OCK GROUP BERHAD

Taking A Leap With 5G

DRIVING
NETWORK
SOLUTIONS

ANNUAL REPORT
2019

FULL-FLEDGED
NETWORK SERVICES PROVIDER


Telco Tower


Renewable Energy


M&E Services


Malaysia Tower


Myanmar Tower


Vietnam Tower

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 of 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 4,200 telecommunication towers. The Group's ambitions as a telecommunication tower company was demonstrated when the Group successfully penetrated into two high growth telecommunication tower markets in Myanmar and Vietnam within a short period of 14 months.

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

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

VISION

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

MISSION

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

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

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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 (11324-H)
Level 17, The Gardens
North Tower, Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Tel : (603) 2264 3883
Fax : (603) 2282 1886

STOCK EXCHANGE LISTING

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

PRINCIPAL BANKERS

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

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

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

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

CORPORATE MILESTONES

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

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

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

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

- **Device Vision Sdn Bhd - (51%)**
  Provision of information technology services - (wef 27 Jun 2019)

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%)**
  Telecommunications Network & Network Deployment Services

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

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

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

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

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 - (wef 1 Aug 2019)
- **OCK Myanmar Holdings Pte. Ltd. - (100%)**
  Mobile Cellular and other Wireless Telecommunications Network Operation
  - **OCK Myanmar Towers Pte. Ltd. - (100%)**
    Tower facilities, utilities and communication network for mobile and broadband operators
    - **OCK Yangon Pte. Ltd. - (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
    - **Delong Opportunity Investments Pte. Ltd. - (100%)**
      Investment Holding
    - **Cleveland Capital Pte. Ltd. - (100%)**
      Investment Holding
    - **Vietnam Infrastructure Heritage Ltd. ("Vihl") - (100%)**
      Investment Holding
    - **Eastern Tower Joint Stock Company - (100%)**
      Investment Holding
      - **Global Infrastructure Investment Company Limited - (100%)**
        Vietnam Tower Operator
        - **Truong Loc Trading Service Telco Joint Stock Company - (100%)**
          Vietnam Tower Operator
      - **Mobile Information Service Company Limited ("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 Operation
      - **VNC - 55 Infrastructure Investment Company Limited - (100%)**
        Vietnam Tower Operator
        - **T&A Company Limited - (100%)**
          Vietnam Tower Operator

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
- **Seri Kuasa Sdn. Bhd. - (51%)**
  Green Renewable Energy
- **Energenetic Sdn. Bhd. - (100%)**
  Green Renewable Energy - (wef 24 Jan 2019)
- **Tanda Hebat Sdn. Bhd. - (100%)**
  Green Renewable Energy - (wef 24 Jan 2019)
- **Powerlator Sdn. Bhd. - (100%)**
  Green Renewable Energy - (wef 24 Jan 2019)
- **Frontier Intergrator (Sabah) Sdn. Bhd. - (100%)**
  Green Renewable Energy - (wef 1 Oct 2019)

FINANCIAL HIGHLIGHTS

REVENUE
RM473.4 MILLION

GROSS PROFIT
RM124.2 MILLION

PROFIT BEFORE TAXATION
RM39.9 MILLION

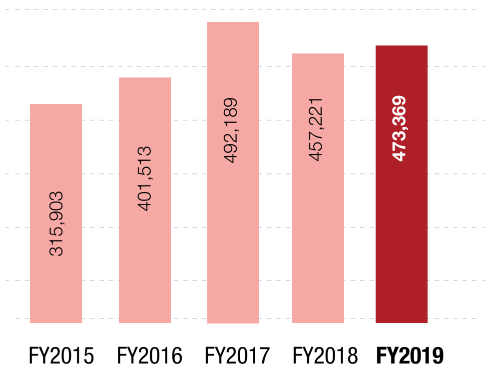
PROFIT AFTER TAXATION
RM31.4 MILLION

TOTAL EQUITY
RM584.5 MILLION

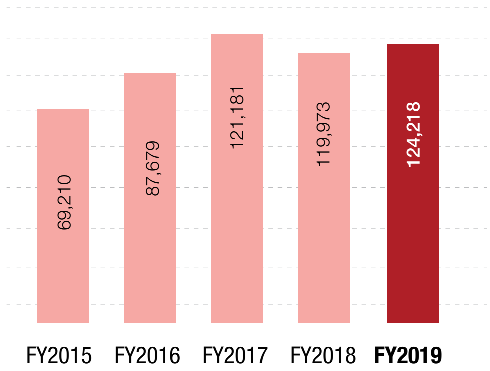
FINANCIAL HIGHLIGHTS
(CONT'D)

For Financial Year Ended 31 December		AUDITED 2015	AUDITED 2016	AUDITED 2017	AUDITED 2018	RESTATED AUDITED 2019
Revenue	RM'000	315,903	401,513	492,189	457,221	**473,369**
Gross Profit	RM'000	69,210	87,679	121,181	119,973	**124,218**
Profit Before Taxation (PBT)	RM'000	37,333	41,699	45,002	44,168	**39,861**
Profit After Taxation (PAT)	RM'000	27,151	30,356	31,940	29,812	**31,374**
Profit For The Year Attributable To Equity Holders		24,755	26,574	24,629	24,242	**28,275**
GP Margin	%	21.91	21.84	24.62	26.24	**26.24**
PBT Margin	%	11.82	10.39	9.14	9.66	**8.42**
PAT Margin	%	8.59	7.56	6.49	6.52	**6.63**
Basic Earnings Per Share	Sen	4.62	3.23	2.83	2.79	**3.20**

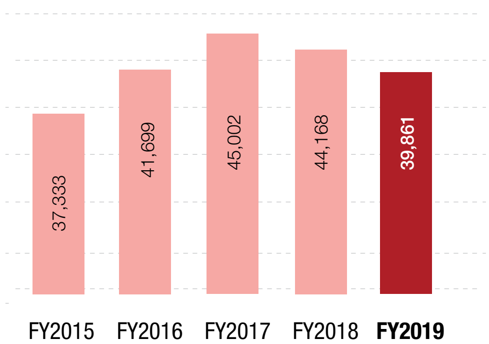
REVENUE (RM'000)



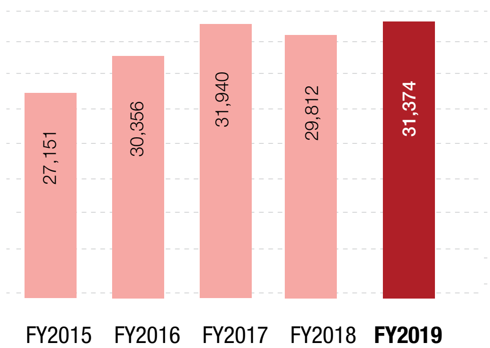
GROSS PROFIT (RM'000)



PROFIT BEFORE TAX (RM'000)



PROFIT AFTER TAX (RM'000)



MALAYSIA

17 Solar Farms

REGIONAL PRESENCE

of more than

4,200 Towers in ASEAN

NEWS HIGHLIGHTS

OCK to partner with China Unicom for telecommunication, technology services

PETALING JAYA: OCK Group Bhd has inked a memorandum of understanding with China Information Technology Designing & Consulting Institute Co Ltd (CITC).

CITC is a subsidiary of China United Network Communications Group Co Ltd (China Unicom).

OCK said under the MOU, both parties will collaborate in telecommunication and technology services.

The telecommunication services, include but not limited to, mobile infrastructure and network services including 5G and fibre optic infrastructure & bandwidth leasing. Meanwhile, the technology services, include but also not limited to, 5G and beyond applications services, Internet of Things and artificial intelligence.

CITC is obliged to perform technical & market analysis; recommend right proposals and provide end-to-end information network solutions for the construction of telecommunication networks, amongst others.

OCK in turn is to provide, amongst others, site access and to engage with the related authorities for all the relevant approvals and licensing.

"This signing allows OCK to bring in smart city platforms and applications into Malaysia. In fact, China Unicom has already successfully implemented these platforms and applications in a few cities in China," said OCK group managing director Sam Ooi Chin Khoon.

OCK Group 9MFY earnings within expectations

OCK Group Bhd
(Nov 22, 58.5 sen)
Maintain market perform with a lower target price (TP) of 58.5 sen: Year-on-year, OCK Group Bhd's cumulative nine months of financial year 2019 (9MFY19) revenue improved to RM350.4 million (+8%), mainly driven by greater income from mechanical and electrical engineering service contributions, cushioning the decline from the green energy and power solutions segments and trading businesses.

The telecommunications network services (TNS) segment inched up by 3% on more tower projects. Consequently, profit before tax (PBT) narrowed by 10%, mostly the result of lower TNS' PBT margin, likely on higher running costs. 9MFY19 profit after tax and minority interests (Patmi) closed at RM20.8 million (+22%) thanks to lower effective taxes and minority interests.

Quarter-on-quarter, the third quarter of FY19 sales increased by 13% following better activities in the TNS segment, which usually kicks in during the second half of the financial year period. Subsequent to this, PBT and Patmi rose to RM11.5 million (+19%) and RM8.5 million (+22%), respectively.

9MFY19 net earnings of RM20.8 million accounted for 75% and 77% of our and consensus full-year estimates, which we deem to be within. No dividend was declared, also as expected.

With RM52.3 million raised from the completion of the recent placement (87.1 million shares issues at 60 sen per piece) in early November, the group is embarking to acquire more solar farms to boost its existing portfolio. At present, the segment currently contributes less than 10% to revenue and PBT.

This would serve the group well to diversify its operations with the group seeking to unlock the value of its towerco unit (OCK SEA Towers) through a potential spin-off. Putting this aside, OCK Group Bhd is positioned to benefit from the five-year National Fiberisation and Connectivity Plan, with telco towers and fibre optic networks being the backbone to drive connectivity. Post-results, we leave our estimated FY19 (FY19E)/FY20E assumptions unchanged.

OCK Group Bhd

FYE DEC (RM MIL)	2018A	2019E	2020E
Turnover	457.2	495.3	557.0
Ebitda	99.8	113.9	125.3
Ebit	62.7	71.7	79.5
PBT	44.2	51.2	55.1
Patmi	24.3	30.7	33.1
Core Patmi	26.7	30.7	33.1
Consensus (NP)	-	29.9	33.0
Core EPS (sen)	3.1	3.5	3.4
Core EPS growth (%)	8.3	15.1	-2.1
BVPS (RM)	0.5	0.5	0.5
PER (x)	18.9	16.5	16.8
PBV (x)	1.1	1.1	1.1
Net gearing (x)	0.9	0.8	0.7

Source: Kenanga Research

We reiterate "market perform" but with a lower discounted cash flow (DCF)-driven TP of 58.5 sen (from 63 sen). Though we largely maintain our DCF assumptions on the back of weighed average cost of capital of 9.5% and TG of 1.5%, our reduced TP comes in part from the share dilution arising from the shares placement.

The group should continue to operate in a stable and sustainable operating environment, but may have seen its merits already being priced in at the current share price level. Excitement would probably emerge from more solid developments on the monetisation of the OCK SEA Towers. In the meantime, the lack of dividend expectations may also leave investors wanting more.

Risks to our call includes: i) faster/slower-than-expected expansion of tower portfolios; ii) higher/lower-than-expected operating margins. — *Kenanga Research, Nov 22*

OCK signs MoU with China Unicom subsidiary

Focus Malaysia 28 Nov 2019 16:01

OCK Group Berhad, Malaysia's leading telecommunication network solutions provider, announced the signing of a memorandum of understanding ("MOU") with China Information Technology Designing & Consulting Institute Co. Ltd. ("CITC") today. CITC is a subsidiary of China United Network Communications Group Co. Ltd or more commonly known as China Unicom.

The MOU outlined the framework of the business collaboration between OCK and CITC. Under the MOU, the two said parties will collaborate in telecommunication and technology services. The telecommunication services, include but not limited to, mobile infrastructure and network services including 5G and fibre optic infrastructure & bandwidth leasing. The technology services in turn, include but also not limited to, 5G and beyond applications services, Internet of Things and artificial intelligence.

CITC is obliged to perform technical & market analysis; recommend right proposals and provide end-to-end information network solutions for the construction of telecommunication networks, amongst others. OCK in turn is to provide, amongst others, site access and to engage with the related authorities for all the relevant approvals and licensing.

OCK Group 9MFY earnings within expectations

OCK inks MoU with CITC for business collaboration on telecommunication, technology services

NEWS HIGHLIGHTS
(CONT'D)

OCK集團斥3165萬購公司

（吉隆坡20日讯）OCK集团（OCK，0172，主要板通讯与媒体）宣布，斥资3165万令吉收购能源公司Green Leadership私人有限公司。

OCK集团向马证交所报备，子公司Milab Marketing私人有限公司已签署股份买卖协议，将收购Green Leadership全部股份。

该公司将利用私下配售（已于10月25日完成）的集资所得，支付部分收购款项。

OCK集团董事经理黄振坤透过文告指出："这是一项协同收购，因为我们将继续推动和扩大来自太阳能发电厂业务的经常性收入。公司是绿色再生能源的支持者，并将继续参与国内更多太阳能再生能源领域的相关计划。"

OCK seen as beneficiary of 5G deployment

OCK Group Bhd
(Jan 28, 58 sen)
Maintain buy with an unchanged target price of 75 sen: Management is confident of sealing the tower company divestment deal soon. A deal is crucial so as not to scuttle its regional expansion plans while removing the overhang of the stock. We maintain our earnings forecasts ahead of a seasonally strong fourth quarter of financial year 2019 (4QFY19) showing (results due at end-February). Key risks are the planned divestment falling through and weaker-than-expected results/margins.

A positive outcome (formal deal inked) should remove the overhang of the stock. The delays in executing an agreement (since 3Q of calendar year 2019 [3Q19]) 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. More importantly, a deal would partially monetise and unlock the value of its tower company, ahead of a potential initial public offering in 2021 or 2022.

We gather that the acquisition of another 500 sites in Vietnam is in the bag (part of the 1,000 brownfield sites previously identified for purchase with due diligence ongoing for the remaining sites), in addition to brownfield sites in a new market. All in, the acquisitions (including the new built-to-suit sites in Myanmar) should bump up the number of tower sites owned to more than 5,000.

We see OCK Group Bhd as a strong beneficiary of fifth-generation (5G) deployment in Malaysia given the group's good execution track record in rolling out 3G sites under the universal service provisioning projects initiated by the Malaysian Communications and Multimedia Commission and ongoing network deployment for telecommunications companies.

This should translate into incrementally higher industry capital expenditure (capex), with 5G services set to be launched in 3Q20. The regulator recently awarded 150 sites under Phase 1 of the National Fiberisation and Connectivity Plan (NFCP) with the next round of awards scheduled for 2Q20 (NFCP 2) involving more than 500 locations.

OCK has recently proposed to acquire four solar farms for RM31.6 million. The first generation solar farms in Sabah have a combined capacity of 3.3mw with blended feed-in-tariff of RM1.11/KW (annual generation revenue RM4 million). The purchase will be partly funded by the recent share placement with deal completion slated by end 1Q20.

We previously estimated the deal would be earnings-neutral based on a 70:30 debt/equity funding. While revenue contribution from solar farms remains small (approximately 5%), it should further strengthen overall recurring revenues (nine months of FY19: 49%). Management is targeting revenue contribution of 10-15% from the solar business in the longer term. — *RHB Research Institute, Jan 28*

OCK Group Bhd

FYE DEC (RM MIL)	2017	2018	2019F	2020F	2021F
Total turnover	492	457	521	558	577
Recurring net profit	25	27	29	32	33
Recurring net profit growth (%)	10.6	8.2	10.6	8.2	3.8
Recurring PER (x)	27.0	24.9	22.5	20.8	20.1
P/BV (x)	1.4	1.4	1.2	1.4	1.2
P/CF (x)	115.1	9.3	3.8	6.7	6.1
EV/Ebitda (x)	9.8	10.3	8.8	9.4	9.2
ROE (%)	5.3	5.6	5.5	6.0	6.5
Net debt to equity (%)	70.6	84.7	58.1	105.2	101.2
Interest coverage (x)	3.0	3.1	3.6	3.9	4.0

Sources: Company data, RHB

OCK seen as beneficiary of 5G deployment

This article first appeared in The Edge Financial Daily, on January 29, 2020.

OCK Group Bhd
(Jan 28, 58 sen)
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We gather that the acquisition of another 500 sites in Vietnam is in the bag (part of the 1,000 brownfield sites previously identified for purchase with due diligence ongoing for the remaining sites), in addition to brownfield sites in a new market. All in, the acquisitions (including the new built-to-suit sites in Myanmar) should bump up the number of tower sites owned to more than 5,000.

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We previously estimated the deal would be earnings-neutral based on a 70:30 debt/equity funding. While revenue contribution from solar farms remains small (approximately 5%), it should further strengthen overall recurring revenues (nine months of FY19: 49%). Management is targeting revenue contribution of 10-15% from the solar business in the longer term. — RHB Research Institute, Jan 28

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	532	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)	2.66	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	5.9

Sources: Company, Bloomberg Finance LP

IN BRIEF

OCK unit to buy Green Leadership

KUALA LUMPUR: OCK Group Bhd's wholly owned subsidiary, Milab Marketing Sdn Bhd, has entered into a share sales agreement to acquire the entire equity interest in Green Leadership Sdn Bhd for RM31.65 million. The acquisition will be partially funded by proceeds from its private placement, which was completed on Oct 25, according to a Bursa Malaysia filing yesterday. OCK group managing director Sam Ooi Chin Khoon said this was a synergistic acquisition for OCK as it continued to drive and expand recurring income that was derived from the solar farms business segment.

1250 万全购 SSPSB
OCK 进军太阳能

【吉隆坡12日讯】OCK集团（OCK，0172，主板贸易服务）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。

此次收购有助推动公司的长期战略。

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。

NEWS HIGHLIGHTS
(CONT'D)

行·家·论·股

OCK 集团

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 (Feb 13, 64 sen)

Maintain market perform with an unchanged target price of 58.5 sen: On Wednesday, OCK Group Bhd announced that the group had acquired a 100% equity interest in Solar System & Power Sdn Bhd (SSP) for a purchase consideration of RM12.5 million. SSP is principally involved in the research and development as well as production of solar and renewable energy. From what we have gathered, SSP is believed to own solar farms with 2MW capacity.

We are positive on this development as it is the materialisation of OCK's plan to expand its green energy and power segment. The group had raised RM52.3 million via private placement to bolster its own portfolio of eleven solar farms with a total 5.9MW solar energy production capacity. In December 2019, RM31.6 million went to the acquisition of Green Leadership Sdn Bhd which added 3.3MW capacity. The balance of the proceeds is likely to be used to fund this latest acquisition.

While these acquisitions should be earnings-accretive, their overall contribution to the group could be minimal as the green energy and power segment only makes up less than 10% of revenue and profit before tax respectively. Nonetheless, this diversification is in line with the management's plan to spin off its tower business operations (OCK SEA Towers) in the near future. That said, we opine the group could see steady momentum spilling over from the National Fiberisation and Connectivity Plan in the building of much-needed infrastructure. On the flip side, the recent partnership with China Unicom could help the group develop a presence with the introduction of fifth-generation (5G) applications in the country, with trial deployment runs in Penang currently. Our discounted cash flow assumptions are based on a weighted average cost of capital of 9.5% while also leaving our earnings estimates unchanged in this note. The group should continue to operate in a stable and sustainable operating environment, but its merits may have already been priced in at the current share price level. Excitement would probably emerge from more solid developments in the monetisation of OCK SEA Towers. In the meantime, the lack of dividend expectations may also leave investors wanting more.

Risks to our call include: i) faster/slower-than-expected expansion of tower portfolios; and ii) higher/lower-than-expected operating margins. — *Kenanga Research, Feb 13*

OCK Group Bhd

FYE DEC (RM MIL)	2018A	2019E	2020E
Turnover	457.2	495.3	557.0
Ebitda	99.8	113.9	125.3
Ebit	62.7	71.7	79.5
PBT	44.2	51.2	55.1
Net profit	24.3	30.7	33.1
Core Patami	26.7	30.7	33.1
Consensus (NP)	-	29.7	32.6
Core EPS (sen)	3.1	3.5	3.4
Core EPS growth (%)	8.3	15.1	-2.1
BVPS (RM)	0.5	0.5	0.5
PER (x)	19.9	17.3	17.7
PBV (x)	1.2	1.1	1.2
Net gearing (x)	0.9	0.8	0.7

Source: Kenanga Research

OCK GROUP BHD
By Kenanga Research
Market perform
Target price: RM0.585

OCK announced that the group has acquired 100% equity interest in Solar System & Power Sdn Bhd (SSP) for a purchase consideration of RM12.5mil.

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"We are positive with this development as it is the materialisation of OCK's plan to expand its green energy and power segment.

"The group had raised RM52.3mil via private placement to bolster its own portfolio of eleven solar farm with a total 5.9MW solar energy production capacity.

"In Dec 2019, RM31.6mil went to the acquisition of Green Leadership Sdn Bhd which added 3.3 MW capacity.

"The balance of the proceeds is likely to be used to fund this latest acquisition," said Kenanga Research.

While these acquisitions should be earnings accretive, the research house noted that the overall contribution to the group could be minimal as the Green Energy and Power segment only makes up less than 10% of revenue and pre-tax profit.

Nonetheless, this diversification is in line with management's plan to spin off its tower operations (OCK SEA Towers) in the near future.

"That said, we opine the group could see steady momentum spilling over from the NFCP in the building of much needed infrastructure.

"On the flipside, the recent partnership with China Unicom could help the group develop a presence with the introduction of 5G applications in the country with trial deployment runs in Penang currently," said Kenanga Research.

EVENT HIGHLIGHTS

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

Back Row From Left:

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

Low Hock Keong
Group Chief Executive Officer & Executive Director

Chang Tan Chin
Executive Director

Chong Wai Yew
Executive Director

Mahathir Bin Mahzan
Independent Non-Executive Director

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

BOARD OF DIRECTORS' PROFILE

DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN
Senior Independent Non-Executive Chairman
Malaysian, Aged 71,
(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"), a position he held until August 2012. He is currently the Chairman of Yong Tai Berhad, Pelikan International Corporation Berhad and Mah Sing Foundation. He is also a Director at Malaysia China Business Council ("MCBC").

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

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

BOARD OF DIRECTORS' PROFILE
(CONT'D)

ABDUL HALIM BIN ABDUL HAMID
Deputy Chairman
Malaysian, Aged 53,
(Appointed on 31 October 2011)

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

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

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

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

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

OOI CHIN KHOON
Group Managing Director
Malaysian, Aged 52,
(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 Meeting attended during the financial year: 5 out of 5.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

LOW HOCK KEONG
Group Chief Executive Officer & Executive Director
Malaysian, Aged 49,
(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 Meeting attended during the financial year: 5 out of 5.

CHANG TAN CHIN
Executive Director
Malaysian, Aged 52,
(Appointed on 31 October 2011)

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

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

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

BOARD OF DIRECTORS' PROFILE
(CONT'D)

CHONG WAI YEW
Executive Director
Malaysian, Aged 50,
(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 11.249 megawatts in Malaysia.

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

MAHATHIR BIN MAHZAN
Independent Non-Executive Director
Malaysian, Aged 42,
(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 Meeting attended during the financial year: 5 out of 5.

BOARD OF DIRECTORS' PROFILE
(CONT'D)

YANG MULIA SYED HAZRAIN BIN SYED RAZLAN JAMALULLAIL
Independent Non-Executive Director
Malaysian, Aged 41,
(Appointed on 25 November 2015)

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

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

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

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

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

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

REAR ADMIRAL (R) DATO' MOHD SOM BIN IBRAHIM
Non-Independent & Non-Executive Director
Malaysian, Aged 66,
(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 Meeting attended during the financial year: 5 out of 5.

KEY MANAGEMENT TEAM

QUEK MEU SAN
Director of Group Human Resource ("HR"), Administration and Information Technology ("IT")
Female, Aged 49

- *Certified of London Chamber of Commerce and Industry ("LCCI")*
- *Certified of Secretarial and Administrative Course*

ANTHONY THONG YEONG SHYAN
Group Chief Financial Officer
Male, Aged 54

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

TAN YEW TONG
Chief Marketing Officer
Marketing and Business Development
Male, Aged 51

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

FOO SEE LIANG
Chief Operating Officer Network Design and Deployment Division
Male, Aged 52

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

APOLLO WONG SHAU YANG
Director
Tendering and Marketing Support
Male, Aged 51

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

LEE KONG JIN
Director
Firatel Sdn. Bhd.
Male, Aged 50

- *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 42

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

JES TAN CHIN HONG
Financial Controller
Female, Aged 45

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

HUSSIN BIN ABU BAKAR
Head of Quality, Regulatory and Government Liaison
Male, Aged 55

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

JOHN SEET WAN CHI
Chief Executive Officer Southeast Asia Telecommunication Holdings Pte Ltd ("Seath"), Vietnam
Male, Aged 59

- *Diploma in Civil Engineering and BBA, University of Mississippi USA*

OMER CHAPPELART
Chief Executive Officer
OCK Yangon Pte. Ltd., Myanmar
Male, Aged 64

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

LIM HOOI SEEH
Chief Executive Officer
Putra Mulia Telecommunication, Indonesia
Male, Aged 52

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

Additional Information

1. None of the Key Management Personnel has any family relationship with and is not related to any Director and/or major shareholder of OCK Group Berhad.
2. None of the Key Management Personnel has any conflict of interest with OCK Group Berhad.
3. Other than traffic offences, none of the Key Management Personnel has any conviction for offences within the past five years, nor public sanctions or penalties imposed by the relevant regulatory authorities during the financial year.
4. Directorships held by the Key Management Personnel in public companies and listed issuers, other than companies within the OCK Group, if any, are disclosed in the Group Leadership/ Subsidiary Leadership section at https://www.ock.com.my/group-leadership or https://www.ock.com.my/Subsidiary-Leadership.
5. The profiles of the Key Management Personnel are available on the OCK Group Berhad website at https://www.ock.com.my/group-leadership or https://www.ock.com.my/Subsidiary-Leadership.

CHAIRMAN'S STATEMENT

"Dear Valued Shareholders,

On behalf of the Board of Directors, I am pleased to present to you the Annual Report and Audited Financial Statements of OCK Group Berhad ("OCK" or the "Group") for the financial year ended 31 December 2019 ("FYE2019")."

DATO' INDERA SYED NORULZAMAN BIN SYED KAMARULZAMAN

SENIOR INDEPENDENT NON-EXECUTIVE CHAIRMAN

2019 withnessed a deceleration in global economic growth. Amidst the challenging times Malaysia's economy grew at a modest pace of 4.3%. This was below the government's estimate of 4.7% growth for 2019, and was mainly due to the continued weaknesses in global trade and investment and shrinking private consumption. 2020 is expected to be another arduous year, with unfavourable events disrupting the markets. The Covid-19 outbreak alone has brought disruptions to production, global supply chain and travel activities. Bank Negara Malaysia has forewarned that growth for 2020 is expected to be adversely impacted, coupled with tighter financial conditions as well as financial market uncertainty. In an effort to counteract the adverse effects of the Covid-19 virus, the Malaysian Government initiated an economic stimulus package worth RM20 billion, followed by a secound package of RM250 billion covering a wide range of economic aspects.

Be that as it may, in this era where data plays an essential role to human connectivity, the telecommunication industry's outlook remain optimistic given the increasing demand for data and speed of transmission globally. Based on the statistics by the Malaysian Communications and Multimedia Commission, in Q3 2019, Malaysia's mobile internet traffic consumed data amounted to 3.75 exabytes (1 exabyte is equivalent to 1 billion

CHAIRMAN'S STATEMENT
(CONT'D)

gigabytes). That translated to a compound average growth rate of 85% from Q3 2017. This demand growth which is a plus for OCK can also be seen especially in markets where OCK operates, namely Indonesia, Myanmar, Vietnam and China.

