

# making our mark across the **Region**

Annual Report **2015**



**OCK Group Berhad** (955915-M)

No. 18 Jurunilai U1/20,  
Seksyen U1,  
Hicom Glenmarie Industrial Park,  
40150 Shah Alam,  
Selangor Darul Ehsan,  
Malaysia.

Tel : +603-5565 9688  
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[www.ock.com.my](http://www.ock.com.my)





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# COMPANY OVERVIEW

**“To Become Your Service Partner of Choice”**

## VISION

To be a Leading Telecommunication Services and Green Renewable Energy Provider.

Telecommunication Network Services



M&E Engineering Services



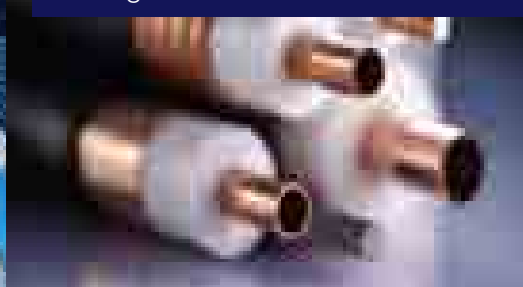
## MISSION

To dedicate ourselves to providing excellent services exceeding our customer's expectation.

Green Energy and Power Solutions



Trading of Telco and Network Products





## “About OCK Group Berhad”

Since our establishment, OCK Group has ventured into four major business: Telecommunication Network Services, Trading of Telecommunication and Network Products, Green Energy and Power Solutions and M&E Engineering Services.

OCK Group is principally involved in the provision of telecommunication services equipped with the ability to provide full turnkey services. Our services comprehensively covers services in all six segments of the telecommunication network services market: network planning, design and optimization, network deployment, network operations and maintenance, energy management, infrastructure management, and other professional services. As a Network Facilities Provider (NFP) Licensee, we are able to build, own and rent telecommunication towers and rooftop structures to the telecommunication operators in Malaysia. OCK Group also trades in telecommunication hardware and installation of materials such as antennas, feeder cables, connectors etc. This business division complements the core business of the Group as it acts not only as a materials supplier to the Group but to other telecommunication network service providers and operators as well.

As our businesses expand, OCK Group has ventured into Green Energy and Power Solutions, an imminent and a rapidly 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, inclusive of installation, commissioning and testing services.

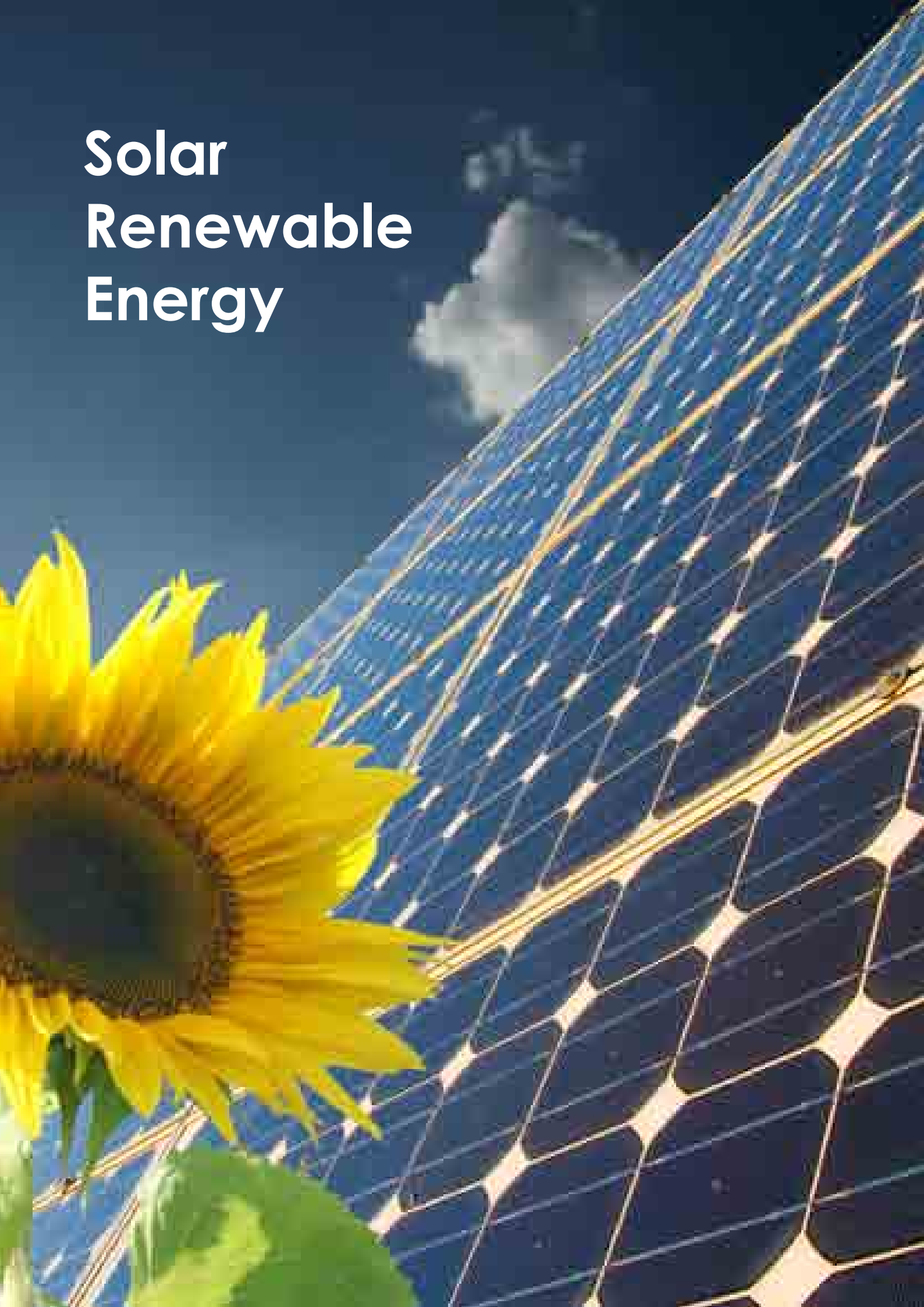
M&E is one of the core businesses of OCK Group that provides mechanical and electrical services to housing development projects, commercial high-rise buildings, factories, infrastructures, airports, medical centres and hotels. We are capable of providing project management, supply and installation of most mechanical and electrical services.

In 2014, OCK Group has achieved several significant milestone. The Group has successfully transferred its listing status to the Main Market of Bursa Securities Malaysia on 20 November 2014. We are also growing rapidly with new establishments overseas. In addition, to Fortress (Singapore), OCK Phnom Penh (Cambodia), OCK Yangon (Myanmar) and Fuzhou 1 Net (Fuzhou, China), we are expanding our footprint further across the region with the acquisition of 85% equity interest in PT Putra Mulia Telecommunication (PMT), a company that provides managed services in Indonesia.

In 2015, the Group partnering with King Royal Technologies (“KRT”), a local Myanmar company, signed a Master Service Agreement (“MSA”) with Telenor Myanmar for the construction of up to 920 sites under a build and lease model.



# Solar Renewable Energy





# **Telecommunication Network Services**

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

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

**Abdul Halim Bin Abdul Hamid**  
*Deputy Chairman*

**Ooi Chin Khoon**  
*Group Managing Director*

**Low Hock Keong**  
*Executive Director*

**Chang Tan Chin**  
*Executive Director*

**Chong Wai Yew**  
*Executive Director*

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

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

**Dato' Mohd Som Bin Ibrahim**  
*Non Independent and  
Non-Executive Director*

## AUDIT COMMITTEE

*Chairman*

**Dato' Syed Norulzaman  
Bin Syed Kamarulzaman**

*Members*

**Mahathir Bin Mahzan  
YM Syed Hazrain  
Bin Syed Razlan Jamalullail**

## NOMINATION COMMITTEE

*Chairman*

**Dato' Syed Norulzaman  
Bin Syed Kamarulzaman**

*Members*

**Mahathir Bin Mahzan  
YM Syed Hazrain  
Bin Syed Razlan Jamalullail**

## REMUNERATION COMMITTEE

*Chairman*

**Dato' Syed Norulzaman  
Bin Syed Kamarulzaman**

*Members*

**Ooi Chin Khoon  
Mahathir Bin Mahzan**

## COMPANY SECRETARY

Wong Youn Kim  
(MAICSA 7018778)

## REGISTERED OFFICE

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

## CORPORATE OFFICE

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

## AUDITORS

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

## SHARE REGISTRAR

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

## PRINCIPAL BANKERS

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 Rubber  
1, Jalan Melaka,  
50100 Kuala Lumpur  
Tel : (603) 27834031  
Fax : (603) 26981919

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

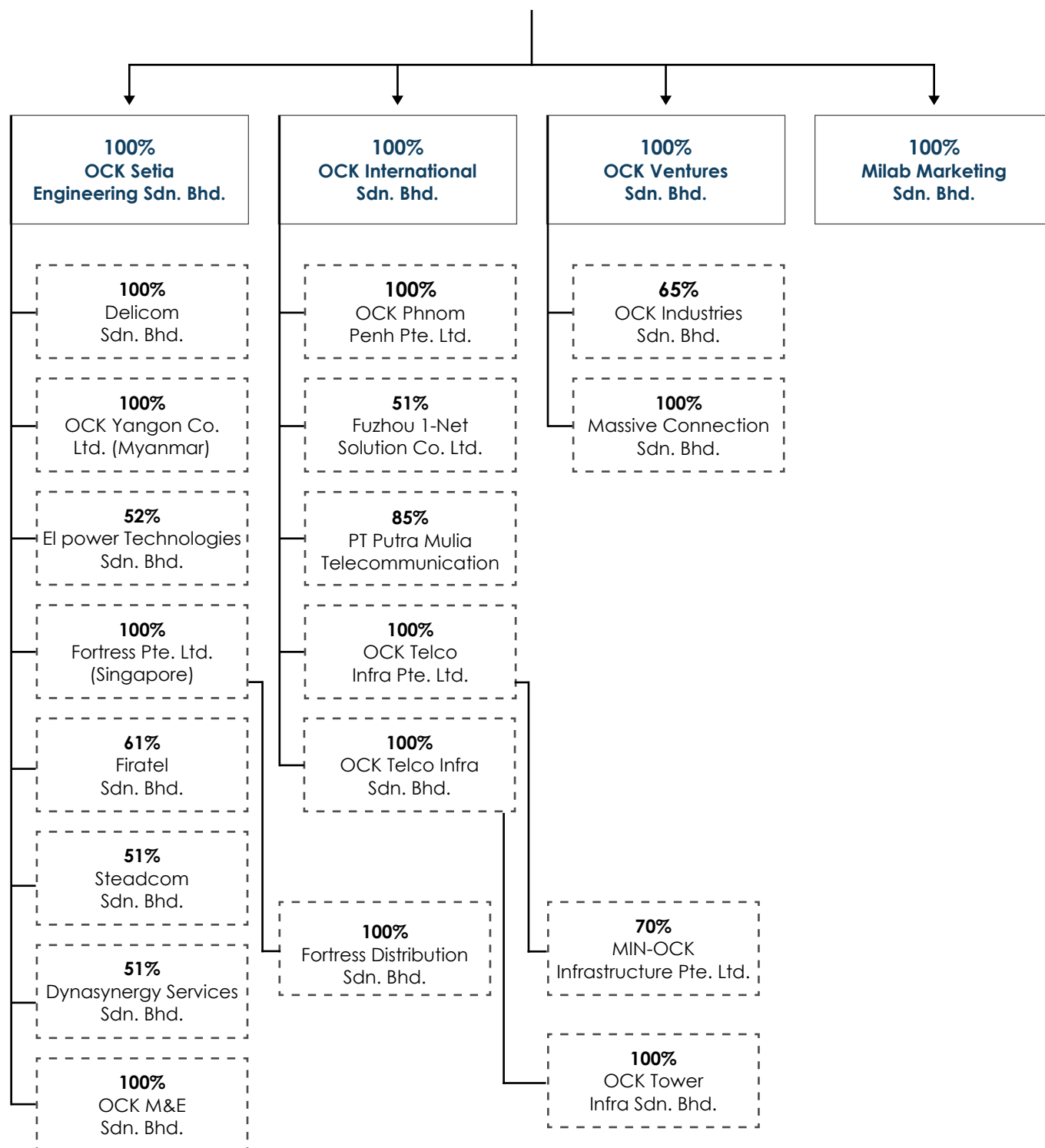
RHB Bank Berhad  
(6171-M)  
Jalan Kenanga,  
Lot LGF 019-021  
Kenanga Wholesale  
City 28, Jalan Gelugor  
Off Jalan Kenanga  
55800 Kuala Lumpur  
Tel : (603) 9280 6068  
Fax : (603) 9287 9000

## STOCK EXCHANGE LISTING

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



# CORPORATE STRUCTURE



# CORPORATE MILESTONES

**2015**

Massive Connection was granted MSC status by MDEC

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

Secured 920 telecommunications towers contract from Telenor Myanmar

Relocation of New Office to Glenmarie Shah Alam HQ

**2013**

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

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

**2011**

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

**2004**

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

**2014**

Emerged as RHB's Top 5 Malaysia Small Cap Jewels

Private placement of 20% paid up share capital

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

Completed 85% acquisition of PT Putra Mulia Telecommunications, Indonesia

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

**2012**

Listed on the ACE Market of Bursa Malaysia Securities Berhad

**2005-2010**

Inflow of contracts awarded by various cellular Telecommunication operators and Telecommunication equipment vendors

**2000**

OCC Setia Engineering Sdn. Bhd was established

# FINANCIAL HIGHLIGHTS

For Year Ended 31 DECEMBER		PROFORMA AUDITED 2011	AUDITED 2012	AUDITED 2013	AUDITED 2014	AUDITED 2015
Revenue	RM'000	88,325	138,602	152,163	185,892	315,903
Gross Profit	RM'000	22,413	35,464	39,225	48,579	69,210
Profit Before Taxation (PBT)	RM'000	12,330	19,043	21,159	23,757	37,333
Profit After Taxation (PAT)	RM'000	9,200	13,954	15,291	17,056	27,151
Profit For The Year Attributable To Equity Holders	RM'000	8,523	13,148	13,582	15,587	24,755
GP Margin	%	25.38	25.59	25.78	26.13	21.91
PBT Margin	%	13.96	13.74	13.91	12.78	11.82
PAT Margin	%	10.42	10.07	10.05	9.18	8.59
Basic Earnings Per Share #	sen	-	5.10	4.99	3.27	4.62

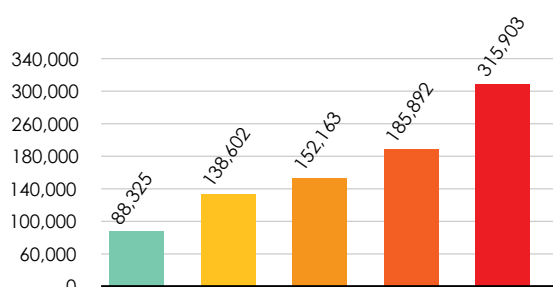
## Notes:

2011 Proforma Accounts are for comparison purposes only and should be read in conjunction with the Proforma Consolidate Financial Information and Accounts as disclosed in the Prospectus dated 29 June 2012.

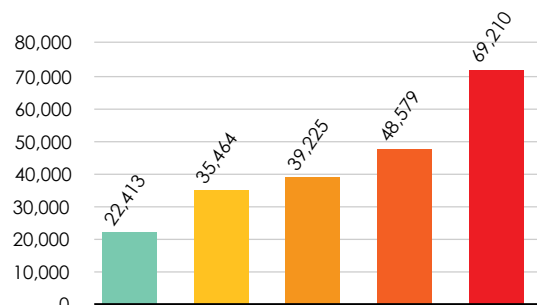
\*\* The net EPS is computed based on the consolidated PAT divided by the number of Shares in issue during the financial year

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

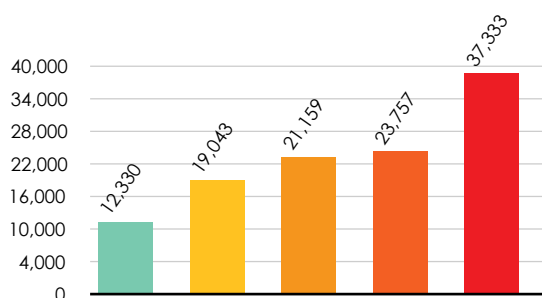
Revenue (RM'000)



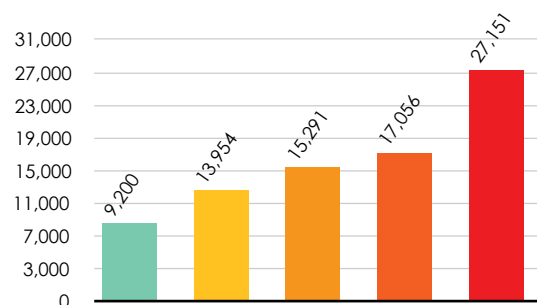
Gross Profit (RM'000)



Profit Before Tax (RM'000)



Profit After Tax (RM'000)





### CHINA

Fuzhou1-Net Solution Co Ltd  
24.12.2013

- Myanmar
- Cambodia
- Malaysia
- Indonesia
- China



### CAMBODIA

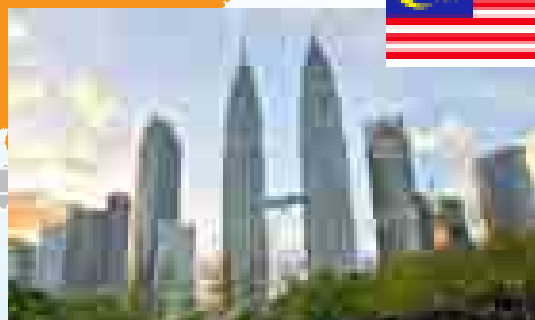
OCK Phnom Penh Pte Ltd  
31.7.2013

# Regional Expansion

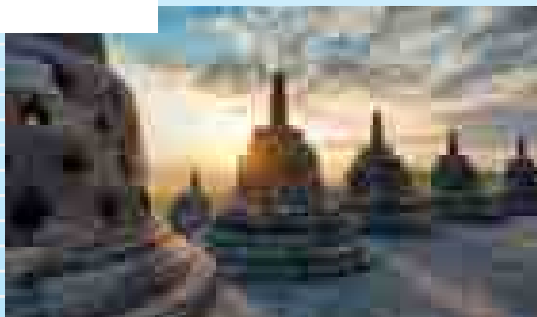
“Uncovering new opportunities  
within the region”



**MYANMAR**  
OCK Yangon Pte Ltd  
8.01.2013



**MALAYSIA**  
OCK Group Berhad (HQ)  
14.10.2000



**INDONESIA**  
PT Putra Mulia  
Telecommunication  
17.7.2005  
(acquired on 2014)

# MEDIA HIGHLIGHTS





# EVENT HIGHLIGHTS

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# BOARD OF DIRECTORS' PROFILE

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**Dato' Syed Norulzaman Bin  
Syed Kamarulzaman**

*Malaysian, Aged 67,  
Senior Independent  
Non-Executive Chairman  
(Appointed on 3 January 2013)*

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

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

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

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

# BOARD OF DIRECTORS' PROFILE

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**Abdul Halim Bin  
Abdul Hamid**

*Malaysian, Aged 49,  
Deputy Chairman  
(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 Safety Health and Environment committee to ensure OCK daily activities conform to related regulations. He also assisting OCK especially dealing with Government bodies.

# BOARD OF DIRECTORS' PROFILE

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**Ooi Chin Khoon**

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*Malaysian, Aged 48,  
Group Managing Director  
(Appointed on 31 October 2011)*

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

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

Mr. Ooi is a member of the Remuneration Committee.

# BOARD OF DIRECTORS' PROFILE

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

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

**Low Hock Keong**

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*Malaysian, Aged 45,  
Executive Director  
(Appointed on 31 October 2011)*

# BOARD OF DIRECTORS' PROFILE

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**Chang Tan Chin**

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

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

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



# BOARD OF DIRECTORS' PROFILE

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

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

**Chong Wai Yew**

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

# BOARD OF DIRECTORS' PROFILE

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**Mahathir Bin Mahzan**

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

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

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

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

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

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

# BOARD OF DIRECTORS' PROFILE

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**YM Syed Hazrain Bin  
Syed Razlan Jamalullail**

*Malaysian, Aged 37,  
Independent  
Non-executive Director  
(Appointed on 25 November 2015)*

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

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

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

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

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

# BOARD OF DIRECTORS' PROFILE

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**Dato' Mohd Som  
Bin Ibrahim**

*Malaysian, Aged 62,  
Non-Independent  
& Non-Executive Director  
(Appointed on 9 December 2013)*

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

With more than 37 years of service, 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.

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

# CHAIRMAN'S STATEMENT

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## Dear Shareholders,

It is with great pleasure and privilege that I present to you the Annual Report and Audited Financial Statements of OCK Group Berhad for the financial year ended 31 December 2015. ("FY2015")

**Dato' Syed Norulzaman  
Bin Syed Kamarulzaman**

*Senior Independent  
Non-Executive Chairman*

# CHAIRMAN'S STATEMENT

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**“OCK  
performed  
strongly  
in Year 2015  
recording a  
revenue  
of RM315.9  
million.”**

OCK performed well in FY2015 recording a revenue amounting to RM315.9 million. This represents a growth of 59.2% with profit at RM27.2 million which translates into a basic earnings per share of 4.62 sen.

## ESCALATING BUSINESS GROWTH AND REGIONAL EXPANSION

Over the past years, the Group's team of professionals has accumulated many years of technical training and on-ground experience. Coupled with their passion and dedication in the field, they have played a crucial role in contributing to OCK's continued success that has resulted in OCK Group becoming the preferred telecommunication network solutions provider in the industry.

Despite the slow business environment and adverse market condition, the telecommunication industry continued to grow

as a result of the escalating broadband network demand across the region. The increasing telecommunication network services demand has translated into a positive growth in the business activities for the Group's telecommunication network services.

OCK's Indonesian outfit, PT Putra Mulia Telecommunications' number of managed sites multiplied during the fiscal year under review to 20,000 from 11,000 in FY2014. We foresee that the Group's business footprint in Indonesia will continue to expand in tandem with the large number of telecommunication sites sprawling across the country and the adoption of managed operations becoming further accepted by the telecommunication companies.

OCK's business aspiration and regional expansion accelerated further towards the end of FY2015 when the Group successfully signed a master services agreement with Telenor Myanmar. This agreement spearheads OCK's first tower business venture outside of Malaysia with the building of up to 920 telecommunication towers over a 12-month period. The agreement will strengthen the Group's recurring income stream moving forward.

Given the Group's level of expertise and advanced technical services, I am confident that OCK will capitalize on the exploding industry growth from among the regional emerging markets.

## SHARING THE FRUITS OF OUR SUCCESS

The Board has declared a single-tier interim dividend of 0.6 sen per share in respect of its financial year ended 31 December 2016, which was paid on 14 April 2016.

## CORPORATE SOCIAL RESPONSIBILITY

OCK has always believed in the importance of corporate social responsibility (CSR) as part of our business activities and in undertaking responsible practices that positively impact our society, environment, and the community that we operate in.

OCK values our employees as key assets of the company. In that regard, the Group ensures that everyone is treated with the utmost respect, dignity and fairness. We strongly believe that it is imperative to foster a conducive working environment that encourages growth, opportunities and self-development leading to overall success. Therefore we have always provided training to our people to develop their skills, knowledge and in advancing professional expertise in their field of work. The Gold of the Desert Kings was a one-day workshop conducted on 28 & 30 July 2015 in our own HQ training room, where participants were challenged to develop strategic thinking and upfront planning, decision-making, managing change and teamwork.

