All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

If you have sold or transferred all your Vivocom Shares, you should at once hand this Abridged Prospectus together with the NPA and the RSF to the agent/ broker through whom you effected the sale or transfer for onward transmission to the purchaser or transferee. All enquiries concerning the Rights Issue with Warrants should be addressed to our Share Registrar, Insurban Corporate Services Sdn Bhd (76260-W) at 149, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur.

This Abridged Prospectus has been registered by the SC. The registration of this Abridged Prospectus should not be taken to indicate that the SC recommends the Rights Issue with Warrants or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Abridged Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment. A copy of this Abridged Prospectus together with the NPA and the RSF have also been lodged with the Registrar of Companies who takes no responsibility for the contents of these documents.

The approval from our shareholders for the Rights Issue with Warrants was obtained at our EGM held on 6 June 2018. The approval from Bursa Securities has also been obtained vide its letter dated 8 May 2018 for the admission of the Warrants E to the Official List and the listing of and quotation for the Rights Shares, the Warrants E and the new Vivocom Shares to be issued arising from the exercise of the Warrants E on the ACE Market of Bursa Securities. However, this is not an indication that Bursa Securities recommends the Rights Issue with Warrants. The admission of the Warrants E to the Official List and the listing of and quotation for all the said new securities on the ACE Market of Bursa Securities are in no way reflective of the merits of the Rights Issue with Warrants. Bursa Securities does not take any responsibility for the correctness of statements made or opinions expressed in this Abridged Prospectus. The admission of the Warrants E to the Official List and the listing of and quotation for all the said new securities will commence after the receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful Entitled Shareholders and/ or their renouncee(s) (if applicable) have been duly credited and notices of allotment have been despatched to them.

Our Directors have seen and approved all the documentation relating to the Rights Issue with Warrants. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.

This Abridged Prospectus together with the accompanying NPA and RSF are only despatched to our Entitled Shareholders whose names appear on our Record of Depositors and who have provided our Share Registrar with a registered address in Malaysia not later than 5.00 p.m. on Monday, 30 July 2018. This Abridged Prospectus together with the accompanying NPA and RSF are not intended to be (and will not be) issued, circulated or distributed in countries or jurisdictions other than Malaysia and no action has been or will be taken to ensure that the Rights Issue with Warrants complies with the laws of any countries or jurisdictions other than the laws of Malaysia. Entitled Shareholders and/ or their renouncee(s) (if applicable) who are residents in countries or jurisdictions other than Malaysia should therefore immediately consult their legal advisers and/ or other professional advisers as to whether the acceptance and/ or renunciation (as the case may be) of all or any part of their entitlements to the Rights Shares and the Warrants E would result in a contravention of any laws of such countries or jurisdictions. Neither we, UOBKH nor any other professional advisers shall accept any responsibility or liability in the event that any acceptance and/ or renunciation (as the case may be) of the entitlements to the Rights Shares and the Warrants E made by the Entitled Shareholders and/ or their renouncee(s) (if applicable) is or shall become illegal, unenforceable, voidable or void in any such countries or jurisdictions.

UOBKH, being our Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information, and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH YOU SHOULD CONSIDER, PLEASE REFER TO SECTION 6 OF THIS ABRIDGED PROSPECTUS.

VIVOCOM INTL HOLDINGS BERHAD

(Company No.: 596299-D)

(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

RENOUNCEABLE RIGHTS ISSUE OF UP TO 3,010,706,070 NEW ORDINARY SHARES IN VIVOCOM INTL HOLDINGS BERHAD ("VIVOCOM") ("VIVOCOM SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARE(S)") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 3 EXISTING VIVOCOM SHARES HELD, TOGETHER WITH UP TO 1,505,353,035 FREE DETACHABLE WARRANTS ("WARRANT(S) E") ON THE BASIS OF 1 WARRANT E FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR, AS AT 5.00 P.M. ON MONDAY, 30 JULY 2018 AT AN ISSUE PRICE OF RM0.025 PER RIGHTS SHARE

Adviser

UOBKayHian

UOB Kay Hian Securities (M) Sdn Bhd

(Company No. 194990-K)

(A Participating Organisation of Bursa Malaysia Securities Berhad)

IMPORTANT RELEVANT DATES AND TIME:-

Entitlement Date	:	Monday, 30 July 2018 at 5.00 p.m.
Last date and time for sale of provisional allotment of rights	:	Monday, 6 August 2018 at 5.00 p.m.
Last date and time for transfer of provisional allotment of rights	:	Thursday, 9 August 2018 at 4.00 p.m.
Last date and time for acceptance and payment	:	Tuesday, 14 August 2018 at 5.00 p.m.
Last date and time for excess application and payment	:	Tuesday, 14 August 2018 at 5.00 p.m.

This Abridged Prospectus is dated 30 July 2018

All terms and abbreviations used herein shall have the same meanings as those defined in the "Definitions" section of this Abridged Prospectus unless stated otherwise.

THIS ABRIDGED PROSPECTUS HAS BEEN REGISTERED BY THE SC. THE REGISTRATION OF THIS ABRIDGED PROSPECTUS SHOULD NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS OR ASSUMES RESPONSIBILITY FOR THE CORRECTNESS OF ANY STATEMENT MADE OR OPINION OR REPORT EXPRESSED IN THIS ABRIDGED PROSPECTUS.

THE SC IS NOT LIABLE FOR ANY NON-DISCLOSURE ON THE PART OF THE COMPANY AND TAKES NO RESPONSIBILITY FOR THE CONTENTS OF THIS ABRIDGED PROSPECTUS, MAKES NO REPRESENTATION AS TO ITS ACCURACY OR COMPLETENESS, AND EXPRESSLY DISCLAIMS ANY LIABILITY FOR ANY LOSS YOU MAY SUFFER ARISING FROM OR IN RELIANCE UPON THE WHOLE OR ANY PART OF THE CONTENTS OF THIS ABRIDGED PROSPECTUS.

BURSA SECURITIES HAS APPROVED THE ADMISSION OF THE WARRANTS E TO THE OFFICIAL LIST AND THE LISTING OF AND QUOTATION FOR THE RIGHTS SHARES, THE WARRANTS E, AND ALL THE NEW VIVOCOM SHARES TO BE ISSUED ARISING FROM THE EXERCISE OF THE WARRANTS E ON THE ACE MARKET OF BURSA SECURITIES. HOWEVER, THIS IS NOT AN INDICATION THAT BURSA SECURITIES RECOMMENDS THE RIGHTS ISSUE WITH WARRANTS.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENTS IN THE RIGHTS SHARES AND THE WARRANTS E. IN CONSIDERING THE INVESTMENT, IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

YOU ARE ADVISED TO NOTE THAT RECOURSE FOR FALSE OR MISLEADING STATEMENTS OR ACTS MADE IN CONNECTION WITH THIS ABRIDGED PROSPECTUS ARE DIRECTLY AVAILABLE THROUGH SECTIONS 248, 249 AND 357 OF THE CMSA.

SECURITIES LISTED ON BURSA SECURITIES ARE OFFERED TO THE PUBLIC PREMISED ON FULL AND ACCURATE DISCLOSURE OF ALL MATERIAL INFORMATION CONCERNING THE RIGHTS ISSUE WITH WARRANTS FOR WHICH ANY OF THE PERSONS SET OUT IN SECTION 236 OF THE CMSA, SUCH AS OUR DIRECTORS AND ADVISERS, ARE RESPONSIBLE.

THE ABRIDGED PROSPECTUS TOGETHER WITH THE NPA AND THE RSF HAVE BEEN PREPARED AND PUBLISHED SOLELY FOR THE RIGHTS ISSUE WITH WARRANTS UNDER THE LAWS OF MALAYSIA. WE AND OUR ADVISERS HAVE NOT AUTHORISED ANYONE TO PROVIDE YOU WITH INFORMATION WHICH IS NOT CONTAINED IN THESE DOCUMENTS.

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Abridged Prospectus, the NPA and the RSF:-

"Abridged Prospectus"	:	This abridged prospectus dated 30 July 2018
"Act"	:	The Companies Act 2016 of Malaysia, as amended from time to time, including any re-enactment thereof
"Board"	:	The Board of Directors of Vivocom
"Bursa Depository"	:	Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	:	Bursa Malaysia Securities Berhad (635998-W)
"CDS"	:	Central Depository System
"CDS Account"	:	A securities account established by Bursa Depository for a depositor pursuant to the Securities Industry (Central Depository) Act, 1991 and the Rules of Bursa Depository for the recording of deposits of securities and for dealings in such securities by the depositor
"CMSA"	:	Capital Markets and Services Act, 2007 of Malaysia, as amended from time to time, including any re-enactment thereof
"Deed Poll B"	:	The deed poll dated 19 August 2013 executed by Vivocom constituting the Warrants B
"Deed Poll C"	:	The deed poll dated 9 January 2015 executed by Vivocom constituting the Warrants C
"Deed Poll D"	:	The deed poll dated 1 June 2015 executed by Vivocom constituting the Warrants D
"Deed Poll E"	:	The deed poll dated 16 July 2018, constituting the Warrants E which provides the right to the holder of the Warrants E to subscribe for 1 new Vivocom Shares during the 5-year exercise period of the Warrants E at the exercise price of RM0.05 per Warrant E
"Director(s)"	:	The director(s) of Vivocom and shall have the meaning given in Section 2(1) of the Act and Section 2(1) of the CMSA
"EGM"	:	Extraordinary General Meeting
"Entitled Shareholder(s)"	:	Our shareholders who are registered as a member and whose names appear in the Record of Depositors of the Company on the Entitlement Date
"Entitlement Date"	:	At 5.00 p.m. on Monday, 30 July 2018, being the time and date on which our Entitled Shareholders must be registered as a member and whose names appear in the Record of Depositors in order to participate in the Rights Issue with Warrants
"EPS"	:	Earnings per Share
"Excess Rights Shares with Warrants E"	:	Rights Shares with Warrants E which are not taken up or not validly taken up by our Entitled Shareholders and/ or their renouncee(s) (if applicable) prior to excess application pursuant to the Rights Issue with Warrants

"Foreign Entitled Shareholder(s)"	:	Entitled Shareholder(s) who have not provided an address in Malaysia for the service of documents to be issued for the purposes of the Rights Issue with Warrants
"FPE"	:	Financial period ended
"FYE"	:	Financial year ended/ ending
"Golden Oasis Resources"	:	Golden Oasis Resources Sdn Bhd (799430-X), a major shareholder of Vivocom
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	9 July 2018, being the latest practicable date prior to the registration of this Abridged Prospectus by the SC
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) which is not a public holiday and on which Bursa Securities is open for the trading of securities
"Maximum Scenario 1"	:	Assuming none of the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the implementation of the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on a maximum subscription level basis
"Maximum Scenario 2"	:	Assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the implementation of the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on a maximum subscription level basis
"Minimum Scenario"	:	Assuming none of the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the implementation of the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on the Minimum Subscription Level
"Minimum Subscription Level"	:	A minimum level of subscription based upon the irrevocable and unconditional undertakings provided by the major shareholders of Vivocom, namely Golden Oasis Resources and Ang Li-Hann, to subscribe in full for their respective entitlements under the Rights Issue with Warrants. As at the LPD, Golden Oasis Resources and Ang Li-Hann holds directly, 757,301,608 Vivocom Shares representing approximately 22.28% of the total issued shares of the Company and 340,940,161 Vivocom Shares representing approximately 10.03% of the total issued shares of the Company, respectively and pursuant to their irrevocable and unconditional undertakings, they will collectively subscribe for 732,161,178 Rights Shares. As such, on the minimum level of subscription, the minimum amount to be raised by the Company will amount to RM18,304,029 based on the issue price of RM0.025 per Rights Share
"NA"	:	Net asset
"NPA"	:	Notice of provisional allotment of the Rights Shares with Warrants E pursuant to the Rights Issue with Warrants
"Official List"	:	A list specifying all securities which have been admitted for listing on Bursa Securities and not removed

DEFINITIONS (CONT'D)

"PAT"	:	Profit after tax
"PBT"	:	Profit before tax
"Provisional Rights Shares with Warrants E"	:	Rights Shares with the Warrants E provisionally allotted to the Entitled Shareholders pursuant to the Rights Issue with Warrants
"Record of Depositors"	:	A record of depositors established by Bursa Depository under the Rules of Bursa Depository
"Rights Issue with Warrants"	:	The renounceable rights issue of up to 3,010,706,070 Rights Shares on the basis of 2 Rights Shares for every 3 existing Vivocom Shares held together with up to 1,505,353,035 Warrants E on the basis of 1 Warrant E for every 2 Rights Shares subscribed for on the Entitlement Date at an issue price of RM0.025 per Rights Share
"Rights Share(s)"	:	Up to 3,010,706,070 new Vivocom Shares to be issued pursuant to the Rights Issue with Warrants
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively
"RSF"	:	Rights Subscription Form for the Rights Issue with Warrants
"Rules"	:	Rules on Take-overs, Mergers and Compulsory Acquisitions of Malaysia, as amended from time to time, including any re-enactment thereof
"SC"	:	Securities Commission Malaysia
"TERP"	:	Theoretical ex-rights price
"Undertaking Shareholders"	:	The major shareholders of Vivocom, namely, Golden Oasis Resources and Ang Li-Hann, collectively
"UOBKH" or the "Adviser"	:	UOB Kay Hian Securities (M) Sdn Bhd (194990-K)
"Vivocom" or the "Company"	:	Vivocom Intl Holdings Berhad (596299-D)
"Vivocom Group" or the "Group"	:	Vivocom and its subsidiary companies, collectively
"Vivocom Share(s)" or "Share(s)"	:	Ordinary share(s) in Vivocom
"VWAMP"	:	Volume-weighted average market price
"Warrant(s) B"	:	626,145,878 outstanding warrants 2013/2018 in Vivocom as at the LPD, constituted by the Deed Poll B. Each Warrant B provides the right to the holder of the warrant to subscribe for 1 new Vivocom Share during the 5-year exercise period of the Warrants B up to 8 September 2018 at an exercise price of RM0.20 per Warrant B

"Warrant(s) C"	:	250,367,513 outstanding warrants 2015/2020 in Vivocom as at the LPD, constituted by the Deed Poll C. Each Warrant C provides the right to the holder of the warrant to subscribe for 1 new Vivocom Share during the 5-year exercise period of the Warrants C up to 22 January 2020 at an exercise price of RM0.10 per Warrant C
"Warrant(s) D"	:	240,824,301 outstanding warrants 2015/2020 in Vivocom as at the LPD, constituted by the Deed Poll D. Each Warrant D provides the right to the holder of the warrant to subscribe for 1 new Vivocom Share during the 5-year exercise period of the Warrants D up to 8 July 2020 at an exercise price of RM0.10 per Warrant D
"Warrant(s) E"	:	Up to 1,505,353,035 free detachable warrants in Vivocom to be issued pursuant to the Rights Issue with Warrants

All references to "our Company" and "Vivocom" in this Abridged Prospectus are made to Vivocom Intl Holdings Berhad (596299-D) and references to "our Group" are made to our Company and our subsidiary companies. All references to "we", "us", "our" and "ourselves" are made to our Company, or where the context requires, our Group or any of our subsidiary companies. All references to "you" in this Abridged Prospectus are made to our Entitled Shareholders and/ or, where the context otherwise requires, their renouncee(s).

Words incorporating the singular shall, where applicable, include the plural and vice versa and words incorporating the masculine gender shall, where applicable, include the feminine and neuter genders and vice versa. Reference to persons shall include a corporation, unless otherwise specified.

Any reference in this Abridged Prospectus to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any reference to a time of day in this Abridged Prospectus shall be a reference to Malaysian time, unless otherwise specified.

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APPENDICES

Company No. 596299-D

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Name	Address	Nationality	Profession
Ar. Lim Tong Hock *(Chairman/ Independent Non-Executive Director)*	Unit A3-1 Block 12B Hillside Apartments Phase 9, Taman Melawati 53100 Kuala Lumpur	Malaysian	Company Director/ Architect
Choo Seng Choon *(Executive Director)*	22A, Jalan SU 2B Sering Ukay 68000 Ampang Selangor Darul Ehsan	Malaysian	Company Director/ Chartered Accountant
Dato' Nor Mohd Amin Bin Shaharudin *(Executive Director)*	No. 34, Jalan Kubah U8/58 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	Malaysian	Company Director/ Project Director
Dato' Azahar bin Rasul *(Senior Independent Non-Executive Director)*	33, Jalan 8/2B Desa Bakti, Selayang 68100 Kuala Lumpur	Malaysian	Company Director/ Businessman
Tay Mun Kit *(Independent Non-Executive Director)*	198, Jalan I-8 Taman Melawati 53100 Kuala Lumpur	Malaysian	Company Director/ Chartered Accountant

AUDIT COMMITTEE

Name	Designation	Directorship
Tay Mun Kit	Chairman	Independent Non-Executive Director
Ar. Lim Tong Hock	Member	Independent Non-Executive Director
Dato' Azahar bin Rasul	Member	Senior Independent Non-Executive Director

COMPANY SECRETARIES : Laang Jhe How (MIA 25193)

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel. No.: 03 - 7729 1519
Fax. No.: 03 - 7728 5948

Anne Kung Soo Ching (MIA 8449)

No. 21 & 22, 2nd & 3rd Floor
Stutong Commercial Centre
Jalan Setia Raja/ Jalan Canna
93350 Kuching, Sarawak
Tel. No.: 082 - 366116
Fax. No.: 082 - 366226

CORPORATE DIRECTORY (CONT'D)

REGISTERED OFFICE	:	149A, Jalan Aminuddin Baki Taman Tun Dr Ismail 60000 Kuala Lumpur Tel. No.: 03 - 7729 1519 Fax. No.: 03 - 7728 5948
PRINCIPAL OFFICE	:	6-8, Jalan Seri Utara 1 Batu 7, Off Jalan Ipoh 68100 Kuala Lumpur Tel. No.: 03 6257 3333/ 7333 Fax. No.: 03 6250 1255/ 1256 Website: www.vivocomgroup.com Email: info@vivocomgroup.com
SHARE REGISTRAR	:	Insurban Corporate Services Sdn Bhd (76260-W) 149, Jalan Aminuddin Baki Taman Tun Dr Ismail 60000 Kuala Lumpur Tel. No.: 03 - 7729 5529 Fax. No.: 03 - 7728 5948
AUDITORS AND REPORTING ACCOUNTANTS	:	STYL Associates (AF1929) No.902, 9th Floor, Block A Damansara Intan, No.1, Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03 - 7724 2128 Fax. No.: 03 - 7733 2125
PRINCIPAL BANKERS	:	Public Bank Berhad (6463-H) 71, 72 and 73, Stutong Parade Jalan Setia Raja 93350 Kuching Sarawak Tel. No.: 082 363 889 Fax. No.: 082 368 839 United Overseas Bank (Malaysia) Bhd (271809-K) CT160, Ground Floor Block C, iCom Square Jalan Pending 93450 Kuching Sarawak Tel. No.: 082 527 777 Fax. No.: 082 527 752

CORPORATE DIRECTORY (CONT'D)

DUE DILIGENCE SOLICITORS	:	Messrs Tan, Goh & Associates Unit 821, 8th Floor Block A, Lift Lobby 6 Damansara Intan No. 1, Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel. No.: 03 - 7727 7228 Fax. No.: 03 - 7731 9238
ADVISER	:	UOB Kay Hian Securities (M) Sdn Bhd (194990-K) Suite 19-03, 19th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel. No.: 03 - 2147 1900 Fax. No.: 03 - 2147 1950
STOCK EXCHANGE LISTED AND LISTING SOUGHT	:	ACE Market of Bursa Securities

Company No. 596299-D

VIVOCOM INTL HOLDINGS BERHAD

(Company No.: 596299-D)
(Incorporated in Malaysia under the Companies Act, 1965 and deemed registered under the Companies Act, 2016)

Registered Office

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

30 July 2018

Board of Directors

Ar. Lim Tong Hock *(Chairman/ Independent Non-Executive Director)*
Choo Seng Choon *(Executive Director)*
Dato' Nor Mohd Amin bin Shaharudin *(Executive Director)*
Dato' Azahar bin Rasul *(Senior Independent Non-Executive Director)*
Tay Mun Kit *(Independent Non-Executive Director)*

To: Our Entitled Shareholders

Dear Sir/ Madam,

RENOUNCEABLE RIGHTS ISSUE OF UP TO 3,010,706,070 RIGHTS SHARES ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 3 EXISTING VIVOCOM SHARES HELD TOGETHER WITH UP TO 1,505,353,035 WARRANTS E ON THE BASIS OF 1 WARRANT E FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR, AS AT 5.00 P.M. ON MONDAY, 30 JULY 2018 AT AN ISSUE PRICE OF RM0.025 PER RIGHTS SHARE

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1. INTRODUCTION

On 22 February 2018, UOBKH had, on behalf of our Board, announced that we proposed to undertake the Rights Issue with Warrants.

On 8 May 2018, UOBKH had, on behalf of our Board, announced that Bursa Securities had, vide its letter dated 8 May 2018, resolved to approve the following:-

(a) Admission to the official list of Bursa Securities and the initial listing of and quotation for up to 1,505,353,035 Warrants E to be issued pursuant to the Rights Issue with Warrants; and

(b) Listing of:-

  (i) Up to 3,010,706,070 Rights Shares to be issued pursuant to the Rights Issue with Warrants;

  (ii) Up to 313,072,939 additional Warrants B to be issued arising from the adjustments in accordance with the provisions of the Deed Poll B, pursuant to the Rights Issue with Warrants;

(iii) Up to 125,183,756 additional Warrants C to be issued arising from the adjustments in accordance with the provisions of the Deed Poll C, pursuant to the Rights Issue with Warrants;

(iv) Up to 120,412,150 additional Warrants D to be issued arising from the adjustments in accordance with the provisions of the Deed Poll D, pursuant to the Rights Issue with Warrants;

(v) Up to 1,505,353,035 new Vivocom Shares to be issued arising from the exercise of the Warrants E;

(vi) Up to 313,072,939 new Vivocom Shares to be issued arising from the exercise of the additional Warrants B;

(vii) Up to 125,183,756 new Vivocom Shares to be issued arising from the exercise of the additional Warrants C; and

(viii) Up to 120,412,150 new Vivocom Shares to be issued arising from the exercise of the additional Warrants D,

on the ACE Market of Bursa Securities, subject to the conditions set out below:-

	Conditions	Status of compliance
(i)	Vivocom and UOBKH must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Rights Issue with Warrants	To be complied
(ii)	Vivocom and UOBKH to inform Bursa Securities upon the completion of the Rights Issue with Warrants	To be complied
(iii)	Vivocom to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Rights Issue with Warrants is completed; and	To be complied
(iv)	Vivocom to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants E as at the end of each quarter together with a detailed computation of listing fees payable	To be complied

On 6 June 2018, our shareholders had approved the Rights Issue with Warrants at our EGM. A certified true copy of the resolution pertaining to the Rights Issue with Warrants which was passed at the aforesaid EGM, is set out in Appendix I of this Abridged Prospectus.

On 16 July 2018, UOBKH had, on behalf of our Board, announced that the issue price of the Rights Shares has been fixed at RM0.025 per Rights Share and the exercise price of the Warrants E has been fixed at RM0.05 per Warrant E. On the same date, UOBKH had also, on behalf of our Board, announced the Entitlement Date and other relevant dates pertaining to the Rights Issue with Warrants.

The admission of the Warrants E to the Official List and the listing of and quotation for the Rights Shares and Warrants to be issued pursuant to the Rights Issue with Warrants will commence after, amongst others, receipt of confirmation from Bursa Depository that all the CDS Accounts of the successful applicants have been duly credited and notices of allotment have been despatched to them.

No person is authorised to give any information or to make any representation not contained in this Abridged Prospectus in connection with the Rights Issue with Warrants and if given or made, such information or representation must not be relied upon as having been authorised by us or UOBKH.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

2. DETAILS OF THE RIGHTS ISSUE WITH WARRANTS

2.1 Rights Issue with Warrants

The Rights Issue with Warrants entails an issuance of up to 3,010,706,070 Rights Shares on a renounceable basis of 2 Rights Shares for every 3 existing Vivocom Shares held, together with up to 1,505,353,035 Warrants E on the basis of 1 Warrant E for every 2 Rights Shares subscribed for, by the Entitled Shareholders and/ or their renouncees (if applicable), on the Entitlement Date at an issue price of RM0.025 per Rights Share.

The actual number of the Rights Shares and the Warrants E to be issued pursuant to the Rights Issue with Warrants will depend on the acceptance by the Entitled Shareholders and/ or their renouncee(s) (if applicable).

As at the LPD, our total issued share capital was RM360,736,392 comprising 3,398,721,413 Vivocom Shares. In addition, as at the LPD, we have the following outstanding convertible securities:-

i. A total of 626,145,878 outstanding Warrants B;

ii. A total of 250,367,513 outstanding Warrants C; and

iii. A total of 240,824,301 outstanding Warrants D;

The Rights Issue with Warrants will give rise to adjustments to the number and exercise price of the outstanding Warrants B, Warrants C and Warrants D pursuant to the provisions of the Deed Poll B, Deed Poll C and Deed Poll D, respectively. On 16 July 2018, UOBKH had, on behalf of our Board, announced the Entitlement Date pertaining to the aforementioned adjustments to Warrants B, Warrants C and Warrants D, which is 5.00 p.m. on Monday, 30 July 2018, being the same Entitlement Date for the Rights Issue with Warrants. The notice setting out the details of the aforementioned adjustments will be despatched to the holders of Warrant B, Warrant C and Warrant D, respectively.

Assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the implementation of the Rights Issue with Warrants, a total of up to 3,010,706,070 Rights Shares together with a total of up to 1,505,353,035 Warrants E may be issued in the event the Rights Issue with Warrants is undertaken on a maximum subscription level basis. In addition, assuming all the 1,505,353,035 Warrants E are exercised, a total of 1,505,353,035 new Vivocom Shares will be issued therefrom.

The Warrants E will be immediately detached from the Rights Shares upon issuance and will be traded separately. The Warrants E will be issued in registered form and constituted by the Deed Poll E.

The Rights Issue with Warrants is renounceable in full or in part. The renunciation of the Rights Shares by the Entitled Shareholders will accordingly entail the renunciation of the Warrants E to be issued together with the Rights Shares pursuant to the Rights Issue with Warrants. However, if the Entitled Shareholders decide to accept only part of their Rights Shares entitlements, they shall then be entitled to the Warrants E in the proportion of their acceptance of their Rights Shares entitlements. Any unsubscribed Rights Shares together with the Warrants E, will be made available to other Entitled Shareholders and/ or their renouncee(s) (if applicable) under the Excess Rights Shares with Warrants E application. Fractional entitlements of the Rights Shares and the Warrants E arising from the Rights Issue with Warrants, if any, shall be disregarded and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company. It is the intention of our Board to allocate the Excess Rights Shares with Warrants E, if any, in a fair and equitable manner, and on a basis as set out in Section 10.8 of this Abridged Prospectus.

The Rights Issue with Warrants is structured based on the Minimum Subscription Level via the irrevocable and unconditional undertakings provided by Golden Oasis Resources and Ang Li-Hann, being our major shareholders, to subscribe in full for their respective entitlements under the Rights Issue with Warrants, details of which has been set out in Section 5 of this Abridged Prospectus.

As the Rights Shares and the Warrants E are prescribed securities, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants E which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed in this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares with Warrants E as well as to apply for the Excess Rights Shares with Warrants E if you choose to do so.

Any dealings in our securities will be subject to, inter-alia, the provisions of the Securities Industry (Central Depositories) Act, 1991, the Rules of Bursa Depository and any other relevant legislation. Accordingly, the Rights Shares, Warrants E and new Vivocom Shares to be allotted and issued arising from the exercise of the Warrants E will be credited directly into the respective CDS Accounts of the successful applicants and shareholders who exercise the Warrants E (as the case may be). However, no physical share or Warrant Certificates will be issued.

We will allot and issue the Rights Shares with the Warrants E, despatch notices of allotment to the successful applicants and make an application for the quotation for the Rights Shares and the Warrants E within 8 Market Days from the last date for acceptance and payment for the Rights Shares or such period as may be prescribed by Bursa Securities. The Rights Shares and the Warrants E will then be listed and quoted on the ACE Market of Bursa Securities 2 Market Days after the application for quotation is made to Bursa Securities.

2.2 Basis of determining and justification for the issue price of the Rights Shares

On 16 July 2018, UOBKH had, on behalf of our Board, announced that our Board has fixed the issue price of the Rights Shares at RM0.025 per Rights Share. This represents a discount of 37.50% to the TERP of Vivocom Shares of RM0.04, calculated based on the 5-day VWAMP of Vivocom Shares up to and including 13 July 2018, being the last trading day immediately preceding the price-fixing date, of RM0.055 per Vivocom Share.

The issue price of the Rights Shares was determined and fixed by our Board after taking into consideration the aforementioned TERP of Vivocom Shares and the following:-

i. The minimum amount we intend to raise from the Rights Issue with Warrants for the intended utilisation under the Minimum Scenario as set out in Section 4 of this of this Abridged Prospectus;

ii. The issue price of the Rights Shares shall be deemed sufficiently attractive to encourage the subscription of the Rights Shares by the Entitled Shareholders and/ or their renouncee(s) (if applicable) whilst taking into consideration the funding requirements of our Group as set out in Section 4 of this Abridged Prospectus;

iii. The historical trading prices of Vivocom Shares for the past 12 months; and

iv. The maximum discount for the issue price of the Rights Shares shall not be more than 75% to the TERP of Vivocom Shares based on the 5-day VWAMP of Vivocom Shares immediately preceding the price-fixing date. The said maximum discount of not more than 75% was determined by our Board after taking into consideration the need of our Company to price the Rights Shares at an issue price deemed sufficiently attractive to encourage the subscription of the Rights Shares. In any event, it is the intention of our Company to raise the minimum amount of funds from the Rights Issue with Warrants for the intended utilisation under the Minimum Scenario as set out in Section 4 of this Abridged Prospectus.

2.3 Basis of determining and justification for the exercise price of the Warrants E

The Warrants E attached to the Rights Shares will be issued at no cost to the Entitled Shareholders and/ or their renouncee(s) (if applicable) who subscribe for the Rights Shares.

On 16 July 2018, UOBKH had, on behalf of our Board, announced that our Board has fixed the exercise price of the Warrants E at RM0.05 per Warrant E. This represents a premium of 25.00% to the TERP of Vivocom Shares of RM0.04, calculated based on the 5-day VWAMP of Vivocom Shares up to and including 13 July 2018, being the last trading day of Vivocom Shares immediately preceding the price-fixing date for the Warrants E, of RM0.055 per Vivocom Share.

The exercise price of the Warrants E was determined and fixed by our Board after taking into consideration the aforementioned TERP of Vivocom Shares and the following:-

i. The Warrants E will be issued at no cost to the Entitled Shareholders and/ or their renouncee(s) (if applicable) who successfully subscribe for the Rights Shares;

ii. The historical trading prices of Vivocom Shares for the past 12 months and the TERP of Vivocom Shares based on the 5-day VWAMP of Vivocom Shares immediately preceding the price-fixing date; and

iii. The maximum discount for the exercise price of the Warrants E shall not be more than 25% to the TERP of Vivocom Shares based on the 5-day VWAMP of Vivocom Shares immediately preceding the price-fixing date.

2.4 Ranking of the Rights Shares and new Vivocom Shares to be issued arising from the exercise of the Warrants E

The Rights Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing Vivocom Shares, save and except that the Rights Shares will not be entitled to any dividends, rights, allotments and/ or any other forms of distribution ("**Distribution**") that may be declared, made or paid for which the entitlement date for the said Distribution precedes the date of allotment and issuance of the Rights Shares.

The new Vivocom Shares to be issued arising from the exercise of the Warrants E will, upon allotment and issuance, rank *pari passu* in all respects with the existing Vivocom Shares, save and except that the new Vivocom Shares to be issued arising from the exercise of the Warrants E will not be entitled to any Distribution that may be declared, made or paid for which the entitlement date for the said Distribution precedes the date of allotment and issuance of the said new Vivocom Shares.