It is also reassuring to note that the Malaysian Government has reaffirmed that it will proceed with the National Fiberisation and Connectivity Plan ("NFCP") with the retained budget of RM21.6 billion. The NFCP will enhance the infrastructure for communications which will then enable Malaysia to harness opportunities offered by the latest technologies and innovations in a futuristic digital economy. With that said, OCK stands as one of the potential beneficiaries through this government initiative.

FINANCIAL PERFORMANCE HIGHLIGHTS

OCK registered a higher revenue of RM473.4 million as compared to the previous year's RM457.2 million, translating to a 3.5% growth. Profit after tax ("PAT") grew by 5.0% to RM31.4 million as compared to RM29.8 million in the previous year.

The Telecommunication Network Services segment remained as the core contributor to the Group. This segment accounted for 82.9% of OCK's FYE2019 revenue, followed by Mechanical and Engineering business segment's 7.7% and Green Energy & Power Solutions business segment's contribution of 6.8%. The Trading business segment made up the remaining 2.6% of FYE2019 revenue.

REGIONAL HIGHLIGHTS

OCK is an advanced ASEAN independent tower company ("towerco"). Owning more than 4,200 telecommunication sites in Myanmar, Vietnam and Malaysia which translates into a 13.5% year on year growth as compared to FYE2018. We will continue to build up our tower portfolio through both greenfield and brownfield telecommunication opportunities in these countries, including expansion into other ASEAN countries.

Over the years, the Group's regional business has been performing well with revenue contribution increasing gradually, not only in terms of percentage contribution but also in value terms. In FYE2019, 39.6% of OCK's revenue was derived from the regional business as compared to 38.2% in FYE 2018

OCK will continuously explore for more opportunities for the towerco business as we seek to improve our current position and expand across the globe.

ADVOCATE FOR GREEN ENERGY

Malaysia's quest to become South-East Asia's green technology hub in the near future and the government's determination to maximize the potential in the green and renewable energy sector provides ample opportunities for OCK. As a key player in solar renewable energy, the Group is in pursuit of building up the green energy business segment as a sustainable secondary income stream. OCK will actively continue to build and own more solar farms through the government's initiatives in rolling out additional solar renewable energy programmes.

To date the Group owns a total of 11.2MW solar farms as compared to 5.9MW in 2018.

CORPORATE SOCIAL RESPONSIBILITY

At OCK, we aim to equip our future leaders and staff with not only the necessary skills and business acumen but to also remind them to always practise empathy and contribute to society through corporate social responsibility ("CSR"). Our team has conducted various CSR programmes, namely

- Monthly recycling campaigns in collaboration with Taiwan Buddhist Tzu Chi Foundation Malaysia. For this campaign, OCK collects unused items from our office along with staffs' personal contributions which are sent to the Foundation.

- Visit to *Persatuan Kebajikan Hati Berganda Selangor* to donate to the less fortunate. OCK and its staff made contributions both in cash and in kind.

CHAIRMAN'S STATEMENT
(CONT'D)

CORPORATE SOCIAL RESPONSIBILITY (CONT'D)

- Blood donation campaign with the National Blood Centre where 67 enthusiastic staff participated.
- Other sponsorship programmes for various organisations such as Kiwanis Club of Kuala Lumpur, Universiti Tunku Abdul Rahman, Multimedia University, First City University College.

MOVING FORWARD

The year ahead is fraught with many different challenges, not least with the impact of Covid-19 on the economy. However, we are confident in the strength of our business that is essential to everyone's daily life. We will continue to support the telecommunication industry's advancement including the Government's 5G expansion programme.

We will continue to pursue our long-term strategic goal of expanding our regional operations to maintain our status as one of ASEAN's leading towerco as well as maintaining our position as the largest telecommunication network services provider in Malaysia.

Despite the uncertainty of the global economy, it will be business as usual in OCK as our telecommunication plans and green renewable plans are on schedule.

AWARDS RECOGNITION

In 2018, our Managing Director, Mr Ooi Chin Khoon, was bestowed the Best CEO by Focus Malaysia under the publication's 'Best Under Billion Awards'. In 2019, he was awarded the 'The Page Elite Entrepreneurs 2019 award' by The Page Elite Entrepreneurs. I would like to congratulate him on yet another well deserved accolade, demonstrating strong leadership qualities that would be translated into leading OCK into the next phase of growth.

APPRECIATION

On behalf of the Board of Directors, I would like to extend our sincere thanks to our valued shareholders, business associates and clients for their confidence and continuous support. Despite the challenging conditions, I am optimistic that OCK is on track to deliver commendable results. We will do our utmost to propel OCK to greater heights.

Our deepest appreciation to OCK's staff and management team for their endeavours and commitment throughout the year.

I would also like to thank our board members for their wisdom and invaluable advice which have immensely contributed to the Group's achievements.

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

MANAGEMENT'S DISCUSSION & ANALYSIS

SAM OOI CHIN KHOON

GROUP MANAGING DIRECTOR
OCK GROUP BERHAD

TELECOMMUNICATIONS LANDSCAPE

Malaysia, as a data centre market, is expected to continue on stronger data growth trend over the next few years. The country has implemented 5G demonstration projects throughout the nation, led by the Malaysian Communications and Multimedia Commission ("MCMC") with telecommunication operators having commenced 5G trials and trial networks as well as prepping up their capital expenditure ("capex") as the 5G sites deployment is expected to be denser than 4G's deployment due to the nature of the higher frequency band.

To keep up with the rapid changes in technology, Malaysia is preparing the relevant infrastructure needs through the National Fiberisation and Connectivity Plan ("NFCP"). The NFCP will develop strategies to ensure that spectrum is more efficiently allocated to achieve the various targets set under this 5-year plan which, amongst others, include ensuring average speed of 30Mbps in 98% of the populated areas by 2023 and Gigabits availability in all state capitals by 2023.

Malaysian telecommunication operators are also consolidating by outsourcing maintenance of their respective towers to third parties like OCK Group Berhad ("OCK") which is a more evident trend in developed markets.

In Myanmar, just within a period of 5 years, the country now has 56 million mobile subscribers with a 110% mobile penetration. As a growing data centric country, more coverage will be needed as telecommunication operators continues to rollout its 4G plans as well as in preparation for any 5G spectrum initiatives from the government. In the meantime, more telecommunication sites is expected to be filled with co-locations, sharing of a telecommunication site amongst the telecommunication operators.

TELECOMMUNICATIONS LANDSCAPE (CONT'D)

Vietnam's telecommunication operators are in the process of testing and rolling out its 5G services. Barely a year ago, the country was just beginning to implement an aggressive 4G programme so much so 4G users are expected to increase by 10 million in 2020. This summarises how fast the global telecommunication landscape can evolve. Moving forward, Vietnam's overall telecoms market is expected to grow through to 2025 after the slowdown in 2018 and 2019 due to legacy 2G voice & SMS revenue pressure which were partially offset by mobile data growth.

FINANCIAL PERFORMANCE

OCK delivered a set of commendable financial results for the financial year ended 31 December 2019 ("FYE2019"), amid the backdrop of Malaysia's challenging economic conditions and global markets' uncertainties. OCK achieved a higher revenue of RM473.4 million, a 3.5% growth as compared to RM457.2 million in FYE2018. Profit after tax was RM31.4 million, equivalent to a growth of 5.0% in contrast to previous year's RM29.8 million. The Profit After Tax and Minority Interest ("PATAMI") surged by 16.9%, year on year, to RM28.3 million.

OCK ended FYE2019 with a higher total equity of RM584.5 million as compared to RM495.0 million in FYE2018. Total assets increased by RM275.4 million to RM1.4 billion. Total liabilities increased by RM185.9 million to RM827.6 million. Total borrowings witnessed a decrease to RM486.5 million from RM495.7 million in FYE2018. With the increase in cash position of 73.9% due to the completion of the private placement exercise in October 2019, our net gearing ratio improved to 0.68 times from FYE2018's 0.95 times.

39.6% of OCK's revenue in FYE2019 was derived from the regional business as compared to 38.2% in FYE2018. Whilst we continue to expand the regional business, we are more focused on increasing our recurring income which is mainly derived from tower leasing, managed services and solar renewable energy. In FYE2019, the recurring income segment accounted for 50.4% of the total revenue as compared to 47.9% in FYE2018. Going forward, OCK plans to further enhance the recurring income base on the back of the existing end-to-end telecommunication services related contracts.

BUSINESS OPERATIONS & PLANS

OCK is poised to drive the future of its telecommunication tower business by increasing the telecommunication tower portfolio and regional footprint to attain its strategic goal of becoming an ASEAN independent tower company ("towerco"). We will also continue to maintain our position as one of the largest, if not the largest already, provider of telecommunication network services in Malaysia. We will grow hand in hand together with both the technology vendors and telecommunication operators, supported by the latest technologies.

One of OCK's aspirations is to reduce the carbon footprint as it continues to expand its business. Our solar renewable energy business segment provides us with the platform to do so, as well as build a secondary recurring income base via our solar farms through greenfield and brownfield opportunities.

TELECOMMUNICATION INFRASTRUCTURE PROVIDER

Towerco Business

Leveraging on our expertise in full turnkey services, we have expanded into the business of building and owning telecommunication towers which will be leased to telecommunication operators. In this segment of our business, we have penetrated markets in Vietnam and Myanmar apart from establishing ourselves in Malaysia.

In the global telecommunication market, it is norm for telecommunication operators to share infrastructure space as well as maintenance services via third party operators. This arrangement augurs well for the telecommunication operators and OCK as the industry is highly capital intensive.

To date OCK has a total telecommunication tower portfolio of more than 4,200 towers across these 3 countries. Our towerco recurring revenue stream has a commendable contribution to the Group's total revenue of 31.4% in FYE2019. With that said, the Group's recurring income from this segment will continue to grow as OCK continues to increase our tower portfolio.

TELECOMMUNICATION INFRASTRUCTURE PROVIDER (CONT'D)

Myanmar Towerco Updates

In Myanmar, OCK provides telecommunication infrastructure and resource supply services to its clients with a track record of completing and handling close to 1,000 telecommunication sites. We are currently in the process of rolling out the current outstanding order book of over 500 telecommunication sites.

OCK services all 4 of Myanmar's mobile network operators namely Telenor Myanmar Limited, Myanmar Posts and Telecommunications, Telecom International Myanmar Company Limited and Ooredoo Myanmar Limited.

In FYE2019, the Myanmar operations reported a higher revenue of RM69.8 million, a 14.4% growth as compared to RM61.0 million in FYE2018. The Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of RM50.0 million gave an EBITDA margin of 71.6%.

The tenancy ratio of our tower portfolio in Myanmar stands at 1.42 times as at 31 December 2019.

Vietnam Towerco Updates

OCK is currently Vietnam's largest independent telecommunication towerco with over 2,700 telecommunication sites. We plan to acquire an additional 1,000 telecommunication sites as part of our brownfield expansion plans in Vietnam.

In FYE2019, the Vietnamese operations recorded a 6.7% increase in revenue to RM51.3 million as compared to RM48.1 million in the previous financial year. OCK recorded an EBITDA of RM40.1 million, giving an EBITDA margin of 78.8%.

The tenancy ratio of our tower portfolio in Vietnam stands at 1.33 times as at 31 December 2019.

Malaysia Towerco Updates

In Malaysia, OCK has made a strong tower portfolio growth in FYE2019 as compared to previous years, owning a total of 500 telecommunication sites to date. This came from the support of the telecommunication operators, as traditionally, telecommunication operators owned their own tower sites.

The Malaysian operations registered a higher revenue of RM27.6 million in FYE2019, translated as a 44.5% hike in contrast to FYE2018's RM19.1 million. OCK recorded an EBITDA of RM21.6 million. EBITDA margin was 78.3%.

The tenancy ratio of our tower portfolio in Malaysia stands at 1.10 times as at 31 December 2019.

TELECOMMUNICATION NETWORK SERVICES PROVIDER

Contract Business

As a reputable full turnkey telecommunication network services provider, OCK works closely with the telecommunications operators and technology vendors across the region. The consumption of data and the required data speed are expected to rampantly increase over the years through the implementation of 5G technology in the near future. Hence, we are positive of the overall telecommunication business segments' outlook in the countries where we operate in.

We are proud to announce that we have a proven smart pole design that will be able to support the large scale roll out of 5G networks. To date, we have 2 demo telecommunication sites erected in Langkawi as part of Malaysia's 5G trials. In addition to equipment solutions, OCK is ready in terms of technical know-hows to support this expansion.

TELECOMMUNICATION NETWORK SERVICES PROVIDER (CONT'D)

Managed Services/ Operations Business

OCK's managed services/operations business accounted for 17.7% of FYE2019 revenue. This business segment, of maintaining telecommunication operators' networks, serves as a synergistic business in providing OCK with recurring income.

OCK is currently the largest managed services/ operations operator in Indonesia, as well as gaining higher market share in Malaysia. We intend to explore for more opportunities and increase the tower portfolio under our management.

GREEN ENERGY AND POWER SOLUTIONS

The green energy and power solutions division's revenue witnessed an increase of 6.3% to RM32.2 million in FYE2019 from RM30.3 million in FYE2018. The division recorded a higher profit before tax ("PBT") of RM1.9 million, an increase of 27.0% as compared to its previous financial year.

As of today, OCK owns 11 farms generating a total 5.9MW of energy. With the private placement exercise that raised RM52.3 million, OCK plans to utilise the proceeds to acquire an additional 6 solar farms that come with a combined capacity of 5.3MW. This is expected to boost the division's revenue contribution as well as recurring income.

M&E ENGINEERING SERVICES

The M&E engineering services reported a higher revenue and PBT of RM36.6 million and RM3.7 million. This translated to a significant year on year increase of 72.6% and 600.0% respectively.

TRADING

The trading division reported a 22.7% decline in revenue to RM12.2 million. However, the division's PBT recorded an increase of 21.4% to RM3.4 million from RM2.8 million in FYE2018.

Due to its synergistic nature, the trading business provides ample support to OCK's Telecommunication Network Services division. OCK trades products under the "Rosenburger" brand. Subsequently, OCK has the leading market share of the Indoor Distributed Antenna System, with majority coverage of key buildings in Malaysia.

CAPEX

For the 12 months under review for FYE2019, the total capex of approximately RM115.5 million which was mainly utilised for regional expansions and solar farm acquisitions. In line with our plans to enhance the businesses, capex for the next financial year is expected to be higher.

RISKS

OCK's business is exposed to several risks namely those associated with currency fluctuations, political uncertainties and changes to policies of the countries that OCK is currently operating in.

We undoubtedly will continuously take measures to mitigate these risks in order to maximize results and provide quality values to our shareholders and stakeholders alike.

OUTLOOK

Despite the negative outlook of the global markets, OCK remains optimistic of the telecommunication industry as a whole. OCK is positive of the implementation of the RM21.6 billion NFCP which is expected to benefit OCK with more jobs as this plan will increase telecommunication services in Malaysia.

Furthermore, with 5G developing and expected to be launched in the third quarter of 2020, OCK stands a good chance to secure more projects given its excellent execution track record and technical know hows. With the implementation of 5G, the functionality is vast which includes smart solutions to various industries such as smart city, smart agriculture, smart traffic solutions and many more. We have positioned ourselves to capture future opportunities of this inevitable advancement through our partnership with China United Network Communications Group Co Ltd as they have track records in successfully implementing smart city platforms and applications in a few cities in China which can be tailored to the Malaysian market's needs.

Amongst our aspirations is to be an independent ASEAN towerco. OCK intends to expand its tower portfolio through organic and inorganic growth in the countries it is currently operating in, not discounting possible opportunities in other countries in future. As OCK works very closely with telecommunication operators, it will continue to advocate on tower sharing amongst telecommunication operators which will be beneficial to all parties.

In line with the Government's initiatives in green renewable energy, we are increasing our secondary stream of recurring income specifically in the solar renewable energy business segment via acquisition of solar farms. We are actively participating in the Government's initiatives on large scale solar projects. As a turnkey solutions provider in the solar business, OCK is well equipped with engineering, procurement and construction capabilities to build as well as own solar farms. We opined that the businesses' carbon footprint should be reduced globally. Therefore, it is imperative to go green.

Moving forward, we envisage that the market will remain challenging and volatile in the midst of looming uncertainties, posed by both internal and external factors. Nevertheless, we are cautiously optimistic that our businesses will continue to grow as well as the expansion of our businesses both local and regionally. We will also maintain our position as the largest telecommunication network services provider in Malaysia.

SAM OOI CHIN KHOON
Group Managing Director

Sustainability Table of Contents

SCOPE, STRATEGY & STRUCTURE

In the second year of Sustainability Reporting, OCK Group Berhad ("OCK", "the Group" or "the Company") continues realising its pivotal role as Malaysia's largest telco service provider in generation of value and long-term sustainability for our stakeholders and society at large.

The basis of consideration for this year's Sustainability Report will be how OCK has continued embedding sustainability as an agenda at all levels. Guided by Bursa Malaysia Securities Berhad's ("Bursa" or "Bursa Malaysia") Main Market Listing Requirements on Sustainability Reporting issued in October 2015, the Company adheres to Bursa's Economic, Environmental and Social ("EES") pillars for Sustainability disclosure and reporting,

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

In this spirit, the Company has moved forward in considering Malaysia's ratification of the 17 UN SDGs in September 2015 as the bedrock for the achievement of the 2030 Agenda for Sustainable Development. These 17 UN SDGs are represented below:

Diagram 1.0 - The 17 UN SDGs - 2030 Agenda for Sustainable Development

SUSTAINABILITY STATEMENT
(CONT'D)

Diagram 2.0 - OCK Group Berhad's footprint and Sustainability Report 2019 scope

SCOPE & BOUNDARY

In the inaugural year of reporting, OCK Group Berhad disclosed its sustainability framework to focus specifically on its headquarters in Malaysia, and this remains the nucleus of the Group's sustainability efforts. While the Group's footprint is traced to China, Cambodia, Indonesia, Myanmar and Vietnam (seen in Diagram 2.0), this year's report will be expanded to include Vietnam as part of the Group's ongoing commitment for disclosure on their revenue-generating businesses within the Company.

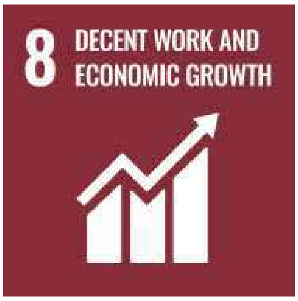
As OCK's main business activity is in Telecommunications Network Services and it is largely a Tower Co, this report will cover the building and leasing of telecommunications towers and managed services as well as resource supply related to these assets.

As part of the broadened scope, the renewable energy business i.e. solar energy will be included as part of the discussion on energy efficiency and the Group's interest in playing a part to preserve the Environment. This builds on the inaugural report's generation and consumption data of renewable energy for operations under the Energy indicator of the Environmental section.

Although OCK is also a telecom contractor, this report will not be disclosing any of this segment's contributions to the Sustainability Report. This report also excludes any joint ventures or associate and partner assets. Following the financial disclosures within this Annual Report, this Sustainability Report will cover the Group's activities taking place within the calendar year of 1 January 2019 - 31 December 2019.

STRATEGY & ROADMAP

As part of the Group's continuation of its long-term sustainability efforts, a consideration of the 193 nations' ratification of the UN SDGs on September 2015, of which Malaysia and Vietnam are a part of, is key to the Group's Sustainability Strategy. The leadership of OCK has endorsed four of the 17 UN SDGs as integral to its Sustainability efforts and through this year has expanded its effort to include it in daily operations.



UN SDG 7 - AFFORDABLE AND CLEAN ENERGY

With the descriptor to ensure access to affordable, reliable, sustainable and modern energy for all, this UN SDG is a direct link to OCK's business as an engineering, procurement and construction ("EPC") contractor of full-turnkey solutions for solar photovoltaic ("PV") farms. With this division services, OCK improves access to the community thus forming part of the Company's indirect economic impact on other corporations looking for a viable form of renewable energy.

In fact, OCK was involved in the construction of the 10MW KLIA open carpark solar farm in 2014 as a subcontractor. The Company's commitment and disclosure on consumption patterns as well as Standard Operating Procedures ("SOPs") put in place can be found in the Leadership & Organisation section of this report, on page 40.

UN SDG 8 - DECENT WORK AND ECONOMIC GROWTH

To promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all is among one of the chief reasons of being for any Company in the world. This includes OCK Group Berhad, which recognises the role that two of its major stakeholders play in its success in operations. This Social pillar in the EES model primarily speaks of the contributions of the Group's Suppliers and Vendors and its Employees, which are disclosed in the Value Chain, on page 43 and Human Capital & Talent Management on page 43 of this report respectively.

Within the Value Chain section, disclosures include the Group's practices in Supply Chain management, Product and Services responsibility and Compliance to both economic and social indicators. Meanwhile, the Talent Management section discloses the Group's Diversity and Inclusion, Talent Management and Development, Labour practices and promoting a safe and healthy workplace for its Employees.

UN SDG 9 - INDUSTRY, INNOVATION AND INFRASTRUCTURE

To fulfil this UN SDG's goal to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation, the Group's main business activity of being a telecommunications and tower co company is a key driver of building tomorrow's communities today.

Where industrialisation needs are concerned, when the Group enters a green field site, it has significant contribution to job creation among the local community and it leads innovation by providing jobs that are related to the telecommunications and technical fields of industry. As the nature of business is in the telecommunications line, the industry itself is a main contributor to the infrastructure of the markets that the Group is active in. This fulfils the community investment and the indirect economic impact indicators within Bursa's SRG indicators. For further disclosure on the Group's commitment, initiatives and impact, this can be found in the Leadership & Organisation section of this report, on page 40.

UN SDG 12 - RESPONSIBLE CONSUMPTION AND PRODUCTION

To ensure sustainable consumption and production patterns, the Group is well aware of its Supply Chain management, commitment to reduce consumption and to responsibly use resources available to it. When taken in totality, this UN 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. These twin goals can be seen in the disclosures within the Value Chain and Community Engagement sections of this report on pages 43 and 50 respectively.

ROADMAP

The Group has set its direction in its Roadmap for Sustainability for an expanded scope to include Vietnam within its scope of disclosure for FY2019. Enhanced disclosure also sees the Group adopting the UN SDGs as part of its journey in embedding Sustainability within the Group's practices. In Diagram 3.0 below, the Group is in the transitioning phase of its journey in Sustainability reporting.

Diagram 3.0 - OCK Group Berhad's Sustainability Reporting Roadmap

STRUCTURE & GOVERNANCE

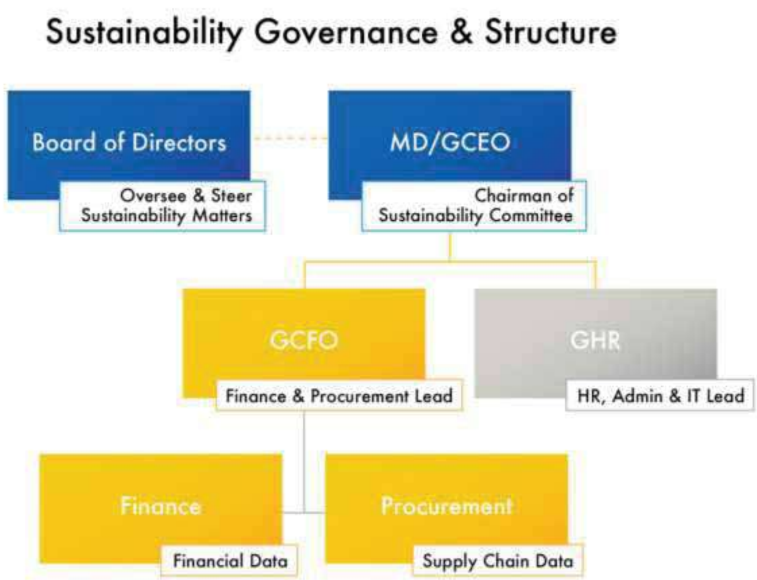


Chart 1.0 - OCK Group Berhad's Sustainability Governance Structure

STRUCTURE & GOVERNANCE (CONT'D)

In its inaugural Sustainability Report, OCK Group Berhad disclosed an assembly of its management team to form a Sustainability Committee ("the Committee") to continue embedding sustainability in the Company. This Committee is chaired by the Group Managing Director/CEO, who has been given the mandate to carry out the BOD's Sustainability agenda. The Committee in turn reports to the BOD on the Sustainability activities and developments during the quarterly BOD meetings.

In FY2019, there has been no change to the initial composition of the Sustainability Committee and at the end of the year, the Committee comprised of:

a. Chairman of the Committee - Group Managing Director/CEO
b. Group Chief Financial Officer (GCFO)
c. Group Human Resources (GHR) - Head of Department
d. Financial Controller
e. Group Procurement - Head of Department

The Committee 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 operations.

STAKEHOLDER ENGAGEMENT

As part of the direct inputs to a business, the contributions of both internal and external stakeholders are key to unlocking the value of the businesses' products and services. To this end, the Committee has reviewed the stakeholder groups to the business as part of their Sustainability review. As there have been no changes to the Group's main business activity, the four main stakeholder groups remain as:

Management & Organisation

Suppliers & Vendors

Employees & Human Capital

Local Community

SUSTAINABILITY STATEMENT
(CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

All four stakeholder groups are engaged with the following methods and frequency:

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

Table 1.0 - OCK Group Berhad's Stakeholder Engagement

MATERIAL MATTERS

Continuing disclosures from last year's Sustainability Report, the Committee reviewed its sustainability matters through the lens of Bursa Malaysia's suggested sustainability themes and indicators. This provided the basis for the Committee to include most matters faced by all sectors and those particular to the telecommunications sector. Further to that, matters that were deemed irrelevant to the Group were remove from further consideration.

MATERIAL SUSTAINABILITY MATTERS

The list of material sustainability matters were categorised by key stakeholder groups and are disclosed further in the next section, Themes & Indicators, on page 39 of this report.

SUSTAINABILITY STATEMENT
(CONT'D)

MATERIAL MATTERS (CONT'D)

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

Table 2.0 - OCK Group Berhad's List of Material Sustainability Matters

SUSTAINABILITY STATEMENT
(CONT'D)

PRIORITISATION & MATERIALITY MATRIX

Prioritisation of the material sustainability matters were done in accordance to the weighted average method based on the importance to the different stakeholder groups and the Committee's in-house scale developed according to the importance of these matters to the Group's EES impacts. The Top 10 material sustainability matters and its corresponding UN SDGs are ascribed in descending order below

Position	Material Sustainability Matter	Relevant UN SDG	Position	Material Sustainability Matter	Relevant UN SDG
1	Products & Services Responsibility	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	6	Labour Practices	8 DECENT WORK AND ECONOMIC GROWTH
2	Anti-Corruption	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	7	Occupational Safety & Health	3 GOOD HEALTH AND WELL-BEING
3	Procurement	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	8	Diversity & Inclusion	8 DECENT WORK AND ECONOMIC GROWTH
4	Supply Chain Management	8 DECENT WORK AND ECONOMIC GROWTH	9	Compliance	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
5	Energy & Water	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	10	Local Community Engagement	11 SUSTAINABLE CITIES AND COMMUNITIES

Table 3.0 - Prioritisation of Material Sustainability Matters.