In addition to developing skills, we also emphasize on the safety of the workplace. A workshop “Latihan Pengosongan Bangunan” was held on 28 July 2015 for safety evacuation procedures with the purpose of training and ensuring that all employees practice the right safety measures in their work place.

## MOVING FORWARD

According to the Global Mobile Economy Report 2015, telecommunication operators have been heavily investing in infrastructure over the last three years to fully support the mobile broadband network deployment and that they are expected to spend US\$1.4 trillion



# CHAIRMAN'S STATEMENT

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on capital expenditure for the period up to year 2020. Furthermore, Asia Pacific is expected to witness an increase in smartphone users by approximately 1.6 billion. In Malaysia today, mobile users expect coverage 'everywhere' and greater speed for faster connection. This has compelled telecommunication service operators to continue investing in infrastructure and service solutions such as 4G LTE and fibre optic to meet such consumer demand, while remaining price competitive. Such an environment provides further business opportunities to telecommunication network service providers like OCK.

Moving forward, OCK will remain focused in building and maintaining a business model that delivers sustainability and strong profit growth. Having successfully penetrated into several regional emerging markets in ASEAN, we are looking forward to further expanding OCK's business presence in the respective markets; capitalize on the extensive opportunities in Indonesia and Myanmar, as well as explore new business opportunities in other ASEAN countries.

## A CHANGE IN THE BOARDROOM

On behalf of the Board, I would like to take this opportunity to welcome YM Syed Hazrain Bin Syed Razlan Jamalullail and Encik Mahathir Bin Mahzan, who were both appointed to the Board on the 25 November

2015 as Independent Non-Executive Directors. In addition I would like to also record our appreciation to Mr. Lee Yow Fui and Mr. Fu Lit Fung, both of whom resigned from the Board on 25 November 2015 and 11 November 2015, respectively.

## APPRECIATION

In closing, I would like to thank OCK's management and staff for their relentless pursuit of excellence, continued hard work and commitment that have contributed to the exponential growth of the Group.

On behalf of the Board, I would also like to convey our sincere gratitude and appreciation to our valued shareholders, customers, business associates, bankers and business partners for their continued support, confidence and trust in OCK.

We look forward to forging new frontiers in the years ahead with the creation and preservation of shareholders value in the Group.

Thank you,

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

# MANAGEMENT REVIEW

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OCK has firmly established itself as the leading Telecommunication Network Services and Green Energy Solutions Provider. We dedicate ourselves to providing the highest quality and excellence to our customers.

**Sam Ooi Chin Khoon**  
Group Managing Director

# MANAGEMENT REVIEW

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OCK's sturdy business model has earned the Group's leading position in the telecommunications network industry, serving some of the largest telecommunication operators in the country.

## LEVERAGING ON A GROWING PHENOMENON

2015 presented an extremely challenging economic environment in Malaysia, which was tainted by various global market issues such as the collapse of crude oil prices, softening of the China economy and the weakening of the Malaysian Ringgit. The uncertainty of global macroeconomics swept the nation with adversity posing a caution front to be adopted by the majority of businesses. Despite the adversity of the global economy, the telecommunication network services industry was mitigated by the market's demand for LTE infrastructure and upgrade services, growing culture in outsourcing managed services as an effort to reduce operating cost and the growing consumer demand for better network coverage.

The global growth trend in mobile communications is not showing any signs of slowing down and the wireless evolution continues to scale the growth of consumer demands. Our dependency on mobile communication, network connectivity and data exchange has reached an extremely high level and has become a means and necessity of modern life. Everything from basic voice communication, text messages, banking and even office tasks are being carried out on Smartphones.

It is inevitable that advancing smart technology is causing a paradigm shift in our society both on the social and business level. Acknowledging the market transitions, the rapid evolution in wireless technologies and the increasing market demands has led OCK to anchor itself in a strategic position to leverage on opportunities arising from the expanding mobile ecosystem. OCK focus on building and sustaining a long-term business growth has been key to establishing its successful business model.

## MAINTAINING OUR DOUBLE-DIGIT GROWTH TREND

For FY2015, OCK registered a 69.9% growth in its revenue of RM315.9 million as compared to FY2014 of RM185.9 million. The Group's profit after tax ("PAT") of RM27.2 million delivered represent a double-digit growth of 59.2% against its RM17.1 million reported in the last financial year.

Our regional business expansion has start to show its impact to the Group by delivering a revenue of RM52.6million translating to a sharp increase of 333.4%

compared to FY2014 of RM12.1million. To date, OCK has expanded its regional business presence to Myanmar, Indonesia, Cambodia, and China. OCK's telecommunication network services segment remains to be our core contributor, which makes up 81.8% of the Group's FY2015 revenue with RM258.3 million. The Group's telecommunication network services was mainly driven by our the on-going deployment of 3G and LTE networks and backhaul network fiberisation for the telecom operators, and the first full year profit contribution from PT Putra Mulia Telecommunications (PMT) in Indonesia.

## ENGINEERING SUSTAINABLE GROWTH

OCK stringent principles of embracing a strategic and forward-looking business model guides and drives our business direction in towards building long-term values and profitability for the Group.

As a continuing effort to solidify a sustainable recurring income stream, OCK has been expanding our portfolio of Managed Services, which has proven to be an effective avenue. As at 31 December 2015, OCK managed a total of 25,000 telecommunication sites, comprising 20,000 sites in Indonesia and about 4700 sites in Malaysia This business offers significant scalability for the Group on the back of the growing trend among the telecom operators to outsource their network operations to reduce cost, and focus on sales and marketing.

OCK's green energy and sustainable power solutions business also supported the growth of our recurring income model, and the Group anticipates that contribution from this business will grow in the next few years. OCK has successfully acquired 3 solar farms contributing to an output of 1.15 megawatt ("MW") under the Feed in Tariff ("FIT") program promoted by the Sustainable Energy Development Authority Malaysia ("SEDA"). To-date, OCK operates 4 solar farms with a total energy output of 2.15MW.

## EXPANDING OUR REGIONAL FOOTPRINT

OCK's acquisition of its Indonesian subsidiary, PT Putra Mulia Telecommunications (PMT), has provided the Group with rapid expansion into Indonesia. Upon completion of the acquisition of PMT in 2014, PMT was managing 6,000 sites, and as of 31 December 2015, PMT has enlarged its portfolio by managing 20,000 sites. The large number of sites in Indonesian telecommunication market provides PMT opportunity to expand In addition, the strengths and knowledge we gained from PMT, can be duplicated to other parts of the region.

# MANAGEMENT REVIEW

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In December 2015, the Group partnering with King Royal Technologies ("KRT"), a local Myanmar company, signed a Master Service Agreement ("MSA") with Telenor Myanmar for the construction of up to 920 sites under a build and lease model. This arrangement will provide a long term recurring revenue stream for OCK, and represents a major milestone towards OCK's regional aspiration. The Myanmar tower market is expected to be one of Southeast Asia's fastest growing market with more growth opportunities in the next few years.

## CORPORATE HIGHLIGHTS

In April 2015, OCK moved into its new corporate headquarter in Glenmarie, Shah Alam. The new headquarter is able to cater for our expanding workforce in tandem with our business growth.

In July 2015, OCK announced a rights issue on a basis of 1 right share for every 2 existing shares, held with free warrants on a bonus of 1 warrant for every 1 right share subscribed. The Group's 264,080,454 Rights Share and 264,080,454 Warrants were successfully listed and quoted on the Main Market of Bursa Malaysia Securities Berhad in December 2015. The Rights Issue was

oversubscribed by 28.16%, and raised RM132.0 million cash for the Group, where the proceeds will be used to expand OCK's telecom infrastructure business within the ASEAN region.

## MOVING FORWARD FROM A POSITION OF STRENGTH

In 2016, we will be focusing on the deployment of the 920 towers in Myanmar for Telenor Myanmar, and we will continue to explore further opportunities in Myanmar.

As a Group, we will continue command a significant share of telecommunication network service market share through providing value and quality services to our customers. This business will continue to grow as there are continuous demand for the deployment of LTE and fibre networks, and increasing activities in network upgrade of the telecom operators' existing network.

As part of our long-term goals, we will emphasize on business opportunities across the ASEAN region. We will continue to focus on Telecommunication Network Services and Green Energy businesses that will put us in an excellent position to extend our track record of expedient and sustained growth in our area of expertise.

**Sam Ooi Chin Khoon**

*Group Managing Director*

# STATEMENT ON CORPORATE GOVERNANCE

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The Securities Commission Malaysia had released the latest Malaysian Code on Corporate Governance ("the MCCG 2012") on 29 March 2012. Public listed corporations with financial year ended 31 December 2012 are expected to make their annual statement on corporate governance based on the principles and recommendation of the Code. The key focus of the MCCG 2012 is on the strengthening of the board structure and composition. There are 8 principles and 26 recommendations.

The Board of Directors ("the Board") of OCK Group Berhad has reviewed its current practices and proceedings against the principles and recommendation on the MCCG 2012. The result of this review was used as the basis of the Board in reporting its applications of the principles in the MCCG 2012 and the actions the Boards would take to strengthen its present governance practices.

## Principle 1

### Clear Roles and Responsibilities

The objective of this principle is to set out the fundamental structures for effective functioning of the Board.

The Board is responsible and is accountable to shareholders for managing the business of the Company and its subsidiaries ("the Group"). The Board retains 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 well-being.

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.

The Board has also delegated certain of its responsibilities to the Audit Committee, Nomination Committee and Remuneration Committee, which operates under approved terms of reference. The Chairman of the relevant Board Committees report to the Board on key issues deliberated by the Board Committees at their respective meetings.

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.

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

The Board met five (5) times during the financial year ended 31 December 2015 and the attendance records of each Director at the Board Meetings is set out below:-

# STATEMENT ON CORPORATE GOVERNANCE

## Principle 1 (continued)

### Clear Roles and Responsibilities (continued)

Name of Directors	No. of Meetings Attended
Dato' Syed Norulzaman bin Syed Kamarulzaman	5/5
Encik Abdul Halim Bin Abdul Hamid	5/5
Mr Ooi Chin Khoo	5/5
Mr Low Hock Keong	5/5
Mr Chang Tan Chin	5/5
Mr Chong Wai Yew	5/5
Dato' Mohd Som Bin Ibrahim	5/5
Encik Mahathir bin Mahzan (Appointed w.e.f. 25 November 2015)	1/1
YM Syed Hazrain bin Syed Razlan Jamalullail (Appointed w.e.f. 25 November 2015)	0/1

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

The directors in discharging their duties and responsibilities are entitled to have full and unrestricted access to all information and to management on matters relating to the Group's operations. They also have access to the advice and services of the Company Secretary and where necessary, in furtherance of their duties, are entitled to seek independent professional advice at the Company's expenses.

The Company Secretary is responsible to inform the directors on the requirements that must be complied with under the Listing Requirements of the Bursa Securities and any new statutory and regulatory requirements that are relevant to enable the Board to fulfil its role and responsibilities. The Company Secretary also ensure that deliberations at Board and Board Committee meetings are well captured and minuted, and subsequently communicated to the relevant management for necessary action.

### Board Charter

The Board has established a Board Charter which is available on the corporate website. The Board Charter clearly sets out the principal role of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the management. It also defines the specific accountabilities and responsibilities of the Board to ensure smooth interaction between the Management and the Board. It also reinforces the overall accountability of the Board and Management towards the Company and stakeholders.



# STATEMENT ON CORPORATE GOVERNANCE

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## Principle 2

### Strengthening Board Composition

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

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

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

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

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

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

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

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

The profile of the Board members are set out in this annual Report on pages 14 and 22.

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

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

# STATEMENT ON CORPORATE GOVERNANCE

## Principle 2 (continued)

### Strengthening Board Composition (continued)

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

Name	Designation	Directorship
Dato' Syed Norulzaman Bin Syed Kamarulzaman Bin Syed Encik Mahathir bin Mahzan (Appointed w.e.f. 25 November 2015)	Chairman	Senior Independent Non-Executive Director
YM Syed Hazrain Bin Syed Razlan Jamalullail (Appointed w.e.f. 25 November 2015)	Member	Independent Non-Executive Director

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

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

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

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

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

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

# STATEMENT ON CORPORATE GOVERNANCE

## Principle 2 (continued)

### Strengthening Board Composition (continued)

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

Remuneration Bands	Executive Directors	Non-Executive
RM300,000 and below	0	4
RM300,001 – RM400,000	-	-
RM400,001 – RM450,000	3	-
RM450,001 – RM500,000	-	-
RM500,001 – RM550,000	-	-
RM550,001 – RM600,000	-	-
RM600,001 – RM650,000	1	-
RM650,001 – RM700,000	0	-
RM700,001 – RM750,000	0	-
RM750,001 – RM800,000	1	-

The aggregate remuneration paid or payable to all Directors of the Company are further categorised into the following components:-

	Salaries and other emoluments (RM)	Bonuses (RM)	Benefit-in-kind (RM)	EPF and SOCSO (RM)	Total (RM)
Executive Directors	1,997,500.00	232,031.80	127,850.00	268,549.00	2,625,930.80
Non-Executive Directors	165,800.00	-	17,400.00	-	183,200.00

## Company Secretary

All the Directors have direct access to the advice and services of the Company Secretaries, who are suitably qualified and competent, in carrying out their duties.

The role of the Company Secretaries is defined who attend all Board meetings and ensures that all applicable rules and regulations regarding the conduct of the Board are complied with.

She ensures good information flows within the Board and its committees and Non-Executive Directors, as well as facilitates orientation of new Directors and professional development of Directors, as required.

The Board is satisfied with the services rendered by the Company Secretaries.

# STATEMENT ON CORPORATE GOVERNANCE

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## Principle 3

### Enforcement of Independence

Independence is important for ensuring objectivity and fairness in board's decision making. The roles and responsibilities of the Chairman and Managing Director are clearly distinct for effective balance of power and authority.

Dato' Syed Norulzaman bin Syed Kamarulzaman, the Independent Non-Executive Chairman presides over the Meeting of the Board and is primarily responsible for ensuring Board's effectiveness and conduct. The Managing Director is responsible for the daily management of the Group's operations and implementation of the Board's policies and decisions. He is responsible for communicating matters relating to the Group's business affairs and issues to the Board for its consideration and approval, where required.

Going forward, in order to uphold independence of the independent directors, the Board has adopted the following recommendations of the MCCG 2012 as Board's policies:-

- (i) Subject to board's justification and shareholders' approval, tenure of independent directors should not exceed a cumulative term of nine (9) years; and
- (ii) Board to undertake annual assessment of its independent directors focusing on events that would affect the ability of independent directors to continue bringing independent and objective judgement to board deliberations and the regulatory definition of independent directors.

## Principle 4

### Foster Commitment

The underlying factors of Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skillsets.

The Board is satisfied with the level and time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company.

In adherence to the Bursa Securities' Main Market Listing Requirements ("MMLR"), the Board acknowledges and has set forth that each member of the Board shall not hold more than five (5) executive directorships in public listed corporations.

Effective 1st June 2013, the maximum directorships in public listed companies is reduced from 10 to 5 under the amended listing requirements. In order to further strengthening the directors' commitment, internally, the Board sets the maximum executive directorship of each members in public listed companies shall not be more than three (3).

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

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

# STATEMENT ON CORPORATE GOVERNANCE

## Principle 4 (continued)

### Foster Commitment (continued)

Name	Date	Training	Training Provider
Dato' Syed Norulzaman Bin Syed Kamarulzaman	26-Jun-15	Guangdong, Hong Kong & Macau : Your Business	Malaysia China Chamber of Commerce
	29-Jun-15	Partners in China " One Belt One Road " Malaysia China	Associated Chinese Chamber of Commerce of Malaysia (ACCCIM)
	6-Jul-15	Economic Conference Malaysia Guangdong Economic Conference	CCPIT and MCBC
	24-Aug-15	1st East Asia Investment Forum	EABC & CCPIT
	10-Sep-15	How to Maximise Internal Audit	BURSA Malaysia
	2-Nov-15	Future of Auditor Reporting	Securities Commission Malaysia
Abdul Halim Bin Abdul Hamid	1-Oct-15	Stepping Into the World of Directorship	COMTRAC
Chang Tan Chin	21-Sep-15	Public Listed Companies Provision of Financial Assistance	COMTRAC
Chong Wai Yew	21-Sep-15	Public Listed Companies Provision of Financial Assistance	COMTRAC
Low Hock Keong	27-Aug-15	Symposium on Empowering A Smart Digital Nation	MCMC
	10-Sep-15	How to Maximise Internal Audit	BURSA Malaysia
	1-Oct-15	Stepping Into the World of Directorship	COMTRAC
Ooi Chin Khoon	27-Aug-15	Symposium on Empowering A Smart Digital Nation	MCMC

# STATEMENT ON CORPORATE GOVERNANCE

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## Principle 4 (continued)

### Foster Commitment (continued)

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

The Nomination Committee would assist the Board to undertake an assessment of the training needs of each director in Year 2016.

## Principle 5

### Uphold of Integrity in Financial Reporting

The Board is committed to present a balanced and meaningful assessment of the Group's financial performance and prospects to the shareholders, investors and regulatory authorities. This assessment is primarily provided in the Annual Report through the Chairman's Statement, the Management's review of operations and the accompanying financial results. The Group also presents its financial results on a quarterly basis via public announcements. The quarterly results are reviewed by the Audit Committee and approved by the Board prior to release to Bursa Securities.

The Board is assisted by the Audit Committee in reviewing the appropriateness of accounting policies applied by the Group as well as the changes in these policies.

The Audit Committee has the responsibility to ensure the Group's financial statements comply with applicable financial reporting standards. In order to do so, the Audit Committee has obtained written assurance from:-

- (i) External auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements; and
- (iii) Chief Financial Officer confirming that the preparation of the financial statements, all relevant approved accounting standards and policies have been adopted, applied and followed in the financial statement with reasonable prudent judgement and estimates.

Annually, the Audit Committee also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the shareholders for re-appointment in the Annual General Meeting of the Company. The Audit Committee would convene meeting with the External Auditors and Internal Auditors without the presence of the Executive Directors and employees of the Group as and when necessary.

The Audit Committee comprises three (3) Independent Non-Executive Directors. The composition of the Committee, its terms of reference, attendance record and its activities are set out in the Audit Committee Report on pages 38 to pages 41 of this Annual Report.

## Principle 6

### Risk Recognition and Management

The Board acknowledge that risk management is an integral part of good management practice. Risk is inherent in all business activities. But, it is not the Group's objective to eliminate risk totally. Instead, it is to provide structural means to identify, prioritize and manage the risks involved in all the Group's activities and to balance between the cost of managing and treating risks, and the anticipated benefits that will be derived.

Further details of the Group's system of risk management and internal control are reported in the Statement of Risk Management and Internal Control on pages 42 to 44 of this Annual Report.

# STATEMENT ON CORPORATE GOVERNANCE

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## Principle 7

### Timely and High Quality Disclosure

The Board is advised by the Management, the Company Secretary and the External and Internal Auditors on the contents and timing of disclosure requirements of the MMLR on the financial results and various announcements. The Management is invited to attend the Board and Audit Committee meetings and to provide explanations and feedbacks to the Board on the operations of the Group.

Corporate disclosure and information are important for investors and shareholders. The Board would leverage on its corporate website to communicate, disseminate and add depth to the governance reporting. Going forward and pursuant to Para 9.25 of the MMLR, those principal and static governance information such as charter, board committees' terms of reference, policies and codes would be separately published in the website to avoid dilution of issues in the annual report.

## Principle 8

### Exercise of Shareholders' Rights

The Company's Annual General Meeting ("AGM") serves as a principal forum for dialogue with shareholders. The Annual Report together with the Notice of AGM is sent to shareholders within the prescribed period as allowed under the Company's Memorandum and Articles of Association and the MMLR, as the case may be.

At the AGM, the shareholders are given the opportunity to seek clarification on any matters pertaining to the business activities and financial performance of the Company and of the Group. The Board and the senior management as well as the External Auditors of the Company are present to answer and provide appropriate clarifications at the meeting.

In order to encourage shareholders participation in the general meetings, the Board would:

- i. Take into consideration of the traffic condition, public, festive and school holidays, accessibility and parking facilities in selecting the location for conducting shareholders meetings;
- ii. Obtain the mobile numbers and email addresses of those shareholders who wish to receive general meeting reminders; and
- iii. Conduct thirty minutes pre-AGM social reception for shareholders and to have selected senior management personnel engage with shareholders for mutual understanding of expectations and concerns and for appreciation of the quality of the management by the shareholders.

Normally, a press conference will be held after the AGM to advise the media on the resolutions passed by shareholders, answer questions on the Group's activities and plans in the course of providing all shareholders with the latest update of the Company.

The Articles of Association of the Company does not limit the number of proxies to be appointed by an exempt authorised nominee with shares in the Company for multiple beneficial owners in one securities account to allow greater participation of beneficial owners of shares at general meetings of the Company. The Articles of Association of the Company further entitles a member to vote in person, by corporate representative, by proxy or by attorney both on a show of hands and on a poll as if they were a member of the Company. The Articles of Association of the Company have expressed provisions to disallow any restriction on a proxy's qualification and accord proxies the same rights as members to speak at general meetings of the Company.

The Board recognises that effective 1 June 2013, poll voting is mandated for related party transactions that require specific shareholders' approval. Shareholders will be reminded that they have the right to demand a poll vote at general meetings.

This Statement on Corporate Governance is made in accordance with the resolution of the Board of Directors' dated 25 April 2015.



# AUDIT COMMITTEE REPORT

## 1. COMPOSITION AND DESIGNATION OF AUDIT COMMITTEE

The Audit Committee comprises three (3) member of the Board, all the whom are Non-Executive Independent Directors. The members during financial year ended 31 December 2015 are as follows:-

	Designation
Chairman : Dato' Syed Norulzaman Bin Syed Kamarulzaman	Senior Independent Non-Executive Chairman
Members: Encik Mahathir bin Mahzan (Appointed w.e.f. 25 November 2015)	Independent Non-Executive Director
YM Syed Hazrain Bin Syed Razlan Jamalullail (Appointed w.e.f. 25 November 2015)	Independent Non-Executive Director
Lee Yow Fui (Resigned w.e.f. 25 November 2015)	Independent Non-Executive Director
Fu Lit Fung (Resigned w.e.f. 11 November 2015)	Independent Non-Executive Director

## 2. TERMS OF REFERENCE

### • MEMBERSHIP

The Audit Committee shall be appointed by the Board from amongst the Directors and shall consist of not less than three (3) members, a majority of whom shall be Independent Directors. All members of the audit committee should be non-executive directors.

The members of the Audit Committee shall elect a chairman from among their members who shall be an independent director. No alternate director shall be appointed as a member of the Audit Committee.

### • QUALIFICATION

At least one (1) member of the Audit Committee:-

- (a) must be a member of the Malaysian Institute of Accountants; or
- (b) have at least three (3) years' working experience and:
  - must have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967; or
  - must be a member of one (1) of the association of accountants specified in Part II of the First Schedule of the Accountants Act, 1967; or
  - fulfills such other requirement as prescribed by the Bursa Securities.

# AUDIT COMMITTEE REPORT

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## 2. TERMS OF REFERENCE (continued)

### • MEETING AND MINUTES

Meetings shall be held not less than four (4) times a year and attended by the Chief Executive Officer, General Manager Finance and other senior management who may be invited as and when required. The presence of external and/or internal auditors will be requested, if required. Other members of the Board and senior management may attend meetings upon the invitation of the Audit Committee. Both the internal and/or external auditors may request a meeting if they consider it to be necessary. The Audit Committee shall meet with the external auditors without executive board members present at least twice a year.