2.5 Principal terms of the Warrants E

The principal terms of the Warrants E are set out below:-

Issue size	:	Up to 1,505,353,035 Warrants E.
Form	:	The Warrants E will be issued in registered form and constituted by the Deed Poll E.
Exercise period	:	The Warrants E may be exercised at any time within 5 years commencing on and including the date of issuance of the Warrants E ("Issue Date") and ending at the close of business at 5.00 p.m. in Kuala Lumpur on a date preceding the fifth (5th) anniversary of the Issue Date, and if such a day is not a Market Day, on the immediately preceding Market Day. Any Warrants not exercised during the exercise period will thereafter lapse and cease to be valid.
Mode of exercise	:	The registered holder of the Warrant E is required to lodge a subscription form, as set out in the Deed Poll E, with our Company's registrar, duly completed, signed and stamped together with payment of the exercise price by bankers' draft or cashier's order drawn on a bank operating in Malaysia or a money order or postal order issued by a post office in Malaysia in accordance with the Deed Poll E.
Exercise price	:	RM0.05 per Warrant E
Exercise rights	:	Each Warrant E carries the entitlement, at any time during the exercise period, to subscribe for 1 new Vivocom Share at the Exercise price, subject to the terms and conditions of the Deed Poll E.
Board lot	:	For the purpose of trading on Bursa Securities, 1 board lot of Warrants shall comprise 100 Warrants E carrying the right to subscribe for 100 new Vivocom Shares at any time during the exercise period, or such other denomination as determined by Bursa Securities.
Participating rights of the holders of Warrants in any distribution and/ or offer of further securities	:	The holders of the Warrants E are not entitled to vote in any general meeting of the Company or to participate in any Distribution other than on winding-up, compromise or arrangement of our Company as set out below and/ or in any offer of further securities in our Company unless and until the holder of the Warrants E becomes a shareholder of our Company by exercising his/ her respective Warrants E into new Vivocom Shares or unless otherwise resolved by our Company in a general meeting.

Adjustments in the exercise price and/ or number of Warrants	:	The exercise price and/ or number of unexercised Warrants E shall be adjusted in the event of alteration to the share capital of our Company, capital distribution or issue of shares in accordance with the provisions of the Deed Poll E. If our Company in any way modifies the rights attached to any share or loan capital which is not described in the Deed Poll E so as to convert or make convertible such share or loan capital into, or attached thereto any rights to acquire or subscribe for new shares, our Company must appoint the adviser or the auditors (who shall act as experts) to consider whether any adjustment is appropriate, and if the Directors after such consultation determines that any adjustment is appropriate, the exercise price or the number of Warrants E or both, will be adjusted accordingly.
Rights in the event of winding-up, liquidation, compromise and/ or arrangement	:	Where a resolution has been passed for a members' voluntary winding-up of our Company, or where there is a compromise or arrangement, whether or not for the purpose of or in connection with a scheme for the reconstruction of our Company or the amalgamation of our Company with 1 or more companies, then to the extent permitted by law every holder of the Warrants E shall be entitled upon and subject to the provisions of the Deed Poll E at any time within 6 weeks after the passing of such resolution for a members' voluntary winding-up of our Company or 6 weeks after the granting of the court order approving the compromise or arrangement, by the irrevocable surrender of his/ her Warrants to our Company, elect to be treated as if he/ she had immediately prior to the commencement of such winding-up, compromise or arrangement exercised the exercise rights represented by his/ her Warrants E to the extent specified in the relevant subscription forms and be entitled to receive out of the assets of our Company which would be available in liquidation as if he/ she had on such date been the holder of the new Vivocom Shares to which he/ she would have been entitled to pursuant to such exercise.
Ranking of the new Vivocom Shares to be issued pursuant to the exercise of Warrants E		The new ordinary shares to be issued arising from the exercise of the Warrants E, shall upon allotment and issue rank *pari passu* in all respects with the existing ordinary shares, save and except that the new ordinary shares will not be entitled to any dividend, right, allotment and/or any other forms of distribution where the entitlement date of such dividend, right, allotment and/or other forms of distribution precedes the relevant date of allotment and issuance of the new ordinary shares.
Listing status	:	The Warrants E shall be listed and quoted on the ACE Market of Bursa Securities.
Modifications	:	Save for manifest error, any modification, amendment, deletion or addition to the Deed Poll E shall require the approval of the holders of Warrants sanctioned by special resolution and may be effected only by the Deed Poll E, executed by our Company and expressed to be supplemental hereto and subject to the approval of the relevant authorities, if necessary.
Governing law	:	Laws and regulations of Malaysia.

2.6 Details of other corporate exercises

As at the LPD, save for the Rights Issue with Warrants, our Board confirms that there are no other outstanding corporate exercises which have been announced and/ or approved by the regulatory authorities but pending completion.

3. RATIONALE AND JUSTIFICATION FOR THE RIGHTS ISSUE WITH WARRANTS

After due consideration, our Board is of the view that the Rights Issue with Warrants is the most appropriate avenue for raising funds for the purposes stated in Section 4 of this Abridged Prospectus while potentially enhancing the capital base, as the Rights Issue with Warrants shall:-

i. Enable us to raise funds without incurring interest expenses as compared to bank borrowings;

ii. The Rights Issue with Warrants will involve the issuance of new Vivocom Shares without diluting the existing shareholders' percentage shareholdings provided that all the Entitled Shareholders subscribe in full for their respective entitlements under the Rights Issue with Warrants;

iii. The Rights Issue with Warrants will provide the Entitled Shareholders with an opportunity to participate in an equity offering on a pro rata basis and ultimately, participate in the prospects and future growth of our Group by subscribing to the Rights Share; and

iv. The Rights Issue with Warrants will strengthen our Group's financial position with enhanced shareholders' funds which is expected to facilitate the continuous long term growth and expansion plans of our Group.

The Warrants E to be issued pursuant to the Rights Issue with Warrants is expected to provide an incentive to the Entitled Shareholders and/ or their renouncee(s) (if applicable) to subscribe for the Rights Shares. The Warrants E will potentially allow the Entitled Shareholders and/ or their renouncee(s) (if applicable) who subscribe for the Rights Shares to benefit from the possible capital appreciation of the Warrants E and increase their equity participation in our Company at a predetermined price over the tenure of the Warrants E. In addition, our Company would also be able to raise further proceeds as and when the Warrants E are exercised.

4. UTILISATION OF PROCEEDS

Based on the issue price of RM0.025 per Rights Share, the total gross proceeds that is expected to be raised from the Rights Issue with Warrants and the intended utilisation are set out below:-

	Timeframe for utilisation from completion of the Rights Issue with Warrants	**Minimum Scenario RM'000**	**Maximum Scenario 1 RM'000**	**Maximum Scenario 2 RM'000**
Future viable investments[*1]	Within 24 months	-	25,000	25,000
Working capital[*2]	Within 24 months	17,104	30,445	49,068
Estimated expenses in relation to the Rights Issue with Warrants[*3]	Within 1 month	1,200	1,200	1,200
Total		**18,304**	**56,645**	**75,268**

Notes:-

*1 Apart from expanding our business organically via the internal growth of its existing businesses, our future plans also includes expanding inorganically, via mergers and acquisitions of businesses or investments that will be in the same, similar or complementary industry to that of our Group's existing business. In line with the above, up to RM25.00 million of the proceeds raised from the Rights Issue with Warrants shall be utilised to finance any suitable and viable potential business(es)/ investment(s), within 24 months from completion of the Rights Issue with Warrants. As potential acquisition(s) of business(es)/ investment(s) may cost a substantial amount, the proceeds raised from the Rights Issue with Warrants may allow the Group to capitalise on suitable and viable investment opportunities as and when it arises, which in turn may generate positive returns to our Group in the future, thereby increasing shareholders' value.

As at the LPD, our management had explored several possibilities of acquiring businesses that are within the same, similar or complementary industries as that of our Group. Our management is of the view that at this juncture, we can further grow our Group's revenue via mergers and acquisitions as opposed to growing our revenue organically which may require a longer time before it materialises. We shall make the necessary announcements in accordance with the Listing Requirements as and when new business(es)/ investment(s) which are likely to materialise have been identified by us. If the nature of the transaction requires shareholders' approval pursuant to the Listing Requirements, we will seek the necessary approval from our shareholders.

Once our management has identified any suitable business(es)/ investment(s) or strategic acquisition(s), our management will firstly present the proposal to our Audit Committee for their review, deliberation and approval. Upon procuring the approval from our Audit Committee, only then will our management present the proposal to our Board for their review, deliberation and approval.

In the event our management is not able to identify any suitable business(es)/ investment(s) or strategic acquisition(s) within the time frame of 24 months from completion of the Rights Issue with Warrants, our Board intends to channel the funds to expand our existing business, amongst others, our construction and aluminium segments organically (e.g. currently we undertake general construction work, however in the long run, in order to grow our business organically, we may venture into infrastructure works of building roads and bridges (in such event, we will then recruit the personnel with the necessary skill sets to allow us to undertake such infrastructure work). We may also consider setting up regional offices in other states of Malaysia to actively tender for projects in those states). In any event should our Board wishes to vary the utilisation of proceeds for the purposes of internal expansion of our construction and aluminium segments as mentioned above, we will firstly make the relevant announcement and procure shareholders' approval for the variation of the use of funds.

Pending the utilisation of the proceeds of up to RM25.00 million earmarked for future viable investments, the proceeds will be placed in interest-bearing bank deposits and/ or money market financial instruments under a separate bank account from other proceeds earmarked for working capital and estimated expenses in relation to the Rights Issue with Warrants. Further, any form of utilisation from this account shall be subject to the approval of our Audit Committee. The status of utilisation will also be reported in the quarterly financial results announcements as well as annual reports.

*2 The proceeds earmarked for working capital will be utilised to finance our Group's day-to-day operations and is expected to be utilised in the following manner:-

	Minimum Scenario RM'000	Maximum Scenario 1 RM'000	Maximum Scenario 2 RM'000
Procurement of raw materials for our construction services and aluminium design and fabrication segments which includes cement, tiles, steel bars and other construction related materials#	10,000	20,000	30,000
Operating expenses (e.g. utilities, administrative overheads)@	7,104	10,445	19,068
Total	**17,104**	**30,445**	**49,068**

Note:-

For shareholders' information, for the past 3 financial years up to the FYE 31 December 2017, our average purchase of raw materials is approximately RM35.11 million

@ For shareholders' information, for the past 3 financial years up to the FYE 31 December 2017, our average operating expenses is approximately RM16.40 million

*3 The proceeds earmarked for estimated expenses in relation to the Rights Issue with Warrants shall be utilised as follows:-

	RM'000
Professional fees (i.e. adviser, reporting accountant and due diligence solicitors)	600
Regulatory fees	80
Other incidental expenses in relation to the Rights Issue with Warrants (i.e. convening of EGM, printing and despatch of circular and Abridged Prospectus)	520
Total	**1,200**

Pending utilisation of the proceeds from the Rights Issue with Warrants for the above purposes, the proceeds will be placed in deposits with licensed financial institutions or short-term money market instruments. The interest derived from the deposits with licensed financial institutions or any gains arising from the short-term money market instruments will be used as additional working capital of our Group.

The gross proceeds to be raised from the exercise of the Warrants E is dependent on the total number of Warrants E exercised during the tenure of the Warrants E. For illustrative purpose only, the gross proceeds that is expected to be raised upon full exercise of the Warrants E based on the exercise price of RM0.05 per Warrant E is set out below:-

	Minimum Scenario	**Maximum Scenario 1**	**Maximum Scenario 2**
No. of Warrants E	366,080,589	1,132,907,137	1,505,353,035
Total gross proceeds raised assuming all outstanding Warrants E are exercised (RM)	18,304,029	56,645,357	75,267,652

The gross proceeds to be raised from the exercise of the Warrants E will be utilised as additional working capital of our Group. The proceeds may be utilised to finance, amongst others, employee salaries, payment to trade creditors as well as general expenses such as utilities and office expenses. The breakdown of the utilisation of proceeds in respect of each of the additional working capital is not available at this juncture as the actual amount to be utilised by each component of working capital may differ subject to the operating requirements at the time of utilisation as well as the actual number and timing of the exercise of the Warrants E.

5. IRREVOCABLE AND UNCONDITIONAL UNDERTAKINGS AND UNDERWRITING ARRANGEMENT

Our Board has determined to undertake the Rights Issue with Warrants on the Minimum Subscription Level via the issuance of 732,161,178 Rights Shares. The Minimum Subscription Level had been determined by our Board after taking into consideration the minimum amount of funds of RM18,304,029 that our Company intends to raise from the Rights Issue with Warrants which will be channelled towards the proposed utilisation of proceeds as set out in 4 of this Abridged Prospectus. The Undertaking Shareholders have provided their respective irrevocable and unconditional undertakings to subscribe in full for their respective entitlements such that we will raise the minimum amount of RM18,304,029 from the Rights Issue with Warrants.

The Undertaking Shareholders, namely Golden Oasis Resources and Ang Li-Hann, had, on 22 February 2018, provided their respective irrevocable and unconditional undertakings to subscribe in full for their respective entitlements under the Rights Issue with Warrants based on their shareholdings as at the Entitlement Date.

As at the LPD, the Undertaking Shareholders, namely Golden Oasis Resources and Ang Li-Hann holds directly, 757,301,608 Vivocom Shares representing approximately 22.28% of the total issued Shares of the Company and 340,940,161 Vivocom Shares representing approximately 10.03% of the total issued Shares of the Company, respectively. For avoidance of doubt, Golden Oasis Resources and Ang Li-Hann are not persons acting in concert ("**PAC**").

A summary of the undertakings is set out below:-

Undertaking Shareholders	**Shareholdings as at the LPD**		**Entitlements and Undertakings under the Rights Issue with Warrants**		**Funding requirements**
	No. of Shares	**%*1**	**No. of Rights Shares**	**%*2**	**RM*3**
Golden Oasis Resources	757,301,608	22.28	504,867,738	68.96	12,621,693
Ang Li-Hann	340,940,161	10.03	227,293,440	31.04	5,682,336
	1,098,241,769	**32.31**	**732,161,178**	**100.00**	**18,304,029**

Company No. 596299-D

Notes:-

*1 Computed based on 3,398,721,413 Vivocom Shares in issue as at the LPD

*2 Computed based on 732,161,178 Rights Shares available for subscription under the Minimum Scenario

*3 Computed based on the issue price of RM0.025 per Rights Share

The Undertaking Shareholders had, vide their letters dated 22 February 2018, provided their respective confirmations that they have sufficient financial resources to subscribe for their respective irrevocable and unconditional undertakings based on the issue price of RM0.025 per Rights Share. The said confirmations were verified by UOBKH, the Adviser for the Rights Issue with Warrants.

As the Rights Issue with Warrants will be undertaken on the Minimum Subscription Level, we will not procure any underwriting arrangement for the remaining portion of the Rights Shares.

Shareholdings of the Undertaking Shareholders in our Company pursuant to the Rights Issue with Warrants and assuming full exercise of the Warrants E under the Minimum Scenario, Maximum Scenario 1 and Maximum Scenario 2 is set out below:-

Minimum Scenario

			I		II	
Undertaking Shareholders	**Shareholdings as at the LPD**		**After the Rights Issue with Warrants**		**After I and assuming full exercise of the Warrants E**	
	No. of Shares	**%*1**	**No. of Shares**	**%*2**	**No. of Shares**	**%*3**
Golden Oasis Resources	757,301,608	22.28	1,262,169,346	30.55	1,514,603,215	33.68
Ang Li-Hann	340,940,161	10.03	568,233,601	13.76	681,880,321	15.16
Total	**1,098,241,769**	**32.31**	**1,830,402,947**	**44.31**	**2,196,483,536**	**48.84**

Notes:-

*1 Computed based on 3,398,721,413 Vivocom Shares in issue as at the LPD

*2 Computed based on 4,130,882,591 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after the Rights Issue with Warrants and prior to the exercise of the Warrants E under the Minimum Scenario

*3 Computed based on 4,496,963,180 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after the Rights Issue with Warrants and assuming full exercise of the Warrants E under the Minimum Scenario

Maximum Scenario 1

			I		II	
Undertaking Shareholders	**Shareholdings as at the LPD**		**After the Rights Issue with Warrants**		**After I and assuming full exercise of the Warrants E**	
	No. of Shares	**%*1**	**No. of Shares**	**%*2**	**No. of Shares**	**%*3**
Golden Oasis Resources	757,301,608	22.28	1,262,169,346	22.28	1,514,603,215	22.28
Ang Li-Hann	340,940,161	10.03	568,233,601	10.03	681,880,321	10.03
Total	**1,098,241,769**	**32.31**	**1,830,402,947**	**32.31**	**2,196,483,536**	**32.31**

Notes:-

*1 Computed based on 3,398,721,413 Vivocom Shares in issue as at the LPD

*2 Computed based on 5,664,535,688 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after the Rights Issue with Warrants and prior to the exercise of the Warrants E under the Maximum Scenario 1

*3 Computed based on 6,797,442,825 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after the Rights Issue with Warrants and assuming full exercise of the Warrants E under the Maximum Scenario 1

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Maximum Scenario 2

Undertaking Shareholders	Shareholdings as at the LPD		I Assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised		II After the Rights Issue with Warrants		III After I and assuming full exercise of the Warrants E	
	No. of Shares	%[*1]	No. of Shares	%[*2]	No. of Shares	%[*3]	No. of Shares	%[*4]
Golden Oasis Resources	757,301,608	22.28	757,301,608	16.77	1,262,169,346	16.77	1,514,603,215	16.77
Ang Li-Hann	340,940,161	10.03	378,822,702	8.39	631,371,170	8.39	757,645,404	8.39
Total	**1,098,241,769**	**32.31**	**1,136,124,310**	**25.16**	**1,893,540,516**	**25.16**	**2,272,248,619**	**25.16**

Notes:-

*1 Computed based on 3,398,721,413 Vivocom Shares in issue as at the LPD

*2 Computed based on 4,516,059,105 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised. The number of outstanding Warrants B, Warrants C and Warrants D held by the Undertaking Shareholders are set out below:-

	No. of Warrants B		No. of Warrants C		No. of Warrants D	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
Golden Oasis Resources	-	-	-	-	-	-
Ang Li-Hann	-	-	-	-	37,882,541	-

*3 Computed based on 7,526,765,175 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised, after the Rights Issue with Warrants and prior to the exercise of the Warrants E under the Maximum Scenario 2

*4 Computed based on 9,032,118,210 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised, after the Rights Issue with Warrants and assuming full exercise of the Warrants E under the Maximum Scenario 2

For shareholder's information, Golden Oasis Resources and Ang Li-Hann are not PAC. Upon completion of the Rights Issue with Warrants under the Minimum Scenario, Golden Oasis Resources equity interest in the Company may increase from approximately 22.28% to 30.55% and Ang Li-Hann's equity interest in the Company may increase from approximately 10.03% to 13.76%. Further details on their respective shareholdings as at the LPD and after the Rights Issue with Warrants are set out in Section 3 of Appendix II of this Abridged Prospectus. Based on the aforementioned, Golden Oasis Resources and Ang Li-Hann, respectively, do no trigger the obligation to undertake a mandatory take-over offer for all the remaining Vivocom Shares and Warrants not already held by them pursuant to Paragraph 4.01(a) of the Rules upon completion of the Rights Issue with Warrants but prior to the exercise of the Warrants E.

Further, assuming full exercise of the Warrants E held by Golden Oasis Resources upon completion of the Rights Issue with Warrants under the Minimum Scenario, Golden Oasis Resources' equity interest in the Company may increase further from approximately 30.55% to 33.68% and in such event, it shall have an obligation to undertake a mandatory take-over offer pursuant to the Rules.

However, it is not the intention of Golden Oasis Resources to undertake a mandatory take-over offer in such event. In this regard, Golden Oasis Resources shall observe its shareholdings in our Company at all times as well as prior to any exercise of the Warrants E held in our Company, to avoid triggering the obligation to undertake a mandatory take-over offer pursuant to the Rules. In addition, should the need arises, Golden Oasis Resources may make an application to the SC to seek an exemption under Paragraph 4.08(1) of the Rules from the obligation to undertake a mandatory take-over offer prior to any exercise of the Warrants E held by it.

In addition, we will still be in compliance with the minimum public shareholding spread of 25% pursuant to Rule 8.02(1) of the Listing Requirements ("**Public Spread Requirement**") upon completion of the Rights Issue with Warrants as well as assuming upon full exercise of the Warrants E by Golden Oasis Resources and Ang Li-Hann under the Minimum Scenario. For shareholders' further information, under the Minimum Scenario, our public shareholding spread may reduce from approximately 67.57% to approximately 55.59% upon completion of the Rights Issue with Warrants, and it may further reduce to approximately 51.07% assuming full exercise of the Warrants E held by Golden Oasis Resources and Ang Li-Hann under the Minimum Scenario.

As the Rights Issue with Warrants will be implemented based on the Minimum Subscription Level, we had not procured any underwriting arrangement for the remaining Rights Shares with Warrants E not subscribed for by the other Entitled Shareholders and/ or their renouncee(s).

6. RISK FACTORS

In addition to other information contained elsewhere in this Abridged Prospectus, you and/ or your renouncees (if applicable) should consider carefully the following risk factors which may have an impact on the future performance of our Group before subscribing for or investing in the Rights Issue with Warrants.

We are principally involved in construction services, aluminium design and fabrication and the telecommunication engineering and services business. Our construction services and aluminium design and fabrication are complementary to each other, as such we are inherently exposed to the risk in the construction industry as well as the telecommunication industry.

6.1 Risks relating to our Group

6.1.1 Business and operational risks

Our Group is subject to certain risks inherent in the construction and telecommunication industries that include, amongst others, competition from existing players, shortage in skilled workforce, increase in staff cost, increase in cost of operations, changes in government policies post the 14th general election of Malaysia which may affect the industries we operate in and changes in general economic, business and credit conditions. Any changes to the abovementioned risk factors may have a material adverse effect on our Group's business in the future.

6.1.2 Availability and cost of construction/ building materials and skilled labour

Our Group's profitability may be affected by any fluctuation in the cost of construction/ building materials. In the event we are unable to secure other alternative supply of construction/ building materials at an acceptable cost, the cost of our projects may increase which in turn will affect our Group's profitability if we are unable to successfully pass on the additional cost to our customers. The inability of third party suppliers to supply sufficient construction/ building materials may inevitably disrupt the progress and/ or quality of our Group's operations and may have adverse effects on our financial performance. For the past 3 financial years up to the FYE 31 December 2017, our Group had not experienced any material fluctuation in the cost of construction/ building materials and disruption in the supply of construction/ building materials from our third party suppliers which had an adverse effect on our Group's financial performance.

Our Group also employs a large number of skilled and unskilled labour, any increase in the cost of labour for both skilled and unskilled, may affect our Group's profitability. For the past 3 financial years up to the FYE 31 December 2017, our Group had not experienced any material increase in the cost for both skilled and unskilled labour which had a material adverse impact on our Group's financial performance.

Any changes to the abovementioned factors may have a material adverse impact on our Group's financial performance.

6.1.3 Credit risks

Generally, the risk of potential bad debts is considered to affect most businesses. We may experience delays in payment from our customers, or in more severe cases, we may not be able to collect payment. In the event of payment defaults, we would have to make provisions for doubtful debts or incur bad debts written off, which will have an adverse impact on our profitability. Save for the bad debts written off amounting to RM4,895 from our aluminium fabrication and design segment in the FYE 31 December 2016 and RM88,748 from our telecommunication engineering and services segment in the FYE 31 December 2017 and the provision on the impairment on trade receivables amounting to RM5.93 million in the FYE 31 December 2017, there were no other provisions for doubtful debts or any bad debts written off for the past 3 financial years up to the FYE 31 December 2017. Any write-offs and/ or provisions for doubtful debts may adversely affect our Group's financial performance.

6.1.4 Borrowings and fluctuations in interest rates

Our total outstanding bank borrowings as at the LPD amounted to approximately RM41.42 million, all of which are interest-bearing borrowings and denominated in RM. As such, any additional borrowings and/ or increase in interest rates may result in an increase in interest expense, which may affect our profitability.

Based on our latest audited financial results for the FYE 31 December 2017, our Group's total borrowings amounted to RM33.47 million and our gearing stood at 0.07 times. Total borrowings for the unaudited 3-month quarterly report for the FPE 31 March 2018 amounted to RM32.47 million and our gearing stood at 0.06 times. All our borrowings are interest-bearing obligations and any interest rate hike may affect our operations and our ability to price our tender contracts competitively.

Any substantial increase in our borrowings may have a material adverse impact on our financial performance.

6.1.5 Political, economic and regulatory risks

Any adverse developments in political, economic and regulatory conditions in Malaysia pursuant to the change in Malaysia's government after the 14th general election in Malaysia, could materially and adversely affect the financial prospects of our Group. This may include but are not limited to, changes in the government's monetary and fiscal policies, methods of taxation and licensing regulations, changes in labour law and other regulatory changes that may affect all players in the construction and telecommunication industries and are generally beyond our Group's control.

Political or regulatory changes may result in cancellation or deferment of certain projects, which in turn may result in the cancellation or delay in awarding our Group of the existing and/ or future contracts. Changes in interest rates or taxes may impact our Group's business, financial condition, results of operations and prospects. Other adverse political situations include the risks of wars/ trade wars and terrorism which may also affect the financial performance of our Group.

6.1.6 Dependence on key management and personnel

The performance and success of our Group's business and operations are dependent, among others, on the skills, abilities, experience, competencies and on-going efforts of our Group's key management and personnel, namely Mr.Choo Seng Choon and Dato' Nor Mohd Amin Bin Shaharudin who are both our Executive Director. The loss of and failure to recruit suitable candidates to timely replace any such key management or personnel may adversely affect our Group's business and operations.

Our Group's success also depends on our ability to hire, train and retain qualified and competent personnel. The process of identifying personnel with the combination of skills and attributes required to carry out our Group's strategies and business direction can be difficult, time consuming and expensive.

There may be a material adverse impact on our Group's business and financial performance In the event we are unable to successfully retain our Group's key management and personnel and/ or recruit suitable candidates to replace any such key management or personnel in the future.

6.2 Risks relating to the construction industry

6.2.1 Competition risk and ability to secure contracts

The construction industry is highly competitive in nature in Malaysia with a large number of players and our Group faces competition from existing competitors and new entrants both locally and internationally. In addition, the construction services projects undertaken by us includes residential and mixed development projects, which, to a certain extent, is dependent on the prevailing business climate of the property development industry in Malaysia. A slowdown in the property development industry may result in our customers delaying or deferring projects to a later period which may further increase the competitiveness of the construction industry as there are fewer projects to be undertaken.

Further, our Group's revenue is largely dependent on our ability to secure contracts to sustain and replenish our order book. Taking into consideration the prevailing business climate, our customers may also delay or defer certain projects to a later period which may delay the award of any potential contracts to us.

Any slowdown in the property development industry may affect our competitiveness in the construction industry and ability to secure new contracts which may have a material adverse impact on our Group's financial performance.

6.2.2 Dependence on third party suppliers and/ or sub-contractors

We will engage third party suppliers and/ or sub-contractors from time to time to ensure the continuous supply of services and construction materials.

Any substantial limitation or sub-standard performance of the third party suppliers and/ or sub-contractors and their inability to supply sufficient labour, whether skilled or unskilled, and sufficient quality services and building materials, may inevitably disrupt the progress and/ or quality of our Group's operations and may have adverse effects on our profitability.

6.2.3 Risk of unforeseen delays in the completion of projects

Timely completion and hand-over of our projects is crucial in ensuring project costs are maintained within the initial budget and to safeguard our reputation. The timely completion of our construction projects is dependent on various external factors, which include amongst others, the timely receipt of requisite licenses, permits or regulatory approvals, the work performance of the appointed sub-contractors and consultants, building specifications not as per the clients' requirements, availability of financing and availability of construction/ building materials, equipment and labour. Unfavourable weather conditions, strikes from workers, fire, explosion, power outage, flooding, sabotage, civil commotion, and other calamities.

Any adverse developments on the abovementioned external factors can lead to interruptions or delays in the completion of the construction projects, which may consequently result in cost overruns such as liquidated and ascertained damages, rectification costs to repair defects or higher material/ labour cost. Any failure or delay in completing the projects within the agreed timeframe with our customers may expose our Group to additional cost and potential claims which may affect our Group's profitability and cash flow. Such claims made by our customers may also affect our Group's reputation and financial performance.

For the past 3 years up to the FYE 31 December 2017, our Group had not experienced any delay in completion of projects, however, any changes to the abovementioned factors may have a material adverse impact on our Group's financial performance.

6.2.4 Cost overrun of our projects

Our Group will carry out internal cost and budgeting estimates of construction/ building materials, sub-contractor's costs and project overheads, amongst others, based on the pricing provided to us by our suppliers and sub-contractors while tendering for contracts.

As our contracts are usually completed within a span of 2-3 years, there might be unforeseen circumstances during the contract period which may cause project cost to overrun such as fluctuation in prices of construction/ building materials, increase in minimum wages for workers, any variance in pricing for the services of sub-contractors, unfavourable weather conditions or unanticipated construction constraints at worksite. Any major and unexpected increase in the prices of construction/ building materials and/ or increase in labour and sub-contractors' cost may reduce our profit margin if we are unable to successfully pass the increased costs to customers.

For the past 3 years, our Group had not experienced any significant cost overrun of our projects which had a material adverse impact on our Group's business and financial performance, however, any significant cost overrun of our projects in the future may have a material adverse impact on our Group's business and financial performance.

6.2.5 Defect liability

Our contracts will usually stipulate a defects liability period for work done of up to 24 months from the date of official hand-over of the completed projects. During the defect liability period, we will be responsible for carrying out any repairs, reconstruction or rectification of any faults or defects which may surface or be identified during the defects liability period.

For the past 3 years, our Group had not carry out any significant repairs, reconstruction or rectification works during the defects liability period which had negatively affect our Group's financial performance, however, any additional substantial cost incurred by us during the defects liability period may have a material adverse impact on our Group's financial performance.

6.3 Risk relating to the telecommunication industry

6.3.1 Competition risk

We may face intense competition from existing competitors and new entrants into the market, both locally and internationally which offer similar services. Nevertheless, the telecommunication industry has relatively high barriers to entry, given the niche nature of business with regards to relatively high technical competency.

We may not be able to sustain our competitiveness against current and future competitors in the event we are unable to maintain and/ or improve our level of technical competency.

6.3.2 Contract risk

Most of our Group's contracts are entered into on a "frame" contract where the value of contract is not stipulated and is purely based on purchase orders. Due to the complexity of the contracts that we undertake, the contracts are subjected to the following risks:-

i. Clients may delay or cancel the contracts. Delays may arise from incomplete specifications or unanticipated difficulties in developing the sites. Contract delays will affect profit margins as any time spent negotiating and resolving issues will delay the recognition of revenue. Additional cost may also be incurred as a result of such delays. For the past 3 years, our Group had not experienced any delay or cancellation of contracts from our customers, however, any underestimated fee quotation and delay or cancellation of contracts awarded to us may have a material adverse impact on our Group's business and financial performance.

ii. Failure to fully satisfy the requirements and expectations of the customer may lead to claims being made against our Group, which may adversely affect the profitability of our Group. This usually varies from technology or equipment deficiencies, staff turnover and failure to adhere to specifications and procedures. For the past 3 years, our Group had not experienced any claims made against us for failure to fully satisfy the requirements and/ or expectations of our customers, however, any failure to fully satisfy the requirements and expectations of our customers may result in claims made against us which may have a material adverse impact on our Group's business and financial performance.

6.4 Risks relating to the Rights Issue with Warrants

6.4.1 Market risks

The market price of our Shares as traded on Bursa Securities is influenced by, amongst others, the prevailing market sentiments, volatility of the equity markets, the outlook of the industries which we operate in as well as our financial performance. In view of this, there can be no assurance that our Shares will trade at or above the issue price of the Rights Shares or the TERP of our Shares upon or subsequent to the listing of and quotation for the Rights Shares on the ACE Market of Bursa Securities.

Shareholders should also consider carefully that each Warrant E derives its value from giving its holder the right to subscribe for new Vivocom Shares at a predetermined exercise price over the exercise period. The Warrants E have a finite lifespan during which tenure the holders can exercise the subscription rights comprised in the Warrant. If the sum of the price of the Warrants E as quoted on Bursa Securities and the exercise price of the Warrants E is higher than the market price of Vivocom Shares, the Warrants E are deemed to be 'out-of-the-money'. The value of the Warrants E is directly related to the market price of Vivocom Shares. The higher the market price of Vivocom Shares exceeds the exercise price of the Warrants E, the higher the value of the Warrants E will be. Shareholders are reminded, however, that other factors may also affect the market price of our Warrants or the market price of our Shares. Other than the fundamentals of our Group, the future price performance of the Warrants E will also depend on various external factors as mentioned above.

As the Warrants E are a new type of securities issued by our Company, there can also be no assurance that an active market for the Warrants E will develop upon their listing on Bursa Securities or if developed, that it will sustain.