Following that, the Group's Materiality Matrix is as below:

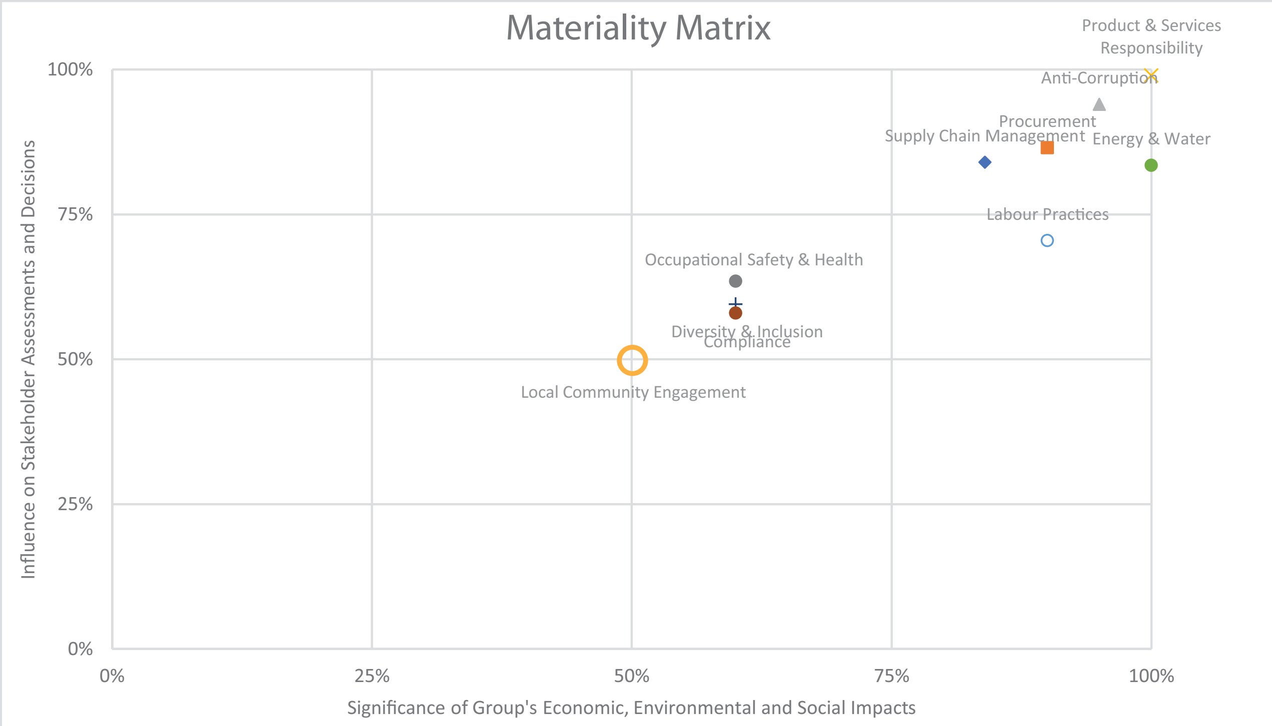


Chart 2.0: OCK Group Berhad's Materiality Matrix

THEMES & INDICATORS

Building on the foundation of the inaugural report, the Committee has decided to refine the discussion of the Group's disclosure of internal and external stakeholders to themes to cover the overlap between stakeholder groups. Using the EES model as a guide the first two themes on the Economic and Environmental pillars are the Leadership & Organisation theme for internal stakeholders and the Value Chain theme for external stakeholders. Similarly, the last two themes on the Social pillar are the Human Capital & Talent Management theme for internal stakeholders and Community Engagement theme for external stakeholders.

As the Group takes a deeper view of Sustainability disclosure, each indicator will be linked to the relevant UN SDGs and set the scene for next year's disclosure at the end of the Sustainability Roadmap. Each indicator is also tied to its relevant GRI-indicator as per referenced in Bursa Malaysia's Sustainability Reporting Guide. In this step-up reporting, previously disclosed indicators which have been set as benchmarks will not be disclosed further, while new material included in the expansion of scope and improvements to internal systems as well as updates to the Group's achievements will be documented in the year under review's Sustainability Report.

LEADERSHIP & ORGANISATION

The definition of leadership refers to both the group of people managing the company as well as the characteristics of leadership displayed by the collective. Meanwhile, the organisation refers to the systems, codes and structure set in place and the people who perform the Group's main business activity of telecommunications. This theme covers the internal stakeholders of the Group in their daily operations.

Product & Services Responsibility

There are both environmental and social impacts within this theme considered by the Group in both the Malaysian and Vietnamese markets.

Environmental Impact

Building on last year's Sustainability Report, 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, hence, this indicator was removed from consideration. At the decommissioning stage of the towers' lifespan, 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 impact, the Company implements retrofitting or modification to fit new client requirements, therefore up cycling tower structures to prolong its natural lifespan and reduce waste to be scrapped.

The Group takes a serious view to offset consumption during operations and this is seen through its renewable energy division which generates renewable solar energy from its photovoltaic grid systems which are described further in the Energy section on page 41 of this report.

Social Impact - Customers & Cybersecurity

The Group has adopted an impartial feedback mechanism to address customer complaints and manage its relationship with them. In previous disclosure, Client Evaluation Forms and periodic interaction with key customers during service contract renewals not only ensure the Company's service records are clean but also enables 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 Company views cyberattack risks as something to be reduced, if not eliminated. Key to the Group's cybersecurity is its key Information Technology (IT) officers, which are sent for training to embed and upgrade their skills in handling cybersecurity issues.

In the year under review, there have been no incidences or breaches from malware, ransomware, hacking or other cyberattacks on its database. The Company's IT Department has successfully conducted its routine IT Audits and has given the Company's assets a clean bill of health, including exposure from unauthorised software usage.

LEADERSHIP & ORGANISATION (CONT'D)

Anti-Corruption

As disclosed in its inaugural Sustainability Report, the Group inducts all new employees on the Company's anti-corruption guidelines in its 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.

Procurement

The nature of business for the telecommunications industry is highly localised and the Group focuses its procurement activities towards local vendors to support local job creation and price-competitiveness. In the period under review, both the Malaysian and Vietnamese business units have successfully utilised 100% 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.

Energy & Water

Part and parcel of the Company's activities as a Towerco excludes it from emissions, effluents and industrial waste generation. The two main indicators in the Environment pillar are Energy and Water, which includes among others, reporting on consumption trends, efforts to reduce wastage and key to the Company's innovation, its reliance on renewable energy. Both themes share UN SDGs of:

Energy

Among the business units within OCK Group Berhad is a division dedicated to EPC services as a contractor of full-turnkey solutions for PV farms. The range of services include viability studies, permit & licensing, project development, engineering and construction of solar PV farms for other corporations looking for a sustainable form of renewable energy to power their operations.

Internally, the Group incorporates usage of on-site PV solutions in their headquarters and across certain revenue-generating sites. At the Group's headquarters, its reliance on the national grid is supplemented by its PV system and continuing upon previous disclosure, the Group's Energy Management Plan ("EMP") puts SOPs in place to manage consumption such as switching off its HVAC systems and lighting when not it use and retrofitting lights to a low-E solution.

SUSTAINABILITY STATEMENT
(CONT'D)

LEADERSHIP & ORGANISATION (CONT'D)

Energy (Cont'd)

In FY2019, the Group's consumption stood at 190,238kWh amounting to RM102,601.77. This is a slight increase in tandem with scope expansion in the Sustainability Report from last year's usage and the main trends can be seen below:

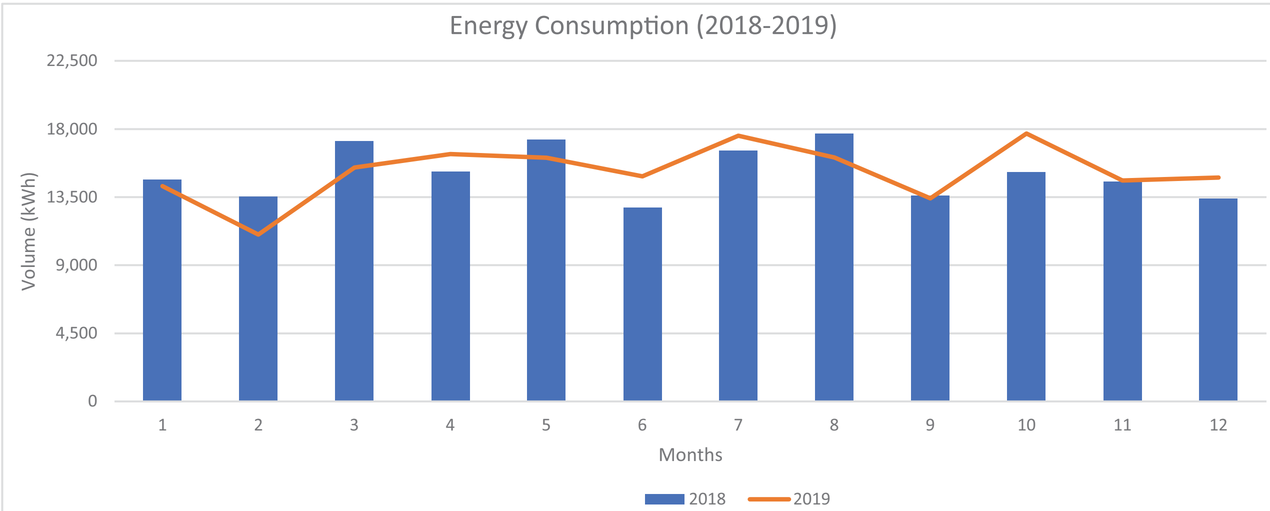
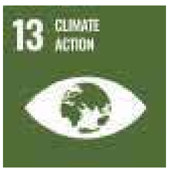


Chart 3.0: Total energy consumption at OCK Berhad

The relevant UN SDGs related to this indicator are the below:



Water

Continuing its disclosure on water usage, the Group's prevailing usage of water throughout FY2019 was at 3,204m^3 amounting to RM7,216.08 as seen in the chart below. However, as the Group does not have significant water usage in its main business activity, the Committee has decided to rescind this indicator in future Sustainability Reports.

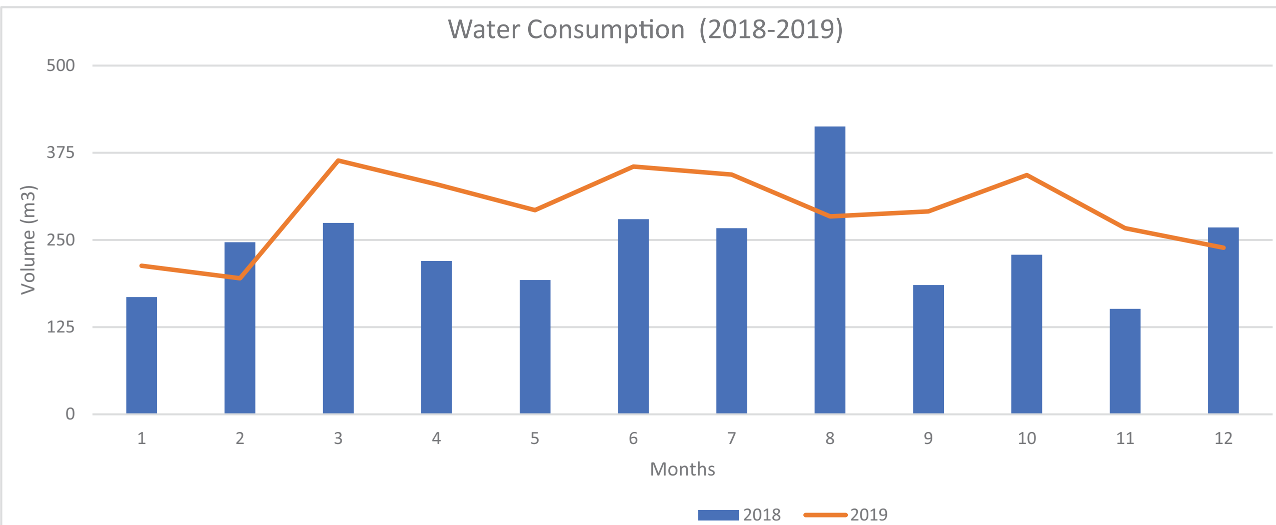


Chart 4.0: Total water consumption at OCK Berhad

SUSTAINABILITY STATEMENT
(CONT'D)

LEADERSHIP & ORGANISATION (CONT'D)

Water (Cont'd)

The UN SDGs related to this indicator are:

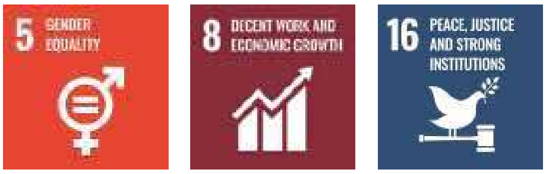
VALUE CHAIN

Adopting a deeper level of disclosure to the Group's Value Chain, the Committee decided to expand on its discussion to cover issues that co-relate to ensure ongoing product and services responsibility. This theme discusses the Organzation's relations to its external stakeholder group of Suppliers and Vendors.

At the start of a 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. As disclosed in Table 1.0 on Stakeholder Engagement, there is an internal checklist in the New Suppliers' 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, local labour practices 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, Clauses 8.3 and 8.5.2 respectively. 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 vendor going forward may result.

The SOPs practiced by the Group is in compliance with these UN SDGs:



HUMAN CAPITAL & TALENT MANAGEMENT

The largest group of internal stakeholders that contribute to the success of a Company is its Employees and in this Report, only direct employees under the Company's payroll will be included for consideration. All those under the employ of joint venture partners, associate companies and partner assets will not be included in reporting.

Under this theme, the Group considers the indicators of Diversity & Inclusion, Occupational Safety & Health and Labour Practices. Continuing from previous disclosure, the Group discusses matters of Employee Engagement and Employee Turnover under the indicator of Labour Practices.

All of the themes in this Social pillar share this UN SDG:

HUMAN CAPITAL & TALENT MANAGEMENT (CONT'D)

Diversity & Inclusion

As a construct, 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.

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 director be found.

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.

As at 31 December 2019, the Group had a total staff strength of 435 personnel, a contraction of 3.97% from 1 January 2019's 453 staff. The following charts depict the composition of the Group's human capital in 2019 and the UN SDGs related to this indicator include:

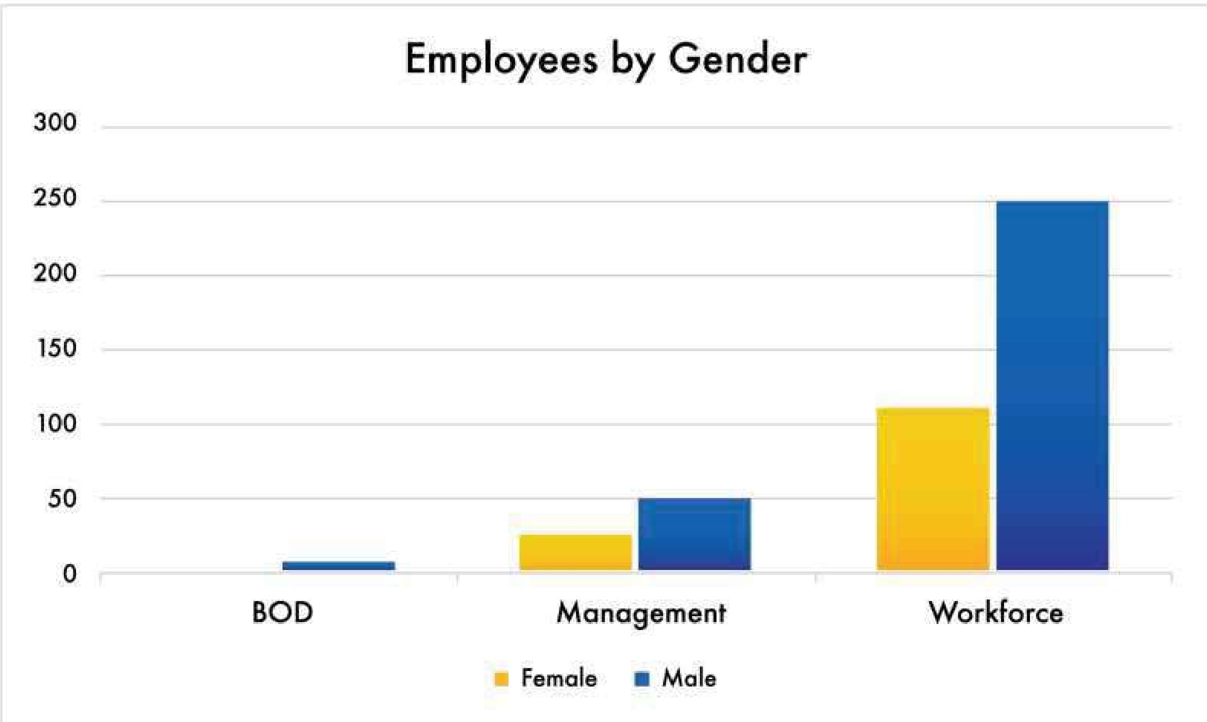


Chart 5.0: Diversity - Employees by Gender

HUMAN CAPITAL & TALENT MANAGEMENT (CONT'D)

Diversity & Inclusion (Cont'd)

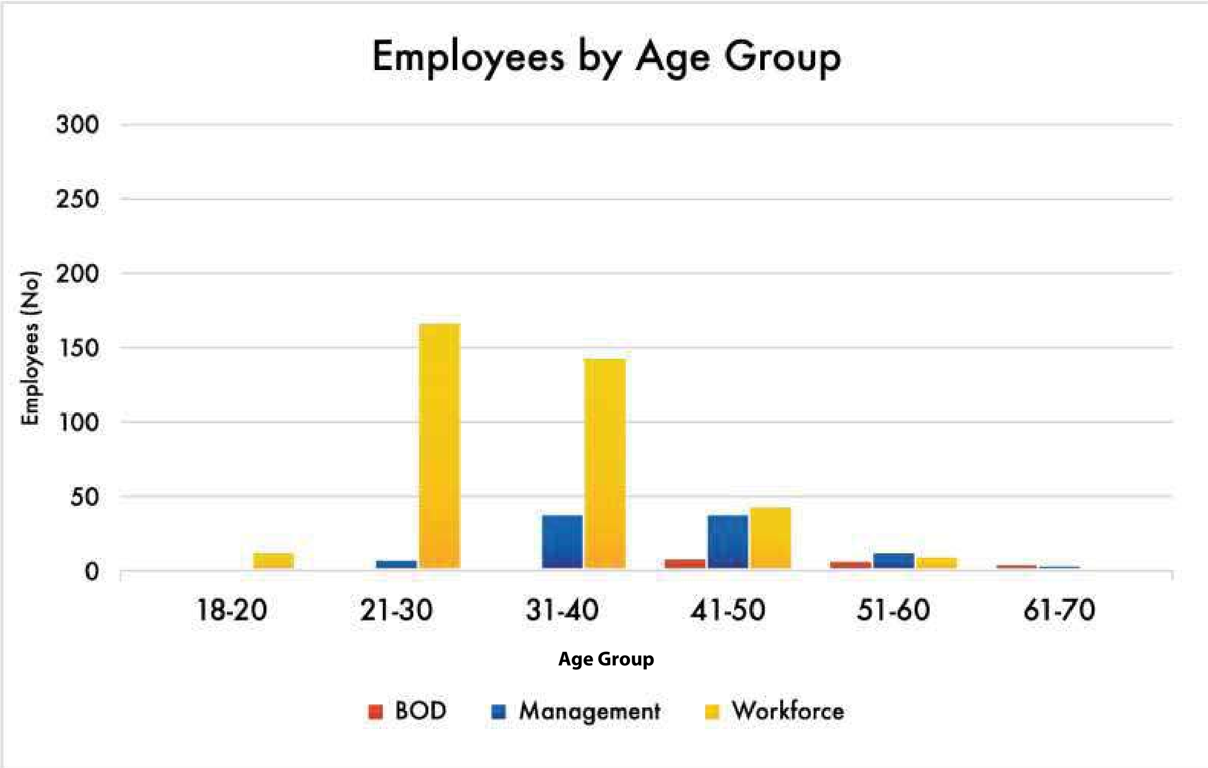


Chart 6.0: Diversity - Employees by Age Group

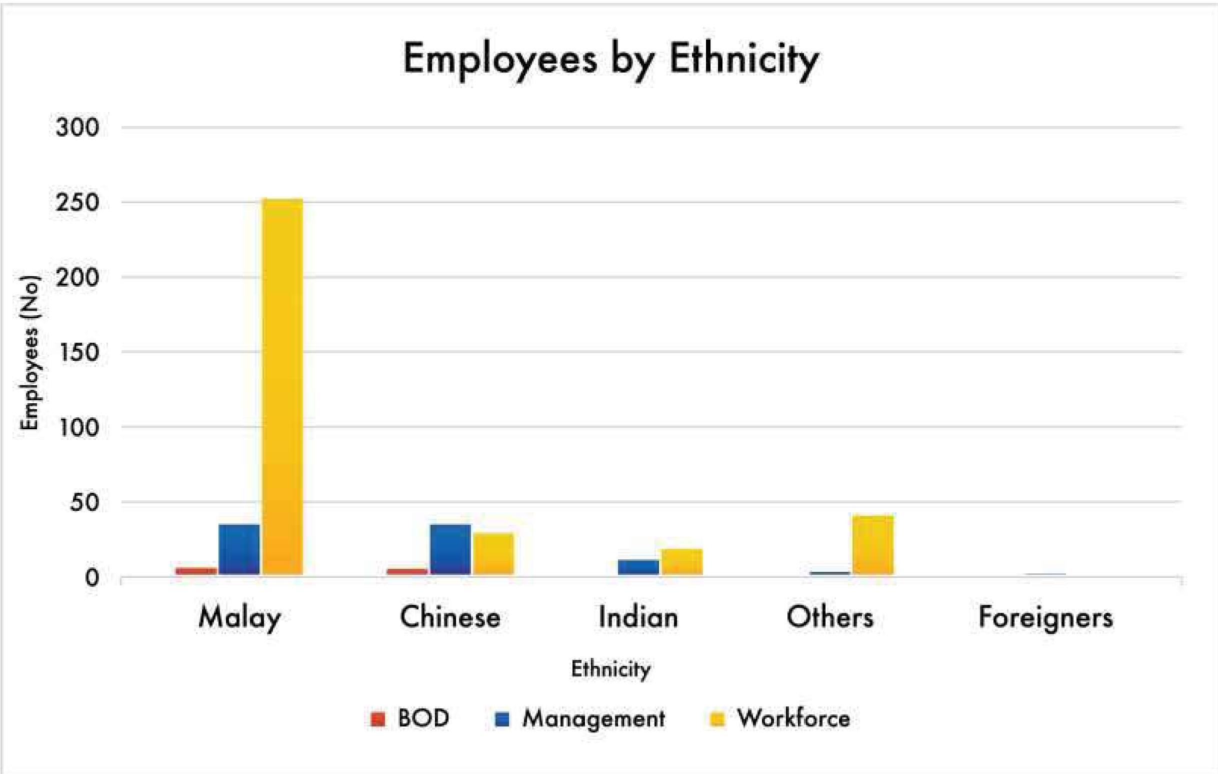


Chart 7.0: Diversity - Employees by Ethnicity

SUSTAINABILITY STATEMENT
(CONT'D)

HUMAN CAPITAL & TALENT MANAGEMENT (CONT'D)

Occupational Safety & Health

Following previous disclosure, the Group's target for Occupational Safety & Health was to reach a zero-accident rate for FY2019. This KPI has been reached as there were no accidents or claims for work-related injury in the year under review. The Group now boasts a new record of 2,604,211 accident-free work hours for 161 staff engaged in technical fieldwork.

In Malaysia, the Occupational Safety and Health Act ("OSHA") 1994 is the main framework of the Company's Occupational Safety & Health provisions. In 2019, a total of 266 employees underwent safety training, corresponding to 61.15% of the entire workforce in the Group. The main form of training was provided by the National Institute of Occupational Safety and Health ("NIOSH"), an agency under the Ministry of Human Resources, and were largely for the technical staff engaged in fieldwork. In the Group's branches, technical fieldworkers also attend their national occupational safety and health training to complete their professional competency in on-site working conditions.

The UN SDG related to Occupational Safety & Health besides the common one is:

Labour Practices

Within the Group's inaugural report, a 10-point approach was underlined to provide and respect fundamental human rights and safeguards 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.

It guarantees 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 includes healthcare and insurance coverage, leaves, statutory payment and career development bonuses. Remuneration packages, while strictly private and confidential, are determined upon the employees' experience, expertise, qualifications and job grade.

The UN SDGs related to this indicator are:

HUMAN CAPITAL & TALENT MANAGEMENT (CONT'D)

Employee Engagement - Training & Talent Management

Continuing its disclosure on creating an engaged and continually productive workforce, the Company continues to engage staff with external and internal training programmes as ascribed to the diagram below:

Diagram 4.0: Training - OCK Group Berhad's Training Maxtrix

External training by category saw 4.87% attended by senior management, 21.81% by middle management, 44.08% by the administrative workforce, while 29.24% by the technical workforce in the field. External training for the technical workforce is disclosed in the Occupational Safety & Health section of this report, meanwhile composition by category for internal training is disclosed in the Anti- Corruption section of this report.

As part of the Group's talent management pipeline, a talent development programme is an ongoing initiative designed to attract fresh talents to the telecommunications sector, particularly the Towerco sector. Among the key initiatives of this programme is the Management Trainee Programme, designed to train and develop high-quality graduates into talented and skilled workforce within the organisation. Successful graduates of the programme are then absorbed into the workforce by placements in departments that fit their educational background, career aspirations and functional abilities. In the year under review, the Group has managed to vet through 80 Management Trainees with a significant proportion of successful placements within the Company.

In addition to this programme, the Group supports internships by partnering local institutions of higher learning to place their undergraduates within departments relevant to their studies. As at 31 December 2019, a total of 385 interns from various disciplines joined the Group for real-life work experiences.

Instead of one-off events and get-togethers like annual team building, the Group has decided to increase interpersonal and interdepartmental bonds through the activities of a recreational club which include regular sessions of football and badminton in place and a bowling tournament in the third quarter of the year. The allocation for the Group's Annual Dinner is maintained, with a series of get-togethers with employees and coffee talks with the MD/CEO part of the ongoing dialogue that keep a bottom-up feedback from staff to reach the senior management.

Employee Turnover

While the Company continues to keep its attrition rate low, the contraction of workforce in 2019 has directly resulted in the turnover rate year-on-year to be at 34% at the end of FY2019. There were no movements at the board level and the movement of staff in 2019 is represented in the following charts, depicting total numbers and turnover rates through age group and gender categories.