The Secretary to the Audit Committee shall be the Company Secretary. The Chairman of the Audit Committee shall report on each meeting to the Board.

Any resolution in writing, signed or assented to by all the members of the Committee shall be as valid and effectual as if had been passed at a meeting of the Committee duly convened and held, and may consist of several documents in the like form, each signed by one or more members of the Committee.

### • AUTHORITY

The Audit Committee is empowered to, in accordance with the procedures determined by the Board and at the cost of the company:

- Investigate any matters within its Terms of Reference;
- Have full and unrestricted access to all information in relation to the Company and its subsidiaries ("the Group");
- Have direct communication channels with the External Auditors and Internal Auditors;
- Obtain external independent professional advice or assistance;
- Convene closed meetings with the External Auditors, the Internal Auditors or both, excluding the attendance of management and employees of the Company, whenever deemed necessary;

### • RESPONSIBILITIES AND DUTIES

In fulfilling its primary objectives, the Audit Committee undertakes, amongst others, the following responsibilities and duties:-

- (a) To discuss with the external auditors, prior to the commencement of audit, the audit plan which states the nature and scope of audit;
- (b) To review major audit findings arising from the interim and final external audits, the audit report and the assistance given by the Group's officers to the external auditors;
- (c) To review with the external auditors, their evaluation of the system of internal controls, their management letter and management's responses;
- (d) To review the internal audit scope and functions, plans, findings, performance of the internal audit function, appointment or termination of senior staff members of the internal audit function;
- (a) To review the quarterly reporting to the Bursa Securities and year end annual financial statements of the Group before submission to the Board;

# AUDIT COMMITTEE REPORT

## 2. TERMS OF REFERENCE (continued)

### • RESPONSIBILITIES AND DUTIES (continued)

- (f) To review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (g) To consider the nomination and appointment of external auditors, as well as the audit fee;
- (h) To review any letter of resignation from the external auditors and any questions of resignation or dismissal;
- (i) To obtain written assurance from the external auditors confirming the Audit Committee's independence;
- (j) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;
- (k) To verify that the allocation of options pursuant to the Employees' Share Options Scheme of the Company is in accordance with the criteria for allocation established under the scheme at the end of each financial year; and
- (l) To promptly report to Bursa Securities if it is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

### • SECRETARY

The Company Secretary or other appropriate senior official shall be the Secretary to the Audit Committee

## 3. AUDIT COMMITTEE MEETINGS ATTENDANCE

There were five (5) Audit Committee meetings held during the financial year ended 31 December 2015. The number of meetings attended by the Committee Members is as follows:-

	Designation	Attendance
Dato' Syed Norulzaman		
Bin Syed Kamarulzaman	Senior Independent Non-Executive Chairman	5/5
Lee Yow Fui (Resigned w.e.f. 25 November 2015)	Independent Non-Executive Director	4/4
Fu Lit Fung (Resigned w.e.f. 11 November 2015)	Independent Non-Executive Director	4/4
Encik Mahathir bin Mahzan (Appointed w.e.f. 25 November 2015)	Independent Non-Executive Director	1/1
YM Syed Hazrain		
Bin Syed Razlan Jamalullail (Appointed w.e.f. 25 November 2015)	Independent Non-Executive Director	0/1

# AUDIT COMMITTEE REPORT

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## 4. ACTIVITIES OF THE AUDIT COMMITTEE

The principal activities undertaken by the Audit Committee during the financial year were summarized as follows:

- (a) Reviewed and endorsed its revised terms of reference;
- (b) Reviewed the quarterly financial results, cash flows and financial positions for each financial quarter prior to submission to the Board for consideration and approval for announcement to the public;
- (c) Reviewed the external auditors' plan for the year ended 31st December 2015;
- (d) Reviewed the Proposed Internal Audit Plan for years 2015, 2016 and 2017, internal auditors' reports together with the findings, recommendations and Management's response on the following areas :
  - (i) Relocation Procedures;
  - (ii) Fire Safety Measures in new premises;
  - (iii) Human Resource Management on Staff Recruitment and Retention;
  - (iv) Supplier and sub-contractor selection and approval process;
  - (v) Supplier and sub-contractor yearly evaluation process;
  - (vi) Contractor development process.; and
  - (vii) Follow-up audit report on the above findings.
- (e) Reviewed of related party transactions; and
- (f) Reported to the Board on matters addressed at the Audit Committee meetings.

## 5. INTERNAL AUDIT FUNCTION

The Main Market Listing Requirement provides that a listed company must establish an internal audit function which is independent of the activities it audits and reports directly to the Audit Committee.

The Group had established an internal audit function which is outsourced to an internal audit services company. The primary responsibility of this internal audit function is to assist the Board and the Audit Committee in reviewing the management internal control procedures and providing recommendations to strengthen the internal control systems.

The Internal Auditors had produced and presented their internal audit plan to the Audit Committee for review and approval. The objective of the internal audit plan is to ensure that the audit scope and direction are in line with the Audit Committee's expectations.

During the financial year, the Internal Auditors conducted reviews on certain key operating functions, procedures and recommended action plans for management improvement.

The audit reports containing audit findings and recommendations together with management's responses thereto were circulated to all members of the Audit Committee. Areas of improvement identified were communicated to the management for further action. All audit reports were reviewed by the Audit Committee and discussed at Audit Committee Meetings.

The fee incurred during the current financial year for the internal audit function is RM50,000 (2014:RM50,000).

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

## BOARD RESPONSIBILITIES

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

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

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

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

## RISK MANAGEMENT AND INTERNAL CONTROL

The Group's risk management is primarily driven by all Executive Directors and executed by the management. The Executive Directors and the management identify, evaluate and manage significant risks facing the organisation in its businesses and operations. Quarterly Board of Directors meetings, involving the members of the key management were held within the Group. These meetings are platform for the top executives to ensure that the business operations are progressed in accordance with the objectives and targets and sharing of information amongst the various departments and subsidiaries for further actions.

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

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

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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## RISK MANAGEMENT AND INTERNAL CONTROL (continued)

- 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

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

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

## MANAGEMENT RESPONSIBILITIES AND ASSURANCE

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

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

Periodically, management should report to the Board:

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

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

## BOARD ASSURANCE AND LIMITATION

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

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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## **BOARD ASSURANCE AND LIMITATION (continued)**

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

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

Pursuant to Paragraph 15.23 of Main Market Listing Requirement of Bursa Securities and Recommended Practice Guide ("RPG") 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants, the external auditors have performed a limited assurance engagement on the Statement on Risk Management and Internal Control for the inclusion in this Annual Report for the financial year ended 31 December 2015. The external auditors reported that nothing has come to their attention that could cause them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" to be set out, or is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 25 April 2016.





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# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

## PRINCIPAL ACTIVITIES

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

## RESULTS

	Group RM	Company RM
Profit/(Loss) for the financial year	27,151,331	(437,132)
Profit/(Loss) attributable to:		
Owners of the Company	24,754,772	(437,132)
Non-controlling interests	2,396,559	-
	27,151,331	(437,132)

## DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2015.

## RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

## BAD AND DOUBTFUL DEBTS

Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.

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

# DIRECTORS' REPORT

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## CURRENT ASSETS

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

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

## VALUATION METHODS

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

## CONTINGENT AND OTHER LIABILITIES

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

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

In the opinion of the directors, no contingent liabilities or other liabilities of the Group or of the Company have 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 other than as disclosed in the financial statements; 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 other than as disclosed in the financial statements, which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

# DIRECTORS' REPORT

## ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company:

- (i) increased its authorised share capital from RM100,000,000 to RM200,000,000 by the creation of additional 1,000,000,000 ordinary shares of RM0.10 each; and
- (ii) increased its issued and paid-up ordinary share capital from RM52,816,091 to RM79,224,136 by way of rights issue of 264,080,454 new ordinary shares of RM0.10 each together with 264,080,454 free detachable warrants on the basis of one warrant for every one right share subscribed for.

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

No debentures were issued during the financial year.

## DIRECTORS

The directors in office since the date of the last report are:

Dato' Syed Norulzaman Bin Syed Kamarulzaman  
Rear Admiral Dato' Mohd Som Bin Ibrahim (Retired)  
Abdul Halim Bin Abdul Hamid  
Ooi Chin Khoon  
Low Hock Keong  
Chang Tan Chin  
Chong Wai Yew  
Mahathir Bin Mahzan  
YM Syed Hazrain Bin Syed Razlan Jamalullail  
Fu Lit Fung  
Lee Yow Fui

(Appointed on 25 November 2015)  
(Appointed on 25 November 2015)  
(Resigned on 11 November 2015)  
(Resigned on 25 November 2015)

## DIRECTORS' INTERESTS

According to the registers required to be kept under Section 134 of the Companies Act, 1965 in Malaysia, the interests of the directors in office at the end of the financial year in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2015 are as follows:

	Number of ordinary shares of RM0.10 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<b>Interest in the Company</b>				
<b>Direct interest</b>				
Low Hock Keong	10,440,000	5,150,000 *	(340,000)	15,250,000
Chang Tan Chin	5,730,000	2,650,000 *	(530,000)	7,850,000
Chong Wai Yew	5,280,000	2,500,000 *	(280,000)	7,500,000
Ooi Chin Khoon	5,250,000	2,625,000 *	-	7,875,000

# DIRECTORS' REPORT

## DIRECTORS' INTERESTS (continued)

	Number of ordinary shares of RM0.10 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<b>Interest in Company (continued)</b>				
<b>Indirect interest</b>				
Abdul Halim Bin Abdul Hamid <sup>1</sup>	210,322,500	105,161,250 *	-	315,483,750
Ooi Chin Khooon <sup>2</sup>	212,726,550	105,993,275 *	(155,000)	318,564,825
Low Hock Keong <sup>3</sup>	1,917,000	958,500 *	-	2,875,500

	Number of ordinary shares of RM1.00 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<b>Interest in the Ultimate Holding Company</b>				
<b>- Aliran Armada Sdn. Bhd.</b>				
<b>Direct interest</b>				
Abdul Halim Bin Abdul Hamid	1,200,000	-	(1,164,000)	36,000
Ooi Chin Khooon	600,000	1,164,000	(141,300)	1,622,700
<b>Indirect interest</b>				
Ooi Chin Khooon <sup>3</sup>	-	141,300	-	141,300

\* Increase pursuant to the renounceable rights issue of one (1) Right Share for every two (2) existing ordinary shares of RM0.10 each.

<sup>1</sup> Deemed interested by virtue of Section 6A of the Companies Act, 1965 in Malaysia.

<sup>2</sup> Deemed interested by virtue of Section 6A and 122A of the Companies Act, 1965 in Malaysia.

<sup>3</sup> Deemed interested by virtue of Section 122A of the Companies Act, 1965 in Malaysia.

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

## DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year, was the Company a party to any arrangements whose 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

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## **SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

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

## **SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

Details of significant events subsequent to the end of the financial year are disclosed in Note 42 to the financial statements.

## **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.

# DIRECTORS' REPORT

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## AUDITORS

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

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

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**OOI CHIN KHOON**

Director

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**ABDUL HALIM BIN ABDUL HAMID**

Director

Date: 25 April 2016



# STATEMENT BY DIRECTORS

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## Pursuant to Section 169(15) of the Companies Act, 1965

We, **OOI CHIN KHOON** and **ABDUL HALIM BIN ABDUL HAMID**, being two of the directors of OCK GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 56 to 156 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out on page 157 has been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants and presented based on the format as prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

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**OOI CHIN KHOON**  
Director

Kuala Lumpur

Date: 25 April 2016

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**ABDUL HALIM BIN ABDUL HAMID**  
Director

# STATUTORY DECLARATION

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## **Pursuant to Section 169(16) of the Companies Act, 1965**

I, **LIEW KOK SEONG**, being the officer primarily responsible for the financial management of OCK GROUP BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 56 to 156 and the supplementary information set out on page 157 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.

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**LIEW KOK SEONG**

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 25 April 2016.

Before me,

**Zulkifla Mohd Dahlim (No. W541)**  
Commissioner for Oaths

# INDEPENDENT AUDITORS' REPORT

to the members of OCK Group Berhad

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## Report on the Financial Statements

We have audited the financial statements of OCK Group Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 156.

### *Directors' Responsibility for the Financial Statements*

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the Company's preparation of financial statements that give a true and fair view 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 Company's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

# INDEPENDENT AUDITORS' REPORT

to the members of OCK Group Berhad

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## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965 in Malaysia to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.
- b) We have considered the financial statements and the auditors' report of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements.
- c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The auditors' reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Companies Act, 1965 in Malaysia.

## Other Reporting Responsibilities

The supplementary information set out on page 157 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

Baker Tilly Monteiro Heng  
No. AF 0117  
Chartered Accountants

Kuala Lumpur

Date: 25 April 2016

Heng Fu Joe  
2966/11/16(J)  
Chartered Accountant

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
Revenue	5	315,902,937	185,892,024	-	-
Cost of sales	6	(246,692,597)	(137,312,809)	-	-
<b>Gross profit</b>		69,210,340	48,579,215	-	-
Other income		7,917,136	1,518,329	4,359,644	1,028,427
Administrative expenses		(30,449,180)	(21,274,793)	(4,121,574)	(1,056,343)
Other operating expenses		(3,605,016)	(1,061,189)	(380,107)	-
		(34,054,196)	(22,335,982)	(4,501,681)	(1,056,343)
<b>Profit/(Loss) from operations</b>		43,073,280	27,761,562	(142,037)	(27,916)
Finance costs	7	(5,740,775)	(4,005,017)	-	-
<b>Profit/(Loss) before tax</b>	8	37,332,505	23,756,545	(142,037)	(27,916)
Tax expense	9	(10,181,174)	(6,700,495)	(295,095)	-
<b>Profit/(Loss) for the financial year</b>		27,151,331	17,056,050	(437,132)	(27,916)
<b>Other comprehensive income/(loss)</b>					
<b>Items that may not be reclassified subsequently to profit or loss</b>					
Actuarial gain from employee benefits		24,763	-	-	-
Realisation of revaluation reserve		76,262	81,260	-	-
Income tax relating to components of other comprehensive income		-	4,104	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>		101,025	85,364	-	-
Foreign currency translation		927,626	(89,837)	-	-
<b>Other comprehensive income/(loss) for the financial year</b>		1,028,651	(4,473)	-	-
<b>Total comprehensive income/(loss) for the financial year</b>		28,179,982	17,051,577	(437,132)	(27,916)

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2015

	Note	Group		Company	
		2015 RM	2014 RM	2015 RM	2014 RM
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		24,754,772	15,586,670	(437,132)	(27,916)
Non-controlling interests		2,396,559	1,469,380	-	-
		27,151,331	17,056,050	(437,132)	(27,916)
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		25,602,029	15,414,448	(437,132)	(27,916)
Non-controlling interests		2,577,953	1,637,129	-	-
		28,179,982	17,051,577	(437,132)	(27,916)
<b>Earnings Per Share (Sen)</b>					
- Basic	10	4.62	3.27		
- Diluted	10	4.56	3.27		

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>ASSETS</b>					
<b>Non-Current Assets</b>					
Property, plant and equipment	11	87,988,500	64,748,198	-	-
Investment properties	12	14,500,000	9,808,522	-	-
Intangible assets	13	19,240,475	19,407,684	-	-
Deferred tax assets	14	144,346	117,479	-	-
Investment in subsidiaries	15	-	-	36,617,025	19,882,215
Trade receivable	18	31,361,016	-	-	-
		153,234,337	94,081,883	36,617,025	19,882,215
<b>Current Assets</b>					
Inventories	16	30,935,263	23,873,304	-	-
Other investments	17	40,549	453,527	-	-
Trade and other receivables	18	174,554,499	99,210,530	93,831,226	69,250,586
Amount due from contract customers	19	16,087,695	11,188,703	-	-
Tax assets		304,546	99,034	-	-
Derivative financial assets	20	32,033	-	-	-
Cash and short term deposits	21	163,821,686	73,762,080	134,023,840	46,873,174
		385,776,271	208,587,178	227,855,066	116,123,760
<b>TOTAL ASSETS</b>		<b>539,010,608</b>	<b>302,669,061</b>	<b>264,472,091</b>	<b>136,005,975</b>



# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital	22	79,224,136	52,816,091	79,224,136	52,816,091
Share premium	23	102,869,058	84,187,096	102,869,058	84,187,096
Foreign currency translation reserve	24	466,693	(283,253)	-	-
Revaluation reserve	25	4,504,400	5,245,160	-	-
Reverse acquisition reserve		(17,007,122)	(17,007,122)	-	-
Warrant reserve	26	84,136,031	-	84,136,031	-
Retained earnings/ (Accumulated losses)		78,692,715	53,840,632	(2,288,761)	(1,851,629)
		332,885,911	178,798,604	263,940,464	135,151,558
Non-controlling interests		10,369,891	8,246,250	-	-
<b>Total Equity</b>		<b>343,255,802</b>	<b>187,044,854</b>	<b>263,940,464</b>	<b>135,151,558</b>
<b>Liabilities</b>					
<b>Non-Current Liabilities</b>					
Borrowings	27	41,030,347	32,279,716	-	-
Deferred tax liabilities	14	7,387,790	2,973,229	-	-
Trade payable	28	31,052,589	-	-	-
		79,470,726	35,252,945	-	-
<b>Current Liabilities</b>					
Amount due to contract customers	19	1,246,787	1,262,840	-	-
Trade and other payables	28	63,248,066	44,457,725	358,227	854,417
Post employment benefit liabilities	29	233,113	158,852	-	-
Borrowings	27	48,618,600	32,209,001	-	-
Tax liabilities		2,937,514	2,282,844	173,400	-
		116,284,080	80,371,262	531,627	854,417
<b>Total Liabilities</b>		<b>195,754,806</b>	<b>115,624,207</b>	<b>531,627</b>	<b>854,417</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>539,010,608</b>	<b>302,669,061</b>	<b>264,472,091</b>	<b>136,005,975</b>

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

	Note	Attributable to owners of the Company ----->									
		<----->					<----->				
		Non-distributable					Distributable				
		Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Revaluation Reserve RM	Reverse Acquisition Reserve RM	Warrant Reserve RM	Distributable Retained Earnings RM	Sub-total RM	Non-Controlling Interests RM	Total Equity RM
<b>Group</b>											
<b>As at 1 January 2014</b>		28,490,000	26,739,424	(25,667)	3,279,567	(17,007,122)	-	38,258,435	79,734,637	3,934,263	83,668,900
<b>Comprehensive income</b>											
Profit for the financial year		-	-	-	-	-	-	15,586,670	15,586,670	1,469,380	17,056,050
<b>Other comprehensive income</b>											
Foreign currency translation reserve	24	-	-	(257,586)	-	-	-	-	(257,586)	167,749	(89,837)
Realisation of revaluation reserve		-	-	-	-	-	-	85,364	85,364	-	85,364
<b>Total other comprehensive loss for the financial year</b>		-	-	(257,586)	-	-	-	85,364	(172,222)	167,749	(4,473)
<b>Total comprehensive income for the financial year</b>		-	-	(257,586)	-	-	-	15,672,034	15,414,448	1,637,129	17,051,577

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

Note	Attributable to owners of the Company ----->									
	<----->					<----->				
	Non-distributable					Distributable				
	Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Revaluation Reserve RM	Reverse Acquisition Reserve RM	Warrant Reserve RM	Distributable Retained Earnings RM	Sub-total RM	Non-Controlling Interests RM	Total Equity RM
<b>Group</b>										
<b>Transactions with owners</b>										
Arising from investment in subsidiaries	-	-	-	-	-	-	-	-	2,750,162	2,750,162
Arising from revaluation of property, plant and equipment	-	-	-	2,046,853	-	-	-	2,046,853	-	2,046,853
Disposal of a subsidiary	-	-	-	-	-	-	-	-	(75,304)	(75,304)
Foreign currency differences	-	-	-	-	-	-	(89,837)	(89,837)	-	(89,837)
Realisation of revaluation reserve	-	-	-	(81,260)	-	-	-	(81,260)	-	(81,260)
Issuance of shares pursuant to:										
- acquisition of a subsidiary	1,022,727	10,227,272	-	-	-	-	-	11,249,999	-	11,249,999
- bonus issue	17,605,364	(17,605,364)	-	-	-	-	-	-	-	-
- private placement	5,698,000	68,376,000	-	-	-	-	-	74,074,000	-	74,074,000
Share issuance expenses	-	(3,550,236)	-	-	-	-	-	(3,550,236)	-	(3,550,236)
<b>Total transactions with owners</b>	24,326,091	57,447,672	-	1,965,593	-	-	(89,837)	83,649,519	2,674,858	86,324,377
<b>At 31 December 2014</b>	52,816,091	84,187,096	(283,253)	5,245,160	(17,007,122)	-	53,840,632	178,798,604	8,246,250	187,044,854

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

	Note	Attributable to owners of the Company ----->									
		<----->					<----->				
		Non-distributable					Distributable				
		Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Revaluation Reserve RM	Reverse Acquisition Reserve RM	Warrant Reserve RM	Distributable Retained Earnings RM	Sub-total RM	Non-Controlling Interests RM	Total Equity RM
<b>Group</b>											
<b>As at 1 January 2015</b>		52,816,091	84,187,096	(283,253)	5,245,160	(17,007,122)	-	53,840,632	178,798,604	8,246,250	187,044,854
<b>Comprehensive income</b>											
Profit for the financial year		-	-	-	-	-	-	24,754,772	24,754,772	2,396,559	27,151,331
<b>Other comprehensive income</b>											
Actuarial gain from employee benefits		-	-	-	-	-	-	21,049	21,049	3,714	24,763
Foreign currency translation reserve	24	-	-	749,946	-	-	-	-	749,946	177,680	927,626
Realisation of revaluation reserve		-	-	-	-	-	-	76,262	76,262	-	76,262
<b>Total other comprehensive income for the financial year</b>		-	-	749,946	-	-	-	97,311	847,257	181,394	1,028,651
<b>Total comprehensive income for the financial year</b>		-	-	749,946	-	-	-	24,852,083	25,602,029	2,577,953	28,179,982

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

Note	Attributable to owners of the Company ----->									
	<----- Non-distributable ----->					<----->				
	Share Capital RM	Share Premium RM	Foreign Currency Translation Reserve RM	Revaluation Reserve RM	Reverse Acquisition Reserve RM	Warrant Reserve RM	Distributable Retained Earnings RM	Sub-total RM	Non-Controlling Interests RM	Total Equity RM
<b>Group</b>										
<b>Transactions with owners</b>										
Deferred tax relating to revaluation reserves	-	-	-	(664,498)	-	-	-	(664,498)	-	(664,498)
Issuance of shares by a subsidiary to non-controlling interest	-	-	-	-	-	-	-	-	1	1
Issuance of shares pursuant to rights issue with warrants	26,408,045	21,496,149	-	-	-	84,136,031	-	132,040,225	-	132,040,225
Realisation of revaluation reserve	-	-	-	(76,262)	-	-	-	(76,262)	-	(76,262)
Arising from acquisition of a subsidiary	-	(1,227,272)	-	-	-	-	-	(1,227,272)	(454,313)	(1,681,585)
Share issuance expenses	-	(1,586,915)	-	-	-	-	-	(1,586,915)	-	(1,586,915)
<b>Total transactions with owners</b>	26,408,045	18,681,962	-	(740,760)	-	84,136,031	-	128,485,278	(454,312)	128,030,966
<b>At 31 December 2015</b>	79,224,136	102,869,058	466,693	4,504,400	(17,007,122)	84,136,031	78,692,715	332,885,911	10,369,891	343,255,802