Accordingly, there can be no assurance that the market price of our Rights Shares and the Warrants E will be at a level that meets the specific investment objectives or targets of any holders of the Rights Shares and the Warrants E.

6.4.2 Delay in or abortion of the Rights Issue with Warrants

The Rights Issue with Warrants is exposed to the risk that it may be aborted or delayed on the occurrence of any material adverse change of events/ circumstances, unfavourable changes in the governments' policies as well as other force majeure events, which are beyond the control of our Company and UOBKH, arising prior to or during the implementation of the Rights Issue with Warrants.

There can be no assurance that the above-mentioned events will not occur and cause a delay in or abortion of the Rights Issue with Warrants. In the event the Rights Issue with Warrants is aborted, our Group will repay without interest all monies received in respect of the accepted application for the subscription of the Rights Shares pursuant to the Rights Issue with Warrants and if such monies are not repaid within 14 days after we become liable to repay, we will repay such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC in accordance with Section 243(2) of the CMSA.

In the event that the Rights Shares with Warrants E is aborted/ terminated, and the Rights Shares have been allotted to the shareholders, a return of monies to all holders of the Rights Shares could only be achieved by way of cancellation of share capital as provided under the Act and its related rules. Such cancellation requires the sanction of our shareholders by special resolution in a general meeting, consent of our creditors (unless dispensation with such consent has been granted by the High Court of Malaya) and the confirmation of the High Court of Malaya. There can be no assurance that such monies can be removed within a short period of time or at all in such circumstances.

6.4.3 Potential mandatory take-over offer

It should be noted that Golden Oasis Resources will be obliged to undertake a mandatory take-over offer for all the remaining Vivocom Shares and outstanding Warrants B, Warrants C and Warrants D not held by it under the Minimum Scenario pursuant to Paragraph 4.01(a) of the Rules:-

(a) where the acquirer has obtained control of the company i.e. holding more than 33%; or

(b) where the acquirer has triggered the creeping threshold, where the creeping threshold means an acquisition of more than 2% of the voting shares or voting rights of a company in any period of 6 months by an acquirer holding over 33% but not more than 50% of the voting shares or voting rights of the company.

However, as disclosed in Section 5 of this Abridged Prospectus, it is not the intention of Golden Oasis Resources to undertake a mandatory take-over offer in such event. In this regard, Golden Oasis Resources shall observe its shareholdings in our Company at all times. Upon the exercise of the Warrants E, Golden Oasis Resources shareholdings may exceed 33%. In such event, Golden Oasis Resources will firstly make an application to the SC to seek an exemption under Paragraph 4.08(1) of the Rules from the obligation to undertake a mandatory take-over offer prior to any exercise of the Warrants E in Vivocom held by them, prior to exercising the Warrants E to avoid triggering the obligation to undertake a mandatory take-over offer pursuant to the Rules.

6.5 Forward-looking statements

Certain statements in this Abridged Prospectus are based on historical data, which may not be reflective of the future results and others are forward-looking in nature, which are subject to uncertainties and contingencies.

All forward-looking statements contained in this Abridged Prospectus are based on assumptions made by our Company, unless stated otherwise. Although our Board believes that these forward-looking statements are reasonable, the statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, inter-alia, the risk factors as set out in this section. In view of these uncertainties, the inclusion of any forward-looking statements in this Abridged Prospectus should not be regarded as a representation or warranty by our Company that the plans and objectives of our Group will be achieved.

7. INDUSTRY OVERVIEW AND FUTURE PROSPECTS OF OUR GROUP

7.1 Overview and outlook of the Malaysian economy

The Malaysian economy registered a robust growth of 5.9% in 2017 (2016: 4.2%). Domestic demand continued to anchor growth during the year, supported by faster expansion in both private and public sector spending. On the external front, real exports registered the strongest growth rate since 2010, underpinned by strong global expansion, particularly in the case of Malaysia's key trading partners, and higher global commodity prices.

Private consumption growth improved to 7.0% in 2017 (2016: 6.0%), supported mainly by continued wage and employment growth, with additional impetus from Government measures. Aggregate nominal wages in the private and public sectors grew by 6.4% and 6.2%, respectively in 2017 (2016: 4.3% and 6.4%, respectively). Civil servants continued to benefit from the upward revision in their salaries that took place in July 2016. Consumer spending was further supported by Government measures to increase household disposable income, such as the reduction in employees' contribution to the Employees Provident Fund (EPF) by three percentage points (11% to 8%) and higher Bantuan Rakyat 1Malaysia (BR1M) payouts. Some of these measures were enacted to support the economy in March 2016 on account of the more challenging outlook. The recovery in consumer sentiments from its lowest level in 2015 also contributed to the stronger private consumption growth in 2017.

Public consumption growth expanded by 5.4% in 2017 (2016: 0.9%) due to higher spending on supplies and services by the Federal Government amid sustained growth in the emoluments. The increased expenditure on supplies and services was mainly attributable to spending on maintenance and minor repair works.

Public investment recovered to register a marginal growth of 0.1% in 2017 (2016: -0.5%). This was supported by continued spending by both the General Government and public corporations, mainly in the downstream oil and gas (O&G) and transport & utilities sub-sectors. The continued capital outlays were also to accelerate urban and rural development.

Private investment growth accelerated to 9.3% in 2017 (2016: 4.3%), as firms benefited from the conducive external and domestic operating environment. The strong growth in exports led to positive spill-overs to the domestic economy, as firms embarked upon capacity expansion to cater to higher orders. Financing conditions, profitability and business sentiments also improved during the year. On a sectoral basis, private investment growth continued to be underpinned by the implementation of new and ongoing projects in the manufacturing and services sectors.

Malaysia is projected to remain firmly on a steady growth path to grow by 5.5% – 6.0% in 2018 (2017: 5.9%). Malaysia's strong economic fundamentals, diversified structure and inherent dynamism have always been key factors to deliver economic growth. For 2018, growth prospects are further lifted by strengthening global economic conditions. Growth will be underpinned by continued expansion in private sector activity.

The strong growth momentum will also be supported by the continued positive spill-overs from the external sector to the domestic economic activity. Malaysia's trade performance will benefit from favourable global demand, exposure to the global technology cycle and new export production capacity. On the domestic front, continued income and employment growth will sustain household spending, amid the continuation of Government measures and improving consumer sentiments. Private investment activity is also projected to be sustained by capital spending for ongoing and new projects amid elevated business sentiments. On the other hand, public sector spending is expected to moderate given the continuation of fiscal consolidation efforts and the near completion of several major projects by public corporations.

Private investment growth is projected to be sustained at 9.1% in 2018, supported by ongoing and new capital spending in both the manufacturing and services sectors, and strengthened by continued positive business sentiments. Mining investment, while remaining moderate, is estimated to exert a lesser drag to growth following the improvement in commodity prices. Investments in the export-oriented industries (for example, the E&E and resource-based industries) would continue to benefit from the expected expansion in global growth. By type of asset, investments in machinery and equipment (M&E) are expected to receive further impetus from the recent Government measures to encourage automation and innovation. Investments in structures would be supported mainly by ongoing multi-year projects in the broad property sector.

Public consumption is expected to register a marginal expansion of 0.6% in 2018 on account of more moderate growth in emoluments amid prudent spending on supplies and services. This is in line with the Government's commitment to reprioritise and rationalise non-critical expenditure.

Public investment is projected to decline by 3.2% in 2018 due to lower capital spending by public corporations following the near completion of large-scale projects. Investment by the General Government is expected to increase, reflecting mainly higher investment to improve public infrastructure and transportation network.

(Source: Bank Negara Malaysia Annual Report 2017)

In the first quarter of 2018, the Malaysian economy expanded by 5.4% (4Q 2017: 5.9%), driven by continued growth in private sector spending of 5.2% (4Q 2017: 7.4%) and strong growth in net exports (62.4%; 4Q 2017: 2.3%). On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.4% (4Q 2017: 1.0%).

Domestic demand recorded a moderate growth of 4.1% (4Q 2017: 6.2%), due to lower growth of private sector expenditure (5.2%; 4Q 2017: 7.4%) and a marginal decline in public sector spending (-0.1%; 4Q 2017: +3.4%). Private consumption registered a sustained growth of 6.9% (4Q 2017: 7.0%), supported by continued strength in wage and employment growth.

Growth of private investment moderated to 0.5% (4Q 2017: 9.2%). Private investment was weighed down by lower capital spending in structures, particularly in residential and commercial properties, and machinery and equipment during the quarter. On a sectoral basis, private investment was supported mainly by the services sector, particularly the education and healthcare sub-sectors.

Public consumption growth was lower at 0.4% (4Q 2017: 6.8%) on account of lower expenditure on supplies and services. Public investment continued to decline in the first quarter (-1.0%; 4Q 2017: -1.4%), attributed to the contraction in spending on fixed assets by public corporations. The lower capital spending by public corporations was due mainly to the near completion of a few large-scale projects.

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2018, Bank Negara Malaysia)

7.2 Overview and outlook of the construction industry

The construction sector expanded 5.8% during the fourth quarter of 2017 (Q4 2016: 5.1%) attributed to positive growth in all subsectors, particularly civil engineering (14.2%) and specialised construction activities at 8.5% (Q4 2016: 10%; 2.5%). Civil engineering subsector was mainly supported by construction of utility and transport infrastructure projects. Meanwhile, the specialised construction activities expanded further mainly driven by electrical wiring and sanitary equipment, installation of solar energy collectors and interior design projects. The non-residential subsector continued to expand at a moderate pace of 0.3% (Q4 2016: 0.1%) following lower incoming supply, particularly in Klang Valley and Johor region. However, the residential subsector moderated 1.1% (Q4 2016: 7.1%) weighed down by lower sales in high-end properties but cushioned by construction of service apartments and Government affordable housing schemes.

During the quarter, the total value of completed construction work expanded 7.7% to register RM35.1 billion involving 8,747 projects (Q4 2016: 8.1%; RM32.6 billion; 9,791 projects). Of which, civil engineering subsector and special trades activities grew 18.4% and 9.5%, respectively. In terms of ownership of the projects, the private sector continues to lead the construction activity with a share of 63.3% (RM22.2 billion) while the remaining by the public sector.

(Source: Quarterly update on the Malaysian Economy, 4th Quarter 2017, Ministry of Finance Malaysia)

The construction sector registered a moderate growth of 6.7% in 2017 (2016: 7.4%). Growth was supported mainly by the civil engineering sub-sector, due to steady progress of large petrochemical, transportation, and utility projects. The special trade sub-sector benefited from increased activity from projects in the early stages of construction, such as land clearing, piling and land reclamation work. Growth in the residential sub-sector moderated, consistent with the record-high number of unsold residential properties. In the non-residential sub-sector, growth was sustained by higher activity from mixed developments, industrial and social projects such as theme parks and sports complexes, which was offset by the ongoing weakness in the commercial segment due to an oversupply of office space and shopping complexes.

The construction sector is expected to record a stronger growth. This will be driven primarily by large new and existing multi-year civil engineering projects. These projects are mainly in the transportation and utilities segment. The construction sector is projected to grow at 7.3% in 2018.

(Source: Bank Negara Malaysia Annual Report 2017)

Growth in the construction sector moderated in the first quarter of 2018. While growth of the civil engineering sub-sector was stronger, supported by the transportation, petrochemical and power plant projects, the sector's performance was affected by weaker activity in the residential and non-residential sub-sectors. This is consistent with the significant number of unsold residential properties and the ongoing weaknesses in the commercial property segment (oversupply of office spaces and shopping complexes).

(Source: Economic and Financial Developments in the Malaysian Economy in the First Quarter of 2018, Bank Negara Malaysia)

7.3 Overview and outlook of the telecommunication industry

The information and communication subsector recorded a strong growth of 8.3% in the first half of 2017 (January – June 2016: 8.6%). The communication segment remained as the major contributor to growth, sustaining its pace at 9.3% in the first half of 2017 (January – June 2016: 9.8%) following aggressive promotional activities by telecommunication companies and introduction of new telephone models. Meanwhile, information segment grew 5.7% in the first half of 2017 (January – June 2016: 3.6%) and computer services rose 6.4% in the first half of 2017 (January – June 2016: 7%). The subsector is expected to sustain its strong growth momentum expanding 8.5% in 2017 supported by the launching of latest smartphone models, price reductions on earlier premium models and an increase in subscriptions to value added services offered by telecommunication companies.

Information and communication technology is one of the fastest growing subsectors in Asia, registering a growth of 12.8% between 2012 and 2016. Over the same period, MSC Malaysia registered a strong export growth of 13.5%. Of this, creative content and technologies was the fastest growing segment expanding 26.3%.

As at end August 2017, a total of 367 companies were involved in the creative content and technologies cluster of MSC Malaysia specialising in animation game development; e-learning; and mobile and interactive content. Malaysian information and communication technology exporters are gaining momentum and capabilities, particularly in supplying digital content, software development and testing.

Other services gaining traction include Internet of Things; data centres and cloud services; cyber security; and big data analytics. The increasing uptake of mobile computing is expected to boost demand for new and improved content applications, providing a broad range of opportunities for local content designers, engineers and developers to further enhance exports of creative content.

The information and communication subsector is expected to expand 8.8% in 2018 on account of promotional campaigns and more offerings of digital products.

(Source: Chapter 3: Economic Performance and Prospects, Economic Report 2017/ 2018, Ministry of Finance Malaysia)

7.4 Future prospects of our Group

Our construction services and aluminium design and fabrication segments contributed approximately 57.42% and 30.39%, respectively, to our Group's total revenue for the FYE 31 December 2017 and is expected to continue to be the main revenue and profit driver for us with the current order book and recent contracts secured. As at the LPD, our Group's outstanding order book for the construction services and aluminium design and fabrication segments is approximately RM688.82 million of which approximately RM430.84 million was secured in 2017 and 2018 which will provide our Group with earning visibility for the next 3 years. Further details of our projects secured are set out below:-

Segment	Month of commencement	Estimated month of completion	Total contract value RM'000	Outstanding order book as at the LPD RM'000
Construction	November 2015	December 2020	116,400	84,341
Aluminium installation	March 2016	February 2019	12,800	5,648
Construction	May 2016	April 2019	156,180	113,857
Construction	May 2016	December 2020	25,000	20,513

Segment	Month of commencement	Estimated month of completion	Total contract value RM'000	Outstanding order book as at the LPD RM'000
Aluminium installation	November 2016	December 2018	10,100	3,644
Construction	December 2016	January 2020	52,000	29,975
Aluminium installation	March 2017	March 2019	13,531	5,558
Aluminium installation	March 2017	March 2019	6,010	2,315
Construction	June 2017	January 2021	195,000	158,438
Aluminium installation	July 2017	March 2019	14,326	4,159
Construction	September 2017	August 2020	75,000	75,000
Aluminium installation	November 2017	October 2018	3,200	1,385
Aluminium installation	December 2017	June 2019	27,573	27,573
Construction	January 2018	December 2020	143,000	143,000
Aluminium installation	March 2018	March 2020	2,500	2,500
Aluminium installation	November 2018	November 2020	10,914	10,914
Total			**863,534**	**688,820**

In addition, as at the LPD, we had submitted several new tenders for a total of 7 projects other than the projects stated above of which the total contract value of the said project tenders amounted to approximately RM1,299.08 million and the outcomes are still unknown as at the LPD. Further details on the projects tendered as at the LPD are set out as follows:-

Segment	No. of project tenders pending outcome	Total contract value RM'000	Average tenure of projects
Construction	3	1,245,191	2-3 years
Aluminium	4	53,887	2 years
Total	**7**	**1,299,078**	

We intend to focus on the execution of our outstanding order book while continuing to tender for new contracts to ensure a sustainable revenue stream for our construction services and aluminium design and fabrication segments for the next few years.

The telecommunication engineering and services segment had contributed approximately 12.19% to the Group's total revenue for the FYE 31 December 2017 and we are focused on executing the purchase orders we received from our existing customers.

Apart from expanding our business organically via the internal growth of our existing business, our future plans also includes expanding inorganically, via mergers and acquisitions of business(es) or investment(s) that will be in the same, similar or complementary industry to that of our Group's existing business. As potential acquisition(s) of business(es)/ investment(s) may cost a substantial amount, the proceeds raised from the Rights Issue with Warrants may allow us to capitalise on suitable and viable investment opportunities as and when it arises which may generate positive returns to our Group in the future, thereby increasing shareholders' value.

Barring any unforeseen circumstances, our Board remains optimistic on the back of our order book to generate positive returns and further increasing shareholder value.

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8. FINANCIAL EFFECTS OF THE RIGHTS ISSUE WITH WARRANTS

8.1 Issued share capital

The pro forma effects of the Rights Issue with Warrants are set out as follows:-

	Minimum Scenario		Maximum Scenario 1		Maximum Scenario 2	
	No. of Shares	RM	No. of Shares	RM	No. of Shares	RM
Issued share capital as at the LPD	3,398,721,413	360,736,392	3,398,721,413	360,736,392	3,398,721,413	360,736,392
Assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised	-	-	-	-	1,117,337,692	174,348,357*1
Reversal of warrant reserve	-	-	-	-	-	4,797,234*2
	3,398,721,413	360,736,392	3,398,721,413	360,736,392	4,516,059,105	539,881,983
Rights Shares to be issued pursuant to the Rights Issue with Warrants	732,161,178	18,304,029*3	2,265,814,275	56,645,357*3	3,010,706,070	75,267,652*3
Estimated expenses in relation to the Rights Issue with Warrants	-	(1,200,000)*4	-	(1,200,000)*4	-	(1,200,000)*4
	4,130,882,591	377,840,421	5,664,535,688	416,181,749	7,526,765,175	613,949,635
Shares to be issued arising from the full exercise of the Warrants E	366,080,589	18,304,029*5	1,132,907,137	56,645,357*5	1,505,353,035	75,267,652*5
Enlarged issued share capital	**4,496,963,180**	**396,144,451**	**6,797,442,825**	**472,827,106**	**9,032,118,210**	**689,217,287**

Notes:-

*1 Computed based on the exercise price of the Warrants B, Warrants C and Warrants D as set out below:-

	No. of warrants	Exercise price RM	Total RM
Warrants B	626,145,878	0.20	125,229,176
Warrants C	250,367,513	0.10	25,036,751
Warrants D	240,824,301	0.10	24,082,430
	1,117,337,692		**174,348,357**

*2 After the issuance of new Vivocom Shares arising from the exercise of all the outstanding Warrants B, Warrants C and Warrants D in Vivocom and adjusting for the reversal of warrant reserve amounting to approximately RM4.80 million to the share premium account. Pursuant to Section 618(2) of the Act which came into effect on 31 January 2017, the share premium account had become part of Vivocom's issued share capital

*3 Computed based on the issue price of RM0.025 per Rights Share

*4 Pursuant to Section 618(2) of the Act which came into effect on 31 January 2017, the share premium account had become part of Vivocom's issued share capital. Notwithstanding that, Vivocom may within 24 months from the commencement of the Act, utilise the amount standing to the credit of the share premium account for purposes as set out in Section 618(3) of the Act. As such, the estimated expenses of RM1.20 million in relation to the Rights Issue with Warrants will be deducted from the amount standing to the credit of the share premium account of RM17.00 million

*5 Computed based on the exercise price of RM0.05 per Warrant E

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8.2 NA per Share and gearing

Based on the latest audited consolidated statement of financial position of our Group as at 31 December 2017, the pro forma effects of the Rights Issue with Warrants on the NA per Share and gearing of our Group are set out as follows:-

Minimum Scenario

	Audited as at 31 December 2017 RM'000	I After adjusting for subsequent events*1 RM'000	II After I and the Rights Issue with Warrants RM'000	III After II and assuming full exercise of the Warrants E RM'000
Share capital	360,199	360,736	377,840*2*3	396,144*5
Warrant reserve	4,797	4,797	7,982*4	4,797*5
Exchange reserve	9	9	9	9
Retained earnings	102,686	102,686	99,501*4	102,686*5
Shareholders' fund/ NA	**467,691**	**468,228**	**485,332**	**503,636**
Non-controlling interest	26,443	26,443	26,443	26,443
Total equity	**494,134**	**494,671**	**511,775**	**530,079**
No. of shares in issue ('000)	3,393,721	3,398,721	4,130,882	4,496,963
NA per share (RM)	0.14	0.14	0.12	0.11
Total borrowings (RM'000)	34,766	34,766	34,766	34,766
Gearing ratio (times)	0.07	0.07	0.07	0.07

Notes:-

*1 Pursuant to the subscription agreement between Vivocom and Macquarie Bank Limited arising from the private placement exercise which had been announced on 27 July 2017 ("**Private Placement**"). As at 31 December 2017, a total of 159,500,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM19,774,450. Subsequent to that, as at the LPD, an additional 5,000,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM537,000. The Private Placement had been completed on 31 May 2018

*2 Computed based on 732,161,178 Rights Shares subscribed for at an issue price of RM0.025 per Rights Share

*3 Pursuant to Section 618(2) of the Act which came into effect on 31 January 2017, the share premium account had become part of Vivocom's issued share capital. Notwithstanding that, Vivocom may within 24 months from the commencement of the Act, utilise the amount standing to the credit of the share premium account for purposes as set out in Section 618(3) of the Act. As such, the estimated expenses of RM1.20 million in relation to the Rights Issue with Warrants will be deducted from the amount standing to the credit of the share premium account of RM17.00 million

*4 After recognition of 366,080,589 Warrants E to be issued at the theoretical fair value of RM0.0087 per Warrant E amounting to approximately RM3.18 million from the retained earnings account

*5 After the issuance of 366,080,589 new Vivocom Shares arising from the full exercise of the Warrants E at an exercise price of RM0.05 per Warrant E and the reversal of warrant reserve amounting to approximately RM5.64 million to the retained earnings account

Maximum Scenario 1

	Audited as at 31 December 2017 RM'000	I After adjusting for subsequent events*1 RM'000	II After I and the Rights Issue with Warrants RM'000	III After II and assuming full exercise of the Warrants E RM'000
Share capital	360,199	360,736	416,181*2*3	472,826*5
Warrant reserve	4,797	4,797	14,653*4	4,797*5
Exchange reserve	9	9	9	9
Retained earnings	102,686	102,686	92,830*4	102,686*5
Shareholders' fund/ NA	**467,691**	**468,228**	**523,673**	**580,318**
Non-controlling interest	26,443	26,443	26,443	26,443
Total equity	**494,134**	**494,671**	**550,116**	**606,761**
No. of shares in issue ('000)	3,393,721	3,398,721	5,664,535	6,797,442
NA per share (RM)	0.14	0.14	0.09	0.09
Total borrowings (RM'000)	34,766	34,766	34,766	34,766
Gearing ratio (times)	0.07	0.07	0.06	0.06

Notes:-

*1 Pursuant to the Private Placement, as at 31 December 2017, a total of 159,500,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM19,774,450. Subsequent to that, as at the LPD, an additional 5,000,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM537,000. The Private Placement had been completed on 31 May 2018

*2 Computed based on 2,265,814,275 Rights Shares subscribed for at an issue price of RM0.025 per Rights Share

*3 Pursuant to Section 618(2) of the Act which came into effect on 31 January 2017, the share premium account had become part of Vivocom's issued share capital. Notwithstanding that, Vivocom may within 24 months from the commencement of the Act, utilise the amount standing to the credit of the share premium account for purposes as set out in Section 618(3) of the Act. As such, the estimated expenses of RM1.20 million in relation to the Rights Issue with Warrants will be deducted from the amount standing to the credit of the share premium account of RM17.00 million

*4 After recognition of 1,132,907,137 Warrants E to be issued at the theoretical fair value of RM0.0087 per Warrant E amounting to approximately RM9.86 million from the retained earnings account

*5 After the issuance of 1,132,907,137 new Vivocom Shares arising from the full exercise of the Warrants E at an exercise price of RM0.05 per Warrant E and the reversal of warrant reserve amounting to approximately RM17.45 million to the retained earnings account

Maximum Scenario 2

		I	II	III	IV
	Audited as at 31 December 2017	**After adjusting for subsequent events*1**	**After I and assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised*2**	**After II and the Rights Issue with Warrants**	**After III and assuming full exercise of the Warrants E**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Share capital	360,199	360,736	539,881	613,949*3*4	689,217*6
Warrant reserve	4,797	4,797	-	13,097*5	-*6
Exchange reserve	9	9	9	9	9
Retained earnings	102,686	102,686	102,686	89,589*5	102,686*6
Shareholders' fund/ NA	**467,691**	**468,228**	**642,576**	**716,644**	**791,912**
Non-controlling interest	26,443	26,443	26,443	26,443	26,443
Total equity	**494,134**	**494,671**	**669,019**	**743,087**	**818,355**
No. of Shares in issue ('000)	3,393,721	3,398,721	4,516,059	7,526,765	9,032,118
NA per share (RM)	0.14	0.14	0.14	0.09	0.09
Total borrowings (RM'000)	34,766	34,766	34,766	34,766	34,766
Gearing ratio (times)	0.07	0.07	0.05	0.05	0.04

Notes:-

*1 Pursuant to the Private Placement, as at 31 December 2017, a total of 159,500,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM19,774,450. Subsequent to that, as at the LPD, an additional 5,000,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM537,000. The Private Placement had been completed on 31 May 2018

*2 After the issuance of new Vivocom Shares arising from the exercise of all the outstanding warrants in Vivocom and adjusting for the reversal of warrant reserve amounting to approximately RM4.80 million to the share premium account. Pursuant to Section 618(2) of the Act which came into effect on 31 January 2017, the share premium account had become part of Vivocom's issued share capital

For shareholder's information, the exercise price of the Warrants B, Warrants C and Warrants D are set out below:-

	No. of warrants	Exercise price	Total
		RM	**RM**
Warrants B	626,145,878	0.20	125,229,176
Warrants C	250,367,513	0.10	25,036,751
Warrants D	240,824,301	0.10	24,082,430
	1,117,337,692		**174,348,357**

*3 Computed based on 3,010,706,070 Rights Shares subscribed for at an issue price of RM0.025 per Rights Share

*4 Pursuant to Section 618(2) of the Act which came into effect on 31 January 2017, the share premium account had become part of Vivocom's issued share capital. Notwithstanding that, Vivocom may within 24 months from the commencement of the Act, utilise the amount standing to the credit of the share premium account for purposes as set out in Section 618(3) of the Act. As such, the estimated expenses of RM1.20 million in relation to the Rights Issue with Warrants will be deducted from the amount standing to the credit of the share premium account of RM17.00 million

*5 After recognition of 1,505,353,035 Warrants E to be issued at the theoretical fair value of RM0.0087 per Warrant E amounting to approximately RM13.10 million from the retained earnings account

*6 After the issuance of 1,505,353,035 new Vivocom Shares arising from the full exercise of the Warrants E at an exercise price of RM0.05 per Warrant E and the reversal of warrant reserve amounting to approximately RM23.18 million to the retained earnings account

8.3 Earnings and EPS

The Rights Issue with Warrants is expected to be completed by the third quarter of 2018 and is not expected to have any material effect on the earnings of our Group for the FYE 31 December 2018. However, the EPS of our Group may be diluted as a result of the increase in the number of Vivocom Shares in issue upon the completion of the Rights Issue with Warrants, and as and when the Warrants E are exercised into new Vivocom Shares during the tenure of the Warrants E. Nevertheless, the Rights Issue with Warrants may contribute positively to the earnings of the Group upon utilisation of the proceeds raised as detailed in Section 4 of this Abridged Prospectus.

For illustrative purpose only, assuming the Rights Issue with Warrants had been completed and all the Warrants E had been exercised into new Vivocom Shares on 1 January 2017, being the beginning of the FYE 31 December 2017, the pro forma dilution effect on the basic EPS of our Group as a result of the increase in number of Vivocom Shares in issue, is set out below:-

Minimum Scenario

	Audited FYE 31 December 2017	I After adjusting for subsequent events	II After I and the Rights Issue with Warrants	III After II and assuming full exercise of the Warrants E
PAT attributable to the owners of the Company (RM'000)	14,509	14,509	14,509	14,509
No. of Shares in issue ('000)	3,393,721	3,398,721	4,130,882	4,496,963
Basic EPS (sen)	0.43	0.43	0.35	0.32

Maximum Scenario 1

		I	II	III
	Audited FYE 31 December 2017	After adjusting for subsequent events	After I and the Rights Issue with Warrants	After II and assuming full exercise of the Warrants E
PAT attributable to the owners of the Company (RM'000)	14,509	14,509	14,509	14,509
No. of Shares in issue ('000)	3,393,721	3,398,721	5,664,535	6,797,442
Basic EPS (sen)	0.43	0.43	0.25	0.21

Maximum Scenario 2

		I	II	III	IV
	Audited FYE 31 December 2017	After adjusting for subsequent events	After I and assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised	After II and the Rights Issue with Warrants	After III and assuming full exercise of the Warrants E
PAT attributable to the owners of the Company (RM'000)	14,509	14,509	14,509	14,509	14,509
No. of Shares in issue ('000)	3,393,721	3,398,721	4,516,059	7,526,765	9,032,118
Basic EPS (sen)	0.43	0.43	0.32	0.19	0.16

9. WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

9.1 Working capital

Our Board is of the opinion that, after taking into consideration our cash flow generated from our operations, current cash in hand and banking facilities available as well as proceeds from the Rights Issue with Warrants, our Group will have sufficient working capital for the next 12 months from the date of this Abridged Prospectus.

9.2 Borrowings

As at the LPD, our Group has total outstanding borrowings of approximately RM41.42 million. All the borrowings are denominated in local currency, interest-bearing and comprise the following:-

	RM'000
Long term borrowings:-	
Bank borrowings	14,733
Hire purchase payables	620
	15,353
Short term borrowings:-	
Bank borrowings	24,086
Bank overdraft	962
Hire purchase payables	1,022
	26,070
Total	**41,423**

As at the LPD, our Group does not have any non-interest bearing borrowings from local and foreign financial institutions.

There has been no default on payments of either interest and/ or principal sums in respect of any borrowings during the FYE 31 December 2017 and the subsequent financial period up to the LPD.

9.3 Contingent liabilities

As at the LPD, our Board confirms that there are no contingent liabilities incurred or known to be incurred by our Group which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

9.4 Material commitments

As at the LPD, our Board confirms that there are no material commitments for capital expenditure incurred or known to be incurred by our Group that have not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of our Group.

10. INSTRUCTIONS FOR ACCEPTANCE, SALE OR TRANSFER, EXCESS APPLICATION AND PAYMENT

10.1 General

As you are an Entitled Shareholder, your CDS Account will be duly credited with the number of Provisional Rights Shares with Warrants E which you are entitled to subscribe for in full or in part under the terms of the Rights Issue with Warrants. You will find enclosed with this Abridged Prospectus, the NPA notifying you of the crediting of such securities into your CDS Account and the RSF to enable you to subscribe for the Provisional Rights Shares with Warrants E, as well as to apply for Excess Rights Shares with Warrants E if you choose to do so.

10.2 NPA

The Provisional Rights Shares with Warrants E are prescribed securities pursuant to Section 14(5) of the Securities Industry (Central Depositories) Act, 1991 and therefore, all dealings in the Provisional Rights Shares with Warrants E will be by book entries through the CDS Accounts and will be governed by the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository. As an Entitled Shareholder, you and/ or your renouncee(s) (if applicable) are required to have valid and subsisting CDS Accounts when making your applications.

10.3 Last date and time for acceptance and payment

The last date and time for acceptance and payment for the Provisional Rights Shares with Warrants E is at **5.00 p.m.** on **Tuesday, 14 August 2018**.

10.4 Procedure for full acceptance and payment

Acceptance of and payment for the Provisional Rights Shares with Warrants E to you as an Entitled Shareholder or your renouncee(s) (if applicable) must be made on the RSF enclosed with this Abridged Prospectus and must be completed in accordance with the notes and instructions contained in the RSF. Acceptances which do not strictly conform to the terms of this Abridged Prospectus, the NPA or the RSF or the notes and instructions contained therein or which are illegible may not be accepted at the absolute discretion of our Board.

