ANNUAL REPORT

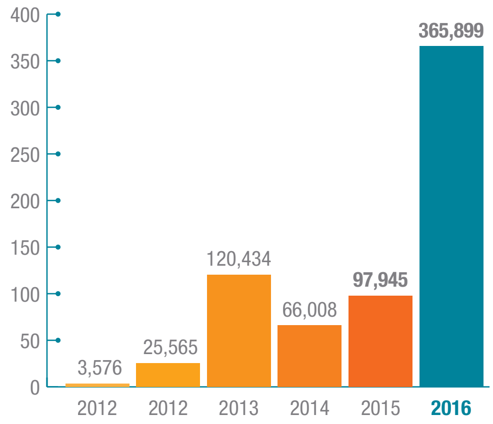
16'

Vivocom Intl Holdings Berhad
(596299-D)

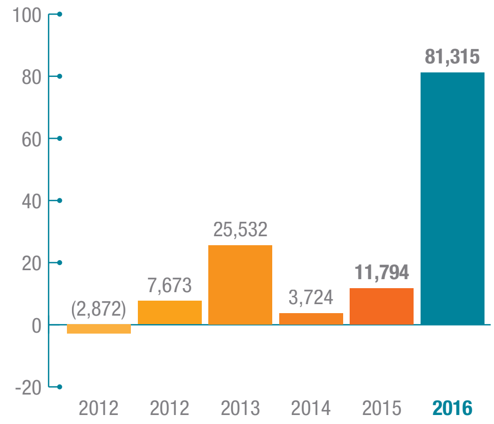
CONTENTS

Financial Highlights

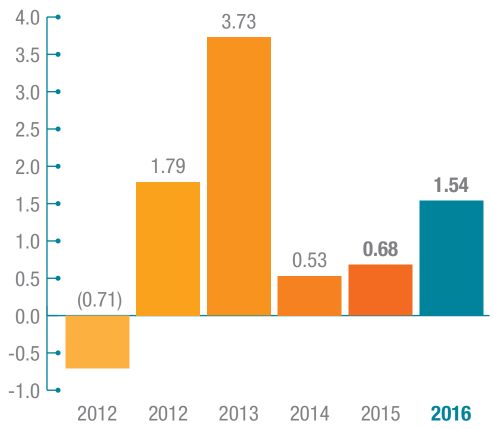
Revenue (RM'000)



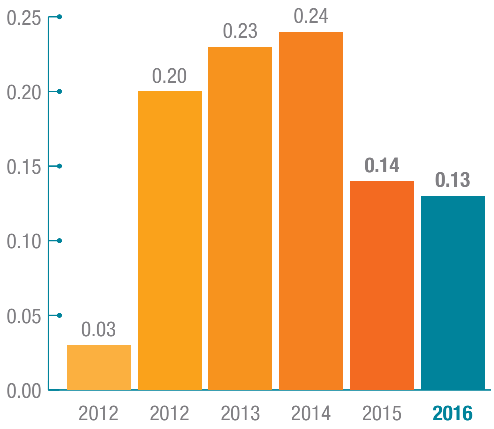
Profit before tax / (Loss before tax) (RM'000)



Basic earnings/ (loss) per share (Sen)



Net assets per share attributable to equity holders (RM'000)



Five Years Group Financial Summary

	FYE 30.6.2012	FPE 31.12.2012	FYE 31.12.2013	FYE 31.12.2014	FYE 31.12.2015	**FYE 31.12.2016**
FINANCIAL RESULTS (RM'000)						
Revenue	3,576	25,565	120,434	66,008	97,945	**365,899**
Profit before tax / (Loss before tax)	(2,872)	7,673	25,532	3,724	11,794	**81,315**
Profit/(Loss) attributable to equity holders	(2,869)	6,788	26,224	3,703	8,790	**49,402**
KEY BALANCE SHEET DATA (RM'000)						
Total Assets	13,581	253,260	237,400	217,982	412,873	**604,311**
Total Liabilities	165	115,344	73,608	50,487	83,384	**151,783**
Net assets attributable to equity holders	13,416	137,916	163,792	167,495	321,834	**433,408**
No. of shares in issue at year end	402,623,400	702,254,261	702,254,261	702,254,261	2,340,249,203	**3,234,221,413**
SHARES INFORMATION						
Basic earnings/(loss) per share (sen)	(0.71)	1.79	3.73	0.53	0.68	**1.54**
Net assets per share attributable to equity holders (RM)	0.03	0.20	0.23	0.24	0.14	**0.13**

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of Vivocom Intl Holdings Berhad, I hereby present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 31 December 2016 ("FYE 2016").

CORPORATE DEVELOPMENTS

FYE 2016 marked the first full 12 months of operation and consolidation for the new construction and aluminium segments. Since the consolidation of these two segments in 2015, both segments have grown stronger and had combined to contribute 86% of the total revenue of the Group for FYE 2016.

During FYE 2016, the Group carried out two rounds of private placements, which raised an aggregated sum of RM63.3 million. Out of this amount, almost half of it had been utilized as working capital while the remaining balance is earmarked for future investments.

In September 2016, the Group had also carried out a bonus issue exercise of one (1) bonus share for every four (4) existing Vivocom shares, as a way of rewarding the shareholders. Pursuant to this exercise, 644,844,282 new Vivocom shares were issued along with 125,229,175 additional Warrants B, 50,073,502 additional Warrants C and 448,164,860 additional Warrants D.

Pursuant to the exercises mentioned above, Vivocom had increased its number of issued share from 2,340,249,203 shares as at 31 December 2015 to 3,234,221,413 shares as at 31 December 2016.

FINANCIAL PERFORMANCE

The steps undertaken by the Group to diversify and mitigate the softening market for telecommunication engineering services have resulted in a stronger set of results for the FYE 2016.

For FYE 2016, the Group recorded revenue of RM365.9 million, an increase of RM268.0 million from FYE 2015. The higher revenue was attributable to the full year consolidation of the results for the construction and aluminium segments. In addition, the construction and aluminium segments did very well to secure numerous sizeable projects during the FYE 2016, which will keep the Group busy for the next 2-3 years.

For FYE 2016, profit before tax was RM81.3 million, an increase of RM69.5 million from FYE 2015. The significant increase was due to the full year consolidation of the results from the Construction and Aluminium segments, which performed strongly during the year.

Chairman's Statement
(continued)

FINANCIAL PERFORMANCE (continued)

The profit before tax for FYE 2016 of RM81.3 million was arrived at after deducting RM6.0 million being the amount written off for the development cost related to the development and training of new skillset for the implementation and carrying works for Outside Plant ("OSP") under the telecommunication engineering segment. This amount was provided as the outlook for OSP works remained bleak and was unable to justify its carrying value.

Construction

For FYE 2016, Construction contributed RM269.8 million or 74% of the Group's total revenue. This revenue was derived from the progress billings of several on-going construction projects undertaken by VESB. The FYE 2016 represented the first full year of consolidation of the Construction results. For FYE 2015, Construction contributed post-acquisition revenue of RM44.9 million.

Aluminium Works ("Aluminium")

For FYE 2016, Aluminium contributed RM45.5 million or 12% of the Group's total revenue. During the year, Aluminium won several sizeable contracts which boosted its revenue significantly. The FYE 2016 represented the first full year of consolidation of the Aluminium results. For FYE 2015, Aluminium contributed post-acquisition revenue of RM6.2 million.

Telecommunication Engineering Services ("Telco")

For FYE 2016, Telco contributed RM50.6 million or 14% of the Group's total revenue, an increase of RM3.8 million as compared to the FYE 2015. The increase was largely due to the on-going roll-out of its project under the Universal Service Plan ("USP") by Malaysian Communications and Multimedia Commission.

INDUSTRY OUTLOOK AND GROUP PROSPECT

During FYE 2016, the Group has been awarded numerous projects under Construction and Aluminium. These projects in hand, along with projects in the pipeline, shall keep the Group busy for the next two to three years. Barring any unforeseen circumstances, the Board is optimistic of achieving a satisfactory performance for the next financial year ending 31 December 2017.

ACKNOWLEDGEMENT AND APPRECIATION

I would like to thank all of our customers, business associates, vendors, bankers and other various stakeholders for their continued assistance and support. Our heartfelt gratitude also goes out to our staff for their tireless efforts, loyalty, dedication and commitment to the Group. Last but not least, to my fellow colleagues on the Board for their warm welcome, wise counsel and strong support.

AR. Lim Tong Hock
Chairman
Vivocom Intl Holdings Berhad

Corporate Profile

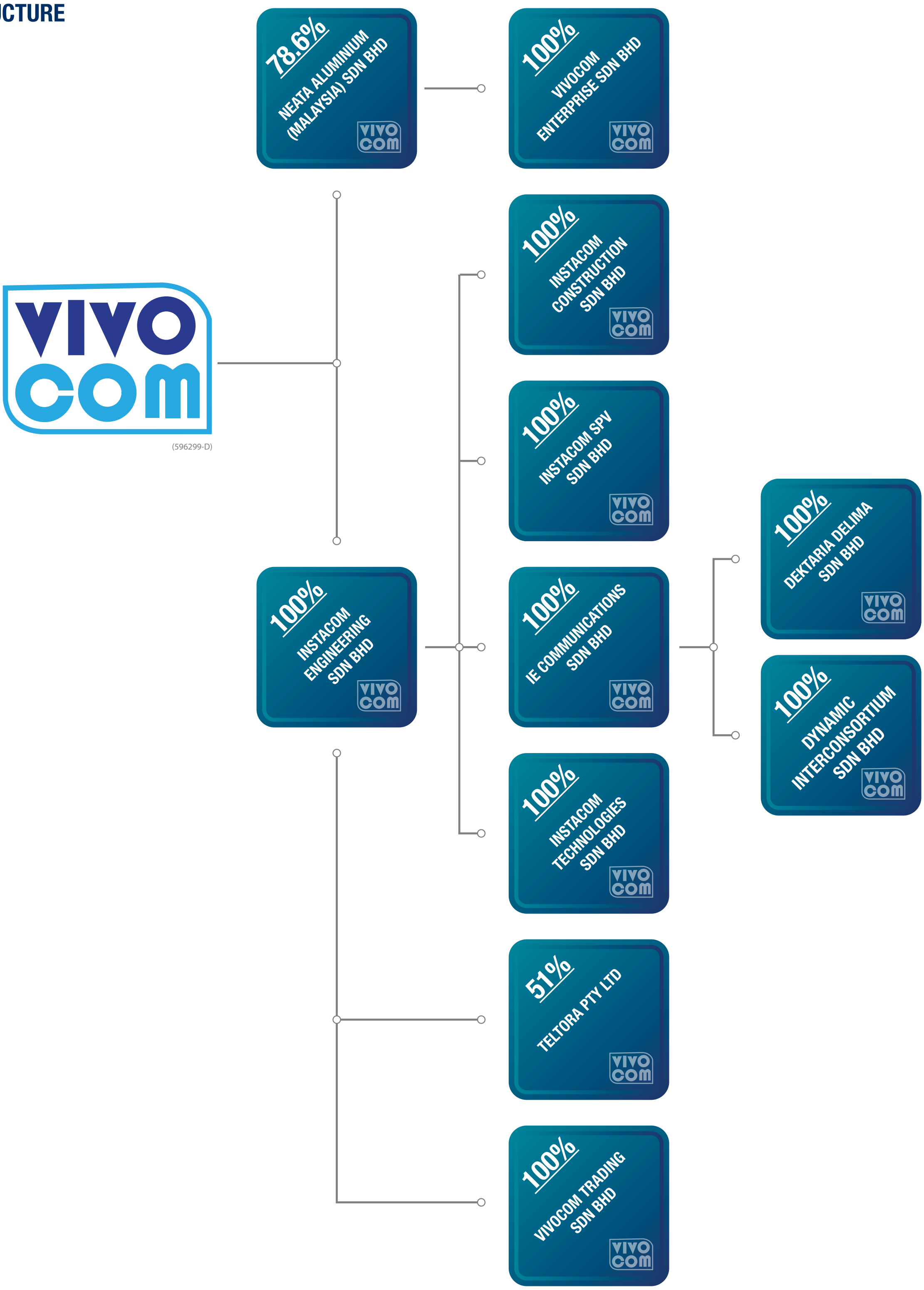
The Group was established on 8 October 2012 when Instacom Engineering Sdn Bhd completed the restructuring and reverse take-over of I-Power Berhad and subsequently changed its name to Instacom Group Berhad.

In 2015, the Group diversified into the construction and aluminium design and fabrication industries when it acquired Neata Aluminium (Malaysia) Sdn Bhd and Vivocom Enterprise Sdn Bhd.

The listed holding company then changed to its present name, Vivocom Intl Holdings Berhad, to strengthen the Group's brand image and to better reflect the Group's new focus and aspiration to be a regional construction group.

At present, the Group core activities comprised construction, aluminium design and fabrication, and telecommunication engineering services.

GROUP STRUCTURE



Corporate Information

BOARD OF DIRECTORS

Ar. Lim Tong Hock
(Chairman, Independent Non-Executive Director)

Choo Seng Choon
(Executive Director)

Dato' Azahar bin Rasul
(Senior Independent Non-Executive Director)

Tay Mun Kit
(Independent Non-Executive Director)

AUDIT AND RISK MANAGEMENT COMMITTEE

Tay Mun Kit *(Chairman)*
Ar. Lim Tong Hock
Dato' Azahar bin Rasul

NOMINATION COMMITTEE

Tay Mun Kit *(Chairman)*
Ar. Lim Tong Hock
Dato' Azahar bin Rasul

REMUNERATION COMMITTEE

Tay Mun Kit *(Chairman)*
Ar. Lim Tong Hock
Dato' Azahar bin Rasul

AUDITORS

STYL Associates (AF 1929)
Chartered Accountants
No. 902, 9th Floor, Block A,
Damansara Intan, No. 1, Jalan SS20/27,
47400 Petaling Jaya, Selangor

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(ACE Market)

COMPANY SECRETARY

Laang Jhe How (MIA: 25193)
Anne Kung Soo Ching (MIA : 8449)

SPONSORS

RHB Investment Bank Berhad (19663-P)
Level 12, Tower Three,
RHB Centre, Jalan Tun Razak,
50400 Kuala Lumpur
Tel : 03-9287 8888
Fax : 03-9287 4770

PRINCIPAL BANKERS

CIMB Bank Berhad
Malayan Banking Berhad
Malaysia Debt Ventures Berhad
RHB Islamic Bank Berhad
Public Bank Berhad
Hong Leong Islamic Bank Berhad

REGISTERED OFFICE

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail,
60000 Kuala Lumpur
Tel : 03-7729 1519
Fax: 03-7728 5948

SHARE REGISTRAR

149, Jalan Aminuddin Baki
Taman Tun Dr Ismail,
60000 Kuala Lumpur
Tel : 03-7729 5529
Fax: 03-7728 5948

PRINCIPAL PLACE OF BUSINESS

6-8, Jalan Seri Utara 1
Batu 7, Off Jalan Ipoh,
68100 Kuala Lumpur

Directors' Profile

BOARD OF DIRECTORS

Name Of Members	Designation	Nationality
Ar. Lim Tong Hock	Chairman, Independent Non-Executive Director	Malaysian
Choo Seng Choon	Executive Director	Malaysian
Dato' Azahar bin Rasul	Senior Independent Non-Executive Director	Malaysian
Tay Mun Kit	Independent Non-Executive Director	Malaysian

AR. LIM TONG HOCK

A Malaysian and aged 63, Ar. Lim Tong Hock was appointed as an Independent Non-Executive Director and as the Chairman of the Board of Directors on 1 April 2015. He is also a member of the Nomination and Remuneration Committee of the Company.

Ar. Lim Tong Hock began his training as assistant architect in 1980 in the architects' department of Borough of Haringey, London, after obtaining his Bachelor's degree. Subsequently, he worked for Briffa Phillips Chartered Architects in London before returning to Malaysia to join a private architectural practice in Kuala Lumpur in 1984. In 1990, he obtained his corporate membership to practice as an architect and set up his own practice under the name of ADL Architect. He has vast experience in designing and managing projects such as hotels, housing, industrial and institutional buildings.

As at 31 December 2016, he did not hold ordinary shares in the Company.

Ar. Lim attended all the Board meetings held during his tenure in office for the financial period ended 31 December 2016.

Ar. Lim has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

MR. CHOO SENG CHOON

A Malaysian and aged 43, Choo Seng Choon was appointed as an Independent Non-Executive Director on 7 September 2011. He was re-designated as an Executive Director on 15 May 2015.

Choo Seng Choon is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Member of the Malaysian Institute of Accountants, a Chartered Member of the Institute of Internal Auditors, Malaysia and a Certified Internal Auditor. He also holds a Diploma in Financial Accounting from Tunku Abdul Rahman College, Kuala Lumpur.

He has over 18 years of professional experience that includes internal audits, risk management, investigations, business management consulting, business process re-engineering, corporate governance advisory, due diligence, financial projections and financial audits.

He also sits on the board of directors of EA Holdings Berhad where he also serves as the Chairman of the Audit and Risk Management Committee for EA Holdings Berhad. In addition, he also sits on the board of directors of several private limited companies.

As at 31 December 2016, he did not hold ordinary shares in the Company.

Choo attended all the Board meetings held during his tenure in office for the financial period ended 31 December 2016. He has no family relationship with any director or substantial shareholder of the Company.

Choo has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

Directors' Profile
(continued)

DATO' AZAHAR BIN RASUL

A Malaysian aged 55, Dato' Azahar was appointed as the Independent Non-Executive Director and a member of the Audit and Risk Management Committee on 23 March 2012. He is also a member of the Nomination and Remuneration Committee of the Company.

He obtained his Bachelor of Science Degree in Business Administration from Central Michigan University in 1988 and a Master of Science Degree in Accounting from the University of New Haven, Connecticut, USA in 1990. He has over 26 years of experience in the field of corporate accounting, finance, banking and administration. His last employment was with Land & General Berhad as its Senior Manager for Administration and Finance until 1995, when he left to set up set up his own business. Dato' Azahar also sits on the board of directors of EA Holdings Berhad.

As at 31 December 2016, he did not hold ordinary shares in the Company.

Dato' Azahar attended all the Board meetings held during his tenure in office for the financial period ended 31 December 2016. He has no family relationship with any directors or substantial shareholder of the Company.

Dato' Azahar has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

MR. TAY MUN KIT

A Malaysian aged 41, Tay was appointed as the Independent Non-Executive Director and a member of the Audit and Risk Management Committee on 18 December 2012. He is also a member of the Nomination and Remuneration Committee of the Company. He was appointed as the Chairman of the Audit and Risk Management Committee on 1 April 2015.

Tay is a Fellow Member of the Association of Chartered Certified Accountants. He is also the Chief Financial Officer for EA Holdings Berhad, a company involved in the provision of investment holding, management and consultancy services. Prior to joining EA Holdings Berhad, he was attached to an audit firm and has more than 11 years of experience in the field of auditing and corporate services.

As at 31 December 2016, he did not hold ordinary shares in the Company.

Tay attended all the Board meetings held during his tenure in office for the financial period ended 31 December 2016. He has no family relationship with any director or substantial shareholder of the Company.

Tay has no conflict of interest with the Group and has no conviction for offences within the past 10 years other than traffic offences.

Corporate Governance

The Board of Directors of Instacom Group Berhad is fully committed towards ensuring that the principles and best practices as set out in the Malaysian Code on Corporate Governance 2012 ("the Code") are applied and practiced by the Group. The Board is pleased to report to the shareholders on how the Group has applied all the eight (8) principles of the Code and the extent to which it has complied with the recommendations of the Code.

BOARD OF DIRECTORS

Roles And Principal Responsibilities

The Role of the Board

The Board has overall responsibility for the corporate governance, proper conduct and strategic direction of the Group. The Board delegates authority and vests accountability for the Group's day to day operations with a management team comprising by Dr Yeoh as the Group CEO and Mr Choo Seng Choon. The Board, however, assume responsibility for the following areas :-

a) Reviewing and adopting a strategic plan for the Group;

b) Overseeing the conduct of the Group of the Group's business to evaluate whether the business is being properly managed;

c) Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks

d) Succession planning;

e) Developing and implementing an investor relations programme and shareholder communications policy for the Group; and

f) Reviewing the adequacy and the integrity of the Group's internal controls systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Roles of the Chairman

The roles and responsibilities of the Chairman of the Board and the CEO are exercised by different individuals, and are clear and distinct. The Chairman's primary role is to lead and manage the Board, which would include, amongst others, leading the Board in the oversight of the management, ensuring the integrity of the corporate governance process and issues, guiding and mediating Board actions with respect to organisational priorities and governance concerns.

The senior management team comprising the CEO and Executive Director is responsible for the development and implementation of strategy, overseeing and managing the day to day operations of the Group, such as, amongst others, developing long-term strategic and short-term cash flow plans, directing and controlling all aspects of business operations, overseeing the human resources need of the Group and ensuring compliance with all governmental procedures and regulations.

