

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

This Circular has been reviewed and approved by RHB Investment Bank Berhad as the Adviser of OCK Group Berhad for the Proposals (as defined herein).

Bursa Malaysia Securities Berhad has not perused through the contents of this Circular prior to its issuance and takes no responsibility for the contents of this Circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Circular.



OCK GROUP BERHAD

(Company No.: 955915-M)
(Incorporated in Malaysia under the Companies Act, 1965)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO THE

- I. **PROPOSED ACQUISITION BY OCK INTERNATIONAL SDN BHD, A WHOLLY-OWNED SUBSIDIARY COMPANY OF OCK GROUP BERHAD ("OCK"), OF 85% EQUITY INTEREST IN PT PUTRA MULIA TELECOMMUNICATION FOR A TOTAL PURCHASE CONSIDERATION OF RM21,250,000 TO BE FULLY SATISFIED VIA A COMBINATION OF CASH AND ISSUANCE OF NEW ORDINARY SHARES OF RM0.10 EACH IN OCK ("OCK SHARES" OR "SHARES");**
- II. **PROPOSED BONUS ISSUE OF 176,053,636 OCK SHARES ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING OCK SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER;**
- III. **PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF OCK AND PROPOSED ALLOCATION OF ESOS OPTIONS TO THE DIRECTORS OF OCK;**
- IV. **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF OCK FROM RM50,000,000 COMPRISING 500,000,000 OCK SHARES TO RM100,000,000 COMPRISING 1,000,000,000 OCK SHARES; AND**
- V. **PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF OCK**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

Adviser



RHB Investment Bank Berhad

(Company No. 19663-P)
(A Participating Organisation of Bursa Malaysia Securities Berhad)

The Notice of the Extraordinary General Meeting ("EGM") of OCK Group Berhad, to be held at Redang Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 2 September 2014 at 10.00 a.m., together with the Form of Proxy are enclosed herein.

A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy or proxies to attend, speak and to vote on his/ her behalf. In such event, the Form of Proxy should be lodged at the Company's Registrar's office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the EGM as indicated below. The lodging of the Form of Proxy does not preclude you from attending, speaking and voting in person at the EGM, should you subsequently wish to do so.

Last date and time for lodging the Form of Proxy : Sunday, 31 August 2014 at 10.00 a.m.

Date and time of the EGM..... : Tuesday, 2 September 2014 at 10.00 a.m.

This Circular is dated 8 August 2014

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this Circular:-

"Act"	: The Companies Act, 1965
"BTMH"	: Messrs Baker Tilly Monteiro Heng, being the reporting accountants in relation to the Proposed Acquisition and the Proposed Bonus Issue
"Board"	: The Board of Directors of OCK
"Bonus Share(s)"	: 176,053,636 new OCK Shares to be issued pursuant to the Proposed Bonus Issue
"Bursa Securities"	: Bursa Malaysia Securities Berhad
"By-Laws"	: The terms and conditions of the Proposed ESOS as amended, from time to time
"Consideration Share(s)"	: 10,227,272 new OCK Shares to be issued to the Vendors at an issue price of RM1.10 per OCK Share pursuant to the Proposed Acquisition
"Crowe Horwath"	: Crowe Horwath Advisory Sdn Bhd, being the expert providing the opinion on the fairness of the Purchase Consideration
"Date of Acceptance"	: The date where the Option Committee shall receive the written notice from an Eligible Person accepting an Offer
"Date of Offer"	: The date on which an Offer is made by the Option Committee to an Eligible Person in the manner as indicated in the By-Laws
"Director(s)"	: The director(s) of OCK and shall have the meaning given in section 2(1) of the Capital Markets And Services Act 2007 and includes any person who is or was within the preceding six (6) months of the date on which the terms of the transaction were agreed upon – i. a director of the listed issuer, its subsidiary or holding company; or ii. a chief executive of the listed issuer, its subsidiary or holding company
"EBITDA"	: Earnings before interest, taxation, depreciation and amortisation
"Effective Date"	: The effective date for the implementation of the Proposed ESOS in the manner as indicated in the By-Laws
"EGM"	: Extraordinary General Meeting
"Eligible Person(s)"	: Employees, executive Directors and non-executive Directors of OCK and its subsidiary companies, which are not dormant, who meet the criteria of eligibility in the manner as indicated in the By-Laws
"Entitlement Date"	: The date as at the close of business (to be determined and announced later by the Board) on which shareholders of OCK must be registered as a member and whose names appear in the Record of Depositors in order to participate in the Proposed Bonus Issue
"EPS"	: Earnings per share