FULL INSTRUCTIONS FOR THE ACCEPTANCE OF AND PAYMENT FOR THE PROVISIONAL RIGHTS SHARES WITH WARRANTS E, EXCESS RIGHTS SHARES WITH WARRANTS E AND THE PROCEDURES TO BE FOLLOWED SHOULD YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) WISH TO SELL/ TRANSFER ALL OR ANY PART OF YOUR ENTITLEMENT ARE SET OUT IN THIS ABRIDGED PROSPECTUS AND THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

YOU AND/ OR YOUR RENOUNCEE(S) (IF APPLICABLE) ARE ADVISED TO READ THIS ABRIDGED PROSPECTUS, THE ACCOMPANYING RSF AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

If you and/ or your renouncee(s) (if applicable) wish to accept either in full or in part of the Provisional Rights Shares with Warrants E of your entitlement, please complete Parts I and III of the RSF in accordance with the notes and instructions contained in the RSF. Each completed and signed RSF together with the relevant payment must be sent to our Share Registrar using the envelope provided (at your own risk) by **ORDINARY POST, COURIER** or **DELIVERED BY HAND** at the address stated in the following page:-

Insurban Corporate Services Sdn Bhd (76260-W)
149, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel. No.: 03 - 7729 5529
Fax. No.: 03 - 7728 5948

so as to arrive **not later than 5.00 p.m.** on **Tuesday, 14 August 2018**, being the last date and time for acceptance and payment for the Provisional Rights Shares with Warrants E.

If you and/ or your renouncee(s) (if applicable) lose, misplace or for any other reasons require another copy of the RSF, you and/ or your renouncee(s) (if applicable) may obtain additional copies from your stockbroker, our Share Registrar at the address stated above, our Registered Office or the website of Bursa Securities (http://www.bursamalaysia.com).

1 RSF can only be used for acceptance of Provisional Rights Shares with Warrants E standing to the credit of 1 CDS Account belonging. Separate RSF(s) must be used for the acceptance of Provisional Rights Shares with Warrants E standing to the credit of more than 1 CDS Account(s). If successful, the Rights Shares with Warrants E subscribed for will be credited into your CDS Account(s) as stated in the completed RSF(s).

A reply envelope is enclosed in this Abridged Prospectus. To facilitate the processing of the RSF(s) by our Share Registrar, you are advised to use 1 reply envelope for each completed RSF.

The minimum number of Rights Shares that can be subscribed for or accepted is 1 Rights Share. Successful applicants of the Rights Shares will be given the Warrant E on the basis of 1 Warrant E for every 2 Rights Shares successfully subscribed for. However, you and/ or your renouncee(s) (if applicable) should take note that a trading board lot for the Rights Shares and the Warrants E comprises of 100 Rights Shares and 100 Warrants E, respectively. Fractions of Rights Shares with Warrants E, if any, shall be disregarded, and dealt with in such manner as our Board shall in their absolute discretion deem fit and expedient, and to be in the best interest of our Company.

If acceptance of and payment for the Provisional Rights Shares with Warrants E allotted to you and/ or your renouncee(s) (if applicable) is not received by our Share Registrar by **5.00 p.m.** on **Tuesday, 14 August 2018**, being the last date and time for acceptance of and payment for the Provisional Rights Shares with Warrants E, you and/ or your renouncee(s) (if applicable) will be deemed to have declined the provisional entitlement made to you and it will be cancelled. Proof of time of postage shall not constitute proof of time of receipt by our Share Registrar.

In the event that the Rights Shares with Warrants E are not fully taken up by such applicants, our Board will then have the right to allot such Rights Shares with Warrants E to the applicants who have applied for the Excess Rights Shares with Warrants E in the manner as set out in Section 10.8 of this Abridged Prospectus. Our Board reserves the right to accept any application in full or in part only without assigning any reasons.

EACH COMPLETED RSF MUST BE ACCOMPANIED BY THE APPROPRIATE REMITTANCE MADE IN RM FOR THE FULL AMOUNT PAYABLE FOR THE RIGHTS SHARES WITH WARRANTS E ACCEPTED IN THE FORM OF BANKER'S DRAFT(S), CASHIER'S ORDER(S), MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY", MADE PAYABLE TO "VIVOCOM RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR ACCEPTANCE AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

APPLICATIONS ACCOMPANIED BY PAYMENTS OTHER THAN IN THE MANNER STATED ABOVE OR WITH EXCESS OR INSUFFICIENT REMITTANCES MAY OR MAY NOT BE ACCEPTED AT THE ABSOLUTE DISCRETION OF OUR BOARD. DETAILS OF THE REMITTANCES MUST BE FILLED IN THE APPROPRIATE BOXES PROVIDED IN THE RSF.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE RIGHTS ISSUE WITH WARRANTS. HOWEVER, IF YOUR APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS E OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

APPLICANTS SHOULD NOTE THAT THE RSF AND REMITTANCES SO LODGED WITH OUR SHARE REGISTRAR SHALL BE IRREVOCABLE AND CANNOT BE SUBSEQUENTLY WITHDRAWN.

WHERE AN APPLICATION IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES WITH WARRANTS E.

APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT.

ALL RIGHTS SHARES AND WARRANT TO BE ISSUED PURSUANT TO THE RIGHTS ISSUE WITH WARRANT WILL BE ALLOTTED BY WAY OF CREDITING SUCH RIGHTS SHARES AND THE WARRANTS E INTO THE CDS ACCOUNTS OF THE ENTITLED SHAREHOLDERS AND/OR THEIR RENOUNCEE(S) (IF APPLICABLE). NO PHYSICAL SHARE OR WARRANT CERTIFICATES WILL BE ISSUED.

10.5 Procedure for part acceptance by Entitled Shareholders

You are entitled to accept part of your Provisional Rights Shares with Warrants E provided always that the minimum number of Rights Shares that can be subscribed for or accepted is one 1 Rights Share. Fractional of a Rights Shares with Warrants E shall be disregarded and dealt with in a fair and equitable manner as our Board deems fit and expedient and in the best interests of our Company.

You must complete both Parts I and III of the RSF by specifying the number of the Rights Shares which you are accepting and deliver the completed and signed RSF together with the relevant payment to our Share Registrar in the manner set out in Section 10.4 of this Abridged Prospectus.

YOU ARE ADVISED TO READ AND ADHERE TO THE RSF AND THE NOTES AND INSTRUCTIONS CONTAINED THEREIN.

The portion of the Provisional Rights Shares with Warrants E that have not been accepted shall be allotted to any other persons allowed under the law, regulations or rules to accept the transfer of the Provisional Rights Shares with Warrants E.

10.6 Procedure for sale or transfer of the Provisional Rights Shares with Warrants E

As the Provisional Rights Shares with Warrants E are prescribed securities, you may dispose or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants E to 1 or more person(s) through your stockbrokers for the period up to the last date and time for sale/ transfer of such Provisional Rights Share with Warrants E, without first having to request for a split of the Provisional Rights Shares with Warrants E standing to the credit of your CDS Account. To dispose or transfer all or part of your entitlement to the Provisional Rights Shares with Warrants E, you may sell such entitlement on the open market or transfer such entitlement to such persons as may be allowed pursuant to the Rules of Bursa Depository. If you have disposed or transferred only part of the Provisional Rights Shares with Warrants E, you may still accept the balance of the Provisional Rights Shares with Warrants E by completing Parts I and III of the RSF. Please refer to Sections 10.4 and 10.5 of this Abridged Prospectus for the procedure for acceptance and payment.

In disposing or transferring all or part of your Provisional Rights Shares with Warrants E, you need not deliver any document including the RSF, to any stockbroker. However, you must ensure that there is sufficient Provisional Rights Shares with Warrants E standing to the credit of your CDS Account that are available for settlement of the sale or transfer.

Purchaser(s) or transferee(s) of the Provisional Rights Shares with Warrants E may obtain a copy of this Abridged Prospectus and the RSF from our Share Registrar or at our Registered Office. This Abridged Prospectus and the RSF are also available on the Bursa Securities' website at http://www.bursamalaysia.com.

10.7 Procedure for acceptance by renouncees

Renouncees who wish to accept the Provisional Rights Shares with Warrants E must obtain a copy of the RSF from our Share Registrar or at our Registered Office or from Bursa Securities' website at http://www.bursamalaysia.com, and complete the RSF and submit the same together with the remittance to our Share Registrar in accordance with the notes and instructions printed therein.

The procedure for acceptance and payment applicable to the Entitled Shareholders as set out in Section 10.4 of this Abridged Prospectus also applies to renouncees who wish to accept the Provisional Rights Shares with Warrants E.

RENOUNCEES ARE ADVISED TO READ, UNDERSTAND AND CONSIDER CAREFULLY THE CONTENTS OF THIS ABRIDGED PROSPECTUS AND ADHERE TO THE NOTES AND INSTRUCTIONS CONTAINED IN THIS ABRIDGED PROSPECTUS AND THE RSF.

10.8 Procedure for application of Excess Rights Shares with Warrants E

You and/ or your renouncee(s) (if applicable) may apply for the Excess Rights Shares with Warrants E in excess of your entitlement by completing Part II of the RSF (in addition to Parts I and III) and forward it (together with a **separate remittance made in RM** for the full amount payable in respect of the Excess Rights Shares with Warrants E applied for) to our Share Registrar **not later than 5.00 p.m.** on **Tuesday, 14 August 2018**, being the last date and time for acceptance and payment for Excess Rights Shares with Warrants E.

PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS E APPLIED FOR SHOULD BE MADE IN THE SAME MANNER AS DESCRIBED IN SECTION 10.4 OF THIS ABRIDGED PROSPECTUS, AND IN THE FORM OF BANKER'S DRAFT(S)/ CASHIER'S ORDER(S)/ MONEY ORDER(S) OR POSTAL ORDER(S) DRAWN ON A BANK OR POST OFFICE IN MALAYSIA CROSSED "A/C PAYEE ONLY" AND MADE PAYABLE TO "VIVOCOM EXCESS RIGHTS ISSUE ACCOUNT" AND ENDORSED ON THE REVERSE SIDE WITH YOUR NAME, ADDRESS AND CDS ACCOUNT NUMBER IN BLOCK LETTERS SO AS TO BE RECEIVED BY OUR SHARE REGISTRAR NOT LATER THAN THE LAST DATE AND TIME FOR EXCESS APPLICATION AND PAYMENT AS SET OUT IN THE COVER PAGE OF THIS ABRIDGED PROSPECTUS.

EXCESS RIGHTS SHARES WITH WARRANTS E APPLICATIONS SHALL NOT BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCE BEING PRESENTED FOR PAYMENT. OUR BOARD RESERVES THE RIGHT NOT TO ACCEPT ANY SUCH APPLICATION OR TO ACCEPT ANY SUCH APPLICATION IN PART ONLY WITHOUT ASSIGNING ANY REASON THEREOF.

It is the intention of our Board to allot the Excess Rights Shares with Warrants E, if any, on a fair and equitable basis and in the following priority:-

i. Firstly, to minimise the incidence of odd lots;

ii. Secondly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants E, on a pro-rata basis and in board lot, calculated based on their respective shareholdings in our Company as at the Entitlement Date;

iii. Thirdly, for allocation to Entitled Shareholders who have applied for Excess Rights Shares with Warrants E, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants E applied for; and

iv. Finally, for allocation to renouncee(s) who have applied for Excess Rights Shares with Warrants E, on a pro-rata basis and in board lot, calculated based on the quantum of their respective Excess Rights Shares with Warrants E applied for.

In the event there is any remaining balance of the Excess Rights Shares with Warrants E applied for by the Entitled Shareholders and/ or renouncee(s) who have applied for the Excess Rights Shares with Warrants E after carrying out steps (i) to (iv) as set out above, steps (ii) to (iv) will be repeated again in the same sequence to allocate the remaining balance of the Excess Rights Shares with Warrants E to the Entitled Shareholders and/ or renouncee(s) who have applied for the Excess Rights Shares with Warrants E until such balance is fully allocated.

Nevertheless, our Board reserves the right to allot any Excess Rights Shares with Warrants E applied for under Part II of the RSF in such manner as our Board deems fit and expedient in the best interest of our Company subject always to such allocation being made on a fair and equitable basis, and that the intention of our Board as set out in steps (i)-(iv) above are achieved. Our Board also reserves the rights at its absolute discretion to accept in full or in part any application for the Excess Rights Shares with Warrants E without assigning any reason thereof.

NO ACKNOWLEDGEMENT OF RECEIPT OF THE RSF OR EXCESS APPLICATION MONIES WILL BE MADE BY OUR COMPANY OR OUR SHARE REGISTRAR IN RESPECT OF THE EXCESS RIGHTS SHARES WITH WARRANTS E. HOWEVER, IF YOUR EXCESS APPLICATION IS SUCCESSFUL, A NOTICE OF ALLOTMENT WILL BE DESPATCHED TO YOU BY ORDINARY POST TO THE ADDRESS AS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 8 MARKET DAYS FROM THE LAST DATE FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS E OR SUCH OTHER PERIOD AS MAY BE PRESCRIBED BY BURSA SECURITIES.

WHERE AN APPLICATION FOR THE EXCESS RIGHTS SHARES WITH WARRANTS E IS NOT ACCEPTED OR IS ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF THE APPLICATION MONIES, AS THE CASE MAY BE, SHALL BE REFUNDED WITHOUT INTEREST AND SHALL BE DESPATCHED TO THE APPLICANT BY ORDINARY POST TO THE ADDRESS SHOWN IN OUR RECORD OF DEPOSITORS PROVIDED BY BURSA DEPOSITORY AT YOUR OWN RISK WITHIN 15 MARKET DAYS FROM THE LAST DATE FOR APPLICATION OF AND PAYMENT FOR THE EXCESS RIGHTS SHARES WITH WARRANTS E.

10.9 Form of issuance

Bursa Securities has already prescribed our Shares listed on the ACE Market of Bursa Securities to be deposited with Bursa Depository. Accordingly, the Rights Shares and the Warrants E are prescribed securities and as such, the Securities Industry (Central Depositories) Act, 1991 and the Rules of Bursa Depository shall apply to the dealings in the Rights Shares and the Warrants E.

Failure to comply with the specific instructions for applications or inaccuracy in the CDS Account number may result in the application being rejected. No physical share or warrant certificates shall be issued to you under the Rights Issue with Warrants. Instead, the Rights Shares and the Warrants E which you have successfully subscribed for will be credited directly into your CDS Account.

A notice of allotment will be despatched to you and/ or your renouncee(s) (if applicable) by ordinary post to the address shown in our Record of Depositors provided by Bursa Depository at your own risk within 8 Market Days from the last date for acceptance of and payment for the Rights Shares with Warrants E.

10.9.1 Subscription for the Rights Shares with Warrants E by the Entitled Shareholders

Where the Rights Shares and Warrants are provisionally allotted to you as an Entitled Shareholder in respect of your existing Vivocom Shares standing credit to your CDS Account on the Entitlement Date, the acceptance by you of the Provisional Rights Shares with Warrants E shall mean that you consent to receive such Rights Shares and Warrants E as prescribed or deposited securities which will be credited directly into your CDS Account.

10.9.2 Subscription of Rights Shares with Warrants by the renouncees

Any person who has purchased the Provisional Rights Shares with Warrants E or to whom the Provisional Rights Shares with Warrants E has been transferred and intends to subscribe for the Rights Shares with Warrants E must state his/ her CDS Account number in the space provided in the RSF. The Rights Shares and the Warrants E will be credited directly as prescribed or deposited securities into his/ her CDS Account upon allotment and issuance.

10.9.3 Application for the Excess Rights Shares with Warrants E by the Entitled Shareholder and/ or renouncee(s) (if applicable)

The Excess Rights Shares with Warrants E, if allotted to the successful applicant who applies for the Excess Rights Shares with Warrants E, will be credited directly as prescribed securities into the CDS Account of the successful applicant. The allocation of the Excess Rights Shares with Warrants E will be made on a fair and equitable basis as disclosed in Section 10.8 of this Abridged Prospectus.

10.10 Laws of foreign jurisdiction

This Abridged Prospectus, and the accompanying NPA and RSF have not been (and will not be) made to comply with the laws of any foreign jurisdiction and have not been (and will not be) lodged, registered or approved pursuant to or under any legislation (or with or by any regulatory authorities or other relevant bodies) for subscription of any foreign jurisdiction. The Rights Issue with Warrants will not be made or offered for subscription in any foreign jurisdiction.

Accordingly, this Abridged Prospectus, and the accompanying NPA and RSF will not be sent to the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) who do not have a registered address in Malaysia. However, such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) may collect this Abridged Prospectus, and the accompanying NPA and RSF from our Share Registrar, in which event our Share Registrar shall be entitled to request for such evidence as it deems necessary to satisfy itself as to the identity and authority of the person collecting these documents relating to the Rights Issue with Warrants.

The Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) may accept or renounce (as the case may be) all or any part of their entitlements and exercise any other rights in respect of the Rights Issue with Warrants only to the extent that it would be lawful to do so. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers would not, in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are or may be subject to. Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) shall solely be responsible to seek advice from their legal advisers and/or other professional advisers as to the laws of the jurisdictions to which they are or may be subject to. UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers shall not accept any responsibility or liability in the event that any acceptance or renunciation made by any Foreign Entitled Shareholders and/ or renouncee(s) (if applicable), is or shall become unlawful, unenforceable, voidable or void in any such jurisdiction.

The Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) will be responsible for payment of any issue, transfer or other taxes or other requisite payments due in such jurisdiction and we shall be entitled to be fully indemnified and held harmless by such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) for any such issue, transfer or other taxes or other requisite payments. They will have no claims whatsoever against us and/ or UOBKH in respect of their rights and entitlements under the Rights Issue with Warrants. Such Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) should consult their professional advisers as to whether they require any governmental, exchange control or other consents or need to comply with any other applicable legal requirements to enable them to accept the Rights Issue with Warrants.

By signing the RSF, the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are deemed to have represented, acknowledged and declared in favour of (and which representations, acknowledgements and declarations will be relied upon by) UOBKH, our Share Registrar, our Company, our Directors and officers and other professional advisers that:-

i. we would not, by acting on the acceptance or renunciation in connection with the Rights Issue with Warrants, be in breach of the laws of any jurisdiction to which the Foreign Entitled Shareholders and/ or renouncee(s) (if applicable) are or may be subject to;

ii. the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) have complied with the laws to which they are or may be subject to in connection with the acceptance or renunciation of the Provisional Rights Shares with Warrants E;

iii. the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are not nominees or agents of a person in respect of whom we would, by acting on the acceptance or renunciation of the Provisional Rights Shares with Warrants E, be in breach of the laws of any jurisdiction to which that person is or may be subject to;

iv. the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) are aware that the Rights Shares and the Warrants E can only be transferred, sold or otherwise disposed of, or charged, hypothecated or pledged in accordance with all applicable laws in Malaysia;

v. the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) have received a copy of this Abridged Prospectus, had access to such financial and other information and have been provided the opportunity to ask such questions to our representatives and receive answers thereto as they deem necessary in connection with their decision to subscribe for or purchase the Rights Shares with Warrants E; and

vi. the Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) have sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Rights Shares with Warrants E, and are and will be able, and are prepared to bear the economic and financial risks of investing in and holding the Rights Shares and the Warrants E.

Persons receiving this Abridged Prospectus, and the accompanying NPA and RSF (including without limitation to custodians, nominees and trustees) must not, in connection with the offer, distribute or send it into any country or jurisdiction, where to do so would or might contravene local securities, exchange control or relevant laws or regulations. If this Abridged Prospectus, and the accompanying NPA and RSF are received by any persons in such country or jurisdiction, or by the agent or nominee of such a person, he must not seek to accept the offer unless he has complied with and observed the laws of the relevant country or jurisdiction in connection herewith.

Any person who does forward this Abridged Prospectus and the accompanying NPA and RSF to any foreign country or jurisdiction, whether pursuant to a contractual or legal obligation or otherwise, should draw the attention of the recipient to the contents of this section and we reserve the right to reject a purported acceptance of the Rights Shares with Warrants E from any such application by Foreign Entitled Shareholders and/ or their renouncee(s) (if applicable) in any jurisdiction other than Malaysia.

We reserve the right, in our absolute discretion, to treat any acceptance of the Rights Shares with Warrants E as invalid if it believes that such acceptance may violate any applicable legal or regulatory requirements.

11. TERMS AND CONDITIONS

The issuance of the Rights Shares and the Warrants E pursuant to the Rights Issue with Warrants is governed by the terms and conditions set out in this Abridged Prospectus, and the accompanying NPA and RSF enclosed herewith.

12. FURTHER INFORMATION

You are advised to refer to the attached appendices for further information.

Yours faithfully,
For and on behalf of our Board of
VIVOCOM INTL HOLDINGS BERHAD

AR. LIM TONG HOCK
Chairman/ Independent Non-Executive Director

Company No. 596299-D

APPENDIX I

CERTIFIED TRUE COPY OF THE RESOLUTION PERTAINING TO THE RIGHTS ISSUE WITH WARRANTS PASSED AT OUR EGM HELD ON 6 JUNE 2018

VIVOCOM INTL HOLDINGS BERHAD
Company No. 596299 D
(Incorporated In Malaysia)

CERTIFIED EXTRACT OF THE MINUTES OF EXTRAORDINARY GENERAL MEETING HELD ON 6 JUNE 2018

ORDINARY RESOLUTION

PROPOSED RENOUNCEABLE RIGHTS ISSUE OF UP TO 3,010,706,070 NEW ORDINARY SHARES IN VIVOCOM ("VIVOCOM SHARE(S)" OR "SHARE(S)") ("RIGHTS SHARES") ON THE BASIS OF 2 RIGHTS SHARES FOR EVERY 3 EXISTING VIVOCOM SHARES HELD TOGETHER WITH UP TO 1,505,353,035 FREE DETACHABLE WARRANTS ("WARRANT(S) E") ON THE BASIS OF 1 WARRANT E FOR EVERY 2 RIGHTS SHARES SUBSCRIBED FOR, ON AN ENTITLEMENT DATE TO BE DETERMINED AND ANNOUNCED LATER ("PROPOSED RIGHTS ISSUE WITH WARRANTS")

Chairman informed the Meeting that the sole item on the Agenda was to approve the proposed renounceable rights issue of up to 3,010,706,070 new ordinary shares in Vivocom on the basis of 2 Rights Shares for every 3 existing Vivocom shares held, together with up to 1,505,353,035 free detachable warrants on the basis of 1 Warrant E for every 2 Rights Shares subscribed, on an entitlement date to be determined later.

There was no question from the floor.

The results of the polling were as follows :-

	Number of Shares	%
Votes FOR	1,168,291,185	100.0
Votes AGAINST	-	0.0
	1,168,291,185	100.0

Number of abstained shares : Nil

The Chairman declared that the resolution was carried.

Certified True Copy

CHOO SENG CHOON
Director

LAANG JHE HOW
MIA 25193
Company Secretary

EDZ/APPLE-2018-extract(14)

INFORMATION ON OUR COMPANY

1. HISTORY AND PRINCIPAL ACTIVITIES

Our Company was incorporated in Malaysia on 21 October 2002 under the Act as a private limited company under the name of I-Power Technologies Sdn Bhd. We were subsequently converted into a public limited company on 25 September 2003 and assumed the name of I-Power Technologies Bhd. On 18 November 2003, we changed our name to I-Power Berhad. We were listed on the former Malaysian Exchange of Securities Dealing and Automated Quotation Bhd (MESDAQ) (now known as ACE Market) of Bursa Securities on 18 January 2005. On 19 September 2012, we changed our name to Instacom Group Berhad upon completion of the acquisition of the Instacom Engineering Sdn Bhd and we assumed our present name on 14 January 2016.

We are principally engaged in investment holding while our subsidiary companies are principally involved in the provision of civil engineering and construction, aluminium design and fabrication and telecommunication engineering and services business.

Further details on the principal activities of our subsidiary companies are set out in Section 5 of this Appendix II.

2. SHARE CAPITAL

As at the LPD, our issued share capital are set out below:-

	No. of Shares	RM
Issued share capital	3,398,721,413	360,736,392*1

Note:-

*1 Pursuant to Section 618(2) of the Act which came into effect on 31 January 2017, RM17,002,801 standing to the credit of the share premium account had become part of our issued share capital

Save as disclosed below, there are no changes in our issued share capital for the past 3 years preceding the LPD:-

Date of change	No. of shares allotted	Par value/ Issue price RM	Consideration/ Type of issue	Cumulated no. of shares	Cumulative issued share capital RM
13.07.2015	289,065,127	0.1000	Rights shares	1,300,793,072	130,079,307.20
26.10.2015	2,568	0.1000	Exercise of Warrants C	1,300,795,640	130,079,564.00
28.10.2015	3,142	0.1000	Exercise of Warrants D	1,300,798,782	130,079,878.20
28.10.2015	1,070	0.1000	Exercise of Warrants C	1,300,799,852	130,079,985.20
04.11.2015	605,840,000	0.1000	Consideration shares pursuant to the acquisition of Neata Aluminium (Malaysia) Sdn Bhd	1,906,639,852	190,663,985.20

Company No. 596299-D

Date of change	No. of shares allotted	Par value/ Issue price RM	Consideration/ Type of issue	Cumulated no. of shares	Cumulative issued share capital RM
04.11.2015	433,597,012	0.1000	Bonus issue of shares	2,340,236,864	234,023,686.40
08.12.2015	6,848	0.1000	Exercise of Warrants C	2,340,243,712	234,024,371.20
14.12.2015	1,569	0.1000	Exercise of Warrants C	2,340,245,281	234,024,528.10
14.12.2015	3,922	0.1000	Exercise of Warrants B	2,340,249,203	234,024,920.30
31.12.2015	135,000,000	0.1000	Private placement	2,475,249,203	247,524,920.30
11.01.2016	2,068	0.1000	Exercise of Warrants C	2,475,251,271	247,525,127.10
11.01.2016	1,400	0.1000	Exercise of Warrants D	2,475,252,671	247,525,267.10
15.04.2016	112,000,000	0.1000	Private placement	2,587,252,671	258,725,267.10
26.05.2016	2,334	0.1000	Exercise of Warrants B	2,587,255,005	258,725,500.50
26.05.2016	933	0.1000	Exercise of Warrants C	2,587,255,938	258,725,593.80
26.05.2016	666	0.1000	Exercise of Warrants D	2,587,256,604	258,725,660.40
30.05.2016	14,266	0.1000	Exercise of Warrants C	2,587,270,870	258,727,087.00
30.05.2016	9,522	0.1000	Exercise of Warrants D	2,587,280,392	258,728,039.20
11.08.2016	14,266	0.1000	Exercise of Warrants B	2,587,294,658	258,729,465.80
11.08.2016	5,706	0.1000	Exercise of Warrants C	2,587,300,364	258,730,036.40
11.08.2016	5,400	0.1000	Exercise of Warrants D	2,587,305,764	258,730,576.40
25.08.2016	42,799	0.1000	Exercise of Warrants C	2,587,348,563	258,734,856.30
25.08.2016	28,568	0.1000	Exercise of Warrants D	2,587,377,131	258,737,713.10
07.09.2016	646,844,282	0.1000	Bonus issue of shares	3,234,221,413	323,422,141.30
31.07.2017	4,000,000	0.1260	Private placement	3,238,221,413	340,928,942.30[*1]
03.08.2017	5,000,000	0.1282	Private placement	3,243,221,413	341,569,942.30
08.08.2017	7,500,000	0.1273	Private placement	3,250,721,413	342,524,692.30
21.08.2017	2,000,000	0.1200	Private placement	3,252,721,413	342,764,692.30
23.08.2017	4,000,000	0.1200	Private placement	3,256,721,413	343,244,692.30
07.09.2017	5,000,000	0.1200	Private placement	3,261,721,413	343,844,692.30
12.09.2017	6,000,000	0.1200	Private placement	3,267,721,413	344,564,692.30
13.09.2017	10,000,000	0.1200	Private placement	3,277,721,413	345,764,692.30
19.09.2017	15,000,000	0.1200	Private placement	3,292,721,413	347,564,692.30
25.09.2017	5,000,000	0.1215	Private placement	3,297,721,413	348,172,192.30
27.09.2017	7,000,000	0.1226	Private placement	3,304,721,413	349,030,392.30
10.10.2017	9,000,000	0.1200	Private placement	3,313,721,413	350,110,392.30

Date of change	No. of shares allotted	Par value/ Issue price RM	Consideration/ Type of issue	Cumulated no. of shares	Cumulative issued share capital RM
11.10.2017	15,000,000	0.1200	Private placement	3,328,721,413	351,910,392.30
12.10.2017	20,000,000	0.1287	Private placement	3,348,721,413	354,484,392.30
17.10.2017	20,000,000	0.1310	Private placement	3,368,721,413	357,104,392.30
01.11.2017	10,000,000	0.1271	Private placement	3,378,721,413	358,375,392.30
16.11.2017	5,000,000	0.1200	Private placement	3,383,721,413	358,975,392.30
21.11.2017	5,000,000	0.1200	Private placement	3,388,721,413	359,575,392.30
20.12.2017	5,000,000	0.1248	Private placement	3,393,721,413	360,199,392.30
12.02.2018	5,000,000	0.1074	Private placement	3,398,721,413	360,736,392.30

Note:-

*1 Pursuant to Section 618(2) of the Act which came into effect on 31 January 2017, the amount of RM17,002,801 standing to the credit of the share premium account has become part of our issued share capital

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3. SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

The shareholdings of our substantial shareholders as at the LPD and after the Rights Issue with Warrants are set out below:-

Minimum Scenario

	Shareholding as at the LPD				I After the Rights Issue with Warrants				II After I and assuming full exercise of the Warrants E			
	<---------Direct--------->		<---------Indirect------>		<---------Direct-------->		<---------Indirect-------->		<---------Direct-------->		<--------Indirect-------->	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Golden Oasis Resources	757,301,608	22.28	-	-	1,262,169,346	30.55	-	-	1,514,603,215	33.68	-	-
Ang Li-Hann	340,940,161	10.03	-	-	568,233,601	13.76	-	-	681,880,321	15.16	-	-

Maximum Scenario 1

	Shareholding as at the LPD				I After the Rights Issue with Warrants				II After I and assuming full exercise of the Warrants E			
	<---------Direct--------->		<---------Indirect------>		<---------Direct-------->		<---------Indirect-------->		<---------Direct-------->		<--------Indirect-------->	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Golden Oasis Resources	757,301,608	22.28	-	-	1,262,169,346	22.28	-	-	1,514,603,215	22.28	-	-
Ang Li-Hann	340,940,161	10.03	-	-	568,233,601	10.03	-	-	681,880,321	10.03	-	-

Maximum Scenario 2

	Shareholding as at the LPD				I Assuming all the outstanding Warrants B, Warrants C and Warrants are exercised[*1]				II After I and the Rights Issue with Warrants			
	<---------Direct--------->		<---------Indirect------>		<---------Direct-------->		<---------Indirect-------->		<---------Direct-------->		<--------Indirect-------->	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**	**No. of Shares**	**%**
Golden Oasis Resources	757,301,608	22.28	-	-	757,301,608	16.77	-	-	1,262,169,346	16.77	-	-
Ang Li-Hann	340,940,161	10.03	-	-	378,822,702	8.39	-	-	631,371,170	8.39	-	-

	III After II and assuming full exercise of the Warrants E			
	<---------Direct--------->		<---------Indirect------>	
Substantial shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
Golden Oasis Resources	1,514,603,215	16.77	-	-
Ang Li-Hann	757,645,404	8.39	-	-

Note:-

*1 The warrant holdings of the substantial shareholders as at the LPD is set out below:-

	No. of Warrants B		No. of Warrants C		No. of Warrants D	
	Direct	**Indirect**	**Direct**	**Indirect**	**Direct**	**Indirect**
Golden Oasis Resources	-	-	-	-	-	-
Ang Li-Hann	-	-	-	-	37,882,541	-

4. DIRECTORS

The particulars of our Directors as at the LPD are set out below:-

Name	Address	Age	Nationality	Profession	Designation
Ar. Lim Tong Hock	Unit A3-1 Block 12B Hillside Apartments Phase 9, Taman Melawati 53100 Kuala Lumpur	64	Malaysian	Company Director/ Architect	Chairman/ Independent Non-Executive Director
Choo Seng Choon	22A, Jalan SU 2B Sering Ukay 68000 Ampang Selangor Darul Ehsan	44	Malaysian	Company Director/ Chartered Accountant	Executive Director
Dato' Nor Mohd Amin Bin Shaharudin	No. 34, Jalan Kubah U8/58 Bukit Jelutong 40150 Shah Alam Selangor Darul Ehsan	54	Malaysian	Company Director/ Project Director	Executive Director
Dato' Azahar bin Rasul	33, Jalan 8/2B Desa Bakti, Selayang 68100 Kuala Lumpur	56	Malaysian	Company Director/ Businessman	Senior Independent Non-Executive Director
Tay Mun Kit	198, Jalan I-8 Taman Melawati 53100 Kuala Lumpur	42	Malaysian	Company Director/ Chartered Accountant	Independent Non-Executive Director

The shareholdings of our Directors as at the LPD and after the Rights Issue with Warrants (assuming all the Directors fully subscribe for their respective entitlements, if any, save for the Minimum Scenario where only the Undertaking Shareholders subscribe for their respective entitlement) are set out below:-