Role of the Senior Independent Director

The Senior Independent Director is Dato' Azahar bin Rasul. His role includes being the point person for the shareholders to raise their concerns that cannot be resolved through the existing investor communication channels.

Diversity of the Board

There are currently no woman on the Board. At present, the Board does not have a formal policy on boardroom diversity, in particular, in meeting the goal of achieving more women participation on Board as recommended by the Code. Notwithstanding this, the Board is committed to ensuring that the directors of the Company possess a broad balance of skills, knowledge, experience, independence and diversity, including gender diversity.

Succession Planning

The Board reviews the Group's talent management plan and human resources initiatives on a regular basis, to ensure continuity of key critical positions and to guide developmental activities.

Board Charter

In 2014, the Board had approved and adopted a Board Charter setting out the duties, responsibilities and functions of the Board in accordance with the principles of good corporate governance as set out in the policy documents and guidelines issued by the regulatory authorities. The Board charter is regularly reviewed and updated from time to time to ensure it remain consistent with the Code. The Board Charter is available on Vivocom's corporate website at www.vivocomgroup.com

Corporate Governance
(continued)

BOARD OF DIRECTORS (continued)

Composition and Balance

The Group is led and controlled by an effective and well-balanced Board which consists of members with wide range of business, technical and financial background in ensuring that the Group achieves the highest standard of performance, accountability and ethical behaviour as expected by the stakeholders.

The Board is made up of four (4) members, consisting of one (1) Executive Director and three (3) Independent Non-Executive Directors. The Board has a balanced composition of Executive and Non-Executive Independent Directors such that no individual or group of individuals can dominate the Board's decision making powers and processes. All Board members carry an independent judgment to bear on issues of strategy, performance, resources and standard of conducts.

The profiles of the Directors are presented on page 7 to 8 of this annual report.

Dato' Azahar bin Rasul is the Senior Independent Non-Executive Director to whom the concerns by the public and external stakeholders can be addressed.

Reinforced Independence

The Non-Executive Directors are not employees of the Group and do not participate in the day-to-day management of the Group. The Independent Non-Executive Directors are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. The Nomination Committee has reviewed the performance of the independent Directors and is satisfied they were able to discharge their responsibilities in an independent manner.

None of the current independent Board members had served the Company for more than nine years as per the recommendation of the Code. Should the tenure of an independent Director exceed nine years, shareholders' approval will be sought at a General Meeting or if the services of the Director concerned are still required, the director concerned will be re-designated as a non-independent Director.

There is clear separation of powers between the Chairman, who is an independent Director and the CEO, and this further enhances the independence of the Board. Should any Director have any interest in any matter under deliberation, he is required to disclose his interest and abstain from participating in discussions on the matter.

Board Commitment

The Directors are aware of the time commitment expected from each of them to attend to matters of the Group, including attendance at Board, Board Committee and other types of meetings. Directors are required to provide notification to the Chairman when accepting any new appointment on the boards of other companies, to ensure that there is no potential conflict of interest. Any changes of their directorships would be tabled at the quarterly Board meetings for the Board's review. The Board is satisfied with the level of time committed by its member in discharging their duties and roles as Directors of the Company. All the Directors have complied with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad on the limit of five (5) directorship in public listed companies.

Board Meetings And Supply of Information to the Board

The Board will meet at least four (4) times a year with additional meetings being held as and when required. For the financial year ended 31 December 2016, five (5) Board meetings were held.

The agendas for the Board meetings were circulated well in advance to the Directors. The Directors are also supplied with the detailed reports and relevant supporting documents pertaining to the matters to be discussed such as financial performance, investments and strategic direction prior to the meetings for their perusal and consideration to assist them in making well-informed decisions. All deliberations, issues discussed and decisions made at the Board meetings were properly recorded to provide a record and insight into those decisions. Senior management were invited to the Board meetings to enlighten the Board on matters tabled to the Board and if required, to advise and provide clarification on matters of concern raised by the Board.

The Board is ably supported by the various Board committees as recommended by the Malaysian Code on Corporate Governance. The committees set-up are the Audit and Risk Management Committee, Nomination Committee and Remuneration Committee. All Board committees discharged their duties within their terms of reference and make recommendation to the Board if matters are beyond their authority limit.

The Board members are given unrestricted access to all information pertaining to the Company; whether as a full Board or individually to assist them in carrying out their duties. Should it be deemed necessary, the Directors are allowed to engage independent professionals at the Company's expense on specialized issues to enable the Board to discharge their duties with adequate knowledge on matters being deliberated.

Corporate Governance
(continued)

BOARD OF DIRECTORS (continued)

Board Meetings And Supply of Information to the Board (continued)

The attendance of the Directors at Board meetings during the financial year are as shown below:

No.	Name Of Members	Designation	Attendance	Percentage Of Attendance
1	Ar. Lim Tong Hock	Chairman, Independent Non-Executive Director	5/5	100%
2	Choo Seng Choon	Executive Director	5/5	100%
3	Dato' Azahar bin Rasul	Senior Independent Non-Executive Director	5/5	100%
4	Tay Mun Kit	Independent Non-Executive Director	5/5	100%
5	Anne Kung Soo Ching	Executive Director (Retired on 25 May 2016)	2/3	67%

Directors' Training

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group. All Directors have attended the Mandatory Accreditation Programme ("MAP") as required by Bursa Malaysia Securities Berhad. The Directors will continue to undergo other relevant training programmes to keep themselves abreast with the relevant changes in laws, regulations and business development and the Board would also continually assess the training needs of the Directors as part of their obligation to update and enhance their skills and knowledge in order to effectively carry out their duties and responsibilities.

During the year 2016, the Directors had attended the following training programmes :-

Directors	Title of seminar/course
Ar. Lim Tong Hock	The Business of Architectural Practice seminar on 27 August 2016
Choo Seng Choon	Budget 2017 seminar on 1 & 2 November 2016
Dato' Azahar bin Rasul	GST seminar organized by Jabatan Kastam DiRaja Malaysia on 30 November 2016
Tay Mun Kit	Companies Act 2016: A New Corporate Landscape for Directors seminar on 10 November 2016

Appointment and Re-election

One third (1/3) of the Board shall retire from office and are eligible for re-election at each Annual General Meeting and all directors shall retire from office once in every three (3) years but shall be eligible for re-election.

Directors appointed by the Board during the financial year shall be subject to retirement and re-election by shareholders in the next Annual General Meeting held following their appointments.

Board Committees

a) Audit and Risk Management Committee

The terms of reference of the Audit and Risk Committee are set out on page 16 to 18 of the annual report.

b) Nomination Committee

The Nomination Committee comprises exclusively of independent Non-Executive Directors as follows :-

Tay Mun Kit	Chairman
Ar. Lim Tong Hock	Member
Dato' Azahar bin Rasul	Member

Corporate Governance
(continued)

BOARD OF DIRECTORS (continued)

Board Committees (continued)

b) Nomination Committee (continued)

The Nomination Committee considers and recommends to the Board suitable candidates whom the Committee feel would be of good value and a complementing addition to the Board. The appointment of the Directors remains the responsibility of the Board after taking into consideration the recommendations of the Nomination Committee. The assessment of the effectiveness of the Board collectively and individually is an on-going continuous process undertaken by the Nomination Committee. Whenever deemed necessary, the Committee would forward the relevant recommendations for the Board consideration. In carrying out its duties and responsibilities, the Nomination Committee have full, free and unrestricted access to any information, record, properties and personnel of the Group. The Committee may seek the external professional services to source for the right candidate for directorship or seek independent professional advice whenever necessary.

Nomination Committee attendance : -

No.	Name Of Members	Attendance	Percentage
1	Tay Mun Kit	1/1	100%
2	Dato‘ Azahar bin Rasul	1/1	100%
3	Ar. Lim Tong Hock	1/1	100%

c) Remuneration Committee

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

Tay Mun Kit	Chairman
Ar. Lim Tong Hock	Member
Dato' Azahar bin Rasul	Member

The Remuneration Committee reviews, assesses and recommends to the Board the remuneration packages of the executive directors in all forms. None of the executive directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the non-executive Chairman and non-executive directors with individual directors abstaining from decisions in respect of their individual remuneration.

In carrying out its duties and responsibilities, the Remuneration Committee have full, free and unrestricted access to any information, record, properties and personnel of the Company. The Remuneration Committee may obtain the advice of external consultants on the appropriateness of remuneration package and other employment conditions if required.

The remuneration package is designed to support the Company's strategy and to provide an appropriate incentive to maximise individual and corporate performance, whilst ensuring that overall rewards are market competitive. The Executive Directors' package consists of basic salary, contribution to the national pension fund and benefits-in-kind such as medical care, car allowance and fuel whilst the Non-executive Directors' package primarily consists of fees only.

The remuneration packages for the Directors for the financial year ended 31 December 2016 are as follows :-

	Executive Directors (RM'000)	Non-Executive Directors (RM'000)
Salaries and other emoluments	350	-
Fees	-	66

The number of Directors whose remuneration falls into each band of RM50,000 are set as follows :-

	Number of Directors	
	Executive Directors	Non-Executive Directors
1 – 50,000	-	3
300,001 – 350,000	1	-

BOARD OF DIRECTORS (continued)

Board Committees (continued)

c) Remuneration Committee (continued)

Remuneration Committee attendance : -

No.	Name Of Members	Attendance	Percentage
1	Tay Mun Kit	1/1	100%
2	Dato' Azahar bin Rasul	1/1	100%
3	Ar. Lim Tong Hock	1/1	100%

Qualified and Competent Company Secretary

The Board is supported by qualified Company Secretary. The role and responsibilities of the Company Secretary include, amongst others, advising the Board on compliance issues, attending meetings of the Board and Board committees and to regularly update and advise the Board on new statutory and regulatory requirements.

SHAREHOLDERS

Investors Relations and Shareholders Communication

The Board recognizes the importance of keeping all shareholders informed of the Group's business and corporate developments. Such information is disseminated through the Group's quarterly results, annual reports and through various disclosures via Bursa Malaysia Securities Berhad's website. The Company has set up a full-time Investors Relations ("IR") unit which primary role is to implement effective IR policies and programmes.

The forthcoming Annual General Meeting will be a great avenue of meeting between the Board of Directors and shareholders.

Annual General Meeting

The Annual General Meeting (AGM) is an important forum for communication and dialogue between the Group and the shareholders to raise questions or to inquire more information on the Group's development and financial performance. The Board members are present to address all shareholders' queries on issues relevant to the Group. However, if the queries raised are not immediately answerable during the AGM, the management will send a written letter containing the explanation after the AGM is over. Notice of the AGM is released to shareholders at least 21 days before the date of the meeting.

The shareholders have direct access to the Board and are encouraged to participate in the open question and answer session.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Board is satisfied that appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates. A balanced and understandable assessment of the Group's position and prospects is released through annual financial statements and quarterly financial results.

Quarterly financial results and annual financial statements are reviewed by the Audit and Risk Management Committee and approved by the Board of Directors before being released to Bursa Malaysia Securities Berhad.

Internal Control

The Board of Directors recognises the importance of an effective system of internal controls covering the financial, operations and compliance controls as well as risk management to safeguard the interests of the shareholders and stakeholders of the Group. The Board reviews the effectiveness of the internal control system through the Audit and Risk Management Committee with the assistance of the outsourced independent Internal Auditors, which carried out risk assessment and auditing of different areas of the business covering financial, operational and compliance.

Corporate Governance
(continued)

ACCOUNTABILITY AND AUDIT (continued)

Relationship With Auditors

The Audit and Risk Management Committee's terms of reference formalises the relationship with the External Auditors to report to the members of the Audit and Risk Management Committee on their findings. In doing so, the Group forges a transparent and professional relationship with the Company's External Auditors. The Audit and Risk Management Committee has met the External Auditors twice to review and discuss the audit plan, scope and nature of the audit, audit findings and financial statements for financial year ended 31 December 2016. These meetings were conducted without the presence of the Executive Directors and the Company's management staff. An assessment of the performance of the External Auditors were undertaken by the Audit and Risk Management Committee based on the following areas :-

a. The quality and rigour of the audit performed;

b. The quality of service provided;

c. The audit firm's reputation; and

d. The independence of the external auditors.

Based on the assessment undertaken, the Audit and Risk Management Committee believes that the independence of the External Auditors have been maintained and that they have performed satisfactorily.

Ethics

The Board is committed to ensure that all of its business activities operate with the highest standards of business ethics and integrity. The Company is currently in the process of formulating and drawing up a written policy for the Code of Conduct and Ethics for the Group's operation. The Group has also set in place whistleblowing reporting procedure to ensure transparency and accountability within the Group.

Corporate Social Responsibility

The Group is fully aware that its business operations have both direct and indirect impacts on the communities and therefore we are committed to adopt and engage in Corporate Social Responsibility (CSR). We uphold our responsibility towards the statutory compliance of CSR and extends it further by implementing various measures as parts of our operation.

(a) The Environment

The Group emphasizes the importance, impact and implications its business operations have on the environment as a whole and implemented some measures in our operations to conserve and minimize the impact to the environment.

(i) Paperless environment

Business entities and staff are encouraged to fully maximize the advancement and benefits of ICT (eg email, instant messaging, etc.) for communication, filing and only print hard copy when necessary.

(ii) Recycling

Staffs are encouraged to maximize the usage of papers by printing on both sides while unwanted papers and recyclable items are collected and sent to be recycled. This initiative is in place to support the government's Go Green effort.

(iii) Inverter Based Air Conditioner

The Group has adopted the usage of Inverter-based air conditioners in the office recently. These air conditioners are significantly more efficient than conventional air conditioners as they do not consume as much energy.

(b) The Marketplace

The Group seeks to always uphold and comply the standards of Corporate Governance within the operation of the company in order to meet shareholder expectations and to benefit the stake of the shareholders.

ACCOUNTABILITY AND AUDIT (continued)

Corporate Social Responsibility (continued)

(c) The Workplace

The Group always strives to set up a quality work environment for our dedicated workers in line with the health and safety standards. A good working environment is conducive to improve the efficiency and productivity of employees. Employees are also sent for various training during their employment to enhance their skills and abilities which would be beneficial for the group besides offering excellent opportunities for staff future career development.

In addition, the company also organizes gatherings, sports activities such as futsal and badminton games to foster and cultivate close ties among the company besides producing quality workforce with a strong sense belonging.

Directors' Responsibility Statement

The Board is responsible for ensuring that the financial statements of the Group are properly drawn up in accordance with applicable financial policies and standards in Malaysia so as to give a true and fair view of the Company's state of affairs as at the financial year and of the results and cash flows of the Company for that period.

The Board is also responsible for ensuring that the Group keeps proper accounting records and that such records are disclosed with reasonable accuracy to ensure that the financial statements comply with the Companies Act 2016. The Board, with the assistance of the Internal Auditors, takes the responsibilities of safeguarding assets of the Company to prevent and detect fraud and other irregularities seriously.

Compliance Statement

The Board believes that the Company has in 2016 followed the Principles and Recommendations of the Code in all material aspects.

This statement is made in accordance with the resolution of the Board dated 28 April 2017.

Audit And Risk Management Committee Report

AUDIT AND RISK MANAGEMENT COMMITTEE MEMBERS

Chairman	Tay Mun Kit (Independent Non-Executive Director)
Members	Ar. Lim Tong Hock (Independent Non-Executive Director)
	Dato' Azahar bin Rasul (Senior Independent Non-Executive Director)
Secretary	Laang Jhe How (Company Secretary)

TERMS OF REFERENCE OF AUDIT AND RISK MANAGEMENT COMMITTEE

1. Composition

(a) The Audit and Risk Management Committee shall be appointed by the Board from amongst themselves comprising not less than three (3) members where the majority of them shall be composed of independent non-executive directors and the CEO shall not be a member of the Audit and Risk Management Committee.

(b) The Committee shall include at least one (1) person who is a member of the Malaysian Institute of Accountants or possessing such financial related qualification or experience as may be required by Bursa Malaysia Securities Berhad.

(c) The term of office of the Audit and Risk Management Committee is two (2) years and may be re-nominated and appointed by the Board.

(d) The members of the Audit and Risk Committee shall elect a Chairman from amongst themselves who shall be an independent director.

(e) All members of the Audit and Risk Management Committee, including the Chairman, will hold office only so long as they serve as Directors of the Company. Should any member of the Audit and Risk Management Committee cease to be a Director of the Company, his membership in the Audit and Risk Management Committee would cease forthwith.

(f) No Alternate Director of the Board shall be appointed as a member of the Audit and Risk Management Committee.

(g) If the number of members of the Audit and Risk Management Committee for any reason be reduced to below three (3), the Board of Directors shall within three (3) months of the event, appoint such number of new members as may be required to make up the minimum number of three (3) members.

(h) The Board must review the term of office and performance of the Committee and each of its members at least once every three (3) years to determine whether such Committee and members have carried out their duties in accordance with their terms of reference.

2. Duties and Responsibilities

The duties and responsibilities of the Committee shall include the followings :-

Matters relating to External Audit

(a) To review the nomination of external auditors and their audit fees;

(b) To review the nature, scope and quality of external audit plan/arrangements;

(c) To review quarterly and annual financial statements of the Company, before submission to the Board, focusing in particular on the going concern assumption, compliance with accounting standards and regulatory requirements, any changes in accounting policies and practices, significant issues arising from the audit and major judgmental issues;

(d) To review the external auditors' audit report;

(e) To review with the external auditors, their evaluation of the system of internal accounting controls;

(f) To review the Company's policies and procedures with Management and external auditors to ensure the adequacy of internal accounting and financial reporting controls;

(g) To review any letter of resignation from the external auditors;

(h) To consider and review whether there is reason (supported by grounds) to believe that the Company's external auditors are not suitable for re-appointment; and

(i) To review the assistance given by the Company's officers to the external auditors.

Audit And Risk Management Committee Report
(continued)

2. Duties and Responsibilities (continued)

Matters relating to Internal Audit function

(a) To review the effectiveness of the internal audit function;

(b) To review the internal audit programme and results of the internal audit process;

(c) To review the follow up actions by the Management on the weakness of internal accounting procedures and controls;

(d) To review on all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and

(e) To review the assistance and co-operation given by the Group and its officers to the internal auditors.

Risk Management and Internal Control

(a) To review the adequacy of risk management framework and to provide independent assurance to the Board of Directors on the effectiveness of the Company's risk management processes;

(b) To evaluate the quality and effectiveness of the Company's internal controls and management information systems, including compliance with applicable laws, rules and guidelines; and

(c) To recommend to the Board of Directors the Statement of Internal Control and any changes to the said statement.

3. Authority

The Committee shall in accordance with a procedure to be determined by the Board and at the expense of the Company :

(a) have explicit authority to investigate any matter within its terms of reference;

(b) have the resources which the Committee needs to perform the duties;

(c) have full access to any information which the Committee requires in the course of performing its duties;

(d) have unrestricted access to all employees of the Group;

(e) have direct communication channels with the external auditors;

(f) be able to obtain outside legal or independent professional advice in the performance of its duties at the cost of the Company; and

(g) be able to invite outsiders with relevant experience to attend its meetings, if necessary.

4. Meetings and Minutes

The Committee shall hold not less than four (4) meetings a year to review the quarterly results and year end financial statements. In order to form the quorum for each meeting, a minimum of two (2) members present shall be Independent Directors.

In addition to the Committee members, the head of internal audit shall normally attend the meetings. Representatives of the external auditors shall attend meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.

Minutes of each meeting shall be kept and distributed to each member of the Committee and also to the other members of the Board. The Committee Chairman shall report on each meeting to the Board.

The Secretary to the Committee shall be the Company Secretary.

5. Internal Audit Function

The Company's internal audit function is outsourced to an independent professional internal audit service provider, which reports directly to the Audit and Risk Management Committee. The Internal Auditors adopt a risk-based approach when preparing its annual audit plan and strategy. The principal role of the internal audit is to conduct independent and regular reviews of the various operations of the Company and to provide objective reports on the state of the internal controls to the Audit and Risk Management Committee. All internal audit reports will be presented to the Audit and Risk Management Committee for deliberation. The Audit and Risk Management Committee would then make the relevant recommendations for the management's further action. The total costs incurred for the outsourced internal audit function during the year was RM15,900.

Audit And Risk Management Committee Report
(continued)

5. Internal Audit Function (continued)

Summary of Activities

During the financial year ended 31 December 2016, in line with the terms of reference, the Committee carried out the following activities in the discharge of its functions and duties:

1. Meeting with the external auditors to review the audited financial statements for the financial year ended 31 December 2016;
2. Reviewed the audit reports of the Group prepared by the external auditors and considered the major findings by the auditors and management's responses thereto;
3. Reviewed the quarterly and year-end financial results of the Group prior to submission to the Board for consideration and approval;
4. Reviewed the disclosure of related party transactions entered into by the Group in the annual report of the Group;
5. Reviewed the audit plan, nature and scope of the external auditors and considering their audit fee;
6. Reviewed the audit plan, nature and scope as proposed by the internal auditors;
7. Reviewed the audit reports presented by the internal auditors on the findings and recommendations and ensure that they are duly acted upon by the management.