DEFINITIONS (CONT'D)

"ESOS"	:	Employees' share option scheme, being the scheme for the granting of ESOS Options to Eligible Persons to subscribe for new OCK Shares upon the terms and conditions in the manner as indicated in the By-Laws
"ESOS Option(s)" or "Option(s)"	:	The right of a Grantee which may be conditional or unconditional to subscribe for new OCK Shares pursuant to the contract constituted by the acceptance of an Offer by an Eligible Person in the manner as indicated in the By-Laws
"ESOS Share(s)"	:	The new OCK Share(s) to be issued upon exercise of the ESOS Options
"EV"	:	Enterprise value
"EV/ EBITDA"	:	EV-to-EBITDA
"FPE"	:	Financial period ended/ ending
"FYE"	:	Financial year ended/ ending
"Grantee(s)"	:	An Eligible Person who has accepted an Offer in the manner as indicated in the By-Laws
"IDR"	:	Indonesian Rupiah
"LAT"	:	Losses after taxation and non-controlling interests
"LBT"	:	Losses before taxation
"Legisperitus"	:	Messrs Legisperitus Lawyers, being the expert providing the opinion on the prevailing regulations on the repatriation of profits and relevant laws and regulations of the Republic of Indonesia and legal opinion
"Listing Requirements"	:	ACE Market Listing Requirements of Bursa Securities
"LPD"	:	11 July 2014, being the latest practicable date prior to the printing and despatch of this Circular
"LPS"	:	Loss per share
"Market Day(s)"	:	Any day from Mondays to Fridays (inclusive of both days) excluding a public holiday and on which Bursa Securities is open for trading of securities
"NA"	:	Net assets
"OCK" or "Company"	the	OCK Group Berhad
"OCK Group" or "Group"	the	OCK and its subsidiary companies, collectively
"OCK Share(s)" or "Share(s)"	:	Ordinary share(s) of RM0.10 each in OCK
"OCKISB"	:	OCK International Sdn Bhd, a wholly-owned subsidiary company of OCK
"Offer(s)"	:	A written offer made by the Option Committee to an Eligible Person in the manner as indicated in the By-Laws

DEFINITIONS (CONT'D)

"Option Committee"	:	The committee appointed and duly authorised by the Board to administer the Proposed ESOS in the manner as indicated in the By-Laws
"PAT"	:	Profit after taxation and non-controlling interests
"PBT"	:	Profit before taxation
"PE"	:	Price-to-earnings
"PMT"	:	PT Putra Mulia Telecommunication
"Private Placement"		The private placement of 56,980,000 new OCK Shares representing 20% of the issued and paid-up share capital of OCK. The Private Placement has been completed on 26 June 2014 following the listing of the first tranche comprising 28,490,000 OCK Shares on 6 June 2014 and the balance tranche comprising 28,490,000 OCK Shares on the ACE Market of Bursa Securities on 26 June 2014
"Proposals"	:	The Proposed Acquisition, the Proposed Bonus Issue, the Proposed ESOS, the Proposed Increase in Authorised Share Capital and the Proposed Amendments, collectively
"Proposed Acquisition"	:	The proposed acquisition by OCKISB of 85% equity interest in PMT for a total purchase consideration of RM21,250,000 to be fully satisfied via a combination of RM10,000,000 cash and issuance of 10,227,272 Consideration Shares to satisfy the remaining of the Purchase Consideration of RM11,250,000
"Proposed Amendments"	:	The proposed amendments to the Memorandum and Articles of Association of OCK
"Proposed Bonus Issue"	:	The proposed bonus issue of 176,053,636 new OCK Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing OCK Shares held on the Entitlement Date. For the avoidance of doubt, the Proposed Bonus Issue will be implemented after the completion of the Proposed Acquisition
"Proposed ESOS"	:	The proposed establishment of an ESOS of up to 10% of the issued and paid-up share capital of the Company
"Proposed Increase in Authorised Share Capital"		The proposed increase in authorised share capital of OCK from RM50,000,000 comprising 500,000,000 OCK Shares to RM100,000,000 comprising 1,000,000,000 OCK Shares
"Proposed Transfer"	:	The proposed transfer of the listing of and quotation for the entire issued and paid-up share capital of OCK from the ACE Market to the Main Market of Bursa Securities, which was announced to Bursa Securities on 14 May 2014
"Purchase Consideration"	:	The total purchase consideration of RM21,250,000 for the Proposed Acquisition to be satisfied via a combination of cash and issuance of the Consideration Shares
"RHBIB" or "Adviser"	:	RHB Investment Bank Berhad
"RM" and "sen"	:	Ringgit Malaysia and sen, respectively