Minimum Scenario

	Shareholdings as at the LPD				I After the Rights Issue with Warrants				II After I and assuming full exercise of the Warrants E			
	<---------Direct--------->		<----------Indirect---------->		<----------Direct---------->		<----------Indirect---------->		<----------Direct---------->		<----------Indirect---------->	
Directors	**No. of Shares**	**%*1**	**No. of Shares**	**%*1**	**No. of Shares**	**%*2**	**No. of Shares**	**%*2**	**No. of Shares**	**%*3**	**No. of Shares**	**%*3**
Ar. Lim Tong Hock	-	-	-	-	-	-	-	-	-	-	-	-
Choo Seng Choon	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Nor Mohd Amin Bin Shaharudin	3,995,667	0.12	-	-	3,995,667	0.10	-	-	3,995,667	0.09	-	-
Tay Mun Kit	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

*1 Computed based on 3,398,721,413 Vivocom Shares in issue as at the LPD

*2 Computed based on 4,130,882,591 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after the Rights Issue with Warrants and prior to the exercise of any Warrants E under the Minimum Scenario

*3 Computed based on 4,496,963,180 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after the Rights Issue with Warrants and assuming full exercise of the Warrants E under the Minimum Scenario

Maximum Scenario 1

					I				II			
	Shareholdings as at the LPD				After the Rights Issue with Warrants				After I and assuming full exercise of the Warrants E			
	<---------Direct--------->		<----------Indirect---------->		<----------Direct---------->		<----------Indirect---------->		<----------Direct---------->		<----------Indirect---------->	
Directors	**No. of Shares**	**%*1**	**No. of Shares**	**%*1**	**No. of Shares**	**%*2**	**No. of Shares**	**%*2**	**No. of Shares**	**%*3**	**No. of Shares**	**%*3**
Ar. Lim Tong Hock	-	-	-	-	-	-	-	-	-	-	-	-
Choo Seng Choon	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Nor Mohd Amin Bin Shaharudin	3,995,667	0.12	-	-	6,659,445	0.12	-	-	7,991,334	0.12	-	-
Tay Mun Kit	-	-	-	-	-	-	-	-	-	-	-	-

Notes:-

*1 Computed based on 3,398,721,413 Vivocom Shares in issue as at the LPD

*2 Computed based on 5,664,535,688 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after the Rights Issue with Warrants and prior to the exercise of any Warrants E under the Maximum Scenario 1

*3 Computed based on 6,797,442,825 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after the Rights Issue with Warrants and assuming full exercise of the Warrants E under the Maximum Scenario 1

Maximum Scenario 2

Directors	Shareholdings as at the LPD				I Assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised				II After the Rights Issue with Warrants			
	<---------Direct--------->		<----------Indirect---------->		<----------Direct---------->		<----------Indirect---------->		<----------Direct---------->		<----------Indirect---------->	
	No. of Shares	%*1	No. of Shares	%*1	No. of Shares	%*2	No. of Shares	%*2	No. of Shares	%*3	No. of Shares	%*3
Ar. Lim Tong Hock	-	-	-	-	-	-	-	-	-	-	-	-
Choo Seng Choon	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-	-	-	-	-	-	-	-	-
Dato' Nor Mohd Amin Bin Shaharudin	3,995,667	0.12	-	-	3,995,667	0.09	-	-	6,659,445	0.09	-	-
Tay Mun Kit	-	-	-	-	-	-	-	-	-	-	-	-

Directors	III After II and assuming full exercise of the Warrants E			
	<---------Direct--------->		<----------Indirect---------->	
	No. of Shares	%*4	No. of Shares	%*4
Ar. Lim Tong Hock	-	-	-	-
Choo Seng Choon	-	-	-	-
Dato' Azahar bin Rasul	-	-	-	-
Dato' Nor Mohd Amin Bin Shaharudin	7,991,334	0.09	-	-
Tay Mun Kit	-	-	-	-

Notes:-

*1 Computed based on 3,398,721,413 Vivocom Shares in issue as at the LPD

*2 Computed based on 4,516,059,105 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the Rights Issue with Warrants

*3 Computed based on 7,526,765,175 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised and after the Rights Issue with Warrants and prior to the exercise of any Warrants E under the Maximum Scenario 2

*4 Computed based on 9,032,118,210 Vivocom Shares, being the enlarged pro forma number of Vivocom Shares in issue after assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised and after the Rights Issue with Warrants and assuming full exercise the Warrants E under the Maximum Scenario 2

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5. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, our subsidiary companies are set out below:-

Name of company	Date and place of incorporation	Issued share capital RM	Effective equity interest %	Principal activities
Instacom Engineering Sdn Bhd	08.05.2001 Malaysia	4,500,000	100.0	Telecommunication engineering and services
Neata Aluminium (Malaysia) Sdn Bhd	18.10.1989 Malaysia	12,157,143	78.6	Fabrication and installations aluminium french doors and windows
Teltora (Pty) Ltd	16.04.2014 South Africa	ZAR1200 (approximately RM400)	51.0	Dormant
Vivocom Trading Sdn Bhd	18.07.2018 Malaysia	100	100.0	Trading of construction materials
Subsidiary companies of Instacom Engineering Sdn Bhd				
Instacom SPV Sdn Bhd	17.08.2005 Malaysia	2	100.0	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	20.09.2004 Malaysia	1,000,000	100.0	Telecommunication engineering and services related contract works
Instacom Technologies Sdn Bhd	15.09.2004 Malaysia	100,000	100.0	Trading in telecommunication, electrical and civil engineering equipment, tools and materials but has not commenced operations during the year
IE Communication Sdn Bhd	15.09.2004 Malaysia	150,000	100.0	Investment holding company
Subsidiary companies of IE Communication Sdn Bhd				
Dektaria Delima Sdn Bhd	14.09.2005 Malaysia	100,000	100.0	Investment holding company
Dynamic Interconsortium Sdn Bhd	22.09.2004 Malaysia	100,000	100.0	Dormant
Subsidiary companies of Neata Aluminium (Malaysia) Sdn Bhd				
Vivocom Enterprise Sdn Bhd	21.06.2012 Malaysia	2,000,000	100.0	Construction services

As at the LPD, we do not have any associate companies.

6. PROFIT AND DIVIDEND RECORDS

The following table sets out a summary of our audited consolidated financial statements for the past 3 financial years up to the FYE 31 December 2017 and the latest unaudited quarterly results for the 3-month FPE 31 March 2018:-

	Audited			Unaudited	
	<----------FYE 31 December-------->			<--FPE 31 March 2018-->	
	2015	2016	2017	2017	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	97,945	365,898	183,127	41,032	35,054
Cost of sales	(81,506)	(268,422)	(131,826)	(28,885)	(26,895)
Gross profit	**16,439**	**97,476**	**51,301**	**12,147**	**8,159**
Other income	816	1,187	914	353	190
Administrative expenses	(4,263)	(10,102)	(18,291)	(2,533)	(3,170)
Selling and distribution expenses	(241)	(192)	(195)	(103)	(73)
Other operating expenses	(591)	(4,753)	(10,576)	(793)	(631)
Operating profit	**12,159**	**83,617**	**23,153**	**9,071**	**4,475**
Finance costs	(2,678)	(2,302)	(2,266)	(494)	(507)
Share in profit of associate	2,312	-	-	-	-
PBT	**11,793**	**81,315**	**20,887**	**8,577**	**3,968**
Taxation	(1,587)	(20,476)	944	(2,156)	(1,169)
PAT	**10,206**	**60,839**	**21,831**	**6,421**	**2,799**
Other comprehensive income/ (loss), net of tax	(12)	29	1	-	-
Total comprehensive income	**10,194**	**60,868**	**21,832**	**6,421**	**2,799**
Profit attributable to:-					
Owners of the parent	8,790	49,388	14,509	5,242	2,006
Non-controlling interests	1,416	11,451	7,322	1,179	793
	10,206	**60,839**	**21,831**	**6,421**	**2,799**
Total comprehensive income attributable to:-					
Owners of the parent	8,784	49,403	14,509	5,242	2,006
Non-controlling interests	1,410	11,465	7,323	1,179	793
	10,194	**60,868**	**21,832**	**6,421**	**2,799**
Earnings before interests, taxes, depreciation and amortisation	14,428	87,456	26,687	9,864	5,106
Gross profit margin (%)	16.78	26.64	28.01	29.60	23.28
PAT margin (%)	10.42	16.63	11.92	6.39	7.98
Weighted average number of shares in issue ('000)	1,291,671	3,198,481	3,266,805	3,234,221	3,396,333
EPS (sen)					
- Basic	0.68	1.54	0.44	0.16	0.06
- Diluted	0.68	1.54	0.44	0.16	0.06
Dividend paid (RM'000)	-	-	-	-	-

Commentary on past performance:-

FYE 31 December 2015

During the financial year under review, we had cumulatively acquired a 78.6% equity interest in Neata Aluminium (Malaysia) Sdn Bhd which is principally involved in aluminium design and fabrication together with its wholly-owned subsidiary, Vivocom Enterprise Sdn Bhd which is principally involved in construction services ("**NASB Group**") via 2 separate acquisitions of 35.0% and 43.6% equity interest in NASB Group which were completed on 30 January 2015 and 5 November 2015, respectively. Pursuant to the acquisition of NASB Group, we had diversified our principal activities to include aluminium design and fabrication and construction services and had consolidated the 2-month financial results of NASB Group during the financial year under review. The revenue contribution recorded across our operating segments is set out below:-

	2014		**2015**	
	Revenue RM'000	**Percentage of Revenue contribution %**	**Revenue RM'000**	**Percentage of Revenue contribution %**
Telecommunication engineering and services	66,008	100.0	46,813	47.8
Construction services	-	-	44,893	45.8
Aluminium design and fabrication	-	-	6,239	6.4
Total	**66,008**	**100.0**	**97,945**	**100.0**

For the FYE 31 December 2015, our Group recorded revenue of RM97.95 million which represents an increase of approximately RM31.94 million as compared to the preceding financial year of RM66.01 million. The increase in revenue is mainly attributable to the revenue accrued pursuant to the acquisition of NASB Group. NASB Group recorded revenue of RM113.77 million for their FYE 31 December 2015, and pursuant to the acquisition of NASB Group, total revenue accrued to our Group from the construction services and aluminium design and fabrication segments was RM51.13 million (which represents revenue recorded for November 2015 and December 2015 as a result of NASB Group becoming our subsidiary companies subsequent to our acquisition as mentioned above). We recorded revenue of RM44.89 million from the construction services segment and RM6.24 million from the aluminium design and fabrication segment pursuant to the acquisition of NASB Group which was partially offset by a decrease in revenue from our telecommunication engineering and services segment of RM19.20 million. The revenue from our construction services segments was mainly from a residential project located at Penang and the revenue from our aluminium design and fabrication segment was mainly from a commercial project located at Cyberjaya. The decrease in revenue from our telecommunication engineering and services segment is mainly attributable to a reduction in purchase orders from our existing customers during the financial year under review.

Our Group recorded gross profit of RM16.44 million for the financial year under review which represents an increase of approximately RM2.47 million as compared to the preceding financial year of RM13.97 million. The increase in gross profit is mainly attributable to the gross profit recorded from our construction services and aluminium design and fabrication segment arising from the consolidation of the 2-month results of NASB Group amounting to approximately RM10.69 million which was offset by the decrease in gross profit from the telecommunication engineering and services segment amounting to RM5.75 million (decreased by RM8.22 million from RM13.97 million to RM5.75 million) mainly due to lower revenue recorded during the financial year under review.

Our administrative expenses for the financial year under review was RM4.26 million which represents a decrease of approximately RM4.25 million as compared to the preceding financial year of RM8.51 million. The decrease in administrative expenses is mainly attributable to the reduction in staff cost for our telecommunication engineering and services segment amounting to RM4.49 million due to the reduction in the purchase orders received from our existing customers during the financial year under review.

Our other operating expenses for the financial year under review was RM0.59 million, which represents an increase of approximately RM0.52 million as compared to the preceding financial year of RM0.07 million mainly attributable to the consolidation of the 2-month results of NASB Group during the financial year under review which mainly comprises of director's remuneration of NASB Group amounting to approximately RM0.14 million, legal and consultation fees in relation to the contracts undertaken for our construction services and aluminium design and fabrication segments amounting to RM0.07 million and upkeep of office premises amounting to RM0.07 million.

Our Group recorded PBT of RM11.79 million which represents an increase of approximately RM8.07 million as compared to the PBT of the preceding financial year of RM3.72 million. The increase in PBT was mainly due to higher gross profit recorded from the construction services and aluminium segments arising from the consolidation of the 2-month financial results of NASB Group and the share in profit of associate as a result of the acquisition of the 35.0% equity interest in NASB Group which was completed on 30 January 2015 (the share of profit comprises the period from February 2015 to October 2015) coupled with the lower administrative expenses incurred during the financial year under review.

FYE 31 December 2016

The revenue contribution from our operating segments during the financial year under review is set out below:-

	2015		**2016**	
	Revenue RM'000	**Percentage of Revenue contribution %**	**Revenue RM'000**	**Percentage of Revenue contribution %**
Telecommunication engineering and services	46,813	47.8	50,608	13.8
Construction services	44,893*1	45.8	269,822	73.8
Aluminium design and fabrication	6,239*2	6.4	45,469	12.4
Total	**97,945**	**100.0**	**365,899**	**100.0**

Notes:-

*1 For illustrative purposes, the 12-month results of the constructions services segment of NASB Group was approximately RM99.29 million for the FYE 31 December 2015

*2 For illustrative purposes, the 12-month results of the aluminium design and fabrication segment of NASB Group was approximately RM14.48 million for the FYE 31 December 2015

For the FYE 31 December 2016, our Group recorded revenue of RM365.90 million which represents an increase of approximately RM267.95 million as compared to the preceding financial year of RM97.95 million mainly attributable to the consolidation of the full 12-month financial results of NASB Group.

For avoidance of doubt, our construction services segment recorded revenue of RM269.82 million which represents an increase of approximately RM170.53 million as compared to the preceding 12-month financial results of RM99.29 million mainly attributable to higher progress billings for our residential projects located at Penang, Mont Kiara and Seri Kembangan coupled with the progress billings on a new residential project located at Gombak and a new mixed development project located at Kuala Lumpur awarded to us in 2015 and 2016 respectively, with a contract value of RM116.40 million and RM240.42 million respectively during the financial year under review. Our aluminium design and fabrication segment recorded revenue of RM45.47 million, which represents an increase of approximately RM30.99 million as compared to the preceding 12-month financial results of RM14.48 million which is mainly attributable to higher progress billings for 2 residential projects located in Cyberjaya and a residential project located in Kuala Lumpur. Our telecommunication engineering and services segment recorded an increase in revenue of RM3.80 million mainly due to work done under the Universal Service Provision contract as approved by the Malaysian Communications and Multimedia Commission during the financial year under review which was awarded to us in November 2015.

Our Group recorded gross profit of RM97.48 million which represents an increase of approximately RM81.04 million as compared to the preceding financial year of RM16.44 million mainly attributable to the higher revenue recorded for our construction services and aluminium design and fabrication segments arising from the consolidation of full 12-month financial results of NASB Group during the financial year under review.

Our administrative expenses for the financial year under review was RM10.10 million which represents an increase of approximately RM5.84 million as compared to the preceding financial year of RM4.26 million. The increase in administrative expenses during the financial year under review is mainly attributable to the consolidation of the full 12-month financial results of NASB Group. Our administrative expenses mainly comprises salaries amounting to approximately RM5.60 million, professional fees incurred during our ordinary course of business amounting to approximately RM1.50 million and upkeep of office premises amounting to approximately RM0.90 million. We also recorded an impairment loss on intangible assets amounting to approximately RM0.47 million, namely software assets which had become obsolete.

Our other operating expenses for the financial year under review was RM4.75 million, which represents an increase of approximately RM4.16 million as compared to the preceding financial year of RM0.59 million. The increase in other operating expenses is mainly attributable to the consolidation of the full 12-month financial results of NASB Group and our other operating expenses mainly comprises depreciation expenses of office premises and equipment amounting to approximately RM2.09 million as well as legal and consultation fees in relation to the contracts undertaken for our construction services and aluminium design and fabrication segments amounting to approximately RM1.00 million during the financial year under review.

Our Group recorded PBT of RM81.32 million which represents an increase of approximately RM69.53 million as compared to the PBT of the preceding financial year of RM11.79 million. The increase in PBT was mainly due to higher gross profit recorded during the financial year under review arising from the consolidation of the full 12-month financial results of NASB Group which was partially offset by higher administrative expense and other operating expenses.

FYE 31 December 2017

The revenue contribution from our operating segments during the financial year under review is set out below:-

	2016		2017	
	Revenue RM'000	Percentage of Revenue contribution %	Revenue RM'000	Percentage of Revenue contribution %
Telecommunication engineering and services	50,608	13.8	22,323	12.2
Construction services	269,822	73.8	105,145	57.4
Aluminium design and fabrication	45,469	12.4	55,659	30.4
Total	**365,899**	**100.0**	**183,127**	**100.0**

For the FYE 31 December 2017, our Group recorded revenue of RM183.13 million which represents a decrease of approximately RM182.77 million as compared to the preceding financial year of RM97.95 million. Our construction services segment recorded revenue of RM105.15 million which represents a decrease of approximately RM164.67 million as compared to the preceding financial year of RM269.82 million mainly attributable to substantial amount of progress billings on completed projects in 2017 were made in the preceding financial year coupled with the slowdown of a mixed development project located at Klang due to the reassessment of the project specifications by the project vendors and the cancellation of a mixed development contract located at Kuala Lumpur amounting to RM240.42 million during the financial year under review. Aluminium design and fabrication segment recorded revenue of RM55.66 million which represents an increase of approximately RM10.19 million mainly attributable to progress billings on new residential projects located in Kuala Lumpur, Petaling Jaya, Genting and Kuantan. Our telecommunication engineering and services segment recorded revenue of RM22.32 million which represents a decrease of RM28.29 million mainly due to the delay in in award and implementation of the next phase of the Universal Service Provision initiative by the Malaysian Communications and Multimedia Commission coupled with a reduction in purchase orders received from our existing customers during the financial year under review.

Our Group recorded gross profit of RM51.30 million which represents a decrease of approximately RM46.18 million as compared to the preceding financial year of RM97.48 million mainly attributable to lower revenue recorded from our construction services and telecommunication engineering and services segment which was offset by an increase in revenue from our aluminium design and fabrication segment.

Our administrative expenses for the financial year under review was RM18.29 million which represents an increase of approximately RM8.19 million as compared to the preceding financial year of RM10.10 million. The increase in administrative expenses was mainly due to the provision of impairment on trade receivables amounting to RM5.93 million from 2 debtors from our telecommunication engineering and services segment which had been overdue for more than 365 days arising from the work performed in 2013 and 2014 amounting to RM71.73 million, of which we had collected RM65.80 million as at the LPD. The debtors are experiencing financial constraints in repaying the amount due to us, however we are still in the midst of recovering the remaining amount owed to us from the debtors.

Our other operating expenses for the financial year under review was RM10.58 million, which represents an increase of approximately RM5.83 million as compared to the preceding financial year of RM4.75 million. The increase in other operating expenses is due to the impairment on goodwill loss on a subsidiary in our telecommunication engineering and services segment (namely Instacom Engineering Sdn Bhd) amounting to RM6.38 million during the financial year under review. The impairment was provided for as the cash generating units of the subsidiary related to the goodwill was unable to justify its carrying value.

Our Group recorded PBT of RM20.89 million which represents a decrease of approximately RM60.43 million as compared to the PBT of the preceding financial year of RM81.32 million. The decrease in PBT was mainly due to lower gross profit recorded coupled with an increase in administrative and other operating expenses during the financial year under review.

3-month FPE 31 March 2018

	3-month FPE 31 March 2017		3-month FPE 31 March 2018	
	Revenue RM'000	Percentage of Revenue contribution %	Revenue RM'000	Percentage of Revenue contribution %
Telecommunication engineering and services	8,536	20.8	1,723	4.9
Construction services	17,928	35.5	24,952	71.2
Aluminium design and fabrication	14,568	43.7	8,379	23.9
Total	**41,032**	**100.0**	**35,054**	**100.0**

For the 3-month FPE 31 March 2018, our Group recorded revenue of RM35.05 million which represents a decrease of approximately RM5.98 million as compared to the corresponding period in the preceding financial year of RM41.03 million. The decrease in revenue is mainly attributable to the decrease in revenue from our telecommunication engineering and services segment of RM6.82 million mainly due to the delay in award and implementation of the next phase of the Universal Service Provision initiative by the Malaysian Communications and Multimedia Commission and a reduction in purchase orders received from our existing customers and our aluminium design and fabrication segment decreased by RM6.19 million mainly attributable to lower progress billings during the financial quarter under review as most of the progress billings on existing projects had been claimed in 2017 and progress billings on our new projects will be made as and when the work is completed. Our construction services segment however recorded an increase in revenue of approximately RM7.02 million mainly attributable to progress billings from our project located at Manjung during the financial quarter review.

Our Group recorded gross profit of RM8.16 million which represents a decrease of approximately RM3.99 million as compared to the corresponding period in the preceding financial year of RM12.15 million mainly attributable to lower revenue recorded from our telecommunication engineering and services and aluminium design and fabrication segments during the financial quarter under review.

Our administrative expenses for the financial period under review was RM3.24 million which represents an increase of approximately RM0.60 million as compared to the corresponding period in the preceding financial year of RM2.64 million. The increase in administrative expenses is mainly due to an increase in staff cost during the financial quarter under review.

Our other operating expenses for the financial period under review was RM0.63 million which represents a decrease of approximately RM0.16 million as compared to the corresponding period in the preceding financial year of RM0.79 million. The decrease in other operating expenses is mainly due to the reduction in office expense by RM0.08 million during the financial quarter under review.

Our Group recorded PBT of RM3.97 million which represents a decrease of approximately RM4.61 million as compared to the PBT of the corresponding period in the preceding financial year of RM8.58 million. The decrease in PBT was mainly due to lower gross profit recorded coupled with higher administrative expenses during the financial period under review.

7. HISTORICAL PRICES

The monthly highest and lowest market prices of our Shares as traded on Bursa Securities for the past 12 months from July 2017 to June 2018 are set out below:-

	High RM	Low RM
2017		
July	0.155	0.115
August	0.150	0.125
September	0.140	0.125
October	0.160	0.125
November	0.140	0.125
December	0.145	0.120
2018		
January	0.145	0.120
February	0.125	0.090
March	0.090	0.065
April	0.080	0.060
May	0.070	0.055
June	0.070	0.050

Last transacted market price of Vivocom Shares on 21 February 2018 (being the date prior to the announcement on the Rights Issue with Warrants)	RM0.115
Last transacted market price of Vivocom Shares on the LPD	RM0.055
Last transacted market price of Vivocom Shares on 25 July 2018 (being the date prior to the ex-date for the Rights Issue with Warrants)	RM0.040

(Source: Bloomberg Finance LP)

PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OUR GROUP AS AT 31 DECEMBER 2017 TOGETHER WITH THE REPORTING ACCOUNTANTS' REPORT THEREON

STYL Associates *(AF1929)*
902, 9th Floor, Block A, Damansara Intan, No. 1, Jalan SS 20/27,
47400 Petaling Jaya, Selangor Darul Ehsan.
Tel: 03 -7710 7876 Fax: 03 -7710 7870 Email: stylaudit@gmail.com

The Board of Directors
Vivocom Int Holdings Berhad
6-8, Jalan Seri Utara 1
Batu 7, Off Jalan Ipoh
68100 Kuala Lumpur

Date: 13 JUL 2018

Dear Sirs,

VIVOCOM INTL HOLDINGS BERHAD ("VIVOCOM" OR THE "COMPANY")

PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

We have completed our assurance engagement to report on the compilation of the pro forma consolidated statement of financial position of Vivocom and its subsidiaries ("the Group") as at 31 December 2017 together with the accompanying notes and assumptions thereto, for which has been compiled by the Directors of the Company for inclusion in the Abridged Prospectus in connection with the renounceable right issue of up to 3,010,706,070 new ordinary shares in Vivocom ("Vivocom Share(s)" or "Share(s)") ("Rights Share(s)") on the basis of two (2) Rights Shares for every three (3) existing Vivocom Shares held, together with up to 1,505,353,035 free detachable warrants in Vivocom ("Warrant(s) E") on the basis of one (1) Warrant E for every two (2) Rights Shares subscribed for, as at 5.00 p.m., Monday, 30 July 2018 at an issue price of RM0.025 per Rights Share ("Rights Issue with Warrants").

The pro forma consolidated statement of financial position of the Group have been compiled by the Directors, for illustrative purpose only, to show the effects of the Rights Issue with Warrants on the audited consolidated statement of financial position of the Group as at 31 December 2017 had the Rights Issue with Warrants been effected on that date.

The Directors' Responsibility for the Pro Forma Consolidated Statement of Financial Position of the Group

The Directors are responsible for compiling the pro forma consolidated statement of financial position of the Group on the basis set out in the accompanying notes to the pro forma consolidated statement of financial position of the Group for inclusion in the Abridged Prospectus in relation to the Rights Issue with Warrants and in accordance with the requirements of the Prospectus Guidelines issued by the Securities Commission Malaysia..

Our responsibilities

Our responsibility is to express an opinion as required by the Prospectus Guidelines, about whether the pro forma consolidated statement of financial position of the Group have been compiled, in all material respects, by the Directors on the basis as set out in the notes to the pro forma consolidated statement of financial position of the Group.

We conducted our work in accordance with the Malaysian Approved Standard on Assurance Engagements, International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information included in a Prospectus issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the pro forma consolidated statement of financial position of the Group on the basis of the applicable criteria.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated statement of financial position of the Group, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated statement of financial position of the Group.

The purpose of the pro forma consolidated statement of financial position of the Group included in the Abridged Prospectus is solely to illustrate the impact of significant events or transactions on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated statement of financial position of the Group has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma consolidated statement of financial position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma consolidated statement of financial position of the Group reflect the proper application of those adjustments to the unadjusted financial information

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Group, the events or transactions in respect of which the pro forma consolidated statement of financial position of the Group has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated statement of financial position of the Group.

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

In our opinion,

(a) the pro forma consolidated statement of financial position of the Group have been properly compiled in all material respects, in accordance with the basis of preparation set out in the accompanying notes thereto and such basis is consistent with the format of the financial statements and accounting policies adopted by the Group;

(b) the audited consolidated financial statements of the Group for the financial year ended 31 December 2017 used in the preparation of the pro forma consolidated statement of financial position of the Group were prepared in accordance with the Malaysian Financial Reporting Standards; and

(c) each material adjustment made to the information used in the preparation of the pro forma consolidated statement of financial position of the Group are appropriate for the purpose of preparing such pro forma consolidated statement of financial position of the Group.

Other Matter

This letter is issued for the sole purpose of inclusion in the Abridged Prospectus in connection with the Rights Issue with Warrants. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this letter is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any purpose contrary to the above. This letter should not be reproduced, referred to in any other documents, or used for any other purpose without our prior written consent.

Yours faithfully,

STYL ASSOCIATES
FIRM NUMBER: AF1929
CHARTERED ACCOUNTANTS

SI CHAY BENG
1200/08/18(J)
PARTNER

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

The pro forma consolidated statements of financial position of the Group as set out below, have been prepared for illustrative purposes only based on the audited consolidated statement of financial position of the Group as at 31 December 2017, and should be read in conjuction with the accompanying notes to the pro forma consolidated statements of financial position.

			Pro forma I	Pro forma II	Pro forma III
MINIMUM SCENARIO	Note	Audited as at 31 December 2017 RM'000	After adjusting for subsequent events RM'000	After Pro forma I and the Rights Issue with Warrants RM'000	After Pro forma II and assuming full exercise of the Warrants E RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment		29,595	29,595	29,595	29,595
Goodwill on conoslidation		178,830	178,830	178,830	178,830
Finance receivables		9,130	9,130	9,130	9,130
Total Non-Current Assets		217,555	217,555	217,555	217,555
Current Assets					
Inventories		2,556	2,556	2,556	2,556
Finance receivables		5,411	5,411	5,411	5,411
Trade and other receivables		282,491	282,491	282,491	282,491
Amount owing by customers for contract work		54,820	54,820	54,820	54,820
Fixed deposits with licensed banks		9,091	9,091	9,091	9,091
Cash and bank balances	3	37,766	38,303	55,407	73,711
Total Current Assets		392,135	392,672	409,776	428,080
Total Assets		609,690	610,227	627,331	645,635
EQUITY AND LIABILITIES					
Capital And Reserves					
Share capital	4	360,199	360,736	377,840	396,144
Warrant reserve	5	4,797	4,797	7,982	4,797
Exchange reserve		9	9	9	9
Retained earnings	6	102,686	102,686	99,501	102,686
Shareholders' funds/ Net asset ("NA")		467,691	468,228	485,332	503,636
Non-controlling interests		26,443	26,443	26,443	26,443
Total Equity		494,134	494,671	511,775	530,079
Non-Current Liabilities					
Loans and borrowings		8,963	8,963	8,963	8,963
Deferred tax liabilities		386	386	386	386
Total Non-Current Liabilities		9,349	9,349	9,349	9,349
Current Liabilities					
Trade and other payables		62,662	62,662	62,662	62,662
Amount owing to customers for contract work		3,242	3,242	3,242	3,242
Loans and borrowings		25,803	25,803	25,803	25,803
Tax payables		14,500	14,500	14,500	14,500
Total Current Liabilities		106,207	106,207	106,207	106,207
Total Liabilities		115,556	115,556	115,556	115,556
Total Equity and Liabilities		609,690	610,227	627,331	645,635
Number of Shares in issue ('000)		3,393,721	3,398,721	4,130,882	4,496,963
NA per share		0.14	0.14	0.12	0.11
Borrowings (RM'000)		34,766	34,766	34,766	34,766
Gearing ratio (times)		0.07	0.07	0.07	0.07

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

The pro forma consolidated statements of financial position of the Group as set out below, have been prepared for illustrative purposes only based on the audited consolidated statement of financial position of the Group as at 31 December 2017, and should be read in conjuction with the accompanying notes to the pro forma consolidated statements of financial position.

			Pro forma I	Pro forma II	Pro forma III
MAXIMUM SCENARIO 1	Note	Audited as at 31 December 2017 RM'000	After adjusting for subsequent events RM'000	After Pro Forma I and the Rights Issue with Warrants RM'000	After Pro Forma II and assuming full exercise of the Warrants E RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment		29,595	29,595	29,595	29,595
Goodwill on conoslidation		178,830	178,830	178,830	178,830
Finance receivables		9,130	9,130	9,130	9,130
Total Non-Current Assets		217,555	217,555	217,555	217,555
Current Assets					
Inventories		2,556	2,556	2,556	2,556
Finance receivables		5,411	5,411	5,411	5,411
Trade and other receivables		282,491	282,491	282,491	282,491
Amount owing by customers for contract work		54,820	54,820	54,820	54,820
Fixed deposits with licensed banks		9,091	9,091	9,091	9,091
Cash and bank balances	3	37,766	38,303	93,748	150,393
Total Current Assets		392,135	392,672	448,117	504,762
Total Assets		609,690	610,227	665,672	722,317
EQUITY AND LIABILITIES					
Capital And Reserves					
Shares capital	4	360,199	360,736	416,181	472,826
Warrant reserve	5	4,797	4,797	14,653	4,797
Exchange reserve		9	9	9	9
Retained earnings	6	102,686	102,686	92,830	102,686
Shareholders' funds/ NA		467,691	468,228	523,673	580,318
Non-controlling interests		26,443	26,443	26,443	26,443
Total Equity		494,134	494,671	550,116	606,761
Non-Current Liability					
Loans and borrowings		8,963	8,963	8,963	8,963
Deferred tax liabilities		386	386	386	386
Total Non-Current Liabilities		9,349	9,349	9,349	9,349
Current Liabilities					
Trade and other payables		62,662	62,662	62,662	62,662
Amount owing to customers for contract work		3,242	3,242	3,242	3,242
Loans and borrowings		25,803	25,803	25,803	25,803
Tax payables		14,500	14,500	14,500	14,500
Total Current Liabilities		106,207	106,207	106,207	106,207
Total Liabilities		115,556	115,556	115,556	115,556
Total Equity and Liabilities		609,690	610,227	665,672	722,317
Number of Shares in issue ('000)		3,393,721	3,398,721	5,664,535	6,797,442
NA per share (RM)		0.14	0.14	0.09	0.09
Borrowings (RM'000)		34,766	34,766	34,766	34,766
Gearing ratio (times)		0.07	0.07	0.06	0.06

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

The pro forma consolidated statements of financial position of the Group as set out below, have been prepared for illustrative purposes only based on the audited consolidated statement of financial position of the Group as at 31 December 2017, and should be read in conjuction with the accompanying notes to the pro forma consolidated statements of financial position.

