OCK GROUP BERHAD

BUILDING

ECOSYSTEM

with

FIBERISATION OF TELECOMMUNICATION SYSTEM.

ANNUAL REPORT 2020

www.ock.com.my

FULL-FLEDGED **NETWORK SERVICES PROVIDER**

CONTENTS

COMPANY PROFILE

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

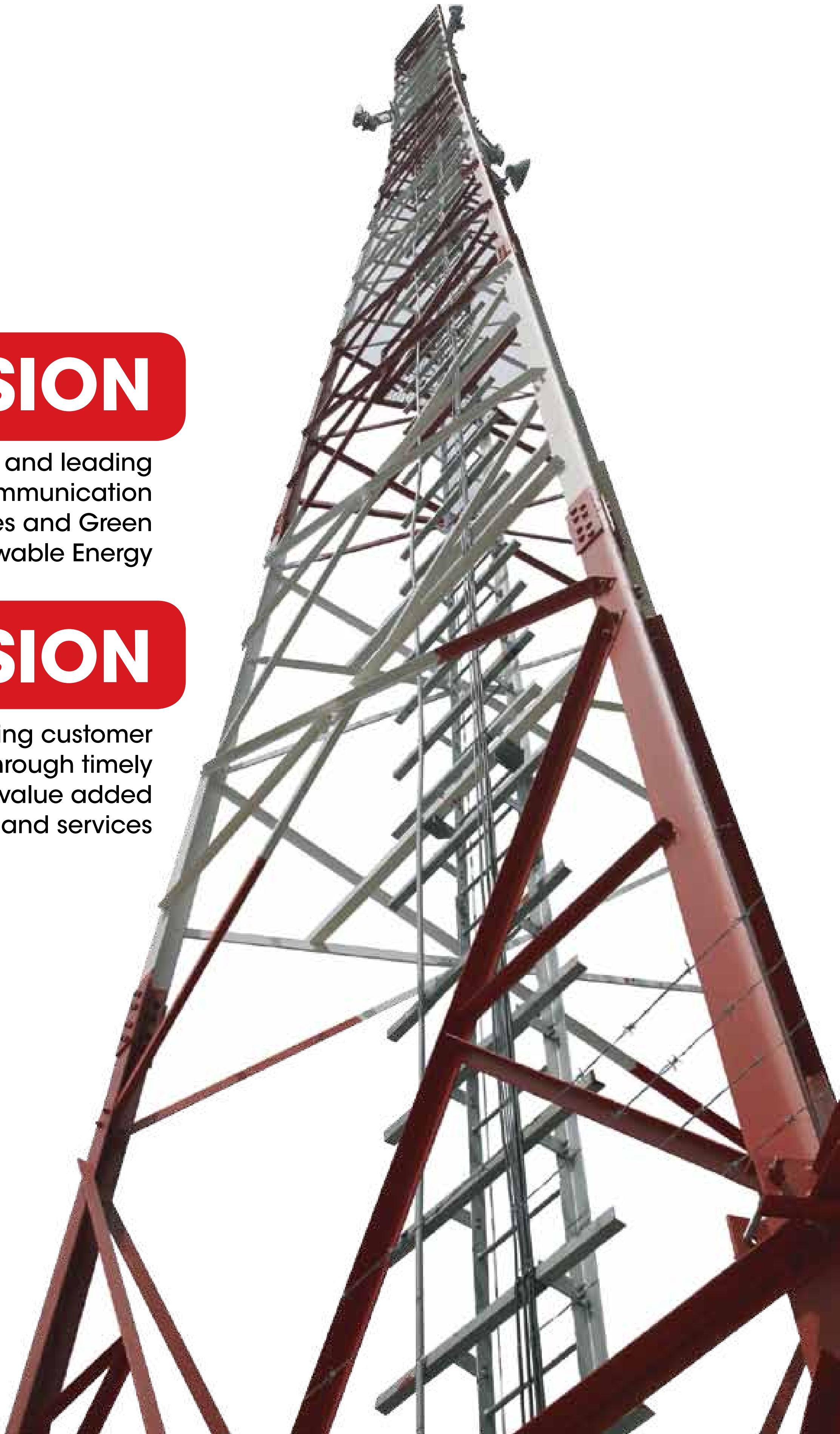
OCK is principally involved in the provision of telecommunication services equipped with the ability to provide full turnkey services. Our service offering comprehensively covers services from all the telecommunication network services market: network planning, design and optimisation, network deployment,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

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

To date, the Group is focusing on developing an independent ASEAN tower company and currently has a telecommunication tower portfolio of more than 4,300 telecommunication towers. The Group's ambitions as a telecommunication tower company were demonstrated when the Group successfully penetrated into two high-growth telecommunication tower markets in Myanmar and Vietnam within a short period of 14 months.

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

OCK also has a trading division that trades telecommunication hardware and equipment materials such as antennas, feeder cables and connectors. This business division complements the core business of the Group with other telecommunication network service providers and operators. As our businesses expand, OCK Group has ventured into Green Energy and Power Solutions, an imminent and rapidly increasing industry in Malaysia. Concurrently, we are active in the construction of solar farms as well as supplying power generation equipment for commercial, retail and factory buildings, and inclusive of installation, commissioning and testing services. M&E is one of the core businesses of OCK that provides mechanical and electrical services to housing development projects, commercial high-rise buildings, factories, infrastructures, airports, medical centres and hotels. We are capable of providing project management, supply and installation of most mechanical and electrical services.



VISION

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

MISSION

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

ABDUL HALIM BIN ABDUL HAMID
Deputy Chairman

OOI CHIN KHOON
Group Managing Director

LOW HOCK KEONG
Group Chief Executive Officer & Executive Director

CHANG TAN CHIN
Executive Director

CHONG WAI YEW
Executive Director

MAHATHIR BIN MAHZAN
Independent Non-Executive Director

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman
Mahathir Bin Mahzan

Members
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman
YM Syed Hazrain Bin Syed Razlan Jamalullail

NOMINATION COMMITTEE

Chairman
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman

Members
Mahathir Bin Mahzan
YM Syed Hazrain Bin Syed Razlan Jamalullail

REMUNERATION COMMITTEE

Chairman
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman

Members
Ooi Chin Khoon
Mahathir Bin Mahzan

REGISTERED OFFICE

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

CORPORATE OFFICE

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

AUDITORS

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA)
& AF 0117
Baker Tilly Tower
Level 10, Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Tel : (603) 2297 1000
Fax : (603) 2282 9980

COMPANY SECRETARY

Wong Youn Kim
(MAICSA 7018778)

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd [197101000970 (11324-H)]
Level 17, The Gardens
North Tower, Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (603) 2264 3883
Fax : (603) 2282 1886

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad [197601004668 (30632-P)]
Stock Name : OCK
Stock Code : 0172

PRINCIPAL BANKERS

Malayan Banking Berhad
[196001000142 (3813-K)]
Level 37, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Tel : (603) 2776 5724
Fax : (603) 2026 5267

OCBC Bank (Malaysia) Berhad
[199401009721 (295400-W)]
12th Floor, Wisma Lee Rubber1
Jalan Melaka, 50100 Kuala Lumpur
Tel : (603) 2783 4031
Fax : (603) 2698 1919

Malaysia Debt Ventures Berhad
[200201010450 (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
[196501000373 (6171-M)]
Jalan Kenanga, Lot LGF
019-021 Kenanga Wholesale City 28
Jalan Gelugor Off Jalan Kenanga
55800 Kuala Lumpur
Tel : (603) 9280 6068
Fax : (603) 9287 9000

CORPORATE MILESTONES

2020

- Acquired 100% equity interest in Solar System & Power Sdn. Bhd.
- Owns more than 4,300 telecommunication sites across Malaysia, Myanmar and Vietnam
- Owns and operates 17 solar farms with a combined capacity of 11.3MW in Malaysia
- Proposed rights issue with warrants, involving 122.26 million shares on the basis of one rights share for every 10 existing shares held and 122.26 million free detachable warrants on the basis of one warrant B for every one rights share subscribed

2019

- Signed MOU with China Information Technology Designing & Consulting Institute Co. Ltd.
- Acquired 100% equity interest in Green Leadership Sdn. Bhd.
- Acquired 4 solar farms in Sabah

2018

- Owns more than 3,800 telecommunication sites across Malaysia, Myanmar and Vietnam
- Bestowed the CIMB
- Sin Chew Regional Excellence Award by Sin Chew Business Excellence Award 2018
- Mr. Ooi Chin Khoon was presented the Best CEO Award by Focus Malaysia Best Under Billion Awards
- Entered into a MoU with ISOC Infrastructures, INC., to pursue tower business opportunities in the Philippines
- Secured built-to-suit and co-location contracts with all four Mobile Network Operators in Myanmar
- Participated in the telecommunication industry in Nepal
- Participated in regional telecommunication forums and conferences, keeping the Group up to date with the latest information and technology that is being used in the market

2017

- Completion of the SPA for the 100% equity interest in Southeast Asia Telecommunications Holding Pte. Ltd. ("SEATH")
- Signed Master Lease Agreement with Mytel and MPT for colocation and new build site
- Awarded Asia Most Impactful Service Award from Asia Success Inc. Group
- Awarded a full turnkey contract from one of the mobile operators in Malaysia

2016

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

2015

- Massive Connection was granted MSC status by MDEC
- Rights Issue of 1 right share for every 2 existing shares, 1 free detachable warrants for every 1 right share subscribed
- Secured 920 telecommunications towers contract from Telenor Myanmar
- Relocation to New HQ at Shah Alam

2014

- Emerged as RHB's Top 5 Malaysia Small Cap Jewels
- Private placement of 20% paid up share capital
- Bonus Issue of 176,053,636 new shares on 1 for 2 basis
- Completed 85% acquisition of PT Putra Mulia Telecommunications, Indonesia
- Transfer of listing from the ACE Market to the Main Market of Bursa Malaysia Securities Bhd

2012-2013

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

- Lembaga Tabung Angkatan Tentera ("LTAT") emerged as substantial shareholders with more than 15% stake
- Launch of RM150 million SUKUK Programme for the expansion plan in the Telecommunication Network Services

2005 - 2011

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

2000 - 2004

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

CORPORATE STRUCTURE

OCK GROUP BERHAD

OCK Setia Engineering Sdn. Bhd.

- **Delicom Sdn. Bhd.**
  - (100%)
  Telecommunications Network & Network Deployment Services
- **OCK M&E Sdn. Bhd.**
  - (100%)
  Mechanical & Electrical Engineering Services
- **Fortress Pte. Ltd.**
  - (100%)
  Network Security Products and Solutions
- **Firatel Sdn. Bhd.**
  - (61%)
  Trading of Equipment & Materials Network Security Products and Solutions
  - **Sunvoltic Sdn. Bhd. - (50%)**
    - (wef 20 Jan 2021)
    Green Renewable Energy & Turnkey Engineering, Procurement, Construction and Commissioning Service Provider
- **EI Power Technologies Sdn. Bhd.**
  - (52%)
  Green Energy & Power Solutions
  - **Sunvoltic Sdn. Bhd. - (50%)**
    - (wef 20 Jan 2021)
    Green Renewable Energy & Turnkey Engineering, Procurement, Construction and Commissioning Service Provider
- **Steadcom Sdn. Bhd.**
  - (51%)
  Network Planning, Design & Optimisation
  - **Device Vision Sdn. Bhd.**
    - (51%)
    Provision of information technology services
  - **OCK Steadcom (Thailand) Co., Ltd. - (100%)**
    Networking Planning, Design & Optimisation
    (wef 1 Jan 2020)
- **Dynasynergy Services Sdn. Bhd.**
  - (51%)
  Operations, Engineering & Maintenance Services
- **OCK Digital Infra (Sarawak) Sdn. Bhd. - (20%)**
  (Associate)
  Telecommunication Network Services
- **Irat Civil Works Sdn. Bhd.**
  - (40%)
  (Associate)
  Engineering Services

OCK International Sdn. Bhd.

- **OCK Phnom Penh Pte. Ltd.**
  - (100%)
  Telecommunications Network & Network Deployment Services
- **Well Synergy Resources Pte. Ltd.**
  - (100%)
  Engineering Services, Rental Business, Market Research and Management Services
- **PT Putra Mulia Telecommunication - (85%)**
  Telecommunications Network & Network on Deployment Services
  - **PT Harapan Utama Prima**
    - (65%)
    Network & Network Deployment Services
- **Fuzhou 1-Net Solution Co., Ltd.**
  - (51%)
  Telecommunication Network Services

Agensi Pekerjaan OCK Ventures Sdn. Bhd.

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

Milab Marketing Sdn. Bhd.

- **Azminas Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
- **Novel Energy Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
- **Suluk Damai Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
- **Epic Solartech Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
- **Gabungan Milab Sdn. Bhd. (fka Seri Kuasa Sdn. Bhd.) - (100%)**
  Green Renewable Energy
- **Energenetic Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
- **Tanda Hebat Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
- **Powerlator Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
- **Frontier Integrator (Sabah) Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
- **Solar System & Power Sdn. Bhd.**
  - (100%)
  Green Renewable Energy
  - (wef 1 Mar 2020)
- **Green Leadership Sdn. Bhd.**
  Green Renewable Energy
  - (wef 1 Jan 2020)
  - **GL II Sdn. Bhd.**
    Green Renewable Energy
    - (wef 1 Jan 2020)
  - **GL III Sdn. Bhd.**
    Green Renewable Energy
    - (wef 1 Jan 2020)
- **OCK Venture Energy Sdn. Bhd.**
  - (85%)
  Green Renewable Energy

CORPORATE STRUCTURE
(CONT'D)

OCK Sea Towers Pte. Ltd.

OCK Tower Infra Sdn. Bhd. - (100%)
Investment Holding

OCK Telco Infra Sdn. Bhd. - (100%)
Tower facilities, utilities and communication network for mobile and broadband operators

Nexgen Ventures Sdn. Bhd. - (60%)
Tower facilities, utilities and communication network for mobile and broadband operators

OCK Myanmar Holdings Pte. Ltd. - (100%)
Mobile Cellular and other Wireless Telecommunications Network Operation

OCK Myanmar Towers Pte. Ltd. - (100%)
Tower facilities, utilities and communication network for mobile and broadband operators

OCK Yangon Private Limited - (100%)
Tower facilities, utilities and communication network for mobile and broadband operators

OCK Vietnam Towers Pte. Ltd. - (60%)
Tower facilities, utilities and communication network for mobile and broadband operators

OCK Vietnam Towers (Labuan) Ltd. - (100%)
Tower facilities, utilities and communication network for mobile and broadband operators

Southeast Asia Telecommunications Holdings Pte. Ltd. ("Seath") - (100%)
Vietnam Tower Operator

Eastern Tower Company Limited - (100%)
Investment Holding

Global Infrastructure Investment Company Limited - (100%)
Vietnam Tower Operator

Truong Loc Telecom Trading and Service Joint Stock Company - (100%)
Vietnam Tower Operator

Mobile Information Service Company Limited ("MIS") - (100%)
Vietnam Tower Operator

Zone II Mobile Information Services Joint Stock Company - (100%)
Vietnam Tower Operator

Tan Phat Telecommunications Company Limited - (100%)
Vietnam Tower Operator

VNC-55 Infrastructure Investment Company Limited - (100%)
Vietnam Tower Operator

T&A Company Limited - (100%)
Vietnam Tower Operator

Massive Connection Sdn Bhd
Provision of information technology services

FINANCIAL HIGHLIGHTS

REVENUE
RM473.5
MILLION

GROSS PROFIT
RM126.0
MILLION

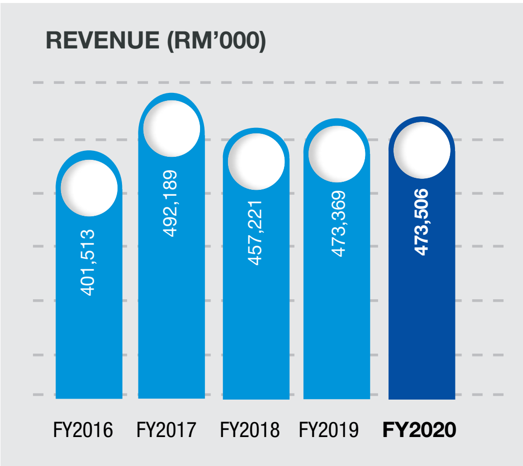
PROFIT BEFORE TAXATION
RM35.1
MILLION

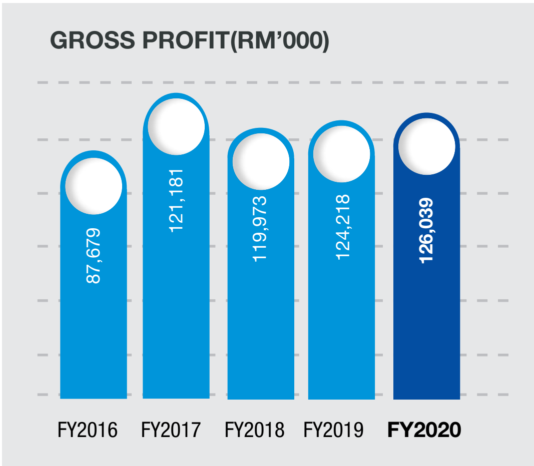
PROFIT AFTER TAXATION
RM30.5
MILLION

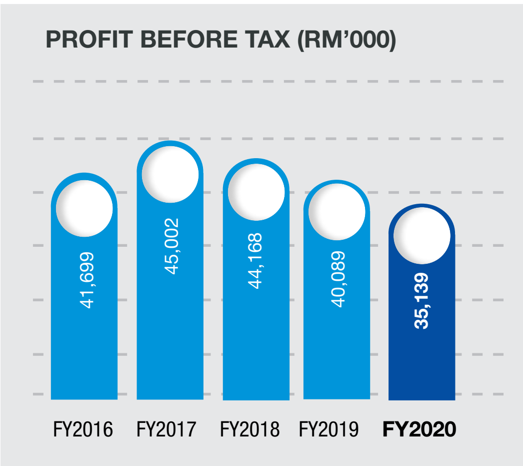
TOTAL EQUITY
RM621.5
MILLION

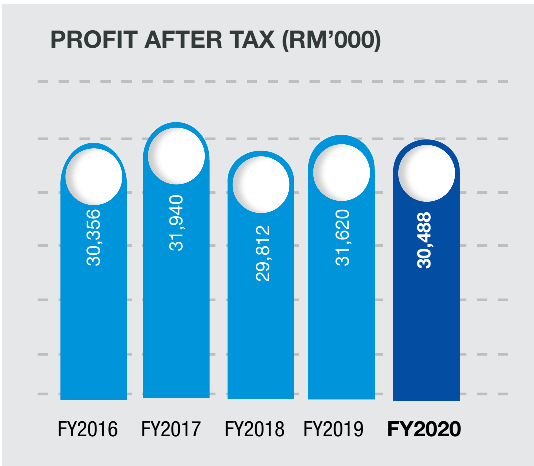
FINANCIAL HIGHLIGHTS
(CONT'D)

For Financial Year Ended 31 December		AUDITED 2015	AUDITED 2016	AUDITED 2017	AUDITED 2018	RESTATED AUDITED 2019	AUDITED 2020
Revenue	RM'000	315,903	401,513	492,189	457,221	473,369	**473,506**
Gross Profit	RM'000	69,210	87,679	121,181	119,973	124,218	**126,039**
Profit Before Taxation (PBT)	RM'000	37,333	41,699	45,002	44,168	40,089	**35,139**
Profit After Taxation (PAT)	RM'000	27,151	30,356	31,940	29,812	31,620	**30,488**
Profit For The Year Attributable To Equity Holders	RM'000	24,755	26,574	24,629	24,242	28,521	**25,911**
GP Margin	%	21.91	21.84	24.62	26.24	26.24	**26.62**
PBT Margin	%	11.82	10.39	9.14	9.66	8.47	**7.40**
PAT Margin	%	8.59	7.56	6.49	6.52	6.68	**6.44**
Basic Earnings Per Share	Sen	4.62	3.23	2.83	2.79	3.22	**2.70**









MALAYSIA
17 Solar Farms

REGIONAL PRESENCE
of more than
4,300 Towers in ASEAN

NEWS HIGHLIGHTS

2020.1.6

盈利前景看俏 OCK母子回升

1250 万全购 SSPSB
OCK 进军太阳能

（吉隆坡 12 日讯）OCK 集团（OCK，0172，主板贸易股）以 1250 万令吉现金，收购 Solar System&Power 私人有限公司（简称 SSPSB）100%股权。

OCK 集团今天向交易所报备，收购 SSPSB 全部股权，相等于 360 万股。

此次收购有助驱动公司的长期战略。

此外，公司也能利用 SSPSB 在再生能源发电方面的专业知识，并将产生协同作用，以及推动绿色能源业务的增长。

完成收购后，SSPSB 将成为 OCK 集团的独资子公司。

SSPSB 从事研发、生产太阳能、再生能源和光伏太阳能发电厂的业务。

今天闭市时，OCK 集团报 61 仙，跌 1 仙或 1.61%，交易量达 647 万 1600 股。

OCK seen as beneficiary of 5G deployment

OCK's TNS segment, tower portfolio expected to drive growth

OCK Group Bhd
(Jan 3, 60.5 sen)

Initiate coverage with buy and a target price (TP) of 75 sen: We like OCK Group Bhd for its strong growth prospects at its telecommunication network services (TNS) segment, driven by several tailwinds in the domestic telecommunication infrastructure market. Alongside that, the group is also steadily growing its recurring income base via expansion of its regional tower portfolio as well as acquisition of more solar farms.

We see several factors driving healthy growth for OCK's TNS and tower businesses in Malaysia over the next few years led by the implementation of the RM21.6 billion National Fiberisation and Connectivity Plan (NFCP); spectrum allocation for 700MHz; new capital expenditure cycle for 5G; and potential favourable regulation changes.

OCK's management had earlier indicated that it is looking at a spin-off listing or partial stake divestment for the group's tower business. This would help to unlock the value of OCK, given the higher valuation usually ascribed to tower business (11-13 times enterprise value-to-earnings before interest, taxes, depreciation and amortisation [EV/Ebitda]) relative to its current valuation of only 6.3 times EV/Ebitda). Furthermore, this would also help to improve OCK's financials and ability to fund future growth, thus enabling the tower business to expand faster.

The company is looking at a spin-off listing or partial stake divestment for its tower business.

OCK's TP is pegged at 20 times financial year 2020 forecast earnings per share, which is at a 20% discount to the Malaysian telecommunication sector average given OCK's relatively smaller market capitalisation.

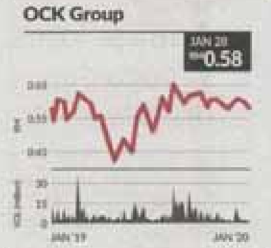
Downside risks to our call include unfavourable changes in regulatory policy and steep rise in steel and metal-related prices. — *AllianceDBS Research, Jan 3*

OCK Group Bhd

FYE DEC (RM MIL)	2018A	2019F	2020F	2021F
Revenue	457	493	537	572
Ebitda	101	140	151	158
Pre-tax profit	44.2	50.1	58.8	63.9
Net profit	24.3	29.6	34.3	38.0
Net profit (pre-ex)	24.3	29.6	34.3	38.0
EPS (sen)	2.79	3.08	3.58	3.96
EPS pre ex (sen)	2.79	3.08	3.58	3.96
EPS growth (%)	(1)	11	16	11
EPS growth pre ex (%)	(1)	11	16	11
Diluted EPS (sen)	2.68	3.02	3.39	3.69
BV per share (sen)	56.8	60.8	65.2	70.0
PER (x)	21.9	19.8	17.0	15.4
PER pre ex (x)	21.9	19.8	17.0	15.4
P/CF (x)	21.3	7.1	6.8	6.4
EV/Ebitda (x)	9.4	7.1	6.5	6.2
P/BV (x)	1.1	1.0	0.9	0.9
Net debt/equity (x)	0.8	0.7	0.6	0.6
ROAE (%)	5.0	5.5	5.7	5.8

Sources: Company, Bloomberg Finance LP

OCK Group



OCK GROUP
By RHB Research
Rating: Buy
Target price: RM0.75

RHB Research is maintaining a "buy" call on OCK Group with a target price of RM0.75, which is an 29% upside, as the group remains confident in sealing the towerco divestment deal soon.

In a recent meeting with the group's management, the research house said the planned disposal of a strategic stake in its towerco was in the final leg.

"A positive outcome from the formal deal inked should remove the overhang on the stock.

"The delays in executing an agreement since the third quarter of 2019 have impacted stock sentiment given that the entry of a strategic investor is seen as crucial to expand the group's regional tower leasing business," it added.

Notably, RHB Research pointed out that a deal would partially monetise and unlock the value of its towerco, ahead of a potential initial public offering (IPO) between 2021 and 2022.

Meanwhile, it reckoned the group to be a strong beneficiary of 5G deployment in Malaysia given its good track record in rolling out 3G sites under the Universal Service Provisioning (USP) projects initiated by the Malaysian Communications and Multimedia Commission (MCMC) and ongoing network deployment for telcos.

"This should translate into incrementally higher industry capex, with 5G services set to be launched in 3Q20," RHB Research said.

Moreover, OCK aims to achieve revenue contribution of around 10% to 15% from its solar business in the long run.

Recently, the group has proposed to acquire four solar farms for RM31.6mil, partly funded by the share placement with deal completion completed by the end of 1Q20.

"We previously estimated the deal would be earnings neutral based on a 70:30 debt and equity funding. While revenue contribution from solar farms remains small of around 5%, it should further strengthen overall recurring revenues," RHB Research said.

NEWS HIGHLIGHTS
(CONT'D)

跟随大市 MARKET PERFORM

OCK 集团
新收购展望正面

目标价：58.5 仙

最新进展 OCK 集团（OCK，0172，主板电信和媒体股）以 1250 万令吉现金，收购 Solar System&Power 私人有限公司（简称 SSPSB）100%股权。

SSPSB 从事研发、生产太阳能、再生能源和光伏太阳能发电厂的业务。

凭借着 SSPSB 在再生能源发电方面的专业知识，能带来协同作用，及推动绿色能源业务增长。

行家建议 我们正面看待这项收购计划，符合 OCK 集团扩展绿色能源和发电业务的目标。

该集团先前私配筹资 5230 万令吉后，在去年 12 月以 3160 万令吉，收购另一项太阳能资产，因此，相信私配余额将用在此次收购的资金。

根据我们搜集的资料，SSPSB 拥有 2 兆瓦（MW）产能的太阳能发电站。

尽管这些收购能增加收入，但绿色能源和发电业务整体贡献不大，还不到营收和税前盈利的 10%。

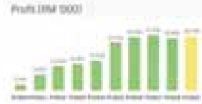
不过，这类并购助多元化业务，符合该集团未来分拆电讯塔业务上市的策略。

我们不调整盈利预测，并维持"跟随大市"评级和 58.5 仙目标价。

该集团应能持续且稳定地营运，但价值可能已经反映在现有股价中；而利好因素是在东南亚收购更多电信塔的消息。

OCK Group riding telecoms sector's tailwind

"There will be continuous work to cater for the demand of data and speed in all the countries that we operate in" — Ooi



China Unicom partnership could help OCK develop a presence with 5G

OCK GROUP BHD

OCK eyes more contracts from fiberisation plan

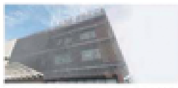
NEWS HIGHLIGHTS
(CONT'D)

跟随大市 MARKET PERFORM

OCK 集团
股价上涨空间较小

目标价:58仙（除权后）

OCK GROUP BERHAD



最新进展

OCK集团（OCK，0172，主板电信和媒体股）建议，10配1比例发行附加股及免费凭单（WB），最低发售价为20仙，估计至少筹650万令吉。

该公司计划发行1亿2226万4591股附加股，同时免费派送同等数量的凭单，料可在今年末季完成。

行家建议

若凭单全数转换，附加股也悉数认购，OCK集团可筹得2450万令吉，然而，我们认为这个情况不大可发生，因为现有的凭单（WA）溢价高达29%，转换价是71仙。

这项筹资建议似乎是恰当的，因为该集团在扩大电信塔项目组合的过程中，负债率持续加重，而不断增长的利息成本也导致盈利受压。

某些投资者可能会谨慎看待这项集资活动带来的稀释效应，但有些可能会中和看待，因为该集团为了保持业务增长而选择不派息，以及潜在的分拆计划也可释放一些价值。

根据9.3%的加权平均资本成本（WACC）及1.5%的长期增长，我们得出除权前的目标价为63仙。

若附加股全数转换成母股，我们预测除权后的目标价是58仙。

我们维持"跟随大市"评级，因为股价上涨空间较小。若股价剧烈下跌，可迎来买入的机会，这是基于公司长期展望稳健，有68%的经常性收入，还有脱售资产的计划。

10配1附加股送凭单
OCK集团冀筹2445万

（吉隆坡4日讯）OCK集团（OCK，0172，主板电信和媒体股）建议，10配1比例发行附加股及免费凭单，估计最多可筹资2445万3000令吉。

该公司向交易所报备，计划发行1亿2226万4591股附加股，同时免费派送同等数量的凭单，料可在今年末季完成。

文告指出，每持有10股现有股，可认购1股附加股，而每认购1股附加股，可获送1张凭单。

参阅价为20仙

假设附加股参阅价为20仙，OCK集团估计最少可筹获652万7000令吉，最多则有2445万3000令吉，会用作偿还债务及营运资本。

截至6月24日，该公司已发行股达9亿5857万2962股，未转换凭单共有2亿6407万2954张。

另一方面，OCK集团也寻求认购股东Aliran Armada私人有限公司、董事经理黄贞堤及相关人士黄清华（译音）、刘福强（译音）、阿都哈林、张陈贞（译音）及张慧均（译音）等相关人士，可豁免强制献购。

认购股东及相关人士截至6月24日，共持有该公司3亿5255万8325股，或36.78%股权，而在认购附加股及凭单后，持股增至38.86%，触及强制限购水平。

OCK to see big hike in recurring revenue contribution

Eye On Stock

EVENT HIGHLIGHTS

EVENT HIGHLIGHTS
(CONT'D)

EVENT HIGHLIGHTS
(CONT'D)

BOARD OF DIRECTORS

Front Row From Left:

Abdul Halim Bin Abdul Hamid

Deputy Chairman

Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman

Senior Independent Non-Executive Chairman

Ooi Chin Khoon

Group Managing Director

Rear Admiral (R) Dato' Mohd Som Bin Ibrahim

Non-Independent & Non-Executive Director

Low Hock Keong

Group Chief Executive Officer & Executive Director

Chang Tan Chin

Executive Director

Back Row From Left:

Chong Wai Yew

Executive Director

Mahathir Bin Mahzan

Independent Non-Executive Director

YM Syed Hazrain Bin Syed Razlan Jamalullail

Independent Non-Executive Director

BOARD OF DIRECTORS' PROFILE

DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN

Senior Independent Non- Executive Chairman
Malaysian I Aged 72 I
(Appointed on 3 January 2013)

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

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

Upon his return to Malaysia, Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman was appointed as Public Interest Director at the Federation of Investment Managers Malaysia ("FIMM") and Advisor (China Business) at IJM Corporation Berhad. He is currently the Chairman of Yong Tai Berhad, Pelikan International Corporation Berhad and Mah Sing Foundation.

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

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

BOARD OF DIRECTORS' PROFILE
(CONT'D)

ABDUL HALIM BIN ABDUL HAMID
Deputy Chairman
Malaysian I Aged 54 I
(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"). Mognas was one of the pioneering network deployment companies in Malaysia in the 1990s. He subsequently moved to Rank Liberty Sdn. Bhd. in 1996 as a Senior Supervisor before joining Prospective Goals Sdn. Bhd. as its Project Manager in 1997. Accordingly, Encik Halim is also one of the pioneers who contributed in the telecommunications industry whereby he had contributed in terms of introducing various kinds of telecommunication structures and equipment in Malaysia. In 2007, Encik Halim acquired shares in the Group's subsidiary companies, namely OCK Setia Engineering Sdn. Bhd. and Delicom Sdn. Bhd. Since then, Encik Halim progressively develops his contribution in OCK by overseeing the day to day technical aspect of OCK.

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

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

OOI CHIN KHOON
Group Managing Director
Malaysian I Aged 53 I
(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.

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

BOARD OF DIRECTORS' PROFILE
(CONT'D)

LOW HOCK KEONG
Group Chief Executive Officer & Executive Director
Malaysian I Aged 50 I
(Appointed on 31 October 2011)

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

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

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

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

CHANG TAN CHIN
Executive Director
Malaysian I Aged 53 I
(Appointed on 31 October 2011)

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

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

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

BOARD OF DIRECTORS' PROFILE (CONT'D)

CHONG WAI YEW
Executive Director
Malaysian | Aged 51 |
(Appointed on 31 October 2011)

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

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

Mr. Chong plays a key role in OCK's green renewable energy business division. In 2013, the Group ventured into owning a 1-megawatt solar farm. To date, the Group owns up to 17 solar farms with a combined total of 11.3 megawatts in Malaysia.