HUMAN CAPITAL & TALENT MANAGEMENT (CONT'D)

Employee Turnover (Cont'd)

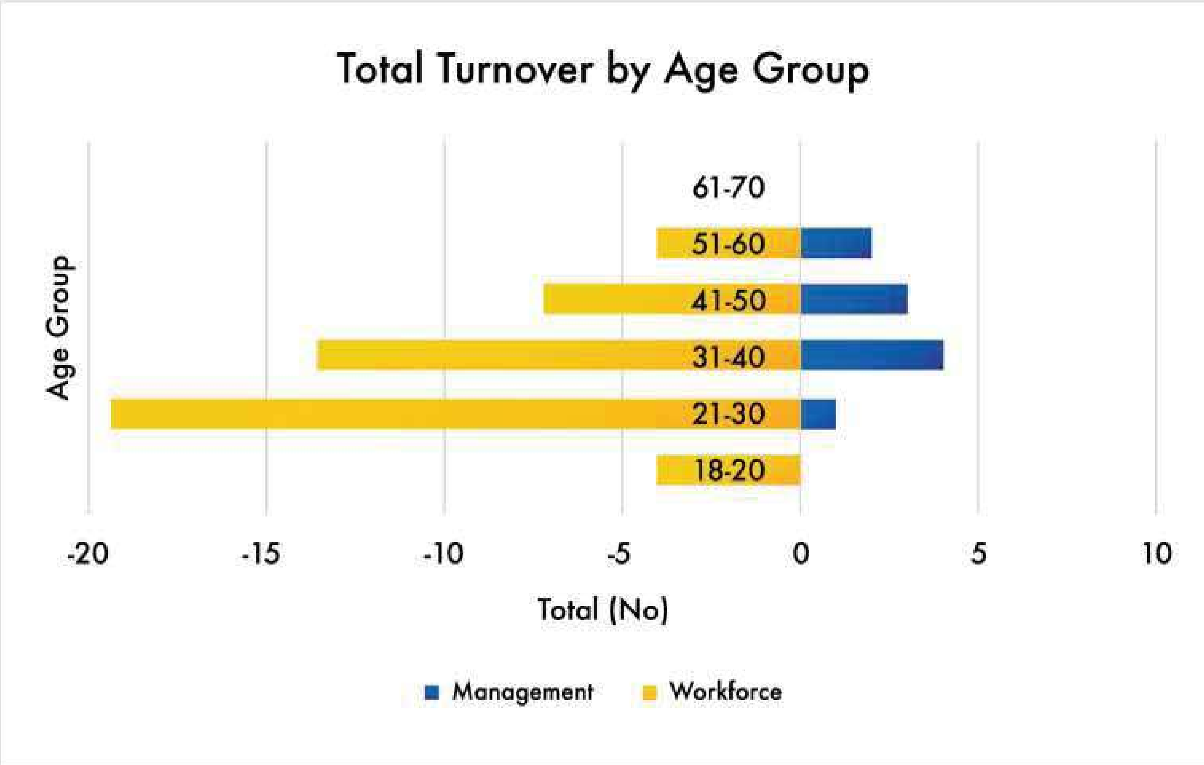


Chart 8.0: Total Turnover - Age Group

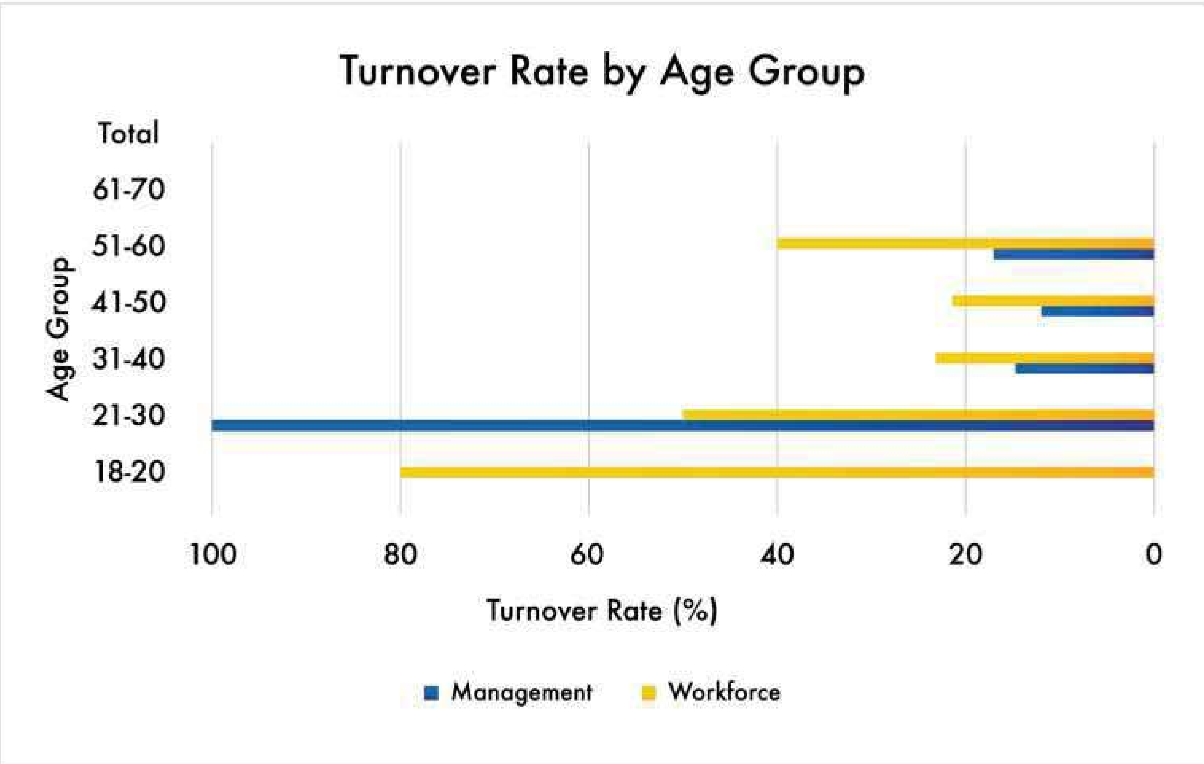


Chart 9.0: Turnover Rate - Age Group

HUMAN CAPITAL & TALENT MANAGEMENT (CONT'D)

Employee Turnover (Cont'd)

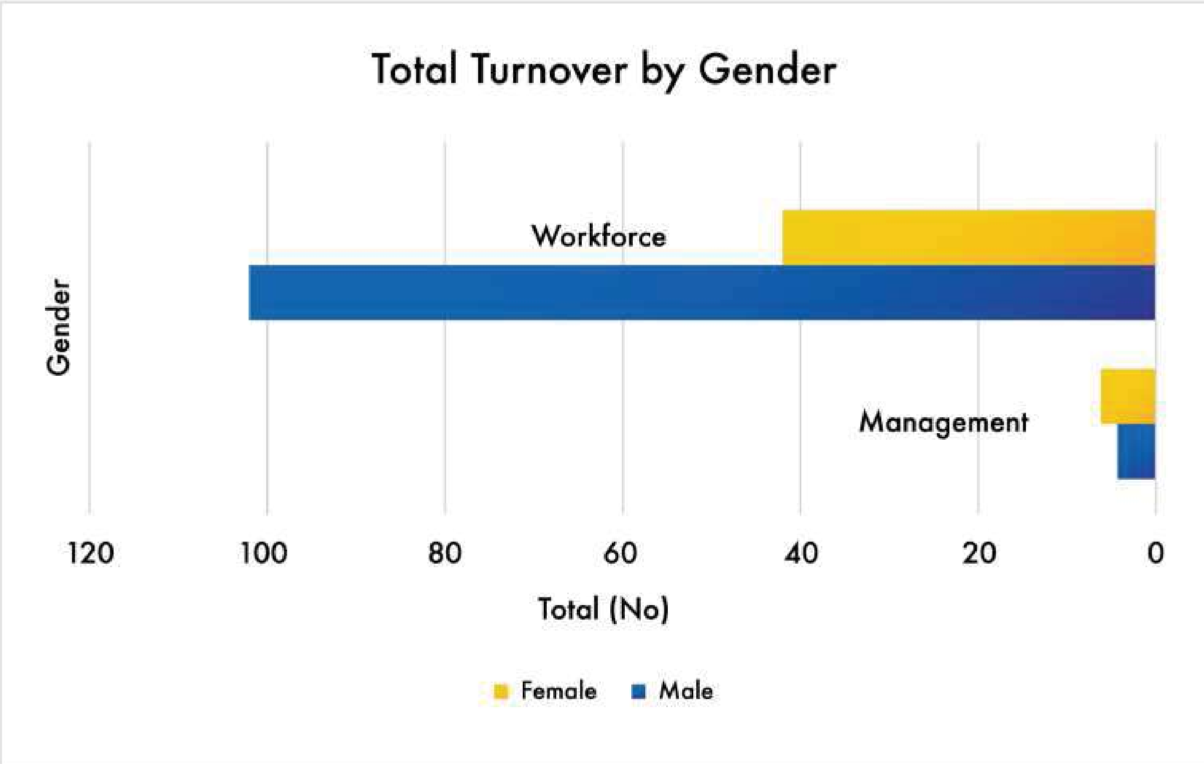


Chart 10.0: Total Turnover - Gender

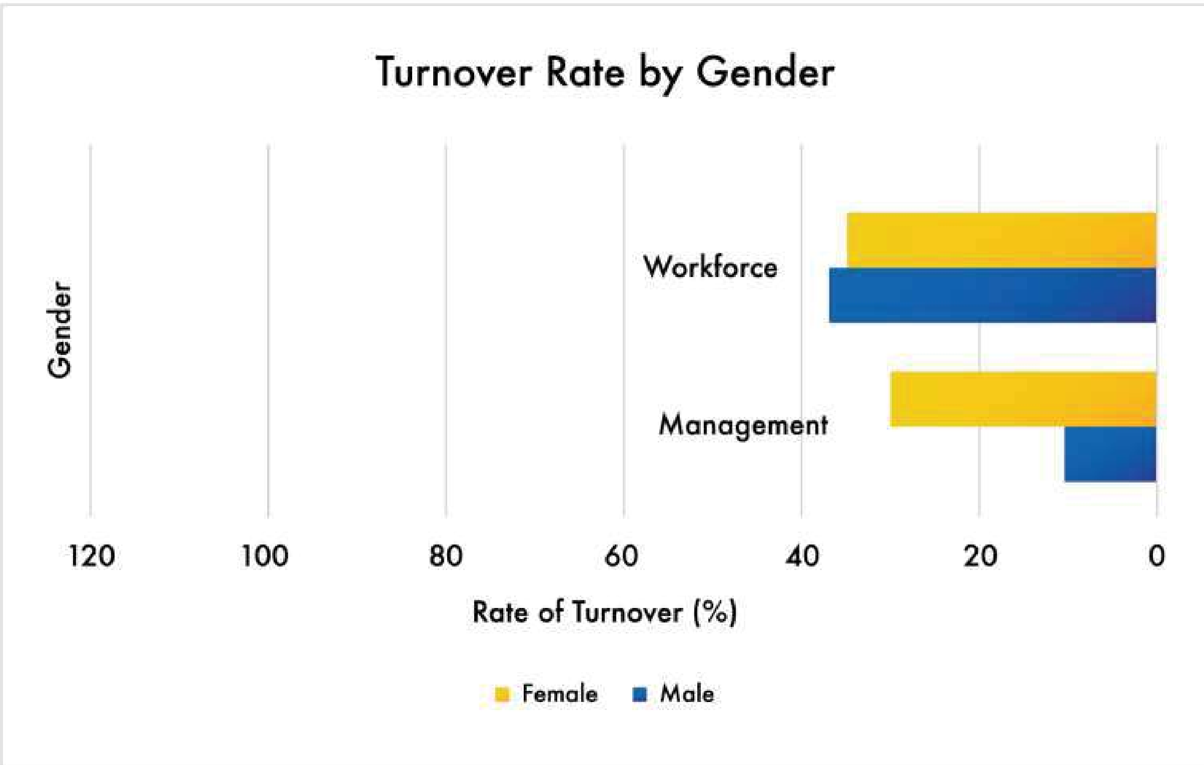


Chart 11.0: Turnover Rate - Gender

COMMUNITY ENGAGEMENT

Although there is no precedent set for telecommunications companies to report on the Society indicator under Bursa's Sustainability Reporting Guide, the Company has been a caring and responsible corporate citizen since its establishment. Previous disclosure for this theme sees a continuation in the Group's efforts in bringing care and a sustainable future to the communities within the Group's operations. This embodies its commitment in upholding the following UN SDGs:

Sponsorships for Institutes of Higher Learning

With the belief that an education changes the life of a person, a company and a community, the Group has enhanced its sponsorship efforts to focus on the various institutions of higher learning in the Klang Valley, Malaysia. Right at the start of the year, the Group became the Gold Sponsor of the MMU Career Fair that took place on 8-9 January 2019 at the Grand Hall, Multimedia University. The two-days Career Fair was a chance for undergraduates and soon-to-be graduates to meet prospective employers and listen to industrial experience from real-life industry veterans. It was also a chance for OCK Group to cherry pick those who were keen on joining the rank and file.
On 30 May 2019, the Group joined First City University College's 8th Innovation Day 2019 which showcased the talents behind 52 Engineering and Computing projects. Held annually by First City UC, it is a platform where students meet industry professionals in their respective courses and about 20 undergraduates applied to join OCK on that day itself.

OCK Group Berhad was the Garnet Sponsor of UTAR's Alumni Annual Dinner 2019

Held in Malacca on 19 October 2019, OCK became the Garnet Sponsor for UTAR's Alumni Annual Dinner 2019. Part of recognising the efforts of the institutions' professors and alumni in preparing the next generation of workers is participating in fundraising activities such as these. More than 300 participants attended the UTAR Alumni Association's event to support the ongoing operations for the institution.

COMMUNITY ENGAGEMENT (CONT'D)

Health & Wellbeing of Communities

Continuing the sponsorship disclosure for FY2019 is the Group's contribution to the Kiwanis Down Syndrome Foundation National Centre ("KDSF-NC")'s fundraiser, which supports the operations of the purpose-built facility in Petaling Jaya, Selangor catering to 130 children. The Group's Bronze Sponsorship of RM10,000 took the form of supporting the 36th Kiwanis Treasure Hunt 2019. On 5 May 2019, 500 participants and organisers participated in the 2-day road trip to Penang and raised a total of RM600,000 for its five centres throughout Malaysia, but mainly benefitting KDSF-NC.

13 July 2019 - Donation & Visitation of Persatuan Kebajikan Hati Berganda Selangor

The Group's main subsidiary, OCK Setia Engineering, organised an internal fundraising and visitation to Persatuan Kebajikan Hati Berganda Selangor on 13 July 2019. The non-profit organisation was established in August 2018 and adopts children with mild to severe intellectual disability including autism, spastic paralysis, dementia, down syndrome, learning disability, visually impaired and the bedridden. Although newly set up, the centre is home to 20 disabled individuals and also arranges physiotherapy sessions for them every Sunday.

This initiative involved an internal fundraising of cash donations from employees and management amounting to RM1,050 and funds raised from selling snacks in the Company cafeteria adding RM120.00 to the pot. The Company sponsored an aggregate sum of RM10,000.00 to match its staffs' effort. In addition to the cash, there were contributions in kind to the Non-Governmental Organisation ("NGO").

The 11 employees who visited the home learned more of the disabled's needs and ways to support them. During the visitation, the team built relationships with the home's residents through the series of activities prepared for them by the home's coordinator.

COMMUNITY ENGAGEMENT (CONT'D)

Health & Wellbeing of Communities (Cont'd)

16 December 2019 - 41 donors gave blood to the National Blood Centre

The blood donation campaign is a step up event for the Company moving from its inaugural report's events. This year, the Company chose to respond to this life-giving call by the National Blood Centre to keep the national blood bank's storage levels at an optimum. From time to time, the national blood bank will issue nationwide calls to replenish certain types of rare blood groups in case of emergencies. The blood donation drive saw 41 staff successfully donating blood and took place during the work day to increase the participation among employees.

Commitment to the Environment

One of the key initiatives championed by the Group is its ongoing commitment to the Environment. As a result, FY2019 showed a key development of 'Recycling Fridays' being instituted within the Company, whereby every third Friday of the month would see the Company's staff engaging with a Non- Governmental Organisation (NGO) in collecting and disposing of recyclable items. These items fall into eight broad categories, namely plastics, metal and aluminium cans, glass bottles, clothes, paper, electronic and communication gadgets and consumer appliances and consumables.

With small but effective measures put in place, the recycling habit builds up in the Group's employees and allows them to build up their personal commitment to the environment and its preservation.

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

<u>Board Charter and Board Committees</u>

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.

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 Lisitng 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 are essential for sustainable development. The Board is committed to embrace the highest standards of corporate governance practices and ethical standard throughout the Group.

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

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

I. Board Responsibilities (Cont'd)

Whistle-blowing Policy

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

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

II. Board Composition

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

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

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

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

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

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

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

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 2019. The optimal size would enable effective oversight, delegation of responsibilities and productive discussions amongst members of the Board.

Gender Diversity

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

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

Nomination Committee

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

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

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

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

II. Board Composition (Cont'd)

Nomination Committee (Cont'd)

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

(a) Assessed the performance of the Board, Board Committees and individual Director, including the term of office and performance of the Audit 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. An evaluation of each Board Committee was done by assessing the structure, roles and responsibilities, performance of the respective Chairman, as well as Committee's performance against its Term of Reference. The assessment was internally facilitated, whereby results of the assessments had been compiled, documented and reported to the Board accordingly, as part of the Company's ongoing corporate governance practices.

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

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

The Board 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.

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

II. Board Composition (Cont'd)

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

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

Name of Directors	Date	Seminar / Training Course Title
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	29.01.2019	2019 Malaysian Economic & Strategic Forum
	06.05.2019	Corporate Governance Monitor 2019
	18.06.2019 – 19.06.2019	The 2019 Asean Cyber Defense Conference
Mahathir Bin Mahzan	20.06.2019	Risk Management Briefing and Review for the Board and Senior Management
YM Syed Hazrain Bin Syed Razlan Jamalullail	08.05.2019	Unlock Shareholder Value with Compelling and effective Storytelling
	20.06.2019	Risk Management Briefing and Review for the Board and Senior Management
Ooi Chin Khoon	20.06.2019	Risk Management Briefing and Review for the Board and Senior Management
Low Hock Keong	20.06.2019	Risk Management Briefing and Review for the Board and Senior Management
	23.07.2019 - 24.07.2019	SSM National Conference 2019
Abdul Halim Bin Abdul Hamid	08.05.2019	Unlock Shareholder Value with Compelling and effective Storytelling
	20.06.2019	Risk Management Briefing and Review for the Board and Senior Management
Chang Tan Chin	20.06.2019	Risk Management Briefing and Review for the Board and Senior Management
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	20.06.2019	Risk Management Briefing and Review for the Board and Senior Management
Chong Wai Yew	08.05.2019	Unlock Shareholder Value with Compelling and effective Storytelling
	20.06.2019	Risk Management Briefing and Review for the Board and Senior Management

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 2019;
(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	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	66	–	–	10	76
Mahathir Bin Mahzan	55	–	–	–	55
YM Syed Hazrain bin Syed Razlan Jamalullail	30	–	–	–	30
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	39	–	–	–	39
Executive Directors					
Ooi Chin Khoon	964	80	126	28	1,198
Low Hock Keong	669	55	87	24	835
Abdul Halim Bin Abdul Hamid	360	30	47	9	446
Chong Wai Yew	360	30	47	6	443
Chang Tan Chin	360	30	47	7	444
	2,903	**225**	**354**	**84**	**3,566**

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

III. Remuneration (Cont'd)

Remuneration of Directors (Cont'd)

Company Level

Name of Directors	Salaries and Other Emoluments (RM'000)	Bonus (RM'000)	EPF and SOCSO (RM'000)	Benefits in Kind (RM'000)	Total (RM'000)
Non-Executive Directors					
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	66	–	–	10	76
Mahathir Bin Mahzan	55	–	–	–	55
YM Syed Hazrain bin Syed Razlan Jamalullail	30	–	–	–	30
Rear Admiral (R) Dato' Mohd Som Bin Ibrahim	39	–	–	–	39
Executive Directors					
Ooi Chin Khoon	964	80	126	28	1,198
Low Hock Keong	669	55	87	24	835
Abdul Halim Bin Abdul Hamid	360	30	47	9	446
Chong Wai Yew	3	–	–	–	3
Chang Tan Chin	3	–	–	–	3
	2,189	**165**	**260**	**71**	**2,685**

Remuneration of Senior Management

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

Range of Remuneration (RM)	Number of Senior Management
RM 50,000 to RM300,000	3
RM300,001 to RM350,000	1
RM350,001 to RM400,000	3
Above RM400,001	2

(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.)

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 2019 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.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

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

Internal Audit function

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

The independent internal audit function is reporting directly to the Audit 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 2020.

II. Conduct of General Meetings

Notice of general meeting

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

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

Attendance of directors at general meetings

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

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

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

Voting

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

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

ADDITIONAL COMPLIANCE INFORMATION

Statement of Directors' Responsibility in respect of the Financial Statements

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

COMPLIANCE STATEMENT

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

This Corporate Governance Overview Statement is made in accordance with the resolution of the Board of Directors dated 21 May 2020.

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) member of the Board, all the whom are Non-Executive Independent Directors. The members during financial year ended 31 December 2019 are as follows:-

Designation

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

2. AUDIT AND RISK MANAGEMENT COMMITTEE MEETINGS ATTENDANCE

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

Representatives from the External Auditors and Internal Auditors, as the case may be, were in attendance to present the relevant reports and proposals to the Audit and Risk Management Committee at the meetings which included inter alia, the Auditors' audit plans and audit reports and the audited financial statements for the financial year ended 31 December 2019.

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

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

	Designation	Attendance
Encik Mahathir bin Mahzan	Independent Non-Executive Director	5/5
Dato' Indera Syed Norulzaman bin Syed Kamarulzaman	Senior Independent Non-Executive Chairman	5/5
YM Tuan Syed Hazrain bin Syed Razlan Jamalullail	Independent Non-Executive Director	5/5

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 21 May 2020, the Audit and Risk Management Committee recommended to the Board for approval of the audit fee of RM405,100 in respect of the financial year ended 31 December 2019.

The Board at its meeting held on 21 May 2020, 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.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT
(CONT'D)

3. ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

Internal Auditors (Cont'd)

The Audit and Risk Management Committee had reviewed:-

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

The cost of the internal audited function was RM70,000 (2018: RM70,000).

4. RELATED PARTY TRANSACTION AND CONFLICT OF INTEREST

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

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

The Audit and Risk Management Committee also requested the Internal Auditor to review the procedures and transactions of the Recurrent Related Parties Transactions carried out by the Group in the Financial Year Ended 31 December 2019. The Internal Auditors' report was presented to the Audit and Risk Management Committee in financial year 2020.

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 2019. The disclosure in this Statement is presented pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is guided by 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 to formulate appropriate policies on risk management and internal control and takes measures to ensure that these systems are functioning effectively. In addition, the Board acknowledges that risk management is an integral part of corporate governance and believes that its focus on effective risk oversight is critical to set the right tone and culture towards effective risk management and internal control.

The Board has laid down the following 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) Presently, the independent review of the system of internal controls is undertaken by the Board through the Audit and Risk Management Committee ("ARMC"). The ARMC solicits feedback of the adequacy of risk management and internal control from the External and Internal Auditors and Management.

(ii) The ARMC reviews the audit findings reported by the External and Internal Auditors and seek clarifications from and discussed with the Management on the recommended corrective/improvement actions to be taken on accounting related and internal control lapses identified by the External and Internal Auditors, including the deadline for management to implement the agreed corrective actions on the internal control issues. Follow-up status reviews are conducted by the Internal Auditors and reported to the ARMC.

(iii) The ARMC also reviews the financial information and reports produced by the management. In this case, the ARMC in consultation with the management deliberates the integrity of the financial results, annual report and audited financial statements and obtains feedback from external auditors on risks and controls related to the financial statements before and after the completion of annual statutory financial audit.

RISK MANAGEMENT

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.

Broadly, the Group continues to experience the following challenges:

i) Stiff competition in the market due to price war from other competitors, new entrants and equipment suppliers resulting lower profit margin;

ii) Increasing operating cost; and

iii) High working capital requirement due to gestation period of work from development to completion, billing and collection.

In order to overcome these challenges, the Group is expanding its market share regionally and at the same time continuously improving its operations efficiency by leveraging on its financial strength, track records, experienced and dynamic management team members to mitigate these risks.

INTERNAL CONTROL

In addition to the risk management process, the Board is assured on the state of internal control and risk management in the Group through the following processes, information and review mechanisms:

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

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

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

(vi) Adequate insurance policies 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; and

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

The Group has established its presence in Southeast Asia such as Vietnam, Myanmar and Indonesia. In order to manage these subsidiaries, the key management in head office has put in place additional control activities by implementing sales budget control, monthly management reporting and executive committee ("EXCO") meetings with these subsidiaries.

Annually, the subsidiaries will prepare and present their respective sales budget based on the on-going and targeted new orders. Actual sales performance is monitored against these budgets. In this case, new action will be formulated to address any significant sales variances highlighted in the sales budget comparison.

In Vietnam, the key management in head office will conduct monthly EXCO meetings with the key management staff members in Vietnam. In these EXCO meetings, financial and operational performance, status and progress of the various projects will be reviewed and discussed.

Separately, the key management in head office will also conduct monthly meeting with the key management staff members of Myanmar and Indonesia. In this review, both Myanmar and Indonesia key managements are required to produce a business review report which consists of financial performance, cash flow projection, projects status, procurement, business outlook, headcount and operating expenses.

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

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 in accordance with the approved internal audit plan. 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 independently reviews the control procedures implemented by the Management for the key activities of the Group. In addition, the Internal Auditors carry out periodic reviews to ascertain the effectiveness of internal controls in the selected key entities of the Group.

All reports and findings arising from internal audit reviews are discussed with the respective process custodians before being presented to the ARMC. The Internal Auditors also provide improvement recommendations for the consideration of Management and the Board as part of the continuous development of a more efficient and comprehensive internal control environment.

The total cost incurred on internal audit for the financial year ended 31 December 2019 was approximately RM85,245.

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 system is 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 also 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.

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

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of Main Market Listing Requirement of Bursa Securities and AAPG 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control, issued by Malaysia Institute of Accountants, the External Auditors have performed a limited assurance engagement on the Statement on Risk Management and Internal Control for the inclusion in this Annual Report for the financial year ended 31 December 2019. The External Auditors reported that nothing has come to their attention that could cause them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines to be set out, or is factually inaccurate.

This Statement on Risk Management and Internal Control is made in accordance with a resolution of the Board dated 21 May 2020.

ADDITIONAL COMPLAINCE 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 2019, the Directors have adopted appropriate accounting policies and have applied them consistently in the financial statements with reasonable and prudent judgments and estimates. The Directors are also satisfied that all relevant approved accounting standards have been followed in the preparation of the financial statements.

Utilisation of Proceeds

On 7 October 2019, the Company announced a proposed private placement of up to 87,100,000 new OCK shares representing approximately 10% of the Company's total number of issued shares.

Submission of the listing application was made to Bursa Malaysia on 11 October 2019 and approval was received from Bursa Malaysia on 24 October 2019.

For this exercise, the Company had issued 87,100,000 placement shares at an average placement price of RM 0.60. The amount received for the private placement was RM 52.26 million.

The gross proceeds of RM 52.26 million from the Private Placement exercise which was completed on 6 November 2019 would be utilised in the following manner:

	Purposes	Proposed Utilisation RM'000	Actual Utilisation As at 31.12.2019 RM'000	Intended Timeframe for Utilisation	Balance Utilisation %	Deviation Amount RM'000 %	Reason for Deviation
(i)	Development and acquisition of green energy assets	47,160	8,192	Within 24 months	82.6%	Note A	Note A
(ii)	General working capital	5,000	–	Within 12 months	100.0%	Note A	Note A
(iii)	Estimated expenses in relation to the Private Placement	100	100	Upon completion	0.0%	Note A	Note A
	Total gross proceeds	52,260	8,292		84.1%		

Note A: The Group expects to utilise the funds raised within 12 – 24 months from receipts within the proposed utilisation range. The Group does not expect any material deviation as at 31 December 2019.

ADDITIONAL COMPLAINCE INFORMATION
(CONT'D)

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 36 to the Financial Statement.

Audit and Non-Audit Fees

During the financial year under review, the fees for External Auditors of the Group were RM762,998 in audit fees and RM7,000 for non-audit fees for services rendered by the External Auditors to the Group.

Additional Information on Directors:

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

FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

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	31,374	1,318
Attributable to:		
Owners of the Company	28,275	1,318
Non-controlling interests	3,099	–
	31,374	1,318

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 2019.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

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

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

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 87,100,000 new ordinary shares at a price of RM0.60 per ordinary share through private placement for development and acquisition of green energy assets and working capital purposes.