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2015

	Note	Share Capital RM	<-- Non-distributable --> Share Premium RM	Warrant Reserve RM	Distributable Accumulated Losses RM	Total Equity RM
<b>Company</b>						
<b>As at 1 January 2014</b>		28,490,000	26,739,424	-	(1,823,713)	53,405,711
<b>Comprehensive loss</b>						
Loss for the financial year		-	-	-	(27,916)	(27,916)
<b>Total comprehensive loss for the financial year</b>		-	-	-	(27,916)	(27,916)
<b>Transactions with owners</b>						
Issuance of shares pursuant to:						
- acquisition of a subsidiary	30	1,022,727	10,227,272	-	-	11,249,999
- bonus issue	22	17,605,364	(17,605,364)	-	-	-
- private placement	22	5,698,000	68,376,000	-	-	74,074,000
Share issuance expenses	23	-	(3,550,236)	-	-	(3,550,236)
<b>Total transactions with owners</b>		24,326,091	57,447,672	-	-	81,773,763
<b>At 31 December 2014</b>		52,816,091	84,187,096	-	(1,851,629)	135,151,558
<b>Comprehensive loss</b>						
Loss for the financial year		-	-	-	(437,132)	(437,132)
<b>Total comprehensive loss for the financial year</b>		-	-	-	(437,132)	(437,132)
<b>Transactions with owners</b>						
Issuance of shares pursuant to rights issue with warrants						
Arising from acquisition of a subsidiary		26,408,045	21,496,149	84,136,031	-	132,040,225
Share issuance expenses	23	-	(1,227,272)	-	-	(1,227,272)
		-	(1,586,915)	-	-	(1,586,915)
<b>Total transactions with owners</b>		26,408,045	18,681,962	84,136,031	-	129,226,038
<b>At 31 December 2015</b>		79,224,136	102,869,058	84,136,031	(2,288,761)	263,940,464

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>Cash Flows from Operating Activities</b>					
Profit/(Loss) before tax		37,332,505	23,756,545	(142,037)	(27,916)
Adjustments for:					
Amortisation of intangible assets	13	1,514,375	504,792	-	-
Bad debts written off		-	44,644	-	-
Depreciation of property, plant and equipment	11	6,837,368	4,515,615	-	-
Deposits written off		-	8,050	-	-
Fair value gain on derivative assets	20	(32,033)	-	-	-
Fair value gain on investment properties	12	(4,691,478)	-	-	-
Impairment loss on amount owing by a subsidiary	18	-	-	380,107	-
Interest expense		5,740,775	4,005,017	-	-
Interest income		(1,164,214)	(488,977)	(627,644)	(490,427)
Inventories written off	16	19,111	-	-	-
Net gain on disposal of property, plant and equipment		(128,006)	(142,995)	-	-
Net unrealised loss on foreign exchange		561,383	216,347	-	-
Property, plant and equipment written off		1	178,538	-	-
Provision for post employment benefits	29	78,487	59,178	-	-
Operating profit/(loss) before working capital changes		46,068,274	32,656,754	(389,574)	(518,343)
Amount due from contract customers		(4,915,045)	(3,944,454)	-	-
Inventories		(6,726,561)	(5,775,106)	-	-
Receivables		(106,784,229)	(28,651,517)	-	-
Payables		50,360,642	6,940,075	(496,190)	735,270
Cash (used in)/generated from operations		(21,996,919)	1,225,752	(885,764)	216,927
Interest received		1,164,214	488,977	627,644	490,427
Tax paid		(9,297,489)	(6,487,592)	(121,695)	-
Tax refunded		184,747	-	-	-
Net cash (used in)/from operating activities		(29,945,447)	(4,772,863)	(379,815)	707,354

# STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2015

		Group		Company	
	Note	2015 RM	2014 RM	2015 RM	2014 RM
<b>Cash Flows from Investing Activities</b>					
Additional investment in a subsidiary		-	-	(2,400,000)	(499,900)
Change in pledged deposits	21	(1,447,366)	-	-	-
Effect of acquisition of a subsidiary, net of cash acquired	30	-	(9,325,231)	-	-
Effect of disposal of a subsidiary, net of cash disposed	31	-	34,518	-	-
Proceeds from disposal of property, plant and equipment		133,005	9,676,345	-	-
Purchase of property, plant and equipment	11	(22,569,513)	(4,735,867)	-	-
Net increase/(decrease) in other investments	17	412,978	(169,300)	-	-
Net cash used in investing activities		(23,470,896)	(4,519,535)	(2,400,000)	(499,900)
<b>Cash Flows from Financing Activities</b>					
Advances to subsidiaries		-	-	(40,522,829)	(24,894,035)
Interest paid		(5,740,775)	(4,005,017)	-	-
Net drawdown/(repayment) of borrowings		12,282,986	(10,377,322)	-	-
Proceeds from issuance of shares arising from:					
- private placement	22	-	74,074,000	-	74,074,000
- ordinary shares to non-controlling interests		1	376,187	-	-
- rights issue with warrants	22	132,040,225	-	132,040,225	-
Share issuance expenses	23	(1,586,915)	(3,550,236)	(1,586,915)	(3,550,236)
Net cash from financing activities		136,995,522	56,517,612	89,930,481	45,629,729
<b>Net increase in cash and cash equivalents</b>					
		83,579,179	47,225,214	87,150,666	45,837,183
Cash and cash equivalents at the beginning of the financial year		65,067,892	17,870,969	46,873,174	1,035,991
Effect of exchange rate changes on cash and cash equivalents		1,158,350	(28,291)	-	-
<b>Cash and cash equivalents at the end of the financial year</b>					
	21	149,805,421	65,067,892	134,023,840	46,873,174

The annexed notes form an integral part of, and should be read in conjunction with, these financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

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## 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 are expressed in Ringgit Malaysia ("RM").

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 25 April 2016.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

### 2.2 Adoption of amendments/improvements to MFRSs

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

#### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

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

# NOTES TO THE FINANCIAL STATEMENTS

## 2. BASIS OF PREPARATION (continued)

### 2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

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

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
<u>Amendments/Improvements to MFRSs</u>		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. BASIS OF PREPARATION (continued)

### 2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

#### ***MFRS 9 Financial Instruments***

Key requirements of MFRS 9:-

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

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

- MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.
- MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

#### ***MFRS 15 Revenue from Contracts with Customers***

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. BASIS OF PREPARATION (continued)

### 2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

#### ***MFRS 15 Revenue from Contracts with Customers (continued)***

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

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services
MFRS 16	Leases

#### ***MFRS 16 Leases***

Currently under MFRS 117 *Leases*, leases are classified either as finance leases 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 lessors. All leases will be brought onto its statement of financial position except for short-term and low value asset leases.

#### ***Amendments to MFRS 7 Financial Instruments: Disclosures***

Amendments to MFRS 7 provide additional guidance to clarify whether servicing contracts constitute continuing involvement for the purposes of applying the disclosure requirements of MFRS 7.

The amendments also clarify the applicability of Disclosure – Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) to condensed interim financial statements.

#### ***Amendments to MFRS 101 Presentation of Financial Statements***

Amendments to MFRS 101 improve the effectiveness of disclosures. The amendments clarify guidance on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

#### ***Amendments to MFRS 107 Statement of Cash Flows***

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. BASIS OF PREPARATION (continued)

### 2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

#### ***Amendments to MFRS 112 Income Taxes***

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

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

#### ***Amendments to MFRS 116 Property, Plant and Equipment***

Amendments to MFRS 116 prohibit revenue-based depreciation because revenue does not reflect the way in which an item of property, plant and equipment is used or consumed.

#### ***Amendments to MFRS 119 Employee Benefits***

Amendments to MFRS 119 clarify that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability and the depth of the market for high quality corporate bonds should be assessed at a currency level.

#### ***Amendments to MFRS 127 Separate Financial Statements***

Amendments to MFRS 127 allow a parent and investors to use the equity method in its separate financial statements to account for investments in subsidiaries, joint ventures and associates, in addition to the existing options.

#### ***Amendments to MFRS 138 Intangible Assets***

Amendments to MFRS 138 introduce a rebuttable presumption that the revenue-based amortisation method is inappropriate. This presumption can be overcome only in the following limited circumstances:

- when the intangible asset is expressed as a measure of revenue, i.e. in the circumstance in which the predominant limiting factor that is inherent in an intangible asset is the achievement of a revenue threshold; or
- when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. BASIS OF PREPARATION (continued)

### 2.3 New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective (continued)

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

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.

measurement applied by the investment entity associate or joint venture to its interest in subsidiaries, or to unwind the fair value measurement and instead perform a consolidation at the level of the investment entity associate or joint venture.

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

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

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

### 2.4 Functional and presentation currency

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

### 2.5 Basis of measurement

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

# NOTES TO THE FINANCIAL STATEMENTS

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## 2. BASIS OF PREPARATION (continued)

### 2.6 Use of estimates and judgement

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

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

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Basis of consolidation

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

#### (a) Subsidiaries and business combination

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

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

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

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

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.1 Basis of consolidation (continued)

#### (a) Subsidiaries and business combination (continued)

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

- 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.

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.1 Basis of consolidation (continued)

#### (a) Subsidiaries and business combination (continued)

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.3 Foreign currency transactions and operations

#### (a) Translation of foreign currency transactions

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

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

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

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

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

#### (b) Translation of foreign operations

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.4 Revenue and other income

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

#### (a) Revenue from telecommunication network services

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

#### (b) Construction contracts

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

#### (c) Sales of goods

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

#### (d) Interest income

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

#### (e) Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.5 Employee benefits (continued)

#### (b) Defined contribution plans

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

#### (c) Defined benefit plans

The Group operates an unfunded defined benefit plan for eligible employees as provided in the services contract agreements between a subsidiary in the Group and its employees.

The Group'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. The most recent review was performed for the financial year ended 31 December 2015 in February 2016.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in profit or loss. Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service by employees or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains or losses on the settlement of a defined benefit plan when the settlement occurs.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.6 Borrowing costs (continued)

The Group and the Company begin capitalising borrowing costs when the Group and the Company have 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 receivable 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.7 Income tax (continued)

#### (b) Deferred tax (continued)

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

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

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

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

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

### 3.8 Financial instruments

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.8 Financial instruments (continued)

#### (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.

Loans and receivables

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

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

Held-to-maturity investments

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

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

(ii) Financial liabilities

Financial liabilities at fair value through profit or loss

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.8 Financial instruments (continued)

#### (a) Subsequent measurement (continued)

##### (ii) Financial liabilities (continued)

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

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

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

##### Other financial liabilities

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

#### (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.

The Group designates financial guarantee contracts given to banks for credit facilities granted to subsidiaries in MFRS 4 Insurance Contracts. The Group recognises these as liabilities when there is a present obligation, legal or constructive, as result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### (c) Regular way purchase or sale of financial assets

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.8 Financial instruments (continued)

#### (d) Derecognition

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

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

#### (e) Offsetting of financial instruments

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

### 3.9 Property, plant and equipment

#### (a) Recognition and measurement

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

Cost of assets includes expenditures other than bearer plants, 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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.9 Property, plant and equipment (continued)

#### (a) Recognition and measurement (continued)

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

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

#### (b) Subsequent costs

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

#### (c) Depreciation

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

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

Freehold building	2%
Leasehold land and building	2%
Furniture and fittings	10%
Computers and software equipment	33 1/3%
Office equipment	10% to 20%
Motor vehicles	20%
Renovation	10%
Engineering equipment	20%
Network facilities	4%
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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.9 Property, plant and equipment (continued)

#### (d) Derecognition

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

### 3.10 Capital work-in-progress

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

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

### 3.11 Leases

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

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

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.11 Leases (continued)

#### (b) Lessor accounting

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

### 3.12 Investment properties

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

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

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

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

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

### 3.13 Goodwill and other intangible assets

#### (a) Goodwill

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

In respect of equity-accounted associates and joint venture, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.13 Goodwill and other intangible assets (continued)

#### (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.

### 3.14 Construction work-in-progress

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

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

### 3.15 Inventories

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

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

- raw materials: purchase costs on a weighted average cost basis.
- finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average cost basis.

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

### 3.16 Cash and cash equivalents

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.17 Impairment of assets

#### (a) Impairment and uncollectibility of financial assets

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

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

#### Loans and receivables and held-to-maturity investments

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

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

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

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

#### (b) Impairment of non-financial assets

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.17 Impairment of assets (continued)

#### (b) Impairment of non-financial assets (continued)

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.

### 3.18 Share capital

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.19 Provisions

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

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

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

### 3.20 Operating segments

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

### 3.21 Fair value measurement

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

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

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

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

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



# NOTES TO THE FINANCIAL STATEMENTS

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

### 3.22 Contingencies

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

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

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

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

## 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

### (a) Determining the functional currency

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

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

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

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

### (c) Fair value measurement of financial instruments

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

The information on the fair value measurements of financial assets and liabilities are disclosed in Note 38.

# NOTES TO THE FINANCIAL STATEMENTS

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

### (d) Impairment of goodwill

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

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

### (e) Impairment of financial assets

For impairment test of held-to-maturity investments, the Group uses estimates of future cash flows of the held-to-maturity investments and discounts the future cash flows using the original effective interest rate of an instrument. As the projected cash flows are based on estimates, the actual cash flows may differ from those estimates and these may affect the carrying amounts of the held-to-maturity investments.

The Group and the Company recognise impairment losses for loans and receivables using the incurred loss model. At the end of each reporting period, the Group and the Company assess whether there is any objective evidence that loans and receivables is impaired. Individually significant loans and receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the impairment made and this may affect the Group's and the Company's financial position and results.

The carrying amounts of the Group's and the Company's financial assets are disclosed in Note 37(a).

### (f) Measurement of income taxes

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### (g) Deferred tax assets

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

### (h) Defined benefit liabilities

The Group has unfunded defined benefit plans for eligible directors. The measurement of the present value of defined benefit obligations is based on a number of assumptions and factors that are determined on an actuarial basis. The assumptions used in the measurement of the defined benefit costs and the related liabilities or assets include projected directors' salaries, inflation, interest cost and an appropriate discount rate using yields of high quality corporate bonds. Any changes in these assumptions will have an impact on the carrying amount of the defined benefit obligations. The carrying amount of the Group's post employment benefit liabilities and the details of these actuarial assumptions and the sensitivity of the changes in key assumptions are disclosed Note 29.

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

The Group write down its obsolete or slow moving inventories based on assessment of its estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories. The carrying amounts of the Group's and the Company's inventories are disclosed in Note 16.

### (j) 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 carrying amount of the other intangible assets are disclosed Note 13.

### (k) Amortisation of intangible assets

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

# NOTES TO THE FINANCIAL STATEMENTS

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

### (l) Impairment of non-financial assets

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

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

### (m) Valuation of investment properties

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

### (n) Construction contracts

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

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

### (o) Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business.

# NOTES TO THE FINANCIAL STATEMENTS

## 5. REVENUE

	Group	
	2015 RM	2014 RM
Telecommunication network services	258,332,342	127,834,238
Green energy and power solutions	32,249,219	35,230,981
Sales of goods	10,150,223	9,029,195
M&E engineering services	15,171,153	13,797,610
	315,902,937	185,892,024

## 6. COST OF SALES

	Group	
	2015 RM	2014 RM
Telecommunication network services	200,513,853	89,553,423
Green energy and power solutions	27,738,274	31,357,320
Sales of goods	6,183,331	6,974,959
M&E engineering services	12,257,139	9,427,107
	246,692,597	137,312,809

## 7. FINANCE COSTS

	Group	
	2015 RM	2014 RM
Bank overdrafts	201,298	156,625
Finance lease payables	907,076	664,288
Revolving project loan	2,628,289	1,869,465
Term loans - secured	1,877,682	1,157,951
Trade financing	126,430	156,688
	5,740,775	4,005,017

# NOTES TO THE FINANCIAL STATEMENTS

## 8. PROFIT/(LOSS) BEFORE TAX

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Amortisation of intangible assets	1,514,375	504,792	-	-
Auditors' remuneration:				
- statutory audit				
- current year	317,212	235,002	50,000	30,000
- under-provision in prior year	13,000	23,130	13,000	8,000
- non-statutory audit				
- current year	10,000	10,000	10,000	10,000
- under-provision in prior year	-	9,000	-	9,000
Bad debts written off	-	44,644	-	-
Deposits written off	-	8,050	-	-
Depreciation of property, plant and equipment	6,837,368	4,515,615	-	-
Directors' remuneration (Note (a))	3,753,586	2,461,907	1,592,228	187,000
Employee benefit expenses (Note (b))	56,561,030	30,711,670	1,177,030	-
Fair value gain on derivative assets	(32,033)	-	-	-
Fair value gain on investment properties	(4,691,478)	-	-	-
Impairment loss on amount owing by a subsidiary	-	-	380,107	-
Interest income	(1,164,214)	(488,977)	(627,644)	(490,427)
Inventories written off	19,111	-	-	-
Net gain on disposal of property, plant and equipment	(128,006)	(142,995)	-	-
Net loss on foreign exchange:				
- realised	411,802	107,068	-	-
- unrealised	561,383	216,347	-	-
Property, plant and equipment written off	1	178,538	-	-
Provision for post employment benefits	78,487	59,178	-	-
Rental expenses:				
- equipment	92,856	199,317	-	-
- premises	1,287,726	584,576	-	-
- sites	1,392,141	1,102,779	-	-
- vehicles	4,038,055	1,186,675	-	-
- warehouse	838,559	433,615	-	-
Rental income from premises	(863,164)	(777,203)	(60,200)	(64,400)

# NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Executive Directors:</b>				
- fees	24,000	10,000	-	-
- salaries, allowances and bonuses	3,207,433	2,014,180	1,239,095	19,500
- other emoluments	356,353	270,227	187,333	-
Total executive directors' remuneration	3,587,786	2,294,407	1,426,428	19,500
<b>Non-executive Directors:</b>				
- fees	144,800	149,500	144,800	149,500
- allowances	21,000	18,000	21,000	18,000
Total non-executive directors' remuneration	165,800	167,500	165,800	167,500
Total directors' remuneration	3,753,586	2,461,907	1,592,228	187,000

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 RM298,706 (2014: RM135,100) and RM97,350 (2014: RM Nil) respectively.

- (b) Employee benefit expenses are:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Salaries, allowances and bonuses	52,676,288	27,799,137	1,015,098	-
Contributions to defined contribution plans and Socso	3,488,059	2,593,136	161,932	-
Other benefits	396,683	319,397	-	-
	56,561,030	30,711,670	1,177,030	-

# NOTES TO THE FINANCIAL STATEMENTS

## 9. TAX EXPENSE

The major components of tax expense for the financial years ended 31 December 2015 and 31 December 2014 are as follows:

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Current income tax:</b>				
- Current financial year	8,652,885	6,280,730	173,400	-
- Under/(Over) provision in prior financial year	820,407	(1,612,688)	121,695	-
	9,473,292	4,668,042	295,095	-
<b>Deferred tax (Note 14):</b>				
- Origination of temporary differences	864,369	305,033	-	-
- Relating to changes in tax rate	-	(108,510)	-	-
- (Over)/Under provision in prior financial year	(156,487)	1,835,930	-	-
	707,882	2,032,453	-	-
	10,181,174	6,700,495	295,095	-

Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% (2014: 25%) of the estimated assessable profit for the financial year. The domestic statutory income tax rate would be reduced to 24% from the current year's rate of 25% with effect from the year of assessment 2016. The computation of deferred tax as at 31 December 2015 and 31 December 2014 has reflected these changes.



# NOTES TO THE FINANCIAL STATEMENTS

## 9. TAX EXPENSE (continued)

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit/(Loss) before tax	37,332,505	23,756,545	(142,037)	(27,916)
Tax at Malaysian statutory income tax rate of 25% (2014: 25%)	9,333,126	5,939,136	(35,500)	(6,979)
Tax effects arising from:				
- non-deductible expenses	3,020,369	598,786	208,900	37,979
- non-taxable income	(3,015,485)	(2,841)	-	-
Effect of different tax rates in foreign jurisdictions	(116,550)	(96,610)	-	-
Effect of changes in tax rate on opening balance of deferred tax	-	(108,510)	-	-
Deferred tax recognised at different tax rates	(49,341)	9,310	-	-
Deferred tax assets not recognised during the financial year	536,945	168,982	-	-
Fair value gain arising from investment properties	340,870	-	-	-
Realisation of deferred tax liabilities on intangible assets	(504,792)	-	-	-
Utilisation of previously unrecognised deferred tax assets	(27,888)	(31,000)	-	(31,000)
Under/(Over) provision in prior financial year:				
- income tax	820,407	(1,612,688)	121,695	-
- deferred tax	(156,487)	1,835,930	-	-
Tax expense	10,181,174	6,700,495	295,095	-

The Group has estimated unutilised tax losses and unabsorbed capital allowances of RM1,760,557 (2014: RM853,365) and RM106,126 (2014: RM22,445) respectively, available to be carried forward to set-off against future taxable profits.