			Pro forma I	Pro forma II	Pro forma III	Pro forma IV
MAXIMUM SENARIO 2	Note	Audited as at 31 December 2017 RM'000	After adjusting for subsequent events RM'000	After Pro forma I and assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised RM'000	After Pro forma II and the Rights Issue with Warrants RM'000	After Pro forma III and assuming full exercise of the Warrants E RM'000
ASSETS						
Non-Current Assets						
Property, plant and equipment		29,595	29,595	29,595	29,595	29,595
Goodwill on conoslidation		178,830	178,830	178,830	178,830	178,830
Finance receivables		9,130	9,130	9,130	9,130	9,130
Total Non-Current Assets		217,555	217,555	217,555	217,555	217,555
Current Assets						
Inventories		2,556	2,556	2,556	2,556	2,556
Finance receivables		5,411	5,411	5,411	5,411	5,411
Trade and other receivables		282,491	282,491	282,491	282,491	282,491
Amount owing by customers for contract work		54,820	54,820	54,820	54,820	54,820
Fixed deposits with licensed banks		9,091	9,091	9,091	9,091	9,091
Cash and bank balances	3	37,766	38,303	212,651	286,719	361,987
Total Current Assets		392,135	392,672	567,020	641,088	716,356
Total Assets		609,690	610,227	784,575	858,643	933,911
EQUITY AND LIABILITIES						
Capital And Reserves						
Share capital	4	360,199	360,736	539,881	613,949	689,217
Warrant reserve	5	4,797	4,797	-	13,097	-
Exchange reserve		9	9	9	9	9
Retained earnings	6	102,686	102,686	102,686	89,589	102,686
Shareholders' Funds/ NA		467,691	468,228	642,576	716,644	791,912
		26,443	26,443	26,443	26,443	26,443
Total Equity		494,134	494,671	669,019	743,087	818,355
Non-Current Liabilities						
Loans and borrowings		8,963	8,963	8,963	8,963	8,963
Deferred tax liabilities		386	386	386	386	386
Total Non-Current Liabilities		9,349	9,349	9,349	9,349	9,349
Current Liabilities						
Trade and other payables		62,662	62,662	62,662	62,662	62,662
Amount owing to customers for contract work		3,242	3,242	3,242	3,242	3,242
Loans and borrowings		25,803	25,803	25,803	25,803	25,803
Tax payables		14,500	14,500	14,500	14,500	14,500
Total Current Liabilities		106,207	106,207	106,207	106,207	106,207
Total Liabilities		115,556	115,556	115,556	115,556	115,556
Total Equity and Liabilities		609,690	610,227	784,575	858,643	933,911
Number of Shares in issue ('000)		3,393,721	3,398,721	4,516,059	7,526,765	9,032,118
NA per share (RM)		0.14	0.14	0.14	0.09	0.09
Borrowings (RM'000)		34,766	34,766	34,766	34,766	34,766
Gearing ratio (times)		0.07	0.07	0.05	0.05	0.04

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

1. Basis of Preparation

The pro forma consolidated statements of financial position of Vivocom Intl Holdings Berhad (**"Vivocom"** or **"the Company"**) and its subsidiary companies (**"Vivocom Group"** or **"the Group"**) as at 31 December 2017 together with the accompanying notes thereon (**"Pro Forma Consolidated Statements of Financial Position"**), have been prepared based on accounting principles and basis which are consistent with those adopted in the preparation of the audited consolidated financial statements of the Vivocom Group for the financial year ended 31 December 2017 assuming that all the transactions mentioned below had taken place on 31 December 2017:-

1.1 Basis and number of Rights Shares and Warrants E to be issued

Vivovom undertakes a renounceable rights issue of up to 3,010,706,070 new ordinary shares in Vivocom (**"Vivocom Share(s)"**) (**"Rights Shares"**) on the basis of 2 Rights Shares for every 3 existing Vivocom Shares held together with up to 1,505,353,035 free detachable warrants (**"Warrant(s) E"**) on the basis of 1 Warrant E for every 2 Rights Share subscribed for, by the shareholders of Vivocom whose names appear in the Record of Depositors of the Company as at 5.00 p.m., Monday, 30 July 2018 at an issue price of RM0.025 per Rights Share **("Entitlement Date")** **("Entitled Shareholders")** (**"Rights Issue with Warrants"**).

The total issued share capital of Vivocom as at 09 July 2018, being the latest practicable date prior to the date of this Pro Forma Consolidated Statements of Financial Position (**"LPD"**), is RM360,736,392 comprising 3,398,721,413 Vivocom Shares. In addition, as at the LPD, the Company had the following outstanding convertible securities:-

i. A total of 626,145,878 outstanding warrants 2013/ 2018 (**"Warrant(s) B"**). Each Warrant B carries the entitlement to subscribe for 1 new Vivocom Share during the 5-year exercise period of the Warrants B up to 8 September 2018 at an exercise price of RM0.20 per Warrant B;

ii. A total of 250,367,513 outstanding warrants 2015/ 2020 (**"Warrant(s) C"**). Each Warrant C carries the entitlement to subscribe for 1 new Vivocom Share during the 5-year exercise period of the Warrants C up to 22 January 2020 at an exercise price of RM0.10 per Warrant C; and

iii. A total of 240,824,301 outstanding warrants 2015/ 2020 (**"Warrant(s) D"**). Each Warrant D carries the entitlement to subscribe for 1 new Vivocom Share during the 5-year exercise period of the Warrants D up to 8 July 2020 at an exercise price of RM0.10 per Warrant D.

Based on the above, assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the implementation of the Rights Issue with Warrants, a total of up to 3,010,706,070 Rights Shares together with a total of up to 1,505,353,035 Warrants E may be issued in the event the Rights Issue with Warrants is undertaken on a maximum subscription level basis. In addition, assuming all the 1,505,353,035 Warrants E are exercised, a total of 1,505,353,035 new Vivocom Shares will be issued therefrom.

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

1. Basis of Preparation (Cont'd)

1.1. Basis and number of Rights Shares and Warrants E to be issued (Cont'd)

For illustrative purposes, the effects of the Rights Issue with Warrants will be illustrated based on the following 3 scenarios:-

Minimum Scenario	:	Assuming none of the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the implementation of the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on a minimum subscription level basis. For the avoidance of doubt, the minimum subscription level basis is based upon the undertakings provided by the major shareholders of Vivocom, namely Golden Oasis Resources Sdn Bhd and Ang Li-Hann, to subscribe for their respective entitlements under the Rights Issue with Warrants
Maximum Scenario 1	:	Assuming none of the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the implementation of the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on a maximum subscription level basis
Maximum Scenario 2	:	Assuming all the outstanding Warrants B, Warrants C and Warrants D are exercised prior to the implementation of the Rights Issue with Warrants and the Rights Issue with Warrants is undertaken on a maximum subscription level basis

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

2. Notes to the Pro Forma Consolidated Statement of Financial Position

Minimum Scenario

2.1 Pro Forma I – After adjusting for subsequent events

Pro Forma I incorporates the subscription agreement between Vivocom and Macquarie Bank Limited arising from the private placement exercise which had been announced on 27 July 2017. As at 31 December 2017, a total of 159,500,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM19,774,450. Subsequent to that, as at the LPD, an additional 5,000,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM537,000.

2.2 Pro Forma II – After Pro Forma I and the effects of the Rights Issue with Warrants

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Rights Issue with Warrants as follows:

(i) The issuance and subscription of 732,161,178 Rights Shares together with 366,080,589 Warrants E at an issue price of RM0.025 per Rights Shares which raise gross proceeds of RM18,304,029 and give rise to an increase of RM18,304,029 in the issued share capital;

(ii) The estimated expenses of RM1,200,000 in relation to the Rights Issue with Warrants is deducted from the credit standing to the share premium account. Pursuant to Section 618(2) of the Companies Act, 2016 ("**Act**"), the share premium account has become part of the Company's share capital;

(iii) The theoretical fair value for the 366,080,589 Warrants E at RM0.0087 per Warrant E is recognised from retained earnings. Retained earnings decreases by RM3,184,901 with a creation of warrant reserve of RM3,184,901;

The theoretical fair value of RM0.0087 per Warrant E is determined using the Trinomial Option Pricing Model based on the following input date as at 09 July 2018:-

Theoretical ex-rights price	: RM0.04
Exercise price of Warrants E	: RM0.05
Tenure of Warrants E	: 5 years
Volatility	: Historical volatility extracted from Bloomberg of 26.258%

The warrant reserve is computed based on the theoretical fair value per Warrant E of RM0.0087. As the above variables are subject to change upon the implementation of the Rights Issue with Warrants, the actual quantum of the share premium and the warrant reserve will only be determined upon issuance of the Rights Shares and Warrants E. As such the actual quantum may differ from the amount computed above;

2.2 Pro Forma II – After Pro Forma I and the effects of the Rights Issue with Warrants (Cont'd)

(iv) The retained profit after the adjustment for warrant reserve amounting to RM99,501,144 based on (iii) above; and

(v) The gross proceeds arising from the Rights Issue with Warrants is to be utilised as follows:

	Timeframe for utilisation from completion of the Rights Issue with Warrants	Minimum Scenario RM'000
Future viable investments*1	Within 24 months	-
Working capital*2	Within 24 months	17,104
Estimated expenses in relation to the Rights Issue with Warrants	Within 1 month	1,200
Total		**18,304**

Notes:-

*1 *The gross proceeds for future viable investments will be utilised to finance any suitable and viable potential business(es) / investment(s).*

*2 *The gross proceeds for working capital will be utilised to finance day-to-day operations of Vivocom Group.*

2.3 Pro Forma III – After Pro Forma II and the effects assuming full exercise of the Warrants E

Pro Forma III incorporates the cumulative effects of Pro Forma II and the full exercise of 366,080,589 Warrants E as follows:

(i) The issuance of 366,080,589 new Vivocom Shares arising from the exercise of 366,080,589 Warrants E at an exercise price of RM0.05 per Warrant E which raises gross proceeds of RM18,304,029 and gives rise to an increase in the issued share capital by RM18,304,029;

(ii) An amount of RM3,184,901 will be transferred from the warrant reserve to the retained earnings; and

(iii) The retained earnings after the adjustment for warrant reserve amounting to RM102,686,045.

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

2. Notes to the Pro Forma Consolidated Statement of Financial Position

Maximum Scenario 1

2.4 Pro Forma I – After adjusting for subsequent events

Pro Forma I incorporates the subscription agreement between Vivocom and Macquarie Bank Limited arising from the private placement exercise which had been announced on 27 July 2017. As at 31 December 2017, a total of 159,500,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM19,774,450. Subsequent to that, as at the LPD, an additional 5,000,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM537,000.

2.5 Pro Forma II – After Pro Forma I and the effects of the Rights Issue with Warrants

Pro Forma II incorporates the cumulative effects of Pro Forma I and the Rights Issue with Warrants as follows:

(i) The issuance and subscription of 2,265,814,275 Rights Shares together with 1,132,907,137 Warrants E at an issue price of RM0.025 per Rights Shares which raise gross proceeds of RM56,645,357 and give rise to an increase of RM56,645,357 in the issued share capital;

(ii) The estimated expenses of RM1,200,000 in relation to the Rights Issue with Warrants is deducted from the credit standing to the share premium account. Pursuant to Section 618(2) of the Act, the share premium account has become part of the Company's share capital;

(iii) The theoretical fair value for the 1,132,907,137 Warrants E at RM0.0087 per Warrant E is recognised from retained earnings. Retained earnings decreases by RM9,856,292 with a creation of warrant reserve of RM9,856,292;

The theoretical fair value of RM0.0087 per Warrant E is determined using the Trinomial Option Pricing Model based on the following input date as at 09 July 2018:-

Theoretical ex-rights price	: RM0.04
Exercise price of Warrants E	: RM0.05
Tenure of Warrants E	: 5 years
Volatility	: Historical volatility extracted from Bloomberg of 26.258%

The warrant reserve is computed based on the theoretical fair value per Warrant E of RM0.0087. As the above variables are subject to change upon the implementation of the Rights Issue with Warrants, the actual quantum of the share premium and the warrant reserve will only be determined upon issuance of the Rights Shares and Warrants E. As such the actual quantum may differ from the amount computed above;

2.5 Pro Forma II – After Pro Forma I and the effects of the Rights Issue with Warrants (Cont'd)

(iv) The retained profit after the adjustment for warrant reserve amounting to RM92,829,753 based on (iii) above; and

(v) The gross proceeds arising from the Rights Issue with Warrants is to be utilised as follows:

	Timeframe for utilisation from completion of the Rights Issue with Warrants	Maximum Scenario 1 RM'000
Future viable investments*1	Within 24 months	25,000
Working capital*2	Within 24 months	30,445
Estimated expenses in relation to the Rights Issue with Warrants	Within 1 month	1,200
Total		**56,645**

Notes:-

*1 *The gross proceeds for future viable investments will be utilised to finance any suitable and viable potential business(es) / investment(s).*

*2 *The gross proceeds for working capital will be utilised to finance day-to-day operations of Vivocom Group.*

2.6 Pro Forma III – After Pro Forma II and the effects assuming full exercise of the Warrants E

Pro Forma III incorporates the cumulative effects of Pro Forma II and the full exercise of 1,132,907,137 Warrants E as follows:

(i) The issuance of 1,132,907,137 new Vivocom Shares arising from the exercise of 1,132,907,137 Warrants E at an exercise price of RM0.05 per Warrant E which raises gross proceeds of RM56,645,357 and gives rise to an increase in the issued share capital by RM56,645,357;

(ii) An amount of RM9,856,292 will be transferred from the warrant reserve to the retained earnings; and

(iii) The retained earnings after the adjustment for warrant reserve amounting to RM102,686,045.

2. Notes to the Pro Forma Consolidated Statement of Financial Position

Maximum Scenario 2

2.7 Pro Forma I – After adjusting for subsequent events

Pro Forma I incorporates the subscription agreement between Vivocom and Macquarie Bank Limited arising from the private placement exercise which had been announced on 27 July 2017. As at 31 December 2017, a total of 159,500,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM19,774,450. Subsequent to that, as at the LPD, an additional 5,000,000 Vivocom Shares had been placed out to Macquarie Bank Limited amounting to RM537,000.

2.8 Pro Forma II – After Pro Forma I and assuming all of the outstanding Warrants B, Warrants C and Warrants D are exercised

Pro Forma II incorporates the cumulative effects of Pro Forma I and assuming all of the 626,145,878 outstanding Warrants B, 250,367,513 outstanding Warrants C and 240,824,301 outstanding Warrants D are exercised as follows:

(i) The issuance of 626,145,878 new Vivocom Shares arising from the exercise of 626,145,878 Warrants B at the exercise price of RM0.20 per Warrant B which raises gross proceeds of RM125,229,176 and gives rise to an increase in the issued share capital by RM125,229,176;

(ii) The issuance of 250,367,513 new Vivocom Shares arising from the exercise of 250,367,513 Warrants C at the exercise price of RM0.10 per Warrant C which raises gross proceeds of RM25,036,751 and gives rise to an increase in the issued share capital by RM25,036,751;

(iii) The issuance of 240,824,301 new Vivocom Shares arising from the exercise of 240,824,301 Warrants D at the exercise price of RM0.10 per Warrant D which raises gross proceeds of RM24,082,430 and gives rise to an increase in the issued share capital by RM24,082,430; and

(iv) An increase in share premium arising from the reversal of warrant reserve pursuant to the full exercise of the Warrants B, Warrants C and Warrants D at an exercise price of RM0.20 per Warrant B, RM0.10 per Warrant C and RM0.10 per Warrant D respectively amounting to RM4,797,234. Pursuant to Section 618(2) of the Act, the share premium account has become part of the Company's share capital.

2.9 Pro Forma III – After Pro Forma II and the effects of the Rights Issue with Warrants

Pro Forma III incorporates the cumulative effects of Pro Forma II and the Rights Issue with Warrants as follows:

(i) The issuance and subscription of 3,010,706,070 Rights Shares together with 1,505,353,035 Warrants E at an issue price of RM0.025 per Rights Shares which raise gross proceeds of RM75,267,652 and give rise to an increase of RM75,267,652 in the issued share capital;

(ii) The estimated expenses of RM1,200,000 in relation to the Rights Issue with Warrants is deducted from the credit standing to the share premium account. Pursuant to Section 618(2) of the Act, the share premium account has become part of the Company's share capital;

(iii) The theoretical fair value for the 1,505,353,035 Warrants E at RM0.0087 per Warrant E is recognised from retained earnings. Retained earnings decreases by RM13,096,571 with a creation of warrant reserve of RM13,096,571;

The theoretical fair value of RM0.0087 per Warrant E is determined using the Trinomial Option Pricing Model based on the following input date as at 09 July 2018:-

Theoretical ex-rights price	: RM0.04
Exercise price of Warrants E	: RM0.05
Tenure of Warrants E	: 5 years
Volatility	: Historical volatility extracted from Bloomberg of 26.258%

The warrant reserve is computed based on the theoretical fair value per Warrant E of RM0.0087. As the above variables are subject to change upon the implementation of the Rights Issue with Warrants, the actual quantum of the share premium and the warrant reserve will only be determined upon issuance of the Rights Shares and Warrants E. As such the actual quantum may differ from the amount computed above;

(iv) The retained profit after the adjustment for warrant reserve amounting to RM89,589,474 based on (iii) above; and

2.9 Pro Forma III – After Pro Forma II and the effects of the Rights Issue with Warrants (Cont'd)

(v) The gross proceeds arising from the Rights Issue with Warrants is to be utilised as follows:

	Timeframe for utilisation from completion of the Rights Issue with Warrants	Maximum Scenario 2 RM'000
Future viable investments*1	Within 24 months	25,000
Working capital*2	Within 24 months	49,068
Estimated expenses in relation to the Rights Issue with Warrants	Within 1 month	1,200
Total		**75,268**

Notes:-

*1 *The gross proceeds for future viable investments will be utilised to finance any suitable and viable potential business(es) / investment(s).*

*2 *The gross proceeds for working capital will be utilised to finance day-to-day operations of Vivocom Group.*

2.10 Pro Forma IV – After Pro Forma III and the effects assuming full exercise of the Warrants E

Pro Forma IV incorporates the cumulative effects of Pro Forma III and the full exercise of 1,505,353,035 Warrants E as follows:

(i) The issuance of 1,505,353,035 new Vivocom Shares arising from the exercise of 1,505,353,035 Warrants E at an exercise price of RM0.05 per Warrant E which raises gross proceeds of RM75,267,652 and gives rise to an increase in the issued share capital by RM75,267,652;

(ii) An amount of RM13,096,571 will be transferred from the warrant reserve account to the retained earnings; and

(iii) The retained earnings after the adjustment for warrant reserve amounting to RM102,686,045.

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

3. Movements in Cash and Bank Balances

	Amount RM'000
Minimum Scenario	
Audited consolidated statement of financial position as at 31 December 2017	37,766
Private placement exercise (Macquarie Bank Limited)	537
As per Pro forma I	38,303
Gross proceeds from the Rights Issue with Warrants	18,304
Estimated expenses incurred in relation to the Rights Issue with Warrants	(1,200)
As per Pro forma II	55,407
Gross proceeds upon full exercise of the Warrants E	18,304
As per Pro forma III	73,711
Maximum Scenario 1	
Audited consolidated statement of financial position as at 31 December 2017	37,766
Private placement exercise (Macquarie Bank Limited)	537
As per Pro forma I	38,303
Gross proceeds from the Rights Issue with Warrants	56,645
Estimated expenses incurred in relation to the Rights Issue with Warrants	(1,200)
As per Pro forma II	93,748
Gross proceeds upon full exercise of the Warrants E	56,645
As per Pro forma III	150,393
Maximum Scenario 2	
Audited consolidated statement of financial position as at 31 December 2017	37,766
Private placement exercise (Macquarie Bank Limited)	537
As per Pro forma I	38,303
Gross proceeds from full exercise of Warrants B, Warrants C and Warrants D	174,348
As per Pro forma II	212,651
Gross proceeds from the Rights Issue with Warrants	75,268
Estimated expenses incurred in relation to the Rights Issue with Warrants	(1,200)
As per Pro forma III	286,719
Gross proceeds upon full exercise of the Warrants E	75,268
As per Pro forma IV	361,987

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

4. Movements in Share Capital

	Number of Shares '000	Amount RM'000
Minimum Scenario		
Audited consolidated statement of financial position as at 31 December 2017	3,393,721	360,199
Private placement exercise (Macquarie Bank Limited)	5,000	537
As per Pro forma I	3,398,721	360,736
After the Rights Issue with Warrants	732,161	18,304
Estimated expenses incurred in relation to the Rights Issue with Warrants	-	(1,200)
As per Pro forma II	4,130,882	377,840
Assuming full exercise of the Warrants E	366,081	18,304
As per Pro forma III	4,496,963	396,144
Maximum Scenario 1		
Audited consolidated statement of financial position as at 31 December 2017	3,393,721	360,199
Private placement exercise (Macquarie Bank Limited)	5,000	537
As per Pro forma I	3,398,721	360,736
After the Rights Issue with Warrants	2,265,814	56,645
Estimated expenses incurred in relation to the Rights Issue with Warrants	-	(1,200)
As per Pro forma II	5,664,535	416,181
Assuming full exercise of the Warrants E	1,132,907	56,645
As per Pro forma III	6,797,442	472,826

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

4. Movements in Share Capital (Cont'd)

	Number of Shares '000	Amount RM'000
Maximum Scenario 2		
Audited consolidated statement of financial position as at 31 December 2017	3,393,721	360,199
Private placement exercise (Macquarie Bank Limited)	5,000	537
As per Pro forma I	3,398,721	360,736
Assuming full exercise of the Warrants B, Warrants C and Warrants D	1,117,338	174,348
Transfer from warrant reserve assuming full exercise of the Warrants B, Warrants C and Warrants D	-	4,797
As per Pro forma II	4,516,059	539,881
After the Rights Issue with Warrants	3,010,706	75,268
Estimated expenses incurred in relation to the Rights Issue with Warrants	-	(1,200)
As per Pro forma III	7,526,765	613,949
Assuming full exercise of the Warrants E	1,505,353	75,268
As per Pro forma IV	9,032,118	689,217

5. Movements in Warrant Reserve

	Amount RM'000
Minimum Scenario	
Audited consolidated statement of financial position as at 31 December 2017 and as per Pro forma I	4,797
Transfer from retained earnings pursuant to the issuance of Warrants E	3,185
As per Pro forma II	7,982
Transfer to retained earnings upon full exercise of the Warrants E	(3,185)
As per Pro forma III	4,797
Maximum Scenario 1	
Audited consolidated statement of financial position as at 31 December 2017 and as per Pro forma I	4,797
Transfer from retained earnings pursuant to the issuance of Warrants E	9,856
As per Pro forma II	14,653
Transfer to retained earnings upon full exercise of the Warrants E	(9,856)
As per Pro forma III	4,797

VIVOCOM INTL HOLDINGS BERHAD
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

5. Movements in Warrant Reserve (Cont'd)

	Amount RM'000
Maximum Scenario 2	
Audited consolidated statement of financial position as at 31 December 2017 and as per Pro forma I	* 4,797
Transfer to share premium upon full exercise of the Warrants B, Warrants C and Warrants D	(4,797)
As per Pro forma II	-
Transfer from retained earnings pursuant to the issuance of Warrants E	13,097
As per Pro forma III	13,097
Transfer to retained earnings upon full exercise of the Warrants E	(13,097)
As per Pro forma IV	-

6. Movements in Retained Earnings

	Amount RM'000
Minimum Scenario	
Audited consolidated statement of financial position as at 31 December 2017 and as per Pro forma I	102,686
Transfer to warrant reserve pursuant to the issuance of Warrants E	(3,185)
As per Pro forma II	99,501
Transfer from warrant reserve upon full exercise of the Warrants E	3,185
As per Pro forma III	102,686
Maximum Scenario 1	
Audited consolidated statement of financial position as at 31 December 2017 and as per Pro forma I	102,686
Transfer to warrant reserve pursuant to the issuance of Warrants E	(9,856)
As per Pro forma II	92,830
Transfer from warrant reserve upon full exercise of the Warrants E	9,856
As per Pro forma II and III	102,686
Maximum Scenario 2	
Audited consolidated statement of financial position as at 31 December 2017 and as per Pro forma I and II	102,686
Transfer to warrant reserve pursuant to the issuance of Warrants E	(13,097)
As per Pro forma III	89,589
Transfer from warrant reserve upon full exercise of the Warrants E	13,097
As per Pro forma IV and V	102,686

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OUR GROUP FOR THE FYE 31 DECEMBER 2017 TOGETHER WITH THE AUDITORS' REPORT THEREON

Certified True Copy

....
STYL Associates (AF 1929)
Si Chay Beng
Partner

VIVOCOM INTL HOLDINGS BERHAD

(596299-D)

(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

STYL ASSOCIATES
(AF001929)
Chartered Accountants

Company No. 596299-D

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONTENTS Pages

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

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 2017.

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	21,831,189	(3,764,389)
Other comprehensive income, net of tax	1,042	-
Total comprehensive income for the financial year	21,832,231	(3,764,389)
Attributable to:-		
Owners of the parent	14,509,087	(3,764,389)
Non-controlling interests	7,323,144	-
Total comprehensive income for the financial year	21,832,231	(3,764,389)

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 2017.

RESERVES AND PROVISIONS

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

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were 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.

ISSUES OF SHARES AND DEBENTURES

During the financial year, the issued and paid-up share capital increased from RM323,422,141/- to RM360,199,392/- by way of:-

(i) issuance of 159,500,000 new ordinary shares via private placements to eligible investors for a total purchase consideration of RM19,774,450/- at an average issue price of RM0.124 per ordinary share.

(ii) transfer of the amount standing to the credit of the Company's share premium account pursuant to Section 618(2) of the Companies Act, 2016 in Malaysia, amounting to RM17,002,801/- to become part of the Company's share capital.

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 issuance of 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.

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 19 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.

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 19 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").

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.

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 19 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:-

CHOO SENG CHOON
DATO' AZAHAR BIN RASUL
TAY MUN KIT
AR. LIM TONG HOCK
DATO' NOR MOHD AMIN BIN SHAHARUDIN (Appointed on 12 May 2017)

DIRECTORS OF SUBSIDIARIES OF THE COMPANY

Pursuant to Section 253(2) of the Companies Act, 2016 in Malaysia, the directors who held office in the subsidiaries of the Company 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
PHUA SIEW BOON
DATO' NOR MOHD AMIN BIN SHAHARUDIN
DATO' CHIA KOK SENG
CHOO SENG CHOON
LOH PIT KONG
SEAH KOK CHONG
OOI ENG KEAN

DIRECTORS' INTERESTS

According to the register of the directors' shareholdings, the interest of directors who held office at the end of the financial year in shares or debentures in the Company or its subsidiaries during the financial year are as follows:-

	Number of ordinary shares			
	At 1.1.2017	Bought	Sold	At 31.12.2017
Vivocom Intl Holdings Berhad				
Direct Interests				
DATO' NOR MOHD AMIN BIN SHAHARUDIN	3,995,667	-	-	3,995,667
Neata Aluminium (Malaysia) Sdn. Bhd.				
Direct Interests				
DATO' NOR MOHD AMIN BIN SHAHARUDIN	204,285	-	-	204,285

None of the other directors in office at the end of the financial year had any interest in the shares and warrants of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive 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 disclosed in Note 27 to the financial statements.

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.

Company No. 596299-D

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: 27 April 2018

Company No. 596299-D

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
(Pursuant to the Section 251(2) of the Companies Act, 2016 in Malaysia)

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 15 to 93 are properly drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

Signed on behalf of the Board of Directors,

....
CHOO SENG CHOON
Director

....
TAY MUN KIT
Director

Petaling Jaya

Date: 27 April 2018

Company No. 596299-D

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATUTORY DECLARATION
(Pursuant to the Section 251(1)(b) of the Companies Act, 2016 in Malaysia)

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 15 to 93, are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

....
CHOO SENG CHOON

Subscribed and solemnly declared by the abovenamed at Petaling Jaya in the Selangor Darul Ehsan on 27 April 2018.

Before me,

PESURUHJAYA SUMPAH
NO. B 508
WONG CHOY YIN
MALAYSIA

....
Commissioner for Oaths

No. 34A (Tkt 1), Jalan SS2/67
47300 Petaling Jaya
Selangor Darul Ehsan

STYL ASSOCIATES
(AF001929)
No. 902, 9th Floor,
Block A, Damansara Intan,
No.1, Jalan SS20/27, 47400 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
Tel: +6(03) 7724 2128 Fax: +6(03) 7733 2125

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

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 2017 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 15 to 93.

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 2017, 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, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We 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.

Key audit matter	How our audit addressed the key audit matter
Goodwill	
As at 31 December 2017, the carrying amount of the Group's goodwill amounted to RM179 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 RM179 million (2016: 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.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed 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, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

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.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

STYL ASSOCIATES
(AF001929)
Chartered Accountants

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 6 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the contents of this report.