MEETING ATTENDANCE

The Committee held five (5) meetings during the financial year ended 31 December 2016. The details of the attendance are as follows:

Directors	No. of meetings attended
Tay Mun Kit	5/5
Dato' Azahar bin Rasul	5/5
Ar. Lim Tong Hock	5/5

Statement On **Risk Management** And **Internal Control**

Paragraph 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of Directors to include in its annual report a statement about the state of the risk management and internal controls of the Group. The Malaysian Code of Corporate Governance 2012 under Principle 6 states that the Board should establish a sound risk management framework and internal controls systems.

BOARD RESPONSIBILITIES

The Board of Directors ("the Board") recognizes the importance of maintaining a good system of risk management and internal controls and risk management to safeguard shareholders' investment and the Group's assets. The Board acknowledges its overall responsibility for reviewing the adequacy and integrity of the Company's system of risk management and internal control, identifying principal risks and establishing an appropriate control environment and framework to manage risks and evaluating the Group's operational effectiveness and efficiency.

The Board has reviewed the adequacy and effectiveness of the system of risk management and internal controls of the Group. It recognizes that due to inherent limitations, such systems are designed to manage rather than to eliminate the risk of business failure. As such, these systems could only provide reasonable but not absolute assurance against material misstatements or losses and the effectiveness of an internal control system may vary over time.

SYSTEM OF RISK MANAGEMENT

The Board acknowledged that all areas of the Group's activities involve some degree of risks and recognises that effective risk management is part of good business management practice for the successful achievement of the Group's business objectives. Operationally, the respective directors of the subsidiary companies and key management staff are responsible for managing the risks of their departments and periodic management meetings are held to address significant issues faced by the Group so as to ensure significant risks are closely monitored and appropriately addressed. Significant risks of are highlighted to the Board on an exception basis. The abovementioned practices/initiatives serves as the on-going process used to identify, evaluate and manage significant risks that affect the achievement of the Group's business objectives.

SYSTEM OF INTERNAL CONTROL

The key measures implemented in the Group are as follows :-

(i) A well-defined organization structure with distinct lines of accountability that sets out the authority delegated to the board and management committees;

(ii) Documented policies and procedures for all significant processes;

(iii) The executive directors adopt a hands-on approach in running the business and operations of the Group and reports to the Board on significant changes which may affect the operations of the Group.

(iv) A management reporting system to facilitate the collection, processing, monitoring and dissemination of critical information for management review and decision;

(v) Performance reports such as quarterly financial review, business development and other corporate matters are regularly provided to the Directors for discussion and deliberations at Board of Directors meeting;

(vi) Review of quarterly and annual financial results by the Audit and Risk Management Committee;

(vii) Regular meetings by the management team to discuss and review reports and business developments and to resolve key operations and managements issues; and

(viii) Review the adequacy and effectiveness of the system of internal control, with the assistance of the internal audit function.

Statement On **Risk Management** And **Internal Control**

(continued)

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional firm to review the adequacy and integrity of the internal control systems of the Group.

The functions of the internal audit are as follows :-

1. Perform audit work in accordance with the pre-approved internal audit plan.

2. Carry out review on the system of internal controls of the Company.

3. Review and comment on the effectiveness and adequacy of the existing control policies and procedures.

4. Provide recommendations, if any, for the improvement of the control policies and procedures.

5. Review and comment on the implementation status of the recommendation by the internal audit function.

The internal audit function reports directly to the Audit and Risk Management Committee and is independent of the management. The internal audit reports are submitted to the Audit and Risk Management Committee who would review and deliberate on the findings before making the necessary recommendations to the Board to strengthen its system of internal control and policies.

CONCLUSION

The Board have received assurance from the Executive Directors that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects based on the risk management and internal control system of the Group.

The Board is committed towards operating a sound system of internal control and effective risk management practices throughout the Group and is of the view that that the system of internal control is adequate based on the size of the Group's operations and functions; and that there was no breakdown or weaknesses in the system of internal control that may result in a significant loss to the Group for the FYE 31 December 2016. The Board will remain vigilant and continues to take the necessary measures to improve and strengthen the Group's system of risk management and internal controls to adapt to the ever changing and challenging business environment.

REVIEW OF THE STATEMENT BY THE EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the ACE Market Listing Requirements of Bursa Malaysia, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the 2016 Annual Report. Their review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants for inclusion in the annual report and reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared , in all material respect, in accordance with the disclosures required by Paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, or nor is factually inaccurate.

The external auditors do not required to consider whether the Directors' Statement on Risk Management and Internal Control covers all risk and control, or to form an opinion on the adequacy and effectiveness of the Company's risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon in accordance with RPG (Revised 2015).The external auditors are also not required to consider the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement was made in accordance with a resolution of the Board dated 28 April 2017.

Additional Compliance Information

(a) Utilisation of Proceeds

(i) The status of utilisation of the gross proceeds of RM28.907 million from the Rights Issue by the Company as at 31 December 2016 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation	Explanation
Future viable investments	15,000	13,743	1,257	-	Within 24 months from completion	
Repayment of borrowings	12,000	12,000	-	-	Within 24 months from completion	
Working capital	1,007	713	-	294	Within 24 months from completion	Being the additional rights issue expenses of RM294,000 incurred
Rights Issue expenses	900	1,194	-	(294)	Upon completion	
Total	**28,907**	**27,650**	**1,257**	-		

(ii) The status of utilisation of the gross proceeds of RM63.318 million from the Private Placements of up to 10% of the issued and paid-up share capital of the Company as at 31 December 2016 are as follows:-

Purposes	Proposed Utilisation RM'000	Amount Utilised RM'000	Amount Unutilised RM'000	Deviation RM'000	Intended Timeframe for Utilisation
Future viable investments	38,000	-	38,000	-	Within 24 months from completion
Working capital for VESB	24,118	24,118	-	-	Within 24 months from completion
Private Placement expenses	1,200	1,200	-	-	Upon completion
Total	**63,318**	**27,650**	**1,257**	**-**	

(b) Share Buybacks

There was no Share Buybacks arrangement during the financial year.

(c) Options, Warrants or Convertible Securities

(i) During the FYE 2016, 16,660 Warrants B were exercised and converted into ordinary shares. As at 31 December 2016, 626,145,878 Warrants B remained unexercised.

(ii) During the FYE 2016, 65,772 Warrants C were exercised and converted into ordinary shares. As at 31 December 2015, 250,367,513 Warrants C remained unexercised.

(iii) During the FYE 2016, 45,556 Warrants D were exercised and converted into ordinary shares. As at 31 December 2016, 240,824,301 Warrants D remained unexercised.

(d) American Depository Receipt (ADR) or Global Depository Receipt (GDR) Programme

During the FYE 2015, the Company did not sponsor any ADR or GDR programme.

(e) Sanctions and Penalties

There were no material sanctions and penalties imposed on the Group, Directors or management by the relevant regulatory bodies.

Additional Compliance Information
(continued)

(f) Non-Audit Fees

The amount of non-audit fees incurred for services rendered to the Group by its external auditors for the FYE 2016 was RM26,500.

(g) Profit Estimates, Forecast or Projection

The Company did not issue any profit estimate, forecast or projection for the financial year.

(h) Profit Guarantee

There was no other profit guarantee given by the Group in respect of the financial year.

(i) Material Contracts

During the financial period, there were no material contracts of the Group involving its Directors' and major shareholders' interest.

(j) Revaluation Policy

The Group does not have a revaluation policy in respect of its properties.

(k) Recurrent Related Party Transactions of Revenue Nature ("RRPT")

During the financial period, the Group did not enter into any RRPT.

CONTENTS

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 2016.

PRINCIPAL ACTIVITIES

The Company is principally engaged in provision of telecommunication engineering and services and investment holding.

The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

RESULTS

	Group RM	Company RM
Net profit for the financial year	60,838,730	12,006,742
Other comprehensive loss, net of tax	28,657	-
Total comprehensive income for the financial year	60,867,387	12,006,742
Attributable to:-		
Owners of the parent	49,402,238	12,006,742
Non-controlling interests	11,465,149	-
Total comprehensive income for the financial year	60,867,387	12,006,742

DIVIDENDS

No dividends 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 2016.

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.

Directors' Report
(continued)

BAD AND DOUBTFUL DEBTS

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

At the date of this report, the directors are not aware of any circumstances that would render the amount written off for bad debts or the amount of the 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 made out, the directors took reasonable steps to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company had been written down to an amount that they might be expected to be realised.

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

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances have arisen which render adherence to the existing methods 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 that 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 and of the Company that has arisen since the end of the financial year.

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

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 that would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company for the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report
(continued)

ISSUES OF SHARES AND DEBENTURES

The Company increased its issued and fully paid up share capital from RM234,024,920/- to RM323,422,141/- by way of issuance of:-

(i) 135,000,000 new ordinary shares of RM0.10 each at a price of RM0.25 per ordinary share via a private placement to eligible investors for a purchase consideration of RM33,750,000/- for future viable investments and working capital purposes of its subsidiary, Vivocom Enterprise Sdn. Bhd.,

(ii) 112,000,000 new ordinary shares of RM0.10 each at a price of RM0.264 per ordinary share via a private placement to eligible investors for a purchase consideration of RM29,568,000/- for future viable investments and working capital purposes of its subsidiary, Vivocom Enterprise Sdn. Bhd.,

(iii) 127,928 new ordinary shares of RM0.10 each arising from the exercise of Warrants B 2013/2018, Warrants C 2015/2020 and Warrants D 2015/2020 at the exercise prices ranging from RM0.10 each to RM0.24 each for cash, and

(iv) bonus issue of 646,844,282 new ordinary shares of RM0.10 each on the basis of one (1) bonus share for every three (4) existing ordinary shares held. The bonus shares were issued by the capitalisation of RM64,684,428/- from the share premium account.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares in the Company. There were no other issues of shares and debentures during the financial year.

WARRANTS B 2013/2018

On 2 September 2013, a total of 351,127,130 free warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each held on 30 August 2013. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 9 September 2013.

On July 2015, 24,577,496 additional warrants 2013/2018 ("Warrants B") issued pursuant to the adjustments arising from the Right Issue with warrants. As at July 2015, total Warrant B amounted to 375,704,626. On November 2015, 125,232,599 additional warrants 2013/2018 ("Warrants B") issued pursuant to the adjustments arising from the Bonus Issue.

On September 2016, 125,229,175 additional warrants 2013/2018 ("Warrant B") issued pursuant to the adjustments arising from the Bonus Issue. As at September 2016, total Warrant B amounted to 626,162,478.

16,600 Warrants B had exercised during the financial year. As at the end of the financial year, 626,145,878 warrants remained unexercised. Details of the Warrants B 2013/2018 are disclosed in Note 16 to the financial statements.

WARRANTS C 2015/2020

A total of 140,450,852 free warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every five (5) existing ordinary shares of RM0.10 each held on 22 January 2015. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 30 January 2015.

On July 2015, 9,830,784 additional warrants 2015/2020 ("Warrants C") issued pursuant to the adjustments arising from the Right Issue with warrants. As at July 2015, total Warrant C amounted to 150,281,636. On November 2015, 50,090,202 additional warrants 2015/2020 ("Warrants C") issued pursuant to the adjustments arising from the Bonus Issue.

On September 2016, 50,073,502 additional warrants 2015/2020 ("Warrant C") issued pursuant to the adjustments arising from the Bonus Issue. As at September 2016, total Warrant C amounted to 250,433,285.

65,772 Warrants C had exercised during the financial year. As at the end of the financial year, 250,367,513 warrants remained unexercised. Details of the Warrants C 2015/2020 are disclosed in Note 16 to the financial statements.

WARRANTS D 2015/2020

On 15 June 2015, the Company has Renounceable Rights Issue of up to 429,515,979 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable warrants in Instacom ("Warrants D") on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for at 5.00 p.m. on Monday, 15 June 2015 at an issue price of RM0.10 per Rights Share ("Rights Issue with Warrants").

Directors' Report
(continued)

WARRANTS D 2015/2020 (continued)

A total of 144,532,298 free detachable warrants have been issued pursuant to the Right Issue of one (1) free warrant for every two (2) subscribed Rights Share at an issue price of RM0.10 each on 15 June 2015. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 14 July 2015. On November 2015, 48,175,841 additional warrants 2015/2020 ("Warrants D") issued pursuant to the adjustments arising from the Bonus Issue.

On September 2016, 48,164,860 additional warrants 2015/2020 ("Warrant D") issued pursuant to the adjustments arising from the Bonus Issue with warrants. As at September 2016, total Warrant D amounted to 240,869,857.

45,556 warrants had exercised during the financial year. As at the end of the financial year, 240,824,301 warrants remained unexercised. Details of the Warrants D 2015/2020 are disclosed in Note 16 to the financial statements.

DIRECTORS

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

Anne Kung Soo Ching	(Resigned on 25.5.2016)
Choo Seng Choon	
Dato' Azahar Bin Rasul	
Tay Mun Kit	
Ar. Lim Tong Hock	

DIRECTORS' INTERESTS

None of the current directors had any interest in the shares and warrants of the Company at the end of the financial year.

Directors' Report
(continued)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit (other than benefit shown under directors' remuneration) 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 arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' REMUNERATIONS

The amounts of the remunerations of the directors or past directors of the Company comprising remunerations received/receivable from the Group and the Company during the financial year are as follows:-

	Group 2016 RM	Company 2016 RM
Executive Directors		
- salaries, allowances and bonuses	233,420	91,000
- others	70,499	-
Total	303,919	91,000
Non-Executive Directors		
- fees	274,500	-
Grand Total	578,419	91,000

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

SUBSIDIARIES OF THE COMPANY

Details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

Directors' Report
(continued)

AUDITORS

The auditors, Messrs STYL Associates, have expressed their willingness to continue in office.

AUDITORS' REMUNERATIONS

Total amounts paid or receivable by the auditors as remunerations for their statutory audit services is disclosed in Note 26 to the financial statements.

Signed on behalf of the Board of directors,

CHOO SENG CHOON
Director

TAY MUN KIT
Director

Petaling Jaya

Date: 28 April 2017

Statement By **Directors**

We, **CHOO SENG CHOON** and **TAY MUN KIT**, being two of the directors of **VIVOCOM INTL HOLDINGS BERHAD**, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 35 to 97 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirement of the Companies Act, 1965 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 2016 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

The supplementary information set out on page 98 has been prepared in accordance with the Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of directors,

CHOO SENG CHOON
Director

TAY MUN KIT
Director

Petaling Jaya

Date: 28 April 2017

Statutory **Declaration**

I, **CHOO SENG CHOON**, being the director primarily responsible for the financial management of **VIVOCOM INTL HOLDINGS BERHAD**, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 35 to 97, and the supplementary information set out on page 99 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, l960.

CHOO SENG CHOON

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in Selangor Darul Ehsan on 28 April 2017

Before me,

WONG CHOY YIN
Commissioner of Oaths (B508)
Petaling Jaya

Independent Auditors' Report

To The Members Of Vivocom Intl Holdings Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of **VIVOCOM INTL HOLDINGS BERHAD**, which comprise the statements of financial position as at 31 December 2016 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 16 to 92.

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 2016, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

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.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements of the Group and of the Company. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
Goodwill As at 31 December 2016, the carrying amount of the Group's goodwill amounted to RM185 million. Goodwill impairment testing of cash generating units ("CGUs") relies on estimates of value-in-use based on estimated future cash flows. The Group is required to annually test the amount of goodwill for impairment. We focused on this area due to: (i) the significance of the goodwill of RM185 million (2015: RM185 million) recognised in the financial statements of the Group; and (ii) the level of the subjectivity associated with the assumptions used in estimating the value in use of the CGUs. Refer to summary of significant accounting policies in Note 2.4(b), significant accounting estimates and judgment in Note 2.5(b)(v) and the disclosure of goodwill in Note 7 to the financial statements.	Our audit procedures included, among others, evaluating the assumptions and methodologies used by the Group in performing the impairment assessment. We tested the basis of preparing the cash flow forecasts taking into account the back-testing results on the accuracy of previous forecasts and the historic evidence supporting underlying assumptions. We also assessed the appropriateness of the other key assumptions, such as the growth rates used to extrapolate the cash flows and the discount rates applied, by comparing against internal information, and external economic and market data. We also reviewed management's sensitivity and stress testing analysis and tested independently those assumptions to which the outcome of the impairment test is most sensitive.

Independent Auditors' Report

To The Members Of Vivocom Intl Holdings Berhad (continued)

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 Director's Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and Statement on Corporate Governance, Report on Audit Committee, Statement on Corporate Social Responsibility, Statement on Director's Responsibilities and Other Sections of the Annual Report, which is expected to be made available to us after that date. Other information 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 on the other information that we obtained prior to the date of this auditors' report,, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal 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.

AUDITORS' 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 Vivocom Intl Holdings Berhad (continued)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

- 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, 1965 in Malaysia, we also report the following:-

(a) In our opinion, the accounting and other records and the registers required by the Companies Act, 1965, in Malaysia to be kept by the Company and its subsidiaries have been properly kept in accordance with the provisions of the Companies Act, 1965 in Malaysia.

(b) We have considered the unaudited financial statements of the subsidiary of which we have not acted as auditors, which are indicated in Note 6 to the financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.

(d) Our audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comments made under Section 174(3) of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report
To The Members Of Vivocom Intl Holdings Berhad (continued)

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in page 98 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The directors are responsible for the preparation of the supplementary information in accordance with the Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 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.

STYL ASSOCIATES
No. AF 001929
Chartered Accountants

SI CHAY BENG
No. 1200/08/2018(J)
Chartered Accountant

Petaling Jaya

Date: 28 April 2017

Statements Of **Financial Position**

As At 31 December 2016

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	33,697,833	29,695,843	15,757,941	16,424,896
Development expenditure	4	-	6,336,537	-	4,118,426
Intangible assets	5	-	528,505	-	528,505
Investment in subsidiaries	6	-	-	234,384,100	234,384,000
Goodwill on consolidation	7	185,209,540	185,209,540	-	-
Finance receivables	8	10,641,335	10,557,186	-	-
Trade and other receivables	9	-	4,253,235	-	1,319,175
Deferred tax assets	10	-	1,588,980	-	1,588,980
Total non-current assets		229,548,708	238,169,826	250,142,041	258,363,982
Current assets					
Inventories	11	6,300,388	14,757,577	499,176	11,687,168
Finance receivables	8	4,055,053	7,588,821	-	-
Trade and other receivables	9	262,186,640	84,556,220	54,682,433	22,650,250
Tax recoverable		5,144	62,750	-	-
Amount owing by customers for contract work	12	63,257,705	35,143,076	-	-
Amount owing by subsidiaries	13		-	82,598,004	19,626,321
Fixed deposits with licensed banks	14	8,609,709	9,582,732	2,698,376	2,600,000
Cash and bank balances	15	30,347,576	23,011,678	28,881,335	20,531,491
Total current assets		374,762,215	174,702,854	169,359,324	77,095,230
TOTAL ASSETS		604,310,923	412,872,680	419,501,365	335,459,212
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	323,422,141	234,024,920	323,422,141	234,024,920
Share premium	17	17,002,801	44,228,601	17,002,801	44,228,601
Other reserves	18	4,805,580	4,792,099	4,797,234	4,798,368
Retained earnings		88,177,489	38,788,732	47,876,220	35,868,344
Shareholders' funds		433,408,011	321,834,352	393,098,396	318,920,233
Non controlling interests		19,119,825	7,654,676	-	-
TOTAL EQUITY		452,527,836	329,489,028	393,098,396	318,920,233

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

Statements Of **Financial Position**

As At 31 December 2016 (continued)

	Note	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Non-current liabilities					
Loans and borrowings	20	11,003,117	11,099,675	2,691,556	3,692,475
Deferred tax liabilities	10	383,427	387,407	33,266	-
Total non-current liabilities		11,386,544	11,487,082	2,724,822	3,692,475
Current liabilities					
Trade and other payables	23	85,991,851	35,778,387	4,519,709	6,219,449
Amount owing to customers for contract work	12	5,957,301	295,000	-	-
Amount owing to subsidiaries	13	-	-	14,592,146	-
Amount owing to directors	24	44,015	50,680	100	5,506
Loans and borrowings	20	26,938,801	27,424,079	2,821,205	6,621,549
Tax payables		21,464,575	8,348,424	1,744,987	-
Total current liabilities		140,396,543	71,896,570	23,678,147	12,846,504
Total liabilities		151,783,087	83,383,652	26,402,969	16,538,979
TOTAL EQUITY AND LIABILITIES		604,310,923	412,872,680	419,501,365	335,459,212