# NOTES TO THE FINANCIAL STATEMENTS

## 10. EARNINGS PER SHARE

### Basic earnings per ordinary share

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

	Group	
	2015 RM	2014 RM
Profit attributable to owners of the Company	24,754,772	15,586,670
Weighted average number of ordinary shares for basic earnings per share	535,395,989	476,209,319
Basic earnings per ordinary share (sen)	4.62	3.27

### Diluted earnings per ordinary share

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

	Group	
	2015 RM	2014 RM
Profit attributable to owners of the Company	24,754,772	15,586,670
Weighted average number of ordinary shares for basic earnings per share	535,395,989	476,209,319
Effect of dilution from warrants conversion	7,235,081	-
Weighted average number of ordinary shares for diluted earnings per share	542,631,070	476,209,319
Diluted earnings per ordinary share (sen)	4.56	3.27

# NOTES TO THE FINANCIAL STATEMENTS

## 11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building	Leasehold land and building	Furniture and fittings	Computer and software equipment	Office equipment	Motor vehicles	Renovation	Engineering equipment	Network facilities	Plant and machinery	Capital work-in-progress	Total
Cost / Valuation	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
At 1.1.2014	22,140,000	5,050,000	262,553	2,209,026	765,611	4,765,981	176,501	3,154,519	16,680,787	14,548,123	5,296,214	75,049,315
Additions	-	-	73,778	524,022	12,582	1,191,799	3,766,766	1,621,269	1,269,012	7,118,145	1,661,144	17,238,517
Revaluation	56,188	1,078,522	-	-	-	-	-	-	-	-	-	1,134,710
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
(Note 30)	-	-	-	-	136,520	632,924	-	1,193,135	-	-	-	1,962,579
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
(Note 31)	-	-	-	(9,529)	-	-	-	(81,219)	-	-	-	(90,748)
Transfer to investment properties	-	-	-	-	-	-	-	-	-	-	-	-
(Note 12)	(7,840,000)	(1,968,522)	-	-	-	-	-	-	-	-	-	(9,808,522)
Disposals	-	-	-	-	-	(930,770)	-	-	(9,533,346)	-	-	(10,464,116)
Reclassifications	-	-	-	-	-	-	-	-	2,053,049	1,649,458	(3,702,507)	-
Written off	-	-	-	-	-	(20,795)	-	-	(169,865)	-	-	(190,660)
Translation differences	-	-	159,672	(127,422)	6,255	29,505	-	53,225	-	-	-	121,235
At 31.12.2014	14,356,188	4,160,000	496,003	2,596,097	920,968	5,668,644	3,943,267	5,940,929	10,299,637	23,315,726	3,254,851	74,952,310
Additions	-	-	210,620	1,115,018	24,915	1,943,098	2,550,909	2,674,050	-	12,362,485	9,071,309	29,952,404
Disposals	-	-	(35,096)	-	-	(394,000)	-	-	-	-	-	(429,096)
Reclassifications	-	-	-	-	-	-	-	5,836,314	-	-	(5,836,314)	-
Written off	-	-	-	-	-	(48,128)	-	-	-	-	-	(48,128)
Transfer to inventories	-	-	-	-	-	-	-	-	-	-	-	-
(Note 16)	-	-	-	-	-	-	-	(201,192)	-	-	-	(201,192)
Translation differences	-	-	3,932	46,816	17,478	83,761	-	278,772	-	-	-	430,759
At 31.12.2015	14,356,188	4,160,000	675,459	3,757,931	963,361	7,253,375	6,494,176	14,528,873	10,299,637	35,678,211	6,489,846	104,657,057

# NOTES TO THE FINANCIAL STATEMENTS

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land and building	Leasehold land and building	Furniture and fittings	Computer and software equipment	Office equipment	Motor vehicles	Renovation	Engineering equipment	Network facilities	Plant and machinery	Capital work-in-progress	Total
Accumulated Depreciation	At Valuation	At Valuation	<----->	RM	RM	RM	At Cost	RM	RM	RM	RM	RM
At 1.1.2014	463,702	137,242	129,372	1,290,998	388,514	2,873,994	44,422	1,100,544	255,102	165,602	-	6,849,492
Charge for the financial year	255,975	83,089	86,409	394,538	84,342	697,892	140,388	871,823	370,556	1,530,603	-	4,515,615
Revaluation	(719,677)	(192,468)	-	-	-	-	-	-	-	-	-	(912,145)
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
(Note 30)	-	-	-	-	110,666	85,547	-	483,626	-	-	-	679,839
Disposal of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
(Note 31)	-	-	-	(2,625)	-	-	-	(18,394)	-	-	-	(21,019)
Disposals	-	-	-	-	-	(930,766)	-	-	-	-	-	(930,766)
Written off	-	-	-	-	-	(4,082)	-	-	(8,040)	-	-	(12,122)
Translation differences	-	-	103,279	(101,615)	5,024	101	-	28,429	-	-	-	35,218
At 31.12.2014	-	27,863	319,060	1,581,296	588,546	2,722,686	184,810	2,466,028	617,618	1,696,205	-	10,204,112
Charge for the financial year	104,762	56,840	45,542	649,065	92,407	1,073,158	558,304	1,471,376	506,697	2,279,217	-	6,837,368
Disposals	-	-	(30,099)	-	-	(393,998)	-	-	-	-	-	(424,097)
Written off	-	-	-	-	-	(48,127)	-	-	-	-	-	(48,127)
Transfer to inventories	-	-	-	-	-	-	-	-	-	-	-	-
(Note 16)	-	-	-	-	-	-	-	(80,477)	-	-	-	(80,477)
Translation differences	-	-	2,615	38,409	13,942	24,393	-	100,419	-	-	-	179,778
At 31.12.2015	104,762	84,703	337,118	2,268,770	694,895	3,378,112	743,114	3,957,346	1,124,315	3,975,422	-	16,668,557

# NOTES TO THE FINANCIAL STATEMENTS

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land and building	Leasehold land and building	Furniture and fittings	Computer and software equipment	Office equipment	Motor vehicles	Renovation	Engineering equipment	Network facilities	Plant and machinery	Capital work-in-progress	Total
Net Carrying Amount	At Valuation	At Valuation	<----->	<----->	<----->	<----->	At Cost	<----->	<----->	<----->	<----->	RM
At 31.12.2014	14,356,188	4,132,137	176,943	1,014,801	332,422	2,945,958	3,758,457	3,474,901	9,682,019	21,619,521	3,254,851	64,748,198
At 31.12.2015	14,251,426	4,075,297	338,341	1,489,161	268,466	3,875,263	5,751,062	10,571,527	9,175,322	31,702,789	6,489,846	87,988,500

# NOTES TO THE FINANCIAL STATEMENTS

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Motor vehicles	3,781,990	2,945,958
Network facilities	2,487,523	-
Plant and machinery	12,908,094	12,632,690
	19,177,607	15,578,648

- (b) Included in leasehold land and buildings is a leasehold land with net carrying amount of RM1,227,866 (2014: RM1,243,933) which was held in trust by a director of the Group.
- (c) Leasehold land has remaining unexpired lease period of more than 50 years.
- (d) The carrying amount of property, plant and equipment of the Group pledged to the licensed banks for credit facilities granted to subsidiaries are as follows (Notes 27(b), 27(d), 27(e), 27(f) and 27(g)):

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
Freehold land and building	14,251,426	14,356,188
Leasehold land and building	4,075,297	4,132,137
	18,326,723	18,488,325

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

# NOTES TO THE FINANCIAL STATEMENTS

## 11. PROPERTY, PLANT AND EQUIPMENT (continued)

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

	Group	
	2015 RM	2014 RM
<b>Freehold land and building</b>		
Cost	14,300,000	14,300,000
Accumulated depreciation	(322,319)	(223,144)
Net carrying amount	13,977,681	14,076,856
<b>Leasehold land and building</b>		
Cost	2,805,160	2,805,160
Accumulated depreciation	(152,871)	(111,824)
Net carrying amount	2,652,289	2,693,336

- (g) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM29,952,404 (2014: RM17,238,517) which are satisfied by the following:

	Group	
	2015 RM	2014 RM
Finance lease arrangements	7,382,891	12,502,650
Cash payments	22,569,513	4,735,867
	29,952,404	17,238,517

- (h) Fair value information

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

# NOTES TO THE FINANCIAL STATEMENTS

## 12. INVESTMENT PROPERTIES

Group	Freehold land and building RM	Leasehold land and building RM	Total RM
<b>At fair value:</b>			
At 1 January 2014	-	-	-
Transfer from property, plant and equipment (Note 11)	7,840,000	1,968,522	9,808,522
At 31 December 2014	7,840,000	1,968,522	9,808,522
Fair value gain	4,160,000	531,478	4,691,478
At 31 December 2015	12,000,000	2,500,000	14,500,000

- (a) Investment properties of the Group with an aggregate carrying amount of RM14,500,000 (2014: RM9,808,522) are pledged to the licensed banks for credit facilities granted to the subsidiaries (Notes 27(b), 27(d), 27(e), 27(f) and 27(g)).
- (b) Leasehold land has remaining unexpired lease period of more than 50 years.
- (c) The following are recognised in profit or loss in respect of investment properties:

	Group	
	2015 RM	2014 RM
Rental income	729,614	671,853
Direct operating expenses	(43,420)	(43,420)

- (d) Fair value information

Fair value of investment properties are categorised as follows:

	Group			Total RM
	Level 1 RM	Level 2 RM	Level 3 RM	
<b>2015</b>				
Freehold land and building	-	12,000,000	-	12,000,000
Leasehold land and building	-	2,500,000	-	2,500,000
	-	14,500,000	-	14,500,000



# NOTES TO THE FINANCIAL STATEMENTS

## 12. INVESTMENT PROPERTIES continued)

(d) Fair value information (continued)

Fair value of investment properties are categorised as follows: (continued)

	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
<b>2014</b>				
Freehold land and building	-	7,840,000	-	7,840,000
Leasehold land and building	-	1,968,522	-	1,968,522
	-	9,808,522	-	9,808,522

The valuation of investment properties as at 31 December 2015 and 31 December 2014 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 2015 or 31 December 2014.

### Level 2 fair value

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

## 13. INTANGIBLE ASSETS

Group	Goodwill RM	Other intangible assets RM	Total RM
<b>Cost</b>			
At 1 January 2014	-	-	-
Acquisition of a subsidiary (Note 30)	7,797,476	12,115,000	19,912,476
At 31 December 2014	7,797,476	12,115,000	19,912,476
Remeasurement of purchase price allocation	1,347,166	-	1,347,166
At 31 December 2015	9,144,642	12,115,000	21,259,642

# NOTES TO THE FINANCIAL STATEMENTS

## 13. INTANGIBLE ASSETS (continued)

Group (continued)	Goodwill RM	Other intangible assets RM	Total RM
<b>Accumulated Amortisation</b>			
At 1 January 2014	-	-	-
Charge for the financial year	-	504,792	504,792
At 31 December 2014	-	504,792	504,792
Charge for the financial year	-	1,514,375	1,514,375
At 31 December 2015	-	2,019,167	2,019,167
<b>Net Carrying Amount</b>			
At 31 December 2014	7,797,476	11,610,208	19,407,684
At 31 December 2015	9,144,642	10,095,833	19,240,475

### (a) Goodwill

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

	2015 RM	2014 RM
Telecommunication Network Services	9,144,642	7,797,476

A remeasurement of purchase price allocation is made within the measurement period. An adjustment to goodwill amounting to RM1,347,166 has been recognised during the financial year resulting from a change of the purchase consideration of a subsidiary and under recognition of deferred tax liabilities arising from other intangible assets identified.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 13. INTANGIBLE ASSETS (continued)

### (a) Goodwill (continued)

#### Key assumptions used in value-in-use calculations

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

	2015 RM	2014 RM
Gross profit margin	39%	38%
Growth rate	5%	5%
Discount rate	9%	11%

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

(i) Gross profit margin

Gross profit margin is the forecasted margin as a percentage of revenue over the 5 year projection period. These are increased over the projection period for anticipated efficiency improvements.

(ii) Growth rate

The growth rate is based on management assessment on the impact of the aggressive marketing and sales activities to be carried out as well as the historical growth rate for the company.

(iii) Discount rate

Discount rate reflects the current industry assessment of the risks. This is the benchmark used by management to assess operating performance and to evaluate future investments proposals.

#### Sensitivity to change in assumptions

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

### (b) Other intangible assets

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

An amortisation amounting to RM1,514,375 (2014: RM504,792) relating to the customer contracts and related customer relationship has been recognised during the financial year based on estimated useful life of 8 years.

# NOTES TO THE FINANCIAL STATEMENTS

## 14. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2015 RM	2014 RM
<b>Deferred tax assets/(liabilities)</b>		
At beginning of the financial year	(2,855,750)	(937,090)
Acquisition of a subsidiary (Note 30)	-	98,043
Deferred tax relating to intangible assets	(3,028,750)	-
Disposal of a subsidiary (Note 31)	-	7,006
Recognised in profit or loss (Note 9)	(707,882)	(2,032,453)
Deferred tax relating to revaluation reserves	(664,498)	4,104
Translation differences	13,436	4,640
At end of the financial year	(7,243,444)	(2,855,750)

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

	Group	
	2015 RM	2014 RM
Deferred tax assets	144,346	117,479
Deferred tax liabilities	(7,387,790)	(2,973,229)
	(7,243,444)	(2,855,750)

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

	Group	
	2015 RM	2014 RM
<b>Deferred tax assets</b>		
Accruals	-	77,766
Post employment benefits	144,346	39,713
	144,346	117,479

# NOTES TO THE FINANCIAL STATEMENTS

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

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

	Group	
	2015 RM	2014 RM
<b>Deferred tax liabilities</b>		
Differences between the carrying amounts of property, plant and equipment and their tax bases	(4,478,758)	(2,804,378)
Deductible temporary differences in respect of expenses	3,294	-
Fair value gain arising from investment properties	(340,870)	-
Deferred tax relating to intangible assets	(2,523,958)	-
Revaluation surplus on property, plant and equipment	-	(168,851)
Taxable temporary differences in respect of income	(47,498)	-
	(7,387,790)	(2,973,229)

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

	Group	
	2015 RM	2014 RM
Unrealised loss on foreign exchange	1,246,391	116,199
Unabsorbed capital allowances	106,126	22,445
Unutilised tax losses	1,760,557	853,365
	3,113,074	992,009

# NOTES TO THE FINANCIAL STATEMENTS

## 15. INVESTMENT IN SUBSIDIARIES

	Company	
	2015 RM	2014 RM
<b>Unquoted shares, at cost</b>		
At beginning of the financial year	19,882,215	19,382,315
Additions	2,400,000	499,900
	22,282,215	19,882,215
Loans that are part of net investments	14,334,810	-
At end of the financial year	36,617,025	19,882,215

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

The details of the subsidiaries are as follows:

Name of Company	Country of Incorporation	Effective Equity 2015Interest2014		Principal Activities
Direct subsidiaries:				
Milab Marketing Sdn. Bhd.	Malaysia	100%	100%	Provision of renewable energy and power solutions.
OCK International Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
OCK Setia Engineering Sdn. Bhd.	Malaysia	100%	100%	Engaged in the provision of turnkey telecommunications network services.
OCK Ventures Sdn. Bhd.	Malaysia	100%	100%	Investment holding and general trading.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. INVESTMENT IN SUBSIDIARIES (continued)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015	2014	
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 *	The Republic of Indonesia	85%	85%	Provision of telecommunication solution services.
Subsidiary of OCK Telco Infra Pte. Ltd.				
MIN-OCK Infrastructure Pte. Ltd. #	Singapore	70%	-	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiaries of OCK 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. INVESTMENT IN SUBSIDIARIES (continued)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015	2014	
Subsidiaries of OCK Engineering Sdn. Bhd. (continued)				
El Power Technologies Sdn. Bhd.	Malaysia	52%	52%	Provision of green energy and power solutions.
Fortress Pte. Ltd. #	Singapore	100%	100%	Distribution and installation of network security products and solutions for enterprise customers and provision of technical support.
Firatel Sdn. Bhd.	Malaysia	61%	61%	Trading of telecommunications network equipment and materials.
OCK M&E Sdn. Bhd.	Malaysia	100%	100%	Provision of mechanical and electrical engineering services.
OCK Yangon Pte. Ltd.	Myanmar	100%	100%	Provision of consultants, deployment advisory and services relating to telecommunication network services.
Steadcom Sdn. Bhd.	Malaysia	51%	51%	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation.
Subsidiary of Fortress Pte. Ltd.				
Fortress Distribution Sdn. Bhd.	Malaysia	100%	100%	Distribution and installation of network security products and solutions for enterprise customers and provision of technical support.



# NOTES TO THE FINANCIAL STATEMENTS

## 15. INVESTMENT IN SUBSIDIARIES (continued)

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

Name of Company	Country of Incorporation	Effective Equity Interest		Principal Activities
		2015	2014	
Subsidiaries of OCK Ventures Sdn. Bhd.				
OCK Industries Sdn. Bhd.	Malaysia	65%	65%	Provision of engineering services and general trading.
Massive Connection Sdn. Bhd.	Malaysia	100%	100%	Provision of information technology services.

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

# Audited by an independent member firm of Baker Tilly International

### (a) Acquisition/Incorporation of subsidiaries

#### **2015**

##### MIN-OCK Infrastructure Pte. Ltd.

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

#### **2014**

##### Fuzhou 1-Net Solution Co. Ltd.

On 17 February 2014, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT") had completed the incorporation of a 51% owned subsidiary, namely Fuzhou 1-Net Solution Co. Ltd. ("Fuzhou 1-Net"), a company incorporated in the People's Republic of China with a registered capital of 1,000,000 Chinese Yuan. The principal activity of Fuzhou 1-Net is the provision of various telecommunications network services.

##### Massive Connection Sdn. Bhd.

On 18 March 2014, the Company's wholly owned subsidiary, OCK Ventures Sdn. Bhd. ("OCKVSB") had acquired two (2) ordinary shares of RM1 each in Massive Connection Sdn. Bhd. ("MCSB") for a total cash consideration of RM2. Consequently, MCSB became a wholly-owned subsidiary of OCKVSB.

##### PT Putra Mulia Telecommunication

On 3 September 2014, the Company's wholly-owned subsidiary, OCKINT had acquired 85% equity interest in PT Putra Mulia Telecommunication ("PMT") for a total purchase consideration of RM21,250,000, fully satisfied via a combination of RM10,000,000 cash and issuance of 10,227,272 ordinary shares of RM0.10 each in the Company.

# NOTES TO THE FINANCIAL STATEMENTS

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## 15. INVESTMENT IN SUBSIDIARIES (continued)

### (a) Acquisition/Incorporation of subsidiaries (continued)

#### 2014 (continued)

OCK Telco Infra Pte. Ltd.

On 22 December 2014, the Company's wholly-owned subsidiary, OCKINT had incorporated a wholly-owned subsidiary, namely OCK Telco Infra Pte. Ltd. ("OCK Telco"), a company incorporated in Singapore with an issued and paid-up capital of SGD1. The principal activity of OCK Telco is the provision of tower facilities, utilities and communication network for mobile and broadband operators.

### (b) Acquisition of additional interests in subsidiaries

#### 2015

Milab Marketing Sdn. Bhd.

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

OCK International Sdn. Bhd.

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

#### 2014

OCK International Sdn. Bhd.

On 11 September 2014, the Company had further subscribed 499,900 ordinary shares of RM1.00 each in the share capital of OCK International Sdn. Bhd..

### (c) Disposal of a subsidiary

On 14 March 2014, the Company's wholly-owned subsidiary, OCK Setia Engineering Sdn. Bhd. had disposed of its entire 51% equity interest in Smartbean Systems Sdn. Bhd., equivalent to 153,000 ordinary shares of RM1 each for a total consideration of RM78,377.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. INVESTMENT IN SUBSIDIARIES (continued)

### (d) Non-controlling interests in subsidiaries

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

	Fuzhou 1-Net Solution Co. Ltd. RM	PT Putra Mulia Tele- Communication RM	OCK Industries Sdn. Bhd. RM	Dynasynergy Services Sdn. Bhd. RM	El Power Technologies Sdn. Bhd. RM	Steadcom Sdn. Bhd. RM	Firatel Sdn. Bhd. RM	MIN-OCK Infrastructure Pte. Ltd. RM	Total RM
<b>2015</b>									
NCI Percentage of ownership interest and voting interest	49%	15%	35%	49%	48%	49%	39%	30%	
Carrying amount of NCI	469,950	2,758,138	(68,912)	1,101,849	2,507,020	1,552,809	2,055,390	(6,353)	10,369,891
Profit/(Loss) allocated to NCI	119,711	482,584	(25,245)	407,355	63,404	630,101	724,613	(5,964)	2,396,559
<b>2014</b>									
NCI Percentage of ownership interest and voting interest	49%	15%	35%	49%	48%	49%	39%	-	
Carrying amount of NCI	294,001	2,604,321	(43,667)	694,494	2,443,616	922,708	1,330,777	-	8,246,250
Profit/(Loss) allocated to NCI	5,118	85,720	(30,316)	336,324	461,726	334,145	276,663	-	1,469,380

## 15. INVESTMENT IN SUBSIDIARIES (continued)

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

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

2015	Fuzhou 1-Net Solution Co. Ltd. RM	PT Putra Mulia Tele- Communication RM	OCK Industries Sdn. Bhd. RM	Dynasynergy Services Sdn. Bhd. RM	EI Power Technologies Sdn. Bhd. RM	Steadcom Sdn. Bhd. RM	Firatel Sdn. Bhd. RM	MIN-OCK Infrastructure Pte. Ltd. RM	Total RM
<b>Assets and liabilities</b>									
Non-current assets	79,884	2,789,453	73,560	122,135	773,751	1,975,526	259,723	-	6,074,032
Current assets	1,624,161	13,899,830	7,396	8,139,830	13,729,176	6,815,479	7,906,446	52,132,321	52,122,321
Non-current liabilities	-	-	-	(83,478)	(588,096)	(491,309)	(243,139)	-	(1,406,022)
Current liabilities	(763,339)	(6,669,585)	(277,850)	(5,935,234)	(8,691,872)	(5,144,028)	(2,665,924)	(21,179)	(30,169,011)
Net assets/(liabilities)	940,706	10,019,698	(196,894)	2,243,253	5,222,959	3,155,668	5,257,106	(21,176)	26,621,320
<b>Results</b>									
Revenue	3,677,676	29,127,366	31,778	19,416,103	29,313,773	10,002,028	12,592,530	-	104,161,254
Profit/(Loss) for the financial year	244,308	4,226,803	(72,128)	831,337	132,091	1,285,920	1,857,983	(19,879)	8,486,435
Total comprehensive income/(loss)	244,308	4,226,803	(72,128)	831,337	132,091	1,285,920	1,857,983	(19,879)	8,486,435
Cash flows (used in)/from:									
- operating activities	(26,934)	(432,609)	(42,734)	(1,125,352)	(1,057,688)	1,449,954	622,715	-	(612,648)
- investing activities	(46,101)	(1,650,939)	-	133,376	(63,886)	(356,717)	(43,209)	-	(2,027,477)
- financing activities	-	1,481,624	44,645	315,848	(2,585,511)	(926,853)	100,320	3	(1,569,924)
Net (decrease)/increase in cash and cash equivalents	(73,036)	(601,924)	1,911	(676,128)	(3,707,085)	166,384	679,826	3	(4,210,049)

# NOTES TO THE FINANCIAL STATEMENTS

## 15. INVESTMENT IN SUBSIDIARIES (continued)

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

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

2014	Fuzhou 1-Net Solution Co. Ltd. RM	PT Putra Multa Tele- Communication RM	OCK Industries Sdn. Bhd. RM	Dynasnergy Services Sdn. Bhd. RM	EI Power Technologies Sdn. Bhd. RM	Steadcom Sdn. Bhd. RM	Firatel Sdn. Bhd. RM	Total RM
<b>Assets and liabilities</b>								
Non-current assets	63,663	1,817,180	95,640	2,414	494,421	1,251,856	482,072	4,207,246
Current assets	918,847	7,800,373	11,302	6,030,867	14,054,855	5,097,185	6,386,179	40,299,608
Non-current liabilities	-	(120,916)	-	-	(288,855)	(183,760)	(219,149)	(812,680)
Current liabilities	(400,883)	(4,540,720)	(231,708)	(4,621,365)	(9,169,553)	(4,295,533)	(3,249,979)	(26,509,741)
Net assets/(liabilities)	581,627	4,955,917	(124,766)	1,411,916	5,090,868	1,869,748	3,399,123	17,184,433
<b>Results</b>								
Revenue	1,549,500	7,410,102	11,118	8,713,010	34,156,861	6,879,155	10,114,159	68,833,905
Profit/(Loss) for the financial year	9,838	1,059,561	(86,618)	680,959	961,931	668,602	696,265	3,990,538
Total comprehensive income/(loss)	9,838	1,059,561	(86,618)	680,959	961,931	668,602	696,265	3,990,538
Cash flows (used in)/from:								
- operating activities	(71,012)	(575,002)	(78,015)	(841,840)	3,514,098	170,888	656,748	2,775,865
- investing activities	(67,643)	(729,758)	(110,400)	49,840	(16,156)	(582,171)	(60,800)	(1,517,088)
- financing activities	567,655	1,876,420	192,460	592,822	(4,336,175)	214,436	293,811	(598,571)
Net increase/(decrease) in cash and cash equivalents	429,000	571,660	4,045	(199,178)	(838,233)	(196,847)	889,759	660,206

# NOTES TO THE FINANCIAL STATEMENTS

## 16. INVENTORIES

	Group	
	2015 RM	2014 RM
<b>At cost:</b>		
Raw materials	1,699,221	1,628,189
Work-in-progress	28,500,165	21,857,237
Finished goods	735,877	387,878
	30,935,263	23,873,304
Inventories recognised as cost of sales during the financial year	82,528,985	33,117,758

(a) Included in the inventories of the Group is an amount of RM120,715 (2014: RM Nil) transferred from property, plant and equipment for trading purposes.

(b) The amount of inventories written off recognised in cost of sales was RM19,111 (2014: RM Nil).