STYL ASSOCIATES	**SI CHAY BENG**
No. AF 001929	No. 1200/08/2018(J)
Chartered Accountants	Chartered Accountant

Petaling Jaya

Date: 27 April 2018

Company No. 596299-D

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
ASSETS					
Non-current assets					
Property, plant and equipment	3	29,595,289	33,697,833	15,089,703	15,757,941
Development expenditure	4	-	-	-	-
Intangible assets	5	-	-	-	-
Investment in subsidiaries	6	-	-	234,384,100	234,384,100
Goodwill on consolidation	7	178,829,540	185,209,540	-	-
Finance receivables	8	9,130,208	10,641,335	-	-
Deferred tax assets	9	-	-	-	-
Total non-current assets		217,555,037	229,548,708	249,473,803	250,142,041
Current assets					
Inventories	10	2,555,819	6,300,388	895,498	499,176
Finance receivables	8	5,410,959	4,055,053	-	-
Trade and other receivables	11	282,491,293	262,186,640	40,017,884	54,682,433
Tax recoverable		-	5,144	-	-
Amount owing by customers for contract work	12	54,819,772	63,257,705	-	-
Amount owing by subsidiaries	13	-	-	122,314,258	82,598,004
Fixed deposits with licensed bank	14	9,091,444	8,609,709	2,766,472	2,698,376
Cash and bank balances	15	37,765,513	30,347,576	18,804,267	28,881,335
Total current assets		392,134,800	374,762,215	184,798,379	169,359,324
TOTAL ASSETS		609,689,837	604,310,923	434,272,182	419,501,365
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16	360,199,392	323,422,141	360,199,392	323,422,141
Share premium	17	-	17,002,801	-	17,002,801
Other reserves	18	4,806,111	4,805,580	4,797,234	4,797,234
Retained earnings		102,686,045	88,177,489	44,111,831	47,876,220
Shareholders' funds		467,691,548	433,408,011	409,108,457	393,098,396
Non controlling interests		26,442,969	19,119,825	-	-
TOTAL EQUITY		494,134,517	452,527,836	409,108,457	393,098,396

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017 (Continued)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
LIABILITIES					
Non-current liabilities					
Loans and borrowings	20	8,962,638	11,003,117	2,509,241	2,691,556
Deferred tax liabilities	9	386,147	383,427	21,695	33,266
Total non-current liabilities		9,348,785	11,386,544	2,530,936	2,724,822
Current liabilities					
Trade and other payables	23	62,662,210	85,991,851	3,521,665	4,519,709
Amount owing to customers for contract work	12	3,241,635	5,957,301	-	-
Amount owing to subsidiaries	13	-	-	16,586,562	14,592,146
Amount owing to directors	24	100	44,015	100	100
Loans and borrowings	20	25,802,557	26,938,801	1,509,688	2,821,205
Tax payables		14,500,033	21,464,575	1,014,774	1,744,987
Total current liabilities		106,206,535	140,396,543	22,632,789	23,678,147
TOTAL LIABILITIES		115,555,320	151,783,087	25,163,725	26,402,969
TOTAL EQUITY AND LIABILITIES		609,689,837	604,310,923	434,272,182	419,501,365

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

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Revenue	25	183,126,527	365,898,582	11,239,377	42,897,621
Cost of sales		(131,825,519)	(268,422,135)	(8,726,542)	(24,521,527)
Gross Profit		51,301,008	97,476,447	2,512,835	18,376,094
Other income		913,859	1,187,158	105,815	363,681
Administrative expenses		(18,291,418)	(10,101,766)	(6,883,899)	(2,896,324)
Selling and distribution expenses		(194,864)	(191,857)	(9,512)	(69,302)
Other operating expenses		(10,576,060)	(4,752,893)	(15,684)	(76,192)
Operating Profit/(Loss)	26	23,152,525	83,617,089	(4,290,445)	15,697,957
Finance costs	28	(2,265,649)	(2,302,037)	(215,353)	(310,578)
Profit/(Loss) Before Taxation		20,886,876	81,315,052	(4,505,798)	15,387,379
Taxation	29	944,313	(20,476,322)	741,409	(3,380,637)
Profit/(Loss) for the Financial Year		21,831,189	60,838,730	(3,764,389)	12,006,742
Other Comprehensive Income for the Financial Year:-					
Foreign currency translation		1,042	28,657	-	-
Total Comprehensive Income/ (Deficit) for the Financial Year		21,832,231	60,867,387	(3,764,389)	12,006,742

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (Continued)

		Group		Company	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Profit attributable to:-					
Owners of the parent		14,508,556	49,387,623	(3,764,389)	12,006,742
Non-controlling interests		7,322,633	11,451,107	-	-
		21,831,189	60,838,730	(3,764,389)	12,006,742
Total Comprehensive Income attributable to:-					
Owners of the parent		14,509,087	49,402,238	(3,764,389)	12,006,742
Non-controlling interests		7,323,144	11,465,149	-	-
		21,832,231	60,867,387	(3,764,389)	12,006,742
Basic earning per share (sen)	30	0.44	1.54		
Diluted earning per share (sen)	30	0.44	1.54		

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

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	/----Attributable to Owners of the Company				----/			
		/----Non-distributable		----/	Distributable			
Group	Share Capital RM	Share Premium RM	Warrant Reserve RM	Exchange Reserve RM	Retained Earnings RM	Sub-Total RM	Non-Controlling Interests RM	Total Equity RM
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

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (Continued)

	/---Attributable to Owners of the Company---					/		
		/---Non-distributable---		/	Distributable			
Group	Share Capital RM	Share Premium RM	Warrant Reserve RM	Exchange Reserve RM	Retained Earnings RM	Sub-Total RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1 January 2017	323,422,141	17,002,801	4,797,234	8,346	88,177,489	433,408,011	19,119,825	452,527,836
Total comprehensive income for the financial year:-								
Profit for the financial year	-	-	-	-	14,508,556	14,508,556	7,322,633	21,831,189
Other comprehensive income for the financial year	-	-	-	531	-	531	511	1,042
Total comprehensive income	-	-	-	531	14,508,556	14,509,087	7,323,144	21,832,231
Transactions with owners:-								
Issue of ordinary shares	19,774,450	-	-	-	-	19,774,450	-	19,774,450
Tranfer from share premium in accordance with Section 618(2) of the Companies Act, 2016	17,002,801	(17,002,801)	-	-	-	-	-	-
Total transactions with owners	36,777,251	(17,002,801)	-	-	-	19,774,450	-	19,774,450
Balance at 31 December 2017	360,199,392	-	4,797,234	8,877	102,686,045	467,691,548	26,442,969	494,134,517

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (Continued)

	/------Attributable to Owners of the Company------/				
		/----Non-distributable----/		Distributable	
Company	**Share Capital** RM	**Share Premium** RM	**Warrant Reserve** RM	**Retained Earnings** RM	**Total Equity** RM
Balance at 1 January 2016	234,024,920	44,228,601	4,798,368	35,868,344	318,920,233
Total comprehensive income for the financial year:-	-	-	-	12,006,742	12,006,742
Transactions with owners:-					
Renounceable rights issue with free warrants	24,700,000	37,456,304	-	-	62,156,304
Expenditure for warrants issued	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
Total comprehensive income for the financial financial year:-	-	-	-	(3,764,389)	(3,764,389)
Transactions with owners:-					
Issue of ordinary shares	19,774,450	-	-	-	19,774,450
Transfer in accordance with Section 618(2) of the Companies Act, 2016	17,002,801	(17,002,801)	-	-	-
Total transactions with owners	36,777,251	(17,002,801)	-	-	19,774,450
Balance at 31 December 2017	360,199,392	-	4,797,234	44,111,831	409,108,457

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

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES:-				
Profit/(Loss) before taxation	20,886,876	81,315,052	(4,505,798)	15,387,379
Adjustments for:-				
Amortisation of development expenditure	-	345,629	-	224,641
Amortisation of intangible assets	-	57,634	-	57,634
Bad debts written off	88,748	4,895	-	-
Impairment loss on:-				
- trade receivables	5,926,172	-	3,670,000	-
- intangible asset	-	470,871	-	470,871
- goodwill	6,380,000	-	-	-
Depreciation of property, plant and equipment	3,904,775	3,953,880	668,238	668,231
Development expenditure written off	-	5,990,908	-	3,893,785
(Gain)/Loss on disposal of property, plant and equipment	(265,584)	62,560	-	-
Finance cost:-				
Interest income	(370,900)	(519,066)	(105,503)	(363,289)
Interest expenses	2,265,649	2,302,307	215,353	310,578
Property, plant and equipment written off	90	226,645	-	-
	38,815,826	94,211,315	(57,710)	20,649,830
Changes in working capital:-				
Inventories	3,744,569	8,457,189	(396,322)	11,187,992
Trade and other receivables	(26,319,573)	(173,382,080)	10,994,549	(30,713,008)
Trade and other payables	(23,329,641)	50,213,464	(998,044)	(1,699,740)
Amount owing by customers for contract work	5,722,267	(22,452,328)	-	-
	(1,366,552)	(42,952,440)	9,542,473	(574,926)
Tax paid	(6,013,615)	(5,780,314)	(375)	(13,404)
Tax refunded	1,250	62,750	-	-
Interest received	370,900	519,066	105,503	363,289
Net Operating Cash Flows	(7,008,017)	(48,150,938)	9,647,601	(225,041)

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (Continued)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES:-				
Amount owing by subsidiaries	-	-	(39,716,254)	(62,971,683)
Acquisition of a subsidiary	-	(100)	-	(100)
(Placement)/Withdrawal of fixed deposits pledged to banks	(481,735)	973,023	-	-
Proceeds from disposal of property, plant and equipment	1,281,719	700,130	-	-
Purchase of property, plant and equipment	(818,456)	(8,945,205)	-	(1,276)
Net Investing Cash Flows	(18,472)	(7,272,152)	(39,716,254)	(62,973,059)
CASH FLOWS FROM FINANCING ACTIVITIES:-				
Amount owing to directors	(43,915)	(6,565)	-	(5,406)
Amount owing to subsidiaries	-	-	1,994,416	14,592,146
Finance receivables	155,221	3,449,619	-	-
Issuance of right issue	-	62,156,304	-	62,156,304
Issuance of ordinary shares	19,774,450	-	19,774,450	-
Issuance of warrants	-	15,117	-	15,117
Repayment of hire purchase payables, net	(975,997)	(1,758,065)	-	-
Repayment of term loans	(1,761,493)	(1,465,275)	(173,701)	(953,596)
(Repayment)/Drawdown of short term borrowings, net	(1,147,825)	2,704,364	(1,728,000)	(2,880,750)
Interest paid	(2,265,649)	(2,302,307)	(215,353)	(310,578)
Net Financing Cash Flows	13,734,792	62,793,192	19,651,812	72,613,237

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (Continued)

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
NET CHANGE IN CASH AND CASH EQUIVALENTS	6,708,303	7,370,102	(10,416,841)	9,415,137
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,042	28,657	-	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	29,443,520	22,044,761	31,579,711	22,164,574
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	36,152,865	29,443,520	21,162,870	31,579,711
ANALYSIS OF CASH AND CASH EQUIVALENTS:-				
Cash and bank balances	37,765,513	30,347,576	18,804,267	28,881,335
Fixed deposits with licensed banks	-	-	2,766,472	2,698,376
Bank overdrafts	(1,612,648)	(904,056)	(407,869)	-
	36,152,865	29,443,520	21,162,870	31,579,711

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

VIVOCOM INTL HOLDINGS BERHAD
(Incorporated in Malaysia)

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 27 April 2018.

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, 2016 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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
- IC Interpretation 23, Uncertainty over Income Tax Treatments
- Amendments to MFRS 3, Business Combinations (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 9, Financial Instruments – Prepayment Features with Negative Compensation
- Amendments to MFRS 11, Joint Arrangement (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 112, Income Taxes (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 123, Borrowing Costs (Annual Improvements to MFRS Standards 2015-2017 Cycle)
- Amendments to MFRS 128, Investments in Associate and Joint Ventures – Long-term Interests in Associates and Joint Ventures

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, Insurance Contracts

MFRSs, Interpretations and amendments effective for annual periods on or after 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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

The Group and the Company do not plan to apply MFRS 17, Insurance Contracts that is effective for annual period beginning on 1 January 2021 as it is not applicable to the Group and the Company.

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 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.

MFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. MFRS 9 also introduces a new impairment model with a forward-looking expected credit loss (ECL) model.

The Group has assessed the estimated impact that the initial application of MFRS 9 will have on their financial statements as at 1 January 2018. Based on the assessment, the Group do not expect the application of MFRS 9 to have a significant impact on their financial statements.

(ii) 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.

MFRS 15 provides a single model for accounting for revenue arising from contracts with customers, focusing on the identification and satisfaction of performance obligation. The standard specifies that the revenue is to be recognised when control over the goods or services is transferred to customer, moving from the transfer of risks and rewards.

The Group has assessed the estimated impact that the initial application of MFRS 15 will have on their financial statements as at 1 January 2018. Based on the assessment, the Group do not expect the application of MFRS 15 to have a significant impact on their financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

(iii) 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.

MFRS 16 introduces a single on-balance-sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continue to be classified as finance or operating lease.

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

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.

Notwithstanding this provision, the Company may within 24 months from the commencement of the New Act, use the amount standing to the credit of its share premium account for purposes as set out in Section 618(3). There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

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 treatment implications will only be applied prospectively, if applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(ii) Accounting for Business Combinations (Continued)

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(a) Basis of Consolidation (Continued)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(c) Property, Plant and Equipment and Depreciation (Continued)

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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 2.4(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(f) Financial Instruments (Continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(k) Impairment (Continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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 2.4(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Significant Accounting Policies (Continued)

(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 recognised to the extent of contract cost incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Significant Accounting Estimation and Judgements (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(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 11 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Significant Accounting Estimation and Judgements (Continued)

(b) Key Sources of Estimation Uncertainty (Continued)

(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.

(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 2017	14,760,000	2,045,122	6,055,501	5,482,734	6,344,160	2,491,718	8,415,967	24,605	448,401	333,714	46,401,922
Additions	-	-	69,631	541,701	106,376	100,748	-	-	-	-	818,456
Disposals	-	-	(22,360)	(101,900)	(2,143,223)	(2,598)	-	-	-	-	(2,270,081)
Written off	-	-	(21,176)	-	-	-	-	-	-	-	(21,176)
At 31 December 2017	14,760,000	2,045,122	6,081,596	5,922,535	4,307,313	2,589,868	8,415,967	24,605	448,401	333,714	44,929,121
Accumulated depreciation											
At 1 January 2017	267,142	293,919	4,674,464	2,434,732	3,270,293	959,385	654,575	12,919	70,751	65,909	12,704,089
Charge for the financial year	179,200	39,682	875,597	1,115,689	762,590	252,926	561,065	-	46,184	71,842	3,904,775
Disposals	-	-	(22,360)	(93,618)	(1,135,705)	(2,263)	-	-	-	-	(1,253,946)
Written off	-	-	(21,086)	-	-	-	-	-	-	-	(21,086)
At 31 December 2017	446,342	333,601	5,506,615	3,456,803	2,897,178	1,210,048	1,215,640	12,919	116,935	137,751	15,333,832
Net book value at 31 December 2017	14,313,658	1,711,521	574,981	2,465,732	1,410,135	1,379,820	7,200,327	11,686	331,466	195,963	29,595,289

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

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	5,788,344	4,506,698	8,021,161	2,317,868	8,415,967	24,605	919,043	101,984	40,200,792
Additions	6,700,000	-	428,881	976,036	234,532	220,484	-	-	153,542	231,730	8,945,205
Disposals	-	-	(161,724)	-	(1,825,383)	(46,634)	-	-	-	-	(2,033,741)
Written off	-	-	-	-	(86,150)	-	-	-	(624,184)	-	(710,334)
At 31 December 2016	14,760,000	2,045,122	6,055,501	5,482,734	6,344,160	2,491,718	8,415,967	24,605	448,401	333,714	46,401,922
Accumulated depreciation											
At 1 January 2016	171,942	256,698	4,138,160	1,365,685	3,268,483	743,006	93,511	10,458	457,006	-	10,504,949
Charge for the financial year	95,200	37,221	673,935	1,069,047	1,115,939	259,361	561,064	2,461	73,743	65,909	3,953,880
Disposals	-	-	(137,631)	-	(1,090,438)	(42,982)	-	-	-	-	(1,271,051)
Written off	-	-	-	-	(23,691)	-	-	-	(459,998)	-	(483,689)
At 31 December 2016	267,142	293,919	4,674,464	2,434,732	3,270,293	959,385	654,575	12,919	70,751	65,909	12,704,089
Net book value											
At 31 December 2016	14,492,858	1,751,203	1,381,037	3,048,002	3,073,867	1,532,333	7,761,392	11,686	377,650	267,805	33,697,833

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 2017	8,060,000	251,801	2,300	350,000	31,527	8,415,967	-	17,111,595
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
At 31 December 2017	8,060,000	251,801	2,300	350,000	31,527	8,415,967	-	17,111,595
Accumulated depreciation								
At 1 January 2017	225,142	111,635	1,725	350,000	10,577	654,575	-	1,353,654
Charge for the financial year	53,200	50,360	460	-	3,153	561,065	-	668,238
At 31 December 2017	278,342	161,995	2,185	350,000	13,730	1,215,640	-	2,021,892
Net book value at 31 December 2017	7,781,658	89,806	115	-	17,797	7,200,327	-	15,089,703

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 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)

(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 20 to the financial statements.

(b) The net book value of motor vehicles and machinery of the Group held under hire purchase payables is RM1,834,060/- (2016: RM3,251,584/-).

4. DEVELOPMENT EXPENDITURE

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Cost				
At 1 January	-	6,912,586	-	4,492,828
Written off during the year	-	(6,912,586)	-	(4,492,828)
At 31 December	-	-	-	-
Accumulated amortisation				
As at 1 January	-	576,049	-	374,402
Amortisation charge during the year	-	345,629	-	224,641
Written off during the year	-	(921,678)	-	(599,043)
At 31 December	-	-	-	-
Carrying amount				
At 31 December	-	-	-	-

Development 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.

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
2017			
Cost			
At 1 January 2017/ 31 December 2017	4,500,000	4,000,000	8,500,000
Accumulated amortisation			
At 1 January 2017/ 31 December 2017	754,737	1,937,985	2,692,722
Impairment losses			
At 1 January 2017/ 31 December 2017	3,745,263	2,062,015	5,807,278
Carrying amount			
At 1 January 2017/ 31 December 2017	-	-	-
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	-	-	-

The software licences and intellectual property rights are amortised on a straight line basis over 20 (2016: 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 Nil (2016: RM3,745,263/-) and Nil (2016: RM2,062,015/-) respectively, representing the write down of recoverable amount and recognised in statements of comprehensive income.

6. INVESTMENT IN SUBSIDIARIES

	Company 2017 RM	Company 2016 RM
Unquoted shares, at cost		
At 1 January	234,384,100	234,384,000
Acquisition of a subsidiary during the year	-	100
At 31 December	234,384,100	234,384,100

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

Name of Companies	Effective Equity Interest 2017 %	Effective Equity Interest 2016 %	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 installations aluminium doors and windows
Teltora (Pty) Ltd *#@	51	51	Dormant
Vivocom Trading Sdn. Bhd.	100	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

6. INVESTMENT IN SUBSIDIARIES (Continued)

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

Name of Companies	Effective Equity Interest 2017 %	2016 %	Principal Activities
Indirect Subsidiaries (Cont'd)			
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.

(a) **Acquisition of 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 2017 RM	2016 RM
At 1 January	185,225,746	185,225,746
Less: Impairment losses	(6,396,206)	(16,206)
At 31 December	178,829,540	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 and RM69,379,818/- has been allocated to the investment in Neata Aluminium (Malaysia) Sdn. Bhd.and Instacom Engineering Sdn. Bhd. respectively.

During the financial year, an impairment of RM6,380,000/- was recognised for the goodwill allocated to investment in Instacom Engineering Sdn. Bhd. as the recoverable amount is less than the carrying amount.

7. GOODWILL ON CONSOLIDATION (Continued)

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 years 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	
	2017	**2016**
	RM	**RM**
Non-current	9,130,208	10,641,335
Current	5,410,959	4,055,053
	14,541,167	14,696,388
Less: Allowance for impairment	-	-
Total finance receivables	14,541,167	14,696,388

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 (2016:1 to 7 years) and are financed by banking facilities as disclosed in Note 22 to the financial statement.

9. DEFERRED TAXATION

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
At 1 January	(383,427)	1,201,573	(33,266)	1,588,980
Recognised in profit or loss (Note 29)	(2,720)	(1,585,000)	11,571	(1,622,246)
At 31 December	(386,147)	(383,427)	(21,695)	(33,266)
Presented after appropriate offsetting as follows:-				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(386,147)	(383,427)	(21,695)	(33,266)
	(386,147)	(383,427)	(21,695)	(33,266)

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

(a) Deferred tax assets

	Group and Company Unabsorbed business losses RM
At 1 January 2016	(1,588,980)
Recognised in profit or loss	1,588,980
At 31 December 2016	-
Recognised in profit or loss	-
At 31 December 2017	-

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

	Group 2017 RM	Group 2016 RM
Property, plant and equipment	(167,278)	603,957
Unabsorbed losses carry forward	(7,909,870)	(7,697,756)
Unrealised capital allowance carry forward	(5,656,738)	(5,763,221)
	(13,733,886)	(12,857,020)
Potential deferred tax assets not recognised	(3,296,133)	(3,085,685)

9. DEFERRED TAXATION (Continued)

(b) Deferred tax liabilities

	Group	Company
	Property, plant and equipment	
	RM	RM
At 1 January 2016	(387,407)	-
Recognised in profit or loss	3,980	(33,266)
At 31 December 2016	(383,427)	(33,266)
Recognised in profit or loss	(2,720)	11,571
At 31 December 2017	(386,147)	(21,695)

10. INVENTORIES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At cost				
Project work-in-progress	1,159,092	2,907,057	895,498	499,176
Aluminium parts	1,396,727	3,393,331	-	-
Total	2,555,819	6,300,388	895,498	499,176

During the financial year, the cost of inventories recognised as an expense in the Group and in the Company amounted to RM10,411,086/- (2016: RM26,236,599/-) and RM4,379,271/- (2016: RM9,326,150/-) respectively.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade receivables	223,060,613	191,740,256	32,348,271	38,786,137
Less: Allowance for impairment	(5,926,172)	-	(3,670,000)	-
Trade receivables, net	217,134,441	191,740,256	28,678,271	38,786,137
Other receivables				
Other receivables	17,096,888	24,926,747	402,298	1,255,042
Deposits	13,595,795	17,472,896	10,928,019	14,618,932
Prepayments	425,939	1,055,894	9,296	22,322
Retention sums on contracts (Note 12)	34,238,230	26,990,847	-	-
Other receivables, net	65,356,852	70,446,384	11,339,613	15,896,296
	282,491,293	262,186,640	40,017,884	54,682,433
Total trade and other receivables	282,491,293	262,186,640	40,017,884	54,682,433
Total trade and other receivables	282,491,293	262,186,640	40,017,884	54,682,433
Add:				
Amount owing by subsidiaries	-	-	122,314,258	82,598,004
Fixed deposits placed with licensed banks	9,091,444	8,609,709	2,766,472	2,698,376
Cash and bank balances	37,765,513	30,347,576	18,804,267	28,881,335
Total loans and receivables	329,348,250	301,143,925	183,902,881	168,860,148

(a) Trade receivables

The Group's and the Company's credit period granted is ranging from 30 days to 120 days (2016: 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.

11. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Ageing analysis of the Group's and of the Company's trade receivables are as follows:-

	Group		Company	
	2017 RM	2016 RM	2017 RM	2016 RM
Neither past due nor impaired	74,873,460	120,288,299	3,716,808	26,889,544
Past due not impaired				
1 to 30 days	22,321,801	11,055,847	-	-
31 to 60 days	8,328,938	4,246,993	1,517	-
61 to 90 days	4,111,812	8,565,473	-	-
More than 90 days	107,498,430	47,583,644	24,959,946	11,896,593
	142,260,981	71,451,957	24,961,463	11,896,593
Impaired	5,926,172	-	3,670,000	-
	223,060,613	191,740,256	32,348,271	38,786,137

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.

11. TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:-

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
At 1 January	-	-	-	-
Impairment loss during the year	5,926,172	-	3,670,000	-
At 31 December	5,926,172	-	3,670,000	-

Trade receivables that are individually determined to be impaired at the reporting date relate to receivables are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

(i) Included in the other receivables of the Group is an advance amount of RM15,304,301/- (2016: RM19,441,230/-) to third parties.

(ii) Included in the other receivables of the Group and of the Company is an amount of RM2,108,713/- (2016: RM2,327,485/-) 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 RM8,819,306/- (2016: RM12,269,306/-) paid as tender deposits to third party.

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

	Group 2017 RM	Group 2016 RM
Aggregate construction contract costs incurred to date	507,752,796	400,697,697
Add: Attributable profits	163,505,987	120,668,178
	671,258,783	521,365,875
Less: Progress billings	(619,680,646)	(464,065,471)
	51,578,137	57,300,404
Amount owing by customers for contract work	54,819,772	63,257,705
Amount owing to customers for contract work	(3,241,635)	(5,957,301)
	51,578,137	57,300,404
Contract revenue recognised during the financial year	149,892,908	314,675,014
Contract costs charged to profit or loss during the financial year	107,055,099	229,971,645
Retention sums on contracts, included within trade and other receivables (Note 11)	34,238,230	26,990,847
Retention sums on contracts, included within trade and other payables (Note 23)	17,256,926	13,001,579

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 2.85% to 3.15% (2016: 2.55% to 3.15%) 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 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Cash in hand	39,658	23,608	-	-
Cash at banks	37,714,474	30,312,899	18,792,886	28,870,266
Short term fund :-				
- investment in trust funds	11,381	11,069	11,381	11,069
Total	37,765,513	30,347,576	18,804,267	28,881,335

16. SHARE CAPITAL

	Group and Company 2017 Number of shares Unit	2017 RM	2016 Number of shares Unit	2016 RM
Ordinary shares				
Authorised:-				
At 1 January	-	-	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
Issued and fully paid:-				
At 1 January	3,234,221,413	323,422,141	2,340,249,203	234,024,920
Ordinary shares issued	159,500,000	19,774,450	247,000,000	24,700,000
Bonus shares issued	-	-	646,844,282	64,684,428
Exercised of warrants	-	-	127,928	12,793
Transfer from share premium in accordance with Section 618(2) of the Companies Act, 2016	-	17,002,801	-	-
At 31 December	3,393,721,413	360,199,392	3,234,221,413	323,422,141

During the financial year, the issued and paid-up share capital increased from RM323,422,141/- to RM360,199,392/- by way of:-

(i) issuance of 159,500,000 new ordinary shares via private placements to eligible investors for a total purchase consideration of RM19,774,450/- at an average issue price of RM0.124 per ordinary share.

(ii) transfer of the amount standing to the credit of the Company's share premium account pursuant to Section 618(2) of the Companies Act, 2016 in Malaysia, amounting to RM17,002,801/- to become part of the Company's share capital.

16. SHARE CAPITAL (Continued)

The Companies Act, 2016 (the "Act") which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amount standing to the credit of the share premium account of RM17,002,801/- becomes part of the Company's share capital pursuant to the transitional provisions set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of its share premium account of RM17,002,801/- for purposes as set out in Section 618(3) of the Act. There is no impact on the number of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

The 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. Pursuant to Section 618(2) of the Companies Act 2016, the sum of RM17,002,801/- standing to the credit of the Company's share premium account has been transferred and became part of the Company's share capital.

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.

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.

19. WARRANTS (Continued)

Warrants C 2015/2020 (Continued)

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.

As at the end of the financial year, 250,367,513 warrants remained unexercised.

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.

As at the end of the financial year, 240,824,301 warrants remained unexercised.

20. LOANS AND BORROWINGS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current				
Secured:-				
Bankers' acceptances	15,081,560	6,172,797	922,000	2,650,000
Bank overdrafts	1,612,648	904,056	407,869	-
Revolving credits	7,759,824	17,816,412	-	-
Hire purchase payables (Note 21)	807,675	1,188,665	-	-
Term loans (Note 22)	540,850	856,871	179,819	171,205
	25,802,557	26,938,801	1,509,688	2,821,205
Non-current				
Secured:-				
Hire purchase payables (Note 21)	950,092	1,545,099	-	-
Term loans (Note 22)	8,012,546	9,458,018	2,509,241	2,691,556
	8,962,638	11,003,117	2,509,241	2,691,556
Total loans and borrowings	34,765,195	37,941,918	4,018,929	5,512,761

(a) Interest rates on bankers' acceptances for the financial year ranging from 4.77% to 7.75% (2016: 1.25% to 7.75%) 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;

(iii) first fixed charge over two landed properties owned by a third party.

(b) Interest rates on bank overdrafts for the financial year ranging from 7.30% to 7.50% (2016: 7.30%) 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 7.00% to 7.50% (2016: 7.25% to 7.50%) 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 2017 RM	Group 2016 RM
Minimum hire purchase payments:-		
- not later than one year	857,151	1,305,924
- later than one year but not later than five years	1,027,030	1,619,507
- later than five years	-	36,012
	1,884,181	2,961,443
Less: Future finance charges	(126,414)	(227,679)
	1,757,767	2,733,764
Analysis of present value of hire purchases payables:-		
Current (Note 20)		
- not later than one year	807,675	1,188,665
Non-current (Note 20)		
- later than one year but not later than five years	950,092	1,509,595
- later than five years	-	35,504
	950,092	1,545,099
Total hire purchase payables	1,757,767	2,733,764

Interest rates on the hire purchase payables for the financial year ranging from 2.85% - 5.76% (2016: 2.30% - 6.69%) per annum.

22. TERM LOANS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Current (Note 20)				
Within the next twelve months	540,850	856,871	179,819	171,205
Non-current (Note 20)				
After the next twelve months				
- later than one year but not later than five years	1,892,437	2,884,032	812,986	774,039
- later than five years	6,120,109	6,573,986	1,696,255	1,917,517
	8,012,546	9,458,018	2,509,241	2,691,556
Total term loans	8,553,396	10,314,889	2,689,060	2,862,761

Interest rates on term loans for the financial year ranging from 4.60% to 5.58% (2016: 4.30% to 5.74%) 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.

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Trade payables	30,875,154	52,676,448	1,271,504	1,257,575
Other payables				
Other payables	12,961,697	18,841,812	2,094,248	2,580,508
Deposits	195,043	203,763	-	-
Accruals	1,373,390	1,268,249	155,913	681,626
Retention sums on contracts (Note 12)	17,256,926	13,001,579	-	-
Other payables, net	31,787,056	33,315,403	2,250,161	3,262,134
Total trade and other payables	62,662,210	85,991,851	3,521,665	4,519,709
Total trade and other payables	62,662,210	85,991,851	3,521,665	4,519,709
Add:				
Loans and borrowings	34,765,195	37,941,918	4,018,929	5,512,761
Total financial liabilities carried at amortised cost	97,427,405	123,933,769	7,540,594	10,032,470

The credit period granted to the Group and to the Company for trade purchases ranges from 30 to 90 days (2016: 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	
	2017	2016	2017	2016
	RM	RM	RM	RM
Telecommunication, engineering and services	22,322,896	50,608,010	11,239,377	42,897,621
Construction services (Note 12)	105,144,136	269,822,045	-	-
Aluminium parts	55,659,495	45,468,527	-	-
Total	183,126,527	365,898,582	11,239,377	42,897,621

26. OPERATING PROFIT/(LOSS)

Operating profit/(loss) has been arrived at:-

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
After charging:-				
Amortisation of development expenditure	-	345,629	-	224,641
Amortisation of intangible assets	-	57,634	-	57,634
Auditors' remuneration:-				
- current year	296,800	280,000	85,000	80,000
- prior year	-	(15,000)	-	10,000
Bad debts written off	88,748	4,895	-	-
Depreciation of property, plant and equipment	3,904,775	3,953,880	668,238	668,231
Development expenditure written off	-	5,990,908	-	3,893,785
Directors' remuneration:- (Note 27)				
- fees, salaries, allowances and bonuses	1,579,500	507,920	366,000	91,000
- Employees' Provident Fund and SOCSO	160,556	70,499	-	-
Impairment of intangible assets	-	470,871	-	470,871
Impairment losses on amount owing by a subsidiary company	-	-	179,050	-
Impairment of goodwill	6,380,000	-	-	-
Impairment losses on trade receivables	5,926,172	-	3,670,000	-
(Gain)/Loss on disposal of property, plant and equipment	(265,584)	62,560	-	-
Property, plant and equipment written off	90	226,645	-	-
Preliminary expenses written off	-	6,400	-	-
Rental of machinery and vehicles	682,120	4,194,196	-	-
Rental of office and warehouse	764,241	421,224	-	11,040
Staff costs:-				
- salaries, wages and bonuses	6,601,578	9,498,145	420,000	385,000
- Employees' Provident Fund & SOCSO	828,702	943,369	52,057	13,752
- other related staff costs	1,126,369	238,912	771,856	6,530
And crediting:-				
Dividend income	312	392	312	392
Interest income	370,900	519,066	105,503	363,289
Rental income	-	66,014	-	-

27. DIRECTOR REMUNERATIONS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Executive Directors				
- salaries, allowances and bonuses	1,286,000	364,420	-	-
- fees	227,500	77,500	300,000	25,000
- others	160,556	70,499	-	-
Total	1,674,056	512,419	300,000	25,000
Non-Executive Directors				
- fees	66,000	66,000	66,000	66,000
Grand Total	1,740,056	578,419	366,000	91,000

28. FINANCE COSTS

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Interest expenses on:-				
- bank overdrafts	78,566	186,394	13,604	145,988
- bankers' acceptances and revolving credits	1,636,460	192,221	69,174	11,910
- hire purchases payables	133,771	228,549	-	-
- term loans	416,852	1,694,873	132,575	152,680
	2,265,649	2,302,037	215,353	310,578

29. TAXATION

	Group 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Income tax				
- current year	(8,766,824)	(18,880,666)	(114,718)	(1,746,112)
- over/(under) accrual in prior years	9,713,857	(10,656)	844,556	(12,279)
	947,033	(18,891,322)	729,838	(1,758,391)
Deferred tax (Note 9)				
- current year	90,449	(3,364,318)	11,790	(3,394,869)
- (under)/over accrual in prior years	(93,169)	1,779,318	(219)	1,772,623
	(2,720)	(1,585,000)	11,571	(1,622,246)
	944,313	(20,476,322)	741,409	(3,380,637)

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

A reconciliation of income tax expense applicable to profit/(loss) 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 2017 RM	Group 2016 RM	Company 2017 RM	Company 2016 RM
Profit/(Loss) before taxation	20,886,876	81,315,052	(4,505,798)	15,387,379
Taxation at applicable tax rate of 24%	(5,012,850)	(19,515,612)	1,081,392	(3,692,971)
Tax effects arising from:-				
- expenses not deductible for tax purposes	(3,606,867)	(1,676,440)	(1,184,320)	(1,448,010)
- Non-taxable income	182,088	21,585	-	-
- deferred tax assets not recognised	(210,447)	(1,091,601)	-	-
- different in tax rate	-	17,084	-	-
- over/(under) accrual in prior years:-				
- income tax	9,719,557	(10,656)	844,556	(12,279)
- deferred tax	(127,168)	1,779,318	(219)	1,772,623
Tax expense for the financial year	944,313	(20,476,322)	741,409	(3,380,637)

30. EARNINGS PER ORDINARY SHARE

(a) Basic Earnings Per Share

	Group	
	2017	2016
	RM	RM
Net profit attributable to owners of the parent	14,508,556	49,387,623
	Number of shares	
	Unit	Unit
Number of shares in issue as of 1 January	3,234,221,413	2,340,249,203
Effect of:-		
- ordinary shares issued	32,583,333	211,334,247
- bonus shares issued	-	646,844,282
- exercised of warrants	-	53,521
Weighted average number of ordinary shares in issue	3,266,804,746	3,198,481,253
Basic earnings per ordinary share (sen)	0.44	1.54

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 2017.