DEFINITIONS (CONT'D)

"Sale Share(s)"	: The 85,000 ordinary shares of IDR 9,780 each representing 85% equity interest in PMT
"SSA"	: The conditional shares sales agreement dated 29 April 2014 entered into between OCK, OCKISB and the Vendors in respect of the Proposed Acquisition
"Vendors"	: Song Chin Yew and Lim Hooi Seeh, collectively
"WAMP"	: Weighted average market price

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

Any reference in this Circular 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 Circular shall be a reference to Malaysian time, unless otherwise specified.

Unless otherwise stated, the following exchange rates as at the LPD have been used for the purpose of this Circular:-

IDR1,000 : RM0.275

(Source: Bank Negara Malaysia's website as at the LPD)

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OCK GROUP BERHAD

(Company No.: 955915-M)
(Incorporated in Malaysia under the Companies Act, 1965)

Registered Office

Level 2, Tower 1
Avenue 5
Bangsar South City
59200 Kuala Lumpur

8 August 2014

Board of Directors

Dato' Syed Norulzaman Bin Syed Kamarulzaman (*Senior Independent Non-Executive Chairman*)
Abdul Halim Bin Abdul Hamid (*Deputy Chairman*)
Ooi Chin Khoo (*Managing Director*)
Low Hock Keong (*Executive Director*)
Chang Tan Chin (*Executive Director*)
Chong Wai Yew (*Executive Director*)
Rear Admiral Dato' Mohd Som Bin Ibrahim (*Retired*) (*Non-Independent Non-Executive Director*)
Fu Lit Fung (*Independent Non-Executive Director*)
Lee Yow Fui (*Independent Non-Executive Director*)

To: The Shareholders of OCK Group Berhad

Dear Sir/ Madam,

- I. PROPOSED ACQUISITION;**
- II. PROPOSED BONUS ISSUE;**
- III. PROPOSED ESOS;**
- IV. PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND**
- V. PROPOSED AMENDMENTS**

1. INTRODUCTION

On 29 April 2014, RHBIB had, on behalf of the Board, announced that the Company and OCKISB had, on even date, entered into a conditional SSA with Song Chin Yew and Lim Hooi Seeh for the proposed acquisition by OCKISB of 85% equity interest in PMT for a total purchase consideration of RM21,250,000 to be satisfied via a combination of RM10,000,000 cash and issuance of 10,227,272 new OCK Shares at an issue price of RM1.10 per OCK Share to satisfy the remaining of the Purchase Consideration of RM11,250,000.

In addition to the Proposed Acquisition, RHBIB had, on 29 April 2014, announced on behalf of the Board that the Company proposed to undertake the following:-

- i. Establishment of an ESOS of up to 10% of the issued and paid-up share capital of OCK;
- ii. Increase in authorised share capital of OCK from RM50,000,000 comprising 500,000,000 OCK Shares to RM100,000,000 comprising 1,000,000,000 OCK Shares; and
- iii. Amendments to the Memorandum and Articles of Association of OCK.

On 14 May 2014, RHBIB further announced, on behalf of the Board that the Company proposed to undertake the following:-

- i. Bonus issue of up to 177,076,363 new OCK Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing OCK Shares held on the Entitlement Date;
- ii. Further amendments to the memorandum and Articles of Association of OCK (in addition to the amendments announced on 29 April 2014); and
- iii. Transfer of the listing of and quotation for the entire issued and paid-up share capital of OCK from the ACE Market to the Main Market of Bursa Securities.