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

MAHATHIR BIN MAHZAN
Independent Non-Executive Director
Malaysian | Aged 43 |
(Appointed on 25 November 2015)

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

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

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

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

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

Mr. Mahathir is the Chairman of the Audit and Risk Management Committee of the Company.

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

BOARD OF DIRECTORS' PROFILE
(CONT'D)

REAR ADMIRAL (R) DATO' MOHD SOM BIN IBRAHIM
Non-Independent & Non-Executive Director
Malaysian I Aged 67 I
(Appointed on 9 December 2013)

Rear Admiral Dato' Mohd Som Bin Ibrahim ("RADM Dato' Mohd Som") began his career in the Royal Malaysia Navy ("RMN") as a Cadet Officer in September 1973. He received his Naval Training in the Britannia Royal Naval College Dartmouth, United Kingdom ("UK") in 1974 and was commissioned as a Sub-Lieutenant in January 1977. Eventually he became a specialist in Navigation in 1980 in the UK. After which, RAMD Dato' Mohd Som continued to attend many courses both local and abroad.

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

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

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

YANG MULIA SYED HAZRAIN BIN SYED RAZLAN JAMALULLAIL
Independent Non-Executive Director
Malaysian I Aged 42 I
(Appointed on 25 November 2015)

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

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

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

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

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

KEY MANAGEMENT TEAM

ANTHONY THONG YEONG SHYAN

Group Chief Financial Officer
Male, Aged 55

- Certified Practicing Accountants ("CPA")
- Chartered Accountant with the Malaysia Institute of Accountants ("MIA")

JES TAN CHIN HONG

Financial Controller
Female, Aged 46

- Member of Malaysian Institute of Accountants ("MIA")
- Member of Association of Chartered Certified Accountants ("ACCA")

HOW TING HIANG

Senior Group Human Resources ("HR") & Administration Manager
Male, Aged 52

- Master of Business Administration University of Hertfordshire
- Bachelor of Business in Business Administration, RMIT University

FOO SEE LIANG

Chief Operating Officer Network Design and Deployment Division
Male, Aged 53

- Bachelor's Degree (Hons) in Electronics Engineering, Oxford Brookes University, England
- Certified Project Management Institute

TAN YEW TONG

Chief Marketing Officer
Marketing and Business Development
Male, Aged 52

- Bachelor's Degree (Hons) in Electrical & Electronics Engineering and Communication system, The University of Queensland, Australia

APOLLO WONG SHAU YANG

Director
Tendering and Marketing Support
Male, Aged 52

- Bachelor's Degree in Electrical Engineering, University of Alberta, Edmonton, Alberta, Canada

HUSSIN BIN ABU BAKAR

Head of Quality, Regulatory and Government Liaison
Male, Aged 56

- Diploma in Estate Management (Property), Universiti Teknologi Mara, Shah Alam, Selangor

MARTIN WONG

Chief Executive Officer Southeast Asia Telecommunication Holdings Pte. Ltd. ("SEATH"), Vietnam
Male, Aged 39

- Bachelor's Degree in Accounting & Finance, Curtin University
- Certified Chartered Accountant with Malaysia Institute of Accountants

OMER CHAPPELART

Chief Executive Officer
OCK Yangon Pte. Ltd., Myanmar
Male, Aged 65

- Master Degree in Telecommunication (Engineering) from France Certified Project Manager Professional ("PMP")

LIM HOOI SEEH

Chief Executive Officer
Putra Mulia Telecommunication, Indonesia
Male, Aged 53

- Master of Business Administration ("MBA"), Nottingham Trent University, United Kingdom

LEE KONG JIN

Director
Firatel Sdn. Bhd.
Male, Aged 51

- Masters degree in Electrical Engineering, majoring in Computer Engineering
- Accredited project manager ("PMP") of Project Management Institute

SHARON MAK MAY CHENG

Director
EI Power Technologies Sdn. Bhd.
Female, Aged 43

- Bachelor's Degree of Commerce Majoring in Accounts and Finance, Monash University
- Member of Certified Practicing Accountants ("CPA") Australia

CHAIRMAN'S STATEMENT

"Dear valued shareholders,

I am pleased to present to you the Annual Report and the Audited Financial Statements of OCK Group Berhad for the financial year ended 31 December 2020 ("FYE2020")."

DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN

Senior Independent Non- Executive Chairman

Malaysia's economy for 2020 was severely affected by the COVID-19 pandemic. Strict measures were implemented to contain the spread of the pandemic which weighted considerably on both external economic demand and domestic growth. Amidst such challenging global and domestic operating environment, the Malaysian economy contracted by 5.8% in 2020. There is however expectation that a rebound of economic activities is on the horizon subject to the deployment of an effective vaccine and the robustness of global growth.

FINANCIAL PERFORMANCE HIGHLIGHTS

Against this backdrop, OCK's financial performance nonetheless was steady where revenue and profit after tax stood at RM473.5 million and RM30.5 million respectively, arising from the sturdy performance of the Group's recurring income streams. The Group's Telecommunication Network Services segment remained the core contributor to the Group having accounted for 90.6% of its total revenue. The consolidated financial statement for FYE2020 enclosed in this report displays a strong commercial momentum of OCK's local and regional markets, namely Malaysia, Indonesia, Myanmar and Vietnam.

REGIONAL HIGHLIGHTS

As at end FY2020, OCK owns more than 4,300 telco towers across the ASEAN region, with 500 in Malaysia, 1,100 in Myanmar and 2,700 in Vietnam. The Group remained committed to expand its tower portfolio primarily with brownfield acquisitions in Vietnam, greenfield 'build to suit' telecommunications sites in Myanmar, and a combination of both greenfield and brownfield for Malaysia, whilst at the same time increasing tenancy ratios for higher income generation.

CHAIRMAN'S STATEMENT (CONT'D)

OCK's operations in Indonesia have been, and will remain, promising. During the year under review, the Group successfully secured additional managed services contracts. Currently, the Indonesian operations are well supported by more than 44,000 sites. With the 5,300 sites in Malaysia, managed services will continue to provide a stream of recurring income over the mid-term period for the Group.

In 2020, revenue contributions from Malaysia, Vietnam, Indonesia, Myanmar and others (Singapore, China & Thailand) were 46.34%, 11.07%, 16.78%, 20.02% and 5.79% respectively of the total revenue.

GREEN ENERGY

In the area of renewable energy (RE), OCK is in full support of the Government's national RE policy objective of increasing RE contribution in the national power generation mix. The Group is fully cognizant of the importance of minimizing the negative impact of energy utilization through the provision of adequate, secure and cost effective energy supplies, all for the sake of conserving the environment for future generations.

This quest by the Government provides ample opportunities for the Group. As a solar renewable energy player, OCK has been preoccupied in building up its green energy business segment as a sustainable secondary income stream through involvement in the Government's Small Renewable Energy Program (SREP) that allows projects with up to 10MW of capacity to sell the power they generated to Tenaga Nasional Berhad. By FY2020, OCK owned and operated 17 solar farms with a combined capacity of 11.3MW in Malaysia. The Group plans to stay on this course to seek more opportunities to own solar renewable energy farms under the SREP. At the same time, OCK is also desirous at partaking in the Government's Large Scale Solar (LSS) program, a competitive bidding program for the development of large scale solar photovoltaic plants.

MOVING FORWARD

Looking ahead, there remains challenges given the continuing impact of COVID-19 on Malaysia's economy and the economies of countries where OCK operates. The Group will remain focused on its long-term strategies to achieve its goals, growth and performance, and ensure that mitigation strategies are in place.

In this regard, the Group will continue to pursue its goal of expanding its regional operations and maintain its status as one of ASEAN's leading Towerco.

Growth in this area is expected to remain robust as the telecommunication industry continues to be a key growth factor in all countries as governments continue to digitalize. We expect to increase our ownership in telecommunication towers which has been a proven business model, and expand our managed services segment to provide value added expertise to all our customers.

At home, as Malaysia's largest telecommunication services provider, OCK will focus on, and benefit from the Government's National Digital Infrastructure Plan, or *JENDELA*, which aims to expand 4G network coverage in the country, improve the quality and speed of broadband services, and prepare the country's transition to 5G technology. OCK is well positioned to undertake upgrading works on existing base stations and construction of new sites to support the expansion of 4G coverage and the subsequent large scale roll-out of 5G.

IN APPRECIATION

On behalf of the Board of Directors, I would like to express profound appreciation to our valued shareholders, business associates, customers, contractors and clients for their continuous support to the Group. Our deepest appreciation also goes to the policy makers and regulatory agencies across the industry. I must also thank the management team and the entire workforce of OCK for their strong commitment and tireless service to the company. I look forward to their continued support in the years to come.

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

MANAGEMENT DISCUSSION & ANALYSIS

SAM OOI CHIN KHOON

GROUP MANAGING DIRECTOR
OCK GROUP BERHAD

TELECOMMUNICATIONS LANDSCAPE – RESILIENT IN TIMES OF CRISIS

COVID-19 is ultimately driving up data demand globally and has sped up digital transformation, creating an unprecedented need for both capacity and coverage. Therefore, expectations of the mobile network operators ("MNOs") to ramp up infrastructures in preparation for the arrival of 5G are high. Significantly, a strong growth has been projected for Malaysia's telecommunication industry till 2025 as it has been a key pillar for the community with its salient role in supporting a digital economy. Under the National Digital Infrastructure plan, or commonly referred to as Jendela, the Malaysian government through Malaysian Communications and Multimedia Commission (MCMC) laid the foundation to provide wider coverage and better broadband experiences from the rising adoption of Internet-of-Things (IoT), leading up to the deployment of 5G technology to boost end to end digital connectivity system nationwide by year 2025. The national target for phase 1 of the Jendela programme is to ensure 4G covers 96.9% of the nation from 91.8%, increase mobile broadband speed to 35 Mbps from 25 Mbps and ensure 83% of the premises have access to fixed broadband that offers gigabit speed.

In Myanmar, its digital economic growth was attributed to the higher usage of mobile devices within the country where the current 94.98 million subscribers represented a 92% growth as compared to the mere 44.56 million subscribers five years ago. Internet users have reached 71.34 million, giving a penetration rate of 130.71% as at May 2020. Moving forward, the Myanmar government is striving to build up the digital economy by digitalising all its sectors. The digital economy is expected to experience exponential growth over the next few years driven by the rapid increase in telephone subscribers, improved telecommunications infrastructure and government initiatives in expanding bandwidth in the urban areas.

MANAGEMENT DISCUSSION & ANALYSIS (CONT'D)

As for Vietnam, its telecommunications sector is expected to grow as the Vietnamese government has introduced the fourth industrial revolution plan of its National Network Programme to increase livelihood and develop a favourable digital economy. According to the Minister of Information and Communications, Nguyen Manh Hung, the deployment of 5G in Vietnam will use 70% of the 4G infrastructure. According to the Vietnamese government, the rollout of 5G will start in major urban areas, followed by industrial parks, research zones and universities to aid innovation and creation of new technologies. The Ministry of Information and Communications is expected to approve 5G services by the middle of 2021 and ensure quality and reasonable prices as developing 5G network is one of the key directions on improving the capacity of digital infrastructure for its national digital transformation. The country plans to provide 5G coverage nationwide by 2030, offering all citizens broadband internet connection at low cost. Vietnam possesses the essentials to develop science and information technology and expected to become a developed economy by 2045.

SOLAR RENEWABLE ENERGY LANDSCAPE – A BLOOMING GLOBAL PHENOMENA

Malaysia is playing its role in reducing its carbon footprint to grow a sustainable economy with clean energy. The Malaysian Government has set the target to increase the share of renewable energy to 20% by 2025 from 2% in 2019. Therefore, the Energy Commission has been developing solar projects through schemes such as Net Energy Metering (NMT), Large Scale Solar (LSS) and Self Consumption (SELCO) which resulted in the emergence of more operators in the solar renewable energy industry.

FINANCIAL PERFORMANCE – CHAMPIONED BY THE OCK'S STREAMS OF RECURRING INCOME

OCK generated a consolidated revenue of RM473.5 million in FY2020, compared to RM473.4 million in FY2019. The minor difference primarily reflected the impact of the movement control order ("MCO") and conditional movement control order ("CMCO") implementations whereby the telecommunications roll outs, trading and mechanical & electrical ("M&E") operations were hindered due to mandatory closure of all project sites. The Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") and profit after tax and minority interest ("PATAMI") stood at RM153.6 million and RM25.9 million respectively, translating to a 6.7% increase in EBITDA and 9.1% decrease in PATAMI, year on year. The downtrend was affected by MCO and CMCO implemented by the government in which hampered the progress on contracts.

Despite the challenges faced, OCK's recurring income streams have shown resilience, championing the Group's financials during this pandemic. The Group's recurring revenue contributed a total of 65.9% of the Group's total revenue for FY2020 as compared to 50.4% in FY2019. FY2020's total recurring revenue has also increased by 30.9% to RM312.3 million as compared to FY2019.

BUSINESS OPERATIONS & PLANS

As proven in FY2020, OCK's strategies in increasing streams of recurring income kept the Group resilient during the pandemic. As a towerco, OCK targets to increase our tower portfolio to more than 5,100 telecommunication sites in 2021 via greenfield and brownfield strategies as well as increasing tenancy ratios in the countries that OCK is already in operations namely Malaysia, Myanmar and Vietnam. In addition, OCK is one of the largest managed services companies in Malaysia and Indonesia with a combined portfolio of more than 49,000 sites under management and will continue to provide this operational expenditure value proposition to telecommunication operators.

We also highlight sustainability as a key driver of our business growth whereby we intend to grow our energy business segment by increasing our ownership of solar farms across Malaysia. This has been one of OCK's goals since listing in 2012 which is in line with the global trends of reducing carbon emission and building a more sustainable business.

Apart from our strong recurring income, OCK also targets growth through our non-recurring income stream via our contracting business as a telecommunications network services ("TNS") provider. Our goal is to maintain our position as the largest TNS provider in Malaysia and continues to provide connectivity nationwide and transition to 5G technologies which is in line with the Malaysian government's plans.

MANAGEMENT DISCUSSION & ANALYSIS
(CONT'D)

TELECOMMUNICATION INFRASTRUCTURE PROVIDER

Towerco Business

As at end FY2020, OCK owns more than 4,300 telco sites across the ASEAN region, with 500 sites in Malaysia, 1,100 in Myanmar and another 2,700 in Vietnam. Notably, our towerco business was the largest contributor to our recurring income in FY2020. This is due to our long term contracts with telecommunication operators and we are optimistic of the growth in this business segment as we continue to increase our tower portfolio.

Myanmar Towerco Updates - In Myanmar, OCK owns more than 1,100 sites with tenancy ratio of 1.42x. OCK targets to have approximately 1,250 towers in Myanmar by 2021, primarily through new built to suit towers.

Vietnam Towerco Updates - In Vietnam, OCK owns more than 2,700 sites with tenancy ratio of 1.33x. OCK targets to have approximately 3,200 towers in Vietnam by 2021, primarily through acquisition of towers.

Malaysia Towerco Updates - In Malaysia, OCK owns 500 sites with tenancy ratio of 1.10x. OCK targets to have approximately 700 towers in Malaysia by 2021 through a combination of built to suit towers and acquiring towers.

TELECOMMUNICATION NETWORK SERVICES PROVIDER

Contract Business

As a reputable TNS provider, OCK has completed 5G trials in Malaysia with our own developed smart-pole design. With OCK's experience and capabilities, the Group will be able to support large-scale rollout of the 5G network. Meanwhile, OCK is heavily involved in building infrastructure networks to complement high demand for data such as fiberisation which helps upgrading telecommunication sites to 4G as well as increasing number of towers for nationwide coverage in preparation for the transition to 5G.

Managed Services/ Operations Business

To date, OCK manages 5,300 sites in Malaysia and 44,000 sites in Indonesia, giving a market share of 15% and 44.7% respectively. This segment was the second largest contributor to our recurring income for FY2020. We will continue to expand our services to various telecommunication operators, providing them value add by reducing their operational expenses in managing these towers.

GREEN ENERGY AND POWER SOLUTION

The segment contributed approximately 6.0% of the Group's overall revenue. Taking into account only OCK's solar renewable energy within this business segment, OCK owns 17 solar farms, generating 11.3MW in Malaysia. On a year-on-year comparison between FY2020 and FY2019 the Group's solar renewable energy reported an increase in revenue by 79.8%.

M&E ENGINEERING SERVICES

The division reported a revenue of RM10.1 million for FY2020, which was a significant decrease compared to FY2019. This was due to the closure of project sites during the MCO and CMCO which was unavoidable. However, OCK has been operating back at 100% capacity ever since and catching up on backlogs.

TRADING

The trading division reported a revenue of RM5.2 milion. This division was also heavily impacted due to the decrease in telecommunication contract roll outs during the year under review.

MANAGEMENT DISCUSSION & ANALYSIS
(CONT'D)

CAPEX

The total capex for FYE2020 was RM139.9 million, utilised for expansions in the towerco and solar farm acquisitions.

RISKS

OCK is exposed to political risks in foreign operations such as government restrictions on internet usage in Myanmar as well as changes to policies by regulatory bodies. OCK might also be faced with currency and liquidity risk due to the nature of its business.

OUTLOOK

While the Covid-19 pandemic had impacted most industries in 2020, OCK is still committed to deliver strong progress against the backdrop of unprecedented global uncertainties and focus on the greater extent of transforming the telecommunications sector. We are optimistic of the telecommunications sector's outlook. Furthermore, the global telecommunications sector has shown strong growth in recent years with the deployment of 5G network and edge computing to harness data processes and handle devices required for real time computing power.

Digital transformation in the ASEAN region had led to the establishment of ASEAN Smart Cities Network (ASCN) in 2018 which is collaborated by government participations and autonomy which focus on various areas including built infrastructure, industry & innovation, civic & social, health & well-being, safety & security and quality environment to expand towards a rapid urbanization. Significantly, understanding the urbanisation trend of high reliance on networks and quality infrastructures within the telecommunication network services sector plays a mammoth role in this framework.

We are actively expanding our geographical footprint in the ASEAN region and continuously looking towards increasing tower portfolio through greenfield and brownfield opportunities. OCK promotes ESG to support knowledge and sustainable economy by addressing environmental issues and has established a long-term vision to venture into green energy segments since 2012. Moving forward, OCK will continue to expand its green energy segments through acquisitions of solar farms with good feed in tariff rates which will contribute different streams of revenue from a multi-business portfolio. OCK also plans to participate in large scale tenders in the future.

SAM OOI CHIN KHOON
Group Managing Director

SUSTAINABILITY STATEMENT

COMMITMENT TO SUSTAINABILITY

Sustainability has always been a pillar of OCK Group Berhad ("**OCK**") and its subsidiaries ("**OCK Group**" / "the **Group**") culture as we strive to achieve continuing growth and profitability in a safe, caring and sustainable environment. We recognise that sustainability practices are one of the important criteria in investors' investment decisions.

In line with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (2nd Edition), the Group's sustainability practices are to ensure that economic, environmental and social risks and opportunities are tied in with our governance framework and social responsibilities. This enables our corporate success and behaviour to be judged and measured by the public.

In this respect, our mission, as a responsible corporate citizen, is to ensure high standards of governance across our business to promote responsible business practices, manage environmental impacts, and meet the social needs of the community in which we operate, which is in line with our corporate culture.

OUR POLICY ON SUSTAINABILITY

The Group's continued success in maintaining as a sustainable business and generating long-term shareholder value, influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to strategise formulation and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impact on our business model over the near, medium and long term.

COMMITMENT TO SUSTAINABILITY (CONT'D)

ENVIRONMENT

Conserving our environment

Conserving our environment

ECONOMIC

Sustaining our economy

Delivering sustainable returns to our shareholders

Delivering quality products to achieve customers' satisfaction

SOCIAL

Building a resilient workforce

Ensuring a positive workplace for our employees

Serving our community

Contributing to the well-being of the community around us

OUR SCOPE OF REPORTING

Information disclosed in this Statement encompasses our core activities related to telecommunication ("**telco**") network services, trading of telco and network products, green energy and power solutions, as well as mechanical and electrical ("**M&E**") engineering services. Although the Group is also a telco contractor, this Statement is not disclosing any of this segment's contributions to the Statement. This Statement also excludes joint ventures or associates and partners' assets. This Statement covers data which had been compiled internally from 1 January 2020 to 31 December 2020. Where available and relevant, historical data of the preceding year has been included for comparison.

SUSTAINABILITY STATEMENT
(CONT'D)

OUR SCOPE OF REPORTING (CONT'D)

OCK GROUP BERHAD

Telco Network Services
- Telco services equipped with ability to provide full turnkey services
- Network Facilities Provider Licensee

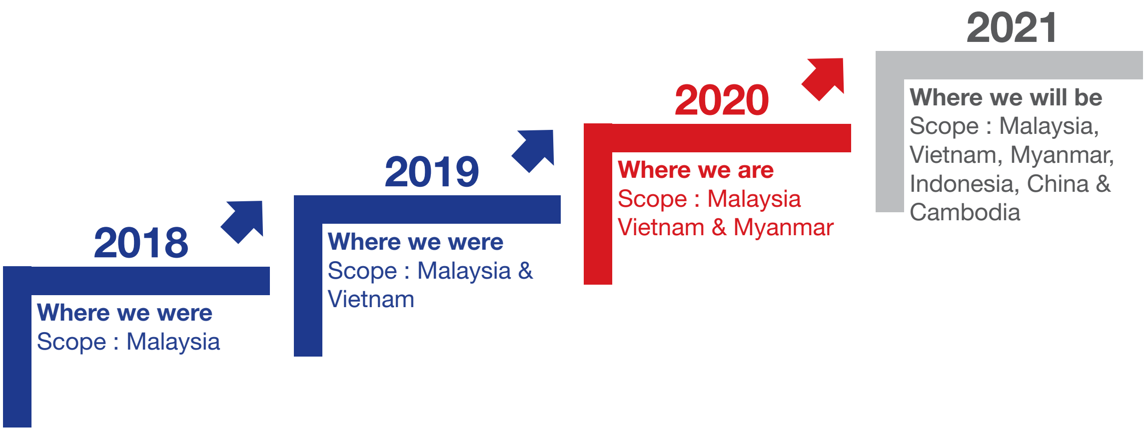
Green Energy and Power Solutions
- Construction of solar farms
- Supplying power generation equipment and inclusive of installation, commissioning and testing services

Trading of Telco and Network Products
- Trading of telco hardware and equipment materials such as antennas, feeder cables and connectors

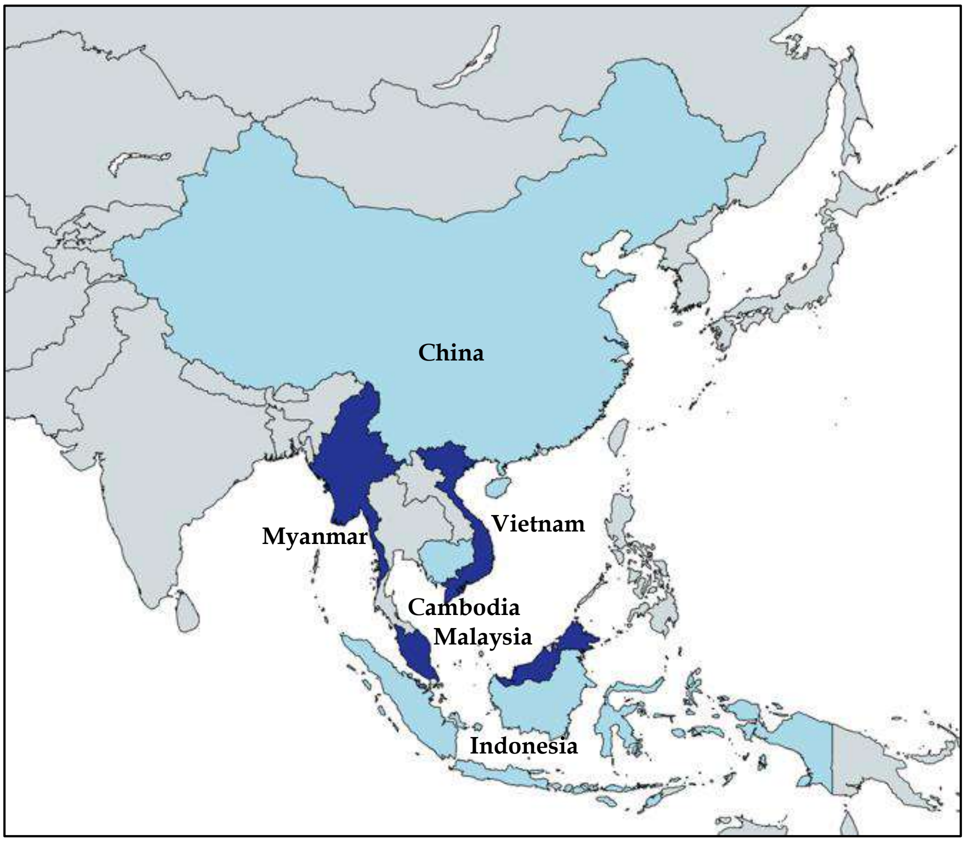
M&E Engineering Services
- Provision of M&E services
- Project management
- Supplying and installation of most M&E services

ROADMAP

We continue our focus of sustainability framework on the headquarters in Malaysia and this remains the nucleus of the Group's sustainability efforts. While we have expanded our regional footprint with our presence in Vietnam, Myanmar, Indonesia, Cambodia and China, this year's Statement will be extended to cover Vietnam and Myanmar.



ROADMAP (CONT'D)



THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("SDG(s)")

In September 2015, all one hundred and ninety-three (193) United Nation member states adopted "Agenda 2030", a plan to solve the world's most pressing environmental, social and economic problems over the next fifteen (15) years. It consists of seventeen (17) goals and one hundred and sixty nine (169) targets that cover a broad set of challenges such as economic inclusion, geopolitical instability, depleting natural resources, environmental degradation and climate change. Malaysia is committed to "Agenda 2030" through its SDG Roadmap.

We support the SDGs, recognise their strategic importance to our business and to the world, hence we are committed to help achieve them. The Group has well-established programs to ensure we operate sustainably and responsibly, following our long-standing commitment to ethical corporate citizenship and promoting sustainability in all our activities. All the SDGs are relevant to our operations in varying degrees and we are already contributing to many of these goals. We focus on supporting four (4) goals where we can make the greatest contribution:

SUSTAINABILITY STATEMENT
(CONT'D)

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("SDG(s)") (CONT'D)

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 GOOD EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

14 LIFE BELOW WATER

15 LIFE ON LAND

16 PEACE, JUSTICE AND STRONG INSTRUCTIONS

17 PARTNERSHIPS FOR THE GOALS

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("SDG(s)") (CONT'D)

7 AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

If we don't tackle climate change, economic growth and progress against all the SDGs will be severely hampered. We want our business to play a leading role in achieving SDG 7. Green Renewable Energy creates clean, renewable power from the sun and benefits the environment as an alternative to fossil fuels. That's why it is our vision to be one of the innovative and leading providers of Green Renewable Energy in order to reduce the dependence on non-renewable energy sources.

We set ourselves the bold ambition of achieving significant revenue contribution from green energy business segment. Since then, we have been making real progress, we have acquired four (4) companies, namely Solar System & Power Sdn. Bhd., Green Leadership Sdn. Bhd., GL II Sdn. Bhd., and GL III Sdn. Bhd., that are in the business of renewable power generation. To date, the Group owns a total of 11.249 megawatt ("MW") solar farms.

In addition, we incorporated usage of on-site solar photovoltaic ("PV") solutions in our headquarters of which more details will be discussed under the Energy Savings of Material Sustainability Matters.

We have also intentionally extended the Go Green Vision of OCK Group to OCK Yangon, one of the subsidiaries in Myanmar. OCK Yangon has deployed solar hybrid power solution on its telco sites to replace traditional diesel-based on-site generators. This not only helps to increase operational efficiency of the telco sites but also to bring down carbon emission. To date OCK Yangon has two hundred (200) sites with solar hybrid power solution and we aspire to achieve five hundred (500) sites by 2021.

8 DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSIVE AND SUSTAINABLE ECONOMIC GROWTH, FULL AND PRODUCTIOVE EMPLOYMENT AND DECENT WORK FOR ALL

One of the most obvious ways a regional business like OCK Group can contribute to the SDGs is by helping to stimulate economic growth, by growing our own business. As a fundamental principle, growth must not come at the expense of the planet or people – especially vulnerable employees. Four (4) out of the ten (10) Material Sustainability Matters that the Group has identified are in relation to our employees because our employees are essential to OCK Group's success.

We work to maintain a productive and healthy organisation by employing and developing talented people, continually strengthening our leadership, and enhancing employee performance by fostering strong engagement. We promote a safe and healthy workplace for our people and provide equal opportunity in recruitment, career development, promotion, training and reward for all employees, regardless of gender, ethnicity, or physical ability.

We aim to work with suppliers and vendors that behave in an economically, environmentally and socially responsible manner. Our approach to suppliers and vendors is clearly set out in our Supplier Code of Conduct. These principles cover requirements such as no corruption or bribery, human rights and fair labour practices, safe and healthy working environment as well as compliance to environmental laws and regulations. Our suppliers and vendors are critical to our ability to run our business. They are involved in almost every step of our operations, and are often key to achieving successful outcomes and having a positive impact on the community.

SUSTAINABILITY STATEMENT
(CONT'D)

THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("SDG(s)") (CONT'D)

BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

To fulfil this SDG's goal, our main business activity of being a telco and towerco company is a key driver of building tomorrow's communities today.

Where industrialisation needs are concerned, when we enter a green field site, there is significant contribution to job creation among the local community and we lead innovation by providing jobs that are related to the telco and technical fields of industry.

The convergence of 5G digital technologies is occurring at an incredible pace with the Coronavirus Disease 2019 ("**COVID-19**") pandemic acting as a catalyst, intensifying the demand for connectivity and bandwidth. With that said, the infrastructure for 5G is being established under the Malaysian government's initiative – Pelan Jalinan Digital Negara ("**JENDELA**"). OCK's involvement in JENDELA, in our capacity as a tower infrastructure specialist, is to improve digital communications and the country's internet network nationwide. We have been embracing the 5G transformation through active involvement in the 5G trials in Malaysia, having built proven demo 5G telco sites in Langkawi and Sarawak. With the 5G enrolment in near future, we are ready to support large-scale roll-out of 5G with our technical competencies in this area.

ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

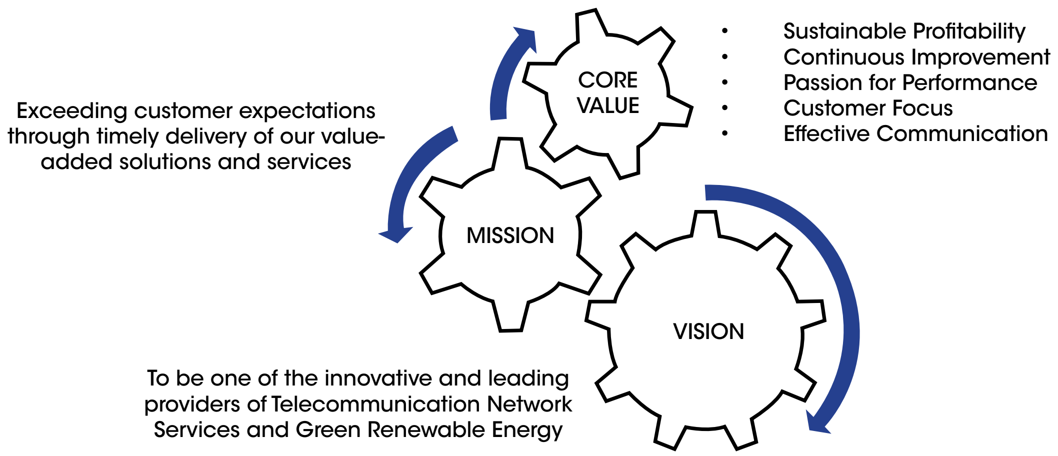
To ensure sustainable consumption and production patterns, we are committed to reduce consumption and to responsibly use resources available to it. This SDG builds from the initial 3Rs of Reduce, Reuse and Recycle and when applied, the goal to embed this into the Group's value chain creates a sense of corporate responsibility on resource management.