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

Statements Of **Comprehensive Income**

For The Financial Year Ended 31 December 2016

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Revenue	25	365,898,582	97,945,187	42,897,621	42,600,070
Cost of sales		(268,422,135)	(81,506,116)	(24,521,527)	(34,959,138)
Gross Profit		97,476,447	16,439,071	18,376,094	7,640,932
Other income		1,187,158	815,760	363,681	192,895
Administrative expenses		(10,101,766)	(4,263,470)	(2,896,324)	(2,225,200)
Selling and distribution expenses		(191,857)	(240,809)	(69,302)	(165,090)
Other operating expenses		(4,752,893)	(591,402)	(76,192)	(54,803)
Operating Profit	26	83,617,089	12,159,150	15,697,957	5,388,734
Finance costs	28	(2,302,037)	(2,677,607)	(310,578)	(557,056)
Share in profit of associate		-	2,312,250	-	-
Profit Before Taxation		81,315,052	11,793,793	15,387,379	4,831,678
Taxation	29	(20,476,322)	(1,586,895)	(3,380,637)	1,590,357
Profit for the Financial Year		60,838,730	10,206,898	12,006,742	6,422,035
Other Comprehensive Loss for the Financial Year:-					
Foreign currency translation		28,657	(12,292)	-	-
Total Comprehensive Income for the Financial Year		60,867,387	10,194,606	12,006,742	6,422,035

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

Statements Of **Comprehensive Income**

For The Financial Year Ended 31 December 2016 (continued)

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Profit attributable to:-					
Owners of the parent		49,387,623	8,790,392	12,006,742	6,422,035
Non-controlling interests		11,451,107	1,416,506	-	-
		60,838,730	10,206,898	12,006,742	6,422,035
Total Comprehensive Income attributable to:-					
Owners of the parent		49,402,238	8,784,123	12,006,742	6,422,035
Non-controlling interests		11,465,149	1,410,483	-	-
		60,867,387	10,194,606	12,006,742	6,422,035
Basic earning per share (sen)	30	1.54	0.68		
Diluted earning per share (sen)	30	1.54	0.68		

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

Statements Of **Changes In Equity**

For The Financial Year Ended 31 December 2016

	/---Attributable to Owners of the Company---							
	/---Non-distributable---				Distributable			
	Share Capital	Share Premium	Warrant Reserve	Exchange Reserve	Retained Earnings	Sub-Total	Non-Controlling Interests	Total Equity
Group	RM	RM	RM	RM	RM	RM	RM	RM
Balance at 1 January 2015	70,225,426	60,863,614	-	-	36,405,482	167,494,522	-	167,494,522
Total comprehensive income for the financial year:-								
Profit for the financial year	-	-	-	-	8,790,392	8,790,392	1,416,506	10,206,898
Other comprehensive income for the financial year	-	-	-	(6,269)	-	(6,269)	(6,023)	(12,292)
Total comprehensive income	-	-	-	(6,269)	8,790,392	8,784,123	1,410,483	10,194,606
Transactions with owners:-								
Share issued for acquisition of a subsidiary	91,531,368	27,852,632	-	-	(1,608,775)	117,775,225	-	117,775,225
Renounceable rights issue with free warrants	28,906,513	(1,128,665)	4,798,472	-	(4,798,367)	27,777,953	-	27,777,953
Exercised of warrants	1,912	721	(104)	-	-	2,529	-	2,529
Bonus shares issued	43,359,701	(43,359,701)	-	-	-	-	-	-
Non-controlling interest arising from acquisition of a new subsidiary	-	-	-	-	-	-	6,244,193	6,244,193
Total transactions with owners	163,799,494	(16,635,013)	4,798,368	-	(6,407,142)	145,555,707	6,244,193	151,799,900
Balance at 31 December 2015	234,024,920	44,228,601	4,798,368	(6,269)	38,788,732	321,834,352	7,654,676	329,489,028
Balance at 1 January 2016	234,024,920	44,228,601	4,798,368	(6,269)	38,788,732	321,834,352	7,654,676	329,489,028
Total comprehensive income for the financial year:-								
Profit for the financial year	-	-	-	-	49,387,623	49,387,623	11,451,107	60,838,730
Other comprehensive income for the financial year	-	-	-	14,615	-	14,615	14,042	28,657
Total comprehensive income	-	-	-	14,615	49,387,623	49,402,238	11,465,149	60,867,387
Transactions with owners:-								
Renounceable rights issue with free warrants	-	37,456,304	-	-	-	37,456,304	-	37,456,304
Issue of ordinary shares	24,700,000	-	-	-	-	24,700,000	-	24,700,000
Exercised of warrants	12,793	2,324	(1,134)	-	1,134	15,117	-	15,117
Bonus shares issued	64,684,428	(64,684,428)	-	-	-	-	-	-
Total transactions with owners	89,397,221	(27,225,800)	(1,134)	-	1,134	62,171,421	-	62,171,421
Balance at 31 December 2016	323,422,141	17,002,801	4,797,234	8,346	88,177,489	433,408,011	19,119,825	452,527,836

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

Statements Of **Changes In Equity**

For The Financial Year Ended 31 December 2016 (continued)

	/------------------------Attributable to Owners of the Company------------------------/				
		/-------Non-distributable-------/		Distributable	
	Share	Share	Warrant	Retained	
	Capital	Premium	Reserve	Earnings	Total Equity
Company	**RM**	**RM**	**RM**	**RM**	**RM**
Balance at 1 January 2015	70,225,426	60,863,614	-	35,853,451	166,942,491
Total comprehensive income	-	-	-	6,422,035	6,422,035
Transactions with owners:-					
Expenditure for warrants issued	91,531,368	27,852,632	-	(1,608,775)	117,775,225
Bonus shares issued	28,906,513	(1,128,665)	4,798,472	(4,798,367)	27,777,953
Dividends	1,912	721	(104)	-	2,529
Purchases of treasury shares	43,359,701	(43,359,701)	-	-	-
Total transactions with owners	163,799,494	(16,635,013)	4,798,368	(6,407,142)	145,555,707
Balance at 31 December 2015	234,024,920	44,228,601	4,798,368	35,868,344	318,920,233
Total comprehensive income	-	-	-	12,006,742	12,006,742
Transactions with owners:-					
Renounceable rights issue with free warrants	24,700,000	37,456,304	-	-	62,156,304
Exercised of warrants	64,684,428	2,324	(1,134)	1,134	64,686,752
Bonus shares issued	12,793	(64,684,428)	-	-	(64,671,635)
Total transactions with owners	89,397,221	(27,225,800)	(1,134)	1,134	62,171,421
Balance at 31 December 2016	323,422,141	17,002,801	4,797,234	47,876,220	393,098,396

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

Statements Of **Cash Flows**

For The Financial Year Ended 31 December 2016

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit before taxation	81,315,052	11,793,793	15,387,379	4,831,678
Adjustments for:-				
Amortisation of development expenditure	345,629	460,839	224,641	299,521
Amortisation of intangible assets	57,634	57,634	57,634	57,634
Impairment loss on:-				
- intangible asset	470,871	-	470,871	-
Depreciation of property, plant and equipment	3,953,880	1,967,548	668,231	199,580
Development expenditure written off	5,990,908	-	3,893,785	-
Loss/(Gain) on disposal of property, plant and equipment	62,560	(364,868)	-	581
Finance cost:-				
Interest income	(519,066)	(217,546)	(363,289)	(49,114)
Interest expenses	2,302,037	2,677,607	310,578	557,056
Property, plant and equipment written off	226,645	-	-	-
	94,206,150	16,375,007	20,649,830	5,896,936
Changes in working capital:-				
Inventories	8,457,189	5,069,442	11,187,992	5,492,810
Trade and other receivables	(173,377,185)	(6,113,418)	(30,713,008)	(7,183,803)
Trade and other payables	50,213,464	(1,589,874)	(1,699,740)	3,639,555
Amount owing by customers for contract work	(22,452,328)	(2,859,231)	-	-
	(42,952,710)	10,881,926	(574,926)	7,845,498
Tax paid	(5,780,314)	(1,399,285)	(13,404)	(86)
Tax refunded	62,750	34,223	-	-
Interest received	519,066	217,546	363,289	49,114
Net Operating Cash Flows	(48,151,208)	9,734,410	(225,041)	7,894,526

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

Statements Of **Cash Flows**

For The Financial Year Ended 31 December 2016 (continued)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Amount owing by subsidiaries	-	-	(62,971,683)	8,817,068
Acquisition of a subsidiary	(100)	(13,000,000)	(100)	(13,000,000)
(Placement)/Withdrawal of fixed deposits pledged to banks	973,023	(2,788,095)	-	(2,600,000)
Proceeds from disposal of property, plant and equipment	700,130	2,022,623	-	1,300
Purchase of property, plant and equipment	(8,945,205)	(132,546)	(1,276)	(2,280)
Net Investing Cash Flows	(7,272,152)	(13,898,018)	(62,973,059)	(6,783,912)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Amount owing to directors	(6,565)	(4,926)	(5,406)	5,506
Amount owing to subsidiaries	-	-	14,592,146	(23,589,477)
Finance receivables	3,449,619	(3,133,330)	-	-
Issuance of right issue	62,156,304	27,777,848	62,156,304	27,777,848
Issuance of warrants	15,117	2,633	15,117	2,633
Repayment of hire purchase payables, net	(1,758,065)	(2,679,602)	-	-
Repayment of term loans	(1,465,275)	(2,736,108)	(953,596)	(118,649)
Drawdown/(repayment) of short term borrowings, net	2,704,364	(3,783,219)	(2,880,750)	5,199,667
Interest paid	(2,302,037)	(2,677,607)	(310,578)	(557,056)
Net Financing Cash Flows	62,793,462	12,765,689	72,613,237	8,720,472

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

Statements Of **Cash Flows**

For The Financial Year Ended 31 December 2016 (continued)

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,370,102	8,602,081	9,415,137	9,831,086
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	28,657	-	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	22,044,761	13,442,680	22,164,574	12,333,488
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	29,443,520	22,044,761	31,579,711	22,164,574
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	30,347,576	23,011,678	28,881,335	20,531,491
Fixed deposits with licensed banks	-	-	2,698,376	2,600,000
Bank overdrafts	(904,056)	(966,917)	-	(966,917)
	29,443,520	22,044,761	31,579,711	22,164,574

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

Notes To The **Financial Statements**

1. GENERAL INFORMATION

The Company is principally engaged in provision telecommunication engineering and services and investment holding. The principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There have been no significant changes to the nature of these principal activities during the financial year.

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

The registered office of the Company is located at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur.

The principal place of business of the Company is located at 6-8, Jalan Seri Utara 1, Batu 7, Off Jalan Ipoh, 68100 Kuala Lumpur Wilayah Persekutuan Malaysia and Lot 6800 – 6801, 1st Floor, Wisma Instacom, Lorong 37, Jalan Stampin Baru, 93350 Kuching, Sarawak.

The financial statements are expressed in Ringgit Malaysia.

The financial statements of the Group and of the Company have been authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2017.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared under the historical cost basis, other than as disclosed in the significant accounting policies in Note 2.4 to the financial statements.

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 reported 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 are significant to the financial statements are disclosed in Note 2.5 to the financial statements.

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int")

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, Financial Instruments (2014)
- MFRS 15, Revenue from Contracts with Customers
- Clarifications to MFRS 15, Revenue from Contracts with Customers
- IC Interpretation 22, Foreign Currency Transactions and Advance Consideration
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 2, Share-based Payment – Classification and Measurement of Share-based Payment Transactions
- Amendments to MFRS 4, Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
- Amendments to MFRS 128, Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 140, Investment Property – Transfers of Investment Property

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, Leases

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2017 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2017.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.
- from the annual period beginning on 1 January 2019 for the accounting standard that is effective for annual periods beginning on or after 1 January 2019.

The initial application for the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period or prior period financial statements of the Group and of the Company except as mentioned below:

(i) MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programmes, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue- Barter Transactions Involving Advertising Services.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

(ii) MFRS 16 Leases

MFRS 16 replaces the guidance in MFRS 117 Leases, IC Interpretation 4 Determining whether an Arrangement contains a Lease, IC Interpretation 115 Operating Lease- Incentive and IC Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

Notes To The **Financial Statements**
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New MFRSs, Amendments/Improvements to MFRSs and New IC Interpretations ("IC Int") (continued)

(iii) MFRS 9 Financial Instruments

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

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

2.3 New Companies Act effective beginning 31 January 2017

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act 1965 with the objectives to create a legal and regulatory structure that will facilitate business, and promote accountability as well as protection of corporate directors and shareholders, taking into consideration the interest of other stakeholders.

The New Act was passed on 4 April 2016 by the Dewan Rakyat (House of Representative) and gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the date on which the New Act comes into operation, except section 241 and Division 8 of Part III of the New Act, would be 31 January 2017.

Amongst the key changes introduced in the New Act which will affect the financial statements of the Group and of the Company upon the commencement of the New Act on 31 January 2017 are:

(i) removal of the authorised share capital;

(ii) shares of the Company will cease to have par or nominal value; and

(iii) the Company's share premium account will become part of the Company's share capital.

The adoption of the New Act is not expected to have any financial impact on the Group and the Company for the current financial year as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on disclosures to the annual report and financial statements for the financial year ending 31 December 2017.

2.4 Significant Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements:-

(a) Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities, including unincorporated entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, Consolidated Financial Statements in the current financial year. This resulted in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider de facto power in its assessment of control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(i) Subsidiaries (continued)

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is held for sale or distribution. The cost of investments includes transactions costs.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

(ii) Accounting for Business Combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

From 1 January 2011, the Group has applied MFRS 3 Business Combination (Revised) in accounting for business combinations. The change in accounting policy has been applied prospectively in accordance with the transitional provisions provided by the standard and does not have impact on earnings per share.

For acquisition on or after 1 January 2011, the Group measures goodwill at the acquisition date as:-

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interest in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

Costs related to the acquisition, 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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisition between 1 January 2006 and 1 January 2011, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

For acquisition prior to 1 January 2006, goodwill represents the excess of the cost of the acquisition over the Group's interest in fair values of the net identifiable assets and liabilities.

(iii) Accounting for Acquisition of Non-controlling Interest

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group's reserve.

Notes To The **Financial Statements**
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(a) Basis of Consolidation (continued)

(iv) Loss of Control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

In the previous financial years, if the Group retained any interest in the previous subsidiary, such interest was measured at the carrying amount at the date that control was lost and this carrying amount would be regarded as cost in initial measurement of the investment.

(v) Non-controlling Interest

Non-controlling interest at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interest in the results of the Group is presented in the consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interest and the owners of the Company.

Since the beginning of the reporting period, the Group has applied MFRS 127 Consolidated and Separate Financial Statements (Revised) where losses applicable to the non-controlling interest in a subsidiary are allocated to the non-controlling interest even if doing so causes the non-controlling interest to have a deficit balance. This change in accounting policy is applied prospectively in accordance with the transitional provisions of the standard and does not have impact on earnings per share.

Where losses applicable to the non-controlling interest exceed their interests in the equity of a subsidiary, the excess, and any further losses applicable to the non-controlling interest, were charged against the Group's interest except to the extent that the non-controlling interest had a binding obligation to, and was able to make additional investment to cover the losses. If the subsidiary subsequently reported profits, the Group's interest was allocated with all such profits until the non-controlling interest's share of losses previously absorbed by the Group had been recovered.

(vi) 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.

(b) Goodwill on Consolidation

Goodwill is measured as the excess of consideration transferred, any non-controlling interests and the acquisition-date fair value of any previously-held equity interest over the fair value of the Group's share of the identifiable net assets acquired. Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units ("CGU") that are expected to benefit from the synergies of the business combination.

The CGU to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the CGU may be impaired, by comparing the carrying amount of the CGU, including the allocated goodwill, with the recoverable amount of the CGU. Where the recoverable amount of the CGU is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the CGU retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(c) Property, Plant and Equipment and Depreciation

All property, plant and equipment are initially stated at cost. After recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses, except for freehold land, factory building under construction and plant, machinery and equipment under installation. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.4(k).

Cost includes expenditure that is directly attributable to the acquisition of the asset. When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

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

Freehold lands are not depreciated as it has an infinite life. Leasehold land is amortised in equal instalments over the period of 55 years. All other property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to its residual value over the estimated useful lives of the assets concerned. The annual rates used for this purpose are as follows:-

Factory	2%
Leasehold land and building	55 years
Computers, telecommunication and electronic equipment	10% - 33%
Machinery and tools	10% - 20%
Motor vehicles	10% - 20%
Office equipment, furniture and fittings	10% - 33%
Base stations and network operation centres	15 years
Staff quarters	10% - 33%
Renovation	10% - 33%
Scaffolding	10% - 33%

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period. The effects of any revisions of the residual values and useful lives are included in the profit or loss for the financial year in which the changes arise.

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 included in the profit or loss in the financial year the asset is derecognised.

(d) Leases and Hire Purchase

(i) Finance Leases and Hire Purchase

Assets financed by finance leases and hire purchase arrangements which transfer substantially all the risks and rewards of ownership to the Group are capitalised as property, plant and equipment, and the corresponding obligations are treated as liabilities. The assets so capitalised are depreciated in accordance with the accounting policy on property, plant and equipment.

Assets acquired by way of finance leases and hire purchase arrangements are stated at an amount equal to the lower of their fair values and the present value of minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.3(k) to the financial statements. The corresponding liability is included in the statement of financial position as borrowings. In calculating the present value of minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Group's incremental borrowing rate is used. Property, plant and equipment acquired under finance leases and hire purchase are depreciated over the shorter of the estimated useful life of the asset and the lease term.

Notes To The **Financial Statements**
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(d) Leases and Hire Purchase (continued)

(i) Finance Leases and Hire Purchase (continued)

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

(ii) Operating Leases

An operating lease is a lease other than a finance lease. Lease payments under operating lease are recognised as an expense in the profit or loss on a straight line basis over the lease period.

(iii) Leases of Land and Buildings

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments made are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payment and is amortised on a straight-line basis over the lease term.

(e) Inventories

Inventories of finished goods, work-in-progress and raw materials are stated at the lower of cost and net realisable value. The cost of inventories is measured based on weighted average basis.

The cost of work-in-progress includes cost of raw materials, consumables, direct labour and an appropriate allocation of overhead. The cost of raw materials includes the original purchase price plus costs incurred to bring the inventories to their present locations and conditions.

Net realisable value is estimated based on the most reliable evidence available at the time the estimates are made as to what the inventories are expected to realise upon completion of the cycle.

(f) 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.

A financial instrument is recognised initially, at its fair value, plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

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

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable to transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

Notes To The **Financial Statements**
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(i) Financial Assets

Financial assets at fair value through profit or loss

Financial assets are classified as fair value through profit or loss if they are held for trading, including derivatives, or are designated as such upon initial recognition.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised as other gains or losses in the profit or loss.

Loans and receivables

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

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

Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity that are quoted in an active market and the Group have the positive intention and ability to hold the investment to maturity is classified as held-to-maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the three preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(ii) Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

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

Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) 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 classified as deferred income and are amortised to profit or loss over the contractual period or, upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(iv) 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 of the marketplace concerned.

A regular way purchase or sale of financial asset is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:-

- the recognition of an asset to be received and the liability to pay for it on the trade date; and
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(v) Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired or is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

(g) Provision for Liabilities

Provision for liabilities are recognised when the Group has 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.

Provisions are reviewed at the end of each reporting period 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(h) Share Capital

Ordinary shares are recorded at the nominal value and the consideration in excess of nominal value of shares issued, if any, is accounted for as share premium. Both ordinary shares and share premium are classified as equity.

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the end of the reporting period. A dividend proposed or declared after the end of the reporting period, but before the financial statements are authorised for issue, is not recognised as a liability at the end of the reporting period.

Costs incurred directly attributable to the issuance of the shares are accounted for as a deduction from share premium, if any, otherwise it is charged to the profit or loss. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(i) Foreign Currency Translation

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 financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency.

Transactions in foreign currencies are translated into RM at rates of exchange ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated into Ringgit Malaysia at the foreign exchange rates ruling at that date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the profit or loss.

Non-monetary items are measured in terms of historical cost in a foreign currency or translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in the profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Notes To The Financial Statements
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(j) Cash and Cash Equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise of cash in hand, bank balances, demand deposits and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are stated at net of bank overdrafts and deposits pledged to the financial institution.

(k) Impairment

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(i) Impairment of Financial Assets

Trade and other receivables

To determine whether there is objective evidence that an impairment loss on financial assets have been occurred, the Group and the Company consider factors such as the probability of insolvency or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increased in the number of delayed payments in the portfolio past the average credit period and the observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(ii) Impairment of Non-financial Assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(k) Impairment (continued)

(ii) Impairment of Non-financial Assets (continued)

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss 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. Impairment loss on goodwill is not reversed in a subsequent period.

(l) Revenue

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

(i) Construction and Service Contracts

Revenue from providing telecommunication engineering works is recognised when the work has been completed.

(ii) Construction Contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.3(t).

(iii) Revenue from Aluminium Parts

Revenue from progress payments received and receivable on gross sales value less trade discounts and returns.