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	
Sopian	
Yuan Yuan	
Song Soo Hwa	
Chai Chee Tak	
Tran Thi Phuong Thao	
Devarshi Das	
Chin Hon Leong	
Chin Soon Hing	
Chin Kong Tai	
Wong Shau Yang @ Appollo	(Appointed on 18 January 2019)
Levin Tan Eng Kien	(Appointed on 12 April 2019)
Chrea Dalya	(Appointed on 31 October 2019)
Nguyen Tri Ho	(Resigned on 12 April 2019)
Lee Ming Chieh	(Resigned on 29 August 2019)
Cheong Kok Khuen	(Resigned on 5 November 2019)
Mohamad Zulfikar Bin Ahmad	(Resigned on 21 December 2019)

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 1.1.2019	Bought	Sold	At 31.12.2019
Interests in the Company				
Direct interests				
Low Hock Keong	12,154,100	–	–	12,154,100
Chang Tan Chin	6,100,000	20,000	(184,801)	5,935,199
Chong Wai Yew	7,500,000	–	–	7,500,000
Ooi Chin Khoon	195,000	–	–	195,000
Indirect interests				
Ooi Chin Khoon [2]	332,181,125	20,000	(967,600)	331,233,525
Low Hock Keong [2]	3,075,000	–	–	3,075,000

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

	Number of ordinary shares			
	At 1.1.2019	Bought	Sold	At 31.12.2019
Direct interests				
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.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and officers of the Company were RM10,000,000 and RM13,578 respectively.

SUBSIDIARIES

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

ULTIMATE HOLDING COMPANY

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

AUDITORS' REMUNERATION

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

AUDITORS

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

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

OOI CHIN KHOON
Director

ABDUL HALIM BIN ABDUL HAMID
Director

Date: 21 May 2020

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Revenue	5	473,369	457,221	–	–
Cost of sales	6	(349,151)	(337,248)	–	–
Gross profit		124,218	119,973	–	–
Other income		9,117	7,657	15,578	16,829
Administrative expenses		(53,259)	(55,892)	(5,658)	(6,208)
Net impairment losses on financial assets		–	(38)	(2,492)	(2,679)
Other operating expenses		(9,038)	(5,297)	(5,692)	(192)
		(62,297)	(61,227)	(13,842)	(9,079)
Operating profit		71,038	66,403	1,736	7,750
Finance costs	7	(31,754)	(22,038)	(477)	–
Share of results of associates		577	(197)	–	–
Profit before tax	8	39,861	44,168	1,259	7,750
(Tax expense)/Tax credit	9	(8,487)	(14,356)	59	(1,996)
Profit for the financial year		31,374	29,812	1,318	5,754
Other comprehensive (loss)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Actuarial loss from employee benefits		(25)	(4)	–	–
Items that may be reclassified subsequently to profit or loss					
Foreign currency translation		(3,669)	1,275	–	–
Other comprehensive (loss)/income for the financial year		(3,694)	1,271	–	–
Total comprehensive income for the financial year		27,680	31,083	1,318	5,754

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000
Profit attributable to:					
Owners of the Company		28,275	24,242	1,318	5,754
Non-controlling interests		3,099	5,570	–	–
		31,374	29,812	1,318	5,754
Total comprehensive income attributable to:					
Owners of the Company		25,500	27,808	1,318	5,754
Non-controlling interests		2,180	3,275	–	–
		27,680	31,083	1,318	5,754
Earnings per share (sen):					
- Basic	10	3.20	2.79		
- Diluted	10	3.20	2.79		

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

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
ASSETS					
Non-Current Assets					
Property, plant and equipment	11	511,549	463,043	–	–
Right-of-use assets	12	186,865	–	–	–
Investment properties	13	18,111	17,861	–	–
Intangible assets	14	165,608	164,820	–	–
Deferred tax assets	15	1,301	643	–	–
Investment in subsidiaries	16	–	–	53,632	53,632
Investment in associates	17	802	225	–	–
Other receivables and prepayments	19	5,003	4,405	284,914	278,003
		889,239	650,997	338,546	331,635
Current Assets					
Inventories	18	66,244	72,422	–	–
Trade and other receivables	19	301,755	317,791	970	836
Contract assets	20	19,021	13,085	–	–
Tax assets		2,533	5,780	1,696	181
Other investments	21	37,580	1,311	36,323	303
Cash and short-term deposits	22	95,772	75,378	8,314	222
Total Current Assets		522,905	485,767	47,303	1,542
TOTAL ASSETS		1,412,144	1,136,764	385,849	333,177

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	23	295,525	244,305	295,525	244,305
Foreign currency translation reserve	24	(17,840)	(15,073)	–	–
Revaluation reserve	25	7,292	4,207	–	–
Reverse acquisition reserve		(17,007)	(17,007)	–	–
Warrant reserve	26	84,134	84,134	84,134	84,134
Other reserve		236	967	–	–
Retained earnings		169,159	139,501	5,869	4,551
		521,499	441,034	385,528	332,990
Non-controlling interests		62,998	53,989	–	–
Total Equity		584,497	495,023	385,528	332,990
Liabilities					
Non-Current Liabilities					
Loans and borrowings	27	272,112	324,236	–	–
Lease liabilities	28	137,016	–	–	–
Deferred tax liabilities	15	13,130	14,001	–	–
Provision for liabilities	31	7,656	4,195	–	–
Post employment benefit liabilities	30	650	460	–	–
		430,564	342,892	–	–
Current Liabilities					
Contract liabilities	20	1,443	1,890	–	–
Trade and other payables	29	144,116	121,362	321	187
Loans and borrowings	27	214,400	171,418	–	–
Lease liabilities	28	32,972	–	–	–
Derivative financial liabilities	32	13	2	–	–
Tax liabilities		4,139	4,177	–	–
Total Current Liabilities		397,083	298,849	321	187
Total Liabilities		827,647	641,741	321	187
TOTAL EQUITY AND LIABILITIES		1,412,144	1,136,764	385,849	333,177

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company									
	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
Group											
As at 1 January 2018		244,305	(18,633)	4,306	(17,007)	84,134	546	115,700	413,351	53,041	466,392
Total comprehensive income for the financial year											
Profit for the financial year, restated		–	–	–	–	–	–	24,242	24,242	5,570	29,812
Actuarial loss from employee benefits	30	–	–	–	–	–	–	(3)	(3)	(1)	(4)
Foreign currency translation reserve		–	3,569	–	–	–	–	–	3,569	(2,294)	1,275
Total comprehensive income, restated		–	3,569	–	–	–	–	24,239	27,808	3,275	31,083
Realisation of revaluation reserve	25	–	–	(99)	–	–	–	99	–	–	–
Transactions with owners											
Appropriation to other reserves		–	(9)	–	–	–	421	(537)	(125)	–	(125)
Dividends paid on shares		–	–	–	–	–	–	–	–	(2,327)	(2,327)
Total transactions with owners		–	(9)	–	–	–	421	(537)	(125)	(2,327)	(2,452)
At 31 December 2018, restated		244,305	(15,073)	4,207	(17,007)	84,134	967	139,501	441,034	53,989	495,023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Attributable to owners of the Company									
	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
Group											
As 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		–	–	–	–	–	–	28,275	28,275	3,099	31,374
Actuarial loss from employee benefits	30	–	–	–	–	–	–	(18)	(18)	(7)	(25)
Foreign currency translation reserve		–	(2,756)	–	–	–	–	–	(2,756)	(913)	(3,669)
Total comprehensive income		–	(2,756)	–	–	–	–	28,257	25,501	(2,179)	27,680

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Attributable to owners of the Company									
	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
Group											
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		295,525	(17,840)	7,292	(17,007)	84,134	236	169,159	521,499	62,998	584,497

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share Capital RM'000	Warrant Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
		←Attributable to owners of the Company→			
Company					
As at 1 January 2018		244,305	84,134	(1,203)	327,236
Total comprehensive income for the financial year					
Profit for the financial year		–	–	5,754	5,754
Total comprehensive income		–	–	5,754	5,754
At 31 December 2018		244,305	84,134	4,551	332,990
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

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Cash Flows from Operating Activities					
Profit before tax		39,861	44,168	1,259	7,750
Adjustments for:					
Amortisation of intangible assets	14	2,815	2,723	–	–
Bad debts written off		814	167	–	–
Deposits written off		3	–	–	–
Depreciation of property, plant and equipment	11	35,898	34,411	–	–
Depreciation of right–of–use assets	12	33,358	–	–	–
Fair value loss/(gain) on derivative instruments		11	(4)	–	–
Fair value gain on investment properties	13	(250)	(1,000)	–	–
Gain from bargain purchase	16	(82)	(32)	–	–
Impairment losses on other receivables	19	–	38	2,492	2,679
Interest expense		31,754	22,038	477	–
Income from short–term cash investments		(63)	(29)	(10)	(20)
Interest income		(1,640)	(3,731)	(11,204)	(12,529)
Inventories written off		10	–	–	–
Loss on waiver of debts		5	–	30	192
Net gain on disposal of property, plant and equipment		(456)	(78)	–	–
Net gain on disposal of right-of-use assets		(328)	–	–	–
Net unrealised loss on foreign exchange		335	173	5,662	–
Share of results of associates	17	(577)	197	–	–
Property, plant and equipment written off	11	284	363	–	–
Provision for post employment benefits	30	130	98	–	–
Unwinding effect on provision for site restoration		239	139	–	–
Operating profit/(loss) before working capital changes, balances brought forward		142,121	99,641	(1,294)	(1,928)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Operating profit/(loss) before working capital changes, balances carried forward		142,121	99,641	(1,294)	(1,928)
Changes in working capital:					
Contract assets		(5,936)	(1,073)	–	–
Contract liabilities		(447)	1,015	–	–
Inventories		6,131	(2,377)	–	–
Receivables		13,838	8,895	40	1,518
Payables		20,527	(47,578)	134	(8,879)
Net cash generated from/(used in) operations		176,234	58,523	(1,120)	(9,289)
Interest received		1,640	3,731	11,204	12,529
Tax paid		(11,653)	(16,883)	(1,724)	(2,501)
Tax refunded		4,747	17	268	–
Net cash from operating activities		170,968	45,388	8,628	739
Cash Flows from Investing Activities					
Acquisition of subsidiaries	16	(4,146)	(90)	–	–
Additional investment in subsidiaries	16	–	–	–	(250)
(Advances to)/Repayment from subsidiaries		–	–	(15,096)	96
Advances to ultimate holding company		(192)	(126)	(173)	(129)
Repayment from/(Advances to) an associated company		479	(23)	–	–
Change in pledged deposits	22	6,663	(164)	–	–
Income from short-term cash investments		63	29	10	20
Investment in associates	17	–	(422)	–	–
Proceeds from disposal of property, plant and equipment		6,657	758	–	–
Proceeds from disposal of right-of-use assets		386	–	–	–
Purchase of investment property		–	(61)	–	–
Purchase of property, plant and equipment	(a)	(112,240)	(108,211)	–	–
Net increase in other investments		(36,269)	(1,022)	(36,020)	(21)
Net cash used in investing activities		(138,599)	(109,332)	(51,279)	(284)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000 (Restated)	Company 2019 RM'000	Company 2018 RM'000 (Restated)
Cash Flows from Financing Activities	(b)				
Repayment to subsidiaries		–	–	–	(726)
(Repayment to)/Advances from minority shareholders of subsidiaries		(1,022)	890	–	–
Interest paid		(22,240)	(20,477)	(477)	–
Net payments of lease liabilities		(44,146)	–	–	–
Net payments of finance lease liabilities		–	(7,021)	–	–
Net (repayment)/drawdown of term loans		(18,763)	39,619	–	–
Net repayment of bonds		(754)	(552)	–	–
Net drawdown of bankers' acceptance		1,606	248	–	–
Net drawdown /(repayment)of revolving projects loan		7,076	(24,858)	–	–
Net (repayment)/drawdown of revolving credits		(6,733)	20,909	–	–
Subscription of shares by non-controlling interests in a subsidiary		7,211	–	–	–
Proceeds from issuance of shares	23	51,220	–	51,220	–
Dividends paid to non-controlling interests		(794)	(2,327)	–	–
Net cash (used in) / from financing activities		(27,339)	6,431	50,743	(726)
Net increase/(decrease) in cash and cash equivalents		5,030	(57,513)	8,092	(271)
Cash and cash equivalents at the beginning of the financial year		20,820	82,522	222	493
Effect of exchange rate changes on cash and cash equivalents		342	(4,189)	–	–
Cash and cash equivalents at the end of the financial year	22	26,192	20,820	8,314	222

(a) Purchase of property, plant and equipment:

	Group 2019 RM'000	Group 2018 RM'000
Purchase of property, plant and equipment	115,487	110,644
Financed by way of finance lease arrangements	–	(619)
Provision for liabilities	(3,247)	(1,814)
Cash payments on purchase of property, plant and equipment	112,240	108,211

(b) Reconciliation of liabilities arising from financing activities:

Group	31.12.2018 RM'000	Adjustment on initial application of MFRS 16 RM'000	1.1.2019 RM'000	Cash flows RM'000	Non-cash: Acquisition of new leases RM'000	Non-cash: Acquisition RM'000	Non-cash: Foreign exchange movement RM'000	Others RM'000	31.12.2019 RM'000
Amounts owing to minority shareholders of subsidiaries	1,954	–	1,954	(1,022)	–	–	–	–	932
Amounts owing to directors of subsidiaries	99	–	99	–	–	–	–	–	99
Finance lease liabilities	13,305	(13,305)	–	–	–	–	–	–	–
Lease liabilities	–	200,132	200,132	(44,146)	957	4,963	–	8,082	169,988
Term loans	371,621	–	371,621	(18,763)	–	–	46	–	352,904
Bonds	754	–	754	(754)	–	–	–	–	–
Bankers' acceptance	15,146	–	15,146	1,606	–	–	–	–	16,752
Revolving projects loan	26,682	–	26,682	7,076	–	–	–	–	33,758
Revolving credit	26,020	–	26,020	(6,733)	–	–	–	–	19,287
	455,581	186,827	642,408	(62,736)	957	4,963	46	8,082	593,720

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

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

Company					
Amounts owing to subsidiaries	726	(726)	–	–	–

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 21 May 2020.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

<u>New MFRS</u>

MFRS 16	Leases

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

MFRS 3	Business Combinations
MFRS 9	Financial Instruments
MFRS 11	Joint Arrangements
MFRS 112	Income Taxes
MFRS 119	Employee Benefits
MFRS 123	Borrowing Costs
MFRS 128	Investments in Associates and Joint Ventures

<u>New IC Int</u>

IC Int 23	Uncertainty over Income Tax Treatments

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

2. BASIS OF PREPARATION (CONT'D)

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

MFRS 16 Leases

Effective 1 January 2019, MFRS 16 has replaced MFRS 117 Leases and IC Int 4 *Determining whether an Arrangement contains a Lease*.

Under MFRS 117, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases. For operating leases, lease payments are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. Instead, all leases are brought onto the statements of financial position except for short-term and low value asset leases.

The Group has applied MFRS 16 using the modified retrospective approach with any cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings at the date of initial application (i.e. 1 January 2019). As such, the comparative information was not restated and continues to be reported under MFRS 117 and IC Int 4.

Definition of a lease

MFRS 16 changes the definition of a lease mainly to the concept of control. MFRS 16 defines that 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group has elected the practical expedient not to reassess whether a contract contains a lease at the date of initial application. Accordingly, the definition of a lease under MFRS 16 was applied only to contracts entered or changed on or after 1 January 2019. Existing lease contracts that are still effective on 1 January 2019 will be accounted for as lease contracts under MFRS 16.

Impact of the adoption of MFRS 16

The application of MFRS 16 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements as at the date of initial application. Other than the enhanced new disclosures relating to leases, which the Group has complied with in the current financial year, the application of this standard does not have any significant effect on the financial statements of the Group, except for those as discussed below.

2. BASIS OF PREPARATION (CONT'D)

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

MFRS 16 Leases (Cont'd)

Impact of the adoption of MFRS 16 (Cont'd)

(i) Classification and measurement

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Group.

On adoption of MFRS 16, for most all its leases other than short-term and low value asset leases, the Group:

- recognised the right-of-use assets and lease liabilities in the statements of financial position as at the date of initial application;
- recognised depreciation of right-of-use assets and interest on lease liabilities in profit or loss for the current financial year; and
- separated the total amount of cash paid for leases into principal and interest portions (presented within financing activities) in the statements of cash flows for the current financial year.

For leases that were classified as operating lease under MFRS 117

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application.

The right-of-use assets were measured at an amount equal to the lease liability.

The Group also applied the following practical expedients wherein the Group:

(a) applied a single discount rate to a portfolio of leases with similar characteristics;
(b) applied the exemption not to recognise right-to-use assets and liabilities for leases which the lease term ends within 12 months of the date of initial application;
(c) excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and
(d) used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Group recognised the carrying amount of the lease assets and finance lease liabilities under MFRS 117 immediately before transition as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application. The measurement requirements of MFRS 16 are applied after that date.

(ii) Short-term lease and low value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases of warehouses, hostels, motor vehicles, and equipment that have a lease term of 12 months or less and leases of low value assets based on the value of the underlying asset when new, such as equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

2. BASIS OF PREPARATION (CONT'D)

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

MFRS 16 Leases (Cont'd)

Impact of the adoption of MFRS 16 (Cont'd)

The effects of adoption of MFRS 16 as at 1 January 2019 (increase/(decrease)) are as follows:

	Group Increased/ (Decreased) RM'000
Assets	
Non-current assets	
Property, plant and equipment	(28,037)
Right-of-use assets	214,864
Total non-current assets	186,827
Non-current liabilities	
Loans and borrowings	(7,768)
Lease liabilities	164,890
Total non-current liabilities	157,122
Current liabilities	
Loans and borrowings	(5,537)
Lease liabilities	35,242
Total current liabilities	29,705
Total liabilities	186,827

The incremental borrowing rates applied to lease liabilities recognised in the statements of financial position on 1 January 2019 are ranging from 4.32% to 7.14%.

2. BASIS OF PREPARATION (CONT'D)

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

MFRS 16 Leases (Cont'd)

Impact of the adoption of MFRS 16 (Cont'd)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments disclosed applying MFRS 117 as of 31 December 2018, as follows:

	Group RM'000
Assets	
Operating lease commitments as at 31 December 2018	129,459
Incremental borrowing rates at 1 January 2019	4.32% - 7.14%
Discounted operating lease commitments as at 1 January 2019	103,897
Less:	
Commitments relating to short-term leases	(525)
Commitments relating to leases of low-value assets	(8)
Add:	
Commitments relating to lease previously classified as finance lease	13,305
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	83,463
Lease liabilities as at 1 January 2019	200,132

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

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

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023#
MFRS 3	Business Combinations	1 January 2020/ 1 January 2023#
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#

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)

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 (Cont'd)		
MFRS 7	Financial Instruments: Disclosures	1 January 2020/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2020/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 101	Presentation of Financial Statements	1 January 2020/ 1 January 2022/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error	1 January 2020
MFRS 116	Property, Plant and Equipment	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#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2020
MFRS 140	Investment Property	1 January 2023#

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

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 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.

The Amendments, amongst others, 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.

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)

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 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error

The Amendments refine the definition by including 'obscuring information' in the definition of material to respond to concerns that the effect of including immaterial information should not reduce the understandability of a company's financial statements. The prior definition focuses only on information that cannot be omitted (material information) and does not also consider the effect of including immaterial information.

Other refinements to the definition include incorporating some existing wording in MFRS 101 and the Conceptual Framework for Financial Reporting. Consequently, the Amendments align the definition of material across MFRS Standards and other publications.

2.4 Functional and presentation currency

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

2.5 Basis of measurement

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

2.6 Use of estimates and judgement

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

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

(a) Subsidiaries and business combination

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

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

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

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

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

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

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

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.

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

3.1 Basis of consolidation (Cont'd)

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

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.

(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.

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

3.1 Basis of consolidation (Cont'd)

(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).

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Employee benefits

(a) Short term employee benefits

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

(b) Defined contribution plans

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

(c) Defined benefit plans

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

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

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

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

The Group recognises the following costs in profit or loss:

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

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

3.6 Borrowing costs

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

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

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

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

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

3.7 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.

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

3.7 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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

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

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

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

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

(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.

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

3.8 Financial instruments (Cont'd)

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

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

(a) Subsequent measurement

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

(i) Financial assets

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

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

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

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

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.

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: (continued)

(i) Financial assets (Cont'd)

- **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.

(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

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

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 and the Company have not designated any financial liability as at fair value through profit or loss.

<u>Financial liabilities at amortised cost</u>

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.

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

3.8 Financial instruments (Cont'd)

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the liability is measured at the higher of the 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).

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.

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

3.8 Financial instruments (Cont'd)

(d) Derecognition (Cont'd)

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.

(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.

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

3.9 Property, plant and equipment (Cont'd)

(a) Recognition and measurement (Cont'd)

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.

(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.

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

3.9 Property, plant and equipment (Cont'd)

(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

Accounting policies applied from 1 January 2019

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.

Accounting policies applied until 31 December 2018

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

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

(b) Lessee accounting

Accounting policies applied from 1 January 2019

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.

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

3.10 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Accounting policies applied from 1 January 2019 (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 depreciation starts from the commencement date 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 liability 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.

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

3.10 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Accounting policies applied from 1 January 2019 (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.

Accounting policies applied until 31 December 2018

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

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

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

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

Any upfront lease payments are classified as land use rights within intangible assets.

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

3.10 Leases (Cont'd)

(c) Lessor accounting

Accounting policies applied from 1 January 2019

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.

Accounting policies applied until 31 December 2018

Same accounting policies applied until 31 December 2018 and from 1 January 2019.

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

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)

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.

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.

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)

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

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

(b) Impairment of non-financial assets

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

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

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

Where the carrying amount of an asset 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.

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

3.16 Impairment of assets (Cont'd)

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

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 Provisions

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

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

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

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

3.19 Earnings per share

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

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

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

3.20 Operating segments

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

3.21 Fair value measurement

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

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

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

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

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

3.22 Contingencies

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

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

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

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

(a) 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 financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group 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.

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 financial assets 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 financial assets and contract assets are disclosed in Note 39(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.

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

(d) Determination of lease term

As disclosed in Note 12, the Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether they are reasonably certain to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for them to exercise the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

(e) Impairment of investment in subsidiaries and recoverability of amounts owing by subsidiaries

The Company performs impairment review on the investment in subsidiaries and amounts owing by subsidiaries whenever the events or changes in circumstances indicate that the carrying amounts of the investment in subsidiaries and amounts owing by 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. The impairment made on investment in subsidiaries entails an allowance for doubtful debts to be made to the amounts owing by these subsidiaries.

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 and amounts owing by subsidiaries.

The carrying amounts of investment in subsidiaries and amounts owing by subsidiaries are disclosed in Notes 16 and 19.

5. REVENUE

	Group	
	2019 **RM'000**	**2018** **RM'000**
At a point in time:		
Telecommunication network services	243,534	261,968
Green energy and power solutions	32,180	29,900
Sales of goods	12,246	15,841
	287,960	307,709
Over time:		
Lease income of telecommunication towers	148,834	128,282
M&E engineering services	36,575	21,230
	185,409	149,512
	473,369	457,221

6. COST OF SALES

	Group	
	2019 RM'000	2018 RM'000
Telecommunication network services	211,856	215,774
Lease of telecommunication towers	74,961	68,337
Green energy and power solutions	24,445	22,632
Sales of goods	7,492	11,680
M&E engineering services	30,397	18,825
	349,151	337,248

7. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Bank overdrafts	4,002	3,787	–	–
Finance lease liabilities	–	717	–	–
Lease liabilities	8,497	–	–	–
Revolving project loan	2,323	4,138	–	–
Revolving credit	1,460	956	–	–
Term loans	13,468	10,428	–	–
Trade financing	572	451	–	–
Unwinding of discount on payables	1,432	1,561	–	–
Interest on inter company loans	–	–	477	–
	31,754	22,038	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		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Amortisation of intangible assets	2,815	2,723	–	–
Auditors' remuneration:				
- statutory audit				
- current year	763	809	119	116
- under provision in prior years	2	1	3	–
- non-statutory audit				
- current year	7	7	7	7
Bad debts written off	814	167	–	–
Deposits written off	3	–	–	–

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Depreciation of property, plant and equipment	35,898	34,411	–	–
Depreciation of right-of-use assets	33,358	–	–	–
Directors' remuneration (Note (a))	5,121	4,749	2,614	2,746
Employee benefits expenses (Note (b))	98,790	128,975	1,193	2,015
Fair value loss/(gain) on derivative instruments	11	(4)	–	–
Fair value gain on investment properties	(250)	(1,000)	–	–
Gain from bargain purchase	(82)	(32)	–	–
Impairment losses on other receivables	–	38	2,492	2,679
Income from short-term cash investments	(63)	(29)	(10)	(20)
Interest income	(1,640)	(3,731)	(11,204)	(12,529)
Inventories written off	10	–	–	–
Loss on waiver of debts	5	–	30	192
Net gain on disposal of property, plant and equipment	(456)	(78)	–	–
Net gain on disposal of right-of-use assets	(328)	–	–	–
Net loss on foreign exchange:				
- realised	214	233	–	–
- unrealised	335	173	5,662	–
Property, plant and equipment written off	284	363	–	–
Provision for post employment benefits	130	98	–	–
Rental expenses:				
- equipment	–	240	–	–
- premises	–	1,967	–	–
- sites	–	19,287	–	–
- vehicles	–	5,080	–	–
- warehouse	–	3,477	–	–
Expenses relating to short-term lease:				
- equipment	229	–	–	–
- premises	1,695	–	–	–
- sites	841	–	–	–
- vehicles	359	–	–	–
- warehouse	462	–	–	–
Expenses relating to low-value assets:				
- equipment	61	–	–	–
- premises	11	–	–	–
Rental income from premises	(930)	(1,010)	–	–
Unwinding effect on provision for site restoration	239	139	–	–

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company				
Executive Directors:				
- salaries, allowances and bonuses	2,938	3,111	2,164	2,283
- other emoluments	354	376	260	275
	3,292	3,487	2,424	2,558
Non-executive Directors:				
- fees	168	168	168	168
- allowances	22	20	22	20
	190	188	190	188
Directors of the subsidiaries				
Executive Directors:				
- fees	73	24	–	–
- salaries, allowances and bonuses	1,473	961	–	–
- other emoluments	93	89	–	–
	1,639	1,074	–	–
Total directors' remuneration	5,121	4,749	2,614	2,746

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 RM88,723 (2018: RM147,975) and RM70,733 (2018: RM82,675) respectively.