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE

Vision, Mission and Core Value

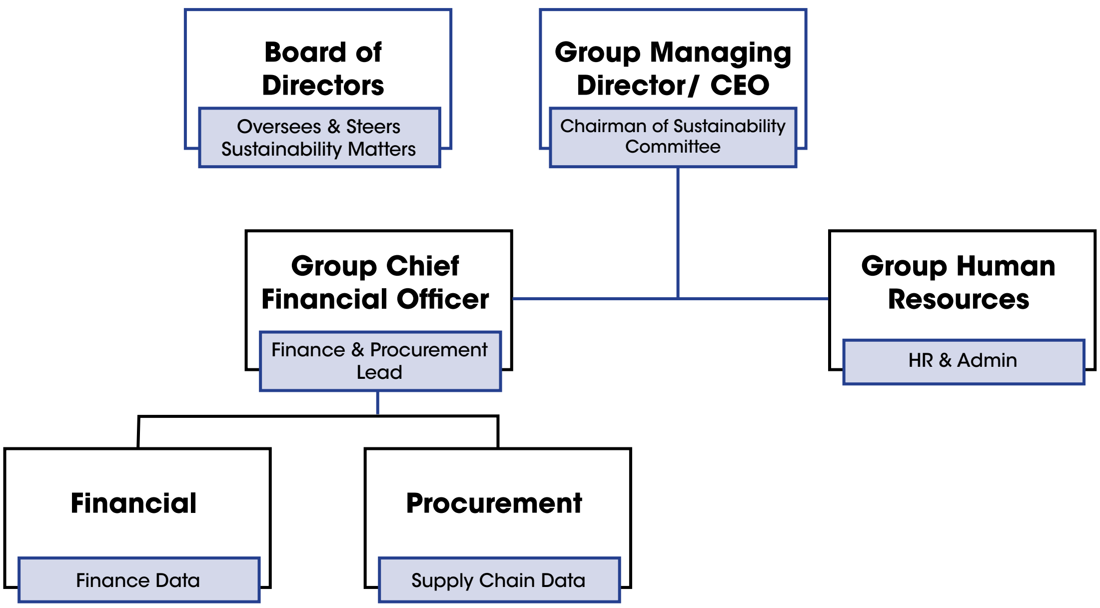
Our vision and mission are the cornerstones of our commitment to the sustainability of the Group. Our core values are the guiding principles that we uphold in day-to-day operations and conduct ourselves to support our vision and shape our culture.



Corporate Governance

Sustainability is embedded in our organisational approach and led from the top. The Board of Directors ("Board") plays a vital guidance and oversight role in advancing sustainability across the organisation with the assistance from the Senior Management to oversee the implementation of the organisation's sustainability approach and ensures that key targets are being met. Hence, the Group has formed a Sustainability Committee ("the Committee") that is chaired by Group Managing Director/Chief Executive Officer ("CEO"), who has been given the mandate to carry out the Board's sustainability agenda. The Committee in turn reports to the Board on the sustainability activities and developments during the quarterly Board meetings.

During the financial year ended 31 December 2020 ("FY2020"), there has been no change to the initial composition of the Sustainability Committee and at the end of the year, the Committee comprises of:



SUSTAINABILITY STATEMENT
(CONT'D)

SUSTAINABILITY GOVERNANCE (CONT'D)

Corporate Governance (Cont'd)

The responsibility of the Committee is to promote and embed sustainability into the Group which includes overseeing the following:

- Stakeholders' engagement
- Materiality assessment and identification of sustainability risks and opportunities relevant to us
- Management of material sustainability risks and opportunities

The Committee also cascades sustainability matters to their respective teams in the form of policies, internal memos and updates to the Group's Standard Operating Procedures ("SOPs") to continue embedding sustainability in every aspect of the Group's daily operation.

The Board also acknowledges that risk management and internal control are integral to our corporate governance and it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Audit and Risk Management Committee. The Group's performance is also tracked with the assistance of the Nomination and Remuneration Committees.

Ethical Business Practices and Anti-Corruption & Anti-Bribery Policy

The Board recognises the importance of ethical business conduct across the operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by the Group's Code of Business Conduct and Ethics.

Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce the principles.

In FY2020, the Group has established and adopted Anti-Corruption and Anti-Bribery Policy as we are committed to a zero-tolerance approach in our efforts to prevent corrupt and bribery practices. We are committed to conduct our business ethically, as well as in conformity with all applicable laws. This Anti-Corruption and Anti-Bribery Policy is applicable to the Board, our employees as well as any third parties associated with us.

The Group inducts all new employees on the Company's Anti-Corruption and Anti-Bribery Policy as well as Code of Business Conduct and Ethics, during the dedicated in-house orientation programme. Any updates to the Employee Handbook are done through the internal network and all employees sign off on the Company's policies on confidentiality and conflict of interest, integrity and prevention of staff fraud once they have attended the Group's internal briefings.

STAKEHOLDERS ENGAGEMENT

We continued to engage our stakeholders actively throughout the fiscal year as part of our sustainability assessment process. Engagement with stakeholders allows us to gain a more complete understanding of our materiality issues and matters whilst, we are also able to capture the key aspects and impacts of our sustainability journey.

The table below lists our key stakeholder groups and their respective areas of interest as well as methods by which we engage them.

STAKEHOLDER	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Shareholders	• Annual & Extraordinary General Meetings • Press releases • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Bursa listing requirements • Companies Act • Labour law • Taxations • Occupational Safety and Health Act
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees	• Technical and skills trainings • Employee engagement survey • Performance review • Dialogues between employer and employees	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices
Financial Institutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Funding requirement
Customers	• Regular meetings • Client satisfaction survey form	• Customer satisfactions • After-sales services • Quality assurance

SUSTAINABILITY STATEMENT
(CONT'D)

STAKEHOLDERS ENGAGEMENT (CONT'D)

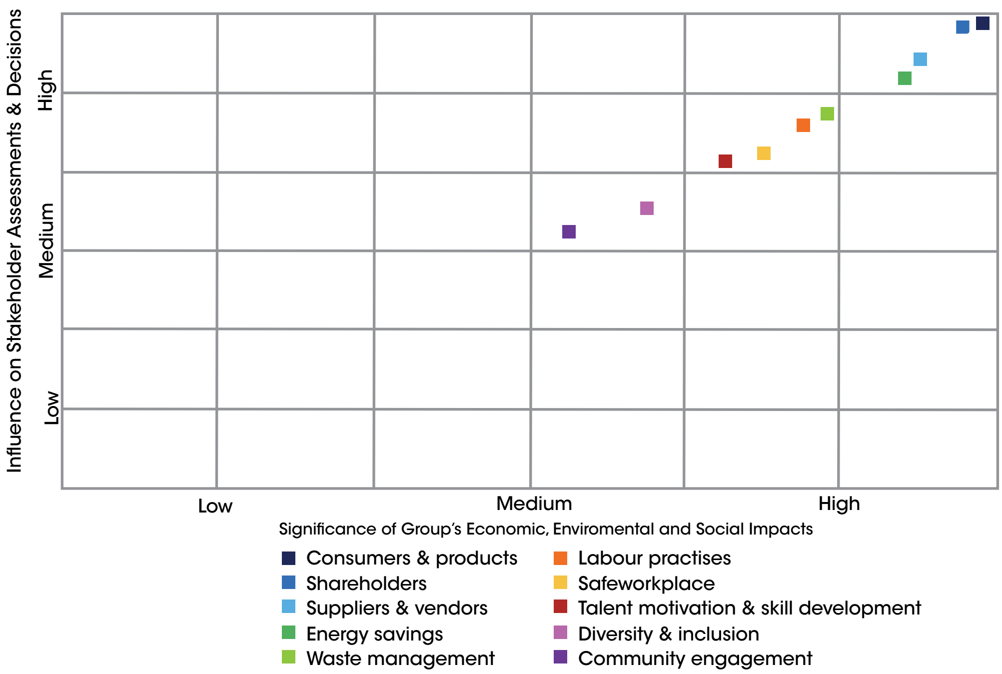
STAKEHOLDER	ENGAGEMENT METHODS	ENGAGEMENT AREAS
Suppliers & Vendors	• Vendor registration form (new supplier) • Regular meetings • Quality audit on services and products • Contract negotiation	• Services and products' quality • Legal compliances
Communities	• Charity and welfare programs	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings • Press conferences and media releases	• Financial and operational performance • General announcements

MATERIAL SUSTAINABILITY MATTERS

We conducted a materiality assessment, collecting views from our stakeholders on key material sustainability matters that may have a significant economic, environmental and social impact on our business or substantively influence the assessment and decisions of our stakeholders.

PRIORITISATION & MATERIALITY MATRIX

We assess our material sustainability matters annually to fully understand how to manage the risks and opportunities they present. This ensures that we prioritise the issues that have the greatest impact on the economy, society and the environment.



MATERIAL SUSTAINABILITY MATTERS (CONT'D)

The table below shows key relationships between the Group's Top Ten (10) material sustainability matters, and the related SDGs.

Ranking	Material Sustainability Matter	ESS Pillars	Relevant UN SDG
1	Customers & Products		9, 12
2	Shareholders		8 DECENT WORK AND ECONOMIC GROWTH
3	Suppliers & Vendors		8 DECENT WORK AND ECONOMIC GROWTH, 9, 12
4	Energy Savings		7, 12, 13, 15
5	Waste Management		12, 13, 15
6	Labour Practices		8 DECENT WORK AND ECONOMIC GROWTH
7	Safe Workplace		8 DECENT WORK AND ECONOMIC GROWTH, 3
8	Talent Motivation & Skill Development		8 DECENT WORK AND ECONOMIC GROWTH
9	Diversity & Inclusion		8 DECENT WORK AND ECONOMIC GROWTH, 5, 10
10	Community Engagement		8 DECENT WORK AND ECONOMIC GROWTH, 11

Economic Environment Social

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC

Customers & Products

The Group is committed to see that not only our shareholders' interests are taken care of but also those of our customers and suppliers. For our customers, we will supply and provide quality products and services which meet their satisfactions and expectations through continual improvements in technology and processes as the case may be.

CUSTOMERS' SATISFACTION
Internationally recognised best practices and international quality accreditation
Experienced management that equipped with industry knowledge and comprehensive training
Prompt delivery and reliable customer service
Efficient after-sales service, create an integrated and resilient workforce

In order to ensure that our products are of consistent standard and quality, our project management processes are accredited by ISO 9001:2015 - Quality Management Systems to ensure compliance with customer's security and safety requirements and minimization of hazard risks during installation. Additionally, our Group is in compliance with all relevant laws and regulations governing safety and quality. Our commitments towards products standard and quality had gained us as one of the largest telco network service providers in Malaysia.

As one of the market leaders in this industry, we possess teams of well-equipped employees with industry knowledge who are able to manage and deliver customers' expectation. In this regard, we endeavour to keep abreast with more technological advances and innovations in the fields of telco and green energy.

The convergence of 5G digital technologies is occurring at an incredible pace with the COVID-19 pandemic acting as a catalyst, intensifying the demand for connectivity and bandwidth. With that said, the infrastructure for 5G is being established under the Malaysian government's initiative in JENDELA. We are proud to announce that we have been actively involved in the 5G trials in Malaysia in our capacity as a tower infrastructure specialist with the purpose to improve digital communication and the country's internet network nationwide. We have a proven smart pole design that will be able to support the large scale 5G enrolment in near future. To date, we have several telco sites erected in Langkawi and Sarawak as part of Malaysia's 5G trials.

We have adopted an impartial feedback mechanism to address customer complaints and manage our relationship with them. The Client Satisfaction Survey Form and periodic interaction with key customers during service contract renewals not only ensure the Company's service records are clean but also enable product and service excellence.

Doing business in this day and age means ensuring a client's peace of mind through data security and privacy is foremost for the business consideration. The Group views cyberattack risks as something to be reduced, if not eliminated. Information Technology ("**IT**") officers are sent for training to embed and upgrade their skills in handling cybersecurity issues.

In the year under review, similar to last year, there have been no incidence or breach from malware, ransomware, hacking or other cyberattacks on its database. The Group's IT Department conducted its routine IT audits and has given the Group's assets a clean bill of health, including exposure to unauthorised software usage.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ECONOMIC (CONT'D)

Shareholders

Our shareholders are the ultimate owners of the Company and as such, they are entitled to timely and quality information on the Group's financial performance and position. Apart from the annual general meeting where shareholders are encouraged to pose questions to the Board and Executive Management on business operations, the financial performance and position of the Group, the Group's corporate website at www.ock.com.my also provides a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis when available.

Suppliers & Vendors

To our suppliers and vendors, we are committed to enhance our processes and engage with our suppliers and vendors to identify and manage risks, increase productivity and efficiency within the supply chain, underpinned by values of integrity and transparency. We look to create value, by looking for opportunities to collaborate and to share best practices with our suppliers.

At the start of every new project, identification of suitable suppliers and vendors relating to the quality of service and product output are among the key determinants during the tender or bid call. There is an internal checklist in the Vendor Registration Form released by the Procurement Department.

Suppliers must be environmentally and operationally sound, in addition to being a good fit with the Group's overall business goals and aspirations. Their good track record should also come with a clean bill of health for human rights and fair labour practices, no corruption or bribery and no pending environmental issues. All suppliers are to adhere to the Supplier Code of Conduct and the Non-Conformance policy defined under ISO 9001:2015 - Quality Management Systems. Hence, our suppliers are filtered through careful selection ensuring only the ones with appropriate criteria met are engaged.

At the end of the service contract period, the supplier and vendor audit for both environmental and operational excellence is carried out. At any point of the service period, should the supplier or vendor be found to be non-compliant in any environmental or operational issues, a termination of contract with substantial loss of business to the particular supplier and vendor going forward may result.

The nature of business for the telco industry is highly localised and the Group focuses its procurement activities on local vendors to support local job creation and price-competitiveness. In the period under review, the Malaysian, Vietnamese and Myanmar business units have successfully utilised most of their procurement budgets to locate, evaluate and engage local suppliers and vendors with a strong service record, free from reputational issues and capable of turning around high-quality work at agreed schedules of delivery.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

ENVIRONMENT

Energy Savings

We set ourselves the bold ambition of achieving significant revenue contribution from green energy business segment. Since then, we have been making real progress, we have acquired 100% equity interest in four (4) companies, namely Solar System & Power Sdn. Bhd., Green Leadership Sdn. Bhd., GL II Sdn. Bhd. and GL III Sdn. Bhd., that are in the business of renewable power generation. As mentioned above, to date, the Group owns a total of 11.249 MW solar farms.

Internally, the Group incorporates usage of on-site PV solutions at our headquarters and its reliance on the national grid is supplemented by its PV system and continuing upon previous disclosure, the Group's Energy Management Plan puts SOPs in place to manage consumption such as switching off its heating, ventilation, and air conditioning ("HVAC") systems and lighting when not in use and retrofitting lights to a low-E solution.

In FY2020, the Group's headquarters consumption stood at 178,299kWh amounting to RM92,878 with a reduction in usage of 6.3% from 190,238kWh in FY2019.

Also as mentioned above, we have intentionally extended the Go Green Vision of OCK Group to OCK Yangon. OCK Yangon has deployed solar hybrid power solution on its telco sites to replace traditional diesel based on-site generators. This not only helps to increase operational efficiency of the telco sites but also to bring down carbon emission.

Waste Management

Part and parcel of the Group's activities as a towerco exclude it from emissions, effluents and industrial waste generation. The lifecycle of site location, construction and setting-up of towers, all the way through its service period does not present any environmental risk as there are no emissions, effluents or waste generated. At the decommissioning stage of the towers, the material is scrapped and sold to waste recycling centres that do not dispose of these by means of landfill.

In terms of innovation to reduce waste, we implement retrofitting or modification to fit new client requirements, therefore up cycling tower structures to prolong its natural lifespan and reduce the waste to be scrapped.

Paper recycling initiatives are already in progress by encouraging the employees to prioritise electronic means to share and store documents, and to reduce printing or photocopying, otherwise, to use double-sided printing.

Additionally, other materials such as furnishing, and fixture are recycled or reused where possible.

Waste segregation has been done by placing different bins in and around our offices. Waste segregation is planned to be fully implemented in the coming years throughout the Group where recycling stations will be set up in convenient locations.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL

Labour Practices

We are committed to provide and respect fundamental human rights and safeguard against violation of human rights. The freedoms enshrined in this include freedom from forced and child labour, adherence to minimum wages and fair compensation and provision of reasonable working hours per stipulated by Labour Law.

We guarantee an anti-discriminatory and anti-harassment workplace, one that is safe and healthy and above all, ethical in conduct. Employees are not restricted from unionising and are afforded the freedom of association per local laws and practice.

In addition to this, all employee benefits provided by the Group is above minimum statutory requirements and that include healthcare and insurance coverage, leave, statutory payment and career development bonuses. Remuneration packages, while strictly private and confidential, are determined upon the employees' experience, expertise, qualifications and job grade.

Safe Workplace

The Group believes that the safety and well-being of its employees are the foundation of its success. Hence, we strive to provide a safe and healthy environment for our employees and to ensure safe practices in all aspects of our business operations. The Group has in place a policy that highlights our commitment to:

- ensure compliance with laws and regulations in relation to occupational safety and health;
- set targets and measures to drive occupational safety and health performance across the organisation; and
- promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

The Group is regularly engaging and educating employees to inculcate a culture of safety and compliance through safety and health training. In this respect, the Group places utmost importance on continuous compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act and our Safety Officers are registered with Department of Occupational Safety and Health ("**DOSH**").

The Group's target for Occupational Safety and Health was to have a zero-accident rate for FY2020. This KPI was met as there were no accidents or claims for work-related injury in the year under review. The Group now boasts a new record of 2,829,939 accident-free work hours for one hundred and sixty-eight (168) employees engaged in technical fieldwork.

In Malaysia, the Occupational Safety and Health Act is the main framework of the Company's Occupational Safety & Health provisions. Safety Induction Training was conducted for all of our newly joined employees in technical fieldwork. The programme is designed to train employees to become fully aware on the safety and health measures and to meet the DOSH's guidelines. Workers are equipped with safety protective wear and equipment when involved in potentially dangerous tasks. Furthermore, safety briefings are compulsorily conducted to all visitors and contractors on the awareness of safety before entering the site.

In FY2020, a total of two hundred and five (205) employees underwent safety training, corresponding to 42.71% of the Group's entire workforce. The main form of training was provided by the National Institute of Occupational Safety and Health, an agency under the Ministry of Human Resources, and was largely for technical staff engaged in fieldwork. In the Group's branches, technical fieldworkers also attended their national occupational safety and health training to complete their professional competency in on-site working conditions.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Safe Workplace (Cont'd)

As COVID-19 has affected all areas of business throughout the world since 2020, it has become a social responsibility for OCK Group to act accordingly. It is our Group's immediate priority to protect the health and safety of our employees. Amidst the outbreak of COVID-19 pandemic, with the approval obtained from Ministry of Domestic Trade and Consumer Affairs and Ministry of International Trade and Industry, we have kept the minimum number of employees to attend to work during the Movement Control Order. Asides, our essential workers deserve most accolades, we ensure protective masks put on and body temperatures checked before entering into business premises. We also practice social distancing with at least one metre.

Talent Motivation & Skill Development

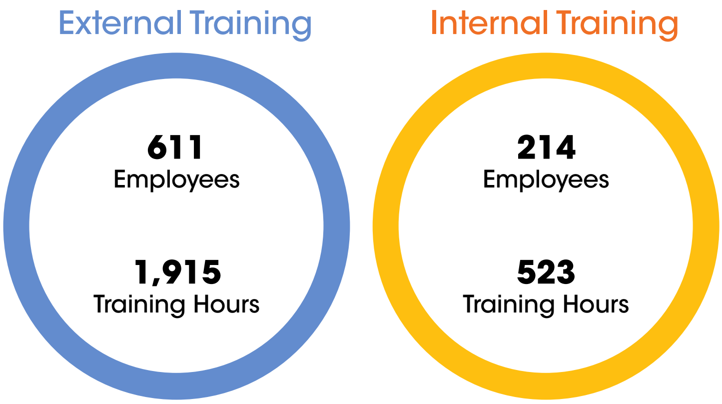
The Group recognises that employees are our greatest assets hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in recruiting (internal and external), upskilling, engaging and rewarding talents/employees of the organisation accordingly.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Talent Motivation& Skill Development (Cont'd)

The Group also recognises that the Industrial Revolution 4.0 will place pressure in organisations to continuously upskill and reskill our workforce, to stay relevant and productive. Employees are encouraged to attend internal or external training or pursue professional development to enhance their knowledge and skill for career enhancement and personal development, human resource management, technical skills, and others.



External training by category saw 7.9% attended by senior management, 19.9% by middle management, 3.6% by the administrative workforce, while 68.6% by the technical workforce in the field. External training for the technical workforce is disclosed in the Safe Workplace section of this report.

As part of the Group's talent management pipeline, the Group supports internships by partnering local institutions of higher learning to place their undergraduates in departments relevant to their studies. As at 31 December 2020, a total of thirty-nine (39) interns from various disciplines joined the Group for real-life work experiences.

For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget.The succession planning across the Group is implemented in stages where the training program is designed specifically for management staff.

For many years, we have recognised the importance of engaging with our workforce. Employees' engagement is important to an organisation because it motivates employees to do their best. We consider effective engagement a key element of the Company's ability to create value as we recognise that our people are our greatest asset.Management regularly engages with the workforce through a range of activities such as annual dinner, women's day celebration, sport activities and etc.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Talent Motivation& Skill Development (Cont'd)

Diversity & Inclusion

Diversity refers to the differences in workforce by gender, age, ethnicity and disability. This measure is considered across the Board, from the Directors to the Management and the rest of the workforce.

In the appointment and recruitment process, we pride ourselves being an employer that provides equal opportunities and continuously seek to promote it regardless of religious belief, age, marital status, gender, family status or any disability. Our commitment in that respect applies to all areas of the working environment, all employment activities, resource allocation and all employment terms and conditions. Every employee is given an equal opportunity to rise up in their careers through hard work and dedication.

We draw strength from the diversity and inclusiveness that are prevalent in our workplace. As at 31 December 2020, the total number of employees stood at six hundred and eight (608) employees, of which 34% are female and the remaining 66% are male.

The Directors are cognisant of the ongoing initiative to increase female representation in the boardroom and are looking into increasing female representation should the right candidate be found.

Having a diverse team of employees, across age, gender and industry experience, encourages open-minded dialogues, broadens our positive influence and reach, helps bridge gaps, and brings in new perspectives and strategies.

Aside from this, we also ensure that the welfare and wellbeing of senior staff with the age over 60 are not neglected. It is a commitment by the Group to provide employment opportunities to them ever since we commenced our business operations, and as at 31 December 2020, approximately 0.8% of the Group's workforce is over the age of 60. We acknowledge that the senior staff could contribute positively to the Company even after their retirement and that the invaluable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these senior staff for past years. This has raised the quality of life of these senior staff as there is greater income stability and consequently, better and improved living standards and conditions.

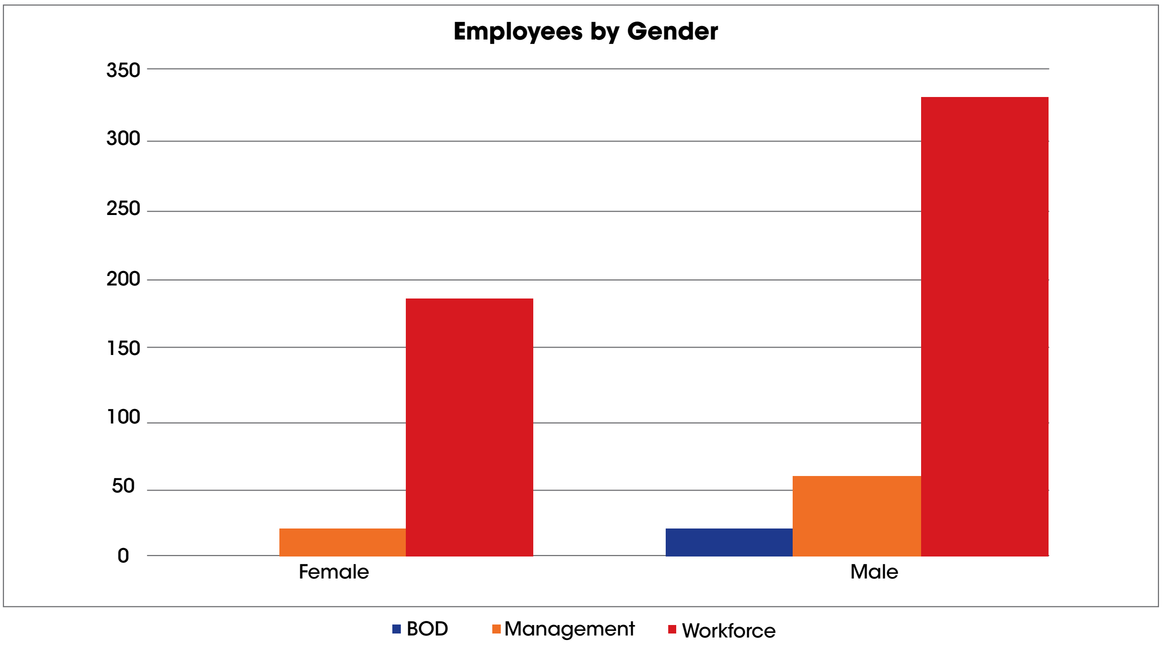
Persons with disabilities have yet to be hired by the Group. However, as an equal-opportunities employer, there is no limitation or obstacle for persons with disabilities to join, as long as it doesn't interfere with the nature of the job that otherwise non-disabled staff are able to perform.

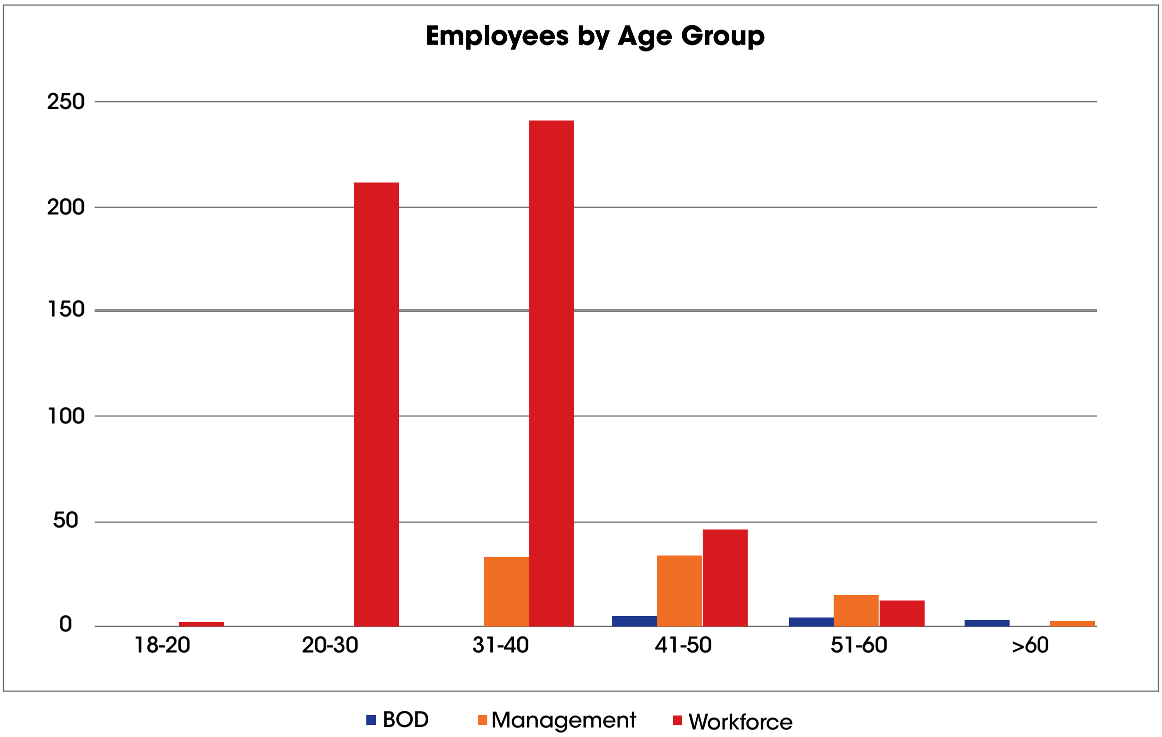
MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Diversity & Inclusion (Cont'd)

As at 31 December 2020, the Group had a total staff strength of six hundred and eight (608) personnel, an expansion of 7.0% from 1 January 2020's five hundred and sixty eight (568) personnel. The following charts depict the composition of the Group's human capital in 2020.



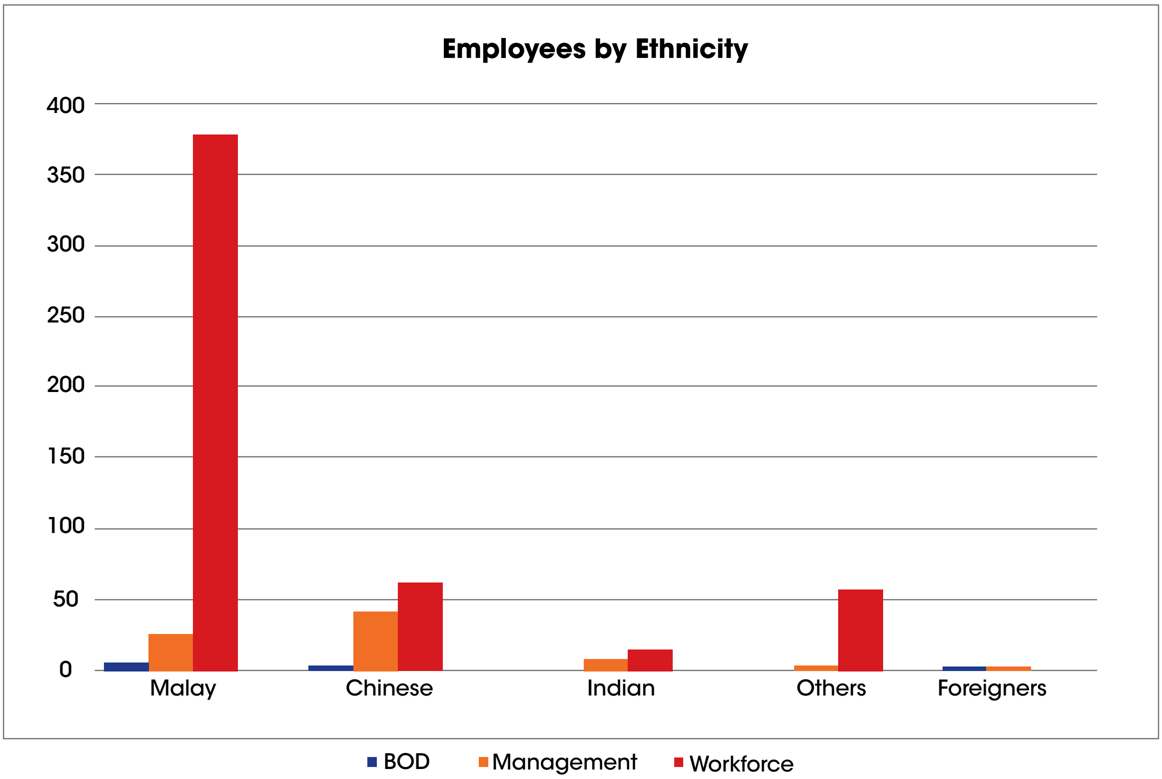


SUSTAINABILITY STATEMENT
(CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Diversity & Inclusion (Cont'd)



Community Engagement

As we are deeply rooted in the community we operate in, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made various donations and contributions.

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SOCIAL (CONT'D)

Community Engagement (Cont'd)

We organised a blood donation campaign during the year as we believe in how crucial it is to help save lives by donating blood.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long-term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment in our core business	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

Board Charter and Board Committees

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

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

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

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

The Chairmen of the various committees will report to the Board the outcome of the Committee meetings which will be recorded in the minutes of the Board meeting. The ultimate responsibility for decision making, however, lies with the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Board Responsibilities (Cont'd)

Company Secretary

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

The Company Secretary also ensures that the Board is kept well informed on any regulatory requirements and update on the developments in the area of corporate governance that affect the duties and responsibilities of the Directors as well as the Company being a public listed company. In this respect, the Company Secretary has attended training and seminars conducted by relevant regulatories to keep abreast with the relevant updates on statutory and regulatory requirements and updates on the Main Market Listing Requirements ("MMLR") of Bursa Securities.

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

Information and support for Directors

In order to manage the Group's business effectively, the Board meets on a quarterly basis to review the Group's financial and operational results, major investments, report from various Board Committees, related party transactions, strategic decisions and the overall direction of the Group. Additional meetings may be convened when urgent and important decision needs to be taken between the scheduled meetings. All the Directors had committed their time to the board meetings held during the financial year. Prior to the meetings, notice of agenda together with previous minutes and other relevant information were circulated to all directors on a timely basis in order to enable the directors to be well informed and briefed before the meetings.