On 31 July 2014, RHBIB had, on behalf of the Board, announced that Bursa Securities had, vide its letter dated 30 July 2014, resolved to approve the listing of and quotation for the Consideration Shares, the Bonus Shares and the ESOS Shares on the ACE Market of Bursa Securities.

The purpose of this Circular is to provide the shareholders of OCK with the relevant information on the Proposals, as well as to seek the approvals from the shareholders of OCK for the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company. The notice of the forthcoming EGM and the Form of Proxy are enclosed together with this Circular.

SHAREHOLDERS OF OCK ARE ADVISED TO READ AND CONSIDER CAREFULLY THE CONTENTS OF THIS CIRCULAR TOGETHER WITH THE APPENDICES CONTAINED HEREIN BEFORE VOTING ON THE RESOLUTIONS PERTAINING TO THE PROPOSALS TO BE TABLED AT THE FORTHCOMING EGM.

2. DETAILS OF THE PROPOSALS

2.1 Proposed Acquisition

Subject to the terms and conditions of the SSA, the Vendors agree to sell and transfer and OCKISB agrees to purchase and accept the transfer of the Sale Shares free from any and all encumbrance together with all rights now or thereafter attaching thereto, including without limitation, all liabilities and dividends and other distributions declared or made in respect of the Sale Shares on or after completion.

2.1.1 Information on PMT

PMT was incorporated in the Republic of Indonesia on 27 July 2005 based on the Notarial Deed of Benny Lesmana, SH. MM Notary in Tangerang, No. 11. The Deed of Establishment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in his decision letter No. C-26172 HT.01.01.TH.2005 dated 22 September 2005.

As at the LPD, the authorised as well as the issued and paid up share capital of PMT is IDR978,000,000 comprising 100,000 ordinary shares of IDR9,780 each.

PMT is principally involved in the provision of telecommunications solution services. PMT's competencies are set out as below:-

- Operational maintenance managed services outsourcing;
- Network deployment roll-out services;
- Human resource management services;
- Test measurement products/ renting services for telephone company;
- Radio network optimisation; and
- In-building turnkey solutions.

The principal market for PMT's services is in Indonesia. As at the LPD, PMT has been contracted to service numerous network sites throughout Indonesia, the details of which are set out in Appendix I of this Circular. As at the LPD, PMT has secured/ been servicing the following contracts awarded by various telecommunication technology and networks providers:-

- i. Managed services – PMT to design and provide overall telecommunication network maintenance outsourcing services to ensure the performance of network within the service level agreement (SLA); and
- ii. Network turnkey services – PMT to provide network planning, design optimisation, network deployment as well as network operations and maintenance.

It should be noted that there are no indications on the value of the contracts as the value for such services and/ or equipment provided depends on the volume of work requested by the telecommunication technology and networks providers as well as the scope of services rendered by PMT within the duration of the respective contracts.

The Directors and shareholders of PMT as well as their respective shareholdings as at the LPD are as follows:-

Directors and shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Song Chin Yew	Malaysian	75,000	75.00	-	-
Lim Hooi Seeh	Malaysian	25,000	25.00	-	-

Upon completion of the Proposed Acquisition, OCKISB will own 85% equity interest in PMT whilst Lim Hooi Seeh will own the remaining 15% equity interest in PMT.

The Board is of the view that Lim Hooi Seeh's remaining 15% equity stake in PMT upon completion of the Proposed Acquisition could serve as an incentive for him to continue to contribute towards the future development of PMT. Lim Hooi Seeh's remaining 15% equity stake in PMT would also give assurance and comfort to the Board on the continuation of business and key management of PMT.

As at the LPD, PMT does not have any subsidiary or associate companies.

Further details on PMT are set out in Appendix I of this Circular.