(b) Employee benefits expenses are:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Salaries, allowances and bonuses	92,354	122,015	1,062	1,760
Contributions to defined contribution plans and Socso	5,849	6,530	131	255
Other benefits	587	430	–	–
	98,790	128,975	1,193	2,015

9. TAX EXPENSE/(TAX CREDIT)

The major components of tax expense/(tax credit) for the financial years ended 31 December 2019 and 31 December 2018 are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	10,723	12,381	510	1,859
- Adjustment in respect of prior years	(399)	1,772	(569)	137
Deferred tax (Note 15):	10,324	14,153	(59)	1,996
- Reversal of temporary differences	(2,438)	(322)	–	–
- Adjustment in respect of prior years	601	525	–	–
	(1,837)	203	–	–
Tax expense/(Tax credit)	8,487	14,356	(59)	1,996

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2018: 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	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Profit before tax	39,861	44,168	1,259	7,750
Tax at Malaysian statutory income tax rate of 24% (2018: 24%)	9,567	10,600	302	1,860
Tax effects arising from:				
- non-deductible expenses	8,099	10,684	2,222	690
- non-taxable income	(9,811)	(5,163)	(2,014)	(691)
Effect of different tax rates in foreign jurisdictions	540	(1,035)	–	–
Deferred tax not recognised on tax losses and temporary differences	73	108	–	–
Deferred tax recognised at different tax rate	(35)	(140)	–	–
Utilisation of previously unrecognised tax losses and capital allowances	(148)	(2,995)	–	–
Adjustments in respect of prior years:				
- income tax	(399)	1,772	(569)	137
- deferred tax	601	525	–	–
Tax expense/(Tax credit)	8,487	14,356	(59)	1,996

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	
	2019 RM'000	**2018 RM'000 (Restated)**
Profit attributable to owners of the Company	28,275	24,242
Weighted average number of ordinary shares for basic earnings per share	884,836	871,473
Basic earnings per ordinary share (sen)	3.20	2.79

Diluted earnings per ordinary shares

The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2019 are same as the basic earnings per ordinary share of the Group as the Company has no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

11. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and building	Leasehold land	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	RM'000
At 1.1.2018	14,376	3,620	540	547	5,245	1,221	8,581	6,649	22,601	392,281	78,436	27,052	561,149
Additions	-	-	-	8	427	96	79	-	1,308	7,749	2,066	98,911	110,644
Disposals	-	-	-	(8)	(168)	(130)	(110)	-	(224)	(802)	-	(66)	(1,508)
Write off	-	-	-	-	-	(3)	-	(11)	-	(1,360)	(4)	(16)	(1,394)
Reclassifications	-	-	-	-	-	-	-	-	-	79,396	-	(79,396)	-
Acquisition of subsidiaries (Note 16)	-	-	-	-	-	-	-	-	-	-	-	746	746
Translation differences	-	-	-	-	(30)	(8)	(13)	-	(168)	3,718	5	371	3,875
At 31.12.2018	14,376	3,620	540	547	5,474	1,176	8,537	6,638	23,517	480,982	80,503	47,602	673,512
- Effect of adoption of MFRS16	-	(3,620)	-	-	-	-	(6,525)	-	(3,964)	(6,863)	(23,131)	-	(44,103)
Adjusted balance at 1 January 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

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

Group	Freehold land and building	Leasehold land	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	RM'000
At 1.1.2018	323	152	42	276	3,939	897	5,510	2,055	10,841	140,766	12,891	-	177,692
Charge for the financial year	102	42	11	50	593	114	1,142	662	2,502	24,345	4,848	-	34,411
Disposals	-	-	-	(4)	(13)	(23)	(89)	-	(245)	(454)	-	-	(828)
Write off	-	-	-	-	-	(1)	-	(3)	-	(1,027)	-	-	(1,031)
Translation differences	-	-	-	-	(18)	(6)	(12)	-	(80)	328	13	-	225
At 31.12.2018	425	194	53	322	4,501	981	6,551	2,714	13,018	163,958	17,752	-	210,469
- Effect of adoption of MFRS16	-	(194)	-	-	-	-	(4,863)	-	(2,585)	(802)	(7,622)	-	(16,066)
Adjusted balance at 1 January 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)
Acquistion 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
Net Carrying Amount													
At 31.12.2018	13,951	3,426	487	225	973	195	1,986	3,924	10,499	317,024	62,751	47,602	463,043
At 31.12.2019	17,000	-	549	184	887	531	201	3,271	9,421	386,920	44,815	47,770	511,549

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

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

	Group	
	2019	**2018**
	RM'000	**RM'000**
Motor vehicles	–	1,662
Network facilities	–	6,061
Engineering equipment	–	1,379
Plant and machinery	–	15,509
	–	24,611

(b) In the previous financial year, leasehold land with net carrying amount of RM1,179,664 was held in trust by a director of the Group.

(c) The carrying amount of property, plant and equipment of the Group pledged to the licensed banks for credit facilities granted to subsidiaries are as follows (Note 27):

	Group	
	2019	**2018**
	RM'000	**RM'000**
Freehold land and building	17,000	13,951
Leasehold land	–	3,426
Leasehold building	549	487
Plant and machinery	7,828	8,146
	25,377	26,010

(d) During the 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.

(e) Fair value information

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

12. RIGHT-OF-USE ASSETS

The Group leases several assets including leasehold land, 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:

	Group							
	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						
Cost								
At 31 December 2018	–	–	–	–	–	–	–	–
Effects of adoption of MFRS16 *Leases*	3,620	–	6,525	27,272	6,863	707	185,942	230,929
At 1 January 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 December 2019	3,791	309	5,378	27,272	6,863	856	190,164	234,633

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)

	Group							
	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						
Accumulated depreciation								
At 31 December 2018	–	–	–	–	–	–	–	–
Effects of adoption of MFRS16 *Leases*	194	–	4,863	10,206	802	–	–	16,065
At 1 January 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 December 2019	21	52	4,144	12,727	1,077	203	29,544	47,768
Carrying amount								
At 31 December 2019	3,770	257	1,234	14,545	5,786	653	160,620	186,865

12. RIGHT-OF-USE ASSETS (CONT'D)

2018 – Nil

(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 term between 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 and have options to purchase the assets at the end of the contract term.

(c) The remaining useful life of leasehold land is generally 76 to 88 years.

(d) During the financial year, leasehold land with net carrying amount of 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 2019 RM'000
Leasehold land	3,770

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 2018	14,300	2,500	16,800
Addition	61	–	61
Fair value gain	1,000	–	1,000
At 31 December 2018	15,361	2,500	17,861
Fair value gain	250	–	250
At 31 December 2019	15,611	2,500	18,111

(a) Investment properties of the Group with an aggregate carrying amount of RM18,111,237 (2018: RM17,861,000) are pledged to the licensed banks for credit facilities granted to the subsidiaries (Note 27).

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

	Group	
	2019 RM'000	**2018 RM'000**
Rental income	821	879
Direct operating expenses	(88)	(67)

13. INVESTMENT PROPERTIES (CONT'D)

(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**
2019				
Freehold land and buildings	–	15,611	–	15,611
Leasehold land and building	–	2,500	–	2,500
	–	18,111	–	18,111
2018				
Freehold land and buildings	–	15,361	–	15,361
Leasehold land and building	–	2,500	–	2,500
	–	17,861	–	17,861

The valuation of investment properties as at 31 December 2019 and 31 December 2018 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 2019 or 31 December 2018.

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 2018	136,228	34,436	170,664
Acquisition of subsidiaries (Note 16)	652	943	1,595
Translation differences	1,840	9	1,849
Restated balance at 31 December 2018	138,720	35,388	174,108
Acquisition of subsidiaries (Note 16)	6,476	–	6,476
Translation differences	(2,818)	92	(2,726)
At 31 December 2019	142,378	35,480	177,858
Accumulated Amortisation			
At 1 January 2018	–	6,678	6,678
Charge for the financial year	–	2,723	2,723
Translation differences	–	(113)	(113)
Restated balance at 31 December 2018	–	9,288	9,288
Charge for the financial year	–	2,815	2,815
Translation differences	–	147	147
At 31 December 2019	–	12,250	12,250
Net Carrying Amount			
At 31 December 2018	138,720	26,100	164,820
At 31 December 2019	142,378	23,230	165,608

(a) Goodwill

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

	Group 2019 RM'000	2018 RM'000 (Restated)
Telecommunication network services - CGU 1	139,125	138,068
Green energy and power solutions - CGU 2	3,253	652
	142,378	138,720

During the financial year, the Group had completed the purchase price allocation on the identified assets, liabilities and contingent liabilities of Novel Energy Sdn. Bhd., Suluk Damai Sdn. Bhd. and Azminas Sdn. Bhd. as disclosed in Note 16(i). An adjustment to goodwill amounting to RM716,000 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.

14. INTANGIBLE ASSETS (CONT'D)

(a) Goodwill (Cont'd)

CGU 1

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

CGU 2

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

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

Key assumptions used in value-in-use calculations

Goodwill is tested for impairment on an annual basis by comparing the carrying amount with the recoverable amount of the CGU based on its value-in-use. Value-in-use is determined by discounting the future cash flows based on financial budgets approved by the directors covering a 5 to 21 years period. The key assumptions used for value-in-use calculations of each CGU are:

	Group	
2019	**CGU 1**	**CGU 2**
Average gross profit margin	43%	25%
Average revenue growth rate	11%	0%
Pre-tax discount rate	12%	10%
2018	**CGU 1**	**CGU 2**
Average gross profit margin	45%	94%
Average revenue growth rate	14%	1%
Pre-tax discount rate	16%	23%

The calculations of 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.

14. INTANGIBLE ASSETS (CONT'D)

(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 arising from acquisition of Novel Energy Sdn. Bhd., Suluk Damai Sdn. Bhd. and Azminas Sdn. Bhd. based on valuations performed by professional valuers.

An amortisation amounting to RM2,815,000 (2018: RM2,723,000) relating to the customer contracts and related customer relationship and REPPA has been recognised during the financial year based on estimated useful life of 8 to 20 years.

15. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Deferred tax assets/(liabilities)		
At beginning of the financial year	(13,358)	(13,004)
Deferred tax relating to intangible assets	–	(227)
Acquisition of subsidiaries (Note 16)	90	112
Recognised in profit or loss (Note 9)	1,837	(203)
Deferred tax relating to revaluation reserve	(426)	–
Translation differences	28	(36)
At end of the financial year	(11,829)	(13,358)

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

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Deferred tax assets	1,301	643
Deferred tax liabilities	(13,130)	(14,001)
	(11,829)	(13,358)

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

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

	Group	
	2019 RM'000	**2018 RM'000 (Restated)**
Deferred tax assets		
Accrued expenses	528	448
Post employment benefits	251	195
Unutilised tax losses	234	–
Differences between the carrying amounts of right-of-use assets and their tax base	288	–
	1,301	643
Deferred tax liabilities		
Differences between the carrying amounts of property, plant and equipment and their tax base	(7,790)	(7,759)
Fair value gain arising from investment properties	(25)	(100)
Deferred tax relating to intangible assets	(5,315)	(6,142)
	(13,130)	(14,001)

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

	Group	
	2019 RM'000	**2018 RM'000**
Deductible temporary differences	40	–
Unabsorbed capital allowances	319	940
Unutilised tax losses	2,435	2,168
	2,794	3,108

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

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

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

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 2019 RM'000
2025	896

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares, at cost		
At beginning of the financial year	53,632	24,282
Additions	–	29,350
At end of the financial year	53,632	53,632

The details of the subsidiaries are as follows:

Name of Company	Principal Place of Business/ Country of Incorporation	Proportion Equity Interest 2019	Proportion Equity Interest 2018	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				
Seri Kuasa Sdn. Bhd. ~	Malaysia	51%	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.

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 2019	Proportion Equity Interest 2018	Principal Activities
Subsidiaries of Milab Marketing Sdn. Bhd. (Cont'd)				
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%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Tanda Hebat Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Powerlator Sdn. Bhd.	Malaysia	100%	–	Provision of electrical, mechanical, motor and generation of power including all forms of renewable energy generation.
Frontier Integrator (Sabah) 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.
OCK Telco Infra Pte. Ltd. >	Singapore	–	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
PT Putra Mulia Telecommunication * ß	The Republic of Indonesia	85%	85%	Provision of telecommunication solution services.
Well Synergy Resources Pte. Ltd. *	Myanmar	100%	100%	Provision of engineering services, rental business, market research and management services.

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 2019	2018	Principal Activities
Subsidiary of OCK Telco Infra Pte. Ltd.				
MIN-OCK Infrastructure Pte. Ltd. >	Singapore	–	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of PT Putra Mulia Telecommunication				
PT Harapan Utama Prima *	The Republic of Indonesia	65%	65%	Provision of telecommunication solution services.
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.
Subsidiaries of Steadcom Sdn. Bhd.				
Device Vision Sdn. Bhd. ~	Malaysia	51%	–	Provision of information technology services.

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 2019	Proportion Equity Interest 2018	Principal Activities
Subsidiary of Agensi Perkerjaan 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.
Subsidiary of OCK Myanmar Holdings Pte. Ltd.				
OCK Myanmar Towers Pte. Ltd. #	Singapore	100%	100%	Provision of tower facilities, utilities and communication network for mobile and broadband operators.
Subsidiary of OCK Myanmar Towers Pte. Ltd.				
OCK Yangon Pte. Ltd. *	Myanmar	100%	100%	Provision of consultants, deployment advisory and services relating to telecommunication network services, tower facilities and leasing of telecommunication towers.
Subsidiary of OCK Tower Infra Sdn. Bhd.				
OCK Telco Infra Sdn. Bhd.	Malaysia	100%	100%	Provision of civil, structural, electrical and mechanical engineering, telecommunication and industrial control equipment, and telecommunication network services and leasing of telecommunication towers.

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 2019	Proportion Equity Interest 2018	Principal Activities
Subsidiary of OCK Telco Infra Sdn. Bhd.				
Nexgen Ventures Sdn. Bhd. *	Malaysia	60%	–	Renting of telecommunication facilities and network service provider.
Subsidiaries of OCK Vietnam Towers Pte. Ltd.				
Southeast Asia Telecommunications Holdings Pte. Ltd. # ß	Singapore	100%	100%	Investment holding and telecommunication service provider.
OCK Vietnam Towers (Labuan) Ltd. ~ ^	Federal Territory of Labuan	100%	100%	Investment holding.
Subsidiaries of Southeast Asia Telecommunications Holdings Pte. Ltd.				
DeLong Opportunity Investments Pte. Ltd. #	Singapore	100%	100%	Investment holding.
Cleveland Capital Pte. Ltd. #	Singapore	100%	100%	Investment holding.
Vietnam Infrastructure Heritage Ltd. ~ @	British Virgin Islands	100%	100%	Investment holding.
Eastern Tower Joint Stock Company #	Vietnam	100%	100%	Real estate consulting, management service, business management consulting service and investment holding.
Subsidiaries of Eastern Tower Joint Stock Company				
Global Infrastructure Investment Company Limited #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of base transceiver station ("BTS") towers, infrastructure and other assets.
Mobile Information Service Company Limited #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of 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.

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 2019	2018	Principal Activities
Subsidiary of Global Infrastructure Investment Company Limited				
Truong Loc Trading Service Telco Joint Stock Company #	Vietnam	100%	100%	Development, installation, ownership, operation and leasing out of 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.

* 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.
ß Shares pledged to a bank for term loan facilities granted to subsidiaries (Note 27).
~ Yet to commence operation.
> Struck-off in current financial year.
@ Consolidated using unaudited management financial statements, no statutory requirement for the financial statements to be audited at financial year end.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(i) Acquisition/Incorporation of subsidiaries

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

(i) The provisional fair value of the identifiable assets and liabilities of Tanda Hebat, Energenetic, and Powerlator as at the date of acquisition were as follows:

	Tanda Hebat RM'000	Energenetic RM'000	Powerlator RM'000	Total RM'000
Assets				
Deferred tax assets (Note 15)	54	10	26	90
Trade and other receivables	100	284	121	505
Tax assets	–	78	84	162
Cash and cash equivalents	18	11	13	42
	172	383	244	799
Liabilities				
Trade and other payables	(928)	(251)	(204)	(1,383)
Total identifiable net (liabilities) /assets acquired	(756)	132	40	(584)
Gain on bargain purchase	–	(82)	–	(82)
Goodwill arising from acquisition (Note 14)	806	–	10	816
Fair value of consideration paid	50	50	50	150

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(a) (Cont'd)

(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

(iii) Effects of acquisition in statement of comprehensive income

From the date of acquisition, the subsidiaries' contributed revenue and profit/(loss) net of tax are 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.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(c) On 1 August 2019, the Company's indirect wholly-owned subsidiary, OCK Telco Infra Sdn. Bhd. ("OCK Telco Infra") had 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.

The initial accounting for business combination of NVSB in the consolidated financial statements of the Company involves identifying and determining the fair values to be assigned to NVSB'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 NVSB's identified assets, liabilities and contingent liabilities can only be determined provisionally pending the completion of purchase price allocation ("PPA") on NVSB's identified assets, liabilities and contingent liabilities. The business combination of NVSB 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.

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

	NVSB 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 were as follows:

	NVSB RM'000
Fair value of consideration transferred	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

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(c) (Cont'd)

(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:

	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 involves 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. As at the date of the financial statements are authorised for issue, the fair value of Frontier Integrator's identified assets, liabilities and contingent liabilities can 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 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.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(d) (Cont'd)

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

	Frontier Integrator RM'000
Assets	
Trade and other receivables	157
Tax assets	24
Cash and cash equivalents	3
	184
Liabilities	
Trade and other payables	(520)
Total identifiable net liabilities acquired	(336)
Goodwill arising from acquisition (Note 14)	1,786
Fair value of consideration paid	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

(iii) Effects of acquisition in statement of comprehensive income

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

	Frontier Integrator RM'000
Revenue	192
Loss for the financial year	(77)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2019 (Cont'd)

(d) (Cont'd)

(iii) (Cont'd)

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

2018

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

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

The initial accounting for business combination of Novel Energy, Suluk Damai and Azminas in the consolidated financial statements of the Company 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 Novel Energy, Suluk Damai and Azminas had been accounted for using provisional values. During the financial year, the Group had completed the PPA reports.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2018 (Cont'd)

(b) (Cont'd)

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

	As previously stated RM'000	Restatement RM'000	As restated RM'000
Novel Energy			
Assets			
Deferred tax assets (Note 15)	37	–	37
Trade and other receivables	261	–	261
Tax assets	1	–	1
Cash and cash equivalents	18	–	18
Other intangible assets	–	188	188
	317	188	505
Liabilities			
Trade and other payables	(684)	–	(684)
Deferred tax liabilities (Note 15)	–	(45)	(45)
Total identifiable net liabilities acquired	(367)	143	(224)
Goodwill arising from acquisition (Note 14)	417	(143)	274
Fair value of consideration paid	50	–	50

	As previously stated RM'000	Restatement RM'000	As restated RM'000
Suluk Damai			
Assets			
Deferred tax assets (Note 15)	32	–	32
Trade and other receivables	338	–	338
Tax assets	1	–	1
Cash and cash equivalents	39	–	39
Other intangible assets	–	298	298
	410	298	708
Liabilities			
Trade and other payables	(804)	–	(804)
Deferred tax liabilities (Note 15)	–	(72)	(72)
Total identifiable net liabilities acquired	(394)	226	(168)
Goodwill arising from acquisition (Note 14)	444	(226)	218
Fair value of consideration paid	50	–	50

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2018 (Cont'd)

(b) (Cont'd)

(i) The fair value of the identifiable assets and liabilities of Novel Energy, Suluk Damai, and Azminas were as follows (continued):

	As previously stated RM'000	Restatement RM'000	As restated RM'000
Azminas			
Assets			
Deferred tax assets (Note 15)	32	–	32
Trade and other receivables	97	–	97
Tax assets	1	–	1
Cash and cash equivalents	45	–	45
Other intangible assets	–	457	457
	175	457	632
Liabilities			
Trade and other payables	(632)	–	(632)
Deferred tax liabilities (Note 15)	–	(110)	(110)
Total identifiable net liabilities acquired	(457)	347	(110)
Goodwill arising from acquisition (Note 14)	507	(347)	160
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:

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

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2018 (Cont'd)

(b) (Cont'd)

(iii) Effects of acquisition in statement of comprehensive income

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

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

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

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

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

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

	Epic Solartech RM'000
Assets	
Deferred tax assets (Note 15)	11
Trade and other receivables	38
Tax assets	54
Cash and cash equivalents	8
	111
Liabilities	
Trade and other payables	(29)
Total identifiable net assets acquired	82
Gain on bargain purchase	(32)
Fair value of consideration paid	50

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

2018 (Cont'd)

(c) (Cont'd)

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

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

(iii) Effects of acquisition in statement of comprehensive income

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

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

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

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

(ii) Subscription for additional interests in subsidiaries

2018

OCK Setia Engineering Sdn. Bhd.
On 5 February 2019, the Company had further subscribed for 3,000,000 ordinary shares of OCK Setia Engineering Sdn. Bhd. by way of capitalising the amount owing to the Company of RM3,000,000.

Massive Connection Sdn. Bhd.
On 28 June 2019, the Company had further subscribed for 99,998 ordinary shares of Massive Connection Sdn. Bhd. by way of capitalising the amount owing to the Company of RM99,998.

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(ii) Subscription for additional interests in subsidiaries (Cont'd)

2018 (Cont'd)

Milab Marketing Sdn. Bhd.
On 25 October 2019, the Company had further subscribed for 26,000,000 ordinary shares of Milab Marketing Sdn. Bhd. by way of capitalising the amount owing to the Company of RM26,000,000.

Agensi Pekerjaan OCK Venture Sdn. Bhd.
On 6 December 2019, the Company had further subscribed for 249,998 ordinary shares of Agensi Pekerjaan OCK Ventures Sdn. Bhd. for a cash consideration of RM249,998.

(iii) 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).

2018

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

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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(iv) Non-controlling interests in subsidiaries

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

2019	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Tele-communication RM'000	Dynasynergy Services Sdn. Bhd. RM'000	El Power Technologies Sdn. Bhd. RM'000	Steadcom Sdn. Bhd. RM'000	Firatel Sdn. Bhd. RM'000	OCK Vietnam Towers Pte. Ltd. RM'000	SEATH Group RM'000	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	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)	139	2,180
2018										
NCI Percentage of ownership interest and voting interest	49%	15%	49%	48%	49%	39%	40%	40%		
Carrying amount of NCI	709	3,235	2,813	2,401	6,163	3,099	27,781	7,053	735	53,989
Profit/(Loss) allocated to NCI	65	188	650	498	1,432	834	(2,506)	4,564	(155)	5,570
Total comprehensive income/ (loss) allocated to NCI	30	112	650	498	1,432	834	(2,226)	2,991	(1,046)	3,275

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Tele-Communication RM'000	Dynasynergy Services Sdn. Bhd. RM'000	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
2019								
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

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Tele-Communication RM'000	Dynasynergy Services Sdn. Bhd. RM'000	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
2019 (Cont'd)								
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	–	–	–

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Tele-Communication RM'000	Dynasynergy Services Sdn. Bhd. RM'000	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
2018								
Summarised statements of financial position								
Non-current assets	49	2,668	49	230	2,677	1,536	216,082	184,305
Current assets	3,703	22,666	11,238	14,350	17,429	22,462	2,336	179,263
Non-current liabilities	–	(439)	(15)	(163)	(1,594)	(172)	–	(134,262)
Current liabilities	(1,561)	(9,018)	(5,536)	(9,949)	(5,949)	(15,894)	(142,766)	(13,705)
Net assets	2,191	15,877	5,736	4,468	12,563	7,932	75,652	215,601
Summarised statements of comprehensive income								
Revenue	5,825	34,689	23,892	23,287	26,380	21,713	–	63,578
Profit/(Loss) for the financial year	132	1,252	1,327	1,038	2,922	2,140	(6,266)	28,506
Total comprehensive income/(loss)	61	745	1,327	1,038	2,922	2,140	(5,565)	22,110

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

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

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

2018 (Cont'd)	Fuzhou 1-Net Solution Co. Ltd. RM'000	PT Putra Mulia Tele-Communication RM'000	Dynasynergy Services Sdn. Bhd. RM'000	EI Power Technologies Sdn. Bhd. RM'000	Steadcom Sdn. Bhd. RM'000	Firatel Sdn. Bhd. RM'000	OCK Vietnam Towers Pte. Ltd. RM'000	SEATH Group RM'000
Summarised cash flow information								
Cash flows (used in)/from:								
- operating activities	(420)	2,765	4,466	3,765	5,390	(1,182)	(6,258)	(100,196)
- investing activities	(30)	(735)	(1)	(35)	(98)	(933)	-	(12,592)
- financing activities	–	(2,772)	(1,755)	(4,348)	(6,989)	152	8,035	118,150
Net (decrease)/increase in cash and cash equivalents	(450)	(742)	2,710	(618)	(1,697)	(1,963)	1,777	5,362
Dividends paid to non-controlling interests	–	–	392	1,200	735	–	–	–

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.

17. INVESTMENT IN ASSOCIATES

	Group 2019 RM'000	Group 2018 RM'000
Unquoted shares, at cost		
At beginning of the financial year	483	61
Additions	–	422
At end of the financial year	483	483
Share of post-acquisition losses		
At beginning of the financial year	(258)	(61)
Share of results	577	(197)
At end of the financial year	319	(258)
	802	225

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 2019	Proportion Equity Interest 2018	Principal Activities
OCK Steadcom (Thailand) Co., Ltd. ^	Thailand	49%	49%	Provision of telecommunications network services, primarily focusing on network planning, design and optimisation/ Secondment of staff.
Irat Civil Works Sdn. Bhd. *	Malaysia	40%	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.

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	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 consolidated statement of financial position	13	204	585	802
Group's share of results				
Group's share of loss, representing Group's share of total comprehensive (loss)/income	(6)	(2)	585	577

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
2018				
Assets and Liabilities				
Non-current assets	–	2	10	12
Current assets	107	1,243	3,108	4,458
Current liabilities	(12)	(736)	(3,206)	(3,954)
Net assets/(liabilities)	95	509	(88)	516
Results:				
Revenue	–	2,187	3,614	5,801
(Loss)/Profit for the financial year	(5)	(576)	633	52
Total comprehensive (loss)/income	(5)	(576)	633	52
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	(1)	(196)	(61)	(258)
Carrying amount in the consolidated statement of financial position	19	206	–	225
Group's share of results				
Group's share of loss, representing Group's share of total comprehensive loss	(1)	(196)	–	(197)

18. INVENTORIES

	Group 2019 RM'000	Group 2018 RM'000
At cost:		
Raw materials	3,972	4,692
Work-in-progress	61,488	66,970
Finished goods	784	760
	66,244	72,422
Inventories recognised as cost of sales during the financial year	207,348	242,744
Inventories written off recognised as an expense in cost of sales during the financial year	10	–

19. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Non-current:					
Other receivables					
- Third parties		1,755	1,221	–	–
- Prepayments		3,248	3,184	–	–
- Amounts owing by subsidiaries	(f)	–	–	295,376	285,973
		5,003	4,405	295,376	285,973
Less:					
Allowance for impairment loss					
- Amount owing by a subsidiary		–	–	(10,462)	(7,970)
		5,003	4,405	284,914	278,003
Current:					
Trade receivables					
- Third parties:					
- billed		150,130	169,083	–	–
- unbilled		55,334	54,762	–	–
- Amount owing by an associated company	(b)	608	–	–	–
- Related parties	(c)	170	2,141	–	–
- Retention sum	(d)	5,154	3,783	–	–
		211,396	229,769	–	–
Less:					
Allowance for impairment loss					
- Third party		(265)	(265)	–	–
	(a) (e)	211,131	229,504	–	–

19. TRADE AND OTHER RECEIVABLES (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Other receivables					
- Third parties		19,589	29,132	9	1
- Amount owing by ultimate holding company	(g)	390	198	371	198
- Amount owing by an associated company	(g)	1,551	2,030	–	–
		21,530	31,360	380	199
Less: Allowance for impairment loss - Third party		(38)	(38)	–	–
Total other receivables, net		21,492	31,322	380	199
Deposits	(h)	13,497	10,104	–	–
Advances to sub-contractors		15,952	8,244	–	–
GST refundable		1,419	992	–	13
Prepayments	(i)	38,264	37,625	590	624
		90,624	88,287	970	836
Total trade and other receivables (current)		301,755	317,791	970	836
Total trade and other receivables (non-current and current)		306,758	322,196	285,884	278,839

(a) Credit term of trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms extended to customers ranging from 30 to 150 days (2018: 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.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

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

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade receivable				
At beginning/end of the financial year	265	265	–	–
Other receivables				
At beginning of the financial year	38	–	7,970	5,291
Charge for the financial year (Note 8)				
- individually assessed	–	38	2,492	2,679
At end of the financial year	38	38	10,462	7,970

(b) Included in trade receivables of the Group is an amount of RM608,174 (2018: RM Nil) owing by an associated company which is under normal trade term.

(c) Included in trade receivables of the Group are amounts of RM170,317 (2018: RM907,201) owing by related parties in which certain directors of subsidiaries had substantial financial interest. The amount is under normal trade term.