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

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

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

Code of Conduct and Ethics

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

I. Board Responsibilities (Cont'd)

Whistle-blowing Policy

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

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

II. Board Composition

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

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

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

The Independent Non-Executive Directors are responsible in exercising independent judgement and to act in the best interests of the Group in ensuring that decisions made by the Board are deliberated fully and objectively with regard to the long-term interest of all stakeholders. They have declared themselves to be independent from management and free of any relationship which could interfere with the exercise of their independent judgement and objective participation and decision making process of the Board.

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

Diversity on Board and Senior Management

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

During the financial year, no new Director was appointed. The Board decided to maintain the optimum Board size at 9 based on the review of the Board composition in 2020. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

Gender Diversity

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

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

Nomination Committee

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

II. Board Composition (Cont'd)

Nomination Committee (Cont'd)

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

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

Evaluation of Board, Board Committees and Individual Directors

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

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

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

Name of Directors	Title	Date	Training	Training Provider
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	Independent Non- Executive Chairman	21.05.2020 29.05.2020	Malaysian Anti-Corruption Commission Act 2009 Mind The Gap! Audit your Anti-Bribery and Corruption Programme Effectively	Peter Ling & Van Geyzel The Institute of Internal Auditors Malaysia
Mahathir Bin Mahzan	Independent Non- Executive Director	21.05.2020	Malaysian Anti-Corruption Commission Act 2009	Peter Ling & Van Geyzel
Yang Mulia Syed Hazrain Bin Syed Razlan Jamalullail	Independent Non- Executive Director	21.05.2020	Malaysian Anti-Corruption Commission Act 2009	Peter Ling & Van Geyzel
Ooi Chin Khoon	Group managing Director	21.05.2020	Malaysian Anti-Corruption Commission Act 2009	Peter Ling & Van Geyzel
Low Hock Keong	Group Chief Executive Officer	21.05.2020 01.09.2020	Malaysian Anti-Corruption Commission Act 2009 Advancing Malaysia:5G and Industry 4.0 Virtual Series	Peter Ling & Van Geyzel Talent Intelligence Sdn Bhd
Abdul Halim Bin Abdul Hamid	Deputy Chairman	21.05.2020	Malaysian Anti-Corruption Commission Act 2009	Peter Ling & Van Geyzel
Chang Tan Chin	Executive Director	21.05.2020	Malaysian Anti-Corruption Commission Act 2009	Peter Ling & Van Geyzel
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	Independent Non- Executive Director	22.12.2020	Malaysian Anti-Corruption Commission Act 2009	Peter Ling & Van Geyzel
Chong Wai Yew	Executive Director	21.05.2020	Malaysian Anti-Corruption Commission Act 2009	Peter Ling & Van Geyzel

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

III. Remuneration

Remuneration Policy

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

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

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

Remuneration Committee

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

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

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

The responsibilities of Remuneration Committee are as follows: -

(a) Reviewed and assessed the performance and the remuneration package of the Executive Directors and Key Senior Management;
(b) Reviewed and assessed the Directors' fees and benefits payable for the financial year ended 2020;
(c) Reviewed and updated its Term of Reference;
(d) Reviewed the Board Remuneration Policy; and
(e) Provide clarification to shareholders during general meetings on matters pertaining to remuneration of directors and senior management.

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

III. Remuneration (Cont'd)

Remuneration of Directors

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

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

Group Level

Name of Directors	Salary (RM'000)	Bonus (RM'000)	Fee & Allowance (RM'000)	Statutory contributions (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors						
Ooi Chin Khoon	882	160	4	126	24	1,196
Low Hock Keong	610	166	5	94	24	899
Abdul Halim bin Abdul Hamid	328	60	3	47	–	438
Chang Tan Chin	328	119	3	55	–	505
Chong Wai Yew	328	60	3	47	–	438
	2,476	565	18	369	48	3,476
Non-Executive Directors						
Dato' Indera Syed Norulzaman bin Syed Kamarulzaman	60	–	6	–	10	76
Mahathir bin Mahzan	48	–	6	–	–	54
YM Syed Hazrain bin Syed Razlan Jamalullail	24	–	6	–	–	30
Rear Admiral (R) Dato' Mohd Som bin Ibrahim	36	–	4	–	–	40
	168	–	22	–	10	200
	2,644	565	40	369	58	3,676

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

III. Remuneration (Cont'd)

Remuneration of Directors (Cont'd)

Company Level

Name of Directors	Salary (RM'000)	Bonus (RM'000)	Fee & Allowance (RM'000)	Statutory contributions (RM'000)	Benefits-in-kind (RM'000)	Total (RM'000)
Executive Directors						
Ooi Chin Khoon	882	160	4	126	24	1,196
Low Hock Keong	610	166	5	94	24	899
Abdul Halim bin Abdul Hamid	328	60	3	47	–	438
Chang Tan Chin	–	–	3	–	–	3
Chong Wai Yew	–	–	3	–	–	3
	1,820	386	18	267	48	2,539
Non-Executive Directors						
Dato' Indera Syed Norulzaman bin Syed Kamarulzaman	60	–	6	–	10	76
Mahathir bin Mahzan	48	–	6	–	–	54
YM Syed Hazrain bin Syed Razlan Jamalullail	24	–	6	–	–	30
Rear Admiral (R) Dato' Mohd Som bin Ibrahim	36	–	4	–	–	40
	168	–	22	–	10	200
	1,988	386	40	267	58	2,739

Remuneration of Senior Management

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

Range of Remuneration (RM)	Number of Senior Management
RM150,001 – RM300,000	3
RM300,001 – RM350,000	1
RM350,001 – RM400,000	1
Above RM400,001	4
	9

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Audit and Risk Management Committee consists of the following members:

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

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

Oversight of External Auditors

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

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

In the course of their audit, the External Auditors presented for the Audit and Risk Management Committee review its 2020 Audit Plan which outlined its engagement team, audit timeline, the areas of audit emphasis, and their focus on key audit matters. The External Auditors also highlighted to the Audit and Risk Management Committee matters pertaining to the financial reporting. During the financial year, the private meetings between them were held twice without the presence of the Management and Executive Directors, to discuss any issues that may require the attention of the Audit and Risk Management Committee.

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

II. Risk Management and Internal Control Framework

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

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

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

Internal Audit function

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

The independent internal audit function is reporting directly to the Audit and Risk Management Committee. To ensure that the responsibilities of internal auditors are fully discharged, the Audit and Risk Management Committee reviews the adequacy of the scope, functions and resources of the Internal Audit function as well as the competency of the Internal Auditors.

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

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

Communication with Stakeholders

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

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

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

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

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

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

Integrated Reporting

The nature and pace of change in businesses today have evolved over time and stakeholders are now placing greater emphasis on the future performance and non-financial information of a company. In tandem with the growing demand, the Company would consider adopting integrated reporting in the near future; as such integrated reporting is still new in the current market. The Company will adopt integrated reporting based on a globally recognised framework. This framework would then be utilised in the preparation of Annual Report for the financial year ending 31 December 2021.

II. Conduct of General Meetings

<u>Notice of general meeting</u>

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

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

<u>Attendance of directors at general meetings</u>

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

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

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

<u>Voting</u>

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT
(CONT'D)

ADDITIONAL COMPLIANCE INFORMATION

Statement of Directors' Responsibility in respect of the Financial Statements

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

AUDIT AND NON-AUDIT FEES

During the financial year under review, the fees for External Auditors of the Group were RM760,374 in audit fees and RM7,000 for non-audit fees for service rendered by the External Auditors to the Group.

COMPLIANCE STATEMENT

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

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 28 April 2021.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

1. COMPOSITION AND DESIGNATION OF AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises three (3) members of the Board, all the whom are Non-Executive Independent Directors. The members during financial year ended 31 December 2020 are as follows:-

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

2. AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS ATTENDANCE

During the financial year, the Audit and Risk Management Committee conducted 4 meetings of which all were duly convened with sufficient notices given to all Audit and Risk Management Committee members together with the agenda, report and proposals for deliberation at the meetings. The Executive Director was invited to all Audit and Risk Management Committee meetings to facilitate direct communication as well as to provide clarification on audit issues and the operations of the Group.

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the Audit and Risk Management Committee at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the financial year ended 31 December 2020.

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

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

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

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

3. ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

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

Quarterly Financial Statements and Audited Financial Statements

- reviewed the audited financial statements of the Company prior to submission to the Directors for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act, 2016 and the applicable approved accounting standards as per Malaysian Accounting Standards Board; and
- reviewed the unaudited financial results before recommending them for Board's approval, focusing particularly on:-

    - Any change in accounting policies
    - Significant adjustments arising from audit
    - Compliance with accounting standards and other legal requirements

External Auditors

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

At the Audit and Risk Management Committee Meeting held on 28 April 2021, the Audit and Risk Management Committee recommended to the Board for approval of the audit fee of RM760,374 in respect of the financial year ended 31 December 2020.

The Board at its meeting held on 28 April 2021, approved the audit fee based on the recommendation of the Audit and Risk Management Committee.

Internal Auditors

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

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

The Audit and Risk Management Committee had reviewed:-

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

The cost of the internal audit function was RM75,607 (2019:RM70,000).

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

4. RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

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

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

The Audit and Risk Management Committee also requested the Internal Auditor to review the procedures and transactions of the Recurrent Related Parties Transactions carried out by the Group in the Financial Year Ended 31 December 2020. The Internal Auditors' report was presented to the Audit and Risk Management Committee in financial year 2021.

5. INTERNAL AUDIT FUNCTION

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") of OCK Group Berhad is pleased to present its Statement on Risk Management and Internal Control of the Company and its subsidiaries ("the Group") for the financial year ended 31 December 2020. The disclosure in this Statement is required under Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Guidelines").

BOARD RESPONSIBILITIES

In accordance with the Malaysian Code of Corporate Governance, the Board is responsible for the Group's risk management and internal control systems and has formulated appropriate framework on risk management and internal control and takes measures to ensure that these systems are functioning effectively.

The Board through the Audit and Risk Management Committee ("ARMC") has laid down the following oversight processes to obtain the relevant and key information in deriving its comfort on the state of internal control and risk management of the Group:

(i) The assessment of the adequacy and effectiveness of the systems of internal control based on the internal audit findings presented by the Internal Auditors. These reviews are done quarterly where the Internal Auditors present their internal audit report and share their audit issues and action taken by management to address control deficiencies; The reviews and consultation with the management in deliberating the integrity of the financial results, annual report and audited financial statements and feedback from External Auditors on risks and controls related to the financial statements before and after the completion of annual statutory financial audit;

(ii) The reviews of the audit findings reported by the External Auditors in the course of their annual financial audit and discussion with Management on lapses and recommended corrective actions to be taken to address the lapses. Follow-up reviews are conducted by the Internal Auditors to ascertain the status of implementation and reported to the ARMC periodically;

(iii) Group CEO and Group CFO briefings on business, financial and operational performances and updates during the board meetings;

(iv) Management's assurance that the Group's risk management and internal control systems are adequate and effective, in all material respects.

RISK MANAGEMENT

The Board acknowledges that risk management is an integral part of corporate governance and believes that effective risk oversight is critical to set the right tone and culture in building a strong systems of risk management and internal control.

The Group's risk management is primarily driven by all Executive Directors and executed by the management. The Group has defined its Risk Policy in accordance to general principles of the international risk management framework. This risk management policy outlines the principles of risk management; the Board's and management's risk management responsibilities; and the objectives that the Board expects to achieve by putting in place a risk management framework for the Group.

During the financial year, the Group has experienced negative impact brought about by the current global COVID-19 pandemic, in varying degrees, particularly due to the mandatory shut down in Malaysia and Overseas subsidiaries. Nonetheless, the COVID-19 pandemic has pathed the way and accelerated the adoption of digital technologies in the market which the Group is in.

As part of the risk management preparation to tap into these opportunities, the Group has developed smart pole which is capable in supporting large scale of 5G network rollout; strengthened its financial position to expand its existing portfolio of telecommunication tower ownership regionally; and explored new solar farms and participated in Malaysia solar power initiatives in enhancing the Group's secondary sources of income.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

RISK MANAGEMENT (CONT'D)

With respect to the preventive and detective procedures for virus infection, the management has implemented various procedures in accordance with the requirements laid down by the authorities. These safety measures include implementation of sanitisation, social distancing, facemask, MySejahtera movement tracing and quarantine procedures in the work place as well as using of electronic communication and virtual meeting technology to minimise physical contact and to enable employee to work from home.

On the other hand, the Group continues to capitalise on its financial strength, track records, experienced and dynamic management team members to mitigate the inherent business risks on stiff competition in the market due to price war from other competitors, new entrants and equipment suppliers resulting lower profit margin as well as high working capital requirement due to gestation period of work from development to completion, billing and collection.

INTERNAL CONTROL

Internal controls are important to support the function of the risk management system. Following key features of the control framework and procedures maintained in the Group:

(i) Delegation and separation of responsibilities between the Board and management.The key management reports to the Board on the performance of the operations while the Board overseeing the management performance in order to ensure objectivity in assessing its effectiveness;

(ii) Management organisation structure with defined level of accountability and authority for all subsidiaries;

(iii) Yearly Group Budget detailing the availability of funds and estimation of revenue and expenditures of the Group which is subject to review and approval by the Group Managing Director and Group Chief Executive Officer;

(iv) Monitoring of the Group's performance against monthly budget during the management meetings attended by Managing Director, Group Chief Executive Officer, Group Chief Financial Officer and Department Heads to review and deliberate the Group's financial performance, business initiatives and other management and corporate issues;

(v) The internal audit function independently reviews the control processes implemented by the local and overseas subsidiaries and reports its findings and recommendations to the ARMC periodically;

(vi) Pre-evaluation of suppliers or sub-contractors or consultants before concluding supply or service;

(vii) Post-evaluation or suppliers or sub-contractors to ensure timely delivery of materials or services to prevent the risk of delay in handing over of projects;

(viii) 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;

(ix) Implementation of ISO Quality Management System for project management processes ensuring compliance with customers' security and safety requirements and minimisation of hazard risk during installation; and

(x) Head Office oversight on regional subsidiaries using sales budgetary control, monthly management reporting consists of financial performance, cash flow projection, projects status, procurement, business outlook, headcount and operating expenses; and conducting executive committee ("EXCO") meetings with these subsidiaries to review the financial and operational performance, status and progress of the various projects with the local key management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL (CONT'D)

Apart from that, the Group has established and adopted the Anti-Corruption and Anti-Bribery Policy ("Policy") during the financial year in conjunction with the introduction of corporate liability provision under Section 17A of the MACC Act 2009. The purpose of this Policy is to set out the responsibilities of the Group, the employees and business partners to comply with the corruption and bribery laws and to provide information and guidance to them on how to deal with corruption and bribery issues.

INTERNAL AUDIT FUNCTION

The Company has outsourced its internal audit function to an internal audit consulting firm. The Internal Auditors report independently and directly to the ARMC in respect of its function. All audit findings arising therefrom are reported to the ARMC on a quarterly basis.

The Internal Auditors has complete and unrestricted access to all documents and records of the Group necessary in the performance of its function and reviews.

All reports, findings and recommendations for improvement arising from internal audit reviews are discussed with management before being presented to the ARMC. The total cost incurred on internal audit for the financial year ended 31 December 2020 was approximately RM75,607.

Further details of the internal audit activities are reported in the ARMC Report on page 65 to page 67.

BOARD ASSURANCE AND LIMITATION

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

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

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main Market Listing Requirement of Bursa Securities and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants, the External Auditors have performed a limited assurance engagement on the Statement on Risk Management and Internal Control for the inclusion in this Annual Report for the financial year ended 31 December 2020.

The External Auditors have reported to the Board that nothing has come to their attention that could cause them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, or is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 28 April 2021.

ADDITIONAL COMPLIANCE INFORMATION

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors are responsible for ensuring that:

(i) The annual audited financial statements of the Group and of the Company are drawn up in accordance with applicable Financial Reporting Standards, the provisions of the Companies Act 2016 and the MMLR so as to give a true and fair view of the state of affairs of the Group and of the Company for the financial year, and

(ii) Proper accounting and other records are kept which enable the preparation of the financial statements with reasonable accuracy and taking reasonable steps to ensure that appropriate systems are in place to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

In the preparation of the financial statements for the financial year ended 31 December 2020, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

MATERIAL CONTRACTS

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

RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Details of transactions with related parties undertaken by the Group during the financial year under review are disclosed in Note 37 to the Financial Statement.

ADDITIONAL INFORMATION ON DIRECTORS:

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, net of tax	30,488	1,519
Attributable to:		
Owners of the Company	25,911	1,519
Non-controlling interests	4,577	–
	30,488	1,519

DIVIDENDS

No dividend was 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 2020.

RESERVES OR PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

DIRECTORS' REPORT
(CONT'D)

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

(i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 750 new ordinary shares at an exercise price of RM0.71 per ordinary share through the exercise of warrants.

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

DIRECTORS

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

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

* Directors of the Company and certain subsidiaries

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

Lim Hooi Seeh	
Chang Wan Siong	
Teh Teong Poh	
Teoh Ping Yong	
Lee Kong Jin	
Liew Kuat Keong	
Hussin Bin Abu Bakar	
Nora Binti Ismail	
Baskaran A/L Raja Manickam	
Chen Qiyuan, Julian	
Omer Chappelart	
Seet Wan Chi	
Yuan Yuan	
Song Soo Hwa	
Chai Chee Tak	
Chin Hon Leong	
Chin Soon Hing	
Chin Kong Tai	
Wong Shau Yang @ Appollo	
Levin Tan Eng Kien	
Chrea Dalya	
Dhani Prayudi	(Appointed on 21 December 2020)
Abdul Razak Bin Abu Bakar	(Resigned on 21 July 2020)
Azhar Bin Zainal	(Resigned on 21 July 2020)
Razali Bin Osman	(Resigned on 21 July 2020)
Tran Thi Phuong Thao	(Resigned on 31 August 2020)
Maurice Liew Teck Leong	(Resigned on 7 November 2020)
Nip Wing Hon	(Resigned on 7 November 2020)
Sopian	(Resigned on 21 December 2020)

DIRECTORS' REPORT
(CONT'D)

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Interests in the Company				
Direct interests				
Low Hock Keong	12,154,100	200,000	(254,100)	12,100,000
Chang Tan Chin	5,935,199	–	(450,099)	5,485,100
Chong Wai Yew	5,000,000	2,550,000	–	7,550,000
Ooi Chin Khoon	195,000	177,000	–	372,000
Indirect interests				
Ooi Chin Khoon [2]	331,233,525	2,009,400	(6,191,700)	327,051,225
Low Hock Keong [2]	3,075,500	–	–	3,075,500

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

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Direct interests				
Abdul Halim Bin Abdul Hamid [1]	36,000	–	–	36,000
Ooi Chin Khoon [1]	1,622,700	–	–	1,622,700
Indirect interests				
Ooi Chin Khoon [2]	141,300	–	–	141,300

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

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REPORT
(CONT'D)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM10,000,000 and RM12,300 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 16 to the financial statements.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

Other than as disclosed elsewhere in this report, the Company does not have any interest in shares in the holding company and its other related corporations during the financial year.

SIGNIFICANTS EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and 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.

AUDITORS

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

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

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

OOI CHIN KHOON
Director

ABDUL HALIM BIN ABDUL HAMID
Director

Date: 28 April 2021

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Revenue	5	473,506	473,369	–	–
Cost of sales	6	(347,467)	(349,151)	–	–
Gross profit		126,039	124,218	–	–
Other income		5,208	9,419	17,236	15,578
Administrative expenses		(57,128)	(53,259)	(6,698)	(5,658)
Net impairment losses on financial assets		(603)	–	(2,197)	(2,492)
Other operating expenses		(7,850)	(9,112)	(5,786)	(5,692)
		(65,581)	(62,371)	(14,681)	(13,842)
Operating profit		65,666	71,266	2,555	1,736
Finance costs	7	(30,511)	(31,754)	(502)	(477)
Share of results of associates		(16)	577	–	–
Profit before tax	8	35,139	40,089	2,053	1,259
(Tax expense)/Tax credit	9	(4,651)	(8,469)	(534)	59
Profit for the financial year		30,488	31,620	1,519	1,318
Other comprehensive loss, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain/(loss) from employee benefits		47	(25)	–	–
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(11,832)	(3,669)	–	–
Other comprehensive loss for the financial year		(11,785)	(3,694)	–	–
Total comprehensive income for the financial year		18,703	27,926	1,519	1,318

STATEMENTS OF COMPREHENSIVE INCOME
(CONT'D)

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Profit attributable to:					
Owners of the Company		25,911	28,521	1,519	1,318
Non-controlling interests		4,577	3,099	–	–
		30,488	31,620	1,519	1,318
Total comprehensive income attributable to:					
Owners of the Company		14,653	25,747	1,519	1,318
Non-controlling interests		4,050	2,179	–	–
		18,703	27,926	1,519	1,318
Earnings per share (sen):					
- Basic	10	2.70	3.22		
- Diluted	10	2.70	3.22		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	597,036	511,549	–	–
Right-of-use assets	12	173,420	186,865	–	–
Investment properties	13	17,761	18,111	–	–
Intangible assets	14	180,251	166,452	–	–
Deferred tax assets	15	1,496	1,301	–	–
Investment in subsidiaries	16	–	–	121,746	53,632
Investment in associates	17	201	802	–	–
Trade and other receivables	19	20,438	5,003	305,153	284,914
Total Non-Current Assets		990,603	890,083	426,899	338,546
Current Assets					
Inventories	18	63,414	66,244	–	–
Trade and other receivables	19	189,160	240,750	1,185	970
Contract assets	20	76,585	80,026	–	–
Tax assets		3,620	2,533	1,743	1,696
Other investments	21	582	37,580	319	36,323
Cash and short-term deposits	22	78,938	95,772	2,065	8,314
Total Current Assets		412,299	522,905	5,312	47,303
TOTAL ASSETS		1,402,902	1,412,988	432,211	385,849

STATEMENTS OF FINANCIAL POSITION
(CONT'D)

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	295,526	295,525	295,526	295,525
Foreign currency translation reserve	24	(29,146)	(17,840)	–	–
Revaluation reserve	25	7,188	7,292	–	–
Reverse acquisition reserve		(17,007)	(17,007)	–	–
Warrant reserve	26	–	84,134	-	84,134
Other reserve		252	236	–	–
Retained earnings		279,585	169,405	91,521	5,869
		536,398	521,745	387,047	385,528
Non-controlling interests		85,073	62,998	–	–
Total Equity		621,471	584,743	387,047	385,528
Liabilities					
Non-Current Liabilities					
Loans and borrowings	27	229,190	272,112	–	–
Lease liabilities	28	135,481	137,016	–	–
Deferred tax liabilities	15	19,845	13,728	–	–
Deferred income	29	1,936	–	–	–
Provision for liabilities	30	9,522	7,656	–	–
Post employment benefit liabilities	31	738	650	–	–
Total Non-Current Liabilities		396,712	431,162	–	–
Current Liabilities					
Contract liabilities	20	2,394	2,821	–	–
Trade and other payables	32	144,706	142,738	25,164	321
Loans and borrowings	27	204,437	214,400	20,000	-
Lease liabilities	28	29,510	32,972	-	-
Derivative financial liabilities	33	–	13	-	-
Tax liabilities		3,672	4,139	–	–
Total Current Liabilities		384,719	397,083	45,164	321
Total Liabilities		781,431	828,245	45,164	321
TOTAL EQUITY AND LIABILITIES		1,402,902	1,412,988	432,211	385,849

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	<— Attributable to owners of the Company							— >		
								Distributable			
	Note	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Reverse Acquisition Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Sub-total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
Group											
At 1 January 2019		244,305	(15,073)	4,207	(17,007)	84,134	967	139,501	441,034	53,989	495,023
Total comprehensive income for the financial year											
Profit for the financial year, restated		-	-	-	-	-	-	28,521	28,521	3,099	31,620
Actuarial loss from employee benefits	31	-	-	-	-	-	-	(18)	(18)	(7)	(25)
Foreign currency translation reserve		-	(2,756)	-	-	-	-	-	(2,756)	(913)	(3,669)
Total comprehensive income, restated		-	(2,756)	-	-	-	-	28,503	25,747	2,179	27,926
Revaluation of property, plant and equipment and right-of-use assets	25	-	-	3,612	-	-	-	-	3,612	-	3,612
Deferred tax relating to revaluation reserve	25	-	-	(426)	-	-	-	-	(426)	-	(426)
Realisation of revaluation reserve	25	-	-	(101)	-	-	-	101	-	-	-
Transactions with owners											
Issuance of shares pursuant to private placement	23	52,260	-	-	-	-	-	-	52,260	-	52,260
Arising from acquisition/incorporation of subsidiaries		-	-	-	-	-	-	-	-	413	413
Subscription of shares by non-controlling interests in a subsidiary		-	-	-	-	-	-	-	-	7,211	7,211
Dividends paid on shares		-	-	-	-	-	-	-	-	(794)	(794)
Appropriation to owners' other capital		-	-	-	-	-	63	(63)	-	-	-
Reversal of funds		-	(11)	-	-	-	(794)	1,363	558	-	558
Transaction costs of share issue	23	(1,040)	-	-	-	-	-	-	(1,040)	-	(1,040)
Total transactions with owners		51,220	(11)	-	-	-	(731)	1,300	51,778	6,830	58,608
At 31 December 2019, restated		295,525	(17,840)	7,292	(17,007)	84,134	236	169,405	521,745	62,998	584,743

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Note	Share Capital RM'000	Foreign Currency Translation Reserve RM'000	Revaluation Reserve RM'000	Reverse Acquisition Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Distributable Retained Earnings RM'000	Sub-total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
		<— Attributable to owners of the Company							—>		
Group											
At 1 January 2020		295,525	(17,840)	7,292	(17,007)	84,134	236	169,405	521,745	62,998	584,743
Total comprehensive income for the financial year											
Profit for the financial year		-	-	-	-	-	-	25,911	25,911	4,577	30,488
Actuarial gain from employee benefits	31	-	-	-	-	-	-	46	46	1	47
Foreign currency translation reserve		-	(11,304)	-	-	-	-	-	(11,304)	(528)	(11,832)
Total comprehensive income		-	(11,304)	-	-	-	-	25,957	14,653	4,050	18,703
Realisation of revaluation reserve	25	-	-	(104)	-	-	-	104	-	-	-
Transactions with owners											
Issuance of shares pursuant to exercise of warrants	23	1	-	-	-	(1)	-	-	-	-	-
Changes in ownership interests in a subsidiary		-	-	-	-	-	-	-	-	691	691
Arising from acquisition of a subsidiary		-	-	-	-	-	-	-	-	265	265
Subscription of shares by non-controlling interests in a subsidiary		-	-	-	-	-	-	-	-	18,284	18,284
Dividends paid on shares		-	-	-	-	-	-	-	-	(1,215)	(1,215)
Appropriation to owners' other capital		-	(2)	-	-	-	16	(14)	-	-	-
Expiry of warrants	26	-	-	-	-	(84,133)	-	84,133	-	-	-
Total transactions with owners		1	(2)	-	-	(84,134)	16	84,119	-	18,025	18,025
At 31 December 2020		295,526	(29,146)	7,188	(17,007)	-	252	279,585	536,938	85,073	621,471

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

STATEMENTS OF CHANGES IN EQUITY
(CONT'D)

	Note	< —— Attributable to owners of the Company —— > Share Capital RM'000	Warrant Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
Company					
At 1 January 2019		244,305	84,134	4,551	332,990
Total comprehensive income for the financial year					
Profit for the financial year		–	–	1,318	1,318
Total comprehensive income		–	–	1,318	1,318
Transactions with owners					
Issuance of ordinary shares persuant to private placement	23	52,260	–	–	52,260
Transaction costs of share issue	23	(1,040)	–	–	(1,040)
Total transactions with owners		51,220	–	–	51,220
At 31 December 2019		295,525	84,134	5,869	385,528
Total comprehensive income for the financial year					
Profit for the financial year		–	–	1,519	1,519
Total comprehensive income		–	–	1,519	1,519
Transactions with owners					
Issuance of ordinary shares persuant to exercise of warrants	23	1	(1)	–	–
Expiry of warrants	26	–	(84,133)	84,133	–
Total transactions with owners		1	(84,134)	84,133	–
At 31 December 2020		295,526	–	91,521	387,047

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Cash Flows from Operating Activities					
Profit before tax		35,139	40,089	2,053	1,259
Adjustments for:					
Amortisation of intangible assets	14	3,930	2,889	–	–
Amortisation of government grants	29	(104)	–	–	–
Bad debts written off		619	814	–	–
Deposits written off		–	3	–	–
Depreciation of property, plant and equipment	11	46,546	35,898	–	–
Depreciation of right-of-use assets	12	37,493	33,358	–	–
Fair value (gain)/loss on derivative instruments		(13)	11	–	–
Fair value loss/(gain) on investment properties	13	350	(250)	–	–
Gain from bargain purchase	16	–	(378)	–	–
Gain on disposal of subsidiaries		(60)	–	–	–
Gain on lease modification		(102)	–	–	–
Goodwill written off	14	246	–	–	–
Impairment losses on trade receivables	19	603	–	–	–
Impairment losses on other receivables	19	–	–	2,197	2,492
Interest expense		30,511	31,754	502	477
Income from short-term cash investments		(357)	(63)	(348)	(10)
Interest income		(1,856)	(1,640)	(12,388)	(11,204)
Inventories written off	18	2	10	–	–
Loss on waiver of debts		5	5	–	30
Loss on derecognition of an associate	16	49	–	–	–
Net loss/(gain) on disposal of property, plant and equipment		127	(456)	–	–
Net gain on disposal of right-of-use assets		(114)	(328)	–	–
Net unrealised (gain)/loss on foreign exchange		(403)	335	5,786	5,662
Property, plant and equipment written off	11	116	284	–	–
Provision for post employment benefits	31	124	130	–	–
Share of results of associates	17	16	(577)	–	–
Unwinding effect on provision for site restoration	30	334	239	–	–
Operating profit/(loss) before working capital changes, balances brought forward		153,201	142,127	(2,198)	(1,294)

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Operating profit/(loss) before working capital changes, balances carried forward		153,201	142,127	(2,198)	(1,294)
Changes in working capital:					
Contract assets		3,442	(66,941)	–	–
Contract liabilities		(428)	931	–	–
Inventories		3,142	6,131	–	–
Receivables		46,914	74,843	(142)	40
Payables		(10,527)	8,078	20	134
Net cash generated from/(used in) operations		195,744	165,169	(2,320)	(1,120)
Interest paid		(9,930)	(8,497)	–	–
Interest received		1,856	1,640	12,388	11,204
Tax paid		(8,656)	(11,653)	(581)	(1,724)
Tax refunded		915	4,747	–	268
Net cash from operating activities		179,929	151,406	9,487	8,628
Cash Flows from Investing Activities					
Acquisition of subsidiaries	16	(43,797)	(4,146)	–	–
Advances to related parties		(270)	–	–	–
Advances to subsidiaries		–	–	(96,443)	(15,096)
Advances to ultimate holding company		(96)	(192)	(74)	(173)
Change in pledged deposits	22	636	6,663	–	–
Income from short-term cash investments		357	63	348	10
Net decrease/(increase) in other investments		36,998	(36,269)	36,004	(36,020)
Proceeds from disposal of property, plant and equipment		437	6,657	–	–
Proceeds from disposal of right-of-use assets		2,990	386	–	–
Purchase of property, plant and equipment	(a)	(97,632)	(112,240)	–	–
Repayment from an associated company		1,545	479	–	–
Net cash used in investing activities		(98,832)	(138,599)	(60,165)	(51,279)

STATEMENTS OF CASH FLOWS
(CONT'D)

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Cash Flows from Financing Activities	(b)				
Advances from a related party		2,454	11,065	13,519	–
Advances from a subsidiary		–	–	11,303	–
Advances from directors of subsidiaries		960	–	–	–
Dividends paid to non-controlling interests		(1,215)	(794)	–	–
Interest paid		(20,581)	(21,825)	(502)	(477)
Net payments of lease liabilities		(41,855)	(36,064)	–	–
Net repayment of term loans		(37,252)	(18,763)	–	–
Net repayment of bonds		–	(754)	–	–
Net (repayment)/drawdown of bankers' acceptance		(4,868)	1,606	–	–
Net (repayment)/drawdown of revolving projects loan		(16,003)	7,076	–	–
Net drawdown/(repayment) of revolving credit		40,448	(6,733)	20,000	–
Proceeds from issuance of shares pursuant to:					
- private placement	23	–	51,220	–	51,220
- exercise of warrants	23	1	–	1	–
Repayment to minority shareholders of subsidiaries		(932)	(1,022)	–	–
Subscription of shares by non-controlling interests in a subsidiary		18,284	7,211	–	–
Net cash (used in)/from financing activities		(60,559)	(7,777)	44,321	50,743
Net increase/(decrease) in cash and cash equivalents		20,538	5,030	(6,357)	8,092
Cash and cash equivalents at the beginning of the financial year		26,192	20,820	8,314	222
Effect of exchange rate changes on cash and cash equivalents		(86)	342	108	–
Cash and cash equivalents at the end of the financial year	22	46,644	26,192	2,065	8,314

(a) Purchase of property, plant and equipment:

	Group 2020 RM'000	Group 2019 RM'000
Purchase of property, plant and equipment	99,288	115,487
Provision for liabilities	(1,656)	(3,247)
Cash payments on purchase of property, plant and equipment	97,632	112,240

STATEMENTS OF CASH FLOWS
(CONT'D)

(b) Reconciliation of liabilities arising from financing activities:

			< Non-cash	>	
Group	**1.1.2020 RM'000**	**Cash flows RM'000**	**Acquisition of new leases RM'000**	**Acquisition RM'000**	**31.12.2020 RM'000**
Amounts owing to minority shareholders of subsidiaries	932	(932)	–	–	–
Amounts owing to directors of subsidiaries	99	960	–	–	1,059
Amount owing to a related party	11,065	2,454	–	–	13,519
Lease liabilities	169,988	(41,855)	36,858	–	164,991
Term loans	352,904	(37,252)	–	1,440	317,092
Bankers' acceptance	16,752	(4,868)	–	–	11,884
Revolving projects loan	33,758	(16,003)	–	–	17,755
Revolving credit	19,287	40,448	–	–	59,735
	604,785	(57,048)	36,858	1,440	586,035

			<	Non-cash	>	
Group	**1.1.2019 RM'000**	**Cash flows RM'000**	**Acquisition of new leases RM'000**	**Acquisition RM'000**	**Foreign exchange movement RM'000**	**31.12.2019 RM'000**
Amounts owing to minority shareholders of subsidiaries	1,954	(1,022)	–	–	–	932
Amounts owing to directors of subsidiaries	99	–	–	–	–	99
Amount owing to a related party	–	11,065	–	–	–	11,065
Lease liabilities	200,132	(36,064)	957	4,963	–	169,988
Term loans	371,621	(18,763)	–	–	46	352,904
Bonds	754	(754)	–	–	–	–
Bankers' acceptance	15,146	1,606	–	–	–	16,752
Revolving projects loan	26,682	7,076	–	–	–	33,758
Revolving credit	26,020	(6,733)	–	–	–	19,287
	642,408	(43,589)	957	4,963	46	604,785

STATEMENTS OF CASH FLOWS (CONT'D)

(b) Reconciliation of liabilities arising from financing activities (Cont'd):

Company	**1.1.2020 RM'000**	**Cash flows RM'000**	**31.12.2020 RM'000**
Amount owing to a subsidiary	–	11,303	11,303
Amount owing to a related party	–	13,519	13,519
Revolving credit	–	20,000	20,000
	–	44,822	44,822

(c) Total cash outflows for leases as a lessee:

		Group	
	Note	**2020 RM'000**	**2019 RM'000**
Included in net cash from operating activities:			
Payment relating to short-term leases	8	2,679	3,586
Payment relating to leases of low-value assets	8	261	72
Interest paid in relation to lease liabilities		9,930	8,497
Included in net cash from financing activities:			
Payment of lease liabilities		41,855	36,064
Total cash outflows for leases		54,725	48,219

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

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

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error
MFRS 139	Financial Instruments: Recognition and Measurement

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

Amendments to MFRS 3 Business Combinations

The Group has adopted the amendments to MFRS 3 for the first time in the current year. The amendments clarify the definition of a business with the objective of assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The distinction is important because an acquirer does not recognise goodwill in an asset acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.2 Adoption of amendments/improvements to MFRSs (Cont'd)

Amendments to MFRS 3 clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments also add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

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

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

		Effective for financial periods beginning on or after
<u>New MFRS</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020/ 1 January 2021/ 1 April 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial instruments: Presentation	1 January 2023#

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

(a) The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective: (Cont'd)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs (continued)		
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *The Annual Improvements to MFRS Standards 2018-2020*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

(b) The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs are summarised below.