## 17. OTHER INVESTMENTS

	Group	
	2015 RM	2014 RM
<b>Current</b>		
Held-to-maturity investments (unquoted)	40,549	453,527

The fair value information has not been disclosed for the unquoted held-to-maturity investments as its fair value cannot be measured reliably. This relates to performance bonds placed with Multi-Purpose Insurans Bhd ("MPIB") for a period of more than 3-months and bear effective interest rates ranging from 3.0% to 7.8% (2014: 3.0% to 7.8%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## 18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Non-current:</b>				
<b>Trade receivable</b>				
- Third party	31,361,016	-	-	-
<b>Current:</b>				
<b>Trade receivables</b>				
- Third parties	140,656,360	73,732,014	-	-
- Related party	4,735,322	3,437,202	-	-
- Retention sum	3,159,429	2,399,969	-	-
	148,551,111	79,569,185	-	-
Total trade receivables	179,912,127	79,569,185	-	-
Less: Allowance for impairment loss				
- Third party	(265,152)	(265,152)	-	-
Total trade receivables, net	179,646,975	79,304,033	-	-
<b>Other receivables</b>				
- Third parties	5,563,814	5,368,410	-	-
- Amounts owing by subsidiaries	-	-	94,209,803	69,250,586
	5,563,814	5,368,410	94,209,803	69,250,586
Less: Allowance for impairment loss				
- Amount owing by a subsidiary	-	-	(380,107)	-
	5,563,814	5,368,410	93,829,696	69,250,586
Deposits	4,219,001	4,768,879	-	-
<b>Trade and other receivables, net of advances to subcontractors and prepayments</b>				
Advances to sub-contractors	189,429,790	89,441,322	93,829,696	69,250,586
Prepayments	3,470,007	4,649,301	-	-
	13,015,718	5,119,907	1,530	-
<b>Total trade and other receivables</b>	<b>205,915,515</b>	<b>99,210,530</b>	<b>93,831,226</b>	<b>69,250,586</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 18. TRADE AND OTHER RECEIVABLES (continued)

(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 90 days (2014: 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

(b) Included in trade receivables of the Group is an amount of RM4,735,322 (2014: RM3,437,202) owing by a related party in which a director of a subsidiary has substantial financial interest.

(c) Included in trade receivables of the Group are retention sum of RM3,159,429 (2014: RM2,399,969) 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.

(d) Included in other receivables of the Company are amounts owing by subsidiaries of RM93,829,696 (2014: RM69,250,586) which are non-trade in nature, unsecured, interest-free and repayable upon demand in cash and cash equivalents.

(e) Included in other receivables of the Group is an amount of RM3,470,007 (2014: RM4,649,301), representing advances to sub-contractors which are unsecured, interest-free and repayable on demand.

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

	Group	
	2015 RM	2014 RM
Neither past due nor impaired	162,382,250	47,684,539
1 to 30 days past due not impaired	2,933,887	11,675,022
31 to 60 days past due not impaired	1,583,321	7,223,143
61 to 90 days past due not impaired	216,217	3,509,913
91 to 120 days past due not impaired	306,801	6,724,017
More than 121 days past due not impaired	9,065,070	87,430
	14,105,296	29,219,525
Individually impaired	265,152	265,152
	176,752,698	77,169,216

### Receivables that are impaired

#### **Trade receivables**

The Group's trade receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements. The Group has no debtors that are collectively determined to be impaired at the reporting date.



# NOTES TO THE FINANCIAL STATEMENTS

## 18. TRADE AND OTHER RECEIVABLES (continued)

- (f) The Group maintains an ageing analysis in respect of trade receivables only. The ageing analysis of the Group's trade receivables (excluding retention sum) are as follows:

### Other receivables

The Company's other receivable that is impaired at the end of each reporting date is as follows:

	Company	
	2015 RM	2014 RM
<b>Individually impaired</b>		
Other receivable - nominal amount	380,107	-
Less: Allowance for impairment loss	(380,107)	-
	-	-

The reconciliation of movement in the impairment of other receivable is as follows:

	Company	
	2015 RM	2014 RM
At beginning of the financial year	-	-
Charge for the financial year (Note 8)	380,107	-
At end of the financial year	380,107	-

Other receivable that is individually determined to be impaired at the reporting date relates to an amount owing by a subsidiary that is in significant financial difficulties and has defaulted on payments.

- (g) The foreign currency exposure profile of the trade receivables of the Group is as follow:

	Group	
	2015 RM	2014 RM
United States Dollar	34,159	-

# NOTES TO THE FINANCIAL STATEMENTS

## 19. AMOUNT DUE FROM/(TO) CONTRACT CUSTOMERS

	Group	
	2015 RM	2014 RM
Aggregate costs incurred to date	71,776,992	48,025,707
Attributable profits	15,435,286	10,810,210
Progress billings	87,212,278 (72,371,370)	58,835,917 (48,910,054)
Net amount due from/(to) contract customers	14,840,908	9,925,863
Presented as:		
Amount due from contract customers included in current assets	16,087,695	11,188,703
Amount due to contract customers included in current liabilities	(1,246,787)	(1,262,840)
	14,840,908	9,925,863

## 20. DERIVATIVE FINANCIAL ASSETS

	Group	
	2015 RM	2014 RM
<b>Derivatives held for trading at fair value through profit or loss:</b>		
Forward foreign exchange contracts	32,033	-

Forward exchange contracts are used to manage the foreign currency exposures arising from a subsidiary's payables denominated in a currency other than the functional currency of the subsidiary. 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 subsidiary's outstanding forward foreign exchange contracts as at 31 December 2015 were RM2,476,085 (2014: RM Nil).

# NOTES TO THE FINANCIAL STATEMENTS

## 21. CASH AND SHORT TERM DEPOSITS

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Cash and bank balances	26,596,954	59,149,449	10,418,527	45,501,523
Short term deposits placed with licensed banks	137,224,732	14,612,631	123,605,313	1,371,651
	163,821,686	73,762,080	134,023,840	46,873,174

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

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Short term deposits placed with licensed banks	137,224,732	14,612,631	123,605,313	1,371,651
Less: Pledged deposits	(8,721,597)	(7,274,231)	-	-
	128,503,135	7,338,400	123,605,313	1,371,651
Cash and bank balances	26,596,954	59,149,449	10,418,527	45,501,523
Less: Bank overdrafts (Note 27(g))	(5,294,668)	(1,419,957)	-	-
	149,805,421	65,067,892	134,023,840	46,873,174

- (a) Deposits placed with licensed banks amounting of RM8,721,597 (2014: RM7,274,231) of the Group are pledged as security for banking facilities granted to subsidiaries (Notes 27(b), 27(d), 27(f) and 27(g)).
- (b) Deposits placed with licensed banks of the Group earn interest at rates ranging from 2.60% to 4.00% (2014: 2.60% to 3.20%) per annum.
- (c) The foreign currency exposure profile of cash and short term deposits of the Group are as follows:

	Group	
	2015 RM	2014 RM
Chinese Yuan	544,178	-
United States Dollar	2,898,593	1,243,283

# NOTES TO THE FINANCIAL STATEMENTS

## 22. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares of RM0.10 each		<----- Amount ----->	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Authorised:</b>				
At beginning of the financial year	1,000,000,000	500,000,000	100,000,000	50,000,000
Created during the financial year	1,000,000,000	500,000,000	100,000,000	50,000,000
At end of the financial year	2,000,000,000	1,000,000,000	200,000,000	100,000,000
<b>Issued and fully paid up:</b>				
At beginning of the financial year	528,160,908	284,900,000	52,816,091	28,490,000
Issuance of shares pursuant to:				
- acquisition of a subsidiary	-	10,227,272	-	1,022,727
- bonus issue	-	176,053,636	-	17,605,364
- private placement	-	56,980,000	-	5,698,000
- rights issue with warrants	264,080,454	-	26,408,045	-
	264,080,454	243,260,908	26,408,045	24,326,091
At end of the financial year	792,241,362	528,160,908	79,224,136	52,816,091

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

During the financial year, the Company:

- increased its authorised share capital from RM100,000,000 to RM200,000,000 by the creation of additional 1,000,000,000 ordinary shares of RM0.10 each; and
- increased its issued and paid-up ordinary share capital from RM52,816,091 to RM79,224,136 by way of rights issue of 264,080,454 new ordinary shares of RM0.10 each together with 264,080,454 free detachable warrants on the basis of one warrant for every one right share subscribed for.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 23. SHARE PREMIUM

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At beginning of the financial year	84,187,096	26,739,424
Issuance of shares pursuant to:		
- acquisition of a subsidiary	(1,227,272)	10,227,272
- bonus issue	-	(17,605,364)
- private placement	-	68,376,000
- rights issue with warrants	21,496,149	-
	20,268,877	60,997,908
Share issuance expenses	(1,586,915)	(3,550,236)
At end of the financial year	102,869,058	84,187,096

## 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.

## 25. REVALUATION RESERVE

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
At beginning of the financial year	5,245,160	3,279,567
Arising from revaluation of property, plant and equipment	-	2,046,853
Deferred tax relating to revaluation reserves	(664,498)	4,104
Realisation of revaluation reserve	(76,262)	(85,364)
At end of the financial year	4,504,400	5,245,160

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;

# NOTES TO THE FINANCIAL STATEMENTS

## 26. WARRANT RESERVE (continued)

The warrants were constituted under the Deed Poll dated 6 November 2015 (continued)

The salient features of the warrants are as follows: (continued)

- (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
- (vi) The warrants are quoted on the Main Market of Bursa Securities on 22 December 2015. The number of warrants remained unexercised at the end of the financial year are 264,080,454 (2014: Nil).

The fair value of warrants is measured using the binominal 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 dividends (%)	-
Expected volatility	40.8

## 27. BORROWINGS

	Note	2015 RM	Group 2014 RM
<b>Non-current:</b>			
<b>Secured</b>			
Finance lease payables	(a)	12,176,847	9,584,440
Term loans	(b)	27,025,500	19,906,631
<b>Unsecured</b>			
Bonds	(c)	1,828,000	2,788,645
		41,030,347	32,279,716

# NOTES TO THE FINANCIAL STATEMENTS

## 27. BORROWINGS (continued)

		Group	
	Note	2015 RM	2014 RM
<b>Current:</b>			
<b>Secured</b>			
Bankers' acceptance	(d)	8,695,000	9,987,354
Trust receipts	(e)	-	11,399
Revolving projects loan	(f)	23,750,485	15,836,962
Bank overdrafts	(g)	5,294,668	1,419,957
Finance lease payables	(a)	4,430,063	2,914,720
Term loans	(b)	5,955,384	1,564,284
<b>Unsecured</b>			
Bonds	(c)	493,000	474,325
		48,618,600	32,209,001
		89,648,947	64,488,717
<b>Total borrowings:</b>			
Finance lease payables	(a)	16,606,910	12,499,160
Term loans	(b)	32,980,884	21,470,915
Bonds	(c)	2,321,000	3,262,970
Bankers' acceptance	(d)	8,695,000	9,987,354
Trust receipts	(e)	-	11,399
Revolving projects loan	(f)	23,750,485	15,836,962
Bank overdrafts	(g)	5,294,668	1,419,957
		89,648,947	64,488,717

### (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	
	2015 RM	2014 RM
Future minimum lease payments	18,667,386	14,219,215
Less: Future finance charges	(2,060,476)	(1,720,055)
Total present value of minimum lease payments	16,606,910	12,499,160

# NOTES TO THE FINANCIAL STATEMENTS

## 27. BORROWINGS (continued)

### (a) Finance lease payables (continued)

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

	Group	
	2015 RM	2014 RM
<b>Payable within one year</b>		
Future minimum lease payments	5,340,695	3,632,486
Less: Future finance charges	(910,632)	(717,766)
Present value of minimum lease payments	4,430,063	2,914,720
<b>Payable more than 1 year but not more than 5 years</b>		
Future minimum lease payments	13,199,989	10,511,127
Less: Future finance charges	(1,146,763)	(1,001,043)
Present value of minimum lease payments	12,053,226	9,510,084
<b>Payable more than 5 years</b>		
Future minimum lease payments	126,702	75,602
Less: Future finance charges	(3,081)	(1,246)
Present value of minimum lease payments	123,621	74,356
Total present value of minimum lease payments	16,606,910	12,499,160

The finance lease payables of the Group bear effective interest rates ranging from 3.53% to 5.82% (2014: 4.36% to 6.53%) per annum.

### (b) Term loans

	Group	
	2015 RM	2014 RM
<b>Secured</b>		
Term loan I	3,784,534	4,343,734
Term loan II	9,823,561	10,420,189
Term loan III	1,259,659	-
Term loan IV	-	1,001,441
Term loan V	5,208,906	5,705,551
Term loan VI	11,038,224	-
Term loan VII	1,866,000	-
	32,980,884	21,470,915



# NOTES TO THE FINANCIAL STATEMENTS

## 27. BORROWINGS (continued)

### (b) Term loans (continued)

The term loans are repayable as follows:

	Group	
	2015 RM	2014 RM
Non-current liabilities:		
- due more than 1 year but not later than 5 years	16,063,635	11,761,226
- due after 5 years	10,961,865	8,145,405
	27,025,500	19,906,631
Current liabilities:		
- due within 1 year	5,955,384	1,564,284
	32,980,884	21,470,915

- (i) Term loan I of a subsidiary bears interest at 5.60% (2014: 5.60%) per annum and is repayable by monthly instalments of RM46,600 (excluding interest) over ten (10) years commencing from the day of first drawdown and is secured and supported as follows:
- (a) Legal charge over the investment properties of the subsidiary;
  - (b) Assignment over all rents and other monies;
  - (c) Assignment of contract;
  - (d) Corporate guarantee from the Company; and
  - (e) Joint and several guarantees by the directors of the Company.
- (ii) Term loan II of a subsidiary bears interest at 4.65% (2014: 4.65%) per annum and is repayable by monthly instalments of RM86,932 over fifteen (15) years commencing from the day of first drawdown and is secured and supported as follows:
- (a) Legal charge over the freehold land and building of the subsidiary;
  - (b) Corporate guarantee from the Company; and
  - (c) Joint and several guarantees by the directors of the Company.
- (iii) Term loan III of a subsidiary bears interest at 4.65% (2014: Nil) per annum and is repayable by monthly instalments of RM10,045 over fifteen (15) years commencing from the day of first drawdown and is secured and supported as follows:
- (a) Legal charge over the leasehold land and building of the subsidiary; and
  - (b) Corporate guarantee from the Company.

# NOTES TO THE FINANCIAL STATEMENTS

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## 27. BORROWINGS (continued)

### (b) Term loans (continued)

- (iv) Term loan IV of a subsidiary bears interest at Nil (2014: 5.05%) per annum and is repayable by monthly instalments of RM6,959 over twenty (20) years commencing from the day of first drawdown and is secured and supported as follows:

- (a) Legal charge over the leasehold land and building of the subsidiary; and
- (b) Corporate guarantee from a subsidiary of the Company.

The term loan IV has been fully settled during the financial year.

- (v) Term loan V of a subsidiary bears interest at 8% (2014: 8%) per annum and is repayable by monthly instalments of RM44,000 (excluding interest) over twelve (12) year commencing from the day of first drawdown and is secured and supported as follows:

- (a) Legal charge over a property of a director of the subsidiary;
- (b) Debenture creating a first rank fixed and floating charge over the customer's present and future assets wheresoever situated;
- (c) Memorandum of Deposit of Sinking Fund to be built up to a maximum of RM264,000 by way of monthly deposit of RM5,000 only from proceeds received in relation to the project;
- (d) Third party assignment of proceeds of favour of Malaysia Debt Ventures Berhad ("MDV") in relation to the Renewable Energy Power Purchase Agreement dated 7 January 2013 executed with Tenaga Nasional Berhad;
- (e) Assignment in favour of MDV of all rights, interest and benefits of the customer over all Takaful/insurance(s) issued in relation to the project;
- (f) Assignment of performance bond/bank guarantee by the contractor of the solar power of MDV;
- (g) Corporate guarantee from the Company; and
- (h) Joint and several guarantees by the directors of the Company.

- (vi) Term loan VI of a subsidiary is denominated in United States Dollar ("USD") and bears interest at 4.90% (2014: Nil) per annum. The term loan is repayable by quarterly instalments of USD168,514 over five (5) years commencing from the day of first drawdown and is secured and supported as follows:

- (a) Corporate guarantee from the Company;
- (b) Memorandum of deposit or cash collateral agreement, whichever applicable, over cash deposit or fixed deposit of USD300,000 or equivalent in Ringgit Malaysia;
- (c) Fiduciary security over asset of its sub-subsidiary;
- (d) Irrevocable payment instruction from the subsidiary to the Company for the financial obligation;
- (e) Assignment over the revenue account by virtue of the dividend payment;
- (f) Assignment over the Finance Service Reserve Account ("FSRA");
- (g) Letter of Undertaking from the Company to cover any shortfall in the revenue account and FSRA;

# NOTES TO THE FINANCIAL STATEMENTS

## 27. BORROWINGS (continued)

### (b) Term loans (continued)

- (vi) Term loan VI of a subsidiary is denominated in United States Dollar ("USD") and bears interest at 4.90% (2014: Nil) per annum. The term loan is repayable by quarterly instalments of USD168,514 over five (5) years commencing from the day of first drawdown and is secured and supported as follows: (continued)
- (h) Pledge over the shares in its sub-subsidiary owned by the subsidiary (including the shares purchased from the Vendors and any future shares in the sub-subsidiary issued and allotted to the subsidiary) ("Shares");
  - (i) Irrevocable and Unconditional Power of Attorney to attend general meeting of shareholders of its sub-subsidiary and to cast vote with respect to the Shares from the subsidiary to Exim Bank;
  - (j) Irrevocable and Unconditional Power of Attorney to be granted by the subsidiary to Exim Bank;
  - (k) Assignment of Dividend arising from the Shares to be granted by the subsidiary to Exim Bank;
  - (l) Irrevocable standing instruction from the subsidiary to the sub-subsidiary so that all dividend payable to the subsidiary shall be paid by the sub-subsidiary to an account nominated by Exim Bank;
  - (m) Power of Attorney to receive dividend to be granted by the subsidiary to Exim Bank; and
  - (n) Irrevocable payment instruction from the subsidiary to the sub-subsidiary for the financial obligation.
- (vii) Term loan VII of a subsidiary is denominated in Indonesian Rupiah ("IDR") and bears interest at 14.46% (2014: Nil) per annum. The term loan is repayable in the time period within one (1) year from the day of first drawdown and is secured and supported as follows:
- (a) Deposit under lien in the name of the subsidiary for the amount of IDR750,000,000;
  - (b) Fiduciary receivables of IDR15,000,000,000; and
  - (c) Corporate guarantee from a subsidiary of the Company.
- (viii) The foreign currency exposure profile of the Group's term loans is as follow:

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
United States Dollar	11,038,224	-

### (c) Bonds - unsecured

On 28 November 2013, the Group had entered into an agreement to issue 3,227,000 6-years Sukuk Murabahah bonds ("Sukuk") which bears interest at 8.2% per annum payable semi-annually in arrears.

# NOTES TO THE FINANCIAL STATEMENTS

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## 27. BORROWINGS (continued)

### (d) Bankers' acceptance

The bankers' acceptance are secured by way of:

- (i) First party legal charge over properties of a subsidiary;
- (ii) Joint and several guarantees by 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 0.75% to 1.75% (2014: 0.75% to 1.75%) per annum.

### (e) Trust receipts

The trust receipts are secured by way of:

- (i) First party legal charge over properties of a subsidiary;
- (ii) Joint and several guarantees by directors of the Company and its subsidiaries; and
- (iii) Corporate guarantee from the Company.

The trust receipts bear interest rates ranging from Nil (2014: 0.75% to 2.00%) per annum above the bank's base rate.

### (f) Revolving project loans

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 receivables of a subsidiary to be received from a frame agreement for provision of services of a subsidiary;
- (iv) Pledged of fixed deposits of the subsidiary of RM6,562,266 (2014: RM6,395,607) with a licensed bank;
- (v) Joint and several guarantees from 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 8.0% (2014: 7.0% to 8.0%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

## 27. BORROWINGS (continued)

### (g) 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 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;
- (vi) All monies legal charge or all monies Deed of Assignment and Power of attorney over a property of a subsidiary;
- (vii) Assignment over all rents and other monies;
- (viii) Pledge of fixed deposits of the subsidiaries with licensed banks;
- (ix) Corporate guarantees from the Company; and
- (x) Letter of negative pledge from a subsidiary.

The bank overdrafts bear effective interest rate of 7.85% (2014: 7.85%) per annum.

## 28. TRADE AND OTHER PAYABLES

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Non-current:</b>				
<b>Trade payable</b>				
- Third party	31,052,589	-	-	-
<b>Current:</b>				
<b>Trade payables</b>				
- Third parties	40,323,168	20,761,828	-	-
- Related party	40	-	-	-
- Retention sum	852,940	728,973	-	-
	41,176,148	21,490,801	-	-
Total trade payables	72,228,737	21,490,801	-	-
Other payables	5,174,182	1,664,033	235,755	55,767
Accruals	14,285,213	18,833,748	122,472	798,650
Deposits	856,664	945,224	-	-
Amounts due to directors of subsidiaries	1,755,859	1,523,919	-	-
	22,071,918	22,966,924	358,227	854,417
<b>Total trade and other payables</b>	<b>94,300,655</b>	<b>44,457,725</b>	<b>358,227</b>	<b>854,417</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 28. TRADE AND OTHER PAYABLES (continued)

- (a) Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranging from 30 to 60 days (2014: 30 to 60 days).
- (b) The foreign currency exposure profile of the trade payables of the Group are as follows:

	Group	
	2015 RM	2014 RM
Chinese Yuan	582,231	-
United States Dollar	3,658,298	2,647,344

- (c) Amounts due to directors of subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

## 29. POST EMPLOYMENT BENEFIT LIABILITIES

	Group	
	2015 RM	2014 RM
At beginning of the financial year	158,852	-
Acquisition of a subsidiary (Note 30)	-	94,391
Recognised in profit or loss (Note 8)	78,487	59,178
Actuarial gain recognised in other comprehensive income	(24,763)	-
Translation differences	20,537	5,283
At end of the financial year	233,113	158,852

- (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 2016 using the projected unit credit method.

# NOTES TO THE FINANCIAL STATEMENTS

## 29. POST EMPLOYMENT BENEFIT LIABILITIES (continued)

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

	2015 RM	Group 2014 RM
Discount rate	9.18%	8.51%
Normal retirement age	55 years	55 years
Salary increase rate	10.00%	10.00%

## 30. ACQUISITION OF SUBSIDIARIES IN PRIOR FINANCIAL YEAR

(a) Acquisition of PT Putra Mulia Telecommunication ("PMT")

On 3 September 2014, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT") had acquired 85% equity interest in PT Putra Mulia Telecommunication ("PMT") for a total purchase consideration of RM21,250,000, to be fully satisfied via a combination of RM10,000,000 cash and issuance of 10,227,272 ordinary shares of RM0.10 each in the Company.

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

	Group 2014 RM
Property, plant and equipment (Note 11)	1,282,740
Deferred tax assets (Note 14)	98,043
Customer contracts and related customer relationship (Note 13)	12,115,000
Trade and other receivables	5,687,835
Cash and cash equivalents	674,769
	19,858,387
Trade and other payables	(670,083)
Amount due to a director	(1,378,379)
Finance lease payables	(335,474)
Tax liabilities	(1,553,561)
Post employment benefit liabilities (Note 29)	(94,391)
Total identifiable net assets	15,826,499
Non-controlling interest measured at fair value	(2,373,975)
Goodwill arising from acquisition (Note 13)	7,797,476
	21,250,000

# NOTES TO THE FINANCIAL STATEMENTS

## 30. ACQUISITION OF SUBSIDIARIES IN PRIOR FINANCIAL YEAR (continued)

(a) Acquisition of PT Putra Mulia Telecommunication ("PMT") (continued)

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

	<b>Group 2014 RM</b>
Total consideration for 85% equity interest acquired	21,250,000
Less: Consideration settled via issuance of ordinary shares	(11,250,000)
Consideration to be settled in cash	10,000,000
Less: Cash and cash equivalents of a subsidiary acquired	(674,769)
Net cash outflow of the Group on acquisition	9,325,231

(b) Acquisition of Massive Connection Sdn. Bhd. ("MCSB")

On 18 March 2014, the Company's wholly owned subsidiary, OCK Ventures Sdn. Bhd. ("OCKVSB") had acquired two (2) ordinary shares of RM1 each in MCSB for a total cash consideration of RM2. Consequently, MCSB became a wholly-owned subsidiary of OCKVSB.