(iv) Revenue from Service

Revenue from services rendered is recognised on accruals basis when the services are rendered.

(v) Revenue from Maintenance Contract

Revenue on maintenance contract is recognised on accrual basis when the services are rendered.

(vi) Interest Income

Interest income is recognised on a time proportion basis that reflects the effective yield on the assets.

(vii) Rental Income

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

(m) Employee Benefits

(i) Short Term Employee Benefits

Wages, salaries, social security contribution, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by the employees. Short term accumulating compensated absences such as paid annual leave are recognised when services rendered by the employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Notes To The **Financial Statements**
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(m) Employee Benefits (continued)

(ii) Post-employment Benefits

The Group contributes to the Employees' Provident Fund, the national defined contribution plan. The contributions are charged to the profit or loss in the period to which the related service is performed. Once the contributions have been paid, the Group has no further payment obligations.

(n) Income Tax

The tax expense in the profit or loss represents the aggregate amount of current tax and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or items recognised directly in equity or other comprehensive income.

Current tax expense is the expected tax payable or receivable in respect of the taxable profit or loss for the financial year and is measured 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 years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentive that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

(o) Borrowing Costs

Borrowing costs are capitalised as part of the cost of qualifying asset if they directly attributable to the acquisition of the assets. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with borrowing of fund.

(p) Earnings Per Share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by 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, which comprise convertible notes, bonus issue and share options granted to employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(q) Operating Segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(r) 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.

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

(s) Intangible asset

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the Company and the cost of the assets can be measured reliably.

Cost recognised with internally generated intangible assets arising from research activities are recognised in profit or loss in the period in which the expenditure is incurred.

An internally generated intangible asset arising from development activities is recognised only when all of the following conditions are demonstrated:-

- the technical feasibility of completing the intangible assets so that it will be available for use or sale;
- the intention to complete the intangible asset and thereafter use it or sell it;
- the ability to either use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and thereafter use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development phase.

Other development expenditure is recognised in profit or loss as and when it is incurred. Capitalised development expenditure are recorded as intangible assets and amortised from that point at which the asset is ready for use or sale, on a straight-line basis over the estimated useful life.

The estimated useful lives of capitalised development expenditure are over a period of fifteen years. Software licence and intellectual property rights both are over a period of twenty years.

After initial recognition, internally generated intangible assets are stated at cost less any accumulated amortisation and impairment losses. The amortisation period and method are reviewed at least at the end of each reporting period. Amortisation will commence once the development work is completed.

The carrying amounts of intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss from derecognition of an intangible assets, determined as the difference between the net disposal proceeds, if any, and the carrying amounts of the asset, is recognised in profit or loss. Neither the sale proceeds nor any gain on disposal is classified as revenue.

(t) Construction Contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity at the financial position date, based on work performed as certified by architects. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to the estimated total contract costs.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract cost incurred that it is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

Notes To The Financial Statements
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Significant Accounting Policies (continued)

(t) Construction Contracts (continued)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately as an allowance for foreseeable loss.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

When the total of costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

(u) Warrants

The issues of ordinary shares upon exercise of the warrants are treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

2.5 Significant Accounting Estimates and Judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

(a) Judgements Made in Applying Accounting Policies

There are no critical judgements made by the management in the application of accounting policies of the Group that have a significant effect on the financial statements.

(b) Key Sources of Estimation Uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as stated below:-

(i) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets.

In addition, the estimation of the useful lives of property, plant and equipment are based on internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

(ii) Impairment of Investment in Subsidiaries

The Group tests investment in subsidiaries for impairment annually in accordance with its accounting policy. More regular reviews are performed if events indicate that this is necessary.

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 Group's tests for impairment of investment in subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant Accounting Estimates and Judgements (continued)

(b) Key Sources of Estimation Uncertainty (continued)

(ii) Impairment of Investment in Subsidiaries (continued)

The management determined the recoverable amount of the investment in subsidiaries based on the individual assets' value in use and the probability of the realisation of the assets. The present value of the future cash flows to be generated by the asset is the asset's value in use, and it is assumed to be the same as the net worth of the asset as at the end of the reporting period. An impairment loss is recognised immediately in the profit or loss if the recoverable amount is less than the carrying amount.

(iii) Impairment of Property, Plant and Equipment

The Group assesses impairment of assets whenever the events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable i.e. the carrying amount of the asset is more than the recoverable amount.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value-in-use. The value-in-use is the net present value of the projected future cash flow derived from that asset discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information.

As at end of reporting period, the directors of the Group are of the opinion that there is no impact resulting from the impairment review by the management.

(iv) Impairment of Loans and Receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 9 to the financial statements.

(v) Impairment of Goodwill, Development Expenditure and Intangible Assets

The Group perform an annual assessment of the carrying value of its goodwill, development expenditure and intangible assets against the recoverable amount of the cash-generating units ("CGU") to which the goodwill, development expenditure and intangible assets have been allocated. The measurement of the recoverable amount of CGUs are determined based on the value in use method, incorporating the present value of estimated future cash flows expected to arise from the respective CGU's ongoing operations. Management estimates and judgements are used in the determination of the assumptions made, particularly the cash flow projections, discount rates and the growth rates used. The estimation of pre-tax cash flows is sensitive to the periods for which the forecasts are available and to assumptions regarding the long-term sustainable cash flows, and reflect management's view of future performance.

(vi) Income Taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Notes To The **Financial Statements**
(continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Significant Accounting Estimates and Judgements (continued)

(b) Key Sources of Estimation Uncertainty (continued)

(vii) Construction Contracts

The Group recognises contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that the contract costs incurred for work performed to date bear to the estimated total contract costs.

Significant judgements is required in determining the stage of completion, the extent of contract costs incurred, the estimated total costs, 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.

(viii)Net Realisable Values of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgements and estimates. Possible changes in these estimates could result in revisions to the valuations of inventories.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land and factory RM	Leasehold land and building RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Staff quarters RM	Renovation RM	Scaffolding RM	Total RM
Cost											
At 1 January 2016	8,060,000	2,045,122	5,765,003	4,506,698	8,165,267	2,317,867	8,415,967	24,605	919,044	101,984	40,321,557
Additions	6,700,000	-	427,640	1,209,007	234,532	220,484	-	-	153,542	-	8,945,205
Disposals	-	-	(161,724)	-	(2,172,219)	(46,634)	-	-	-	-	(2,380,577)
Written off	-	-	-	-	(86,150)	-	-	-	(624,184)	-	(710,334)
At 31 December 2016	14,760,000	2,045,122	6,030,919	5,715,705	6,141,430	2,491,717	8,415,967	24,605	448,402	101,984	46,175,851
Accumulated depreciation											
At 1 January 2016	171,942	256,698	4,114,820	1,365,685	3,412,589	743,005	93,511	10,458	457,006	-	10,625,714
Charge for the financial year	95,200	37,221	673,935	1,134,956	1,115,939	259,361	561,064	2,461	73,743	-	3,953,880
Disposals	-	-	(137,631)	-	(1,437,274)	(42,982)	-	-	-	-	(1,617,887)
Written off	-	-	-	-	(23,691)	-	-	-	(459,998)	-	(483,689)
At 31 December 2016	267,142	293,919	4,651,124	2,500,641	3,067,563	959,384	654,575	12,919	70,751	-	12,478,018
Net book value at 31 December 2016	14,492,858	1,751,203	1,379,795	3,215,064	3,073,867	1,532,333	7,761,392	11,686	377,651	101,984	33,697,833

Notes To The **Financial Statements**
(continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land and factory	Leasehold land and building	Computers, telecommunication and electronic equipment	Machinery and tools	Motor vehicles	Office equipment, furniture and fittings	Base stations and network operation centres	Staff quarters	Renovation	Scaffolding	Total
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost											
At 1 January 2015	8,060,000	2,045,122	5,048,887	2,662,536	10,293,805	1,096,290	8,415,967	24,605	711,644	-	38,358,856
Acquisition of a subsidiary	-	-	790,004	2,771,494	1,626,109	1,235,244	-	-	87,784	101,984	6,612,619
Additions	-	-	10,650	-	-	2,280	-	-	119,616	-	132,546
Disposals	-	-	(84,538)	(927,332)	(3,754,647)	(15,947)	-	-	-	-	(4,782,464)
At 31 December 2015	8,060,000	2,045,122	5,765,003	4,506,698	8,165,267	2,317,867	8,415,967	24,605	919,044	101,984	40,321,557
Accumulated depreciation											
At 1 January 2015	118,742	219,477	3,750,305	1,852,756	4,805,290	650,729	-	7,998	377,578	-	11,782,875
Charge for the financial year	53,200	37,221	436,835	306,784	853,606	104,503	93,511	2,460	79,428	-	1,967,548
Disposals	-	-	(72,320)	(793,855)	(2,246,307)	(12,227)	-	-	-	-	(3,124,709)
At 31 December 2015	171,942	256,698	4,114,820	1,365,685	3,412,589	743,005	93,511	10,458	457,006	-	10,625,714
Net book value at 31 December 2015	7,888,058	1,788,424	1,650,183	3,141,013	4,752,678	1,574,862	8,322,456	14,147	462,038	101,984	29,695,843

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land and factory	Computers, telecommunication and electronic equipment	Machinery and tools	Motor vehicles	Office equipment, furniture and fittings	Base stations and network operation centres	Renovation	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Cost								
At 1 January 2016	8,060,000	250,525	2,300	350,000	31,527	8,415,967	-	17,110,319
Additions	-	1,276	-	-	-	-	-	1,276
At 31 December 2016	8,060,000	251,801	2,300	350,000	31,527	8,415,967	-	17,111,595
Accumulated depreciation								
At 1 January 2016	171,942	61,281	1,265	350,000	7,424	93,511	-	685,423
Charge for the financial year	53,200	50,354	460	-	3,153	561,064	-	668,231
At 31 December 2016	225,142	111,635	1,725	350,000	10,577	654,575	-	1,353,654
Net book value at 31 December 2016	7,834,858	140,166	575	-	20,950	7,761,392	-	15,757,941

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Freehold land and factory RM	Computers, telecommunication and electronic equipment RM	Machinery and tools RM	Motor vehicles RM	Office equipment, furniture and fittings RM	Base stations and network operation centres RM	Renovation RM	Total RM
Cost								
At 1 January 2015	8,060,000	253,673	2,300	350,000	29,247	8,415,967	-	17,111,187
Additions	-	-	-	-	2,280	-	-	2,280
Disposals	-	(3,148)	-	-	-	-	-	(3,148)
At 31 December 2015	8,060,000	250,525	2,300	350,000	31,527	8,415,967	-	17,110,319
Accumulated depreciation								
At 1 January 2015	118,742	13,197	805	350,000	4,366	-	-	487,110
Charge for the financial year	53,200	49,351	460	-	3,058	93,511	-	199,580
Disposals	-	(1,267)	-	-	-	-	-	(1,267)
At 31 December 2015	171,942	61,281	1,265	350,000	7,424	93,511	-	685,423
Net book value at 31 December 2015	7,888,058	189,244	1,035	-	24,103	8,322,456	-	16,424,896

(a) Included under property, plant and equipment are freehold land, leasehold land and buildings which are charged as security for the bank and credit facilities of the Group as disclosed in Note 22 to the financial statements.

(b) The net book value of motor vehicles and machinery of the Group held under hire purchase payables is RM2,479,309/- (2015: RM4,507,366/-) and RM772,275/- (2015: RM2,322,532/-) respectively.

Notes To The **Financial Statements**
(continued)

4. DEVELOPMENT EXPENDITURE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cost				
At 1 January/ At 31 December	6,912,586	6,912,586	-	4,492,828
Amortisation written off	(6,912,586)	-	-	-
	-	6,912,586	-	4,492,828
Accumulated amortisation				
As at 1 January	576,049	115,210	374,402	74,881
Amortisation charge during the year	345,629	460,839	224,641	299,521
Amortisation charge written off	(921,678)	-	(599,043)	-
At 31 December	-	576,049	-	374,402
Carrying amount				
At 31 December	-	6,336,537	-	4,118,426

EnhancedMetaFilefalseDevelopment expenditure includes labour cost and other related cost incurred for the development and training of new skillset for the implementation and carrying out of works for Outside Plant ("OSP") site. OSP works includes civil and cabling with in-house HDD machinery and whole complement of equipment to undertake fibre infrastructure work.

The development and training have been completed during the financial year, and amortisation provided from the date of development expenditure rolled out.

The development expenditure are amortised on a straight line basis over 15 years. The amortisation of development expenditure is included in the "cost of sales" in the statements of comprehensive income.

Notes To The Financial Statements
(continued)

5. INTANGIBLE ASSETS

The software licences consist of a perpetual and exclusive software licensing rights to use and integrate the acquire software into the Company's products and to reproduce, market, sell, distribute and sub-licence the software to third parties and end-users.

The intellectual property rights ("IPR") were acquired from a director on a willing buyer and willing seller arrangement. Pursuant to the agreement, the assignor, the director of the Company being the proprietor of the IPR, assigns the IPR to the Company in the work, including all associated product designs, proprietary processes, human capital, customer maintenance contract, development rights and know how processes.

Group and Company	Software licences RM	Intellectual property rights RM	Total RM
2016			
Cost			
At 1 January 2016/ 31 December 2016	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2016	724,256	1,910,832	2,635,088
Amortisation charge during the year	30,481	27,153	57,634
At 31 December 2016	754,737	1,937,985	2,692,722
Impairment losses			
At 1 January 2016/ 31 December 2016	3,410,156	1,926,251	5,336,407
Impairment charge during the year	335,107	135,764	470,871
At 31 December 2016	3,745,263	2,062,015	5,807,278
Carrying amount			
At 31 December 2016	-	-	-
2015			
Cost			
At 1 January 2015/ 31 December 2015	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2015	693,775	1,883,679	2,577,454
Amortisation charge during the year	30,481	27,153	57,634
At 31 December 2015	724,256	1,910,832	2,635,088
Impairment losses			
At 1 January 2015/ 31 December 2015	3,410,156	1,926,251	5,336,407
Carrying amount			
At 31 December 2015	365,588	162,917	528,505

The software licences and intellectual property rights are amortised on a straight line basis over 20 (2015: 20) years. The amortisation of software licences and intellectual property rights are included in the "Administrative expenses" in the statement of comprehensive income.

The impairment losses of software licences and intellectual property rights amounted to RM3,745,263/- (2015: RM3,410,156) and RM2,062,015/- (2015: RM1,926,251/-) respectively, representing the write down of recoverable amount and recognised in statements of comprehensive income.

6. INVESTMENT IN SUBSIDIARIES

	Company	
	2016	2015
	RM	RM
Unquoted shares, at cost		
At 1 January	234,384,000	102,000,000
Acquisition of a subsidiary during the year	100	132,384,000
At 31 December	234,384,100	234,384,000

All subsidiaries are incorporated in Malaysia, except Teltora (Pty) Ltd. Details of the subsidiaries are as follows:-

	Effective Equity Interest		
Name of Companies	2016 %	2015 %	Principal Activities
Direct Subsidiaries			
Instacom Engineering Sdn. Bhd.	100	100	Telecommunication engineering and services
Neata Aluminium (Malaysia)Sdn. Bhd.	78.6	78.6	Fabrication and installationsaluminium doors and windows
Teltora (Pty) Ltd *#@	51	51	Dormant
Vivocom Trading Sdn. Bhd.	100	-	Trading of construction materials
Indirect Subsidiaries			
Held through Instacom Engineering Sdn. Bhd.			
Instacom SPV Sdn. Bhd.	100	100	Incorporated as the funding vehicle for the purpose of issuance of Islamic Medium Term Notes in accordance to the Syariah Principle of Muradabahah
Instacom Construction Sdn. Bhd.	100	100	Telecommunication engineering and services
Instacom Technologies Sdn. Bhd.	100	100	Trading in telecommunication, electrical and civil engineering equipment, tools and materials but has not commenced operations during the year
IE Communication Sdn. Bhd.	100	100	Investment holding company
Held through IE Communication Sdn. Bhd.			
Dektaria Delima Sdn. Bhd.	100	100	Investment holding company
Dynamic Interconsortium Sdn. Bhd.	100	100	Dormant
Held through Neata Aluminium (Malaysia) Sdn. Bhd.			
Vivocom Enterprise Sdn. Bhd.	100	100	Construction services

* *Audited by audit firm other than STYL Associates.*
\# *Subsidiary incorporated in South Africa.*
@ *The audited financial statements and auditor's report for the financial year were not available. However, the financial statements of Teltora (Pty) Ltd used for consolidation purposes was reviewed by STYL Associates. The non-controlling interest and financial information of Teltora (Pty) Ltd have not been presented as it is immaterial.*

Notes To The **Financial Statements**
(continued)

6. INVESTMENT IN SUBSIDIARIES (continued)

(a) New incorporated company- Vivocom Trading Sdn Bhd.

On 7 October 2016, the Company acquired 100% equity interest of Vivocom Trading Sdn Bhd consisting of 100 ordinary shares of RM1/- each, for a total cash consideration of RM100/-.

7. GOODWILL ON CONSOLIDATION

	Group	
	2016	2015
	RM	RM
At 1 January	185,225,746	75,776,024
Add: Acquisition of subsidiaries	-	109,449,722
Less: Impairment losses	(16,206)	(16,206)
At 31 December	185,209,540	185,209,540

Goodwill arising from business combination has been allocated to a cash-generating unit ("CGU") for impairment testing purpose. The carrying amount of goodwill amounted to, RM109,449,722, RM75,759,818/- and RM16,206/- has been allocated to the investment in Neata Aluminium (Malaysia) Sdn. Bhd., Instacom Engineering Sdn. Bhd. and Instacom Technologies Sdn. Bhd. respectively.

An impairment of RM16,206/- was recognised for the goodwill allocated to investment in Instacom Technologies Sdn. Bhd. as the recoverable amount is less than the carrying amount.

7. GOODWILL ON CONSOLIDATION (continued)

However, for goodwill amounted to RM109,449,722/- and RM75,759,818/- on investment in Neata Aluminium (Malaysia) Sdn. Bhd. and Instacom Engineering Sdn. Bhd. respectively, the recoverable amount of the CGU is determined based on the value in use calculations using cash flow projections on financial budgets approved by directors covering a five-year period. The future cash flows are based on management's five-years business plan, which is the best estimate of future performance.

The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the five year period are 6.00% and 4.77% respectively.

The calculation of value in use for this CGU is most sensitive to the following assumptions:-

(a) Budgeted growth margin – Gross margin is based on average values achieved in the three years preceding the start of the budget period. The anticipated growth rate for gross margin is projected to be minimal.

(b) Growth rates –Based on industry outlook for that segment and directors past experience.

(c) Pre-tax discount rate – Discount rate of 6.00% represents the weighted average cost of capital of the CGU.

The value assigned to the key assumptions represents directors' assessment of future trends in the aluminium fabrication, construction services, telecommunication engineering and services industry and are based on both external sources and internal sources (historical data).

Sensitivity to changes in assumptions

Directors believe that no reasonable possible changes in any of the key assumptions above will cause the carrying values of the CGU to materially exceed its recoverable amount.

8. FINANCE RECEIVABLES

	Group	
	2016	2015
	RM	RM
Non-current	10,641,335	10,557,186
Current	4,055,053	7,588,821
	14,696,388	18,146,007
Less: Allowance for impairment	-	-
Total finance receivables	14,696,388	18,146,007

A wholly-owned subsidiary of the Company, Instacom Engineering Sdn. Bhd. ("IESB") had entered into Teaming Agreements with several contractors ("Contractors") for the purpose of procuring telecommunication projects in construction of telecommunication towers, fibre optic ducting and related infrastructures.

The terms and conditions of the Teaming Agreements stated that IESB is responsible for the funding of site procurement, design, funding and construction of the structures of the telecommunication projects. IESB and Contractors are entitled for the rental proceeds receivable from Telecommunications Service Provider ("TSP") for a period of eighty-four (84) months.

Finance receivables are the rental proceeds with the maturity ranging from 1 to 7 years (2015:1 to 7 years) and are financed by banking facilities as disclosed in Note 22 to the financial statement.

Notes To The Financial Statements
(continued)

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Non-current				
Trade receivables	-	2,575,347	-	1,319,175
Other receivables	-	1,677,888	-	-
Less: Allowance for impairment	-	-	-	-
	-	4,253,235	-	1,319,175
Current				
Trade receivables	191,740,256	59,253,938	38,786,137	18,903,048
Less: Allowance for impairment	-	-	-	-
Trade receivables, net	191,740,256	59,253,938	38,786,137	18,903,048
Other receivables				
Other receivables	24,926,747	4,389,143	1,255,042	136,373
Deposits	17,472,896	4,170,265	14,618,932	3,556,388
Prepayments	1,055,894	1,619,784	22,322	54,441
Retention sums on contracts (Note 12)	26,990,847	15,123,090	-	-
Other receivables, net	70,446,384	25,302,282	15,896,296	3,747,202
	262,186,640	84,556,220	54,682,433	22,650,250
Total trade and other receivables	262,186,640	88,809,455	54,682,433	23,969,425
Total trade and other receivables	262,186,640	88,809,455	54,682,433	23,969,425
Add:				
Amount owing by subsidiaries	-	-	82,598,004	19,626,321
Fixed deposits placed with licensed banks	8,609,709	9,582,732	2,698,376	2,600,000
Cash and bank balances	30,347,576	23,011,678	28,881,335	20,531,491
Total loans and receivables	301,143,925	121,403,865	168,860,148	66,727,237

(a) Trade and other receivables (non-current)

The Group's long term trade and other receivables are unsecured, interest-bearing and are repayable within 24 to 48 months. The interest rates are ranging from 5.00% to 6.60% per annum.