Amendments to MFRS 3 Business Combinations

The Amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by MASB in April 2018.

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

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

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

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The Amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

The Group and the Company are currently assessing the impact of initial application of the above applicable amendments/improvements to MFRSs. Nevertheless, the Group and the Company expect that the initial application is unlikely to have material financial impacts to the current period and prior period financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency, and has been rounded to the nearest RM'000, unless otherwise stated.

2.5 Basis of measurement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.1 Basis of consolidation (Cont'd)

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

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

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

Other reserve comprises capital reserve for bonus shares issued by a subsidiary.

The accounting policy for goodwill is set out in Note 3.12(a).

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.1 Basis of consolidation (Cont'd)

(b) Non-controlling interests

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

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

(c) Associates

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

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

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

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

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

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

(d) Transactions eliminated on consolidation

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

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

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and associates are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.16(b).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.3 Foreign currency transactions and operations

(a) Translation of foreign currency transactions

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

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

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

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

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

(b) Translation of foreign operations

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

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

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

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

3.4 Revenue and other income

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

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

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

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

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

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

(a) Revenue from telecommunication network services

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

(b) Revenue from renewable energy

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.4 Revenue and other income (Cont'd)

(c) Construction contracts

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

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

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

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

(d) Sales of power solutions and other goods

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

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Lease of telecommunication towers or rental income

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

(g) Income from short term funds

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

(h) Management fees income

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

(i) Dividend income

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

3.5 Employee benefits

(a) Short term employee benefits

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

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

3.5 Employee benefits (Cont'd)

(b) Defined contribution plans

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

(c) Defined benefit plans

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

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

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

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

The Group recognises the following costs in profit or loss:
- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense

3.6 Borrowing costs

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.7 Income tax

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

(a) Current tax

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

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

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

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

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.11, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

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

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

3.7 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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.

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

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

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3.8 Financial instruments

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

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

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.8 Financial instruments (Cont'd)

(a) Subsequent measurement

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

(i) Financial assets

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

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

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

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

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

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

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

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

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

3.8 Financial instruments (Cont'd)

(a) Subsequent measurement (Cont'd)

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

(ii) Financial liabilities

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

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

Financial liabilities at fair value through profit or loss

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

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

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

Financial liabilities at amortised cost

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

(b) Financial guarantee contracts

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

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

(c) Regular way purchase or sale of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.8 Financial instruments (Cont'd)

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

Trade date accounting refers to:

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

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

(d) Derecognition

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

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

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

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

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

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

(e) Offsetting of financial instruments

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.8 Financial instruments (Cont'd)

(f) Derivatives

The Group uses forward foreign exchange contracts to hedge the exposure of sales and purchases in foreign currency. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the profit or loss.

3.9 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16(b).

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

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

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

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

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

(b) Subsequent costs

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.9 Property, plant and equipment (Cont'd)

(c) Depreciation

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

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

Freehold building	2%
Leasehold building	2%
Furniture and fittings	10% to 20%
Computers and software equipment	33 1/3%
Office equipment	10% to 20%
Motor vehicles	12.5% to 20%
Renovation	10%
Engineering equipment	6.25% to 33 1/3%
Network facilities	4% to 6.67%
Plant and machinery	4% and 20%

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

(d) Derecognition

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

3.10 Leases

(a) Definition of lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group presents right-of-use assets that do not meet the definition of investment property in Note 12 and lease liabilities in Note 28.

The Group presents right-of-use assets and lease liabilities as separate lines in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.10 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Right-of-use asset

The right-of-use asset is initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If expects to exercise a purchase option, the right-of-use asset is depreciated over the useful life of the underlying asset.

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

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liablity and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.10 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statements of comprehensive income.

The Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

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.

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

3.11 Investment properties

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.12 Goodwill and other intangible assets

(a) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After 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 3.16(b).

(b) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 8 to 20 years. Amortisation methods and useful lives are reviewed at the end of each reporting period and adjusted, if appropriate.

3.13 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.16(a).

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

3.14 Inventories

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

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

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

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

3.15 Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.16 Impairment of assets

(a) Impairment of financial assets and contract assets

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

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

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

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

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

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

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

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

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

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

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

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

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

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

3.16 Impairment of assets (Cont'd)

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

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

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

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

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

(b) Impairment of non-financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

3.16 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets (Cont'd)

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

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

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

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

3.17 Share capital

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

3.18 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

3.19 Provisions

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

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

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

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

3.20 Earnings per share

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

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

3.21 Operating segments

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

3.22 Fair value measurements

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 (CONT'D)

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

3.23 Contingencies

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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 disclosure 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 that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the directors use their judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions 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 14.

(b) Impairment of trade receivables and contract assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(b) Impairment of trade receivables and contract assets (Cont'd)

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

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

The information about the impairment losses on the Group's and the Company's trade receivables and contract assets are disclosed in Note 40(a).

(c) Construction contracts

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

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

The carrying amounts of contract assets and contract liabilities are disclosed in Note 20.

(d) Impairment of investment in subsidiaries

The Company performs impairment review on the investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the investment in subsidiaries may not be recoverable in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

The carrying amounts of investment in subsidiaries are disclosed in Note 16.

(e) Impairment of amounts owing by subsidiaries

The Company performs impairment review on the amounts owing by subsidiaries whenever the events or changes in circumstances indicate that the amounts by subsidiaries may not be recoverable in accordance with its accounting policy.

Significant judgement is required over assumptions about risk of default and expected loss rate. In making the assumptions, the Company selected inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

The carrying amounts of amounts owing by subsidiaries are disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. REVENUE

	Group	
	2020	**2019**
	RM'000	**RM'000**
Revenue from contracts with customers:		
At a point in time:		
Telecommunication network services	263,608	243,534
Green energy and power solutions	29,084	32,180
Sales of goods	5,167	12,246
	297,859	287,960
Over time:		
M&E engineering services	10,106	36,575
	307,965	324,535
Revenue from other source:		
Lease income of telecommunication towers	165,541	148,834
	473,506	473,369

6. COST OF SALES

	Group	
	2020	**2019**
	RM'000	**RM'000**
Telecommunication network services	233,120	211,856
Lease of telecommunication towers	84,616	74,961
Green energy and power solutions	19,759	24,445
Sales of goods	998	7,492
M&E engineering services	8,974	30,397
	347,467	349,151

7. FINANCE COSTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Bank overdrafts	3,160	4,002	–	–
Lease liabilities	9,930	8,497	–	–
Revolving project loan	2,228	2,323	–	–
Revolving credit	1,086	1,460	59	–
Term loans	13,118	13,468	–	–
Trade financing	733	572	–	–
Unwinding of discount on payables	81	1,432	–	–
Interest on loan from a related party	175	–	175	–
Interest on inter company loans	–	–	268	477
	30,511	31,754	502	477

8. PROFIT BEFORE TAX

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

	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Amortisation of intangible assets	3,930	2,889	–	–
Amortisation of government grants	(104)	-	–	–
Auditors' remuneration:				
- statutory audit				
- current year	760	763	112	119
- under provision in prior years	(57)	2	(59)	3
- non-statutory audit				
- current year	7	7	7	7
Bad debts written off	619	814	–	–
Deposits written off	–	3	–	–
Depreciation of property, plant and equipment	46,546	35,898	–	–
Depreciation of right-of-use assets	37,493	33,358	–	–
Directors' remuneration (Note (a))	5,122	5,121	2,681	2,614
Employee benefits expenses (Note (b))	125,646	98,790	1,224	1,193
Fair value (gain)/loss on derivative instruments	(13)	11	–	–
Fair value loss/(gain) on investment properties	350	(250)	–	–
Gain from bargain purchase	–	(378)	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. PROFIT BEFORE TAX (CONT'D)

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

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Gain on disposal of subsidiaries	(60)	–	–	–
Gain on lease modification	(102)	–	–	–
Goodwill written off	246	–	–	–
Impairment losses on:				
- trade receivables	603	–	–	–
- other receivables	–	–	2,197	2,492
Income from short-term cash investments	(357)	(63)	(348)	(10)
Interest income	(1,856)	(1,640)	(12,388)	(11,204)
Inventories written off	2	10	–	–
Loss on waiver of debts	5	5	–	30
Loss on derecognition of an associate	49	–	–	–
Net loss/(gain) on disposal of property, plant and equipment	127	(456)	–	–
Net gain on disposal of right-of-use assets	(114)	(328)	–	–
Net loss/(gain) on foreign exchange:				
- realised	903	214	–	–
- unrealised	(403)	335	5,786	5,662
Property, plant and equipment written off	116	284	–	–
Provision for post employment benefits	124	130	–	–
Expenses relating to short-term lease:				
- equipment	51	229	–	–
- premises	1,636	1,695	–	–
- sites	111	841	–	–
- vehicles	608	359	–	–
- warehouse	273	462	–	–
Expenses relating to low-value assets:				
- equipment	255	61	–	–
- premises	6	11	–	–
Rental income from premises	(802)	(930)	–	–
Unwinding effect on provision for site restoration	334	239	–	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. PROFIT BEFORE TAX (CONT'D)

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive Directors:				
- salaries, allowances and bonuses	3,061	2,938	2,224	2,164
- other emoluments	369	354	268	260
	3,430	3,292	2,492	2,424
Non-executive Directors:				
- fees	168	168	168	168
- allowances	21	22	21	22
	189	190	189	190
Directors of the subsidiaries				
Executive Directors:				
- fees	59	73	-	-
- salaries, allowances and bonuses	1,333	1,473	-	-
- other emoluments	111	93	-	-
	1,503	1,639	-	-
Total directors' remuneration	5,122	5,121	2,681	2,614

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 RM57,800 (2019: RM88,723) and RM57,800 (2019: RM70,733) respectively.

(b) Employee benefits expenses are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries, allowances and bonuses	119,844	92,354	1,092	1,062
Contributions to defined contribution plans and Socso	5,582	5,849	132	131
Other benefits	220	587	-	-
	125,646	98,790	1,224	1,193

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. TAX EXPENSE/(TAX CREDIT)

The major components of tax expense/(tax credit) for the financial years ended 31 December 2020 and 31 December 2019 are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	6,689	10,723	537	510
- Adjustment in respect of prior years	(449)	(399)	(3)	(569)
	6,240	10,324	534	(59)
Deferred tax (Note 15):				
- Reversal of temporary differences	(1,565)	(2,456)	–	–
- Adjustment in respect of prior years	(24)	601	–	–
	(1,589)	(1,855)	–	–
Tax expense/(Tax credit)	4,651	8,469	534	(59)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2019: 24%) of the estimated assessable profit for the financial year.

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

	Group		Company	
	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Profit before tax	35,139	40,089	2,053	1,259
Tax at Malaysian statutory income tax rate of 24%	8,433	9,621	493	302
Tax effects arising from:				
- non-deductible expenses	14,491	8,027	2,345	2,222
- non-taxable income	(17,236)	(9,811)	(2,301)	(2,014)
Effect of different tax rates in foreign jurisdictions	(435)	540	–	–
Deferred tax not recognised on tax losses and temporary differences	437	73	–	–
Deferred tax recognised at different tax rate	(4)	(35)	–	–
Utilisation of previously unrecognised tax losses and capital allowances	(562)	(148)	–	–
Adjustments in respect of prior years:				
- income tax	(449)	(399)	(3)	(569)
- deferred tax	(24)	601	–	–
Tax expense/(Tax credit)	4,651	8,469	534	(59)

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	
	2020 **RM'000**	**2019** **RM'000** **(Restated)**
Profit attributable to owners of the Company	25,911	28,521
Weighted average number of ordinary shares for basic earnings per share	958,574	884,836
Basic earnings per ordinary share (sen)	2.70	3.22

Diluted earnings per ordinary shares

The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2020 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building	Leasehold building	Furniture and fittings	Computer and software equipment	Office equipment	Motor vehicles	Renovation	Engineering equipment	Network facilities	Plant and machinery	Capital work-in-progress	Total
	<— At Valuation —>		<—				At Cost				—>	
Cost/ Valuation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2019	14,376	540	547	5,474	1,176	2,012	6,638	19,553	474,119	57,372	47,602	629,409
Additions	-	-	2	256	562	19	9	2,099	50,371	635	61,534	115,487
Disposals	-	-	-	(140)	-	(1,241)	-	(828)	(6,174)	(112)	(3,739)	(12,234)
Write off	-	-	-	-	-	-	-	(908)	-	(161)	-	(1,069)
Revaluation	2,644	19	-	-	-	-	-	-	-	-	-	2,663
Transfer from inventories	-	-	-	-	-	-	-	-	38	-	-	38
Reclassifications	-	-	-	-	-	-	-	-	57,387	-	(57,387)	-
Acquisition of subsidiaries (Note 16)	-	-	-	1	-	-	-	-	2,062	-	-	2,063
Translation differences	-	-	-	6	4	20	-	171	(1,838)	(1)	(240)	(1,878)
At 31.12.2019	17,020	559	549	5,597	1,742	810	6,647	20,087	575,965	57,733	47,770	734,479
Additions	-	-	28	484	952	-	-	2,604	34,923	1,590	58,707	99,288
Disposals	-	-	(67)	(103)	(68)	(1,074)	-	(208)	(4,645)	(227)	-	(6,392)
Write off	-	-	-	-	-	-	-	-	(126)	-	-	(126)
Adjustments	-	-	-	-	-	-	-	-	-	-	(864)	(864)
Transfer from right-of-use assets (Note 12)	-	-	-	-	-	2,649	-	-	2,584	14,426	-	19,659
Transfer to inventories	-	-	-	-	-	-	-	-	-	-	(314)	(314)
Reclassifications	-	-	-	(2)	-	(10)	-	(5,836)	76,948	159	(71,259)	-
Acquisition of subsidiaries (Note 16)	-	-	8	9	10	-	-	564	-	43,574	-	44,165
Translation differences	-	-	-	22	(22)	(20)	-	(288)	(12,921)	(134)	1,863	(11,500)
At 31.12.2020	17,020	559	518	6,007	2,614	2,355	6,647	16,923	672,728	117,121	35,903	878,395

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

Group	Freehold land and building	Leasehold building	Furniture and fittings	Computer and software equipment	Office equipment	Motor vehicles	Renovation	Engineering equipment	Network facilities	Plant and machinery	Capital work-in-progress	Total
	<— At Valuation —>		<—				At Cost				—>	
Accumulated Depreciation	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1.1.2019	425	53	322	4,501	981	1,688	2,714	10,433	163,156	10,130	-	194,403
Charge for the financial year	101	13	43	343	227	91	662	1,631	29,920	2,867	-	35,898
Disposals	-	-	-	(140)	-	(1,183)	-	(717)	(3,916)	(77)	-	(6,033)
Write off	-	-	-	-	-	-	-	(785)	-	-	-	(785)
Revaluation	(506)	(56)	-	-	-	-	-	-	-	-	-	(562)
Acquisition of subsidiaries (Note 16)	-	-	-	1	-	-	-	-	149	-	-	150
Translation differences	-	-	-	5	3	13	-	104	(264)	(2)	-	(141)
At 31.12.2019	20	10	365	4,710	1,211	609	3,376	10,666	189,045	12,918	-	222,930
Charge for the financial year	100	13	40	446	305	80	657	1,786	36,790	6,329	-	46,546
Disposals	-	-	(44)	(103)	(68)	(1,058)	-	(208)	(4,130)	(217)	-	(5,828)
Write off	-	-	-	-	-	-	-	-	(10)	-	-	(10)
Transfer from right-of-use assets (Note 12)	-	-	-	-	-	2,645	-	-	535	8,080	-	11,260
Reclassifications	-	-	-	-	-	-	-	-	(159)	159	-	-
Acquisition of subsidiaries (Note 16)	-	-	3	6	3	-	-	282	-	10,291	-	10,585
Translation differences	-	-	-	20	(2)	(15)	-	(188)	(3,863)	(76)	-	(4,124)
At 31.12.2020	120	23	364	5,079	1,449	2,261	4,033	12,338	218,208	37,484	-	281,359
Net Carrying Amount												
At 31.12.2019	17,000	549	184	887	531	201	3,271	9,421	386,920	44,815	47,770	511,549
At 31.12.2020	16,900	536	154	928	1,165	94	2,614	4,585	454,520	79,637	35,903	597,036

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(a) The carrying amount of property, plant and equipment of the Group pledged to the licensed banks for credit facilities granted to subsidiaries are as follows (Note 27):

	Group	
	2020 RM'000	**2019 RM'000**
Freehold land and building	16,900	17,000
Leasehold building	536	549
Network facilities	10,767	–
Plant and machinery	38,081	7,828
	66,284	25,377

(b) In the previous financial year, the freehold land and building and leasehold building 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.

(c) 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.

(d) Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the net carrying amount of the land and buildings that would have been included in the financial statements of the Group are as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Freehold land and building	13,482	13,581
Leasehold building	339	348

12. RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land, computer and software, motor vehicles, plant and machinery, network facilities, offices and warehouses, sites and premises.

Information about leases for which the Group is lessee is presented below:

	Leasehold land RM'000	Computer and software RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Network facilities RM'000	Offices and warehouse RM'000	Sites and premises RM'000	Total RM'000
	At Valuation	< ———	———	——— At Cost	———	———	——— >	
Group								
Cost								
At 1.1.2019	3,620	–	6,525	27,272	6,863	707	185,942	230,929
Additions	–	309	501	–	–	149	4,065	5,024
Disposals	–	–	(1,648)	–	–	–	–	(1,648)
Revaluation	171	–	–	–	–	–	–	171
Acquisition of subsidiaries (Note 16)	–	–	–	–	–	–	1,165	1,165
Translation differences	–	–	–	–	–	–	(1,008)	(1,008)
At 31.12.2019	3,791	309	5,378	27,272	6,863	856	190,164	234,633
Additions	–	–	459	–	–	–	36,399	36,858
Disposals	–	–	(385)	–	–	–	(5,487)	(5,872)
Transfer to property, plant and equipment (Note 11)	–	–	(2,649)	(14,426)	(2,584)	–	–	(19,659)
Translation differences	–	–	–	–	–	–	(2,579)	(2,579)
At 31.12.2020	3,791	309	2,803	12,846	4,279	856	218,497	243,381

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. RIGHT-OF-USE ASSETS (CONT'D)

Information about leases for which the Group is lessee is presented below: (Cont'd)

	Leasehold land RM'000	Computer and software RM'000	Motor vehicles RM'000	Plant and machinery RM'000	Network facilities RM'000	Offices and warehouse RM'000	Sites and premises RM'000	Total RM'000
	At Valuation	<		At Cost			>	
Group								
Accumulated Depreciation								
At 1.1.2019	194	-	4,863	10,206	802	-	-	16,065
Depreciation for the financial year	43	52	871	2,521	275	203	29,393	33,358
Disposals	-	-	(1,590)	-	-	-	-	(1,590)
Revaluation	(216)	-	-	-	-	-	-	(216)
Acquisition of subsidiaries (Note 16)	-	-	-	-	-	-	287	287
Translation differences	-	-	-	-	-	-	(136)	(136)
At 31.12.2019	21	52	4,144	12,727	1,077	203	29,544	47,768
Depreciation for the financial year	41	102	540	1,140	266	251	35,153	37,493
Disposals	-	-	(385)	-	-	-	(2,611)	(2,996)
Transfer to property, plant and equipment (Note 11)	-	-	(2,645)	(8,080)	(535)	-	-	(11,260)
Translation differences	-	-	-	-	-	-	(1,044)	(1,044)
At 31.12.2020	62	154	1,654	5,787	808	454	61,042	69,961
Net carrying amount								
At 31.12.2019	3,770	257	1,234	14,545	5,786	653	160,620	186,865
At 31.12.2020	3,729	155	1,149	7,059	3,471	402	157,455	173,420

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. RIGHT-OF-USE ASSETS (CONT'D)

(a) The Group mainly leases sites and premises for solar panel, network facilities and telecommunication towers (as lessee). The leases for premises and site properties generally have lease terms between 3 to 30 years (2019: 3 to 30 years).

(b) The Group also leases computer and software, motor vehicles, plants and machinery and network facilities with lease term of 3 to 8 years (2019: 3 to 8 years) and have options to purchase the assets at the end of the contract term.

(c) The remaining useful life of leasehold land is generally 75 to 87 years (2019: 76 to 88 years).

(d) During the financial year, leasehold land with net carrying amount of RM1,336,247 (2019: RM1,350,000) was held in trust by a director of the Group.

(e) The carrying amount of right-of-use assets of the Group pledged to the licensed banks for credit facilities granted to subsidiaries are as follows (Note 27):

	Group	
	2020	**2019**
	RM'000	**RM'000**
Leasehold land	3,729	3,770

(f) Fair value information

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

(g) Had the revalued land been carried at historical cost less accumulated depreciation, the net carrying amount of the land that would have been included in the financial statements of the Group is as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Leasehold land	2,155	2,183

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold land and building RM'000	Total RM'000
At fair value:			
At 1 January 2019	15,361	2,500	17,861
Fair value gain	250	–	250
At 31 December 2019	15,611	2,500	18,111
Fair value loss	–	(350)	(350)
At 31 December 2020	15,611	2,150	17,761

(a) Investment properties of the Group with an aggregate carrying amount of RM17,761,237 (2019: RM18,111,237) are pledged to the licensed banks for credit facilities granted to the subsidiaries (Note 27).

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

	Group	
	2020 RM'000	2019 RM'000
Rental income	655	821
Direct operating expenses	(89)	(88)

(c) Fair value information

Fair value of investment properties are categorised as follows:

	Group			
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Freehold land and buildings	–	15,611	–	15,611
Leasehold land and building	–	2,150	–	2,150
	–	17,761	–	17,761
2019				
Freehold land and buildings	–	15,611	–	15,611
Leasehold land and building	–	2,500	–	2,500
	–	18,111	–	18,111

13. INVESTMENT PROPERTIES (CONT'D)

(c) Fair value information (Cont'd)

The valuation of investment properties as at 31 December 2020 and 31 December 2019 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 2020 or 31 December 2019.

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.

14. INTANGIBLE ASSETS

Group	Goodwill RM'000 (Restated)	Other intangible assets RM'000 (Restated)	Total RM'000 (Restated)
Cost			
At 1 January 2019	138,720	35,388	174,108
Acquisition of subsidiaries (Note 16)	4,821	2,567	7,388
Translation differences	(2,812)	92	(2,720)
At 31 December 2019	140,729	38,047	178,776
Change in consideration	(2,673)	–	(2,673)
Acquisition of subsidiaries (Note 16)	4,466	19,224	23,690
Written off	(246)	–	(246)
Translation differences	(2,629)	(799)	(3,428)
At 31 December 2020	139,647	56,472	196,119
Accumulated Amortisation			
At 1 January 2019	–	9,288	9,288
Charge for the financial year	–	2,889	2,889
Translation differences	–	147	147
At 31 December 2019	–	12,324	12,324
Charge for the financial year	–	3,930	3,930
Translation differences	–	(386)	(386)
At 31 December 2020	–	15,868	15,868
Net Carrying Amount			
At 31 December 2019	140,729	25,723	166,452
At 31 December 2020	139,647	40,604	180,251

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the following Group's cash generating units ("CGUs") which are also reportable operating segments, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
		(Restated)
Telecommunication network services - CGU 1	133,821	139,125
Green energy and power solutions - CGU 2	5,826	1,604
	139,647	140,729

During the financial year, the Group had completed the purchase price allocation on the identified assets, liabilities and contingent liabilities of Tanda Hebat Sdn. Bhd., Energenetic Sdn. Bhd., Powerlator Sdn. Bhd. and Frontier Integrator (Sabah) Sdn. Bhd. as disclosed in Note 16(i). An adjustment to goodwill amounting to RM1,655,000 has been recognised and adjusted in the previous financial year resulting from other intangible assets recognised and deferred tax liabilities arising from other intangible assets identified upon completion of the purchase price allocation exercise within 12 months from the acquisition date.

An adjustment to goodwill amounting to RM2,673,000 has been made during the financial year as to the change of the purchase consideration of Nexgen Ventures Sdn. Bhd..

CGU 1

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

CGU 2

The estimated recoverable amount of the CGU 2 is lower than its carrying amount. As a result of the analysis, the management had recognised a goodwill written off of RM245,752 for this CGU.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (Cont'd)

Key assumptions used in value-in-use calculations

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on its value-in-use. Value-in-use is determined by discounting the future cash flows based on financial budgets approved by the directors covering a 5 to 21 years period. The key assumptions used for value-in-use calculations of each CGU are:

	Group	
2020	**CGU 1**	**CGU 2**
Average gross profit margin	38%	43%
Average revenue growth rate	10%	0%
Pre-tax discount rate	10%	10%
2019	**CGU 1**	**CGU 2**
Average gross profit margin	49%	25%
Average revenue growth rate	10%	1%
Pre-tax discount rate	12%	11%

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

(i) Average gross profit margin

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

(ii) Average revenue growth rate

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

(iii) Pre-tax discount rate

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

(b) Other intangible assets

Other intangible assets represent customer contracts and related customer relationship arising from acquisition of PT Putra Mulia Telecommunication ("PMT") and Southeast Asia Telecommunications Holdings Pte. Ltd. and its subsidiaries ("SEATH Group") as well as Renewable Energy Power Purchase Agreement ("REPPA") with Tenaga Nasional Berhad and Sabah Electricity Sdn. Bhd. arising from acquisition of subsidiaries of Milab Marketing Sdn. Bhd. based on valuations performed by professional valuers.

