOLUTION

Resolution 9

• PROPOSED ADOPTION OF NEW CONSTITUTION OF THE COMPANY ("PROPOSED ADOPTION OF NEW CONSTITUTION")

"THAT the existing Memorandum and Articles of Association of the Company be revoked and that the new Constitution as set out in the Part B of the Circular to Shareholders dated 30 April 2019 accompanying the Company's 2018 Annual Report be replaced thereof and adopted as the new Constitution of the Company with immediate effect.

AND THAT the Directors of the Company be authorised to do all acts and things and take all such steps that may be necessary and/or expedient to give effect to the Proposed Adoption of New Constitution with full power to assent to any modification, variation and/or amendment as may be required by the relevant authorities."

ANY OTHER BUSINESS:-

9. 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: 30 April 2019

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.*
5. *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.*
6. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 23 May 2019 (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 EIGHTH ANNUAL GENERAL MEETING (Cont'd)

Notes:- (Cont'd)

7. **Explanatory Notes on Special Business**

Resolution 7 - Authority for Directors to allot and issue shares pursuant to Section 76 of the Companies Act, 2016

The proposed Ordinary Resolution is intended to renew the authority granted to the Directors of the Company at the Seventh Annual General Meeting of the Company held on 24 May 2018 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 Seventh Annual General Meeting held on 24 May 2018 and which will lapse at the conclusion of the Eighth Annual General Meeting to be held on 29 May 2019.

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.

8. **Resolution 8 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature**

The proposed Ordinary Resolution 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 30 April 2019 for further information.

9. **Resolution 9 - Proposed Adoption of new Constitution**

The proposed Special Resolution, if passed, will align the Constitution of the Company with the Act, which came into force on 31 January 2017, the updated provisions of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad and the prevailing statutory and regulatory requirements as well as to provide clarity and consistency with the amendments that arise from the Act and MMLR. The proposed new Constitution is set out in the Part B of the Circular to Shareholders dated 30 April 2019, which was circulated together with the Annual Report.

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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 Eighth Annual General Meeting of the Company to be held at Topas Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 29 May 2019 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 RM188,000 for the financial year ended 31 December 2018		
2.	To approve the payment of Directors' fees and benefits of up to RM300,000 for the period from 1 January 2019 until the conclusion of the next Annual General Meeting		
3.	Re-election of Director – Rear Admiral Dato' Mohd Som Bin Ibrahim		
4.	Re-election of Director – Encik Mahathir Bin Mahzan		
5.	Re-election of Director – Encik Syed Hazrain Bin Syed Razlan Jamalullail		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT 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		
SPECIAL RESOLUTION			
9.	Proposed Adoption of New Constitution of the Company		

Dated this _____ day of _____ 2019

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

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

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



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 23 May 2019 (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



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