(b) Trade receivables (current)

The Group's and the Company's credit period granted is ranging from 30 days to 120 days (2015: 30 days to 120 days). Other credit terms are assessed and approved on a case by case basis.

The currency profile of trade receivables is entirely in Ringgit Malaysia.

9. TRADE AND OTHER RECEIVABLES (continued)

(b) Trade receivables (current) (continued)

Ageing analysis of the Group's and of the Company's trade receivables (including long term trade receivables) are as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Neither past due nor impaired	120,288,299	33,398,542	26,889,544	1,323,151
Past due not impaired				
1 to 30 days	11,055,847	2,971,867	-	-
31 to 60 days	4,246,993	456,734	-	-
61 to 90 days	8,565,473	171,091	-	-
More than 120 days	47,583,644	24,831,051	11,896,593	18,899,072
	71,451,957	28,430,743	11,896,593	18,899,072
Impaired	-	-	-	-
	191,740,256	61,829,285	38,786,137	20,222,223

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

Based on historical default rates, the Group and the Company believes that no allowance for impairment in respect of trade receivables that are past due. These receivables are mainly arising from trade receivables that have a good credit record with the Group and the Company.

The trade receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

None of the Group's and the Company's trade receivables that are impaired at the end of reporting period.

Movements in the allowance for impairment

There is no movements in the allowance for impairment account of the Group and of the Company for 31 December 2016 and 31 December 2015.

(c) Other receivables

(i) Included in the other receivables of the Group is an advance amount of RM19,441,230/- to third parties.

(ii) Included in the other receivables of the Group and of the Company is an amount of RM2,327,485/- (2015: RM2,000,000/-) paid as refundable security deposit to third party for the purchase of materials.

(iii) Included in the other receivables of the Group and of the Company is an amount of RM12,269,306/- (2015: RM1,519,306/-) paid as tender deposits to third party.

Notes To The **Financial Statements**
(continued)

10. DEFERRED TAXATION

	Group 2016 RM	Group 2015 RM
At 1 January	1,201,573	-
Acquisition of a subsidiary	-	(285,700)
Recognised in profit or loss (Note 30)	(1,585,000)	1,487,273
At 31 December	(383,427)	1,201,573
Presented after appropriate offsetting as follows:-		
Deferred tax assets	-	1,588,980
Deferred tax liabilities	(383,427)	(387,407)
	(383,427)	1,201,573

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:-

(a) Deferred tax assets

	Unabsorbed business losses RM
At 1 January 2015	-
Recognised in profit or loss	(1,588,980)
At 31 December 2015	(1,588,980)
Recognised in profit or loss	1,588,980
At 31 December 2016	-

Deferred tax assets have not been recognised in respect of the following items:-

	Group 2016 RM	Group 2015 RM	Company 2016 RM	Company 2015 RM
Property, plant and equipment	110,629	390,170	138,609	186,700
Unabsorbed losses carryforward	(10,036,409)	(14,774,154)	-	(7,370,924)
Unrealised capital allowance carry forward	(5,547,168)	(4,223,590)	-	-
Deferred tax recognised	(7,322,833)	-	(7,322,833)	-
	(22,795,781)	(18,607,574)	(7,184,224)	(7,184,224)
Potential deferred tax assets not recognised	(5,470,987)	(4,465,818)	(1,724,214)	(1,724,214)

Notes To The **Financial Statements**
(continued)

10. DEFERRED TAXATION (continued)

(b) Deferred tax liabilities

	Property, plant and equipment RM
At 1 January 2015	-
Acquisition of a subsidiary	(285,700)
Recognised in profit or loss	(101,707)
At 31 December 2015	(387,407)
Recognised in profit or loss	3,980
At 31 December 2016	(383,427)

11. INVENTORIES

	Group		Company	
	2016 RM	2015 RM	2016 RM	2015 RM
At cost				
Consumable and materials	-	1,621,767	-	-
Project work-in-progress	2,907,057	11,687,168	499,176	11,687,168
Aluminium parts	3,393,331	1,448,642	-	-
Total	6,300,388	14,757,577	499,176	11,687,168

During the financial year, the cost of inventories recognised as an expense in the Group and in the Company amounted to RM26,236,599/- (2015: RM5,563,481/-) and RM9,326,150/-(2015: RM478,253/-) respectively.

Notes To The **Financial Statements**
(continued)

12. AMOUNT OWING BY/(TO) THE CUSTOMERS FOR CONTRACT WORK

	Group	
	2016	2015
	RM	RM
Aggregate construction contract costs incurred to date	400,697,697	162,487,041
Add: Attributable profits	120,668,178	31,937,916
	521,365,875	194,424,957
Less: Progress billings	(464,065,471)	(159,576,881)
	57,300,404	34,848,076
Amount owing by customers for contract work	63,257,705	35,143,076
Amount owing to customers for contract work	(5,957,301)	(295,000)
	57,300,404	34,848,076
Contract revenue recognised during the financial year (Note 25)	269,822,045	44,893,380
Contract costs charged to profit or loss during the financial year	293,080,096	37,649,487
Retention sums on contracts, included within trade and other receivables (Note 9)	26,990,847	15,123,090
Retention sums on contracts, included within trade and other payables (Note 23)	13,001,579	4,491,136

13. AMOUNT OWING BY/(TO) SUBSIDIARIES

Amount owing by/(to) subsidiaries is unsecured, interest free and recoverable/(repayable) on demand.

14. FIXED DEPOSITS PLACED WITH LICENSED BANKS

The interest rate of the Group's and of the Company's fixed deposits ranges from 2.55% to 3.15% (2015: 2.70% to 4.00%) per annum. Fixed deposits were pledged with licensed banks as security for banking facilities granted to the Group and to the Company as disclosed in Note 20 to the financial statements.

15. CASH AND BANK BALANCES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Cash in hand	23,608	14,054	-	54
Cash at banks	30,312,899	22,986,947	28,870,266	20,520,760
Short term fund :-				
- investment in trust funds	11,069	10,677	11,069	10,677
Total	30,347,576	23,011,678	28,881,335	20,531,491

Notes To The **Financial Statements**
(continued)

16. SHARE CAPITAL

	Group and Company			
	2016		2015	
	Number of shares Unit	RM	Number of shares Unit	RM
Ordinary shares of RM0.10 each				
Authorised:-				
At 1 January	2,000,000,000	200,000,000	2,000,000,000	200,000,000
Created during the year	3,000,000,000	300,000,000	-	-
At 31 December	5,000,000,000	500,000,000	2,000,000,000	200,000,000
Issued and fully paid:-				
At 1 January	2,340,249,202	234,024,920	702,254,260	70,225,426
Share issued for acquisition of a subsidiary	-	-	915,313,684	91,531,368
Renounceable rights issue with free warrants	-	-	289,065,127	28,906,513
Ordinary shares issued	247,000,000	24,700,000	-	-
Bonus shares issued	646,844,282	64,684,428	433,597,012	43,359,701
Exercised of warrants	127,928	12,793	19,119	1,912
At 31 December	3,234,221,412	323,422,141	2,340,249,202	234,024,920

The Company increased its issued and fully paid up share capital from RM234,024,920/- to RM323,422,141/- by way of issuance of:-

(i) 135,000,000 new ordinary shares of RM0.10 each at a price of RM0.25 per ordinary share via a private placement to eligible investors for a purchase consideration of RM33,750,000/- for future viable investments and working capital purposes of its subsidiary, Vivocom Enterprise Sdn. Bhd.,

(ii) 112,000,000 new ordinary shares of RM0.10 each at a price of RM0.264 per ordinary share via a private placement to eligible investors for a purchase consideration of RM29,568,000/- for future viable investments and working capital purposes of its subsidiary, Vivocom Enterprise Sdn. Bhd.,

(iii) 127,928 new ordinary shares of RM0.10 each arising from the exercise of Warrants B 2013/2018, Warrants C 2015/2020 and Warrants D 2015/2020 at the exercise prices ranging from RM0.10 each to RM0.24 each for cash, and

(iv) bonus issue of 646,844,282 new ordinary shares of RM0.10 each on the basis of one (1) bonus share for every three (4) existing ordinary shares held. The bonus shares were issued by the capitalisation of RM64,684,428/- from the share premium account.

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

17. SHARE PREMIUM

Share premium comprises the premium paid on subscription of shares in the Company over and above the par value of the shares. The share premium is not distributable by way of dividends and may be utilised in the manner set out in Section 60(3) of the Companies Act, 1965 in Malaysia.

Notes To The **Financial Statements**

(continued)

18. OTHER RESERVES

(a) Warrant Reserve

Warrants reserve represents the proceeds from the issuance of warrants which is non-distributable. The warrants reserve is transferred to the share premium account upon the exercise of warrants and the warrants reserve in relation to the unexercised warrants at the expiry of the warrants will be transferred to retained earnings.

(b) Exchange Reserve

The exchange reserve comprises all foreign currency 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.

19. WARRANTS

Warrants B 2013/2018

A total of 351,127,130 free warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every two (2) existing ordinary shares of RM0.10 each held on 30 August 2013. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 9 September 2013.

On July 2015, 24,577,496 additional warrants 2013/2018 ("Warrants B") issued pursuant to the adjustments arising from the Right Issue with warrants. As at July 2015, total Warrant B amounted to 375,704,626. On November 2015, 125,232,599 additional warrants 2013/2018 ("Warrants B") issued pursuant to the adjustments arising from the Bonus Issue.

On September 2016, 125,229,175 additional warrants 2013/2018 ("Warrant B") issued pursuant to the adjustments arising from the Bonus Issue. As at September 2016, total Warrant B amounted to 626,162,478.

Each warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.20 (2015: RM0.31) and at any time during the exercise period up to the date of expiry on 8 September 2018. Any warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

The new shares to be issued arising from the exercise of warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of warrants.

16,600 Warrants B had exercised during the financial year. As at the end of the financial year, 626,145,878 warrants remained unexercised.

Warrants C 2015/2020

A total of 140,450,852 free warrants have been issued pursuant to the Bonus Issue of one (1) free warrant for every five (5) existing ordinary shares of RM0.10 each held on 22 January 2015. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 30 January 2015.

On July 2015, 9,830,784 additional warrants 2015/2020 ("Warrants C") issued pursuant to the adjustments arising from the Right Issue with warrants. As at July 2015, total Warrant C amounted to 150,281,636. On November 2015, 50,090,202 additional warrants 2015/2020 ("Warrants C") issued pursuant to the adjustments arising from the Bonus Issue.

On September 2016, 50,073,502 additional warrants 2015/2020 ("Warrant C") issued pursuant to the adjustments arising from the Bonus Issue. As at September 2016, total Warrant C amounted to 250,433,285.

Each warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.10 (2015: RM0.13) and at any time during the exercise period up to the date of expiry on 22 January 2019. Any warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

The new shares to be issued arising from the exercise of warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of warrants.

65,772 Warrants C had exercised during the financial year. As at the end of the financial year, 250,367,513 warrants remained unexercised.

19. WARRANTS (continued)

Warrants D 2015/2020

On 15 June 2015, the Company has Renounceable Rights Issue of up to 429,515,979 Rights Shares on the basis of two (2) Rights Shares for every seven (7) existing Instacom Shares held, together with up to 214,757,989 free detachable warrants in Instacom ("Warrants D") on the basis of one (1) free Warrant D for every two (2) Rights Shares subscribed for at 5.00 p.m. on Monday, 15 June 2015 at an issue price of RM0.10 per Rights Share ("Rights Issue with Warrants").

A total of 192,704,997 free detachable warrants have been issued pursuant to the Right Issue of one (1) free warrant for every two (2) subscribed Rights Share at an issue price of RM0.10 each on 15 June 2015. The warrants were granted listing and quotation on the ACE Market of Bursa Malaysia Berhad on 14 July 2015.

On September 2016, 48,164,860 additional warrants 2015/2020 ("Warrant D") issued pursuant to the adjustments arising from the Bonus Issue with warrants. As at September 2016, total Warrant D amounted to 240,869,857.

Each warrant carries the entitlement to subscribe for one (1) new share in the Company at an exercise price of RM0.10 (2015: RM0.12) and at any time during the exercise period up to the date of expiry on 8 July 2020. Any warrants not exercised during the exercise period will thereafter lapse and ceased to be valid for any purpose.

The new shares to be issued arising from the exercise of warrants shall, upon allotment and issuance, rank pari passu in all respects with the existing issued ordinary shares of the Company except that they shall not be entitled to any dividends, rights, allotments and/or other form of distribution ("Distribution") that may be declared, made or paid for which the entitlement date for the Distribution precedes the date of allotment and issuance of the new shares arising from the exercise of warrants.

45,556 warrants had exercised during the financial year. As at the end of the financial year, 240,824,301 warrants remained unexercised.

20. LOANS AND BORROWINGS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current				
Secured:-				
Bankers' acceptances	6,172,797	6,562,750	2,650,000	5,530,750
Bank overdrafts	904,056	966,917	-	966,917
Revolving credits	17,816,412	14,722,094	-	-
Hire purchase payables (Note 21)	1,188,665	2,444,704	-	-
Term loans (Note 22)	856,871	2,727,614	171,205	123,882
	26,938,801	27,424,079	2,821,205	6,621,549
Non-current				
Secured:-				
Hire purchase payables (Note 21)	1,545,099	2,047,125	-	-
Term loans (Note 22)	9,458,018	9,052,550	2,691,556	3,692,475
	11,003,117	11,099,675	2,691,556	3,692,475
Total loans and borrowings	37,941,918	38,523,754	5,512,761	10,314,024

Notes To The **Financial Statements**
(continued)

20. LOANS AND BORROWINGS (continued)

(a) Interest rates on bankers' acceptances for the financial year ranging from 1.25% to 7.75% (2015: 4.73% to 5.91%) per annum. The bankers' acceptances are secured by way of:-

(i) pledged of fixed deposits; and

(ii) joint and several guarantee by the directors of the Group and of the Company.

(b) Interest rates on bank overdrafts for the financial year is 7.30% (2015:4.98% to 5.34%) per annum. The bank drafts are secured by way of:-

(i) pledged of fixed deposits; and

(ii) joint and several guarantee by the directors of the Group.

(c) Interest rates on revolving credits for the financial year ranging from 7.25% to 7.50% (2015: 7.00 % to 7.25%) per annum. The revolving credits are secured by way of:-

(i) an irrecovable letter of instruction to credit all contract payment due from a customer and owing to the Group to a non-operating account;

(ii) open all monies debenture fixed and floating charge over all present and future assets and understakings of the Group; and

(iii) joint and several guarantee by the directors of the Group.

21. HIRE PURCHASE PAYABLES

	Group	
	2016	2015
	RM	RM
Minimum hire purchase payments:-		
- not later than one year	1,305,924	2,637,451
- later than one year but not later than five years	1,619,507	2,040,175
- later than five years	36,012	164,986
	2,961,443	4,842,612
Less: Future finance charges	(227,679)	(350,783)
	2,733,764	4,491,829
Analysis of present value of hire purchases payables:-		
Current (Note 20)		
- not later than one year	1,188,665	2,444,704
Non-current (Note 20)		
- later than one year but not later than five years	1,509,595	1,883,557
- later than five years	35,504	163,568
	1,545,099	2,047,125
Total hire purchase payables	2,733,764	4,491,829

Interest rates on the hire purchase payables for the financial year ranging from 2.30% - 6.69% (2015: 2.30% to 3.90%) per annum.

Notes To The **Financial Statements**
(continued)

22. TERM LOANS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current (Note 20)				
Within the next twelve months	856,871	2,727,614	171,205	123,882
Non-current (Note 20)				
After the next twelve months				
- later than one year but not later than five years	2,884,032	5,920,164	774,039	560,089
- later than five years	6,573,986	3,132,386	1,917,517	3,132,386
	9,458,018	9,052,550	2,691,556	3,692,475
Total term loans	10,314,889	11,780,164	2,862,761	3,816,357

Interest rates on term loans for the financial year ranging from 4.30% to 5.74% (2015: 5.84% to 6.04%) per annum. The term loans are secured by way of:-

(i) pledged of investment account of the Group and of the Company;

(ii) pledged of freehold land, leasehold land and building of the Group and of the Company;

(iii) assignments of contract proceeds from the respective projects to the financial institution;

(iv) an irrecovable and unconditional letter of understaking from the Group and the Company to assign proceeds from any future contracts to be financed by the banking facilities;

(v) irrecovable letter of understaking by the Group and by the Company to supplement any shortfall in cash flows or cost overruns incurred in respect of the project;

(vi) assignment over the designated account;

(vii) charge over the collection account and operating account; and

(viii) joint and several guarantee by the directors of the Group and of the Company.

Notes To The Financial Statements
(continued)

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Trade payables	52,676,448	21,020,363	1,257,575	4,829,701
Other payables				
Other payables	18,841,812	7,756,120	2,580,508	408,976
Deposits	203,763	414,718	-	-
Accruals	1,268,249	2,096,050	681,626	980,772
Retention sums on contracts (Note 13)	13,001,579	4,491,136	-	-
Other payables, net	33,315,403	14,758,024	3,262,134	1,389,748
Total trade and other payables	85,991,851	35,778,387	4,519,709	6,219,449
Total trade and other payables	85,991,851	35,778,387	4,519,709	6,219,449
Add:				
Loans and borrowings	37,941,918	38,523,754	5,512,761	10,314,024
Total financial liabilities carried at amortised cost	123,933,769	74,302,141	10,032,470	16,533,473

The credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (2015: 30 to 90 days).

The currency of trade and other payables are entirely in Ringgit Malaysia.

24. AMOUNT OWING TO DIRECTORS

The amount owing to directors is unsecured, interest free and repayable on demand.

25. REVENUE

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Telecommunication, engineering and services	50,608,010	46,813,104	42,897,621	42,600,070
Construction services (Note 12)	269,822,045	44,893,380	-	-
Aluminium parts	45,468,527	6,238,703	-	-
Total	365,898,582	97,945,187	42,897,621	42,600,070

Notes To The **Financial Statements**

(continued)

26. OPERATING PROFIT

Operating profit has been arrived at:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
After charging:-				
Amortisation of development expenditure	345,629	460,839	224,641	299,521
Amortisation of intangible assets	57,634	57,634	57,634	57,634
Auditors' remuneration:-				
- current year	280,000	253,000	80,000	55,000
- prior year	(15,000)	-	10,000	-
Bad debts written off	4,895	-	-	-
Depreciation of property, plant and equipment	3,953,880	1,967,548	668,231	199,580
Development expenditure written off	5,990,908	-	3,893,785	-
Directors' remuneration:- (Note 28)				
- fees, salaries, allowances and bonuses	507,920	616,500	91,000	616,500
- Employees' Provident Fund and socso	70,499	53,340	-	53,340
Impairment on intangible assets	470,871	-	470,871	-
Loss/(Gain) on disposal of property, plant and equipment	62,560	(364,868)	-	581
Property, plant and equipment written off	226,645	-	-	-
Preliminary expenses written off	6,400	-	-	-
Rental of machinery and vehicles	4,194,196	68,289	-	-
Rental of office and warehouse	421,224	460,006	11,040	-
Staff costs:-				
- salaries, wages and bonuses	9,498,145	6,557,844	385,000	1,402,077
- Employees' Provident Fund & SOCSO	943,369	690,056	13,752	184,971
- other related staff costs	238,912	121,116	6,530	12,909
And crediting:-				
Dividend income	392	35,298	392	362
Interest income	519,066	217,546	363,289	49,114
Insurance claimed	-	25,000	-	-
Rental income	66,014	195,641	-	144,000

Notes To The **Financial Statements**
(continued)

27. DIRECTOR REMUNERATIONS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Executive Directors				
- salaries, allowances and bonuses	489,920	558,000	73,000	558,000
- others	70,499	53,340	-	53,340
Total	560,419	611,340	73,000	611,340
Non-Executive Directors				
- fees	18,000	58,500	18,000	58,500
Grand Total	578,419	669,840	91,000	669,840

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:-

	Number of Directors			
	2016		2015	
	Executive	Non-Executive	Executive	Non-Executive
Below RM50,000	2	1	-	3
RM50,001 - RM100,000	-	-	-	-
RM100,001 - RM200,000	-	-	-	-
RM200,001 - RM300,000	2	-	2	-

28. FINANCE COSTS

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Interest expenses on:-				
- bank overdrafts	186,394	38,136	145,988	28,457
- bankers' acceptances and revolving credits	192,221	344,837	11,910	271,269
- hire purchases payabales	228,549	181,473	-	-
- term loans	1,694,873	2,113,161	152,680	257,330
	2,302,037	2,677,607	310,578	557,056

29. TAXATION

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Income tax				
- current year	(18,880,666)	(2,899,808)	(1,746,112)	-
- underaccrual in prior years	(10,656)	(174,360)	(12,279)	1,377
	(18,891,322)	(3,074,168)	(1,758,391)	1,377
Deferred tax (Note 10)				
- current year	(3,364,318)	1,487,273	(3,394,869)	1,588,980
- overaccrual in prior years	1,779,318	-	1,772,623	-
	(1,585,000)	1,487,273	(1,622,246)	1,588,980
	(20,476,322)	(1,586,895)	(3,380,637)	1,590,357

The income tax is calculated at Malaysian statutory rate of 24% (2015: 25%) of the estimated assessable profit for the fiscal year.