An amortisation amounting to RM3,930,000 (2019: RM2,889,000) relating to the customer contracts, related customer relationship and REPPA has been recognised during the financial year based on estimated useful life of 8 to 20 years.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2020 RM'000	Group 2019 RM'000 (Restated)
Deferred tax assets/(liabilities)		
At beginning of the financial year	(12,427)	(13,358)
Deferred tax relating to intangible assets	(4,615)	(616)
Acquisition of subsidiaries (Note 16)	(2,930)	90
Recognised in profit or loss (Note 9)	1,589	1,855
Deferred tax relating to revaluation reserve	–	(426)
Translation differences	34	28
At end of the financial year	(18,349)	(12,427)

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

	Group 2020 RM'000	Group 2019 RM'000 (Restated)
Deferred tax assets	1,496	1,301
Deferred tax liabilities	(19,845)	(13,728)
	(18,349)	(12,427)

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

	Group 2020 RM'000	Group 2019 RM'000 (Restated)
Deferred tax assets		
Accrued expenses	–	528
Post employment benefits	162	251
Unutilised tax losses	158	234
Differences between the carrying amounts of right-of-use assets and their tax base	1,176	288
	1,496	1,301
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax base	(10,558)	(7,790)
Fair value changes arising from investment properties	88	(25)
Deferred tax relating to intangible assets	(9,375)	(5,913)
	(19,845)	(13,728)

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

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

	Group 2020 RM'000	Group 2019 RM'000
Deductible temporary differences	90	3
Unabsorbed capital allowances	368	2,089
Unutilised tax losses	9,031	7,921
	9,489	10,013

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

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

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

The unused tax losses are available indefinitely for offset against future taxable profits of the Group except for certain unused tax losses which will expire in the following financial years:

	Group 2020 RM'000
2025	4,919
2026	170
2027	3,942

16. INVESTMENT IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000
Unquoted shares, at cost		
At beginning of the financial year	53,632	53,632
Additions	68,114	–
At end of the financial year	121,746	53,632

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2020	Proportion Equity Interest 2019	Principal Activities
Direct subsidiaries:				
Milab Marketing Sdn. Bhd.	Malaysia	100%	100%	Provision of renewable energy and power solutions.
OCK International Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
OCK Setia Engineering Sdn. Bhd.	Malaysia	100%	100%	Provision of turnkey telecommunications network services.
Agensi Pekerjaan OCK Ventures Sdn. Bhd. ~	Malaysia	100%	100%	Investment holding and general trading.
OCK SEA Towers Pte. Ltd.#^	Singapore	100%	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Massive Connection Sdn. Bhd.	Malaysia	100%	100%	Provision of information technology services.
Subsidiaries of Milab Marketing Sdn. Bhd.				
Gabungan Milab Sdn. Bhd. (formerly known as Seri Kuasa Sdn. Bhd.) ~	Malaysia	100%	51%	Provision of renewable energy and power solutions.
Azminas Sdn. Bhd.	Malaysia	100%	100%	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Novel Energy Sdn. Bhd.	Malaysia	100%	100%	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Suluk Damai Sdn. Bhd.	Malaysia	100%	100%	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Epic Solartech Sdn. Bhd.	Malaysia	100%	100%	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Energenetic Sdn. Bhd.	Malaysia	100%	100%	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2020	2019	Principal Activities
Subsidiaries of Milab Marketing Sdn. Bhd. (cont'd)				
Tanda Hebat Sdn. Bhd.	Malaysia	100%	100%	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Powerlator Sdn. Bhd.	Malaysia	100%	100%	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Frontier Integrator (Sabah) Sdn. Bhd.	Malaysia	100%	100%	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Solar System & Power Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Green Leadership Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Subsidiaries of Green Leadership Sdn. Bhd.				
GL II Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
GL III Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2020	Proportion Equity Interest 2019	Principal Activities
Subsidiaries of OCK International Sdn. Bhd. (cont'd)				
PT Putra Mulia Telecommunication *	The Republic of Indonesia	85%	85%	Provision of telecommunication solution services.
Well Synergy Resources Pte. Ltd. *	Myanmar	100%	100%	Provision of engineering services, rental business, market research and management services.
Subsidiary of PT Putra Mulia Telecommunication				
PT Harapan Utama Prima *	The Republic of Indonesia	65%	65%	Provision of telecommunication solution services.
Subsidiaries of OCK Setia Engineering Sdn. Bhd.				
Delicom Sdn. Bhd.	Malaysia	100%	100%	Provision of telecommunications network services focusing on network deployment services.
Dynasynergy Services Sdn. Bhd.	Malaysia	51%	51%	Provision of operations, engineering and maintenance services in telecommunications sector and other sectors.
EI Power Technologies Sdn. Bhd.	Malaysia	52%	52%	Provision of green energy and power solutions.
Fortress Pte. Ltd. # ^	Singapore	100%	100%	Provision of engineering services, rental business, market research and management services.
Firatel Sdn. Bhd.	Malaysia	61%	61%	Trading of telecommunications network equipment and materials.
OCK M&E Sdn. Bhd.	Malaysia	100%	100%	Provision of mechanical and electrical engineering services.
Steadcom Sdn. Bhd.	Malaysia	51%	51%	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2020	2019	Principal Activities
Subsidiaries of Steadcom Sdn. Bhd.				
Device Vision Sdn. Bhd. ~	Malaysia	51%	51%	Provision of information technology services.
OCK Steadcom (Thailand) Co., Ltd. * ^	Thailand	100%	–	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of Agensi Pekerjaan OCK Ventures Sdn. Bhd.				
OCK Industries Sdn. Bhd. ~	Malaysia	65%	65%	Provision of engineering services and general trading.
Subsidiaries of OCK SEA Towers Pte. Ltd.				
OCK Myanmar Holdings Pte. Ltd. # ^	Singapore	100%	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
OCK Tower Infra Sdn. Bhd.	Malaysia	100%	100%	Investment holding.
OCK Vietnam Towers Pte. Ltd. # ^	Singapore	60%	60%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
OCK Myanmar Tower Pte. Ltd. # ^	Singapore	100%	–	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of OCK Myanmar Holdings Pte. Ltd.				
OCK Myanmar Towers Pte. Ltd. # ^	Singapore	–	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of OCK Myanmar Towers Pte. Ltd.				
OCK Yangon Private Limited*	Myanmar	100%	100%	Provision of consultants, deployment advisory and services relating to telecommunication network services, tower facilities and leasing of telecommunication towers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2020	Proportion Equity Interest 2019	Principal Activities
Subsidiary of OCK Tower Infra Sdn. Bhd.				
OCK Telco Infra Sdn. Bhd.	Malaysia	100%	100%	Provision of civil, structural, electrical and mechanical engineering, telecommunication and industrial control equipment, and telecommunication network services and leasing of telecommunication towers.
Subsidiary of OCK Telco Infra Sdn. Bhd.				
Nexgen Ventures Sdn. Bhd.	Malaysia	60%	60%	Renting of telecommunication facilities and network service provider.
Subsidiaries of OCK Vietnam Towers Pte. Ltd.				
Southeast Asia Telecommunications Holdings Pte. Ltd. # ^ □	Singapore	100%	100%	Investment holding and telecommunication service provider.
OCK Vietnam Towers (Labuan) Ltd. ~ ^	Federal Territory of Labuan	100%	100%	Investment holding.
Subsidiaries of Southeast Asia Telecommunications Holdings Pte. Ltd.				
DeLong Opportunity Investments Pte. Ltd. +	Singapore	–	100%	Investment holding.
Cleveland Capital Pte. Ltd. +	Singapore	–	100%	Investment holding.
Vietnam Infrastructure Heritage Ltd. @	British Virgin Islands	100%	100%	Investment holding.
Eastern Tower Joint Stock Company #	Vietnam	100%	100%	Real estate consulting, management service, business management consulting service and investment holding.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2020	2019	Principal Activities
Subsidiaries of Eastern Tower Joint Stock Company				
Global Infrastructure Investment Company Limited #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of base transceiver station ("BTS") towers, infrastructure and other assets.
Mobile Information Service Company Limited #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of BTS towers, infrastructure and other assets.
VNC-55 Infrastructure Investment Company Limited #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of BTS towers, infrastructure and other assets.
Subsidiary of Global Infrastructure Investment Company Limited				
Truong Loc Telekom Trading and Service Joint Stock Company #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of BTS towers, infrastructure and other assets.
Subsidiary of Mobile Information Service Company Limited				
Zone II Mobile Information Services Joint Stock Company #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of BTS towers, infrastructure and other assets.
Subsidiary of Zone II Mobile Information Services Joint Stock Company				
Tan Phat Telecommunications Company Limited #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of BTS towers, infrastructure and other assets.
Subsidiary of VNC-55 Infrastructure Investment Company Limited				
T&A Company Limited #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of BTS towers, infrastructure and other assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

* Audited by other auditors other than Baker Tilly Monteiro Heng PLT.
# Audited by an independent member firm of Baker Tilly International.
^ Consolidated using unaudited management financial statements, auditors' report is not available.
 Shares pledged to a bank for term loan facilities granted to subsidiaries (Note 27).
~ Yet to commence operation.
+ Disposed in current financial year.
@ Consolidated using unaudited management financial statements, no statutory requirement for the financial statements to be audited at financial year end.

(i) Acquisition/Incorporation of subsidiaries

<u>2020</u>

(a) On 1 January 2020, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of Green Leadership Sdn. Bhd. ("Green Leadership") through a conditional Shares Sales Agreement ("SSA") entered on 20 December 2019 for the acquisition of 6,600,000 ordinary shares, representing 100% equity interest in Green Leadership for the purchase consideration of RM33,323,381. Consequently, Green Leadership's group of companies, including Green Leadership, GL II Sdn. Bhd. ("GL II") and GL III Sdn. Bhd. ("GL III"), together known as "GL Group", became indirect wholly-owned subsidiaries of the Company. The principal activities of GL Group were provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

The initial accounting for business combination of GL Group in the consolidated financial statements of the Company involves identifying and determining the fair values to be assigned to GL Group's identified assets, liabilities and contingent liabilities and the cost of the combination. As at the date of the financial statements are authorised for issue, the fair value of GL Group's identified assets, liabilities and contingent liabilities had been determined by the purchase price allocation ("PPA") on GL Group's identified assets, liabilities and contingent liabilities. During the financial year, the Group had completed the PPA report.

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

	GL Group RM'000
Assets	
Property, plant and machinery (Note 11)	19,609
Trade and other receivables	3,110
Tax assets	38
Cash and cash equivalents	430
Other intangible assets	19,224
	42,411
Liabilities	
Loan and borrowings	(1,440)
Trade and other payables	(3,483)
Tax liabilities	(7)
Deferred tax liabilities (Note 15)	(4,867)
Total identifiable net assets acquired	32,614
Goodwill arising from acquisition (Note 14)	709
Fair value of consideration paid	33,323

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2020 (Cont'd)

(a) (Cont'd)

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

	GL Group RM'000
Fair value of considration paid	33,323
Less: Purchase consideration payable	(1,233)
Total consideration paid in cash by the Group	32,090
Less: Cash and cash equivalents of the subsidiaries acquired	(430)
Net cash outflow on acquisition	31,660

(iii) Effects of acquisition in statement of comprehensive income

From the date of acquisition, the GL Group's contributed revenue and profit net of tax are as follows:

	GL Group RM'000
Revenue	3,821
Profit for the financial year	552

(b) On 1 January 2020, the Company's indirect 51% owned subsidiary, Steadcom Sdn. Bhd. ("Steadcom") had acquired an additional 51% equity interest (representing 100% ordinary shares) in Steadcom Thailand Co., Ltd. ("Steadcom Thailand") for a cash consideration of RM402,372. Consequently, Steadcom Thailand became an indirect wholly-owned subsidiary of the Company.

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

	Steadcom Thailand RM'000
Assets	
Property, plant and equipment (Note 11)	13
Trade and other receivables	1,076
Cash and cash equivalents	464
	1,553
Liabilities	
Trade and other payables	(586)
Total identifiable net assets acquired	967
Amount previously accounted as associate	(524)
Loss on derecognition of an associate (Note 8)	49
Non-controlling interest measured at fair value	(90)
Fair value of consideration paid	402

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2020 (Cont'd)

(b) (Cont'd)

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

	Steadcom Thailand RM'000
Fair value of consideration paid	402
Less: Non-cash consideration	(402)
Total consideration paid in cash by the Group	–
Less: Cash and cash equivalent of the subsidiary acquired	(464)
Net cash inflow on acquisition	(464)

(iii) Effects of acquisition in statement of comprehensive income

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

	Steadcom Thailand RM'000
Revenue	2,466
Loss for the financial year	(334)

(c) On 12 February 2020, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 3,600,000 ordinary shares in Solar System & Power Sdn. Bhd. ("SSPSB"), representing 100% equity interest in SSPSB for the purchase consideration of RM13,000,000. Consequently, SSPSB became an indirect wholly-owned subsidiary of the Company. The principal activity of SPSSB was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2020 (Cont'd)

(c) (Cont'd)

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

	SSPSB RM'000
Assets	
Property, plant and machinery (Note 11)	13,958
Trade and other receivables	193
Cash and cash equivalents	3
	14,154
Liabilities	
Deferred income (Note 29)	(2,040)
Trade and other payables	(193)
Deferred tax liabilities (Note 15)	(2,678)
Total identifiable net assets acquired	9,243
Provisional goodwill arising from acquisition (Note 14)	3,757
Fair value of consideration paid	13,000

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

	SSPSB RM'000
Fair value consideration paid	13,000
Less: Purchase consideration payable	(396)
Total consideration paid in cash by the Group	12,604
Less: Cash and cash equivalent of the subsidiary acquired	(3)
Net cash outflow on acquisition	12,601

(iii) Effects of acquisition in statement of comprehensive income

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

	SSPSB RM'000
Revenue	1,442
Profit for the financial year	519

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2020 (Cont'd)

(c) (Cont'd)

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

If the acquisition had occurred on 1 January 2020, the consolidated results for the financial year ended 31 December 2020 would have been as follows:

	SSPSB RM'000
Revenue	1,890
Profit for the financial year	3,198

2019

(a) On 24 January 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had acquired entire equity interests in Tanda Hebat Sdn. Bhd. ("Tanda Hebat"), Energenetic Sdn. Bhd. ("Energenetic") and Powerlator Sdn. Bhd. ("Powerlator") for cash consideration of RM50,000 each. The principal activities of Tanda Hebat, Energenetic, and Powerlator were provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.

The initial accounting for business combination of Tanda Hebat, Energenetic and Powerlator in the consolidated financial statements of the Company involved identifying and determining the fair values to be assigned to these companies' identified assets, liabilities and contingent liabilities and the cost of the combination. At the end of the previous financial year, the fair value of these companies' identified assets, liabilities and contingent liabilities could only be determined provisionally pending the completion of purchase price allocation ("PPA") on these companies' identified assets, liabilities and contingent liabilities. The business combination of Tanda Hebat, Energenetic and Powerlator had been accounted for using provisional values. During the financial year, the Group had completed the PPA reports.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(a) (Cont'd)

(i) The fair value of the identifiable assets and liabilities of Tanda Hebat, Energenetic and Powerlator were as follows:

	As previously stated RM'000	Restatement RM'000	As restated RM'000
Tanda Hebat			
Assets			
Deferred tax assets (Note 15)	54	–	54
Trade and other receivables	100	–	100
Cash and cash equivalents	18	–	18
Other intangible assets	–	611	611
	172	611	783
Liabilities			
Trade and other payables	(928)	–	(928)
Deferred tax liabilities (Note 15)	–	(147)	(147)
Total identifiable net liabilities acquired	(756)	464	(292)
Goodwill arising from acquisition (Note 14)	806	(464)	342
Fair value of consideration paid	50	–	50

	As previously stated RM'000	Restatement RM'000	As restated RM'000
Energenetic			
Assets			
Deferred tax assets (Note 15)	10	–	10
Trade and other receivables	284	–	284
Tax assets	78	–	78
Cash and cash equivalents	11	–	11
Other intangible assets	–	185	185
	383	185	568
Liabilities			
Trade and other payables	(251)	–	(251)
Deferred tax liabilities (Note 15)	–	(44)	(44)
Total identifiable net assets acquired	132	141	273
Gain on bargain purchase	(82)	(141)	(223)
Fair value of consideration paid	50	–	50

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(a) (Cont'd)

(i) The fair value of the identifiable assets and liabilities of Tanda Hebat, Energenetic and Powerlator were as follows: (Cont'd)

	As previously stated RM'000	Restatement RM'000	As restated RM'000
Powerlator			
Assets			
Deferred tax assets (Note 15)	26	–	26
Trade and other receivables	121	–	121
Tax assets	84	–	84
Cash and cash equivalents	13	–	13
Other intangible assets	–	217	217
	244	217	461
Liabilities			
Trade and other payables	(204)	–	(204)
Deferred tax liabilities (Note 15)	–	(52)	(52)
Total identifiable net liabilities acquired	40	165	205
Goodwill arising from acquisition (Note 14)	10	(10)	–
Gain on bargain purchase	–	(155)	(155)
Fair value of consideration paid	50	–	50

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

	Tanda Hebat RM'000	Energenetic RM'000	Powerlator RM'000	Total RM'000
Total consideration paid in cash by the Group	50	50	50	150
Less: Cash and cash equivalents of the subsidiaries acquired	(18)	(11)	(13)	(42)
Net cash outflow on acquisition	32	39	37	108

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

<u>2019</u> (Cont'd)

(a) (Cont'd)

(iii) Effects of acquisition in statements of comprehensive income

From the date of acquisition, the subsidiaries' contributed revenue and profit/(loss) net of tax were as follows:

	Tanda Hebat RM'000	Energenetic RM'000	Powerlator RM'000	Total RM'000
Revenue	926	359	402	1,687
Profits/(Loss) for the financial year	80	(15)	10	75

If the acquisition had occurred on 1 January 2019, the consolidated results for the financial year ended 31 December 2019 would have been as follows:

	Tanda Hebat RM'000	Energenetic RM'000	Powerlator RM'000	Total RM'000
Revenue	1,024	394	439	1,857
Profits/(Loss) for the financial year	68	(22)	4	50

(b) On 27 June 2019, the Company's indirect 51% owned subsidiary, Steadcom Sdn. Bhd. ("Steadcom") had incorporated a 51% owned subsidiary, namely Device Vision Sdn. Bhd. ("Device Vision") with an issued and paid-up capital of 100,000 ordinary shares of RM1 each. The intended principal activity of Device Vision was provision of information technology services.

(c) On 1 August 2019, the Company's indirect wholly-owned subsidiary, OCK Telco Infra Sdn. Bhd. ("OCK Telco Infra") acquired 60% equity interest in Nexgen Ventures Sdn. Bhd. ("NVSB") for a total consideration of RM3,807,000. The principal activity of NVSB was renting of telecommunication facility and network service provider.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(c) (Cont'd)

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

	NVSB 2019 RM'000
Assets	
Property, plant and equipment (Note 11)	1,913
Right-of-use assets (Note 12)	878
Trade and other receivables	363
Tax assets	19
Cash and cash equivalents	(5)
	3,168
Liabilities	
Lease liabilities	(898)
Trade and other payables	(2,037)
Total identifiable net assets acquired	233
Goodwill arising from acquisition (Note 14)	3,874
Non-controlling interest measured at fair value	(300)
Fair value of consideration paid	3,807

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

	NVSB RM'000
Fair value of consideration paid	3,807
Less: Purchase consideration payable	(1,221)
Total consideration paid in cash by the Group	2,586
Less: Cash and cash equivalents of the subsidiary acquired	5
Net cash outflow on acquisition	2,591

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(c) (Cont'd)

(iii) Effects of acquisition in statements of comprehensive income

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

	NVSB RM'000
Revenue	704
Profit for the financial year	286

If the acquisition had occurred on 1 January 2019, the consolidated results for the financial year ended 31 December 2019 would have been as follows:

	NVSB RM'000
Revenue	1,436
Profit for the financial year	106

(d) On 1 October 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 1,450,000 ordinary shares in Frontier Integrator (Sabah) Sdn. Bhd. ("Frontier Integrator") representing 100% equity interest in Frontier Integrator (Sabah) Sdn, Bhd. for the purchase consideration of RM1,450,000. Consequently, Frontier Integrator became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Frontier Integrator was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

The initial accounting for business combination of Frontier Integrator in the consolidated financial statements of the Company involved identifying and determining the fair values to be assigned to Frontier Integrator's identified assets, liabilities and contingent liabilities and the cost of the combination. At the end of the previous financial year, the fair value of Frontier Integrator's identified assets, liabilities and contingent liabilities could only be determined provisionally pending the completion of purchase price allocation ("PPA") on Frontier Integrator's identified assets, liabilities and contingent liabilities. The business combination of Frontier Integrator had been accounted for using provisional values. During the financial year, the Group had completed the PPA report.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(d) (Cont'd)

(i) The fair value of the identifiable assets and liabilities of Frontier Integrator were as follows:

	As previously stated RM'000	Restatement RM'000	As restated RM'000
Frontier Integrator			
Assets			
Trade and other receivables	157	–	157
Tax assets	24	–	24
Cash and cash equivalents	3	–	3
Other intangible assets	–	1,554	1,554
	184	1,554	1,738
Liabilities			
Trade and other payables	(520)	–	(520)
Deferred tax liabilities (Note 15)	–	(373)	(373)
Total identifiable net liabilities acquired	(336)	1,181	845
Goodwill arising from acquisition (Note 14)	1,786	(1,181)	605
Fair value of consideration paid	1,450	–	1,450

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

	Frontier Integrator RM'000
Total consideration paid in cash by the Group	1,450
Less: Cash and cash equivalents of the subsidiary acquired	(3)
Net cash outflow on acquisition	1,447

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(d) (Cont'd)

(iii) Effects of acquisition in statements of comprehensive income

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

	Frontier Integrator RM'000
Revenue	192
Loss for the financial year	(77)

If the acquisition had occurred on 1 January 2019, the consolidated results for the financial year ended 31 December 2019 would have been as follows:

	Frontier Integrator RM'000
Revenue	911
Profit for the financial year	5

(ii) Subscription for additional interests in subsidiaries

2020

OCK International Sdn. Bhd.

On 31 December 2020, the Company had subscribed an additional 16,895,617 ordinary shares at the price of RM1.00 each in the share capital of a subsidiary, OCK International Sdn. Bhd. by way of capitalising the amount owing to the Company of RM16,895,617.

Milab Marketing Sdn. Bhd.

On 31 December 2020, the Company had subscribed an additional 51,218,110 ordinary shares at the price of RM1.00 each in the share capital of a subsidiary, Milab Marketing Sdn. Bhd. by way of capitalising the amount owing to the Company of RM51,218,110.

Gabungan Milab Sdn. Bhd. (formerly known as Seri Kuasa Sdn. Bhd.)

On 31 December 2020, the Company's wholly owned-subsidiary, Milab Marketing Sdn. Bhd. purchased an additional 24,500 ordinary shares in the share capital of a subsidiary, Gabungan Milab Sdn. Bhd. (formerly known as Seri Kuasa Sdn. Bhd.) for a purchase consideration of RM1. The Company's effective ownership in Gabungan Milab Sdn. Bhd. increased from 51% to 100% as a result of the additional shares purchased.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(iii) Disposal of subsidiaries

2020

On 31 December 2020, the Company's indirect 60% owned subsidiary, Southeast Asia Telecommunications Holdings Pte. Ltd. disposed its 100% equity investments in Delong Opportunity Investment Pte.Ltd. ("Delong") and Cleveland Capital Pte. Ltd. ("Cleveland") for a total consideration of RM9,119 each.

(i) Summary of the effects of disposals

	Delong RM'000	Cleveland RM'000	Total RM'000
Recognised:			
Cash consideration received, representing the fair value of the consideration received	9	9	18
Reclassification adjustment of exchange translation reserve	42	17	59
	51	26	77
Derecognised:			
Non-controlling interests	(24)	(53)	(77)
Fair value of identified net assets at disposal date	19	41	60
	(5)	(12)	(17)
Gain on disposals	46	14	60

(ii) Effects of disposals on cash flows

	Delong RM'000	Cleveland RM'000	Total RM'000
Fair value of consideration received	9	9	18
Less: Non-cash consideration	(9)	(9)	(18)
Net cash inflows on disposals	-	-	-

(iv) Striking-off of subsidiaries

2019

MIN-OCK Infrastructure Pte. Ltd.

On 7 March 2019, the Company's indirect wholly-owned subsidiary, MIN-OCK Infrastructure Pte. Ltd. ("MIN-OCK") had been struck-off from the Register of the Accounting and Corporate Regulatory Authority of Singapore (ACRA).

OCK Telco Infra Pte. Ltd.

On 4 April 2019, the Company's indirect wholly-owned subsidiary, OCK Telco Infra Pte. Ltd. ("OCKTI") had been struck-off from the Register of the Accounting and Corporate Regulatory Authority of Singapore (ACRA).

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(v) Non-controlling interests in subsidiaries

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

2020	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Telecom-munication RM'000	Dyna-synergy Services Sdn. Bhd. RM'000	EI Power Technologies Sdn. Bhd. RM'000	Steadcom Sdn. Bhd. RM'000	Firatel Sdn. Bhd. RM'000	OCK Vietnam Towers Pte. Ltd. RM'000	SEATH Group RM'000	Others RM'000	Total RM'000
NCI Percentage of ownership interest and voting interest	49%	15%	49%	48%	49%	39%	40%	40%		
Carrying amount of NCI	1,063	3,337	5,125	3,124	5,563	4,935	50,940	8,599	2,387	85,073
Profit/(Loss) allocated to NCI	71	96	1,586	373	388	807	(886)	1,728	414	4,577
Total comprehensive income/(loss) allocated to NCI	122	(3)	1,586	373	388	807	(1,189)	1,579	385	4,048
2019										
NCI Percentage of ownership interest and voting interest	49%	15%	49%	48%	49%	39%	40%	40%		
Carrying amount of NCI	766	3,340	3,539	3,231	5,911	4,127	33,845	7,019	1,220	62,998
Profit/(Loss) allocated to NCI	76	28	726	830	483	1,029	(1,016)	821	122	3,099
Total comprehensive income/(loss) allocated to NCI	57	97	726	830	483	1,029	(1,147)	(34)	138	2,179

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

2020	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Telecom-munication RM'000	Dyna-synergy Services Sdn. Bhd. RM'000	El Power Technologies Sdn. Bhd. RM'000	Steadcom Sdn. Bhd. RM'000	Firatel Sdn. Bhd. RM'000	OCK Vietnam Towers Pte. Ltd. RM'000	SEATH Group RM'000
Summarised statements of financial position								
Non-current assets	19	3,523	23	724	1,016	1,365	225,735	134,938
Current assets	3,284	24,370	13,303	15,952	14,247	15,864	16,844	171,417
Non-current liabilities	-	(684)	-	(502)	(161)	(112)	-	(112,823)
Current liabilities	(584)	(8,179)	(2,871)	(10,200)	(3,761)	(4,477)	(138,339)	(75,486)
Net assets	2,719	19,030	10,455	5,974	11,341	12,640	104,240	118,046
Summarised statements of comprehensive income								
Revenue	6,020	59,317	25,695	18,037	17,912	6,362	-	51,941
Profit/(Loss) for the financial year	146	1,858	3,237	777	791	2,070	(2,215)	5,895
Total comprehensive income/(loss)	250	1,344	3,237	777	791	2,070	(2,973)	5,895
Summarised cash flow information								
Cash flows from/(used in):								
- operating activities	115	3,700	5,096	44	3,762	3,265	(27,816)	37,064
- investing activities	175	(1,254)	(2,340)	2,086	(1,404)	(2,816)	-	(15,441)
- financing activities	-	(869)	(1,021)	(3,764)	(2,573)	445	17,705	(14,833)
Net increase/(decrease) in cash and cash equivalents	290	1,577	1,735	(1,634)	(215)	894	(10,111)	6,790
Dividends paid to non-controlling interests	-	-	-	480	735	-	-	-

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

2019	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Telecom-munication RM'000	Dyna-synergy Services Sdn. Bhd. RM'000	El Power Technologies Sdn. Bhd. RM'000	Steadcom Sdn. Bhd. RM'000	Firatel Sdn. Bhd. RM'000	OCK Vietnam Towers Pte. Ltd. RM'000	SEATH Group RM'000
Summarised statements of financial position								
Non-current assets	31	4,036	40	1,023	1,691	1,456	230,319	135,876
Current assets	3,088	26,248	13,091	17,005	15,711	14,082	18,884	180,935
Non-current liabilities	-	(618)	-	(760)	(742)	(140)	-	(141,610)
Current liabilities	(827)	(11,551)	(5,914)	(11,071)	(4,611)	(4,829)	(159,112)	(59,815)
Net assets	2,292	18,115	7,217	6,197	12,049	10,569	90,091	115,386
Summarised statements of comprehensive income								
Revenue	5,352	40,783	22,755	26,547	18,310	19,337	-	51,067
Profit/(Loss) for the financial year	155	1,425	1,481	1,730	986	2,638	(2,540)	3,589
Total comprehensive income/(loss)	116	1,797	1,481	1,730	986	2,638	(2,869)	3,589
Summarised cash flow information								
Cash flows (used in)/from:								
- operating activities	(1,037)	(1,407)	(3,496)	1,973	(6,650)	(3,234)	(1,970)	17,476
- investing activities	-	(1,654)	489	2,047	8,774	2,094	(16,111)	(22,883)
- financing activities	-	3,642	247	(2,238)	(2,449)	2,203	34,586	(883)
Net (decrease)/increase in cash and cash equivalents	(1,037)	581	(2,760)	1,782	(325)	1,063	16,505	(6,290)
Dividends paid to non-controlling interests	-	59	-	-	735	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. INVESTMENT IN ASSOCIATES

	Group 2020 RM'000	Group 2019 RM'000
Unquoted shares, at cost		
At beginning of the financial year	483	483
Additions	–	–
Derecognition of an associate	(61)	–
At end of the financial year	422	483
Share of post-acquisition losses		
At beginning of the financial year	319	(258)
Share of results	(16)	577
Derecognition of an associate	(524)	–
At end of the financial year	(221)	319
	201	802

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

Details of the associates are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2020	Proportion Equity Interest 2019	Principal Activities
OCK Steadcom (Thailand) Co., Ltd. * > ^	Thailand	–	49%	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation/ Secondment of staff.
Irat Civil Works Sdn. Bhd. * ^	Malaysia	40%	40%	Provision of engineering services.
OCK Digital Infra (Sarawak) Sdn. Bhd.	Malaysia	20%	20%	Provision of turnkey telecommunication network services.

^ Disclosed using unaudited management financial statements, auditors' report is not available.
* Audited by other auditors other than Baker Tilly Monteiro Heng PLT.
> Acquired as subsidiary in current financial year.

On 1 January 2020, the Company's indirect 51% owned subsidiary, Steadcom Sdn. Bhd. ("Steadcom") had acquired an additional 51% equity interest (representing 100% ordinary shares) in Steadcom Thailand Co., Ltd. ("Steadcom Thailand") for a cash consideration of RM402,372. Consequently, Steadcom Thailand became an indirect wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. INVESTMENT IN ASSOCIATES (CONT'D)

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

	OCK Digital Infra (Sarawak) Sdn. Bhd. RM'000	Irat Civil Works Sdn. Bhd. RM'000	Total RM'000
2020			
Assets and Liabilities			
Current assets	2	567	569
Current liabilities	(10)	(70)	(80)
Net (liabilities)/assets	(8)	497	489
Results:			
Loss for the financial year	(75)	(6)	(81)
Total comprehensive loss	(75)	(6)	(81)
Reconciliation of net assets to carrying amount:			
Share of net assets at the acquisition date	20	402	422
Fair value adjustments	–	–	–
Cost of investment	20	402	422
Share of post-acquisition losses	(20)	(201)	(221)
Carrying amount in the statements of financial position	–	201	201
Group's share of results			
Group's share of loss, representing Group's share of total comprehensive loss	(13)	(3)	(16)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. INVESTMENT IN ASSOCIATES (CONT'D)

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

	OCK Digital Infra (Sarawak) Sdn. Bhd. RM'000	Irat Civil Works Sdn. Bhd. RM'000	OCK Steadcom (Thailand) Co., Ltd. RM'000	Total RM'000
2019				
Assets and Liabilities				
Non-current assets	–	–	724	724
Current assets	103	648	1,330	2,081
Current liabilities	(35)	(146)	(167)	(348)
Net assets	68	502	1,887	2,457
Results:				
Revenue	–	–	3,157	3,157
(Loss)/Profit for the financial year	(28)	(6)	1,192	1,158
Total comprehensive (loss)/income	(28)	(6)	1,192	1,158
Reconciliation of net assets to carrying amount:				
Share of net assets at the acquisition date	20	402	61	483
Fair value adjustments	–	–	–	–
Cost of investment	20	402	61	483
Share of post-acquisition (losses)/profits	(7)	(198)	524	319
Carrying amount in the statements of financial position	13	204	585	802
Group's share of results				
Group's share of (loss)/income, representing Group's share of total comprehensive (loss)/income	(6)	(2)	585	577

The Group has not recognised its share of losses of OCK Digital Infra (Sarawak) Sdn. Bhd. amounting to RM1,597 (2019: Nil) because the Group's cumulative share of losses has exceeded its interest in that associate and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses not recognised were RM1,597 (2019: Nil).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. INVENTORIES

	Group 2020 RM'000	Group 2019 RM'000
At cost:		
Raw materials	2,469	3,972
Work-in-progress	60,239	61,488
Finished goods	706	784
	63,414	66,244
Inventories recognised as cost of sales during the financial year	168,868	207,348
Inventories written off recognised as an expense in cost of sales during the financial year	2	10

19. TRADE AND OTHER RECEIVABLES

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Non-current:					
Trade receivable					
- Third party	(a)	15,656	–	–	–
Other receivables					
- Third parties		1,505	1,755	–	–
- Prepayments		2,542	3,248	–	–
- Deposits		735			
- Amounts owing by subsidiaries	(g)	–	–	317,812	295,376
		4,782	5,003	317,812	295,376
Less: Allowance for impairment loss - Amounts owing by subsidiaries		–	–	(12,659)	(10,462)
		4,782	5,003	305,153	284,914
Total trade and other receivables (non-current)		20,438	5,003	305,153	284,914

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. TRADE AND OTHER RECEIVABLES (CONT'D)

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Current:					
Trade receivables					
- Third parties		103,950	144,459	–	–
- Amount owing by an associated company	(c)	–	608	–	–
- Related parties	(d)	–	170	–	–
- Retention sum	(e)	4,674	5,154	–	–
		108,624	150,391	–	–
Less: Allowance for impairment loss					
- Third parties		(868)	(265)	–	–
	(b) (f)	107,756	150,126	–	–
Other receivables					
- Third parties		11,241	19,589	7	9
- Amount owing by ultimate holding company	(h)	486	390	445	371
- Amounts owing by related parties	(h)	270	–	–	–
- Amount owing by an associated company	(h)	6	1,551	–	–
		12,003	21,530	452	380
Less: Allowance for impairment loss					
- Third party		–	(38)	–	–
Total other receivables, net		12,003	21,492	452	380
Deposits	(i)	9,584	13,497	–	–
Advances to sub-contractors		12,166	15,952	–	–
GST refundable		1,086	1,419	–	–
Prepayments	(j)	46,565	38,264	733	590
		81,404	90,624	1,185	970
Total trade and other receivables (current)		189,160	240,750	1,185	970
Total trade and other receivables (non-current and current)		209,598	245,753	306,338	285,884

(a) Included in trade receivables of the Group is an amount of RM15,656,080 (2019: Nil) which is unsecured, interest-bearing at the rate of 5.50% (2019: Nil), repayable over 5 years and is expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(b) Credit term of trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms extended to customers ranging from 30 to 150 days (2019: 30 to 150 days). Other credit terms are assessed and approved on a case-by-case basis. The credit period varies from customers to customers after taking into consideration their payment track record, financial background, length of business relationship and size of transactions.