(d) Included in trade receivables of the Group are retention sum of RM5,153,563 (2018: RM3,782,659) relating to construction work-in-progress. Retention sums are unsecured, interest-free and are expected to be collected within the period of normal operating cycle.

(e) Included in trade receivables is an amount of RM5,900,000 (2018: RM5,760,000) pledged as security for banking facility granted to a subsidiary (Note 27).

(f) Amounts owing by subsidiaries are non-trade in nature, unsecured, not expected to be settled within the next 12 months (2018: within the next 12 months), bear interest at rate of 4.6% (2018: 4.6%) per annum and expected to be settled in cash.

(g) Amounts owing by ultimate holding company and an associated company are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(h) Included in deposits of the Group is a refundable deposit of RM Nil (2018: RM5,000,000) paid by a subsidiary to sub-contractors.

(i) Included in prepayments of the Group are:

(i) down payment of RM7,000,000 (2018: RM1,305,000) for the purchase of a company shares;
(ii) transaction costs of RM5,497,343 (2018: RM4,265,676) in relation to the undrawn loan facilities of the Group; and
(iii) down payments to suppliers of RM17,652,631 (2018: RM17,870,399) for the purchase of goods and equipment.

19. TRADE AND OTHER RECEIVABLES (CONT'D)

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

	Group 2019 RM'000	Group 2018 RM'000
United States Dollar	387	481

(k) The information about the credit exposures are disclosed in Note 39(a).

20. CONTRACT ASSETS/(LIABILITIES)

	Group 2019 RM'000	Group 2018 RM'000
Contract assets relating to construction service contracts	19,021	13,085
Contract liabilities relating to construction service contracts	(1,443)	(1,890)

(a) Significant changes in contract balances

	2019		2018	
Group	**Contract assets increase/ (decrease) RM'000**	**Contract liabilities (increase)/ decrease RM'000**	**Contract assets increase/ (decrease) RM'000**	**Contract liabilities (increase)/ decrease RM'000**
Revenue recognised that was included in contract liability at the beginning of the financial year	–	507	–	202
Increases due to cash received, excluding amounts recognised as revenue during the period	–	(60)	–	(1,217)
Increases as a result of changes in the measure of progress	16,141	–	5,362	–
Transfers from contract assets recognised at the beginning of the period to receivables	(10,205)	–	(4,391)	–
Translation difference	–	–	102	–

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

(b) Revenue recognised in relation to contract balances

	Group	
	2019 RM'000	2018 RM'000
Revenue recognised that was included in contract liability at the beginning of the financial year	507	202

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.

21. OTHER INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Financial assets at fair value through profit or loss ("FVPL")				
At fair value:				
Short-term cash investments				
- Quoted equity securities	37,580	1,311	36,323	303

22. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Cash and bank balances	80,844	54,181	8,314	222
Short-term deposits placed with licensed banks	14,928	21,197	–	–
Cash and short-term deposits as presented in statements of financial position	95,772	75,378	8,314	222

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

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

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Short-term deposits placed with licensed banks	14,928	21,197	–	–
Less: Pledged deposits	(5,769)	(12,432)	–	–
	9,159	8,765	–	–
Cash and bank balances	80,844	54,181	8,314	222
Less: Bank overdrafts (Note 27)	(63,811)	(42,126)	–	–
Cash and short-term deposits as presented in statements of cash flows	26,192	20,820	8,314	222

(a) Deposits placed with licensed banks amounting of RM5,769,186 (2018: RM12,431,571) of the Group are pledged as security for banking facilities granted to subsidiaries (Note 27).

(b) Deposits placed with licensed banks of the Group earn interest at rates ranging from 2.63% to 3.90% (2018: 2.60% to 6.40%) per annum with a maturity of three months or less.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Myanmar Kyat	2,565	417	–	–
United States Dollar	2,706	24,273	5	5

23. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2019 Unit	2018 Unit	2019 RM'000	2018 RM'000
Issued and fully paid up:				
At beginning of the financial year	871,473	871,473	244,305	244,305
Transaction costs of share issue	–	–	(1,040)	–
Issuance of shares pursuant to private placement	87,100	–	52,260	–
At end of the financial year	958,573	871,473	295,525	244,305

23. SHARE CAPITAL (CONT'D)

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

During the financial year, the Company had issued 87,100,000 new ordinary shares at a price of RM0.60 per ordinary share through private placement for development and acquisition of green energy assets and working capital purposes.

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.

25. REVALUATION RESERVE

	Group	
	2019 RM'000	**2018 RM'000**
At beginning of the financial year	4,207	4,306
Revaluation of property, plant and equipment and right-of-use assets	3,612	–
Deferred tax relating to revaluation reserve	(426)	–
Realisation of revaluation reserve	(101)	(99)
At end of the financial year	7,292	4,207

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;

26. WARRANT RESERVE (CONT'D)

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

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

The warrants are quoted on the Main Market of Bursa Securities on 22 December 2015. The number of warrants remained unexercised at the end of the financial year are 264,072,954 (2018: 264,072,954).

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

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

27. BORROWINGS

		Group	
	Note	2019 RM'000	2018 RM'000
Non-current:			
Secured			
Finance lease liabilities	(a)	–	7,768
Term loans	(b)	264,269	316,468
Revolving projects loan	(e)	7,843	–
		272,112	324,236
Current:			
Secured			
Bankers' acceptance	(d)	16,752	15,146
Revolving projects loan	(e)	25,915	26,682
Bank overdrafts	(f)	63,811	42,126
Finance lease liabilities	(a)	–	5,537
Term loans	(b)	88,635	55,153
Revolving credit	(g)	19,287	26,020
Unsecured			
Bonds	(c)	–	754
		214,400	171,418
		486,512	495,654

27. BORROWINGS (CONT'D)

	Note	Group 2019 RM'000	Group 2018 RM'000
Total borrowings:			
Finance lease liabilities	(a)	–	13,305
Term loans	(b)	352,904	371,621
Bonds	(c)	–	754
Bankers' acceptance	(d)	16,752	15,146
Revolving projects loan	(e)	33,758	26,682
Bank overdrafts	(f)	63,811	42,126
Revolving credit	(g)	19,287	26,020
		486,512	495,654

(a) Finance lease liabilities

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

	Group 2018 RM'000
Future minimum lease payments	14,678
Less: Future finance charges	(1,373)
Total present value of minimum lease payments	13,305
Payable within one year	
Future minimum lease payments	6,194
Less: Future finance charges	(657)
Present value of minimum lease payments	5,537
Payable more than 1 year but not more than 5 years	
Future minimum lease payments	8,484
Less: Future finance charges	(716)
Present value of minimum lease payments	7,768
Total present value of minimum lease payments	13,305

In the previous financial year, the finance lease liabilities of the Group bore effective interest rates ranging from 4.15% to 7.01% per annum.

27. BORROWINGS (CONT'D)

(b) Term loans - secured

	Group	
	2019 **RM'000**	**2018** **RM'000**
Term loan I	1,537	2,101
Term loan II	7,157	7,868
Term loan III	990	1,063
Term loan IV	2,936	3,472
Term loan V - United States Dollar	–	3,422
Term loan VI - Indonesian Rupiah	7,375	4,608
Term loan VII - United States Dollar	114,348	139,879
Term loan VIII	5,022	–
Term loan IX	4,404	19,062
Term loan X	1,686	1,731
Term loan XI	2,691	3,223
Term loan XII - United States Dollar	40,245	40,533
Term loan XIII	10,341	12,377
Term loan XIV	3,188	3,776
Term loan XV	10,616	11,722
Term loan XVI - United States Dollar	55,061	60,836
Term loan XVII	14,931	16,485
Term loan XVIII	26,774	29,306
Term loan XIX	10,422	10,157
Term loan XX	3,620	–
Term loan XXI	20,550	–
Term loan XXII	7,429	–
Term loan XXIII	1,581	–
	352,904	371,621

The term loans are repayable as follows:

	Group	
	2019 **RM'000**	**2018** **RM'000**
Non-current liabilities:		
- due more than 1 year but not later than 5 years	242,775	301,247
- due after 5 years	21,494	15,221
	264,269	316,468
Current liabilities:		
- due within 1 year	88,635	55,153
	352,904	371,621

27. BORROWINGS (CONT'D)

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

(i) The term loans bear interest at rates ranging from 4.47% to 12.27% (2018: 4.65% 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	
	2019	**2018**
	RM'000	**RM'000**
United States Dollar	55,061	64,258

27. BORROWINGS (CONT'D)

(c) Bonds - unsecured

On 28 November 2013, a subsidiary of the Company had entered into an agreement to issue RM3,227,000 6-year Sukuk Murabahah bonds ("Sukuk") which bears interest at Nil (2018: 5.84% to 6.09%) per annum payable semi-annually in arrears.

The bonds are secured by way of:
(i) Assignment of, including customary step in rights in an Event of Default:
- All rental proceeds, in relation to the Telco Structures (completed basic telecommunication structures), due and payable by the lessee(s) under the rental agreements between the subsidiary and the lessee(s) which have been identified prior to the issuance ("Series Rental Agreement");
- All rights, title and interest in relation to the Series Rental Agreement, including the deposits paid by the lessee(s) and the issuer in relation to the Telco Structures;

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

The Sukuk Murabahah bonds had been fully settled during the financial year.

(d) Bankers' acceptance

The bankers' acceptance are secured by way of:

(i) First party legal charge over properties of a subsidiary (Note 11);
(ii) Joint and several guarantees by certain directors of the Company and its subsidiaries;
(iii) Personal guarantee executed by a director of the Company;
(iv) Blanket 2-party Deed of Assignment of all contract proceeds/receivables for the contracts/transactions financed by the bank;
(v) Pledged of Fixed Deposit of a subsidiary;
(vi) All monies legal charge or all monies Deed of Assignment and Power of attorney over a property of a subsidiary;
(vii) Corporate guarantee from the Company;
(viii) Assignment over all rents and other monies; and
(ix) Assignment of contract.

The bankers' acceptance bears interest rates ranging from 3.58% to 8.00% (2018: 5.33% to 5.58%) per annum.

27. BORROWINGS (CONT'D)

(e) Revolving projects loan

The revolving projects loan is secured by way of:

(i) All monies debenture incorporating fixed and floating charge over all present and future assets and undertaking of a subsidiary;
(ii) Assignment of all contract proceeds arising from contracts of a subsidiary;
(iii) Assignment of all contract proceeds and/or receivables of a subsidiary to be received from a frame agreement for provision of services of a subsidiary;
(iv) Pledged of fixed deposits of a subsidiary;
(v) Joint and several guarantees from certain directors of the Company and its subsidiaries; and
(vi) Deed of Assignment of all contract proceeds/receivables for the contracts/transactions financed by the bank;
(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 7.0% to 7.25% (2018: 7.0% to 7.25%) per annum.

(f) Bank overdrafts

The bank overdrafts are secured by way of:-

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

The bank overdrafts bear effective interest rates ranging from 5.71% to 8.60% (2018: 7.92% to 8.74%) per annum.

(g) Revolving credit

The revolving credit is secured by way of:-

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

The revolving credit bears effective interest rates ranging from 6.26% to 6.76% (2018: 6.51% to 7.51%) per annum.

28. LEASE LIABILITIES

	Group 2019 RM'000
Non-current:	
Lease liabilities	137,016
Current:	
Lease liabilities	32,972
	169,988

The incremental borrowing rates applied to the lease liabilities ranging from 4.32% to 7.14% per annum.

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

	Group 2019 RM'000
Future minimum lease payments	207,218
Less: Future finance charges	(37,230)
Total present value of minimum lease payments	169,988
Payable within one year	
Future minimum lease payments	41,165
Less: Future finance charges	(8,194)
Present value of minimum lease payments	32,971
Payable more than 1 year but not more than 5 years	
Future minimum lease payments	95,614
Less: Future finance charges	(20,314)
Present value of minimum lease payments	75,300
Payable more than 5 years	
Future minimum lease payments	70,439
Less: Future finance charges	(8,722)
Present value of minimum lease payments	61,717
Total present value of minimum lease payments	169,988

29. TRADE AND OTHER PAYABLES

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Trade payables					
- Third parties		71,170	79,303	–	–
- Accruals		8,747	7,809	–	–
- Related parties		15	26	–	–
- Associated company		–	445	–	–
- Retention sum		2,539	2,093	–	–
	(a) (b)	82,471	89,676	–	–
Other payables		33,095	12,741	28	2
Accruals	(c)	19,641	9,598	293	185
Deposits		6,154	6,776	–	–
GST payable		1,724	518	–	–
Amounts owing to minority shareholders of subsidiaries	(d)	932	1,954	–	–
Amounts owing to directors of subsidiaries	(e)	99	99	–	–
		61,645	31,686	321	187
Total trade and other payables		144,116	121,362	321	187

(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 (2018: 30 to 90 days).

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

	Group 2019 RM'000	Group 2018 RM'000
Chinese Yuan	651	8,559

(c) Non-trade accruals of the Group include accrued costs on property, plant and equipment of RM8,096,296 (2018: RM7,769,687) owing to the suppliers and sub-contractors.

(d) Amounts owing to minority shareholders of subsidiaries are non-trade in nature, unsecured, interest-free and repayable upon demand in cash.

(e) Amounts owing to directors of subsidiaries are non-trade in nature, unsecured, interest- free and repayable upon demand in cash.

(f) For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 39(b).

30. POST EMPLOYMENT BENEFIT LIABILITIES

	Group 2019 RM'000	2018 RM'000
At beginning of the financial year	460	368
Recognised in profit or loss (Note 8)	130	98
Actuarial loss recognised in other comprehensive income	25	4
Translation differences	35	(10)
At end of the financial year	650	460

(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 5 February 2020 (2018: 26 February 2019) using the projected unit credit method.

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

	Group 2019	2018
Discount rate	8.08% - 8.20%	8.66%
Normal retirement age	55 years	55 years
Salary increase rate	9.5%	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.

<u>Sensitivity analysis</u>

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
2019			
Discount rate	1.0%	(68)	80
Future salary growth	1.0%	77	(67)
2018			
Discount rate	1.0%	(51)	60
Future salary growth	1.0%	58	(50)

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in significant actuarial assumptions occurring at the end of reporting period.

31. PROVISION FOR LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Site restoration costs		
At beginning of the financial year	4,195	2,201
Additions	3,246	1,814
Unwinding of discount (Note 8)	239	139
Translation difference	(24)	41
At end of the financial year	7,656	4,195

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

32. DERIVATIVE FINANCIAL LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
Derivatives liabilities at fair value through profit or loss:		
Forward foreign exchange contracts	13	2

Forward exchange contracts are used to manage the foreign currency exposures arising from subsidiaries' payables denominated in currencies (USD and CNY) other than the functional currency of the subsidiaries. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity. The notional principal amounts of the subsidiaries' outstanding forward foreign exchange contracts as at 31 December 2019 were RM511,740 (2018: RM119,098).

33. FINANCIAL GUARANTEES

	Company	
	2019 RM'000	2018 RM'000
Financial guarantees given to licensed banks for outstanding banking facilities granted to subsidiaries	486,321	491,121

34. CAPITAL COMMITMENTS

	Group	
	2019 RM'000	2018 RM'000
In respect of capital expenditure:		
Property, plant and equipment		
- approved and contracted for	35,074	96,740
- approved but not contracted for	74,206	96,487
In respect of acquisition of a subsidiary		
- approved and contracted for	24,650	145

35. OPERATING LEASE COMMITMENTS

(a) The Group as lessee

As at 31 December 2019, the Group is committed to leases of low-value assets and short-leases that are dissimilar to the portfolio of short-term leases expensed during the year. In the previous year, the Group had entered into a commercial lease for its sites, office premises, factory, equipment, motor vehicles and hostels. These leases had tenure of 1 to 20 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	
	2019 RM'000	2018 RM'000
Not later than one year	1,175	24,511
Later than one year and not later than five years	639	55,756
Later than five years	–	49,192
	1,814	129,459

(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	
	2019 RM'000	2018 RM'000
Not later than one year	125,202	76,315
Later than one year and not later than five years	410,374	295,529
Later than five years	503,758	426,502
	1,039,334	798,346

36. RELATED PARTY TRANSACTIONS

(a) Identification of related parties

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

The Group and the Company have related party relationships with their subsidiaries, related parties, directors of the Company and key management personnel. Related parties 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
OCK Steadcom (Thailand) Co., Ltd.	An associated company
Imejjiwa Communications	A company in which a director of the Company is a director
Irat Civil Works Sdn. Bhd.	An associated company

(b) Transactions with related parties are as follows:

	Group	
	2019 RM'000	**2018 RM'000**
Related Parties		
Dynasynergy Sdn. Bhd.		
Sales received/receivable	(1,641)	(2,231)
Dynasynergy Technology Sdn. Bhd.		
Purchases paid/payable	204	203
Imejjiwa Communications		
Consultancy fees paid/payable	71	69
PLY Technology		
Consultancy fees paid/payable	308	336
Associates		
Irat Civil Works Sdn. Bhd.		
Sales received/receivable	(14)	(973)
OCK Steadcom (Thailand) Co., Ltd.		
Sales received/receivable	(2,187)	(1,234)

36. RELATED PARTY TRANSACTIONS (CONT'D)

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

	Company	
	2019 RM'000	2018 RM'000
Received and receivable from subsidiaries		
Management fees	(4,350)	(4,000)
Interest income	(11,103)	(12,525)
Paid and payable to subsidiaries		
Interest expense	477	–
Waiver of debts	30	192

Information regarding outstanding balances arising from related parties transactions at each reporting date are disclosed in Notes 19 and 29.

(c) Compensation of Key Management Personnel

Key management personnel includes personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any director of the Group and of the Company.

The remuneration of the key management personnel is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Directors of the Company				
Executive Directors:				
- salaries, allowances and bonuses	2,938	3,111	2,164	2,283
- other emoluments	354	376	260	275
	3,292	3,487	2,424	2,558
Non-executive Directors:				
- fees	168	168	168	168
- allowances	22	20	22	20
	190	188	190	188
Directors of the subsidiaries				
Executive Directors:				
- fees	73	24	–	–
- salaries, allowances and bonuses	1,473	961	–	–
- other emoluments	93	89	–	–
	1,639	1,074	–	–
Total directors' remuneration	5,121	4,749	2,614	2,746

36. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Compensation of Key Management Personnel (Cont'd)

The remuneration of the key management personnel is as follows: (Cont'd)

	Group		Company	
	2019 RM'000	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Other key management personnel				
Short-term employee benefits	2,454	1,998	813	411
Post employment benefits	302	245	96	50
	2,756	2,243	909	461
	7,877	6,992	3,523	3,207

37. SEGMENT INFORMATION

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

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

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

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

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

37. SEGMENT INFORMATION (CONT'D)

Group	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
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	–	3,297	72,071
Other non-cash (income)/expenses	b	(719)	(28)	(131)	(128)	9,446	(7,725)	715
Segment profit/(loss) after tax	c	26,084	1,847	2,638	2,613	(1,561)	(247)	31,374
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	(1,121,130)	1,412,144
Segment Liabilities	f	1,434,114	55,367	4,968	24,388	39,195	(730,385)	827,647

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

37. SEGMENT INFORMATION (CONT'D)

Group	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 (Restated)	Consolidated RM'000 (Restated)
2018								
Revenue								
External revenue		390,250	30,275	15,841	21,230	–	(375)	457,221
Inter-segment revenue	a	31,861	1,198	5,872	1,023	–	(39,954)	–
		422,111	31,473	21,713	22,253	–	(40,329)	457,221
Results								
Interest income	a	(5,911)	(9)	(339)	(2)	(12,549)	15,050	(3,760)
Finance costs	a	29,288	2,767	459	114	1,610	(12,200)	22,038
Depreciation and amortisation		30,519	2,921	100	60	–	3,534	37,134
Other non-cash (income)/expenses	b	(3,036)	(25)	(107)	–	2,685	347	(136)
Segment profit after tax	c	47,939	932	2,140	368	4,134	(25,701)	29,812
Segment Assets								
Additions to non-current assets	d	109,988	1,339	784	14	–	(1,420)	110,705
Segment assets	e	1,826,163	75,777	23,997	25,216	365,922	(1,180,311)	1,136,764
Segment Liabilities	f	1,170,582	42,199	16,066	15,198	34,950	(637,254)	641,741

37. SEGMENT INFORMATION (CONT'D)

(a) Inter-segment revenue and interest are eliminated on consolidation.

(b) Other material non-cash expenses/(income) consist of the following items as presented in the respective notes:

	2019 RM'000	2018 RM'000
Bad debts written off	814	167
Deposits written off	3	–
Impairment losses on other receivables	–	38
Inventories written off	10	–
Fair value loss/(gain) on derivative instruments	11	(4)
Fair value gain on investment properties	(250)	(1,000)
Gain from bargain purchase	(82)	(32)
Loss on waiver of debts	5	–
Net unrealised loss on foreign exchange	335	173
Provision for post employment benefits	130	98
Property, plant and equipment written off	284	363
Net gain on disposal of property, plant and equipment	(456)	(78)
Net gain on disposal of right-of-use assets	(328)	–
Unwinding effect on provision for site restoration	239	139
	715	(136)

(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:

	2019 RM'000	2018 RM'000
Property, plant and equipment	115,487	110,644
Investment properties	–	61
	115,487	110,705

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

	2019 RM'000	2018 RM'000 (Restated)
Inter-segment assets	(1,121,130)	(1,180,311)

37. 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:

	2019 RM'000	2018 RM'000 (Restated)
Deferred tax liabilities	5,315	6,142
Inter-segment liabilities	(735,700)	(643,396)
	(730,385)	(637,254)

(g) Geographical information

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

	Revenue	
	2019 RM'000	2018 RM'000
Malaysia	285,838	282,453
Cambodia	201	–
China	5,352	5,825
Myanmar	73,493	65,648
Indonesia	51,505	47,090
Singapore	5,664	8,124
Vietnam	51,316	48,081
	473,369	457,221

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	
	2019 RM'000	2018 RM'000 (Restated)
Malaysia	215,960	152,134
Cambodia	35	2
China	31	49
Myanmar	392,455	289,845
Indonesia	18,158	16,793
Vietnam	255,494	186,901
	882,133	645,724

(h) Major customers

There is no major customer with revenue equal or more than 10% of the Group's total revenue during the current financial year. In the previous financial year, revenue from a major customer in the Telecommunication Network Services segment represented approximately RM48,081,007 or 11% of the Group's revenue.

38. 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
2019			
Financial assets			
Group			
Trade and other receivables, net of non-refundable deposit, GST refundable, advances to sub-contractors and prepayments	247,875	247,875	–
Cash and short-term deposits	95,772	95,772	–
Other investments	37,580	–	37,580
	381,227	343,647	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	142,392	142,392	–
Loans and borrowings	486,512	486,512	–
Lease liabilities	169,988	169,988	–
Derivative financial liabilities	13	–	13
	798,905	798,892	13
Company			
Other payables, net of GST payable	321	321	–

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

(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 finance lease liabilities in the previous financial year was calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

The fair value of 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 (2018: no transfer in either directions).

38. FINANCIAL INSTRUMENTS (CONT'D)

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

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

	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
2019									
Financial assets									
Other investments	37,580	37,580	–	–	37,580	–	–	–	–
Financial liabilities									
Derivatives financial liabilities	13	13	–	–	13	–	–	–	–
2018									
Financial assets									
Other investments	1,311	1,311	–	–	1,311	–	–	–	–
Financial liabilities									
Finance lease liabilities	13,305	–	–	–	–	–	13,753	–	13,753
Derivatives financial liabilities	2	2	–	–	2	–	–	–	–
Company									
2019									
Financial assets									
Other investments	36,323	36,323	–	–	36,323	–	–	–	–
2018									
Financial assets									
Other investments	303	303	–	–	303	–	–	–	–

38. FINANCIAL INSTRUMENTS (CONT'D)

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

Level 2 fair value

Fair value of financial instruments carried at fair value

The fair value of forward foreign exchange contracts is estimated by discounting the differences between the contractual forward price and the current forward price for the residual maturity of the contract.

Fair value of financial instruments not carried at fair value

The fair value of finance lease liabilities in previous financial year was determined using the discounted cash flows method based on discount rates that reflects the issuer's borrowing rates as at the end of the reporting period.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) Credit risk

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

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group 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.

39. 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 14% (2018: 11%) of the Group trade receivables was due from two (2018: one) 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
Group			
2019			
Contract assets	0%	19,021	–
Trade receivables			
Current	0%	113,337	–
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%	22,304	–
		230,417	–
Group			
2018			
Contract assets	0%	13,085	–
Trade receivables			
Current	0%	128,980	–
1 to 30 days past due	0%	6,537	–
31 to 60 days past due	0%	15,908	–
61 to 90 days past due	0%	27,455	–
91 to 120 days past due	0%	8,548	–
More than 121 days past due	0%	42,341	–
		242,854	–

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

(a) Credit risk (Cont'd)

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.

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 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 33. 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.

39. 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:

		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					
Group					
Financial liabilities					
Trade and other payables	142,392	142,392	–	–	142,392
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	95,614	70,439	207,218
Term loans	352,904	90,340	248,014	21,021	359,375
	798,892	400,819	352,602	91,460	844,881
Company					
Financial liabilities					
Other payables	321	321	–	–	321
Financial guarantee contracts	–	486,321	–	–	486,321
	321	486,642	–	–	486,642

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

(b) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

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

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

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

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposure arising from sales, purchases, deposits and borrowings that are denominated in a currency other than the respective functional currency of the Group's entities, primarily RM. The foreign currencies in which these transactions are denominated are mainly United States Dollar ("USD") and Chinese Yuan ("CNY").

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances (mainly in USD, Myanmar Kyat ("MMK") and CNY) amounted to RM5,271,109 (2018: RM24,689,213) and RM 5,163 (2018: RM5,287) respectively.

The Group is also exposed to currency translation risk arising from its investments in foreign operations. The Group's investments in Singapore, Indonesia, China, Cambodia, Thailand, Myanmar, British Virgin Islands and Vietnam are not hedged as currency positions in the functional currency of respective countries are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, 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	
		2019	**2018**
		RM'000	**RM'000**
USD/RM	- strengthen by 5% (2018: 5%)	(1,975)	(1,501)
	- weaken by 5% (2018: 5%)	1,975	1,501
CNY/RM	- strengthen by 5% (2018: 5%)	(25)	(325)
	- weaken by 5% (2018: 5%)	25	325
MMK/RM	- strengthen by 5% (2018: 5%)	97	16
	- weaken by 5% (2018: 5%)	(97)	(16)

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

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from:

(i) Interest bearing financial assets

Cash deposits are short-term in nature and are not held for speculative purposes.

The Group manages its interest rate yield by prudently placing deposits with varying maturity periods.

(ii) Interest bearing financial liabilities

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and the nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

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

At the end of the financial year, if average interest rates increased/decreased by 1% with all other variable held constant, the Group's profit net of tax for the financial year ended 31 December 2019 will be lower/higher by RM3,550,900 (2018: RM3,468,106) as a result of exposure to floating rate borrowings.

40. CAPITAL MANAGEMENT

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

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

The Group and the Company monitor the level of dividends to be paid to shareholders. The Company's objectives are to pay out regular dividends to the shareholders based on the level of the Group's and the Company's profitability and cash flows. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2019 and 31 December 2018.

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.

40. CAPITAL MANAGEMENT (CONT'D)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Loan and borrowings	486,512	495,654	–	–
Lease liabilities	169,988	–	–	–
Trade and other payables	144,116	121,362	321	187
Contract liabilities	1,443	1,890	–	–
Less: Cash and short- term deposits	(95,772)	(75,378)	(8,314)	(222)
Net debt/(cash)	706,287	543,528	(7,993)	(35)
Total equity	584,497	495,023	385,528	332,990
	1,290,784	1,038,551	377,535	332,955
Gearing ratio	55%	52%	*	*

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.