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before taxation	81,315,052	11,793,793	15,387,379	4,831,678
Taxation at applicable tax rate of 24% (2015: 25%)	(19,515,612)	(2,948,448)	(3,692,971)	(1,207,920)
Tax effects arising from:-				
- expenses not deductible for tax purposes	(1,676,440)	(1,096,109)	(1,448,010)	(540,348)
- Non-taxable income	21,585	-	-	-
- share of associate's profit	-	578,063	-	-
- deferred tax assets not recognised	(1,091,601)	2,240,181	-	3,409,090
- different in tax rate	17,084	(186,222)	-	(71,842)
- (under)/over accrual in prior years:-				
- income tax	(10,656)	(174,360)	(12,279)	1,377
- deferred tax	1,779,318	-	1,772,623	-
Tax expense for the financial year	(20,476,322)	(1,586,895)	(3,380,637)	1,590,357

Notes To The **Financial Statements**
(continued)

30. EARNINGS PER ORDINARY SHARE

(a) Basic Earnings Per Share

	Group 2016 RM	2015 RM
Net profit attributable to owners of the parent	49,387,623	8,790,392
Number of shares in issue as of 1 January	2,340,249,203	702,254,260
Effect of:-		
- share issued for acquisition of a subsidiary	-	384,657,543
- renounceable rights issue with free warrants	-	132,488,183
- ordinary shares issued	211,334,247	-
- bonus shares issued	646,844,282	72,266,169
- exercised of warrants	53,521	4,780
Weighted average number of ordinary shares in issue	3,198,481,253	1,291,670,935
Basic earnings per ordinary share of RM0.10 (sen)	1.54	0.68

The basic earnings per ordinary share is calculated by dividing the consolidated net profit attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

(b) Diluted Earnings Per Share

The basic and diluted earnings per share are equal as the Group has no dilutive potential ordinary shares outstanding as at 31 December 2016.

31. FINANCIAL GUARANTEES

As of 31 December 2016, the Company is contingently liable in respect of guarantees given mainly for banking facilities totalling RM42,678,029/- (2015: RM42,678,029/-) granted by local licensed banks to the subsidiaries. Accordingly, the Company is contingently liable to the extent of the facilities utilised.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) Identification of Related Parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:-

(i) Direct subsidiaries;

(ii) Indirect subsidiaries;

(iii) Key management personnel which comprise persons (including the directors of the Company) having the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly.

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (continued)

(b) Significant Related Party Transactions and Balances

During the financial year, the significant related party transactions are as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Telecommunication sales charged to a subsidiary				
- Instacom Engineering Sdn. Bhd.	(16,543,027)	(15,773,847)	(16,543,027)	(15,773,847)
Rental income from a subsidiary				
- Instacom Construction Sdn. Bhd.	-	(144,000)	-	(144,000)
Rental expenses paid to a subsidiary				
- Instacom Construction Sdn. Bhd.	-	322,976	-	322,976
Contractor fees paid to a subsidiary				
- Instacom Construction Sdn. Bhd.	321,781	321,781	1,644,788	321,781
Labour charges paid to a subsidiary				
- Instacom Construction Sdn. Bhd.	12,729	12,729	-	12,729
Service charges charged from				
- Instacom Engineering Sdn Bhd	-	-	1,288,252	-
Contractor fees charges by Instacom Construction Sdn Bhd to Instacom Engineering Sdn Bhd	280,447	-	-	-
Rental of motor vehicles from Instacom Construction Sdn Bhd to Vivocom Enterprise Sdn Bhd and Neata Aluminium (M) Sdn Bhd	192,072	-	-	-
Purchase of raw material from Vivocom Trading Sdn Bhd to Vivocom Enterprise Sdn Bhd	2,081,454	-	-	-

(c) Key management personnel remuneration

The remuneration of the key management personnel during the financial year is as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Salaries, allowances and bonuses	507,920	648,500	73,000	294,000
Fees	-	300,000	-	300,000
Others	70,499	94,440	-	53,340
Total	578,419	1,042,940	73,000	647,340

Included in the key management personnel is:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Directors' Remuneration	578,419	1,042,940	73,000	647,340

Key management personnel are defined as the members of Board of Directors of the Company and its subsidiaries whereby the authority and responsibility for planning, directing and controlling the activities of the Group and the Company, directly or indirectly lies.

Notes To The **Financial Statements**
(continued)

33. SEGMENT REPORTING

The Group adopted MFRS 8 Operating Segments. MFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the Group's chief operating decision maker in order to allocate resources to the segments and assess their performance.

General Information

The information reported to the Group's chief operating decision maker to make decisions about resources to be allocated and for assessing their performance is based on the nature of the products and services, and has three reportable operating segments as follows:-

(a) Investment holding;

(b) Telecommunication, engineering and services;

(c) Aluminium design and fabrication;

(d) Construction services; and

(e) Others.

Except as above, no other operating segment has been aggregated to form the above reportable operating segments.

Measurement of Reportable Segments

Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements. Segment profit or loss is profit earned or loss incurred by each segment without allocation of depreciation and amortisation, finance cost, income from other investment and income tax expense. There are no significant changes from prior financial year in the measurement methods used to determine reported segment profit or loss.

All the Group's assets and liabilities are allocated to reportable segments other than deferred tax assets and deferred tax liabilities.

33. SEGMENT REPORTING (continued)

Group 2016	Investment Holding RM	Telecommunication, engineering and services RM	Aluminium design and fabrication RM	Construction services RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue								
External sales	-	50,608,010	45,468,527	269,822,045	-	-		365,898,582
Inter-segment sales	-	20,003,791	1,279,157	2,081,454	-	(23,364,402)	(a)	-
Total revenue	-	70,611,801	46,747,684	271,903,499	-	(23,364,402)		365,898,582
Results								
Segment results	-	14,336,957	16,553,638	56,534,886	29,685	(11,451,107)	(a)	76,004,059
Depreciation and amortisation	-	(2,265,821)	(389,518)	(1,701,804)	-	-		(4,357,143)
Finance costs	-	(1,855,089)	(334,180)	(112,768)	-	-		(2,302,037)
Income tax expenses	-	(3,380,637)	(3,783,158)	(13,312,527)	-	-		(20,476,322)
Interest income	-	495,871	16,595	6,600	-	-		519,066
Share in profit of associate	-	-	-	-	-	-		-
Foreign exchange translation	-	-	-	-	-	-		14,615
Net profit attributable to the owners of the parent								49,402,238
Non controlling interest								11,465,149
Total comprehensive income								60,867,387

33. SEGMENT REPORTING (continued)

Group 2016	Investment Holding RM	Telecommunication, engineering and services RM	Aluminium design and fabrication RM	Construction services RM	Others RM	Eliminations RM	Note	Consolidated RM
Assets								
Segment assets	234,384,100	237,751,267	59,479,111	210,619,127	1,342,486	(324,479,852)	(b)	419,096,239
Goodwill	185,209,540	-	-	-	-	-		185,209,540
Deferred tax assets	-	-	-	-	-	-		-
Tax recoverable	-	5,144	-	-	-	-		5,144
Consolidated total assets	419,593,640	237,756,411	59,479,111	210,619,127	1,342,486	(324,479,852)		604,310,923
Other information								
Addition to property, plant and equipment	-	104,603	7,628,101	1,212,501	-	-		8,945,205
Liabilities								
Segment liabilities	-	31,912,762	25,842,452	126,371,336	530,555	(86,802,473)	(c)	97,854,632
Loans and borrowings	-	25,886,791	5,238,188	1,338,901	-	-		32,463,880
Tax payables	-	1,744,987	6,264,268	13,455,320	-	-		21,464,575
Consolidated total liabilities								151,783,087

33. SEGMENT REPORTING (continued)

Group 2015	Investment Holding RM	Telecommunication, engineering and services RM	Aluminium design and fabrication RM	Construction services RM	Others RM	Eliminations RM	Note	Consolidated RM
Revenue								
External sales	-	46,813,103	6,238,703	44,893,381	-	-		97,945,187
Inter-segment sales	-	16,249,837	-	-	-	(16,249,837)	(a)	-
Total revenue	-	63,062,940	6,238,703	44,893,381	-	(16,249,837)		97,945,187
Results								
Segment results	-	4,540,513	3,923,114	5,996,549	(32,551)	(1,416,506)	(a)	13,011,119
Depreciation and amortisation	-	(2,341,915)	-	(144,106)	-	-		(2,486,021)
Finance costs	-	(2,672,081)	(5,526)	-	-	-		(2,677,607)
Income tax expenses	-	1,584,718	(1,151,891)	(2,019,722)	-	-		(1,586,895)
Interest income	-	196,775	5,549	15,222	-	-		217,546
Share in profit of associate	-	-	-	-	-	-		2,312,250
Foreign exchange translation	-	-	-	-	-	-		(6,269)
Net profit attributable to the owners of the parent								8,784,123
Non controlling interest								1,410,483
Total comprehensive income								10,194,606

33. SEGMENT REPORTING (continued)

Group 2015	Investment Holding RM	Telecommunication, engineering and services RM	Aluminium design and fabrication RM	Construction services RM	Others RM	Eliminations RM	Note	Consolidated RM
Assets								
Segment assets	234,384,000	160,380,278	19,503,559	75,316,561	1,319,196	(264,892,184)	(b)	226,011,410
Goodwill	185,209,540	-	-	-	-	-		185,209,540
Deferred tax assets		1,588,980	-	-	-	-		1,588,980
Tax recoverable	-	62,750	-	-	-	-		62,750
Consolidated total assets								412,872,680
Other information								
Addition to property, plant and equipment	-	132,546	-	-	-	-		132,546
Liabilities								
Segment liabilities	-	17,287,684	5,340,181	40,532,906	565,608	(27,214,905)	(c)	36,511,474
Loans and borrowings	-	36,035,055	130,582	2,358,117	-	-		38,523,754
Tax payables	-	-	3,198,812	5,149,612	-	-		8,348,424
Consolidated total liabilities								83,383,652

Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:-

(a) Inter-segment transactions and revenue are eliminated on consolidation;

(b) Inter-segment assets are eliminated on consolidation; and

(c) Inter-segment liabilities are eliminated on consolidation.

Geographical segments

No information is prepared on the geographical segment as the Group principally operates within Malaysia.

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Determination of Fair Value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:-

	Note
Financial assets	
Finance receivables	8
Trade and other receivables	9
Amount owing by subsidiaries	13
Amount owing by customers for contract works	12
Fixed deposits with licensed banks	14
Cash and bank balances	15
Financial liabilities	
Trade and other payables	23
Amount owing to subsidiaries	13
Amount owing to directors	24
Amount owing to customers for contract works	12
Loans and borrowings (floating rate)	20

The carrying amounts of cash and bank equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

(b) Fair Value Hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to 3 based on the degree to which the fair value is observable:-

(i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes To The Financial Statements
(continued)

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

(b) Fair Value Hierarchy

Fair value of financial instruments not carried at fair value

Group	Level 1 RM	Level 2 RM	Level 3 RM	Carrying amount RM
2016				
Financial liabilities				
Hire purchase payables	-	-	2,733,764	2,733,764
Term loans	-	-	10,314,889	10,314,889
	-	-	13,048,653	13,048,653
2015				
Financial liabilities				
Hire purchase payables	-	-	4,491,829	4,491,829
Term loans	-	-	11,780,164	11,780,164
	-	-	16,271,993	16,271,993
Company				
2016				
Financial liability				
Term loans	-	-	2,862,761	2,862,761
2015				
Financial liability				
Term loans	-	-	3,816,357	3,816,357

Policy on transfer between levels

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

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and market price risk.

The following sections provide details regarding the Group's and the 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 a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including other investment and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. The management has a credit policy in place to monitor and minimise the exposure of default. Credit evaluations are performed on all customers requiring credit over certain amount.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables by industry sector profile on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date are as follows:

	Group			
	2016		2015	
	RM	%	RM	%
Telecommunication, engineeringand services	54,482,465	28%	29,921,131	48%
Construction services	100,121,374	52%	20,119,730	33%
Aluminium parts	37,136,417	19%	11,788,424	19%
Total trade receivables	191,740,256	100%	61,829,285	100%

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 9 to the financial statements. Deposits with banks and other financial institutions and investment securities are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding trade and other receivables that are either past due or impaired is disclosed in Note 9 to the financial statements.

Inter-company balances

The Company provides advances to subsidiaries. The maximum exposure to credit risk is represented by its carrying amounts as disclosed in the statement of financial position as at the end of the financial year.

As at the end of the reporting period, there was no indication that the advances to subsidiaries are not recoverable. The Company does not specifically monitor the ageing of the advances to subsidiaries.

Financial guarantees

The financial guarantees have not been recognised as it is not practicable to make a reliable estimate due to the uncertainties of timing, costs and eventual outcome.

At the end of the reporting period, it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Consequently, the fair value for the corporate guarantees is RM Nil.

Notes To The Financial Statements
(continued)

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(b) Liquidity Risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risks arises primarily from mismatched of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all financing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group and the Company maintain sufficient levels of cash or cash convertible investments to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2016					
Financial liabilities					
Trade and other payables	85,991,851	85,991,851	85,991,851	-	-
Amount owing to directors	44,015	44,015	44,015	-	-
Amount owing to customers for contract work	5,957,301	5,957,301	5,957,301	-	-
Hire purchase payables	2,733,764	2,961,443	1,305,924	1,619,507	36,012
Term loans	10,314,889	10,314,889	856,871	2,884,032	6,573,986
Other bank borrowings	24,893,265	24,893,265	24,893,265	-	-
	129,935,085	130,162,764	119,049,227	4,503,539	6,609,998
2015					
Financial liabilities					
Trade and other payables	35,778,387	35,778,387	35,778,387	-	-
Amount owing to directors	50,680	50,680	50,680	-	-
Amount owing to customers for contract work	295,000	295,000	295,000	-	-
Hire purchase payables	4,491,829	4,842,612	2,637,451	2,040,175	164,986
Term loans	11,780,164	11,780,164	2,727,614	5,920,164	3,132,386
Other bank borrowings	22,251,761	22,251,761	22,251,761	-	-
	74,647,821	74,998,604	63,740,893	7,960,339	3,297,372

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(b) Liquidity Risk (continued)

Maturity analysis (continued)

Company	Carrying amounts RM	Contractual undiscounted cash flows RM	On Demand or Within 1 Year RM	1 - 5 Years RM	More than 5 Years RM
2016					
Financial liabilities					
Trade and other payables	4,519,709	4,519,709	4,519,709	-	-
Amount owing to directors	100	100	100	-	-
Term loans	2,862,761	2,862,761	171,205	774,039	1,917,517
Other bank borrowings	2,650,000	2,650,000	2,650,000	-	-
	10,032,570	10,032,570	7,341,014	774,039	1,917,517
2015					
Financial liabilities					
Trade and other payables	6,219,449	6,219,449	6,219,449	-	-
Amount owing to directors	5,506	5,506	5,506	-	-
Term loans	3,816,357	3,816,357	123,882	560,089	3,132,386
Other bank borrowings	6,497,667	6,497,667	6,497,667	-	-
	16,538,979	16,538,979	12,846,504	560,089	3,132,386

(c) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of 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 their loans and borrowings. The Group does not hedge its investment in fixed rate debt securities as they have active secondary or resale markets to ensure liquidity. The investments in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group and the Company manage the net exposure to interest rate risks by maintaining sufficient lines of credit to obtain acceptable lending costs and by monitoring the exposure to such risks on an ongoing basis. Management does not enter into interest rate hedging transactions since it considers that the cost of such instruments outweigh the potential risk of interest rate fluctuation.

Notes To The Financial Statements
(continued)

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(c) Interest Rate Risk (continued)

Group	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
2016					
Financial asset					
Fixed deposits placed with licensed banks	2.55 - 3.15	8,609,709	-	-	8,609,709
Financial liabilities					
Bankers' acceptances	1.25 - 4.33	6,172,797	-	-	6,172,797
Bank overdrafts	7.30	904,056	-	-	904,056
Revolving credits	7.25 - 7.50	17,816,412	-	-	17,816,412
Hire purchase payables	2.30 - 6.69	1,188,665	1,509,595	35,504	2,733,764
Term loans	4.30 - 5.74	856,871	2,884,032	6,573,986	10,314,889
2015					
Financial asset					
Fixed deposits placed with licensed banks	2.70 - 4.00	9,582,732	-	-	9,582,732
Financial liabilities					
Bankers' acceptances	4.73 - 5.91	6,562,750	-	-	6,562,750
Bank overdrafts	4.98 - 5.34	966,917	-	-	966,917
Revolving credits	7.00 - 7.25	14,722,094	-	-	14,722,094
Hire purchase payables	2.30 - 3.90	2,444,704	1,883,557	163,568	4,491,829
Term loans	5.84 - 6.04	2,727,614	5,920,164	3,132,386	11,780,164
Company					
2016					
Financial asset					
Fixed deposits placed with licensed banks	2.55 - 2.70	2,698,376	-	-	2,698,376
Financial liabilities					
Bankers' acceptances	4.87 - 5.27	2,650,000	-	-	2,650,000
Bank overdraft	-	-	-	-	-
Term loans	4.85	171,205	774,039	1,917,517	2,862,761
2015					
Financial asset					
Fixed deposits placed with licensed banks	2.70	2,600,000	-	-	2,600,000
Financial liabilities					
Bankers' acceptances	4.73 - 5.64	5,530,750	-	-	5,530,750
Bank overdraft	4.98 - 5.34	966,917	-	-	966,917
Term loans	4.85	123,882	560,089	3,132,386	3,816,357

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (continued)

(c) Interest Rate Risk (continued)

Sensitivity analysis for interest rate

At the end of the reporting period, if interest rates had been 5% lower/higher, with all other variables held constant, the Group's profit net of tax and the Company's profit net of tax would have been RM1,329,922/- (2015: RM1,222,460/-) and RM140,719/- (2015: RM385,701/-) higher/lower respectively, arising mainly as a result of a lower/higher of interest expenses from pre-determined rate of borrowings and fixed deposits. The assumed movement in basis points for interest rate sensitivity is based on the currently observable market environment.

(d) Market Price Risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market price (other than interest or exchange rates).

The Group has in place policies to manage the Group's exposure to fluctuations in the selling price or services rendered of the Group's products and purchase prices of the key raw materials used in the operations. The management conducts constant survey of the global market price and trend in order to determine the selling price.

36. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratio in order to support its business and maximise shareholders' value.

The Group and the Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2016 and 31 December 2015.

The Group and the Company monitors capital using a gearing ratio, which is total debts divided by total capital plus total debts. The Group's and the Company's policy is to keep the gearing ratio between 20% to 40%. The Group and the Company includes within total debts, trade and other payables, amount owing by directors and loans and borrowings. Capital includes equity attributable to the owners of the parent.

The gearing ratio of the Group and of the Company is as follows:-

		Group		Company	
		2016	2015	2016	2015
	Note	RM	RM	RM	RM
Trade and other payables	23	85,991,851	35,778,387	4,519,709	6,219,449
Amount owing to directors	24	44,015	50,680	100	5,506
Amount owing to customers for contract work		5,957,301	295,000	-	-
Loans and borrowings	20	37,941,918	38,523,754	5,512,761	10,314,024
Total debts		129,935,085	74,647,821	10,032,570	16,538,979
Equity attributable to owners of the parent		452,527,836	329,489,028	393,098,396	318,920,233
Capital and total debts		582,462,921	404,136,849	403,130,966	335,459,212
Gearing ratio		22.3%	18.5%	2.5%	4.9%

The Group is also required to comply with the disclosure and necessary capital requirements as prescribed in the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

Notes To The **Financial Statements**
(continued)

SUPPLEMENTARY INFORMATION ON THE DISCLOSURE OF REALISED AND UNREALISED PROFITS OR LOSSES

On 25 March 2010, Bursa Malaysia Securities Berhad ("Bursa Malaysia") issued a directive to all listed issuers pursuant to Paragraphs 2.07 and 2.23 of Bursa Malaysia ACE Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated losses as at the end of the reporting period, into realised and unrealised profits or losses.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the format required.