(i) The fair value of the identifiable asset of Massive as at the date of acquisition was as follows:

	<b>Group 2014 RM</b>
Cash balance	2
Total identifiable net assets	2

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

	<b>Group 2014 RM</b>
Consideration settled in cash	2
Less: Cash and cash equivalents of a subsidiary acquired	(2)
Net cash outflow of the Group on acquisition	-



# NOTES TO THE FINANCIAL STATEMENTS

## 31. DISPOSAL OF A SUBSIDIARY IN PRIOR FINANCIAL YEAR

On 14 March 2014, the Company's wholly-owned subsidiary, OCK Setia Engineering Sdn. Bhd. ("OCKSE") had disposed of its entire 51% equity interest in Smartbean Systems Sdn. Bhd., equivalent to 153,000 ordinary shares of RM1 each for a total consideration of RM78,377.

	<b>Group 2014 RM</b>
Property, plant and equipment (Note 11)	69,729
Inventory	102,564
Tax assets	6,830
Trade and other receivables	39,192
Cash and cash equivalents	43,859
Trade and other payables	(101,487)
Deferred tax liabilities (Note 14)	(7,006)
	153,681
Less: Non-controlling interest	(75,304)
	78,377
Net proceed from disposal	78,377
Gain on disposal	-

The effects of the disposal of Smartbean System Sdn. Bhd. on cash flows of the Group were as follows:

	<b>Group 2014 RM</b>
Cash consideration received	78,377
Cash and cash equivalents of a subsidiary disposed	(43,859)
Net cash inflow arising from disposal	34,518

## 32. FINANCIAL GUARANTEES

	<b>Company 2015 RM</b>	<b>2014 RM</b>
Financial guarantees given to licensed banks for outstanding banking facilities granted to subsidiaries	87,327,947	61,225,747
Financial guarantees given to a third party in respect of sales of goods to a subsidiary	46,020,348	1,026,955
	133,348,295	62,252,702

# NOTES TO THE FINANCIAL STATEMENTS

## 33. CAPITAL COMMITMENTS

	Group	
	2015 RM	2014 RM
In respect of capital expenditure approved and contracted for:		
- Property, plant and equipment	291,957,329	2,720,540

## 34. OPERATING LEASE COMMITMENTS

### (a) The Group as lessee

The Group has entered into a commercial lease for its office premises, factory, equipment, motor vehicles and hostels. This lease has a tenure of 1 to 4 years with a renewal option included in the contract. There are no restrictions placed upon the Group by entering into this lease.

Future minimum rental payable under the non-cancellable operating lease at the reporting date is as follows:

	Group	
	2015 RM	2014 RM
Not later than one year	1,117,158	3,026,889
Later than one year and not later than five years	4,690,325	169,853
	5,807,483	3,196,742

### (b) The Group as lessor

The Group has entered into non-cancellable lease arrangements by 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 upon the expiry of these agreements.

Future minimum lease receivables as at the end of the reporting date is as follows:

	Group	
	2015 RM	2014 RM
Not later than one year	3,617,249	937,536
Later than one year and not later than five years	14,395,300	699,974
Later than five years	1,880,000	-
	19,892,549	1,637,510

# NOTES TO THE FINANCIAL STATEMENTS

## 35. RELATED PARTY TRANSACTIONS

### (a) Identification of related parties

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

The Group and the Company have related party relationships with their subsidiaries, related parties, directors of the Company and key management personnel. Related parties refer to companies in which certain directors of the Company and its subsidiaries have substantial financial interests and/or are also directors of the companies.

### (b) Transactions with related parties are as follows:

	<b>Group</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
<b>Related Parties</b>		
Sales received/receivable	(16,887,044)	(7,752,061)
Consultancy fees paid/payable	244,050	196,800
<b>Key Management Personnel</b>		
Office rental expense paid/payable	164,948	282,768

	<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
<b>Received and receivable from subsidiaries</b>		
Management fees	(3,654,000)	(455,000)
Office rental income	(63,600)	(64,400)
Utilities fees	(14,400)	(18,600)

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

## 35. RELATED PARTY TRANSACTIONS (continued)

### (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	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Executive directors and Non-Executive directors</b>				
Short term employee benefits	3,397,233	2,191,680	1,404,895	149,500
Post employment benefits	356,353	270,227	187,333	37,500
	3,753,586	2,461,907	1,592,228	187,000
<b>Other key management personnel</b>				
Short term employee benefits	2,152,757	1,214,452	1,339,098	-
Post employment benefits	262,175	150,056	161,932	-
	2,414,932	1,364,508	1,501,030	-
	6,168,518	3,826,415	3,093,258	187,000

## 36. SEGMENT INFORMATION

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

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

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

There are varying level of integration between reportable segments, the Telecommunication Network Services and M&E Engineering Services reportable segments. This integration includes transfer of raw materials, providing engineering services, respectively. Inter-segment pricing is determined on negotiated basis.

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

# NOTES TO THE FINANCIAL STATEMENTS

## 36. SEGMENT INFORMATION (continued)

Group	Note	Tele-communication Network Services RM	Green Energy and Power Solutions RM	Trading RM	M&E Engineering Services RM	Investment Holding RM	Adjustments and Eliminations RM	Consolidated RM
<b>2015</b>								
<b>Revenue</b>								
External revenue		258,332,342	32,249,219	10,150,223	15,171,153	-	-	315,902,937
Inter-segment revenue	a	15,519,552	-	2,442,307	922,336	-	(18,884,195)	-
		273,851,894	32,249,219	12,592,530	16,093,489	-	(18,884,195)	315,902,937
<b>Results</b>								
Interest income		(453,166)	(70,375)	-	(2,414)	(638,259)	-	(1,164,214)
Depreciation		5,295,979	1,230,183	112,594	198,612	-	-	6,837,368
Other non-cash expenses	b	(3,680,251)	4,135	(185,436)	(62,999)	1,246,391	-	(2,678,160)
Segment profit/(loss) before tax	c	35,343,117	985,201	2,425,326	1,190,233	(1,955,891)	(655,481)	37,332,505
<b>Segment Assets</b>								
Additions to non-current assets	d	18,297,618	11,543,586	21,200	90,000	-	-	29,952,404
Segment assets	e	335,033,519	38,144,384	8,557,919	22,421,835	290,845,374	(155,992,423)	539,010,608
<b>Segment Liabilities</b>	f	249,505,057	30,364,599	3,354,721	14,341,156	27,271,856	(129,082,583)	195,754,806

## 36. SEGMENT INFORMATION (continued)

Group	Note	Tele- communication Network Services RM	Green Energy and Power Solutions RM	Trading RM	M&E Engineering Services RM	Investment Holding RM	Adjustments and Eliminations RM	Consolidated RM
<b>2014</b>								
<b>Revenue</b>								
External revenue		127,834,238	35,230,981	9,029,195	13,797,610	-	-	185,892,024
Inter-segment revenue	a	7,047,946	359,500	1,085,324	3,394,806	-	(11,887,576)	-
		134,882,184	35,590,481	10,114,519	17,192,416	-	(11,887,576)	185,892,024
<b>Results</b>								
Interest income		36,173	(33,402)	(681)	(237)	(490,830)	-	(488,977)
Depreciation		3,635,974	591,329	114,977	173,335	-	-	4,515,615
Other non-cash expenses	b	711,679	30,093	202,781	(75,999)	-	-	868,554
Segment profit/(loss) before tax	c	17,747,242	1,660,818	1,027,427	2,805,395	(70,944)	586,607	23,756,545
<b>Segment Assets</b>								
Additions to non-current assets	d	28,492,941	795,277	60,800	4,499	-	-	29,353,517
Segment assets	e	205,241,224	27,286,393	6,868,253	17,373,391	160,331,889	(114,432,089)	302,669,061
<b>Segment Liabilities</b>	f	147,244,551	20,894,280	3,479,348	9,802,457	24,730,827	(90,527,256)	115,624,207

# NOTES TO THE FINANCIAL STATEMENTS

## 36. SEGMENT INFORMATION (continued)

- (a) Inter-segment revenue are eliminated on consolidation.
- (b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	2015 RM	2014 RM
Amortisation of intangible assets	1,514,375	504,792
Bad debts written off	-	44,644
Deposits written off	-	8,050
Fair value gain on derivative assets	(32,033)	-
Fair value gain on investment properties	(4,691,478)	-
Inventories written off	19,111	-
Net gain on disposal of property, plant and equipment	(128,006)	(142,995)
Net unrealised loss on foreign exchange	561,383	216,347
Provision for post employment benefits	78,487	59,178
Property, plant and equipment written off	1	178,538
	(2,678,160)	868,554

- (c) The following items are (deducted from)/added to segment profit/(loss) before tax to arrive at profit/(loss) before tax presented in the consolidated statement of profit or loss and other comprehensive income:

	2015 RM	2014 RM
Profit from inter-segment sales	-	(1,039,683)
Unallocated corporate expenses	3,389,316	2,739,160
Other income	(4,044,797)	(1,112,870)
	(655,481)	586,607

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

	2015 RM	2014 RM
Property, plant and equipment	29,952,404	17,238,517
Intangible assets	-	12,115,000
	29,952,404	29,353,517

# NOTES TO THE FINANCIAL STATEMENTS

## 36. SEGMENT INFORMATION (continued)

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

	2015 RM	2014 RM
Deferred tax assets	144,346	117,479
Inter-segment assets	(156,136,769)	(114,549,568)
	(155,992,423)	(114,432,089)

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

	2015 RM	2014 RM
Deferred tax liabilities	7,387,790	2,973,229
Inter-segment liabilities	(136,470,373)	(93,500,485)
	(129,082,583)	(90,527,256)

- (g) Geographical information

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

	Revenue	
	2015 RM	2014 RM
Malaysia	263,256,515	173,745,714
Cambodia	12,188,755	1,594,055
China	3,677,676	1,549,500
Myanmar	7,652,625	974,680
Indonesia	29,127,366	7,410,102
Singapore	-	617,973
	315,902,937	185,892,024



# NOTES TO THE FINANCIAL STATEMENTS

## 36. SEGMENT INFORMATION (continued)

### (g) Geographical information (continued)

The following is the analysis of non-current assets other than financial instruments and deferred tax assets analysed by the Group's geographical location:

	<b>Non-current assets</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Malaysia	98,544,501	72,592,504
Cambodia	66,339	67,181
China	79,884	63,663
Myanmar	1,152,669	117,466
Indonesia	21,885,582	21,107,385
Singapore	-	16,205
	<b>121,728,975</b>	<b>93,964,404</b>

### (h) Major customers

Revenue from three (3) major customers in the Telecommunication Network Services segment represents approximately RM103,736,214 (2014: RM90,685,121) or 33% (2014: 49%) of the Group's revenue.

## 37. FINANCIAL INSTRUMENTS

### (a) Categories of financial instruments

	<b>Group</b>		<b>Company</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>	<b>RM</b>	<b>RM</b>
<b>Financial Assets</b>				
<b>Loans and receivables</b>				
Trade and other receivables, net of advances to sub-contractors and prepayments	189,429,790	89,441,322	93,829,696	69,250,586
Amount due from contract customers	16,087,695	11,188,703	-	-
Cash and short-term deposits	163,821,686	73,762,080	134,023,840	46,873,174
	<b>369,339,171</b>	<b>174,392,105</b>	<b>227,853,536</b>	<b>116,123,760</b>
<b>Held-to-maturity</b>				
Other investments	40,549	453,527	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 37. FINANCIAL INSTRUMENTS (continued)

### (a) Categories of financial instruments (continued)

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
<b>Financial Assets (continued)</b>				
<b>Fair value through profit or loss</b>				
<b>- Held for trading</b>				
Derivative financial assets	32,033	-	-	-
<b>Financial liabilities</b>				
<b>Other financial liabilities</b>				
Trade and other payables	94,300,655	44,457,725	358,227	854,417
Borrowings	89,648,947	64,488,717	-	-
	183,949,602	108,946,442	358,227	854,417

### (b) Fair value of financial instruments

The carrying amounts of financial instruments of the Group and of the Company as at the end of the financial year approximate their fair values except for the following:

	Group	
	Carrying Amount RM	Fair Value RM
<b>2015</b>		
<b>Financial Liabilities</b>		
Finance lease payables	16,606,910	17,192,725
<b>2014</b>		
<b>Financial Liabilities</b>		
Finance lease payables	12,499,160	12,977,095

### (c) Methods and assumptions used to estimate fair value

The fair value of the following classes of financial assets and liabilities are as follows:

- (i) Cash and short term deposits, other investments, short term receivables, short term payables and amount due from contract customers.

The carrying amounts are reasonable approximation of fair values due to short term nature of these financial assets and liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

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## 37. FINANCIAL INSTRUMENTS (continued)

### (c) Methods and assumptions used to estimate fair value (continued)

The fair value of the following classes of financial assets and liabilities are as follows: (continued)

(ii) Long term receivables and long term payables

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.

(iii) Borrowings

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 estimated using discounted cash flow analysis, based on current borrowing.

## 38. FAIR VALUE HIERARCHY

(a) Policy on transfer between levels

The fair value of the asset and liability to be transferred between levels is determined as at the date of the event or change in circumstances that caused the transfer.

(b) The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

(i) Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, 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. For borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfer between Level 1 and Level 2 fair values

There is no transfer between level 1 and level 2 fair values during the financial year.

(iii) Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## 38. FAIR VALUE HIERARCHY (continued)

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

Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value	Carrying amount
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2015</b>								
<b>Financial assets</b>								
<b>Fair value through profit or loss</b>								
- Held for trading								
- derivatives financial assets	-	32,033	-	-	-	-	32,033	32,033
<b>Financial liabilities</b>								
<b>Other financial liabilities</b>								
- finance lease payables	-	-	-	-	17,192,725	-	17,192,725	16,606,910
<b>2014</b>								
<b>Financial liabilities</b>								
<b>Other financial liabilities</b>								
- finance lease payables	-	-	-	-	12,977,095	-	12,977,095	12,499,160

During the financial years ended 31 December 2015 and 31 December 2014, there was no transfer between fair value measurement hierarchy.

# NOTES TO THE FINANCIAL STATEMENTS

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## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

### (a) Credit risk

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

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

#### Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

#### Credit risk concentration profile

At the end of the reporting period, approximately 47% (2014: 46%) of the Group's trade receivables were due from 5 major customers who are involved in telecommunication network services industry.

#### Financial guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries and financial guarantees given to a third party in respect of sales of goods to a subsidiary. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM133,348,295 (2014: RM62,252,702) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 39(b). As at the reporting date, there was no indication that the subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

# NOTES TO THE FINANCIAL STATEMENTS

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

#### Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

	<----- Contractual undiscounted cash flows ----->				
	Carrying amount RM	On demand or within 1 year RM	Between 1 to 5 years RM	More than 5 years RM	Total RM
<b>2015</b>					
<b>Group</b>					
<b>Financial liabilities</b>					
Trade and other payables	94,300,655	63,854,394	36,752,187	-	100,606,581
Bankers' acceptance	8,695,000	8,695,000	-	-	8,695,000
Revolving projects loan	23,750,485	23,750,485	-	-	23,750,485
Bank overdrafts	5,294,668	5,294,668	-	-	5,294,668
Bonds	2,321,000	530,180	2,358,978	-	2,889,158
Finance lease payables	16,606,910	5,340,695	13,199,989	126,702	18,667,386
Term loans	32,980,884	7,520,729	20,167,982	12,721,902	40,410,613
	183,949,602	114,986,151	72,479,136	12,848,604	200,313,891
<b>Company</b>					
<b>Financial liabilities</b>					
Other payables	358,227	358,227	-	-	358,227
Financial guarantee contracts	-	133,348,295	-	-	133,348,295
	358,227	133,706,522	-	-	133,706,522

# NOTES TO THE FINANCIAL STATEMENTS

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (b) Liquidity risk (continued)

#### Maturity analysis (continued)

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows: (continued)

	<----- Contractual undiscounted cash flows ----->				
	Carrying amount RM	On demand or within 1 year RM	Between 1 to 5 years RM	More than 5 years RM	Total RM
<b>2014</b>					
<b>Group</b>					
<b>Financial liabilities:</b>					
Trade and other payables	44,457,725	44,457,725	-	-	44,457,725
Bankers' acceptance	9,987,354	9,987,354	-	-	9,987,354
Trust receipts	11,399	11,399	-	-	11,399
Revolving projects loan	15,836,962	15,836,962	-	-	15,836,962
Bank overdrafts	1,419,957	1,419,957	-	-	1,419,957
Bonds	3,262,970	483,880	2,708,950	1,192,166	4,384,996
Finance lease payables	12,499,160	3,632,486	10,511,127	75,602	14,219,215
Term loans	21,470,915	2,431,504	11,705,242	12,192,558	26,329,304
	108,946,442	78,261,267	24,925,319	13,460,326	116,646,912
<b>Company</b>					
<b>Financial liabilities:</b>					
Other payables	854,417	854,417	-	-	854,417
Financial guarantees contract	-	62,252,702	-	-	62,252,702
	854,417	63,107,119	-	-	63,107,119

### (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 and borrowings that are denominated in a currency other than the respective functional currency of the Group's entities, primarily RM. The foreign currency in which these transactions are denominated is mainly United States Dollar ("USD").

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD and Chinese Yuan ("CNY")) amounted to RM3,442,771 (2014: RM1,243,283).

# NOTES TO THE FINANCIAL STATEMENTS

## 39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### (c) Foreign currency risk (continued)

The Group is also exposed to currency translation risk arising from its investments in foreign operations. The Group's investments in Singapore, Indonesia, China, Cambodia and Myanmar are not hedged as currency positions in the functional currency of respective countries are considered to be long-term in nature.

#### Sensitivity analysis for foreign currency risk

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

	<b>Group Profit net of tax</b>	
	<b>2015 RM</b>	<b>2014 RM</b>
USD/RM - strengthen by 5% (2014: 5%)	(441,141)	(52,652)
- weaken by 5% (2014: 5%)	441,141	52,652
CNY/RM - strengthen by 5% (2014: 5%)	(1,427)	-
- weaken by 5% (2014: 5%)	1,427	-

### (d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from:

#### (i) Interest bearing financial assets

Cash deposits are short term in nature and are not held for speculative purposes.

The Group manages its interest rate yield by prudently placing deposits with varying maturity periods.

#### (ii) Interest bearing financial liabilities

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

#### Sensitivity analysis for interest rate risk

At the end of the financial year, if average interest rates increased/decreased by 1% with all other variable held constant, the Group's profit net of tax for the financial year ended 31 December 2015 will be lower/higher by RM547,815 (2014: RM389,922) as a result of exposure to floating rate borrowings.



# NOTES TO THE FINANCIAL STATEMENTS

## 40. CAPITAL MANAGEMENT

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

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

The Group and the Company monitor the level of dividends to be paid to shareholders. The Company's objectives are to pay out regular dividends to the shareholders based on the level of the Group's and the Company's profitability and cash flows.

The capital structure of the Group and of the Company consists of equity attributable to owners of the Company, comprising share capital, reserves and total liabilities.

	Group		Company	
	2015 RM	2014 RM	2015 RM	2014 RM
Borrowings	89,648,947	64,488,717	-	-
Trade and other payables	94,300,655	44,457,725	358,227	854,417
Amount due to contract customers	1,246,787	1,262,840	-	-
Less: Cash and short-term deposits	(163,821,686)	(73,762,080)	(134,023,840)	(46,873,174)
Net debt /(cash)	21,374,703	36,447,202	(133,665,613)	(46,018,757)
Total equity	343,255,802	187,044,854	263,940,464	135,151,558
	364,630,505	223,492,056	130,274,851	89,132,801
Gearing ratio	6%	16%	*	*

The Company is also required to comply with the disclosure and necessary capital requirements as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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

## 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

- (a) On 28 January 2015, the Company's wholly-owned subsidiary, OCK Telco Infra Pte. Ltd. ("OCK Telco") had incorporated a 70% owned subsidiary, namely MIN-OCK Infrastructure Pte. Ltd. ("MIN-OCK"), a company incorporated in Singapore with an issued and paid-up capital of 10 ordinary shares of SGD1.00 each. The principal activity of MIN-OCK is the provision of tower facilities, utilities and communicate network for mobile and broadband operators.

# NOTES TO THE FINANCIAL STATEMENTS

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## 41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (continued)

- (b) On 14 July 2015, the Company undertook the following:
- (i) Renounceable rights issue of up to 290,488,499 right shares of RM0.10 each on the basis of one (1) right share for every two (2) existing Company's shares held together with up to 290,488,499 free detachable warrants on the basis of one (1) warrant for every one (1) right share subscribed for;
  - (ii) Increase in authorised share capital of the Company from RM100,000,000 comprising 1,000,000,000 ordinary shares to RM200,000,000 comprising 2,000,000,000 ordinary shares; and
  - (iii) Amendment to the memorandum of association of the Company.
- (c) On 5 October 2015, the Company had increased its authorised share capital from RM100,000,000 to RM200,000,000 by the creation of additional 1,000,000,000 ordinary shares of RM0.10 each.
- (d) On 15 October 2015, the Company had subscribed 1,400,000 ordinary shares of RM1 each in the share capital of Milab Marketing Sdn. Bhd. ("Milab") to be satisfied by way of capitalising the amount owing by Milab to the Company.
- (e) On 16 November 2015, the Company had subscribed 1,000,000 ordinary shares of RM1 each in the share capital of OCK International Sdn. Bhd. ("OCKINT") to be satisfied by way of capitalising the amount owing by OCKINT to the Company.
- (f) 22 December 2015, the Company had increased its issued and paid-up ordinary share capital from RM52,816,091 to RM79,224,136 by way of rights issue of 264,080,454 new ordinary shares of RM0.10 each together with 264,080,454 free detachable warrants on the basis of one (1) warrant for every one (1) right share subscribed for.

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

- (a) On 21 January 2016, the Company's wholly-owned subsidiary, OCK International Sdn. Bhd. ("OCKINT"), has incorporated a wholly-owned subsidiary, namely OCK Tower Infra Sdn. Bhd. ("OCKTI"), a company incorporated in Malaysia with an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. The intended principal activity of OCKTI is investment holding.
- (b) On 21 January 2016, the Company's wholly-owned subsidiary, OCKTI has incorporated a wholly-owned subsidiary, namely OCK Telco Infra Sdn. Bhd. ("OCKTelco"), a company incorporated in Malaysia with an issued and paid-up share capital of 2 ordinary shares of RM1.00 each. The intended principal activity of OCKTelco is provision of civil, structural, electrical and mechanical engineering, telecommunication and industrial control equipment, telecommunication network services.

# SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad issued a directive pursuant to paragraphs 2.06 and 2.23 of Bursa Malaysia Securities Berhad Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained earnings or accumulated losses as at the end of the reporting period, into realised and unrealised profits and losses.