41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 24 January 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 50,000 ordinary shares in Tanda Hebat Sdn. Bhd. ("Tanda Hebat") representing 100% equity interest in Tanda Hebat for a cash consideration of RM50,000. Consequently, Tanda Hebat became an indirect wholly-owned subsidiary of the Company. The principal activity of Tanda Hebat was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

(b) On 24 January 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 50,000 ordinary shares in Energenetic Sdn. Bhd. ("Energenetic") representing 100% equity interest in Energenetic for a cash consideration of RM50,000. Consequently, Energenetic became an indirect wholly-owned subsidiary of the Company. The principal activity of Energenetic was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

(c) On 24 January 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had completed the acquisition of 50,000 ordinary shares in Powerlator Sdn. Bhd. ("Powerlator") representing 100% equity interest in Powerlator for a cash consideration of RM50,000. Consequently, Powerlator became an indirect wholly-owned subsidiary of the Company. The principal activity of Powerlator was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

(d) On 7 March 2019, the Company's indirect wholly-owned subsidiary, MIN-OCK Infrastructure Pte. Ltd. ("MIN-OCK") had been struck off from the Register of Accounting and Corporate Regulatory Authority of Singapore ("ACRA").

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

(e) On 4 April 2019, the Company's indirect wholly-owned subsidiary, OCK Telco Infra Pte. Ltd. ("OCKTI") had been struck off from the Register of Accounting and Corporate Regulatory Authority of Singapore ("ACRA").

(f) 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.

(g) On 1 August 2019, the Company's indirect wholly-owned subsidiary, OCK Telco Infra Sdn. Bhd. ("OCK Telco Infra") had 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.

(h) 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.

(i) On 6 November 2019, the Company increased its issued and paid-up ordinary share capital from RM244,304,802 to RM295,524,862 by way of issuance of 87,100,000 ordinary shares of RM0.60 each through private placement.

(j) On 28 November 2019, the Company entered into a Memorandum of Understanding ("MOU") with China Information Technology Designing & Consulting Institute Co. Ltd., a subsidiary of China United Network Communications Group Co. Ltd. or more commonly know as China Unicom which was valid for a period of 12 months from the date of the MOU.

(k) On 20 December 2019, the Company's wholly-owned subsidiary, Milab Marketing Sdn. Bhd. ("Milab") had entered into a conditional Shares Sales Agreement ("SSA") with Green Leadership Sdn. Bhd. ("Green Leadership") for the acquisition of 6,600,000 ordinary shares, representing 100% equity interest in Green Leadership for the purchase consideration of RM31,650,000. Upon completion of the acquisition, Green Leadership will become an indirect wholly-owned subsidiary of the Company. The intended principal activity of Green Leadership was provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

The SSA is subject to the fulfilment of certain conditions under the SSA. The SSA shall become unconditional on the date on which the last condition precedent has been obtained or fulfilled. The completion of the sale and purchase of the Sale Shares shall take place within thirty (30) days from the unconditional date.

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

(a) 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.

(b) 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 RM12,500,000. Consequently, SSPSB became an indirect wholly-owned subsidiary of the Company. The intended principal activity of SPSSB is provision of electrical, mechanical, motor and generation of power including all forms of renewable energy power generation.

42. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR (CONT'D)

(c) Coronavirus outbreak

On 11 March 2020, the World Health Organisation declared the Coronavirus ("Covid-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 16 March 2020, the Malaysian Government has imposed the 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 and other precautionary measures imposed in various countries. The emergence of the Covid-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

For the Group's and the Company's financial statements for the financial year ended 31 December 2019, the Covid-19 outbreak and the related impacts are considered non- adjusting events in accordance with MFRS 110 *Events after the Reporting Period.* Consequently, there is no impact on the recognition and measurement of assets and liabilities as at 31 December 2019.

The Group and the Company are unable to reasonably estimate the financial impact of Covid-19 for the financial year ending 31 December 2020 to be disclosed in the financial statements as the situation is still evolving and the uncertainty of the outcome of the current events. It is however certain that the local and worldwide measures against the spread of the Covid-19 will have adverse effects on the Group's and the Company's sales, operations and supply chains. The Group and the Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group and the Company will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's and the Company's operations.

43. COMPARATIVE FIGURES

(a) Arising from the Purchase Price Allocation ("PPA") exercise carried out on the acquisition of Novel Energy Sdn. Bhd., Suluk Damai Sdn. Bhd. and Azminas Sdn. Bhd. as disclosed in Note 16(i), the impact to the financial statements of the Group for the financial year ended 31 December 2018 are as follows:

	As previously stated RM'000	**Effect of adjustment from PPA RM'000**	**As restated RM'000**
Group			
2018			
Statements of Comprehensive Income			
Other operating expenses	5,253	44	5,297
Tax expense	14,366	(10)	14,356
Statements of Financial Position			
Non-current assets			
Intangible assets	164,637	183	164,820
Non-current liabilities			
Deferred tax liabilities	(13,784)	(217)	(14,001)

43. COMPARATIVE FIGURES (CONT'D)

(b) The following comparative figures have been reclassified to conform with current year presentation:

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Group			
2018			
Statements of Financial Position			
Current assets			
Cash and short-term deposits	76,689	(1,311)	75,378
Other investments	–	1,311	1,311
Statements of Cash Flows			
Net cash used in investing activities	(108,310)	(1,022)	(109,332)
Cash and cash equivalents at the beginning of the financial year	82,811	(289)	82,522
Cash and cash equivalents at the end of the financial year	22,131	(1,311)	20,820
Company			
2018			
Statement of Financial Position			
Current assets			
Cash and short-term deposits	525	(303)	222
Other investments	–	303	303
Statement of Cash Flows			
Net cash used in investing activities	(263)	(21)	(284)
Cash and cash equivalents at the beginning of the financial year	775	(282)	493
Cash and cash equivalents at the end of the financial year	525	(303)	222

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **OOI CHIN KHOON** and **ABDUL HALIM BIN ABDUL HAMID**, being two of the directors of OCK GROUP BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 80 to 204 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 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: 21 May 2020

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 80 to 204 are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

………………………….............................
ANTHONY THONG YEONG SHYAN
(MIA Membership No: 6179)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 21 May 2020.

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 2019 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 80 to 204.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Goodwill (Note 4(a) and Note 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 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.

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 2019 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risk of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

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

Revenue and corresponding costs recognition for construction activities (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 of the outcome of future events.

Our response:

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

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

Key Audit Matters (Cont'd)

Group (Cont'd)

Right-of-use assets, lease liabilities and provision for restoration costs (Note 4(d), Note 12 and Note 28 to the financial statements)

During the financial year, the Group has adopted MFRS 16 *Leases* and has recognised right-of-use ("ROU") assets and lease liabilities on the date of initial application. We focused on this area because the measurement of the right-of-use assets and lease liabilities requires the application of significant judgement by the directors in determining the lease term.

Our response:

Our audit procedures included, among others:
- evaluating the Group's assessment on the MFRS 16 impact arising from initial application;
- reading the salient terms of the agreements;
- obtaining an understanding on the judgement and estimates made by the directors on key inputs in the computation of ROU assets, lease liabilities and restoration costs; and
- testing the mathematical accuracy of the computation of the ROU assets, lease liabilities and restoration costs.

Company

Investment in subsidiaries and amounts owing by subsidiaries (Note 4(e), Note 16 and Note 19 to the financial statements)

The Company performs impairment review on the investment in subsidiaries and amounts owing by subsidiaries whenever the events or changes in circumstances indicate that the carrying amounts of the investment in subsidiaries and amounts owing by 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. The impairment made on investment in subsidiaries entails an allowance for doubtful debts to be made to the amounts owing by these subsidiaries.

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 and amounts owing by subsidiaries.

Our response:

Our audit procedures included, among others:
- comparing the actual results with previous budget to assess the performance of the business and reliability of the forecasting process;
- 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.

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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OCK GROUP BERHAD
(Incorporated in Malaysia)
(CONT'D)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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: (Cont'd)

- 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.

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. 03229/09/2020 J
Chartered Accountant

Kuala Lumpur

Date: 21 May 2020

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 2019 RM'000	Market Value/ Date RM'000	Issuance Date of Certificate of Fitness/ Certificate of Completion and Compliance
OCK Setia Engineering Sdn. Bhd.	Title: P.T No. 366 held under Title No. H.S.(D) 292524 Mukim Pekan Hicom District of Petaling State of Selangor (formerly known as P.T No. 629 & 630 held under Title No. H.S.(D) 63627 & 63628 respectively Mukim Damansara District of Petaling State of Selangor) Address: No. 79 & 80, Hicom Sector B, Jalan Teluk Gadung 27/93A, 40000 Shah Alam, Selangor Darul Ehsan	Single (1) storey detached warehouse annexed with a three (3) storey office building and a double laboratory/ Rented to third party	Freehold	55,800/ 46,013	13,250	13,250 December 2019	20.06.1995
OCK Setia Engineering Sdn. Bhd.	Title: P.T. No. 703 held under Title No. H.S.(D) 194910 Town of Sunway District of Petaling State of Selangor Address: No. 21, Jalan PJS 8/18, Dataran Mentari, Bandar Sunway, 46150 Petaling Jaya, Selangor Darul Ehsan	Three (3) storey terrace intermediate shop office/ Rented to third parties	99 years lease expiring 06.11.2102	1,765/ 5,280	2,500	2,300/ December 2019	18.08.2008
OCK Setia Engineering Sdn. Bhd.	Title: Geran 46092, Lot no 70, Seksyen 70, Town and District Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur Address: No 18-02, Q Sentral, 2A, Jalan Stesen Sentral 2, Kuala Lumpur Sentral, 50470 Kuala Lumpur	Office unit/ Unoccupied	Freehold	1,660	2,361	2,250/ December 2019	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 2019 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	17,000	17,000/ December 2019	25.11.1995
OCK M&E Sdn. Bhd.	Title: P.T. No. 41553 held under Title No. H.S.(M) 19182, Mukim Dengkil, District of Sepang, State of Selangor Address: No. 6, Jalan PTP 1/1 Taman Perindustrian Tasik Perdana@ Puchong, 47120 Puchong, Selangor Darul Ehsan	One and a half storey (1 1/2 semidetached factory)/ Rented to third party	99 years lease expiring 4.11.2107	8,125/ 4,043	2,969	3,000/ April 2019	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	1,350	1,350 December 2019	25.11.2013

ANALYSIS OF SHAREHOLDINGS
AS AT 12 MAY 2020

Issues and fully paid-up Share Capital	:	RM95,857,296.20
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per shareholder on a show of hands or one vote per ordinary shares on poll
Number of shareholdes	:	5,184

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of holders	%	No. of shares	%
1 - 99	99	1.909	4,351	0.000
100 - 1,000	422	8.140	255,945	0.026
1,001 - 10,000	2,561	49.402	15,181,075	1.583
10,001 - 100,000	1,776	34.259	58,775,777	6.131
100,001 - 47,928,647 (*)	322	6.211	477,056,339	49.767
47,928,648 And Above (**)	4	0.077	407,299,475	42.490
Total :	**5,184**	**100.000**	**958,572,962**	**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.	325,635,150	33.971	–	–
Lembaga Tabung Angkatan Tentera	107,893,425	11.256	–	–
Employees Provident Fund Board	61,000,700	6.364	–	–
Ooi Chin Khoon	372,000	0.039	326,691,225 *1	34.081

Notes:-

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

ANALYSIS OF SHAREHOLDINGS
AS AT 12 MAY 2020
(CONT'D)

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

	Shareholdings			
Name of Directors	**Direct**	**%**	**Indirect**	**%**
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	–	–	–	–
Ooi Chin Khoon	372,000	0.039	326,691,225 *1	34.081
Abdul Halim Bin Abdul Hamid	–	–	–	–
Low Hock Keong	12,354,100	1.289	3,075,500 *2	0.321
Chang Tan Chin	5,485,100	0.572	–	–
Chong Wai Yew	7,550,000	0.788	–	–
Dato' Mohd Som Bin Ibrahim	–	–	–	–
Encik Mahathir Bin Mahzan	–	–	–	–
Encik Syed Hazrain Bin Syed Razlan Jamalullail	–	–	–	–

Notes:-

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

*2 *Deemed interested by virtue of his Mother, Hoh Moh Ying's direct shareholding in OCK Group Berhad.*

LIST OF TOP 30 HOLDERS AS AT 12 MAY 2020 (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.	174,893,650	18.245
2	LEMBAGA TABUNG ANGKATAN TENTERA	106,493,425	11.109
3	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN BHD (SIN 45387)	65,360,000	6.818
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	60,552,400	6.316
5	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	44,901,500	4.684
6	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR ALIRAN ARMADA SDN BHD (PB)	26,012,852	2.713
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ALIRAN ARMADA SDN BHD (PBCL-0G0265)	25,400,000	2.649
8	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	22,817,500	2.380
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ALIRAN ARMADA SDN BHD (PBCL-0G0407)	18,173,648	1.895
10	HE SWEE HONG	16,800,000	1.752
11	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN BHD	16,000,000	1.669
12	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	13,100,000	1.366
13	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (PF)	12,978,600	1.353

ANALYSIS OF SHAREHOLDINGS

AS AT 12 MAY 2020
(CONT'D)

LIST OF TOP 30 HOLDERS AS AT 12 MAY 2020 (FOR ANNUAL REPORT) (CONT'D)

No.	Name of Shareholders	No. of Shares Held	%
14	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	12,144,900	1.266
15	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	11,632,600	1.213
16	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR PERTUBUHAN KESELAMATAN SOSIAL (AFF HWG6939-403)	11,172,700	1.165
17	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LOW HOCK KEONG	10,254,100	1.069
18	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	8,047,000	0.839
19	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	7,922,000	0.826
20	LEE MEI SIANG	7,648,350	0.797
21	TOKIO MARINE LIFE INSURANCE MALAYSIA BHD AS BENEFICIAL OWNER (TMEF)	7,600,000	0.792
22	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG WAI YEW	7,550,000	0.787
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (AFFIN HWNG SM CF)	6,583,650	0.686
24	AMANAHRAYA TRUSTEES BERHAD ASN EQUITY 2	6,518,300	0.680
25	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	5,858,900	0.611
26	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PETROLIAM NASIONAL BERHAD (AFFIN)	5,018,400	0.523
27	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHANG TAN CHIN	4,585,100	0.478
28	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN STRATEGIC FUND	4,552,000	0.474
29	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD	4,481,450	0.467
30	UOBM NOMINEES (TEMPATAN) SDN BHD UOB ASSET MANAGEMENT (MALAYSIA) BERHAD FOR GIBRALTAR BSN AGGRESSIVE FUND	4,480,000	0.467
	TOTAL	729,533,025	76.106

ANALYSIS OF WARRANTS

AS AT 12 MAY 2020

No. of warrants in issue	:	264,072,954
Exercise price of warrants	:	RM0.71
Voting Rights	:	One (1) vote per warrant holder on a show of hands or one (1) vote per warrant on poll in the meeting of warrant holders
Number of warrant holders	:	1,925

ANALYSIS OF WARRANTHOLDINGS

Size of Holdings	No. of Warrantholders	%	No. of Warrants	%
1 - 99	74	3.844	3,144	0.001
100 - 1,000	105	5.454	61,335	0.023
1,001 - 10,000	543	28.207	3,125,125	1.183
10,001 - 100,000	798	41.454	35,669,350	13.507
100,001 - 13,203,646 (*)	405	21.038	225,214,000	85.284
13,203,647 AND ABOVE (**)	–	–	–	–
TOTAL :	**1,925**	**100.000**	**264,072,954**	**100.000**

REMARK : * - LESS THAN 5% OF ISSUED WARRANTS
** - 5% AND ABOVE OF ISSUED WARRANTS

DIRECTORS' INTERESTS IN WARRANTS

As per the Register of Directors' Warrantholdings

	Warrantholdings			
	Direct		Indirect	
Name of Directors	No. of Shares	%	No. of Shares	%
Dato' Indera Syed Norulzaman Bin Syed Kamarulzaman	–	–	–	–
Ooi Chin Khoon	–	–	1,560,025.00	0.591%
Abdul Halim Bin Abdul Hamid	–	–	–	–
Low Hock Keong	–	–	530,000.00	0.201%
Chang Tan Chin	–	–	–	–
Chong Wai Yew		–	–	–
Dato' Mohd Som Bin Ibrahim	–	–	–	–
Encik Mahathir Bin Mahzan	–	–	–	–
Encik Syed Hazrain Bin Syed Razlan Jamalullail	–	–	–	–

Notes:-

**1 Deemed interested by virtue of his shareholding in Aliran Armada Sdn. Bhd. direct warrantholdings in OCK Group Berhad remain.*

ANALYSIS OF WARRANTS
AS AT 12 MAY 2020
(CONT'D)

LIST OF TOP 30 WARRANTHOLDERS AS AT 12 MAY 2020 (FOR ANNUAL REPORT)

No.	Name of Warrantholders	No. of Shares Held	%
1	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR ALIRAN ARMADA SDN.BHD.	8,714,400	3.299
2	LEE MEI SIANG	8,251,100	3.124
3	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (HOUSE ACCOUNT)	7,700,000	2.915
4	KONG FOI HA @ KONG POI HAR	5,442,000	2.060
5	TAN SONG KWAN	5,111,400	1.935
6	GAN KIM CHEONG	4,998,000	1.892
7	GAN MIN SHIUH	4,040,000	1.529
8	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	4,003,750	1.516
9	GAN KIM CHEONG	4,000,000	1.514
10	CHOY WEE CHIAP	3,500,000	1.325
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG CHUI YEE	3,098,100	1.173
12	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KAI CHEONG (E-BPJ)	2,800,600	1.060
13	TAN CHING BEE	2,738,000	1.036
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	2,544,000	0.963
15	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR TA SMALL CAP FUND	2,400,000	0.908
16	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR OON GUEK KUANG (M03)	2,200,000	0.833
17	CHIN KEH KONG	2,000,000	0.757
18	MUHAMMAD RIDZWAN BIN MUHAMMAD RAMDAN	2,000,000	0.757
19	YAU WEN CHIN	2,000,000	0.757
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR ALIRAN ARMADA SDN BHD (PBCL-0G0265)	1,775,000	0.672
21	TEH CHYE WAH	1,612,000	0.610
22	ONG WENG HOONG	1,600,000	0.605
23	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	1,580,000	0.598
24	ALIRAN ARMADA SDN BHD	1,560,000	0.590
25	MAYBANK NOMINEES (TEMPATAN) SDN BHD DAN YUEN YU	1,530,000	0.579
26	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD. (RETAIL CLIENTS)	1,500,000	0.568
27	LEE CHENG LIM	1,500,000	0.568
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE MEE CHUNG (E-PLT/BNH)	1,500,000	0.568
29	YONG YEE YIN	1,500,000	0.568
30	TAN SIN CHEE	1,453,700	0.550
	TOTAL	94,652,050	35.843

NOTICE OF THE NINTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Ninth 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 Tuesday, 30 June 2020 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS:-

1. To receive the Audited Financial Statements for the year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. *Please refer to Note 1*

2. To approve the payment of Directors' fees and benefits amounting to RM196,000 for the financial year ended 31 December 2019. *Resolution 1*

3. To approve the payment of Directors' fees and benefits of up to RM300,000 for the period from 1 January 2020 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) Mr. Low Hock Keong *Resolution 3*
   b) Mr. Chang Tan Chin *Resolution 4*
   c) Mr. Chong Wai Yew *Resolution 5*

5. To re-appoint Messrs. Baker Tilly Monteiro Heng 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 Special and Ordinary Resolutions:-

6. **SPECIAL RESOLUTION** *Resolution 7*

   • **Amendment to the Clause 15 of the Constitution of the Company**

   To amend the existing Clause 15 of the Constitution of the Company in bold as follows:

   15. Issue of Securities

   Subject to the Listing Requirements, the Act, the Central Depositories Act and/or the Rules and notwithstanding the existence of a resolution pursuant to Section 75 of the Act, the Company must ensure that it shall not issue any shares if those shares, when aggregated with any such shares issued during the preceding twelve (12) months, **exceeds 20%** of the number of issued shares of the Company, except where the shares are issued with the prior approval of shareholders in general meeting of the precise terms and conditions of the issue, in working out the number of shares that may be issued by the Company.

7. **ORDINARY RESOLUTION** *Resolution 8*

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

  Subject to the approval of the Resolution 7, the ordinary resolution set out below shall be proposed to the Members for approval: -

  "**THAT** pursuant to Section 76 of the Companies Act, 2016 and subject always to the approvals of the relevant authorities, the Directors be and are hereby authorised to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 20% 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."

8. **ORDINARY RESOLUTION** *Resolution 9*

- **Proposed Share Buy-Back of up to 10% of the Issued and Paid-Up Ordinary Share Capital of OCK Group Berhad**

  "**THAT**, subject to compliance with all applicable laws (as may be amended, modified or re-enacted from time to time), the Constitution of the Company, and the regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad and/or any other relevant regulatory authority:

  (a) approval be and is hereby given to the Company to purchase such number of ordinary shares in the Company's issued and paid-up ordinary share capital ("Shares") listed on Bursa Malaysia Securities Berhad (as may be determined by the Directors of the Company) ("Proposed Share Buy-Back") upon such terms and conditions as the Directors of the Company may deem fit and expedient in the interest of the Company provided that:

     (i) the aggregate number of Shares purchased and/or held by the Company pursuant to this resolution shall not exceed 10% of the total number of issued shares of the Company for the time being; and
     (ii) the maximum amount of funds to be utilised for the purposes of the Proposed Share Buy-Back shall not exceed the Company's aggregate retained profits;

  (b) the approval conferred by this resolution shall continue to be in force until:

     (i) the conclusion of the next Annual General Meeting of the Company;

     (ii) expiry of the period within which the next Annual General Meeting of the Company is required by law to be held; or

     (iii) the same is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting, whichever is the earliest;

8. **ORDINARY RESOLUTION (CONT'D)**

- **Proposed Share Buy-Back of up to 10% of the Issued and Paid-Up Ordinary Share Capital of OCK Group Berhad (Cont'd)**

(c) authority be and is hereby given to the Directors of the Company in their absolute discretion to deal with the Shares so purchased by the Company in the following manner:

(i) to cancel all or part of such Shares;

(ii) to retain all or part of such Shares as treasury shares;

(iii) to retain all or part of such Shares as treasury shares and subsequently cancel, resell on Bursa Malaysia Securities Berhad or distribute as dividends all or part of such treasury shares; and/or

(iv) to deal with in any other manner as may be prescribed by applicable law and/or the regulations and guidelines applied from time to time by Bursa Malaysia Securities Berhad and/or any other relevant authority for the time being in force; and

(d) authority be and is hereby given to the Directors of the Company to take all such actions that may be necessary and/or desirable to give effect to this resolution and, in connection therewith:

(i) to enter into and execute, sign and deliver on behalf of the Company, any documents, agreement and/or arrangement with any person, and in all cases with full power to assent to any conditions, modifications, variations and/or amendments thereto as the Directors may deem fit and expedient in the best interest of the Company; and

(ii) to do all such acts and things as the Directors of the Company may deem fit and expedient in the best interest of the Company."

9. **ORDINARY RESOLUTION** *Resolution 10*

- **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"**THAT** the Company and its subsidiaries shall be mandated to enter into the category of recurrent related party transactions of a revenue or trading nature which are necessary for the day to day operations as set out in the Circular to Shareholders dated 30 April 2019 subject to the following :

(a) the transactions are in the ordinary course of business and are on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and

(b) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year including amongst others, the following information :

(i) the type of recurrent related party transaction and;

(ii) the names of the related parties involved in each recurrent party transaction entered into and their relationship with the Company;

9. **ORDINARY RESOLUTION (CONT'D)**

- **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature (Cont'd)**

  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:-

10. 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: 29 May 2020

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.*

NOTICE OF THE NINTH ANNUAL GENERAL MEETING
(CONT'D)

Notes:- (Cont'd)

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 24 June 2020 (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. ***Resolution 7 - Amendment to the Clause 15 of the Constitution of the Company***

   The proposed Special Resolution if passed, will render the Constitution of the Company to be in line with the additional relief measures granted by Bursa Malaysia in which to provide flexibilities in fundraising and ease compliance. In view of that, the general mandate threshold for new issue of securities will be amended from the existing 10% to not more than 20% of the total number of issued shares.

7. ***Explanatory Notes on Special Business***
   Resolution 8 - Authority for Directors to allot and issue shares pursuant to Section 76 of the Companies Act, **2016**

   The proposed Ordinary Resolution is intended to renew the authority granted to the Directors of the Company at the Eighth Annual General Meeting of the Company held on 29 May 2019 to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 10% of the issued and paid-up share capital of the Company for the time being. This authority will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next Annual General Meeting.

   As at the date of the Notice of Ninth Annual General Meeting, a total of 87,100,000 placement shares had been issued and allotted on 4 November 2019. The status of utilisation of proceed raised form the Proposed Private Placement is as follows:-

Purpose	***Proposed Utilisation RM'000***	***Actual Utilisation RM'000***	***Intended timeframe for utilisation***	***Balance Utilisation %***
Development and acquisition of green energy assets	*47,160*	*8,192*	*Within 24 months*	*82.6%*
General working capital	*5,000*	*–*	*Within 12 months*	*100%*
Estimated expenses in relation to the Private Placement	*100*	*100*	*Upon completion*	*0.0%*
Total gross proceeds	***52,260***	***8,292***		***84.1%***

   The proposed Resolution 7, if passed, a renewal of this authority is being sought at the Ninth Annual General Meeting to provide flexibility to the Company to undertake future possible fund raising activities, including but not limited to further placement of shares for purpose of funding future investments, working capital and/or acquisitions without having to convene another general meeting. The mandate threshold for new issue of securities would be not more than 20% of the total number of issued shares.

Notes:- (Cont'd)

8. ***Resolution 9 – Proposed Share Buy-Back of up to 10% of the Issued and Paid-Up Ordinary Share Capital of OCK Group Berhad***

   The proposed Resolution 9, if passed, will renew the authority granted by our shareholders at our AGM held on 30 June 2020 to continue to empower our Directors to buy-back shares of our Company through Bursa Malaysia Securities Berhad up to 10% of the total number of issued shares of our Company ("Proposed Share Buy-Back").

   This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM in 2021.

   Please refer to the Part A of Circular to Shareholders dated 29 May 2020 for further information.

9. ***Resolution 10 – 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 29 May 2020 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 Ninth 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 Tuesday, 30 June 2020 at 10.00 a.m. or at any adjournment thereof and to vote as indicated below:
*(*Strike out whichever is not desired)*

(Should you desire to direct your Proxy as to how to vote on the Resolution set out in the Notice of Meeting, please indicate an "X" in the appropriate space. Unless otherwise instructed, the proxy may vote or abstain from voting at his discretion.)

Resolutions		For	Against
ORDINARY BUSINESS			
1.	To approve the payment of Directors' fees and benefits amounting to RM196,000 for the financial year ended 31 December 2019		
2.	To approve the payment of Directors' fees and benefits of up to RM300,000 for the period from 1 January 2020 until the conclusion of the next Annual General Meeting		
3.	Re-election of Director – Mr. Low Hock Keong		
4.	Re-election of Director – Mr. Chang Tan Chin		
5.	Re-election of Director – Mr. Chong Wai Yew		
6.	To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration		
SPECIAL BUSINESS			
7.	To approve the amendment of the Clause 15 of the Constitution of the Company		
8.	Authority to Issue Shares Pursuant to Section 76 of the Companies Act, 2016		
9.	Proposed Share Buy-Back of up to 10% of the Issued and Paid-Up Ordinary Share Capital of OCK Group Berhad		
10	Proposed Renewal and Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature		

Dated this __________ day of ____________________ 2020

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

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

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

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 24 June 2020 (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