Pursuant to the directive, the amounts of realised and unrealised profits or losses included in the retained profits of the Group and of the Company as at 31 December 2016 are as follows:-

	Group		Company	
	2016	2015	2016	2015
	RM	RM	RM	RM
Total retained profits of theCompany and its subsidiaries				
- realised	142,033,316	77,296,202	47,909,486	34,279,364
- unrealised	(383,427)	1,201,573	(33,266)	1,588,980
	141,649,889	78,497,775	47,876,220	35,868,344
Share in profit of associate				
- realised	-	2,312,250	-	-
	141,649,889	80,810,025	47,876,220	35,868,344
Less: Consolidation adjustments	(53,472,400)	(42,021,293)	-	-
Total retained profits	88,177,489	38,788,732	47,876,220	35,868,344
Total retained profits as per statements of financial position	88,177,489	38,788,732	47,876,220	35,868,344

The determination of realised and unrealised profits is based on Guidance of Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20th December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purposes.

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Analysis Of **Shareholdings**

Shareholding Structure As At 5 April 2017

SHARE CAPITAL

Authorised Share Capital	RM500,000,000
Issued and fully paid-up capital	RM323,422,141
Class of shares	Ordinary Shares of RM0.10 each
Voting Rights	One vote per share

DISTRIBUTION OF SHAREHOLDINGS AS AT 5 APRIL 2017

	No. of holders	%	No. of shares	%
Less than 100	1,205	6.0 %	64,488	0.0%
100 - 1,000	658	3.3 %	342,752	0.0%
1,001 - 10,000	3,919	19.7 %	21,559,373	0.7 %
10,001 - 100,000	10,550	52.9%	431,246,017	13.3 %
100,001 and below 5%	3,610	18.1%	1,755,619,064	54.3 %
5% and above	2	0.0 %	1,025,389,719	31.7 %
TOTAL	**19,944**	**100.0%**	**3,234,221,413**	**100.0%**

SUBSTANTIAL SHAREHOLDERS AS AT 5 APRIL 2017

Name	Direct Interest	%	Deemed Interest	%
Golden Oasis Resources Sdn Bhd	757,301,608	23.4	-	-
Ang Li-Hann	340,940,161	10.5	-	-

DIRECTORS' SHAREHOLDING AS AT 5 APRIL 2017

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Choo Seng Choon	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

Notice Of **Annual General Meeting**
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LIST OF 30 LARGEST SHAREHOLDERS AS AT 5 APRIL 2017

NO.	NAME	NO. OF SHARES	%
1	GOLDEN OASIS RESOURCES SDN BHD	717,988,976	22.2%
2	ANG LI-HANN	307,400,743	9.5%
3	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	84,500,000	2.6%
4	ANNE KUNG SOO CHING	45,900,982	1.4%
5	MOHAMMAD SOBRI BIN SAAD	41,241,975	1.3%
6	RHB NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR GOLDEN OASIS RESOURCES SDN BHD	39,312,632	1.2%
7	RHB NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ANG LI-HANN	33,539,418	1.0%
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR APEX DANA AL-SOFI-I (ADAS-I) (410325)	23,691,250	0.7%
9	MATHIALAGAN A/L SENGKOTTYAN	19,175,000	0.6%
10	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR APEX DANA AL-FAIZ-I (ADAF-I) (410324)	16,458,750	0.5%
11	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN HONG (BTINGGI-CL)	16,015,100	0.5%
12	TAN AH LOY @ TAN MAY LING	15,800,000	0.5%
13	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR SKANDINAVISKA ENSKILDA BANKEN AB (UCITS V SWEDISH)	12,836,100	0.4%
14	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	12,400,000	0.4%
15	CIMB ISLAMIC NOMINEES (TEMPATAN) SDN BHD CIMB ISLAMIC TRUSTEE BHD FOR BIMB I DIVIDEND FUND	11,790,000	0.4%
16	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JEGA DEVAN A/L M NADCHATIRAM	9,950,000	0.3%
17	ONG YEW BENG	7,625,000	0.2%
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KUEK ENG MONG	7,125,000	0.2%
19	CHAN WAI MUN	6,875,000	0.2%
20	RHB NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR CHIA KOK SENG	6,659,435	0.2%
21	RHB NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR OOI ENG KEAN	6,659,435	0.2%
22	LAM CHEE MENG	6,624,500	0.2%
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR BIMB I GROWTH FUND (940160)	6,213,750	0.2%
24	GAN KONG SENG	6,000,000	0.2%
25	DB (MALAYSIA) NOMINEE (ASING) SDN BHD BNYM SA/NV FOR SAMSUNG ASIA LONGSHORT SECURITIES MASTER INVESTMENT TRUST (EQ- DERIVATIVES)	5,609,300	0.2%
26	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR PHILLIP CAPITAL MANAGEMENT SDN BHD (EPF)	5,492,425	0.2%
27	ON THIAM CHAI	5,150,000	0.2%
28	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUI KOON CHOR @ HEE AH LEEK (PENANG-CL)	5,088,000	0.2%
29	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN SEM YAM	5,000,000	0.2%
30	LEE YIEN JU	5,000,000	0.2%

Analysis Of Warrantholdings - Warrant B 2013/2018

Warrantholding Structure As At 5 April 2017

Type of Securities	Warrants 2013/2018
Voting Rights	One vote per warrant in respect of a meeting of warrant holders

DISTRIBUTION OF WARRANTHOLDINGS AS AT 5 APRIL 2017

	No. of holders	%	No. of Warrants	%
Less than 100	993	14.9%	50,853	0.0%
100 - 1,000	659	9.9%	296,764	0.0%
1,001 - 10,000	2,015	30.2%	7,472,371	1.2%
10,001 - 100,000	1,956	29.3%	82,843,299	13.2%
100,001 and below 5%	1,046	15.7%	535,482,591	85.5%
5% and above	-	0.0%	-	0.0%
TOTAL	**6,669**	**100.0%**	**626,145,878**	**100.0%**

DIRECTORS' WARRANTHOLDING AS AT 5 APRIL 2017

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Choo Seng Choon	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

LIST OF 30 LARGEST WARRANT B HOLDERS AS AT 5 APRIL 2017

NO.	NAME	NO. OF WARRANTS	%
1	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NOR AZIZY BINTI ABDUL AZIZ (CEB)	10,796,025	1.7%
2	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YIP TUCK LEONG (E-KLC)	9,024,875	1.4%
3	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW CHOCK SHUME	8,380,200	1.3%
4	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN HONG (BTINGGI-CL)	8,373,707	1.3%
5	LEM WAN CHONG @ LIM CHOON CHEE	8,125,000	1.3%
6	NG CHAI GO	7,201,125	1.2%
7	SOON KAR LIM	6,480,000	1.0%
8	CHIN CHIN SEONG	6,409,375	1.0%
9	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR WEI JUI FUNG	6,125,000	1.0%
10	CHIN CHIN SEONG	5,000,000	0.8%
11	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LESLIE HON	4,550,000	0.7%
12	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WEI JUI FUNG	4,295,000	0.7%
13	LAM YEE FOON	4,200,000	0.7%
14	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHAI GO	3,750,000	0.6%
15	LAI SIEN THOONG	3,750,000	0.6%
16	ZAMAN KHAN BIN MEERA KHAN	3,655,832	0.6%
17	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHER KHAN BIN KHAN MOHAMAD (CEB)	3,615,352	0.6%
18	LIM EE LID	3,538,575	0.6%
19	GOH QUE CHOO	3,250,000	0.5%
20	CHAN SIA YEW	3,245,000	0.5%
21	HENRY CHUA AH JONG	3,200,000	0.5%
22	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIA KENT WEE (CCTS)	3,169,500	0.5%
23	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR PATRICIA LIAW NYUK LIN (E-PDG/JPN)	3,100,000	0.5%
24	TAM SU LEE	2,975,000	0.5%
25	ONG YEW BENG	2,875,000	0.5%
26	HON KWONG YEW	2,775,000	0.4%
27	LEW YICK KOON	2,625,000	0.4%
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YEW LEONG (E-BPJ)	2,580,325	0.4%
29	OH TEIK CHYE	2,562,500	0.4%
30	LIM HWEE LAN	2,512,500	0.4%

Analysis Of Warrantholdings - Warrant C 2015/2020

Warrantholding Structure As At 5 April 2017

Type of Securities	Warrants 2015/2020
Voting Rights	One vote per warrant in respect of a meeting of warrant holders

DISTRIBUTION OF WARRANTHOLDINGS AS AT 5 APRIL 2017

	No. of holders	%	No. of Warrants	%
Less than 100	1,170	19.0%	52,931	0.0%
100 - 1,000	1,727	28.0%	836,845	0.3%
1,001 - 10,000	1,787	28.9%	6,635,329	2.7%
10,001 - 100,000	1,099	17.8%	40,947,186	16.4%
100,001 and below 5%	388	6.3%	166,293,069	66.4%
5% and above	2	0.0%	35,602,153	14.2%
TOTAL	**6,173**	**100.0%**	**250,367,513**	**100.0%**

DIRECTORS' WARRANTHOLDING AS AT 5 APRIL 2017

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Choo Seng Choon	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

Notice Of **Annual General Meeting**
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LIST OF 30 LARGEST WARRANT C HOLDERS AS AT 5 APRIL 2017

NO.	NAME	NO. OF WARRANTS	%
1	ANNE KUNG SOO CHING	18,512,521	7.4%
2	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SHER KHAN BIN KHAN MOHAMAD (CEB)	17,089,632	6.8%
3	OH TEIK CHYE	10,696,692	4.3%
4	LOO NGEK PANG	7,700,000	3.1%
5	SHU SIEW YIN	5,632,700	2.2%
6	KHOO LEE THENG	3,884,375	1.6%
7	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG CHIN HONG (BTINGGI-CL)	3,693,375	1.5%
8	OH TEIK CHYE	2,208,250	0.9%
9	LOW YIN SEN	2,129,940	0.9%
10	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM YEW LEONG (E-BPJ)	2,043,575	0.8%
11	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW KOK TONG (CCTS)	2,000,000	0.8%
12	LOW CHOON HOW	2,000,000	0.8%
13	MOHAMMAD SOBRI BIN SAAD	1,939,290	0.8%
14	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LESLIE HON	1,750,000	0.7%
15	CHIA AUN LING	1,739,100	0.7%
16	NGUI NYUK KYOON	1,666,666	0.7%
17	CHUA KWANG KHIM	1,620,000	0.6%
18	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EOH TEIK SOON	1,500,000	0.6%
19	ONG KIM LENG	1,500,000	0.6%
20	YAP WEI LIN	1,499,900	0.6%
21	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KWAH WOI LEONG (E-BPJ/JKA)	1,437,500	0.6%
22	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHUA TIONG KEE (CCTS)	1,300,000	0.5%
23	PHANG WAH	1,250,000	0.5%
24	TEOH YOKE PENG	1,250,000	0.5%
25	LEE SOK EE	1,225,200	0.5%
26	NG SAI TIANG	1,200,000	0.5%
27	PANG CHOON KIAT	1,125,000	0.4%
28	YEOH CHIN MEN	1,100,000	0.4%
29	CHUA KWANG KHIM	1,050,000	0.4%
30	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR AIK YUN KIM @ YEK YUE KIEW	1,000,000	0.4%

Analysis Of Warrantholdings - Warrant D 2015/2020

Warrantholding Structure As At 5 April 2017

Type of Securities	Warrants 2015/2020
Voting Rights	One vote per warrant in respect of a meeting of warrant holders

DISTRIBUTION OF WARRANTHOLDINGS AS AT 5 APRIL 2017

	No. of holders	%	No. of Warrants	%
Less than 100	322	15.8%	18,196	0.0%
100 - 1,000	165	8.1%	78,372	0.0%
1,001 - 10,000	510	25.0%	2,063,453	0.9%
10,001 - 100,000	679	33.2%	29,214,765	12.1%
100,001 and below 5%	366	17.9%	169,044,844	70.2%
5% and above	2	0.1%	40,404,671	16.8%
TOTAL	**2,044**	**100.0%**	**240,824,301**	**100.0%**

DIRECTORS' WARRANTHOLDING AS AT 5 APRIL 2017

Name	Direct Interest	%	Deemed Interest	%
Ar. Lim Tong Hock	-	-	-	-
Choo Seng Choon	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-
Tay Mun Kit	-	-	-	-

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LIST OF 30 LARGEST WARRANT D HOLDERS AS AT 5 APRIL 2017

NO.	NAME	NO. OF WARRANTS	%
1	ANG LI-HANN	28,047,531	11.6%
2	ANNE KUNG SOO CHING	12,357,140	5.1%
3	RHB NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR ANG LI-HANN	9,835,010	4.1%
4	OH TEIK CHYE	4,535,175	1.9%
5	CHONG KIAM MENG	4,000,000	1.7%
6	SONNY GEH SIM CHONG	3,594,125	1.5%
7	LIM KIM PUE	3,550,000	1.5%
8	SHU SIEW YIN	3,274,400	1.4%
9	POH CHONG JOO	3,200,000	1.3%
10	TAN MOOI NGOI	2,936,250	1.2%
11	DESTINET SDN BHD	2,725,000	1.1%
12	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR TAY HOCK SOON (MY1055)	2,500,000	1.0%
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SEW KENG	2,016,500	0.8%
14	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIAW KOK TONG (CCTS)	2,000,000	0.8%
15	RHB NOMINEES (TEMPATAN) SDN BHD RHB TRUSTEES BERHAD FOR CHIA KOK SENG	1,952,795	0.8%
16	GOH PEI KIAT	1,940,000	0.8%
17	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,932,307	0.8%
18	PANG CHOON KIAT	1,750,000	0.7%
19	KOW HONG CHONG	1,600,000	0.7%
20	LOW YIN SEN	1,410,535	0.6%
21	CHOW CHYE MING	1,400,000	0.6%
22	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR WONG YOOK CHONG (B SRI DMSR-CL)	1,400,000	0.6%
23	HLIB NOMINEES (TEMPATAN) SDN BHD HONG LEONG BANK BHD FOR LESLIE HON	1,350,000	0.6%
24	CHEN BOON CHEONG	1,300,000	0.5%
25	SIM HEOK HOO	1,256,250	0.5%
26	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR LEN BOOK LEARN (M66002)	1,210,900	0.5%
27	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	1,187,125	0.5%
28	LOCK PUI KUAN	1,150,000	0.5%
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD WONG TZE YEE	1,150,000	0.5%
30	ENG KECK CHEW	1,126,000	0.5%

Notice Of **Annual General Meeting**

NOTICE IS HEREBY GIVEN that the 15th Annual General Meeting of the Company will be held at Gunung Gading, Level 4, Tower A, M Hotels, Hock Lee Centre, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Thursday, 8 June 2017 at 2.30 p.m. to transact the following business :

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 and the Reports of Directors and Auditors thereon. **Please refer to Explanatory Note (i)**

2. To approve the payment of Directors' fees amounting to RM66,000 for the financial year ended 31 December 2016. **Resolution 1**

3. To re-elect the Director who retires in accordance with Article 116 of the Company's Constitution as follows :-

   (a) Mr Choo Seng Choon **Resolution 2**

4. To re-appoint Messrs. STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration. **Resolution 3**

AS SPECIAL BUSINESS

To consider and, if deemed fit, to pass the following resolutions :

5. **Authority to issue shares** **Resolution 4**

   "THAT, subject always to the Companies Act 2016, the Company's Constitution and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to Section 75 and Section 76 of the Companies Act 2016, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10% of the total number of issue shares 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."

6. To transact any other business for which due notice shall have been given.

By Order of the Board

LAANG JHE HOW (MIA 25193)
ANNE KUNG SOO CHING (MIA 8449)
Company Secretaries

Kuala Lumpur
28 April 2017

Notice Of **Annual General Meeting**

(continued)

Notes:-

1. *In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 31 May 2017 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.*

2. *A member of the Company who is entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies, and in the case of a corporation, a duly authorised representative to attend, participate, speak and vote in its stead.*

3. *A proxy may but need not be a member of the Company, an advocate, an approved company auditor or a person approved by the Registrar. Where a member appoints more than one (1) proxy, he shall specify the proportions of his shareholdings to be represented by each proxy.*

4. *Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.*

6. *The original instrument appointing a proxy must be deposited at the Registered Office of the Company situated at No. 149A, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, not less than twenty-four (24) hours before the time set for holding this meeting or at any adjournment thereof.*

Explanatory notes

(i) Item 1 of the Agenda - Audited Financial Statement for the financial year ended 31 December 2016

The item is meant for discussion only, as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this item is not put forward for voting.

(ii) Ordinary Resolution 4 – Proposed Authority to issue shares

The Company wishes to renew the mandate on the authority to issue shares pursuant to Section 75 of the Companies Act 2016 at the 15th AGM of the Company (hereinafter referred to as the "General Mandate").

The Company had been granted a general mandate by its shareholders at the 14th AGM of the Company held on 25 May 2016 (hereinafter referred to as the "Previous Mandate").

As at the date of this notice, the Previous Mandate granted by the shareholders had not been utilised and hence no proceeds were raised therefrom.

The General Mandate will enable the Directors of the Company to issue shares any time to such persons in their absolute discretion without convening a general meeting as it would be both time and cost-consuming to organise a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the next Annual General Meeting. The proceeds raised from the General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and / or acquisitions.

Statement Accompanying The Notice Of **Annual General Meeting**

Pursuant to Paragraph 8.29(2) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad :-

1. **Details of individuals who are standing for election as Directors**

   No individual is standing for election as Director at this AGM.

2. **Statement relating to the general mandate for issue of securities in accordance with Rule 6.04(3) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad**

   Detail of the General Mandate for the Authority to issue shares pursuant to Section 75 of the Companies Act 2016 are set out in Explanatory Notes (ii) of the Notice of AGM.

Form Of **Proxy**

VIVOCOM INTL HOLDINGS BERHAD
(Company No.: 596299-D)
(Incorporated in Malaysia)

CDS Account No.:	
No. of Shares Held:	

I/ We ______________________________ *NRIC/ Company no. ______________________
(FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

being *a member / members of **VIVOCOM INTL HOLDINGS BERHAD (596299-D)** hereby appoint

____

______________________________ *NRIC No./ Passport No. ______________________
(FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

or failing *him/ her ______________________________ *NRIC No./ Passport No. ______________________
(FULL NAME IN BLOCK CAPITAL)

of ____
(FULL ADDRESS)

or failing *him/ her the Chairman of the Meeting as *my/ our proxy/ proxies to attend, speak and vote for *me/ us on *my/ our behalf at the 15th Annual General Meeting of Vivocom Intl Holdings Berhad ("Company") to be held at Gunung Gading, Level 4, Tower A, M Hotels, Hock Lee Centre, Jalan Datuk Abang Abdul Rahim, 93450 Kuching, Sarawak on Thursday, 8 June 2017 at 2.30 p.m. and at any adjournment thereof.

*My/our proxy is to vote as indicated below:-

	RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' fees amounting to RM66,000 for the Financial Year Ended 31 December 2016.		
2.	To re-elect the Director, Mr. Choo Seng Choon who retires in accordance with Article 116 of the Company's Constitution.		
3.	To re-appoint Messrs. STYL Associates as auditors of the Company and to authorize the Directors to fix their remuneration.		
	AS SPECIAL BUSINESS		
4.	Authority to issue shares.		

Please mark with " X " in either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolutions or abstain from voting as the proxy thinks fit.

* *Strike out whichever is not desired*

Signed this ____________ day of ____________________ 2017

____
Signature(s) of Member(s)

____
Affix Company's Seal (if applicable)

Notes:-

1. In respect of deposited securities, only members whose names appear in the Company's Record of Depositors as at 31 May 2017 shall be eligible to attend, participate, speak and vote at this meeting or appoint proxy(ies) to attend, participate, speak and vote on his/ her behalf.

2. A member of the Company who is entitled to attend, participate, speak and vote at this meeting is entitled to appoint not more than two (2) proxies, and in the case of a corporation, a duly authorised representative to attend, participate, speak and vote in its stead.

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4. Where a member of the company is an exempt authorised nominee which holds ordinary shares in the company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised in writing.

6. The original instrument appointing a proxy must be deposited at the Registered Office of the Company situated at No. 149A, Jalan Aminuddin Baki, Taman Tun Dr. Ismail, 60000 Kuala Lumpur, not less than twenty-four (24) hours before the time set for holding this meeting or at any adjournment thereof.

Please fold here

AFFIX
STAMP

THE COMPANY SECRETARIES
VIVOCOM INTL HOLDINGS BERHAD (596299-D)
No. 149A, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

Please fold here

www.vivocomgroup.com

Vivocom Intl Holdings Berhad
(596299-D)

Vivocom Intl Holdings Berhad
6-8, Jalan Seri Utara 1,
Batu 7, Off Jalan Ipoh,
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