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

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Trade receivables				
At beginning of the financial year	265	265	–	–
Charge for the financial year (Note 8)				
- individually assessed	603	–	–	–
At end of the financial year	868	265	–	–
Other receivables				
At beginning of the financial year	38	38	10,462	7,970
Charge for the financial year (Note 8)				
- individually assessed	–	–	2,197	2,492
Written off	(38)	–	–	–
At end of the financial year	–	38	12,659	10,462

(c) In the previous financial year, included in trade receivables of the Group is an amount of RM608,174 owing by an associated company which was under normal trade term.

(d) In the previous financial year, included in trade receivables of the Group are amounts of RM170,317 owing by related parties in which certain directors of subsidiaries had substantial financial interest. These amounts were under normal trade terms.

(e) Included in trade receivables of the Group are retention sum of RM4,674,248 (2019: RM5,153,563) 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.

(f) Included in trade receivables is an amount of RM5,720,000 (2019: RM5,900,000) pledged as security for banking facility granted to a subsidiary (Note 27).

(g) Amounts owing by subsidiaries are non-trade in nature, unsecured, not expected to be settled within the next 12 months (2019: within the next 12 months), bear interest at rate of 4.6% (2019: 4.6%) per annum and expected to be settled in cash.

(h) Amounts owing by ultimate holding company, related parties and an associated company are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(i) In the previous financial year, included in deposits of the Group are down payment of RM7,000,000 for the purchase of a company's shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

19. TRADE AND OTHER RECEIVABLES (CONT'D)

(j) Included in prepayments of the Group are:

(i) transaction costs of RM2,579,970 (2019: RM5,497,343) in relation to the undrawn loan facilities of the Group; and

(ii) down payments to suppliers of RM22,433,286 (2019: RM17,652,631) for the purchase of goods and equipment.

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

	Group	
	2020 RM'000	**2019 RM'000**
United States Dollar	1,378	387

(l) The information about the credit exposures are disclosed in Note 40(a).

20. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2020 RM'000	**2019 RM'000 (Restated)**
Contract assets relating to construction service contracts	76,585	80,026
Contract liabilities relating to construction service contracts	(2,394)	(2,821)

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

(a) Significant changes in contract balances

	2020		2019	
	Contract assets increase/ (decrease) RM'000	Contract liabilities (increase)/ decrease RM'000	Contract assets increase/ (decrease) RM'000 (Restated)	Contract liabilities (increase)/ decrease RM'000 (Restated)
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	1,820	–	508
Increases due to cash received, excluding amounts recognised as revenue during the period	–	(1,415)	–	(1,448)
Increase due to revenue recognised for unbilled goods or services transferred to customers	47,743	–	54,903	–
Increases as a result of changes in the measure of progress	7,539	–	16,141	–
Transfers from contract assets recognised at the beginning of the period to receivables	(58,262)	–	(4,028)	–
Translation difference	(461)	22	(75)	9

(b) Revenue recognised in relation to contract balances

	Group	
	2020 RM'000	2019 RM'000 (Restated)
Revenue recognised that was included in contract liability at the beginning of the financial year	1,820	508

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. OTHER INVESTMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial assets at fair value through profit or loss ("FVPL")				
At fair value:				
Short-term cash investments				
- Quoted equity securities	582	37,580	319	36,323

22. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	66,994	80,844	2,065	8,314
Short-term deposits placed with licensed banks	11,944	14,928	–	–
Cash and short-term deposits as presented in statements of financial position	78,938	95,772	2,065	8,314

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term deposits placed with licensed banks	11,944	14,928	–	–
Less: Pledged deposits	(5,133)	(5,769)	–	–
	6,811	9,159	–	–
Cash and bank balances	66,994	80,844	2,065	8,314
Less: Bank overdrafts (Note 27)	(27,161)	(63,811)	–	–
Cash and short-term deposits as presented in statements of cash flows	46,644	26,192	2,065	8,314

(a) Deposits placed with licensed banks amounting of RM5,133,289 (2019: RM5,769,186) of the Group are pledged as security for banking facilities granted to subsidiaries (Note 27).

(b) Deposits placed with licensed banks of the Group earn interest at rates ranging from 1.60% to 3.20% (2019: 2.63% to 3.90%) per annum with a maturity of three months or less.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Myanmar Kyat	6,545	2,565	–	–
United States Dollar	834	2,706	7	5

23. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		<—— Amounts ——>	
	2020 Unit'000	2019 Unit'000	2020 RM'000	2019 RM'000
Issued and fully paid up:				
At beginning of the financial year	958,573	871,473	295,525	244,305
Transaction costs of share issue	–	–	–	(1,040)
Issuance of shares pursuant to:				
- private placement	–	87,100	–	52,260
- exercise of warrants	1	–	1	–
At end of the financial year	958,574	958,573	295,526	295,525

Effective from 31 January 2017, the Companies Act 2016 abolished the concept of authorised share capital and par value of share capital.

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 issued 750 new ordinary shares at an exercise price of RM0.71 per ordinary share through the exercise of warrants.

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

24. FOREIGN CURRENCY TRANSLATION RESERVE

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. REVALUATION RESERVE

	Group 2020 RM'000	Group 2019 RM'000
At beginning of the financial year	7,292	4,207
Revaluation of property, plant and equipment and right-of-use assets	–	3,612
Deferred tax relating to revaluation reserve	–	(426)
Realisation of revaluation reserve	(104)	(101)
At end of the financial year	7,188	7,292

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

26. WARRANT RESERVE

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

The salient features of the warrants are as follows:

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

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

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

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

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

The warrants are quoted on the Main Market of Bursa Securities on 22 December 2015.

26. WARRANT RESERVE (CONT'D)

In the previous financial years, the fair value of warrants is measured using the binomial option pricing model with the following inputs:

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

The warrants expired on 15 December 2020 and were subsequently removed from the Official List of Bursa Malaysia Securities Berhad on 16 December 2020. Pursuant to that, warrant reserve in relation to the unexercised warrants had been transferred to retained earnings.

27. LOANS AND BORROWINGS

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current:					
Secured					
Term loans	(a)	223,287	264,269	–	–
Revolving projects loan	(c)	5,903	7,843	–	–
		229,190	272,112	–	–
Current:					
Secured					
Bankers' acceptance	(b)	11,884	16,752	–	–
Revolving projects loan	(c)	11,852	25,915	–	–
Bank overdrafts (Note 22)	(d)	27,161	63,811	–	–
Term loans	(a)	93,805	88,635	–	–
Revolving credit	(e)	59,735	19,287	20,000	–
		204,437	214,400	20,000	–
		433,627	486,512	20,000	–
Total loans and borrowings:					
Term loans	(a)	317,092	352,904	–	–
Bankers' acceptance	(b)	11,884	16,752	–	–
Revolving projects loan	(c)	17,755	33,758	–	–
Bank overdrafts (Note 22)	(d)	27,161	63,811	–	–
Revolving credit	(e)	59,735	19,287	20,000	–
		433,627	486,512	20,000	–

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. LOANS AND BORROWINGS (CONT'D)

(a) Term loans - secured

	Group	
	2020 RM'000	2019 RM'000
Term loan I	989	1,537
Term loan II	6,887	7,157
Term loan III	911	990
Term loan IV	2,652	2,936
Term loan V	888	–
Term loan VI - Indonesian Rupiah	6,378	7,375
Term loan VII - United States Dollar	85,622	114,348
Term loan VIII	8,678	5,022
Term loan IX	–	4,404
Term loan X	1,613	1,686
Term loan XI	2,324	2,691
Term loan XII - United States Dollar	45,562	40,245
Term loan XIII	8,923	10,341
Term loan XIV	2,779	3,188
Term loan XV	8,803	10,616
Term loan XVI - United States Dollar	46,029	55,061
Term loan XVII	12,380	14,931
Term loan XVIII	22,008	26,774
Term loan XIX	7,744	10,422
Term loan XX	2,932	3,620
Term loan XXI	20,085	20,550
Term loan XXII	9,906	7,429
Term loan XXIII	1,418	1,581
Term loan XXIV	9,952	–
Term loan XXV - Indonesian Rupiah	1,629	–
	317,092	352,904

The term loans are repayable as follows:

	Group	
	2020 RM'000	2019 RM'000
Non-current liabilities:		
- due more than 1 year but not later than 5 years	203,693	242,775
- due after 5 years	19,594	21,494
	223,287	264,269
Current liabilities:		
- due within 1 year	93,805	88,635
	317,092	352,904

27. LOANS AND BORROWINGS (CONT'D)

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

(i) The term loans bear interest at rates ranging from 3.25% to 12.27% (2019: 4.47% to 12.27%) per annum and are secured and supported as follows:

(a) Legal charge over the investment properties of the Group (Note 13);
(b) Assignment over all rents and other monies;
(c) Corporate guarantee from the Company and a subsidiary of the Company;
(d) Legal charge over the freehold and leasehold land and buildings of the Group (Notes 11 and 12);
(e) Joint and several guarantees by certain directors of the Company and a subsidiary;
(f) Legal charge over a property of a director of the subsidiary;
(g) Debenture creating a first rank fixed and floating charge over subsidiaries's present and future assets relating to the loan;
(h) Memorandum of deposit or cash collateral agreement;
(i) Deed assignment over the sales proceeds of the metered renewable energy from Tenaga Nasional Berhad;
(j) Assignment of all rights, interest and benefits of the subsidiary over all Takaful/insurance(s) issued in relation to the project;
(k) Assignment of performance bond/bank guarantee by the contractor of the solar power;
(l) Fiduciary security over asset of a subsidiary;
(m) Irrevocable payment instruction from the subsidiary to the Company for the financial obligation;
(n) Assignment over the revenue account by virtue of the dividend payment;
(o) Assignment over the Finance Service Reserve Account ("FSRA");
(p) Letter of Undertaking from the Company to cover any shortfall in the revenue account and FSRA;
(q) Pledge over the shares in its sub-subsidiaries owned by the subsidiaries;
(r) Irrevocable and Unconditional Power of Attorney to attend general meeting of shareholders of its sub-subsidiary and to cast vote with respect to the shares from the subsidiary;
(s) Irrevocable and Unconditional Power of Attorney to be granted by the subsidiary;
(t) Assignment of Dividend arising from the Shares to be granted by the subsidiary;
(u) Irrevocable standing instruction from the subsidiary to the sub-subsidiary so that all dividend payable to the subsidiary shall be paid by the sub-subsidiary to an account nominated by the bank;
(v) Power of Attorney to receive dividend to be granted by the subsidiary to the bank;
(w) Irrevocable payment instruction from the subsidiary to the sub-subsidiary for the financial obligation;
(x) Fiduciary receivables;
(y) Assignment of contracts; and
(z) Master security agreement.

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

	Group	
	2020 RM'000	**2019 RM'000**
United States Dollar	45,569	55,061

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. LOANS AND BORROWINGS (CONT'D)

(b) Bankers' acceptance

The bankers' acceptance are secured by way of:

(i) First party legal charge over properties of a subsidiary (Note 11);
(ii) Joint and several guarantees by certain directors of the Company and its subsidiaries;
(iii) Personal guarantee executed by a director of the Company;
(iv) Blanket 2-party Deed of Assignment of all contract proceeds/receivables for the contracts/transactions financed by the bank;
(v) Pledged of Fixed Deposit of a subsidiary;
(vi) All monies legal charge or all monies Deed of Assignment and Power of attorney over a property of a subsidiary;
(vii) Corporate guarantee from the Company;
(viii) Assignment over all rents and other monies; and
(ix) Assignment of contract.

The bankers' acceptance bears interest rates ranging from 2.06% to 5.19% (2019: 3.58% to 8.00%) per annum.

(c) Revolving projects loan

The revolving projects loan is secured by way of:

(i) All monies debenture incorporating fixed and floating charge over all present and future assets and undertaking of a subsidiary;
(ii) Assignment of all contract proceeds arising from contracts of a subsidiary;
(iii) Assignment of all contract proceeds and/or receivables of a subsidiary to be received from a frame agreement for provision of services of a subsidiary;
(iv) Pledged of fixed deposits of a subsidiary;
(v) Joint and several guarantees from certain directors of the Company and its subsidiaries;
(vi) Deed of Assignment of all contract proceeds/receivables for the contracts /transactions financed by the bank;
(vii) Third Party Specific Debenture over the assets or equipment to be financed by the bank for the project;
(viii) Corporate guarantee from the Company;
(ix) Assignment of all rights, interest and benefits of the subsidiary over all Takaful/insurance(s) issued in relation to the project; and
(x) Memorandum of Charge over a Third Party Project Account in the name of a subsidiary.

The revolving projects loan bears interest rates ranging from 7.00% to 7.25% (2019: 7.00% to 7.25%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

27. LOANS AND BORROWINGS (CONT'D)

(d) Bank overdrafts

The bank overdrafts are secured by way of:-

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

The bank overdrafts bear effective interest rates ranging from 4.02% to 7.20% (2019: 5.71% to 8.60%) per annum.

(e) Revolving credit

The revolving credit is secured by way of:-

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

The revolving credit bears effective interest rates ranging from 3.49% to 6.76% (2019: 6.26% to 6.76%) per annum.

28. LEASE LIABILITIES

	Group	
	2020 RM'000	**2019 RM'000**
Non-current:		
Lease liabilities	135,481	137,016
Current:		
Lease liabilities	29,510	32,972
	164,991	169,988

The incremental borrowing rates applied to the lease liabilities ranging from 2.13% to 7.00% (2019: 4.32% to 7.14%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. LEASE LIABILITIES (CONT'D)

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

	Group 2020 RM'000	Group 2019 RM'000
Future minimum lease payments	203,327	207,217
Less: Future finance charges	(38,336)	(37,229)
Total present value of minimum lease payments	164,991	169,988
Payable within one year		
Future minimum lease payments	37,483	41,165
Less: Future finance charges	(7,973)	(8,193)
Present value of minimum lease payments	29,510	32,972
Payable more than 1 year but not more than 5 years		
Future minimum lease payments	93,653	95,613
Less: Future finance charges	(20,177)	(20,314)
Present value of minimum lease payments	73,476	75,299
Payable more than 5 years		
Future minimum lease payments	72,191	70,439
Less: Future finance charges	(10,186)	(8,722)
Present value of minimum lease payments	62,005	61,717
Total present value of minimum lease payments	164,991	169,988

29. DEFERRED INCOME

	Group 2020 RM'000
Non-current	
Government grants:	
At beginning of the financial year	–
Relating to acquisition of a subsidiary (Note 16)	2,040
Released to profit or loss (Note 8)	(104)
At end of the financial year	1,936

Government grants related to assets

Government grants have been received for the purchase of certain items of property, plant and equipment by a subsidiary. There are no unfulfilled conditions or contingencies attached to these grants.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. PROVISION FOR LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Site restoration costs		
At beginning of the financial year	7,656	4,195
Additions	1,656	3,247
Unwinding of discount (Note 8)	334	239
Translation difference	(124)	(25)
At end of the financial year	9,522	7,656

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

A provision of RM1,656,000 (2019: RM3,247,000) was made during the financial year ended 31 December 2020 and 31 December 2019 respectively in respect of the Company's obligation to dismantle and remove the items and restore the site on which the network facilities located in Malaysia and Myanmar after the end of 19 to 22 years (2019: 19 to 22 years) tenure periods. The Company has estimated a range of reasonably possible outcomes of the total cost of RM14,678,000 (2019: RM14,229,000), reflecting different assumptions about the pricing of the individual components of cost. The provision has been calculated using a discount rate ranging from 3.54% to 4.50%% (2019: 3.06% to 4.50%), which is the risk-free rate in the jurisdiction of the liability.

31. POST EMPLOYMENT BENEFIT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
At beginning of the financial year	650	460
Recognised in profit or loss (Note 8)	124	130
Actuarial (gain)/loss recognised in other comprehensive income	(47)	25
Translation differences	11	35
At end of the financial year	738	650

(a) This is in respect of provision for employees' benefits related to retirement, separation fee, service fee, compensation payments and other benefits recognised.

(b) The provision is made based on the actuarial valuation performed by an independent actuarist on its report dated 10 February 2021 (2019: 5 February 2020) using the projected unit credit method.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. POST EMPLOYMENT BENEFIT LIABILITIES (CONT'D)

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

	Group 2020	2019
Discount rate	7.10% - 7.59%	8.08% - 8.20%
Normal retirement age	55 years	55 years
Salary increase rate	10%	10%

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

Sensitivity analysis

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

Group	Reasonably possible change in assumption	Effect on defined benefit obligation Increase RM'000	Decrease RM'000
2020			
Discount rate	1.0%	(86)	102
Future salary growth	1.0%	97	(84)
2019			
Discount rate	1.0%	(68)	80
Future salary growth	1.0%	77	(67)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in significant actuarial assumptions occurring at the end of reporting period.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. TRADE AND OTHER PAYABLES

	Note	Group 2020 RM'000	Group 2019 RM'000 (Restated)	Company 2020 RM'000	Company 2019 RM'000
Trade payables					
- Third parties		74,668	71,170	–	–
- Accruals		15,620	7,369	–	–
- Related parties		44	15	–	–
- Retention sum		2,764	2,539	–	–
	(a) (b)	93,096	81,093	–	–
Other payables		8,085	22,030	84	28
Accruals	(c)	23,719	19,641	258	293
Deposits		5,228	6,154	–	–
GST payable		–	1,724	–	–
Amounts owing to minority shareholders of subsidiaries	(d)	–	932	–	–
Amount owing to a subsidiary	(e)	–	–	11,303	–
Amount owing to a related party	(f)	13,519	11,065	13,519	–
Amounts owing to directors of subsidiaries	(g)	1,059	99	–	–
		51,610	61,645	25,164	321
Total trade and other payables		144,706	142,738	25,164	321

(a) Trade payables of the Group are non-interest bearing and the normal trade credit terms granted to the Group ranging from 30 to 90 days (2019: 30 to 90 days). The retention sum is payable upon the expiry of the defect liability period.

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

	Group 2020 RM'000	Group 2019 RM'000
Chinese Yuan	195	651

(c) Non-trade accruals of the Group include accrued costs on property, plant and equipment of RM10,928,297 (2019: RM8,096,296) owing to the suppliers and sub-contractors.

(d) In the previous financial year, amounts owing to minority shareholders of subsidiaries were non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(e) Amount owing to a subsidiary is non-trade in nature, unsecured, bears interest at rate of 4.60% (2019: Nil) and repayable upon demand in cash.

(f) Amount owing to a related party is non-trade in nature, unsecured, bears interest at rate of 4.00% (2019: Nil) and repayable upon demand in cash.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. TRADE AND OTHER PAYABLES (CONT'D)

(g) Amounts owing to directors of subsidiaries are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(h) For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 40(b).

33. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Derivatives liabilities at fair value through profit or loss:		
Forward foreign exchange contracts	–	13

Forward exchange contracts are used to manage the foreign currency exposures arising from a subsidiary's payables denominated in currency (CNY) 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 2020 were RM Nil (2019: RM511,740).

34. FINANCIAL GUARANTEES

	Company	
	2020 RM'000	2019 RM'000
Financial guarantees given to licensed banks for outstanding banking facilities granted to subsidiaries	422,101	486,321

35. CAPITAL COMMITMENTS

	Group	
	2020 RM'000	2019 RM'000
In respect of capital expenditure:		
Property, plant and equipment		
- approved and contracted for	61,312	35,074
- approved but not contracted for	116,565	74,206
In respect of acquisition of a subsidiary		
- approved and contracted for	1,629	24,650

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

36. LEASE COMMITMENTS

(a) The Group as lessee

The Group had entered into a commercial lease for its sites, office premises, factory, equipment, motor vehicles and hostels. These leases had tenure 1 to 3 years with a renewal option included in the contract. There were no restrictions placed upon the Group by entering into these leases.

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

	Group	
	2020 RM'000	**2019 RM'000**
Not later than one year	898	1,175
Later than one year and not later than five years	479	639
	1,377	1,814

(b) The Group as lessor

The Group has entered into non-cancellable lease arrangements by leasing its telecommunication towers and sub-letting its equipment, factory, warehouse and shop offices. The leases include a clause to enable upward revision of the rental charge depending on prevailing market conditions during or upon the expiry of these agreements.

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

	Group	
	2020 RM'000	**2019 RM'000**
Not later than one year	142,545	125,202
Later than one year and not later than five years	433,035	410,374
Later than five years	441,911	503,758
	1,017,491	1,039,334

37. 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.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

37. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Identification of related parties (Cont'd)

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

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

(b) Transactions with related parties are as follows:

	Group 2020 RM'000	Group 2019 RM'000
Ultimate holding company		
Aliran Armada Sdn. Bhd.		
Finance charges received/receivable	(22)	(18)
Related parties		
Dynasynergy Sdn. Bhd.		
Sales received/receivable	(187)	(1,641)
Dynasynergy Technology Sdn. Bhd.		
Purchases paid/payable	206	204
Imejjiwa Communications		
Consultancy fees paid/payable	–	71
PLY Technology		
Consultancy fees paid/payable	282	308
Profit Hover Limited		
Interest expense paid/payable	175	–
Associates		
Irat Civil Works Sdn. Bhd.		
Sales received/receivable	–	(14)
OCK Steadcom (Thailand) Co., Ltd.		
Sales received/receivable	–	(2,187)

37. RELATED PARTY TRANSACTIONS (CONT'D)

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

	Company 2020 RM'000	Company 2019 RM'000
Received and receivable from subsidiaries		
Management fees	(4,500)	(4,350)
Interest income	(12,167)	(11,103)
Paid and payable to subsidiaries		
Interest expense	268	477
Administration expenses	696	–
Waiver of debts	–	30

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 19 and 32.

(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 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Directors of the Company				
Executive Directors:				
- salaries, allowances and bonuses	3,061	2,938	2,224	2,164
- other emoluments	369	354	268	260
	3,430	3,292	2,492	2,424
Non-executive Directors:				
- fees	168	168	168	168
- allowances	21	22	21	22
	189	190	189	190
Directors of the subsidiaries				
Executive Directors:				
- fees	59	73	–	–
- salaries, allowances and bonuses	1,333	1,473	–	–
- other emoluments	111	93	–	–
	1,503	1,639	–	–
Total directors' remuneration	5,122	5,121	2,681	2,614

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

37. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of Key Management Personnel (Cont'd)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Other key management personnel				
Short-term employee benefits	2,711	2,454	885	813
Post employment benefits	333	302	106	96
	3,044	2,756	991	909
	8,166	7,877	3,672	3,523

38. SEGMENT INFORMATION

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

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

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

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

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

38. SEGMENT INFORMATION (CONT'D)

	Note	Telecommunication Network Services RM'000	Green Energy and Power Solutions RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding RM'000	Adjustments and Eliminations RM'000	Consolidated RM'000
Group								
2020								
Revenue								
External revenue		429,149	29,084	5,167	10,106	-	-	473,506
Inter-segment revenue	a	37,640	3,121	1,196	6,871	-	(48,828)	-
		466,789	32,205	6,363	16,977	-	(48,828)	473,506
Results								
Interest income	a	(8,143)	(671)	(301)	(11)	(12,736)	19,649	(2,213)
Finance costs	a	40,709	4,010	128	477	2,260	(17,073)	30,511
Depreciation and amortisation		77,237	5,745	128	50	-	4,809	87,969
Other non-cash expenses/(income)	b	(357)	317	139	1,216	7,933	(7,365)	1,883
Segment profit/(loss) after tax	c	37,875	1,204	2,070	(2,347)	(877)	(7,437)	30,488
Segment Assets								
Additions to non-current assets	d	104,761	15	60	-	-	(5,548)	99,288
Segment assets	e	2,066,786	166,317	17,229	33,389	454,050	(1,334,869)	1,402,902
Segment Liabilities	f	1,394,190	84,096	4,589	22,896	57,400	(781,740)	781,431

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

38. SEGMENT INFORMATION (CONT'D)

	Note	Tele-communication Network Services RM'000 (Restated)	Green Energy and Power Solutions RM'000	Trading RM'000	M&E Engineering Services RM'000	Investment Holding RM'000	Adjustments and Eliminations RM'000 (Restated)	Consolidated RM'000
Group								
2019								
Revenue								
External revenue		392,368	32,180	12,246	36,575	-	-	473,369
Inter-segment revenue	a	35,655	3,268	7,091	4,415	336	(50,765)	-
		428,023	35,448	19,337	40,990	336	(50,765)	473,369
Results								
Interest income	a	(8,904)	(155)	(64)	(114)	(11,213)	18,747	(1,703)
Finance costs	a	39,763	2,430	138	313	2,384	(13,274)	31,754
Depreciation and amortisation		65,196	3,392	122	64	-	3,371	72,145
Other non-cash (income)/expenses	b	(719)	(28)	(131)	(128)	9,446	(8,021)	419
Segment profit/(loss) after tax	c	26,084	1,847	2,638	2,613	(1,561)	(1)	31,620
Segment Assets								
Additions to non-current assets	d	131,955	126	4	-	-	(16,598)	115,487
Segment assets	e	1,972,004	88,678	15,538	37,229	419,825	(1,120,286)	1,412,988
Segment Liabilities	f	1,434,114	55,367	4,968	24,388	39,195	(729,787)	828,245

38. SEGMENT INFORMATION (CONT'D)

(a) Inter-segment revenue and interest are eliminated on consolidation.

(b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	2020 RM'000	2019 RM'000 (Restated)
Bad debts written off	619	814
Deposits written off	–	3
Inventories written off	2	10
Fair value (gain)/loss on derivative instruments	(13)	11
Fair value loss/(gain) on investment properties	350	(250)
Gain from bargain purchase	–	(378)
Gain on disposal of subsidiaries	(60)	–
Gain on lease modification	(102)	–
Goodwill written off	246	–
Impairment losses on trade receivables	603	–
Loss on waiver of debts	5	5
Loss on derecognition of an associate	49	–
Net unrealised (gain)/loss on foreign exchange	(403)	335
Net loss/(gain) on disposal of property, plant and equipment	127	(456)
Net gain on disposal of right-of-use assets	(114)	(328)
Property, plant and equipment written off	116	284
Provision for post employment benefits	124	130
Unwinding effect on provision for site restoration	334	239
	1,883	419

(c) Inter-segment transactions eliminated on consolidation.

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

	2020 RM'000	2019 RM'000
Property, plant and equipment	99,288	115,487

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

	2020 RM'000	2019 RM'000 (Restated)
Inter-segment assets	(1,334,869)	(1,120,286)

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

38. SEGMENT INFORMATION (CONT'D)

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

	2020 RM'000	2019 RM'000 (Restated)
Deferred tax liabilities	9,375	5,913
Inter-segment liabilities	(791,115)	(735,700)
	(781,740)	(729,787)

(g) Geographical information

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

	Revenue 2020 RM'000	Revenue 2019 RM'000
Malaysia	219,458	285,838
Cambodia	–	201
China	6,020	5,352
Myanmar	94,782	73,493
Indonesia	79,488	51,505
Singapore	21,335	5,664
Vietnam	52,423	51,316
	473,506	473,369

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

	Non-current assets 2020 RM'000	Non-current assets 2019 RM'000 (Restated)
Malaysia	267,902	217,606
Cambodia	27	35
China	19	31
Myanmar	432,675	392,455
Indonesia	16,791	18,158
Vietnam	250,586	255,494
Thailand	669	–
	968,669	883,779

(h) Major customers

There is no major customer with revenue equal or more than 10% of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

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

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

	Carrying amount RM'000	AC RM'000	FVPL RM'000
2020			
Financial assets			
Group			
Trade and other receivables, net of GST refundable, advances to sub-contractors and prepayments	147,239	147,239	–
Cash and short-term deposits	78,938	78,938	–
Other investments	582	–	582
	226,759	226,177	582
Company			
Other receivables, net of prepayments	305,605	305,605	–
Cash and short-term deposits	2,065	2,065	–
Other investments	319	–	319
	307,989	307,670	319
Financial liabilities			
Group			
Trade and other payables	144,706	144,706	–
Loans and borrowings	433,627	433,627	–
Lease liabilities	164,991	164,991	–
	743,324	743,324	–
Company			
Other payables, net of GST payable	25,164	25,164	–
Revolving credit	20,000	20,000	–
	45,164	45,164	–

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

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

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

	Carrying amount RM'000 (Restated)	AC RM'000 (Restated)	FVPL RM'000
2019			
Financial assets			
Group			
Trade and other receivables, net of GST refundable, advances to sub-contractors and prepayments	186,870	186,870	–
Cash and short-term deposits	95,772	95,772	–
Other investments	37,580	–	37,580
	320,222	282,642	37,580
Company			
Other receivables, net of prepayments	285,294	285,294	–
Cash and short-term deposits	8,314	8,314	–
Other investments	36,323	–	36,323
	329,931	293,608	36,323
Financial liabilities			
Group			
Trade and other payables, net of GST payable	141,014	141,014	–
Loans and borrowings	486,512	486,512	–
Lease liabilities	169,988	169,988	–
Derivative financial liabilities	13	–	13
	797,527	797,514	13
Company			
Other payables	321	321	–

(b) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, short-term receivables and payables are reasonable approximation to their fair value due to relatively short-term nature of these financial instruments.

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 other investments is determined by reference to the redemption price at the end of the reporting period.

There have been no transfers between Level 1 and Level 2 during the financial year (2019: no transfer in either directions).

39. FINANCIAL INSTRUMENTS (CONT'D)

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

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

	Carrying amount	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value			
		Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020									
Financial assets									
Other investments	582	582	–	–	582	–	–	–	–
2019									
Financial assets									
Other investments	37,580	37,580	–	–	37,580	–	–	–	–
Financial liabilities									
Derivatives financial liabilities	13	–	13	–	13	–	–	–	–
Company									
2020									
Financial assets									
Other investments	319	319	–	–	319	–	–	–	–
Amounts owing by subsidiaries	305,153	–	–	–	–	–	–	305,153	305,153
2019									
Financial assets									
Other investments	36,323	36,323	–	–	36,323	–	–	–	–
Amounts owing by subsidiaries	284,914	–	–	–	–	–	–	284,914	284,914

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

39. FINANCIAL INSTRUMENTS (CONT'D)

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

Level 2 fair value

Fair value of financial instruments carried at fair value

The fair value of forward foreign exchange contracts is estimated by discounting the differences between the contractual forward price and current forward price for the residual maturity of the contract.

Level 3 fair value

Fair value of financial instruments not carried at fair value

The fair value of amounts owing by subsidiaries are determined 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.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The operations of the Group and of the Company are exposed to a variety of financial risks arising from their operations and the use of financial instruments, 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 trades only with recognised and creditworthy third parties. In addition, receivables balances are monitored on an on-going basis with the result that the Group's and the Company's exposure to bad debt is not significant.

Trade receivables and contract assets

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile

At the end of the reporting period, approximately 31% (2019: 14%) of the Group trade receivables was due from two (2019: two) major customer(s) who was involved in telecommunication network services industry.

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

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

	Expected credit loss rate %	Gross carrying amount at default RM'000	Impairment losses RM'000
2020			
Contact assets	0%	76,585	–
Trade receivables			
Current	0%	41,478	–
1 to 30 days past due	0%	23,988	–
31 to 60 days past due	0%	11,503	–
61 to 90 days past due	0%	2,205	–
91 to 120 days past due	0%	26,687	–
More than 121 days past due	0%	17,551	–
		123,412	–
Impaired - individually		868	868
		124,280	868
		200,865	868

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(a) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

Credit risk concentration profile (Cont'd)

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

	Expected credit loss rate %	Gross carrying amount at default RM'000 (Restated)	Impairment losses RM'000
2019			
Contact assets	0%	80,026	–
Trade receivables			
Current	0%	52,332	–
1 to 30 days past due	0%	32,766	–
31 to 60 days past due	0%	9,192	–
61 to 90 days past due	0%	5,337	–
91 to 120 days past due	0%	28,460	–
More than 121 days past due	0%	22,039	–
		150,126	–
Impaired - individually		265	265
		150,391	265
		230,417	265

Other receivables and other financial assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(a) Credit risk (Cont'd)

Other receivables and other financial assets (Cont'd)

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

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

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

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

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

As at the end of the reporting date, the Group did not recognise any loss allowance for impairment for other financial assets.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks is representing by the maximum amount the Company could pay if the guarantee is called on is disclosed in Note 34. As at the reporting date, there was no loss allowance for impairment as determined by the Company for the financial guarantee.