The following analysis of realised and unrealised profits or losses included in the retained earnings of the Group and the Company as at 31 December 2015 and 31 December 2014 is presented in accordance with the directive of Bursa Malaysia Securities Berhad and prepared in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	<b>Group</b>		<b>Company</b>	
	<b>2015 RM</b>	<b>2014 RM</b>	<b>2015 RM</b>	<b>2014 RM</b>
Total retained earnings/ (accumulated losses) of the Group and the Company				
- realised	87,648,545	60,300,240	(2,288,761)	(1,851,629)
- unrealised	1,634,143	1,579,403	-	-
	89,282,688	61,879,643	(2,288,761)	(1,851,629)
Less: Consolidation adjustments	(10,589,973)	(8,039,011)	-	-
Total retained earnings/(accumulated losses)	78,692,715	53,840,632	(2,288,761)	(1,851,629)

# ADDITIONAL COMPLIANCE INFORMATION

## 1. Utilisation of Proceeds

### i) Proceeds from Rights Issue

As at 31st December 2015, the gross proceeds of RM132,040,000 raised from the rights issue of 264,080,454 new ordinary shares of RM0.10 each at an issue price of RM0.50 per ordinary shares in the share capital of the Company were utilised in the following manner:-

	RM'000
Proceeds from Rights Issue	132,040
• Business Expansion	436
• General working Capital	-
• Rights Issue	1,587
	2,023
Balance of unutilised proceeds as at 31st December 2015	130,017

### ii) Proceeds from Private Placement

As at 31st December 2015, the gross proceeds of RM74,074,000 raised from the private placement of 56,980,000 new ordinary shares of RM0.10 each at an issue price of RM1.30 per ordinary shares in the share capital of the Company were utilised in the following manner:-

	RM'000
Proceeds from Private Placement	74,074
• Business Expansion	36,055
• Repayment to borrowings	8,000
• Renovation costs	3,000
• General working capital	11,574
• Placement expenses	1,500
	60,129
Balance of unutilised proceeds as at 31st December 2015	13,945

## 2. Share Buy-Back

The Company has not implemented any share buy-back scheme.

## 3. Options, Warrants or Convertible Securities

No options, warrants or convertible securities were issued by the Company during the financial year ended 31 December 2015 except for the issuance of 264,080,454 from detachable warrants pursuant to the Rights Issue.

# ADDITIONAL COMPLIANCE INFORMATION

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## **4. American Depositary Receipt (“ADR”) or Global Depositary Receipt (“GDR”) Programme**

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2015.

## **5. Imposition of Sanctions and/or Penalties**

There were no sanctions and/or penalties imposed on the Company and its subsidiaries, directors or management by the relevant regulatory bodies during the financial year ended 31 December 2015.

## **6. Non-Audit Fees**

Non-audit fees payable to the external auditors amounted to RM10,000.

## **7. Variation in Results**

There were no variances of 10% or more between the results for the financial year ended 31 December 2015 and the unaudited results previously announced.

## **8. Profit Forecast**

The Company did not issue any profit forecast for the financial year ended 31 December 2015.

## **9. Profit Guarantee**

The Company did not give any profit guarantee in respect of the financial year ended 31 December 2015.

## **10. Material Contracts**

There were no material contracts entered into by the Company and/or its subsidiaries during the financial year ended 31 December 2015, which involves the interest of Directors and/or major shareholders.

## **11. Revaluation Policy on Landed Properties**

The Company does not have a policy of regular revaluation of landed properties.

# LIST OF PROPERTIES

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built- up Area (sq ft)	Audited NBV as at 31 December 2015 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	<b>i) Title:</b> 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 Nos 629 & 630 held under Title No. H.S.(D) 63627 & 63628 respectively Mukim Damansara District of Petaling State of Selangor)	Single (1) storey detached warehouse annexed with a three (3) storey office building and a double laboratory (Rented to third party)	Freehold	55,800/ 46,013	12,000	12,000/ January 2016	20.06.1995
	<b>Address:</b> No. 79 & 80, Hicom Sector B, Jalan Gadung 27/93A, 40000 Shah Alam Selangor Darul Ehsan						

# LIST OF PROPERTIES

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built- up Area (sq ft)	Audited NBV as at 31 December 2015 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	<b>ii) Title:</b> P.T. No 703 held under Title No. H.S.(D) 194910 Town of Sunway District of Petaling State of Selangor	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 2016	18.08.2008
<b>Address:</b> No. 21, Jalan PJS 8/18, Dataran Mentari, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan							
OCK Setia Engineering Sdn. Bhd.	<b>iii) Title:</b> P.T No 84, held Under title No. 215172, Lot No. 61777 (formerly known as HS(D) No. 225932, PT No. 84, Bandar Glenmarie, District of Petaling State of Selangor	A double storey warehouse with an annexed 3-storey office building	Freehold	46,016 46,857	14,251	16,500/ December 2014	25.11.1995

# LIST OF PROPERTIES

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built- up Area (sq ft)	Audited NBV as at 31 December 2015 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	<b>Address:</b> No. 18, Jalan Jurunilai U1/20, HICOM Glenmarie Industril Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan						
OCK M&E Sdn. Bhd.	<b>iv) Title:</b> P.T. No. 41553 held under Title No. H.S.(M) 19182, Mukim Dengkil, District of Sepang, State of Selangor  <b>Address:</b> No. 6, Jalan PTP 1/1 Taman Perindustrian Tasik Perdana @ Puchong, 47120 Puchong, Selangor Darul Ehsan	One and a half storey (1 1/2 semi- detached factory/ Unoccupied	99 years lease expiring 24.11.2107	8,125/ 4,043	2,847	2,900/ September 2014	21.09.2011



# LIST OF PROPERTIES

Registered/ Beneficial Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built- up Area (sq ft)	Audited NBV as at 31 December 2015 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
Milab Marketing Sdn. Bhd.	<b>v) Title:</b> P.T. No. 2422 held under Title No. H.S.(M) 15/90, Mukim Semarak Pasir Puteh, State of Kelantan	1 MWP Solar Power Plant	99 years lease expiring 17.12.2089	195,257	1,228	1,243	25.11.2013
	P.T. No. 6757 held under Title No. H.S.(M) 1751, Mukim Semarak Pasir Puteh, State of Kelantan		99 years lease expiring 15.4.2094	197,087			
	<b>Address:</b> Kawasan Ltn Semarak, Tok Bali 46400, Pasir Puteh, Kelantan Darul Naim						

# ANALYSIS OF SHAREHOLDINGS

as at 30 March 2016

Authorised Share Capital	: RM200,000,000
Issued and fully paid-up Share Capital	: RM79,224,136.20
Class of Shares	: Ordinary Shares of RM0.10 each
Voting Rights	: One (1) vote per shareholder on a show of hands or one vote per ordinary shares on poll
Number of Shareholders	: 3,002

## ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	%	No. of shares	%
Less than 100	56	1.865	2,598	0
100 – 1,000	139	4.630	86,745	0.010
1,001 – 10,000	1,284	42.771	7,142,150	0.901
10,001 – 100,000	1,239	41.272	38,708,475	4.885
100,001 – 39,612,067(*)	281	9.360	343,674,219	43.379
5% and above of issued shares capital	3	0.099	402,627,175	50.821
Total	3,002	100.000	792,241,362	100.000

## Substantial Shareholders

As per the Register of Substantial Shareholders

Name	Shareholdings			
	Direct	%	Indirect	%
Aliran Armada Sdn. Bhd.	315,483,750	39.820	-	-
Lembaga Tabung Angkatan Tentera	108,043,425	13.640	-	-
Ooi Chin Khoon	250,000	0.003	318,589,825 <sup>*1</sup>	40.210
Abdul Halim Bin Abdul Hamid	-	-	315,483,750 <sup>*2</sup>	39.820

### Notes:-

<sup>\*1</sup> 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.

<sup>\*2</sup> Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd under Section 6A of the Companies Act, 1965 in Malaysia.

# ANALYSIS OF SHAREHOLDINGS

as at 30 March 2016

## Directors' Interests in Shares

As per the Register of Directors' Shareholdings

Name	Shareholdings			
	Direct	%	Indirect	%
Dato' Syed Norulzaman Bin Syed Kamarulzaman	-	-	-	-
Ooi Chin Khoon	250,000	0.003	318,589,825 <sup>*1</sup>	40.210
Abdul Halim Bin Abdul Hamid	-	-	315,483,750 <sup>*2</sup>	39.820
Low Hock Keong	14,000,000	1.767	2,875,500 <sup>*3</sup>	0.363
Chang Tan Chin	7,850,000	0.991	-	-
Chong Wai Yew	7,500,000	0.947	-	-
Dato' Mohd Som Bin Ibrahim	-	-	-	-
Encik Mahathir bin Mahzan	-	-	-	-
YM Syed Hazrain Bin Syed Razlan Jamalullail	-	-	-	-

### Notes:-

<sup>\*1</sup> 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.

<sup>\*2</sup> Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd under Section 6A of the Companies Act, 1965 in Malaysia.

<sup>\*3</sup> Deemed interested by virtue of his Mother, Hoh Moh Ying's direct shareholding in OCK Group Berhad.

## List of Top 30 Shareholders as at 30 March 2016

No.	Name of Shareholders	No. of Shares Held	%
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	207,483,750	26.189
2.	Lembaga Tabung Angkatan Tentera	108,043,425	13.637
3.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB BANK for Aliran Armada Sdn Bhd (PBCL-OG0265)	87,100,000	10.994
4.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB BANK for Aliran Armada Sdn Bhd (PB)	20,900,000	2.638
5.	He Swee Hong	19,595,100	2.473
6.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN For Phillip Capital Management Sdn Bhd	15,956,300	2.014
7.	Low Hock Keong	14,000,000	1.767
8.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (DR)	10,000,000	1.262
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	8,797,100	1.110
10.	AmanahRaya Trustees Berhad AFFIN Hwang Growth Fund	8,297,450	1.047

# ANALYSIS OF SHAREHOLDINGS

as at 30 March 2016

## List of Top 30 Shareholders as at 30 March 2016 (continued)

No.	Name of Shareholders	No. of Shares Held	%
11.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chang Tan Chin	7,650,000	0.965
12.	Lee Mei Siang	7,648,350	0.965
13.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LBF)	7,623,000	0.963
14.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	7,500,000	0.946
15.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Wai Yew	7,500,000	0.946
16.	Cartaban Nominees (Tempatan) Sdn Bhd RHB Trustees Berhad for Manulife Investment Shariah Progress Fund	7,437,975	0.938
17.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	7,312,600	0.923
18.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	6,321,450	0.797
19.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA BHD	5,990,100	0.756
20.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)	5,982,600	0.755
21.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN For Phillip Capital Management Sdn Bhd	5,329,580	0.672
22.	AmanahRaya Trustees Berhad AFFIN Hwang Principled Growth Fund	4,981,000	0.628
23.	Maybank Nominees (Tempatan) Sdn Bhd Etika Insurance Berhad (DANA EKT PRIMA)	4,776,000	0.602
24.	Amsec Nominees (Tempatan) Sdn Bhd Amtrustee Berhad for Pacific Pearl Fund (UT-PM-PPF)	3,843,500	0.485
25.	AmanahRaya Trusrees Berhad AFFIN Hwang Aiiman Equity Fund	3,673,800	0.463
26.	Maybank Nominees (Tempatan) Sdn Bhd Etika Insurance Berhad (Growth Fund)	3,500,000	0.441
27.	UOB Kay Hian Nominees (Asing) Sdn Bhd Exempt AN For UOB Kay Hian Pte Ltd (A/C Clients)	3,390,000	0.427
28.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN For Phillip Capital Management Sdn Bhd (EPF)	3,378,000	0.426
29.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ARIM)	3,150,000	0.397
30.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Affin Hwang Equity Fund (930090)	2,888,250	0.364
	Total	610,058,330	77.004

# ANALYSIS OF WARRANTHOLDINGS

as at 30 March 2016

No. of warrants in issue	: 264,080,454
Exercise price of warrants	: RM0.71
Voting Rights	: One (1) vote per warrant holder on a show of hands or one (1) vote per warrant on poll in the meeting of warrant holders
Number of Shareholders	: 2,160

## ANALYSIS OF WARRANT

Size of Holdings	No. of Shareholders	%	No. of shares	%
Less than 100	20	0.925	852	0.000
100 – 1,000	131	6.064	85,997	0.032
1,001 – 10,000	805	37.268	4,008,225	1.517
10,001 – 100,000	872	40.370	37,360,075	14.147
100,001 – 39,612,067(*)	329	15.231	157,464,055	59.627
5% and above of issued shares capital	3	0.138	65,161,250	24.674
Total	2,160	100.000	264,080,454	100.000

## Substantial Warrantholdings

As per the Register of Substantial Warrant holders

Name	Warrantholdings			
	Direct	%	Indirect	%
Affin Hwang Nominees (Tempatan) Sdn Bhd DBS Vickers Secs (S) PTE LTD for Optimus Capital International Limited	30,000,000	11.360	-	-
Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Aliran Armada Sdn Bhd	20,161,250	7.634	-	-
Toh Chew Yie	15,000,000	5.680		
Ooi Chin Khoon	-	-	20,898,275 <sup>*1</sup>	7.914
Abdul Halim Bin Abdul Hamid	-	-	20,161,250 <sup>*2</sup>	7.634

### Notes:-

<sup>\*1</sup> 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.

<sup>\*2</sup> Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd under Section 6A of the Companies Act, 1965 in Malaysia.

# ANALYSIS OF WARRANTHOLDINGS

as at 30 March 2016

## Directors' Interests in Warrants

As per the Register of Directors' Warrantholdings

Name	Warrantholdings			
	Direct	%	Indirect	%
Dato' Syed Norulzaman Bin Syed Kamarulzaman	-	-	-	-
Ooi Chin Khoon	-	-	20,898,275 <sup>*1</sup>	7.914
Abdul Halim Bin Abdul Hamid	-	-	20,161,250 <sup>*2</sup>	7.634
Low Hock Keong	1,150,000	0.435	258,500 <sup>*3</sup>	0.098
Chang Tan Chin	1,970,000	0.746	-	-
Chong Wai Yew	1,250,000	0.473	-	-
Dato' Mohd Som Bin Ibrahim	-	-	-	-
Encik Mahathir bin Mahzan	-	-	-	-
YM Syed Hazrain Bin Syed Razlan Jamalullail	-	-	-	-

### Notes:-

<sup>\*1</sup> 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.

<sup>\*2</sup> Deemed interested by virtue of his shareholding in Aliran Armada Sdn Bhd under Section 6A of the Companies Act, 1965 in Malaysia.

<sup>\*3</sup> Deemed interested by virtue of his Mother, Hoh Moh Ying's direct shareholding in OCK Group Berhad.

## List of Top 30 Warrantholders as at 30 March 2016

No.	Name of Shareholders	No. of Shares Held	%
1.	Affin Hwang Nominees (Tempatan) Sdn Bhd		
	DBS Vickers Secs (S) PTE LTD for Optimus Capital International Limited	30,000,000	11.360
2.	Affin Hwang Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Aliran Armada Sdn Bhd	20,161,250	7.634
3.	Toh Chew Yie	15,000,000	5.680
4.	Maybank Nominees (Tempatan) Sdn Bhd		
	Etika Insurance Berhad (Growth Fund)	7,000,000	2.650
5.	Malacca Equity Nominees (Tempatan) Sdn Bhd		
	Exempt AN For Phillip Capital Management Sdn Bhd	6,417,750	2.430
6.	Maybank Nominees (Tempatan) Sdn Bhd		
	Etika Takaful Berhad (Shareholders FD)	4,000,000	1.514
7.	He Swee Hong	3,665,400	1.387
8.	Alliancegroup Nominees (Tempatan) Sdn Bhd		
	Pledge Securities Account for Christina Loh Yoke Lin (8111756)	3,150,000	1.192
9.	RHB Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for OOI CHIN KHOON	2,625,000	0.994
10.	Maybank Nominees (Tempatan) Sdn Bhd		
	Pledged Securities Account for Mohamed Adzman bin Mohamed SURA	2,592,500	0.981

# ANALYSIS OF WARRANTHOLDINGS

as at 30 March 2016

## List of Top 30 Warrantholders as at 30 March 2016 (continued)

No.	Name of Shareholders	No. of Shares Held	%
11.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sher Khan bin Khan Mohamad (CEB)	2,580,000	0.976
12.	Lee Mei Siang	2,549,450	0.965
13.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LBF)	2,544,000	0.963
14.	Malaysia Nominees (Tempatan) Sendirian Berhad Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	2,500,000	0.946
15.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)	2,107,150	0.797
16.	Ngoi Lim Ben	2,050,000	0.776
17.	Malacca Equity Nominees (Tempatan) Sdn Bhd Exempt AN For Phillip Capital Management Sdn Bhd	2,044,349	0.774
18.	Maybank Nominees (Tempatan) Sdn Bhd Wong Chui Yee	2,000,000	0.757
19.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Christina Loh Yoke Lin (SS2/AHI)	1,980,000	0.749
20.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chang Tan Chin	1,970,000	0.745
21.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)	1,773,100	0.671
22.	Maybank Nominees (Tempatan) Sdn Bhd Mohamed Adzman Bin Mohamed Sura	1,617,700	0.612
23.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN for AIA BHD	1,600,000	0.605
24.	Sai Yee @ Sia Say Yee	1,600,000	0.605
25.	Huan Mee Kiew	1,400,000	0.530
26.	Citigroup Nominees (Tempatan) Sdn Bhd Pledge Securities Account for Ngoi Lim Ben (472174)	1,350,000	0.511
27.	CIMSEC Nominees (Tempatan) Sdn Bhd Exempt AN for CIMB Securities (Singapore) Pte Ltd (House Account)	1,300,000	0.492
28.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chong Wai Yew	1,250,000	0.473
29.	Soo Chong Huat	1,250,000	0.473
30.	Ho Shiz Lai	1,200,000	0.454
	Total	131,277,649	49.711

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Fifth 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 Tuesday, 31 May 2016 at 10.00 a.m. for the following purposes:-

## ORDINARY BUSINESS:-

- |    |   |                               |
|----|---|-------------------------------|
| 1. | To receive the Audited Financial Statements for the year ended 31 December 2015 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 for the financial year ended 31 December 2015.  | <i>Resolution 1</i>           |
| 3. | To re-elect the following Directors who retire by rotation pursuant to Article 99 of the Company's Articles of Association:-                                  |                               |
|    | a) Dato' Syed Norulzaman Bin Syed Kamarulzaman  | <i>Resolution 2</i>           |
|    | b) Dato' Mohd Som Bin Ibrahim   | <i>Resolution 3</i>           |
| 4. | To re-elect the following Directors who retire pursuant to Article 105 of the Company's Articles of Association:  |                               |
|    | a) Encik Mahathir Bin Mahzan  | <i>Resolution 4</i>           |
|    | c) YM Syed Hazrain Bin Syed Razlan Jamalullail  | <i>Resolution 5</i>           |
| 5. | To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. | <i>Resolution 6</i>           |

## SPECIAL BUSINESS:-

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

- |    |  |                     |
|----|--|---------------------|
| 6. | <b>ORDINARY RESOLUTION</b>   | <i>Resolution 7</i> |
|    | • <b>Authority for Directors to allot and issue shares pursuant to Section 132D of the Companies Act, 1965</b> |                     |

**"THAT** pursuant to Section 132D of the Companies Act, 1965 and subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."



# NOTICE OF ANNUAL GENERAL MEETING

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## 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 29 April 2016 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 143(l) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or
- (c) revoked or varied by ordinary resolution passed by the shareholders at a General Meeting;

whichever is the earlier,

**AND FURTHER THAT** the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the transactions contemplated and/or authorised by this ordinary resolution."

### ANY OTHER BUSINESS:-

- 8. To transact any other business for which due notice shall have been given in accordance with the Company's Articles of Association and the Companies Act, 1965.

### BY ORDER OF THE BOARD

#### WONG YOUN KIM (MAICSA 7018778)

Company Secretary

Kuala Lumpur

Date: 29 April 2016

# NOTICE OF ANNUAL GENERAL MEETING

---

## Notes:-

1. Item 1 of the Notice is meant for discussion only as the provision of Section 169 (1) of the Companies Act, 1965 does not require a formal approval of shareholders for the Audited Financial Statements and hence, is not put forward for voting.
2. A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote at the meeting. Subject to Note 5 below, where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.
3. The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
4. 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 25 May 2016 (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.
7. **Explanatory Notes on Special Business**

### **Resolution 7 pursuant to Section 132D of the Companies Act, 1965**

The proposed Ordinary Resolution 7 is intended to renew the authority granted to the Directors of the Company at the Fourth Annual General Meeting of the Company held on 16 June 2015 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 share pursuant to a mandate granted to the Directors at the last Annual General Meeting held on 16 June 2015.

The general mandate for the issue of shares will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares for purpose of funding future investment, working capital and/or acquisition(s).

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

The proposed Ordinary Resolution 7 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 29 April 2016 for further information.

# STATEMENT ACCOMPANYING NOTICE OF THE FIFTH ANNUAL GENERAL MEETING

---

1. The Director who is standing for re-election at the Fifth Annual General Meeting of OCK Group Berhad are as follows:

- i. Dato' Syed Norulzaman Bin Syed Kamarulzaman
- ii. Dato' Mohd Som Bin Ibrahim
- iii. Encik Mahathir Bin Mahzan
- iv. YM Syed Hazrain Bin Syed Razlan Jamalullail

The profiles of the Directors who are standing for re-election is set out on page 170 of this Annual Report.

2. The details of attendance of the Directors of the Company at Board of Directors' Meetings held during the financial year ended 31 December 2015 are disclosed in the Corporate Governance Statement set out on of this Annual Report.
3. The details of the Fifth Annual General Meeting are as follows:

Date of Meeting	Time of Meeting	Place of Meeting
Tuesday, 31 May 2016	10.00 a.m.	Topas Room, The Saujana Hotel Kuala Lumpur, Jalan Lapangan Terbang, 40150 Shah Alam, Selangor Darul Ehsan



# Proxy Form

\*I/We, .....  
(FULL NAME IN BLOCK LETTERS)

of .....  
(ADDRESS)

being a member(s) of OCK GROUP BERHAD, hereby appoint .....  
(FULL NAME)

of .....  
(ADDRESS)

or failing him/her, .....  
(FULL NAME)

of .....  
(ADDRESS)

or failing him/her, the Chairman of the Meeting as \*my/our proxy(ies) to vote for \*me/us on \*my/our behalf at the Fifth Annual General Meeting of the Company to be held at Saujana Hotel on Tuesday, 31 May 2016 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.)

Resolution		FOR	AGAINST
<b>ORDINARY BUSINESS</b>			
1.	To approve the payment of Directors' fee for the financial year ended 31 December 2015		
2.	Re-election of Director – Dato' Syed Norulzaman Bin Syed Kamarulzaman		
3.	Re-election of Director – Dato' Mohd Som Bin Ibrahim		
4.	Re-election of Director – Encik Mahathir Bin Mahzan		
5.	Re-election of Director – YM Syed Hazrain Bin Syed Razlan Jamalullail		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration		
<b>SPECIAL BUSINESS</b>			
6.	Authority to Issue Shares Pursuant to Section 132D of the Companies Act, 1965		
7.	Proposed Renewal and Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature		

Dated this ..... day of ..... 2015

No of Ordinary Shares Held:	
CDS Account No.:	
Tel No. (during office hours):	

For appointment of two proxies, percentage of shareholding to be represented by the proxies:-		
	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

.....  
Signature/Common Seal of Shareholder

[\* Delete if not applicable]

## Notes:

- A member of the Company entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend and vote at the meeting. Subject to Note 4 below, where a member appoints two (2) proxies, he/she shall specify the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company and the provision of Section 149(1) (a) and (b) of the Companies Act, 1965 shall not apply to the Company.
- The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.
- 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.
- 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.
- In respect of deposited securities, only members whose names appear on the Record of Depositors on 25 May 2016 (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.

Fold this flap for sealing

Then fold here



**OCK GROUP BERHAD**  
**(955915-M)**  
LEVEL 2, TOWER 1  
AVENUE 5, BANGSAR SOUTH CITY  
59200 KUALA LUMPUR

Then fold here