31. FINANCIAL GUARANTEES

As of 31 December 2017, the Company is contingently liable in respect of guarantees given mainly for banking facilities totalling RM62,678,029/- (2016: 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.

(b) Significant Related Party Transactions and Balances

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Telecommunication sales charged to a subsidiary - Instacom Engineering Sdn. Bhd.	(7,732,955)	(16,543,027)	(7,732,955)	(16,543,027)
Contractor fees paid to a subsidiary - Instacom Construction Sdn. Bhd.	-	321,781	-	1,664,788
Labour charges paid to a subsidiary - Instacom Construction Sdn. Bhd.	-	12,729	-	-
Service charges charged from - Instacom Engineering Sdn Bhd	-	-	-	1,288,252
Contractor fees charged by Instacom Construction Sdn. Bhd. to Instacom Engineering Sdn. Bhd.	132,296	280,447	-	-
Rental of motor vehicles from Instacom Construction Sdn. Bhd. to Vivocom Enterprise Sdn. Bhd. and Neata Aluminium (M) Sdn. Bhd.	192,072	192,072	-	-
Sale of raw material from Vivocom Trading Sdn. Bhd. to Vivocom Enterprise Sdn. Bhd.	1,059,058	2,081,454	-	-
Progress billing on construction contract to a substantial shareholder	15,481,749	24,461,422	-	-

32. SIGNIFICANT RELATED PARTY TRANSACTIONS (Continued)

(c) Key management personnel remuneration

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

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Salaries, allowances and bonuses	1,286,000	364,420	-	-
Fees	227,500	77,500	300,000	25,000
Others	160,556	70,499	-	-
Total	1,674,056	512,419	300,000	25,000

Included in the key management personnel is:-

	Group		Company	
	2017	2016	2017	2016
	RM	RM	RM	RM
Directors' Remuneration	1,674,056	512,419	300,000	25,000

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.

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 2017	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	-	22,322,896	55,659,495	105,144,136	-	-		183,126,527
Inter-segment sales	-	8,057,322	574,679	1,059,058	-	(9,691,059)	(a)	-
Total revenue	-	30,380,218	56,234,174	106,203,194	-	(9,691,059)		183,126,527
Results								
Segment results	-	(5,152,884)	19,600,624	17,362,159	(800,499)	(11,645,633)	(a)	19,363,767
Depreciation and amortisation	-	(1,449,556)	(507,943)	(1,948,392)	-	1,116	(a)	(3,904,775)
Finance costs	-	(1,402,159)	(710,319)	(153,171)	-	-		(2,265,649)
Income tax expenses	-	709,495	(4,890,048)	5,124,866	-	-		944,313
Interest income	-	238,477	120,880	11,543	-	-		370,900
Foreign exchange translation	-	-	-	-	-	-		531
Net profit attributable to the owners of the parent								14,509,087
Non controlling interest								7,323,144
Total comprehensive income								21,832,231

33. SEGMENT REPORTING (Continued)

Group 2017	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	236,770,606	77,536,614	242,701,543	199,324	(360,731,890)	(b)	430,860,297
Goodwill	178,829,540	-	-	-	-	-		178,829,540
Deferred tax assets	-	-	-	-	-	-		-
Consolidated total assets								609,689,837
Other information								
Addition to property, plant and equipment	-	8,885	674,302	155,269	-	(20,000)	(a)	818,456
Liabilities								
Segment liabilities	-	25,738,427	29,387,741	141,374,539	186,850	(125,112,630)	(c)	71,574,927
Loans and borrowings	-	15,429,443	7,260,439	6,790,478	-			29,480,360
Tax payables	-	1,023,730	8,747,820	4,728,483	-			14,500,033
Consolidated total liabilities								115,555,320

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
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								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

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	11
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	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).

34. FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

(b) Fair Value Hierarchy (Continued)

Fair value of financial instruments not carried at fair value

Group	Level 1 RM	Level 2 RM	Level 3 RM	Carrying amount RM
2017				
Financial liabilities				
Hire purchase payables	-	-	1,757,767	1,757,767
Term loans	-	-	8,553,396	8,553,396
	-	-	10,311,163	10,311,163
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
Company				
2017				
Financial liability				
Term loans	-	-	2,689,060	2,689,060
2016				
Financial liability				
Term loans	-	-	2,862,761	2,862,761

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			
	2017		2016	
	RM	%	RM	%
Telecommunication, engineering and services	44,044,343	20%	54,482,465	28%
Construction services	131,918,470	59%	100,121,374	52%
Aluminium parts	47,097,800	21%	37,136,417	19%
Total trade receivables	223,060,613	100%	191,740,256	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 11 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.

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (Continued)

(a) Credit Risk (Continued)

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 11 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 Nil.

(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.

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (Continued)

(b) Liquidity Risk

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
2017					
Financial liabilities					
Trade and other payables	62,662,210	62,662,210	62,662,210	-	-
Amount owing to directors	100	100	100	-	-
Amount owing to customers for contract work	3,241,635	3,241,635	3,241,635	-	-
Hire purchase payables	1,757,767	1,884,181	857,151	1,027,030	-
Term loans	8,553,396	8,553,396	540,850	1,892,437	6,120,109
Other bank borrowings	24,454,032	24,454,032	24,454,032	-	-
	100,669,140	100,795,554	91,755,978	2,919,467	6,120,109
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

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
2017					
Financial liabilities					
Trade and other payables	3,521,665	3,521,665	3,521,665	-	-
Amount owing to directors	100	100	100	-	-
Term loans	2,689,060	2,689,060	179,819	812,986	1,696,255
Other bank borrowings	1,329,869	1,329,869	1,329,869	-	-
	7,540,694	7,540,694	5,031,453	812,986	1,696,255
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

(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.

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (Continued)

(c) Interest Rate Risk (Continued)

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Group					
2017					
Financial asset					
Fixed deposits placed with licensed banks	2.85 - 3.15	9,091,444	-	-	9,091,444
Financial liabilities					
Bankers' acceptances	4.77 - 7.75	15,081,560	-	-	15,081,560
Bank overdrafts	7.30 - 7.50	1,612,648	-	-	1,612,648
Revolving credits	7.00 - 7.50	7,759,824	-	-	7,759,824
Hire purchase payables	2.85 - 5.76	807,675	950,092	-	1,757,767
Term loans	4.60 - 5.58	540,850	1,892,437	6,120,109	8,553,396
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

35. FINANCIAL RISK MANAGEMENT AND OBJECTIVE (Continued)

(c) Interest Rate Risk (Continued)

	Effective Interest Rate %	Within 1 Year RM	1 -5 Years RM	> 5 Years RM	Total RM
Company					
2017					
Financial asset					
Fixed deposits placed with licensed banks	2.55	2,766,472	-	-	2,766,472
Financial liabilities					
Bankers' acceptances	3.80 - 5.01	922,000	-	-	922,000
Bank overdraft	7.30	407,869	-	-	407,869
Term loans	4.85	179,819	812,986	1,696,255	2,689,060
2016					
Financial asset					
Fixed deposits placed with licensed banks	2.55 - 2.70	2,698,376	-	-	2,698,376
Financial liabilities					
Bankers' acceptances	4.88 - 5.27	2,650,000	-	-	2,650,000
Term loans	4.85	171,205	774,039	1,917,517	2,862,761

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 RM1,195,799/- (2016: RM1,329,922/-) and RM62,623/- (2016: RM140,719/-) 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 2017 and 31 December 2016.

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	
		2017	2016	2017	2016
	Note	RM	RM	RM	RM
Trade and other payables	23	62,662,210	85,991,851	3,521,665	4,519,709
Amount owing to directors	24	100	44,015	100	100
Amount owing to customers for contract work	12	3,241,635	5,957,301	-	-
Loans and borrowings	20	34,765,195	37,941,918	4,018,929	5,512,761
Total debts		100,669,140	129,935,085	7,540,694	10,032,570
Equity attributable to owners of the parent		494,134,517	452,527,836	409,108,457	393,098,396
Capital and total debts		594,803,657	582,462,921	416,649,151	403,130,966
Gearing ratio		16.9%	22.3%	1.8%	2.5%

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.

Company No. 596299-D

APPENDIX V

LATEST UNAUDITED QUARTERLY REPORT OF OUR GROUP FOR THE 3-MONTH FPE 31 MARCH 2018

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

CERTIFIED TRUE COPY
Choo Seng Choon
Executive Director

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE QUARTER ENDED 31 MARCH 2018

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31 March 2018	Preceding year corresponding quarter 31 March 2017	Current year to date 31 March 2018	Preceding year corresponding period 31 March 2017
	RM'000	RM'000	RM'000	RM'000
Revenue	35,054	41,032	35,054	41,032
Cost of Sales	(26,753)	(28,545)	(26,753)	(28.545)
Operational depreciation and amortization	(142)	(340)	(142)	(340)
Gross Profit	8,159	12,147	8,159	12,147
Other operating income	190	353	190	353
Administrative Expenses	(3,243)	(2,636)	(3,243)	(2,636)
Depreciation and amortization	(631)	(793)	(631)	(793)
Operating Profit	4,475	9,071	4,475	9,071
Finance cost	(507)	(494)	(507)	(494)
Profit Before Tax	3,968	8,577	3,968	8,577
Taxation	(1.169)	(2,156)	(1,169)	(2.156)
Profit After Tax	2,799	6,421	2,799	6,421
Other comprehensive income	-	-	-	-
Total comprehensive income	2,799	6,421	2,799	6,421
Profit attributable to :				
Equity holders of the Company	2,006	5,242	2,006	5,242
Non-controlling interests	793	1,179	793	1,179
	2,799	**6,421**	**2,799**	**6,421**
Total comprehensive income attributable to :				
Equity holders of the Company	2,006	5,242	2,006	5,242
Non-controlling interests	793	1,179	793	1,179
	2,799	**6,421**	**2,799**	**6,421**
Weighted average no. of ordinary shares in issue ('000)	3,396,333	3,234.221	3,396,333	3,234,221
Earnings per share (sen):-				
a) Basic	0.06	0.16	0.06	0.16

The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

Company No. 596299-D

CERTIFIED TRUE COPY
Choo Seng Choon
Executive Director

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2018

	As at 31 March 2018 (Unaudited) RM'000	As at Preceding Financial Year Ended 31 December 2017 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	28,736	29,595
Goodwill on consolidation	178,830	178,830
Receivables	9,421	9,130
Deferred tax assets	-	-
	216,987	217,555
Current assets		
Inventories	1,875	2,556
Receivables	293,203	287,902
Amount due from customers	63,860	54,820
Deposits with licensed banks	9,357	9,091
Cash And Cash Equivalents	39,697	37,766
	407,992	392,135
Total Assets	624,979	609,690
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share capital	360,736	360,199
Other reserves	4,806	4,806
Retained profits	104,692	102,686
Shareholders' equity	470,234	467,691
Non-controlling interests	27,236	26,443
Total equity	497,470	494,134
Non-Current liabilities		
Borrowings	8,975	8,013
Hire purchase payables	901	950
Deferred taxation	386	386
	10,262	9,349
Current liabilities		
Payables	77,758	65,904
Bank overdraft	986	1,613
Borrowings	21,876	23,382
Hire purchase payables	715	808
Provision for taxation	15,912	14,500
	117,247	106,207
Total liabilities	127,509	115,556
Total equity and liabilities	624,979	609,690
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.14	0.14

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

Company No. 596299-D

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE QUARTER ENDED 31 MARCH 2018

	Current year to date 31 March 2018 (Unaudited) RM'000	Preceding year corresponding period 31 March 2017 (Unaudited) RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit Before Taxation	3,968	8,577
Adjustments for Non-cash items	1,280	1,598
Operating profit before working capital changes	5,248	10,175
Changes in working capital		
Net change in inventories and work-in-progress	681	(7,327)
Net change in trade and other receivables	(5,301)	43,028
Net change in trade and other payables	11,854	(29,731)
Net change in amount due from customers	(9,040)	(16,787)
Net change in directors account	-	57
Net cash from operations	3,442	(585)
Tax paid	243	(741)
Net cash used in operating activities	3,685	(1,326)
CASH FLOW FROM INVESTING ACTIVITIES		
Placement of fixed deposits	(266)	615
Disposal/(Purchase) of plant and equipment	86	(188)
Interest income	-	29
Net cash generated from/(used in) investing activities	(180)	456
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Private Placement	537	-
Borrowings	(544)	1,916
Hire purchases	(142)	(220)
Finance receivables	(291)	(2,864)
Interest paid	(507)	(494)
Net cash generated from/(used in) financing activities	(947)	(1,662)
Net Change in Cash and Cash Equivalents	2,558	(2,532)
Cash and Cash Equivalents at beginning of the period	36,153	29,443
Cash and Cash Equivalents at end of the period	38,711	26,911
Represented by :		
Cash and bank balances	39,697	26,935
Bank overdrafts	(986)	(24)
	38,711	26,911

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with audited financial statements of the Group for the financial year ended 31 December 2017.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE QUARTER ENDED 31 DECEMBER 2017

	<——— *Non-distributable*			———>	*Distributable*			
	Share Capital RM'000	Share Premium RM'000	Warrants Reserve RM'000	Exchange Reserve RM'000	Retained Profits RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
As at 31 December 2017 (Audited)	360,199	-	4,798	8	102,686	467,691	26,443	494,134
Issuance of shares under Private Placement	537	-	-	-	-	537	-	537
Total comprehensive income for the period	-	-	-	-	2,006	2,006	793	2,799
As at 31 March 2018	**360,736**	**-**	**4,798**	**8**	**104,692**	**470,234**	**27,236**	**497,470**
								-
As at preceding year corresponding quarter 31 March 2017								
As at 31 December 2016 (Audited)	323,422	17,003	4,798	8	88,177	433,408	19,120	452,528
Total comprehensive income for the period	-	-	-	-	5,242	5,242	1,179	6,421
As at 31 March 2017	323,422	17,003	-	8	93,419	438,650	20,299	458,949

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2017.

VIVOCOM INTL HOLDINGS BERHAD (596299-D)
NOTES TO THE QUARTERLY REPORT

PART A: EXPLANATORY NOTES PURSUANT TO THE FINANCIAL REPORTING STANDARDS ("FRS") 134: INTERIM FINANCIAL REPORTING

A1. Accounting policies and methods of computation

The interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in compliance with Financial Reporting Standards ("FRS") 134: Interim Financial Reporting.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the Financial Year Ended ("FYE") 31 December 2017 and the accompanying explanatory notes attached to the interim financial report.

The accounting policies and methods of computation adopted by Vivocom Intl Holdings Berhad ("Vivocom") and its subsidiaries ("Group") for these interim financial statements are in compliance with the new and revised FRSs issued by the Malaysian Accounting Standards Board ("MASB").

A2. Adoption of new and revised accounting policies

The Group has adopted the Malaysian Financial Reporting Standards framework ("MFRS Framework") framework issued by MASB. This MFRS Framework was introduced by the MASB in order to fully converge the Malaysian's existing FRS framework with the International Financial Reporting Standards framework issued by the International Accounting Standard Board.

The Group has adopted all the new and revised MFRSs, Interpretations and Technical Releases that are relevant and effective for accounting periods beginning on or after 1 January 2018. The adoption of these new and revised MFRSs, Interpretations and Technical Releases did not result in any changes to the significant accounting policies adopted by the Group.

A3. Qualification on the Auditors' Report of preceding annual financial statements

There was no audit qualification to the annual audited financial statements of the Group for the FYE 31 December 2017.

A4. Seasonal or cyclical factors

The business operations within the industry are not affected by seasonal and cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter under review and financial year-to-date.

A6. Changes in estimates of amounts reported

There were no changes in estimates that have had a material effect on the current financial quarter under review and financial year-to-date.

A7. Issuance or repayment of debt and equity securities

Save as disclosed below, there were no issuance or repayment of debt or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current financial quarter under review and financial year-to-date:-

i. Shares issued under the Private Placement exercise of up to 10% of the total number of issued shares of the Company to Macquarie Bank Limited ("Macquarie Bank") :-

	Shares Listing Date	No. of shares
1	13.02.2018	5,000,000

As at 31 March 2018, the following warrants have not exercised :-

Warrants B	626,145,878
Warrants C	250,367,513
Warrants D	240,824,301

A8. Dividend paid

There was no dividend paid nor declared for the current financial quarter under review.

A9. Segmental information

The Group is organised into the following operating segments:-

a. Telecommunication Engineering Services ("Telco")
b. Aluminium design and fabrication ("Aluminium")
c. Construction

Quarter ended 31 March 2018	Telco (RM'000)	Aluminium (RM'000)	Construction (RM'000)	Eliminations (RM'000)	Consolidated (RM'000)
Revenue from external customers	1,723	8,379	24,952	-	35,054
Cost of sales	(1,660)	(5,217)	(20,018)	-	(26,895)
Segment profit	63	3,162	4,934	-	8,159
Profit before taxation					3,968
Income tax expenses					(1,169)
Profit after tax					2,799
Other comprehensive income					-
Total comprehensive profit					**2,799**

The Group's segmental information by geographical location is not shown as the activities of the Group are in Malaysia.

A10. Valuation of property, plant and equipment

The Company has not carried out valuation on its property, plant and equipment in the current financial quarter under review and financial year-to-date.

A11. Capital commitments

There are no material capital commitments in respect of property, plant and equipment as at 31 March 2018.

A12. Capital Expenditure

There were no major additions and disposals of the property, plant and equipment during the current financial quarter under review and financial year-to-date.

A13. Changes in the composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.

A14. Contingent liabilities and contingent assets

There were no contingent liabilities or contingent assets since the last audited financial statements of the Group for the FYE 31 December 2017.

A15. Subsequent material events

There are no material events subsequent to the financial period ended 31 March 2018 that has not been reflected in this interim financial report.

A16. Significant related party transactions

There were no related party transactions during the current financial quarter under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of the performance of the Company

	Individual Period				Cumulative Period			
	Current Year Quarter 31.03.18 (RM'000)	Preceding Year Corresponding Quarter 31.03.17 (RM'000)	Changes (RM'000)	(%)	Current Year To-Date 31.03.18 (RM'000)	Preceding Year Corresponding Period 31.03.17 (RM'000)	Changes (RM'000)	(%)
Revenue	35,054	41,032	(5,978)	(14.6)	35,054	41,032	(5,978)	(14.6)
Operating Profit	4,475	9,071	(4,596)	(50.7)	4,475	9,071	(4,596)	(50.7)
Profit before tax	3,968	8,577	(4,609)	(53.7)	3,968	8,577	(4,609)	(53.7)
Profit after tax	2,799	6,421	(3,622)	(56.4)	2,799	6,421	(3,622)	(56.4)
Profit attributable to Equity holders of the Company	2,006	5,242	(3,236)	(61.7)	2,006	5,242	(3,236)	(61.7)

For the current financial quarter ended 31 March 2018, the Group recorded revenue of RM35.054 million and profit before tax of RM3.968 million. The lower revenue for the year is mainly due to decrease in revenue from the Telco and Aluminium segments, which consequently affected our profit before tax.

Revenue by segment:

	Individual Period				Cumulative Period			
	Current Year Quarter 31.03.18 (RM'000)	Preceding Year Corresponding Quarter 31.03.17 (RM'000)	Changes (RM'000)	(%)	Current Year To-Date 31.03.18 (RM'000)	Preceding Year Corresponding Period 31.03.17 (RM'000)	Changes (RM'000)	(%)
Telco	1,723	8,536	(6,813)	(79.8)	1,723	8,536	(6,813)	(79.8)
Aluminium	8,379	14,568	(6,189)	(42.5)	7,280	14,568	(7,288)	(50.0)
Construction	24,952	17,928	7,024	39.2	24,952	17,928	7,024	39.2
Total	**35,054**	**41,032**	**(5,978)**	**(14.6)**	**33,955**	**41,032**	**(7,077)**	**(17.2)**

Telco

The Telco segment contributed 4.9% of the total revenue for the current financial quarter ended 31 March 2018. The decrease in revenue for the telco segment is due to lower work orders received and the delay in award and implementation of the next phase of the USP project under the Malaysian Communications and Multimedia Commissions.

Aluminium

The Aluminium segment contributed 23.9% of the total revenue for the current financial quarter ended 31 March 2018. The decrease in revenue for the current year is mainly attributable to slower demand and roll-out as compared to last year.

Construction

The Construction segment contributed 71.2% of the total revenue for the current financial quarter ended 31 March 2018. The increase in revenue for the current year is mainly attributable to stronger roll out of the Group's on-going projects.

B2. Comparison to the results of the preceding quarter

	Current Year Quarter 31.03.18 (RM'000)	Immediate Preceding Quarter 31.12.17 (RM'000)	Changes (RM'000)	Changes (%)
Revenue	35,054	33,312	1,742	5.2
Operating Profit	4,475	1,211	3,264	269.5
Profit before tax	3,968	464	3,504	755.2
Profit/(Loss) after tax	2,799	(1,130)	3,929	(347.7)
Profit/(Loss) attributable to equity holders of the Company	2,006	(2,635)	4,641	(176.1)

Compared to the preceding financial quarter, the Group recorded slight increase of RM0.642 million in revenue mainly due to stronger roll-out under the Construction segment. No impairment was provided for the current financial quarter (previous quarter : RM5.926 million), hence resulting in a profitable position for the Group for the current financial quarter.

B3. Prospects for 2018

For the current financial year to date, the Group has been awarded numerous projects for the aluminum and construction segment, which will keep the Group busy for the next two to three years. In view of these positive developments and the Group's strong order book, barring any unforeseen circumstances, the Board is optimistic of achieving a satisfactory performance for the next financial year ending 31 December 2018.

B4. Profit forecast and profit estimate

The Group has not issued any profit forecast or profit estimate for the current financial quarter under review or in any public documents.

B5. Taxation

	Current Quarter Ended 31 March 2018 RM'000	Cumulative Year-to-Date 31 March 2018 RM'000
Current tax	1,169	1,169
	1,169	1,169

For the current quarter and year-to-date ended 31 March 2018, the effective tax rate for the Group was 29.5%, which was higher than the statutory rate due to losses incurred in certain subsidiary companies.

B6. Status of corporate proposals

As at the date of issuance of this interim financial report, save as disclosed below, there are no corporate proposals announced but not completed :-

On 22 February 2018, UOB Kay Hian Securities (M) Sdn Bhd announced on behalf of the Board of Directors of the Company that the Company proposed to undertake a renounceable rights issue of up to 3,010,706,070 new ordinary shares in Vivocom ("Vivocom Share(s) or Share(s)") ("Rights Share(s)") on the basis of 2 Rights Shares for every 3 existing Vivocom Shares held together with up to 1,505,353,035 free detachable warrants ("Warrant(s) E") on the basis of 1 Warrant E for every 2 Rights Shares subscribed for, on an entitlement date to be determined and announced later ("Entitlement Date").

B7. Status of 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 March 2018 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 additional rights issue expenses of RM294,000
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 Placement of up to 10% of the issued and paid up share capital of Vivocom as at 31 March 2018 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
General 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**	**25,318**	**38,000**	-	

B8. Group borrowings and debt securities

The Group's borrowings as at 31 March 2018 are as follows:-

	Short Term	Long Term
Secured	**(RM'000)**	**(RM'000)**
Bank overdraft	986	-
Term Loans	674	9,050
Project revolving credit	21,202	-
Hire purchase creditors	715	901
Total	23,577	9,951

B9. Material Litigation

There was no material litigation as at the date of issuance of this announcement.

B10. Dividends

No interim dividends have been declared during the current financial quarter under review.

B11. Profit/Loss for the period

	Current Quarter Ended 31 March 2018	Cumulative Year-to-date 31 March 2018
	(RM'000)	**(RM'000)**
This is arrived at after (charging)/crediting :- Interest income	-	-
Interest expense	(507)	(507)
Depreciation and amortization	(773)	(773)

Other disclosure items pursuant to Note 16 of Appendix 9B of the ACE Market Listing Requirements of Bursa Securities are not applicable.

B12. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the equity holders of the Company by the weighted average number of shares in issue for the period.

		Individual Quarter		Cumulative Period	
		Current Year Quarter 31.03.18	Preceding Year Corresponding Quarter 31.03.17	Current Year To-Date 31.03.18	Preceding Year Corresponding Period 31.03.17
Profit attributable to the equity holders of the Company	(RM'000)	2,006	5,242	2,006	5,242
Weighted average number of shares in issue	('000)	3,396,333	3,234,221	3,396,333	3,234,221
Basic earnings per share	(Sen)	0.06	0.16	0.06	0.16

(b) Diluted earnings per share

		Individual Quarter		Cumulative Period	
		Current Year Quarter 31.03.18	Preceding Year Corresponding Quarter 31.03.17	Current Year To-Date 31.03.18	Preceding Year Corresponding Period 31.03.17
Profit attributable to the equity holders of the Company	(RM'000)	2,006	5,242	2,006	5,242
Weighted average number of shares in issue	('000)	3,396,333	3,234,221	3,396,333	3,234,221
Effect of dilution on assumed exercise of warrants	('000)	27,803	186,104	27,803	186,104
Adjusted weighted average number of shares in issue	('000)	3,424,136	3,420,325	3,424,136	3,420,325
Diluted earnings per share	(Sen)	0.06	0.15	0.06	0.15

By Order of the Board

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

Date: 31 May 2018

DIRECTORS' REPORT

VIVOCOM INTERNATIONAL

VIVOCOM INTL HOLDINGS BERHAD (596299-D)

Registered Office:-

149A, Jalan Aminuddin Baki
Taman Tun Dr Ismail
60000 Kuala Lumpur

Date: 13 JUL 2018

To: The Shareholders of Vivocom Intl Holdings Berhad ("Vivocom" or the "Company")

On behalf of the Board of Directors of Vivocom (**"Board"**), I wish to report that after making due enquiries in relation to Vivocom and its subsidiary companies (**"Group"**) during the period between 31 December 2017, being the date to which the latest audited consolidated financial statements of our Group have been made up, and the date of this letter, being a date not earlier than 14 days before the date of this Abridged Prospectus:-

i. In the opinion of the Board, the business of our Group has been satisfactorily maintained;

ii. In the opinion of the Board, no circumstances have arisen since the latest audited consolidated financial statements of our Group which have adversely affected the trading or the value of the assets of our Group;

iii. The current assets of our Group appear in the books at values which are believed to be realisable in the ordinary course of business;

iv. There are no contingent liabilities which have arisen by reason of any guarantees or indemnities given by our Group;

v. There has been no default or any known event that could give rise to a default situation in respect of payment of either interest and/ or principal sums in relation to any borrowings in our Group since the latest audited consolidated financial statements of our Group; and

vi. Save as disclosed in this Abridged Prospectus, there have been no material changes in the published reserves or any unusual factors affecting the profits of our Group since the latest audited consolidated financial statements of our Group.

Yours faithfully,
For and on behalf of the Board
VIVOCOM INTL HOLDINGS BERHAD

CHOO SENG CHOON
Executive Director

ADDITIONAL INFORMATION

1. SHARE CAPITAL

i. Save for the Rights Shares, Warrants E and new Vivocom Shares to be issued arising from the exercise of the Warrants E, no securities in our Company will be allotted or issued on the basis of this Abridged Prospectus later than 12 months after the date of this Abridged Prospectus.

ii. As at the date of this Abridged Prospectus, there is no founder, management, deferred shares or preference shares in the share capital of our Company. There is only 1 class of shares in our Company, namely the ordinary shares of Vivocom, all of which rank *pari passu* with one another.

iii. As at the date of this Abridged Prospectus, save for the Provisional Rights Shares with Warrants E, the outstanding Warrants B, Warrants C and Warrants D, no person has been or is entitled to be granted an option to subscribe for any of our securities.

iv. All the Rights Shares and the new Vivocom Shares to be issued arising from the exercise of the Warrants E shall, upon allotment and issuance, rank *pari passu* in all respects with the existing Vivocom Shares, save and except that such Shares will not be entitled to any dividends, rights, allotments and/ or other forms of distribution that may be declared, made or paid for which the entitlement date precedes the date of allotment and issuance of such Shares.

2. DIRECTORS' REMUNERATION

The provisions in our Constitution in relation to the remuneration of our Directors are set out below:-

Article 93

(1) Subject to the provisions below, the fees of the Directors shall from time to time be determined by the Company in general meeting.

(2) The fees payable to the Non-Executive Directors shall be by way of a fixed sum as may be determined by the Company in general meeting and not by way of a commission on/ or percentage of profits or turnover.

(3) The remunerations of the Executive Directors may not include a commission on/ or percentage of turnover of the Company.

(4) The fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

(5) Any fee paid to an alternate Director shall be agreed between him and his appointer and shall be deducted from his appointor's remuneration.

(6) Any Director holding office for a part of a year shall be entitled to a proportionate part of such fees.

(7) The Directors shall be paid by the Company such reasonable travelling, hotel and other expenses as they may incur in attending meetings of the Company or of Directors or of committees of Directors or which they may otherwise incur in connection with the Company's business.

Article 94

Any Director who by request performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, allowances or otherwise as the Board may determine provided that such extra remuneration shall not be by way of a commission on, or a percentage of, profits and turnover.

3. MATERIAL CONTRACT

Save as disclosed below, our Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the 2 years preceding the date of this Abridged Prospectus:-

i. Subscription agreement dated 27 July 2017 between the Company and Macquarie Bank Limited in relation to the issuance and allotment of up to 323,000,000 Vivocom Shares to Macquarie Bank Limited; and

ii. The Deed Poll E

4. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

As at the LPD, our Group is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and after having made all reasonable enquiries, our Board is not aware of any such proceedings pending or threatened against our Group, or any facts likely to give rise to any proceedings, which may materially or adversely affect the financial position or business of our Group.

5. GENERAL

i. There is no other existing or proposed service contract (contract for services) entered into or to be entered into between our Group and our Directors or proposed Director, other than those which are expiring or determinable by the employing company without payment or compensation (other than statutory compensation) within 1 year from the date of this Abridged Prospectus.

ii. Save as disclosed in this Abridged Prospectus, after having made all reasonable enquiries and to the best knowledge of our Board, the financial conditions and operations of our Group are not affected by any of the following:-

   a) known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of our Group;

   b) material commitments for capital expenditure of our Group, the purpose of such commitments and the sources of funding;

   c) unusual, infrequent events or transactions or significant economic changes which materially affect the amount of reported income from operations of our Group;

   d) known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on our Group's revenue or operating income;

   e) substantial increase in revenues; and

   f) material information, including special trade factors or risks, which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

6. CONSENTS

Our Adviser, Company Secretaries, Share Registrar, Principal Bankers, Due Diligence Solicitors for the Rights Issue with Warrants and Bloomberg Finance L.P. have given and have not subsequently withdrawn their written consents to the inclusion in this Abridged Prospectus of their names and all references thereto in the form and context in which they appear in this Abridged Prospectus.

Our Auditors and Reporting Accountants have given and have not subsequently withdrawn their written consent to the inclusion in this Abridged Prospectus of its name, the pro forma consolidated statements of financial position of our Group as at 31 December 2017 together with the reporting accountants' report thereon, the audited consolidated financial statements of our Group for the FYE 31 December 2017 together with the auditors' report thereon and all references thereto in the form and context in which they appear in this Abridged Prospectus.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection at our Registered Office at 149A, Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur during normal business hours (except public holidays) for a period of 12 months from the date of this Abridged Prospectus:-

i. Our Constitution;

ii. Audited consolidated financial statements of our Group for the past 2 financial years up to the FYE 31 December 2017;

iii. Latest unaudited quarterly report of our Group for the 3-month FPE 31 March 2018;

iv. The pro forma consolidated statements of financial position of our Group as at 31 December 2017 together with reporting accountants' report thereon, as set out in Appendix III of this Abridged Prospectus;

v. The irrevocable undertaking letters referred to in Section 5 of this Abridged Prospectus;

vi. The Directors' Report, as set out in Appendix VI of this Abridged Prospectus;

vii. The material contracts referred to in Section 3 of this Appendix VII; and

viii. The letters of consent referred to in Section 6 of this Appendix VII.

8. RESPONSIBILITY STATEMENT

This Abridged Prospectus together with the accompanying NPA and RSF have been seen and approved by our Board. They collectively and individually accept full responsibility for the accuracy of the information given herein and confirm that, after having made all reasonable enquiries and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make any statement herein false or misleading.

UOBKH, being the Adviser for the Rights Issue with Warrants, acknowledges that, based on all available information and to the best of its knowledge and belief, this Abridged Prospectus constitutes a full and true disclosure of all material facts concerning the Rights Issue with Warrants.