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(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:

	Carrying amount RM'000	< – Contractual undiscounted cash flows – > On demand or within 1 year RM'000	Between 1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2020					
Group					
Financial liabilities					
Trade and other payables	144,706	144,706	–	–	144,706
Bankers' acceptance	11,884	11,884	–	–	11,884
Revolving projects loan	17,755	12,400	6,541	–	18,941
Revolving credit	59,735	59,735	–	–	59,735
Bank overdrafts	27,161	27,161	–	–	27,161
Lease liabilities	164,991	37,483	93,653	72,191	203,327
Term loans	317,092	95,060	206,241	19,941	321,242
	743,324	388,429	306,435	92,132	786,996
Company					
Financial liabilities					
Other payables	25,164	25,164	–	–	25,164
Revolving credit	20,000	20,000	–	–	20,000
Financial guarantee contracts	–	422,101	–	–	422,101
	45,164	467,265	–	–	467,265

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

(b) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

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

		< – Contractual undiscounted cash flows – >			
	Carrying amount RM'000	**On demand or within 1 year RM'000**	**Between 1 to 5 years RM'000**	**More than 5 years RM'000**	**Total RM'000**
2019 (Restated)					
Group					
Financial liabilities					
Trade and other payables	141,014	141,014	–	–	141,014
Bankers' acceptance	16,752	16,752	–	–	16,752
Revolving projects loan	33,758	27,072	8,974	–	36,046
Revolving credit	19,287	19,287	–	–	19,287
Bank overdrafts	63,811	63,811	–	–	63,811
Lease liabilities	169,988	41,165	95,613	70,439	207,217
Term loans	352,904	90,340	248,014	21,021	359,375
	797,514	399,441	352,601	91,460	843,502
Company					
Financial liabilities					
Other payables	321	321	–	–	321
Financial guarantee contracts	–	486,321	–	–	486,321
	321	486,642	–	–	486,642

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from sales, purchases, deposits and borrowings that are denominated in a currency other than the respective functional currency of the Group's entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and Chinese Yuan ("CNY").

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD and Myanmar Kyat ("MMK")) amounted to RM833,974 (2019: RM5,271,109) and RM6,544,681 (2019: RM5,163) respectively.

The Group is also exposed to currency translation risk arising from its investments in foreign operations. The Group's investments in Singapore, Indonesia, China, Cambodia, Thailand, Myanmar, British Virgin Islands and Vietnam are not hedged as currency positions in the functional currency of respective countries are considered to be long-term in nature.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(c) Foreign currency risk (Cont'd)

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, CNY and MMK exchange rates against the respective functional currency of the Group's entities, with all other variables held constant:

		Group Profit net of tax 2020 RM'000	Group Profit net of tax 2019 RM'000
USD/RM	- strengthen by 5% (2019: 5%)	(1,648)	(1,975)
	- weaken by 5% (2019: 5%)	1,648	1,975
CNY/RM	- strengthen by 5% (2019: 5%)	(7)	(25)
	- weaken by 5% (2019: 5%)	7	25
MMK/RM	- strengthen by 5% (2019: 5%)	249	97
	- weaken by 5% (2019: 5%)	(249)	(97)

(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 and the Company manages their interest rate exposure by maintaining a prudent mix of fixed and floating borrowings. The Group and the Company 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 2020 will be lower/higher by RM2,841,581 (2019: RM3,550,900) as a result of exposure to floating rate borrowings.

41. CAPITAL MANAGEMENT

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

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

The Group and the Company monitor the level of dividends to be paid to shareholders. The Company's objectives are to pay out regular dividends to the shareholders based on the level of the Group's and the Company's profitability and cash flows. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2020 and 31 December 2019.

The capital structure of the Group and of the Company consists of equity attributable to owners of the Company, comprising share capital, retained earnings and total debts.

		Group		Company	
	Note	2020 RM'000	2019 RM'000 (Restated)	2020 RM'000	2019 RM'000
Loan and borrowings		433,627	486,512	20,000	–
Lease liabilities		164,991	169,988	–	–
Trade and other payables		144,706	142,738	25,164	321
Contract liabilities		2,394	2,821	–	–
Less: Cash and short-term deposits		(78,938)	(95,772)	(2,065)	(8,314)
Net debt/(cash)		666,780	706,287	43,099	(7,993)
Total equity		621,471	584,743	387,047	385,528
		1,288,251	1,291,030	430,146	377,535
Gearing ratio		52%	55%	10%	*

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

(a) On 1 January 2020, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of Green Leadership Sdn. Bhd. ("Green Leadership") through a conditional Shares Sales Agreement ("SSA") entered on 20 December 2019 for the acquisition of 6,600,000 ordinary shares, representing 100% equity interest in Green Leadership for the purchase consideration of RM33,323,381. Consequently, Green Leadership's group of companies, including Green Leadership, GL II Sdn. Bhd. ("GL II") and GL III Sdn. Bhd. ("GL III"), together known as "GL Group", became indirect wholly-owned subsidiaries of the Company. The principal activities of GL Group were provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

(b) On 1 January 2021, the Company's indirect 51% owned subsidiary, Steadcom Sdn. Bhd. ("Steadcom") had acquired an additional 51% equity interest (representing 100% ordinary shares) in OCK Steadcom (Thailand) Co., Ltd ("Steadcom Thailand") for a cash consideration of RM402,372. Consequently, Steadcom Thailand became an indirect wholly-owned subsidiary of the Company.

(c) On 6 January 2020, the Company announced that the arbitration proceedings at China International Economic and Trade Arbitration Commission (CIETAC) in Shanghai has been concluded and the matter has been duly settled.

(d) On 12 February 2020, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 3,600,000 ordinary shares in Solar System & Power Sdn. Bhd. ("SSPSB"), representing 100% equity interest in SSPSB for the purchase consideration of RM13,000,000. Consequently, SSPSB became an indirect wholly-owned subsidiary of the Company. The principal activity of SPSSB was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

(e) On 3 July 2020, the Company had proposed to undertake the following:

   (i) a renounceable rights issue of up to 122,264,591 Rights Shares on the basis of 1 Rights Share for every 10 existing OCK Shares held, together with up to 122,264,591 Warrants B on the basis of 1 Warrant B for every 1 Rights Share subscribed for on an entitlement date to be determined and announced later;

   (ii) an exemption to Aliran Armada Sdn. Bhd. and Mr Ooi Chin Khoon and persons acting in concert with them, namely Ooi Cheng Wah, Low Hock Keong, Abdul Halim Bin Abdul Hamid, Chang Tan Chin and Chong Wai Yew, under Paragraph 4.08(1)(b) of the Rules from the obligation to undertake a mandatory take-over offer for all the remaining OCK Shares and outstanding Warrants 2015/2020 in the Company not already owned by them pursuant to the Proposed Rights Issue with Warrants ("Proposed Exemption"); and

   (iii) the establishment of an employees' share option scheme ("ESOS") of up to 15% of the total number of issued OCK Shares (excluding treasury shares, if any) at any point in time over the duration of the ESOS for eligible persons.

   On 24 July 2020, the Company had decided not to proceed with the Proposed Exemption.

(f) On 11 November 2020, the Company had resolved to fix the issued price of Right Shares at RM0.20 per Rights Share ("Issue Price") and the exercise price of the Warrants B at RM0.42 per Warrant B ("Exercise Price").

(g) On 28 December 2020, the Company issued 750 new ordinary shares at an exercise price of RM0.71 per ordinary share through the exercise of warrants.

(h) On 31 December 2020, the Company had subscribed an additional 16,895,617 ordinary shares at the price of RM1.00 each in the share capital of a subsidiary, OCK International Sdn. Bhd. by way of capitalising the amount owing to the Company of RM16,895,617.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

42. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONT'D)

(i) On 31 December 2020, the Company had subscribed an additional 51,218,110 ordinary shares at the price of RM1.00 each in the share capital of a subsidiary, Milab Marketing Sdn. Bhd. by way of capitalising the amount owing to the Company of RM51,218,110.

(j) On 31 December 2020, the Company's wholly owned-subsidiary , Milab Marketing Sdn. Bhd. had purchased an adiitional 24,500 ordinary shares in the share capital of a subsidiary, Gabungan Milab Sdn. Bhd. (formerly known as Seri Kuasa Sdn. Bhd.) for a purchase consideration of RM1. The Company's effective ownership in Gabungan Milab Sdn. Bhd. (formerly known as Seri Kuasa Sdn. Bhd.) increased from 51% to 100% as a result of the additional shares purchased.

(k) On 31 December 2020, the Company's indirect 60% owned subsidiary, Southeast Asia Telecommunications Holdings Pte. Ltd. had disposed its 100% equity investments in Delong Opportunity Investment Pte. Ltd. ("Delong") and Celveland Capital Pte. Ltd. ("Cleveland") for a total consideration of RM9,119 each.

(l) **COVID-19 pandemic**

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and the Company's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2020.

Given the fluidity of the situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 December 2021 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

(m) On 4 January 2021, the Company's indirect wholly-owned subsidiary, Vietnam Infrastructure Heritage Ltd. ("VIHL") had been struck-off from the Register of Companies pursuant to Section 208(1) of the BVI Business Companies Act.

(n) On 8 January 2021, the Company had listed and quoted 95,857,296 rights shares and 95,857,296 warrants issued pursuant to the Rights Issue with Warrants on the Main Market of Bursa Malaysia Securities Berhad at the issued price of RM0.20 per Rights Share ("Issue Price") and the exercise price of the Warrants at RM0.42 per Warrant ("Exercise Price"), marking the completion of the Rights Issue with Warrants.

(o) On 2 February 2021, the Company had issued 9,250 new ordinary shares at a price of RM0.42 per ordinary share through the exercise of warrants.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

43. COMPARATIVE FIGURES

	As previously classified RM'000	Reclassification RM'000 (a)	Effect of adjustment from PPA RM'000 (b)	As restated RM'000
Group				
2019				
Statements of Comprehensive Income				
Other income	9,117	–	302	9,419
Other operating expenses	(9,038)	–	(74)	(9,112)
Tax expense	(8,487)	–	18	(8,469)
Statements of Financial Position				
Non-current assets				
Intangible assets	165,608	–	844	166,452
Current assets				
Trade and other receivables	301,755	(61,005)	–	240,750
Contract assets	19,021	61,005	–	80,026
Non-current liabilities				
Deferred tax liabilities	(13,130)	–	(598)	(13,728)
Current liabilities				
Trade and other payables	(144,116)	1,378	–	(142,738)
Contract liabilities	(1,443)	(1,378)	–	(2,821)
Statements of Cash Flows				
Net cash from operating activities	170,968	(19,562)	–	151,406
Net cash used in financing activities	(27,339)	19,562	–	(7,777)

(a) The comparative figures have been reclassified to conform with current year presentation.

(b) Arising from the Purchase Price Allocation ("PPA") exercise carried out on the acquisition of Tanda Hebat Sdn. Bhd., Energenetic Sdn. Bhd., Powerlator Sdn. Bhd. and Frontier Integrator (Sabah) Sdn. Bhd. as disclosed in Note 16(i).

STATEMENT BY DIRECTORS

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

We, **OOI CHIN KHOON** and **ABDUL HALIM BIN ABDUL HAMID**, being two of the directors of OCK GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 78 to 198 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

....

OOI CHIN KHOON
Director

....

ABDUL HALIM BIN ABDUL HAMID
Director

Kuala Lumpur

Date: 28 April 2021

STATUTORY DECLARATION

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

I, **ANTHONY THONG YEONG SHYAN**, 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 78 to 198 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.

....

ANTHONY THONG YEONG SHYAN
(MIA Membership No: 6179)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 28 April 2021.

Before me,

Commissioner of Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OCK GROUP BERHAD
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OCK Group Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 78 to 198.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Goodwill (Note 4(a) and Note 14 to the financial statements)

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

Our audit response:
Our audit procedures included, among others:

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

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (Cont'd)

Group (Cont'd)

Trade receivables and contract assets (Note 4(b) and Note 19 to the financial statements)

The Group has significant trade receivables and contract assets as at 31 December 2020 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

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

Revenue and corresponding costs recognition for construction activities (Note 4(c) and Note 20 to the financial statements)

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

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

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Key Audit Matters (Cont'd)

Company

Investment in subsidiaries (Note 4(d) and Note 16 to the financial statements)

The Company performs impairment review on the investment in subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the investment in subsidiaries may not be recoverable in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary. The assessment of the net tangible assets of the subsidiaries affects the result of the impairment test.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involve uncertainties and are significantly affected by assumptions used and judgement made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the results of the Company's tests for impairment of investment in subsidiaries.

Our audit response:
Our audit procedures included, among others:
- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- comparing the Company's assumptions to our assessments in relation to key assumptions to assess their reasonableness and achievability of the projections;
- testing the mathematical accuracy of the impairment assessment; and
- performing a sensitivity analysis around the key assumptions.

Amounts owing by subsidiaries (Note 4(e) and Note 19 to the financial statements)

The Company performs impairment review on the amounts owing by subsidiaries whenever the events or changes in circumstances indicate that the carrying amount of the amounts owing by subsidiaries may not be recoverable in accordance with its accounting policy.

Significant judgement is required over assumptions about risk of default and expected loss rate. In making the assumptions, the Company selected inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our audit response:
Our audit procedures included, among others:
- understanding the design and implementation of controls associated with monitoring of outstanding amounts by subsidiaries;
- checking the shareholders' fund and expected manner of recovery of each subsidiary;
- obtaining confirmation of balances from subsidiaries;
- checking subsequent receipts, correspondence and considering explanation on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of expected credit loss as at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT
(CONT'D)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we also report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 16 to the financial statements.

Other Matters

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

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2022 J
Chartered Accountant

Kuala Lumpur

Date: 28 April 2021

LIST OF PROPERTIES

Registered/ Benefical Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area sq ft	Audited Net Book Value as at 31 December 2020 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	Title: P.T No. 366 held under Title No. H.S.(D) 292524 Mukim Pekan Hicom District of Petaling State of Selangor (formerly known as P.T No. 629 & 630 held under Title No. H.S.(D) 63627 & 63628 respectively Mukim Damansara District of Petaling State of Selangor) Address: No. 79 & 80, Hicom Sector B, Jalan Teluk Gadung 27/93A, Seksyen 27, 40000 Shah Alam, Selangor Darul Ehsan	Single (1) storey detached warehouse annexed with a three (3) storey office building and a double laboratory/ Rented to third party	Freehold	55,984 / 47,084	13,250	13,250 / December 2020	20,06,1995
OCK Setia Engineering Sdn. Bhd.	Title: P.T. No. 703 held under Title No. H.S.(D) 194910 Town of Sunway District of Petaling State of Selangor Address: No. 21, Jalan PJS 8/18, Dataran Mentari 2, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan.	Three (3) storey terrace intermediate shop office/ Rented to third parties	99 years lease expiring 06.11.2102	1,765 / 5,228	2,150	2,150 / December 2020	18,08,2008
OCK Setia Engineering Sdn. Bhd.	Title: Geran 46092/M1/21/94, Petak No. 94, Tingkat No. 21, Bangunan No. M1, Lot no 70, Seksyen 70, Town and District Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur Address: No 18-02, Q Sentral, 2A, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur	Office unit/ Unoccupied	Freehold	1,660	2,361	2,150 / December 2020	14.09.2016

LIST OF PROPERTIES
(CONT'D)

Registered/ Benefical Owner	Title/Address	Description/ Existing Use	Tenure	Land Area/ Built-up Area sq ft	Audited Net Book Value as at 31 December 2020 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	Title: P .T. No. 84 held under Title No. 215172, Lot No. 61777 (formerly known as H.S.(D) No. 225932, PT No. 84, Bandar Glenmarie, District of Petaling State of Selangor Address: No. 18, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan	A double storey warehouse with an annexed 3-storey office building/ Head office of OCK	Freehold	46,016 / 46,857	16,900	17,000 / December 2020	25.11.1995
OCK M&E Sdn. Bhd.	Title: P.T. No. 41553 held under Title No. H.S.(M) 19182, Mukim Dengkil, District of Sepang, State of Selangor Address: No. 6, Jalan PTP 1/1 Taman Perindustrian Tasik Perdana@ Puchong, 47120 Puchong, Selangor Darul Ehsan	One and a half storey (1 1/2 semidetached factory)/ Unoccupied	99 years lease expiring 4.11.2107	8,125 / 4,043	2,928	3,000 / December 2020	21.09.2011
Milab Marketing Sdn. Bhd.	Title: P.T. No. 2422 held under Title No. H.S.(M) 15/90, Mukim Semarak Pasir Puteh, State of Kelantan P.T. No. 6757 held under Title No. H.S.(M) 1751, Mukim Semarak Pasir Puteh, State of Kelantan Address: Kawasan Ltn Semarak, Tok Bali 46400, Pasir Puteh, Kelantan Darul Naim	1 MWP Solar Power Plant	99 years lease expiring 17.12.2089 99 years lease expiring 15.4.2094	195,257 197,087	1,336	1,300 / December 2020	25.11.2013

ANALYSIS OF SHAREHOLDINGS
AS AT 12 APRIL 2021

Issues and fully paid-up Share Capital	:	RM314,700,738.70
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per shareholder on a show of hands or one vote per ordinary shares on poll
Number of shareholdes	:	10,624

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of holders	%	No. of shares	%
1 - 99	117	1.101	5,084	-
100 - 1,000	826	7.774	547,698	0.051
1,001 - 10,000	5,256	49.472	31,307,096	2.969
10,001 - 100,000	3,890	36.615	126,469,662	11.994
100,001 - 47,928,648 (*)	530	4.988	370,069,289	35.096
52,722,012 And Above (**)	5	0.047	526,041,429	49.888
TOTAL :	**10,624**	**100.000**	**1,054,440,258**	**100.000**

Remark : * - Less Than 5% Of Issued Shares
** - 5% And Above Of Issued Shares

SUBSTANTIAL SHAREHOLDERS
As per the Register of Substantial Shareholders

	Shareholdings			
Name of Shareholders	**Direct**	**%**	**Indirect**	**%**
Aliran Armada Sdn.Bhd.	325,995,150	34.008	-	-
Lembaga Tabung Angkatan Tentera	107,893,425	10.232	-	-
Employees Provident Fund Board	77,323,840	7.333	-	-
Ooi Chin Khoon	372,000	0.015	327,051,225	31.017

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

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

	Shareholdings			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Abdul Halim Bin Abdul Hamid	-	-	-	-
Chang Tan Chin	-	-	-	-
Rhb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chang Tan Chin	4,658,610	0.441	-	-
Rhb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chang Tan Chin	1,375,000	0.130	-	-
Chong Wai Yew	-	-	-	-
Rhb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chong Wai Yew	8,305,000	0.787		
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	-	-	-	-
Low Hock Keong	-	-	-	-
Rhb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Low Hock Keong	2,310,000	0.219		
Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Low Hock Keong	11,186,800	1.060		
Mahathir Bin Mahzan	-	-	-	-
Ooi Chin Khoon	18,700	0.001		
Rhb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Chin Khoon	390,500	0.037		
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	-	-	-	-
Ym Syed Hazrain Bin Syed Razlan Jamalullail	-	-	-	-

ANALYSIS OF SHAREHOLDINGS
(CONT'D)

LIST OF TOP 30 HOLDERS AS AT 09/04/2021 (FOR ANNUAL REPORT)

No.	Name of Shareholders	No. of Shares Held	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN.BHD.	167,083,015	15.845
2.	LEMBAGA TABUNG ANGKATAN TENTERA	107,893,425	10.232
3.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN BHD (SIN 45387)	97,196,000	9.217
4.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	77,323,840	7.333
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ALIRAN ARMADA SDN BHD (PB)	76,545,149	7.259
6.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	21,924,000	2.079
7.	HE SWEE HONG	18,980,000	1.800
8.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN BHD	17,600,000	1.669
9.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	15,884,500	1.506
10.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	12,776,730	1.211
11.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	11,498,492	1.090
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOW HOCK KEONG	11,186,800	1.060
13.	LEE MEI SIANG	8,413,185	0.797
14.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG WAI YEW	8,305,000	0.787
15.	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 2	7,170,130	0.679
16.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	6,900,000	0.654
17.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	6,469,100	0.613
18.	SONG CHIN YEW	5,986,596	0.567
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	5,198,000	0.492
20.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	4,781,400	0.453
21.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG TAN CHIN	4,658,610	0.441
22.	LEE ENG HOCK & CO. SENDIRIAN BERHAD	4,588,300	0.435
23.	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	4,499,600	0.426
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)	3,658,000	0.346
25.	HOH MOH YING	3,305,500	0.313
26.	SAW LEE LENG	3,020,200	0.286
27.	TOH CHEW YIE	2,928,500	0.277
28.	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,885,900	0.273
29.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	2,810,900	0.266
30.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA FAMILY TAKAFUL BERHAD (DANA EKUITI)	2,682,000	0.254
	Total	724,152,872	68.676

ANALYSIS OF WARRANTS

AS AT 12 APRIL 2021

No. of warrants in issue	:	95,848,046
Exercise price of warrants	:	RM0.42
Voting Rights	:	One (1) vote per warrant holder on a show of hands or one (1) vote per warrant on poll in the meeting of warrant holders
Number of warrant holders	:	2,519

ANALYSIS OF WARRANTHOLDINGS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	40	1.587	1,628	0.001
100 - 1,000	702	27.868	399,717	0.417
1,001 - 10,000	1,009	40.055	4,417,224	4.608
10,001 - 100,000	624	24.771	22,610,398	23.589
100,001 - 4,792,401 (*)	141	5.597	46,973,925	49.008
4,792,402 And Above (**)	3	0.119	21,445,154	22.374
TOTAL :	**2,519**	**100.000**	**95,848,046**	**100.000**

Remark : * - Less Than 5% Of Issued Warrants
** - 5% And Above Of Issued Warrants

SUBSTANTIAL WARRANTHOLDINGS

As per the Register of Substantial Warrantholdings

	Warrantholdings			
Name of Warrantholdings	**Direct**	**%**	**Indirect**	**%**
Aliran Armada Sdn.Bhd.	16,460,731	17.17	-	-
Employees Provident Fund Board	6,599,940	6.885	-	-

ANALYSIS OF WARRANTS
(CONT'D)

DIRECTORS' INTERESTS IN WARRANTS
As per the Register of Directors' Warrantholdings

	Warrantholdings			
	Direct		Indirect	
Name of Directors	**No. of Shares**	**%**	**No. of Shares**	**%**
Abdul Halim Bin Abdul Hamid	–	–	–	–
Chang Tan Chin	–	–	–	–
Rhb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chang Tan Chin	510	–	–	–
Chong Wai Yew	–	–	–	–
Dato' Indera Syed Norulzaman Bin Kamarulzaman	–	–	–	–
Low Hock Keong	–	–	–	–
Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Low Hock Keong	800,000	0.834	–	–
Mahathir Bin Mahzan	–	–	–	–
Ooi Chin Khoon	1,700	0.001	–	–
Rhb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ooi Chin Khoon	35,500	0.037	–	–
Rear Admiral Dato, Mohd Som Bin Ibrahim	–	–	–	–
Ym Syed Hazrain Bin Syed Razlan Jamalullail	–	–	–	–

ANALYSIS OF WARRANTS
(CONT'D)

LIST OF TOP 30 HOLDERS AS AT 09/04/2021 (FOR ANNUAL REPORT)

No.	Name of Shareholders	No. of Shares Held	%
1.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN.BHD.	7,886,565	8.228
2.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ALIRAN ARMADA SDN BHD (PB)	6,958,649	7.260
3.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,599,940	6.885
4.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN CHIN HOOI	3,500,000	3.651
5.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	2,234,800	2.331
6.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN BHD	1,600,000	1.669
7.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	1,025,300	1.069
8.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG SEE HIEN	1,020,000	1.064
9.	LIM KIAN KAK	1,000,000	1.043
10.	NEOH GUAN KIE	1,000,000	1.043
11.	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	808,110	0.843
12.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOW HOCK KEONG	800,000	0.834
13.	INDAR KAUR A/P DAN SINGH	774,900	0.808
14.	LEE MEI SIANG	764,835	0.797
15.	HO CHUN SIONG	700,000	0.730
16.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOKE SEE OOI (CEB)	700,000	0.730
17.	THAM TZE HUEY	700,000	0.730
18.	CHIANG SIONG CHIEW @ CHIONG SIONG CHIEW	653,000	0.681
19.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAW BAN HUAT	600,000	0.625
20.	TOK CHIN THIAM	575,000	0.599
21.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	563,100	0.587
22.	ONG WEE KHIANG	500,300	0.521
23.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SCURITIES ACCOUNT FOR LEONG YUET MOOI (8105904)	500,000	0.521
24.	BOO WEI HAN	500,000	0.521
25.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NYONG CHYE SENG (S PETALING-CL)	500,000	0.521
26.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUAH CHAW SONG	500,000	0.521
27.	NG CHOI	500,000	0.521
28.	SENG SHUN MUN	480,000	0.500
29.	WU LUNG YEN	460,000	0.479
30.	LOW TEONG KEONG	420,000	0.438
	Total	44,824,499	46.766

NOTICE OF THE TENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Tenth Annual General Meeting of **OCK GROUP BERHAD** (Registration No.: 201101027780 (955915-M)) will be conducted fully virtual at the Broadcast Venue, Meeting Room, No. 18, Jalan Jurunilai U1/20, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 June 2021 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. *Please refer to Note 1*

2. To approve the payment of Directors' fees and benefits amounting to RM168,000 for the financial year ended 31 December 2020. *Resolution 1*

3. To approve the payment of Directors' fees and benefits of up to RM300,000 for the period from 1 January 2021 until the conclusion of the next Annual General Meeting. *Resolution 2*

4. To re-elect the following Directors who retire by rotation pursuant to Clause 97 of the Company's Constitution: -

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

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

    c) Mr. Ooi Chin Khoon *Resolution 5*

5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *Resolution 6*

SPECIAL BUSINESS:-

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

6. **ORDINARY RESOLUTION** *Resolution 7*
    - **Authority for Directors to allot and issue shares pursuant to Section 75 & 76 of the Companies Act, 2016**

      The ordinary resolution set out below shall be proposed to the Members for approval: -

      "**THAT** pursuant to Section 75 & 76 of the Companies Act, 2016 and subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF THE TENTH ANNUAL GENERAL MEETING (CONT'D)

7. **ORDINARY RESOLUTION** *Resolution 8*
   - **Proposed Renewal of Shareholders' Mandate for Share Buy-Back of OCK Group Berhad**

   "**THAT** subject to the Companies Act 2016 ("Act"), the Company's Constitution, the Main Market Listing Requirements of Bursa Securities ("MMLR") and all other prevailing laws, rules, regulations and orders issued and/or amended from time to time by the relevant regulatory authorities, the Company be and is hereby authorised to purchase and/or hold up to ten percent (10%) of the total number of issued shares of the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors of the Company may deem fit and expedient in the best interest of the Company and an amount not exceeding the retained profits of the Company, be allocated by the Company for the Proposed Share Buy-Back.

   AND THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be and are hereby authorised to cancel such shares or retain such shares as Treasury Shares or a combination of both. The Directors of the Company are further authorised to resell the Treasury Shares on Bursa Securities or distribute the Treasury Shares as dividends to the shareholders of the Company or subsequently cancel the Treasury Shares or any combination of the three.

   AND FURTHER THAT the Directors of the Company be and are hereby authorised to carry out the Proposed Share Buy-Back immediately upon the passing of this resolution until:-

   (a) the conclusion of the next Annual General Meeting of the Company at which time the authority shall lapse, unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to the conditions; or

   (b) the expiration of the period within which the next Annual General Meeting is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting

   whichever occur first but not so as to prejudice to the completion of purchase(s) by the Company before the aforesaid expiry date and to take all steps as are necessary and/or to do all such acts and things as the Directors of the Company deem fit and expedient in the interest of the Company to give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, amendments and/or variations as may be imposed by the relevant authorities."

NOTICE OF THE TENTH ANNUAL GENERAL MEETING (CONT'D)

8. **ORDINARY RESOLUTION** *Resolution 9*
   - **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 May 2020 subject to the following :

   (a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and

   (b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year including amongst others, the following information :

      (i) the type of recurrent related party transaction and;

      (ii) the names of the related parties involved in each recurrent party transaction entered into and their relationship with the Company;

   AND THAT such approval shall continue to be in force until :

   (a) the conclusion of the next AGM of the Company; or

   (b) the expiration of the period within which the next AGM is required to be held pursuant to Section 340(2) of the Companies Act, 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or

   (c) revoked or varied by ordinary resolution passed by the shareholders at a General Meeting;

   whichever is the earlier,

   AND FURTHER THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or give effect to the transactions contemplated and/or authorised by this ordinary resolution."

ANY OTHER BUSINESS:-

9. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD

WONG YOUN KIM (MAICSA 7018778)
Company Secretary

Kuala Lumpur
Date: 10 May 2021

NOTICE OF THE TENTH ANNUAL GENERAL MEETING (CONT'D)

Notes:-

1. *This Agenda item is meant for discussion only as the provision of Section 248(2) of the Companies Act, 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.*

2. *A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting and where the member appoints two (2) proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*

3. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.*

4. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*

5. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*

6. ***Explanatory Notes on Special Business***
   Resolution 7 - Authority for Directors to allot and issue shares pursuant to Section 75 & 76 of the Companies Act, 2016

   The proposed Resolution 7 under item 6 above, if passed, will empower the Directors of the Company, from the date of the above Annual General Meeting, with the authority to issue and allot shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting.

   This general mandate is a renewal of the mandate that was approved by the Shareholders at the Ninth Annual General Meeting held on 30 June 2020. The renewal of this general mandate is to provide flexibility to the Company to issue new shares without the need to convene a separate general meeting to obtain shareholders' approval so as to avoid incurring cost and time. The purpose of this general mandate is for fund raising exercises including but not limited to further placement of shares for the purpose of funding current and/or future investment projects, working capital and/ or acquisitions. As at the date of this notice of meeting, no shares have been issued pursuant to the general mandate granted at the Ninth AGM of the Company.

7. ***Resolution 8 – Proposed Renewal of Shareholders' Mandate for Share Buy-Back of OCK Group Berhad***

   The proposed Resolution 8 under item 7 above is to seek the authority for the Company to purchase its own shares up to 10% of the total number of issued shares of the Company on Bursa Securities. For further information on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back, please refer to the Part A of Circular to Shareholders dated 10 May 2021.

8. ***Resolution 9 – Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature***

   The proposed Ordinary Resolution is intended to enable the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations to facilitate transactions in the normal course of business of the Company with the specified classes of related parties, provided that they are carried out on an arms' length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

   Please refer to the Part B of Circular to Shareholders dated 10 May 2021 for further information.

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OCK GROUP BERHAD

(Registration No. 201101027780 (955915-M))
(Incorporated in Malaysia)

FORM OF PROXY

*I/We,..
(FULL NAME IN BLOCK LETTERS)

of ....
(ADDRESS)

being a member(s) of OCK GROUP BERHAD, hereby appoint ....
(FULL NAME)

of ....
(ADDRESS)

or failing him/her, ...
(FULL NAME)

....
(ADDRESS)

or failing him/her, the Chairman of the Meeting as *my/our proxy(ies) to vote for *me/us on *my/our behalf at the Tenth Annual General Meeting of the Company to be conducted fully virtual at the Broadcast Venue, Meeting Room, No. 18, Jalan Jurunilai U1/20, Seksyen U1, Hicom Glenmarie Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan on Friday, 25 June 2021 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:
*(*Strike out whichever is not desired)*

(Should you desire to direct your Proxy as to how to vote on the Resolution set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

Resolutions		**For**	**Against**
ORDINARY BUSINESS			
1.	To approve the payment of Directors' fees and benefits amounting to RM168,000 for the financial year ended 31 December 2020		
2.	To approve the payment of Directors' fees and benefits of up to RM300,000 for the period from 1 January 2021 until the conclusion of the next Annual General Meeting		
3.	Re-election of Director – Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman		
4.	Re-election of Director – Encik Abdul Halim Bin Abdul Hamid		
5.	Re-election of Director – Mr. Ooi Chin Khoon		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration		
SPECIAL BUSINESS			
7.	Authority to Issue Shares Pursuant to Section 75 & 76 of the Companies Act, 2016		
8.	Proposed Renewal of Share Buy-Back of up to 10% of the Issued and Paid-Up Ordinary Share Capital of OCK Group Berhad		
9.	Proposed Renewal and Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature		

Dated this __________ day of ___________________ 2021

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:-

1. *A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting and where the member appoints two (2) proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*
2. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.*
3. *Where a member of the Company is an exempt authorized nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorized nominee may appoint in respect of each omnibus account it holds.*
4. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 21 June 2021 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend and/or vote on his/her behalf.*
5. *A member of the Company shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting and where the member appoints two (2) proxies to attend, participate, speak and vote at the same meeting, such appointment shall be invalid unless the member specifies the proportion of his/her holdings to be represented by each proxy.*

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AFFIX
STAMP

OCK GROUP BERHAD
(Registration No. 201101027780 (955915-M))
LEVEL 2, TOWER 1
AVENUE 5, BANGSAR SOUTH CITY
59200 KUALA LUMPUR

Please fold here

OCK GROUP BERHAD

OCK Group Berhad 201101027780 (955915-M)
No. 18, Jalan Jurunilai U1/20, Seksyen U1,
Hicom Glenmarie Industrial Park,
40150 Shah Alam, Selangor, Malaysia
Tel: +(603) 5565-9688
Fax : +(603) 5565-9699
Email: enquiry@myock.com