2.1.2 Basis and justifications of determining the Purchase Consideration

The purchase consideration for the Proposed Acquisition was arrived at on a willing buyer-willing-seller basis based on mutual agreement after negotiation between OCK and the Vendors and after taking into consideration the following:-

- i. a historical PE multiple of approximately 12.84 times for the 85% equity interest in PMT based on the PAT of PMT of IDR6,018 million (approximately RM1.66 million) attributable to the 85% stake to be acquired by OCK.

For information purposes, PMT recorded a PAT of IDR7,080 million (approximately RM1.95 million) for the FYE 31 December 2013;

- ii. future earnings potential of PMT given the service contracts in hand as set out in Section 2.1.1 of this Circular and the tenure of the contracts which ranges from three (3) months to three (3) years;
- iii. the generally favourable outlook of the telecommunications industry as set out in Section 4.2 of this Circular; and
- iv. the future prospects of PMT as set out in Section 4.3 of this Circular.

For the purpose of assessing the reasonableness of the Purchase Consideration, reference was made to the valuation statistics of public companies listed on stock exchange in Indonesia with principal activities which are broadly comparable to the businesses of PMT. PMT is principally involved in telecommunication solution services with competencies as set out in Section 2.1.1 of this Circular. As such, companies which provide telecommunication solution services in Indonesia have been chosen as comparable companies.

It should be noted that there is no company listed in Indonesia which may be considered to be identical to PMT in terms of, *inter-alia*, composition of business activities, scale of business operations, risk profile, asset base, accounting and tax policies, track record, future prospects, competitive environment, financial positions and that such business may have fundamentally different profitability objectives. It should also be noted that any comparison made with respect to the comparable companies is merely to provide an indicative valuation of PMT. The valuation statistics using PE multiple and EV/ EBITDA multiple are set out in the following page.

The following valuation ratios have been used to arrive at the valuation statistics:-

Valuation multiple	General description
PE	PE multiple illustrates the multiple of the market value of a company's shares relative to its historical EPS
EV/ EBITDA	EV is the sum of a company's market capitalisation, preferred equity, minority interests, short and long term debt less its cash and cash equivalents. The EV/ EBITDA multiple illustrates the market value of a company's business relative to its historical pre-tax operation cash flow performance, without regard to the company's capital structure

The price-to-book multiple was not used as the basis of valuation in view that the said multiple is only meaningful to the extent of the value of each share is backed by tangible assets and would be more applicable to asset-based companies. Other valuation multiple comparisons were not used as they may not be deemed applicable or appropriate with respect to PMT.

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Comparable companies	Based on the latest audited FYE	Principal activities	Closing price as at LPD IDR	PAT IDR' million	PE ^{*1} times	EV IDR' million	EBITDA IDR' million	EV/ EBITDA ^{*2} times
PT Inovisi Infracom Tbk	31 December 2013	PT Inovisi Infracom Tbk involves in provision of mobile telecommunication infrastructure services, advertising and other related services.	1,630	292,398	55.69	17,225,214	447,015	38.53
PT Sarana Menara Nusantara Tbk	31 December 2013	PT Sarana Menara Nusantara Tbk involves in building telecommunications tower and renting the towers to mobile telecommunications services providers.	3,920 ^{*3}	168,512	237.34 ^{*4}	47,792,368	1,404,554	34.03
PT Inti Bangun Sejahtera Tbk	31 December 2013	PT Inti Bangun Sejahtera Tbk involves in leasing space and other broadcast equipment for wireless signal transmission at tower sites under long-term lease agreement with mobile operators and wireless cable television providers.	3,170 ^{*5}	870,391	4.16	3,992,143	303,859	13.14
PT Solusi Tunas Pratama Tbk	31 December 2013	PT Solusi Tunas Pratama Tbk involves in development and construction of telecommunication towers for the wireless communications industry.	8,250 ^{*6}	197,596	33.16	9,463,831	441,651	21.43
PT Bali Towerindo Sentra Tbk	31 December 2013	PT Bali Towerindo Sentra Tbk involves in leasing of antenna space on self-owned multi-tenant Base Transceiver Station towers primarily to mobile cellular operators.	2,315	85,603	13.79	1,427,138	65,523	21.78

Comparable companies	Based on the latest audited FYE	Principal activities	Closing price as at LPD IDR	PAT IDR' million	PE ^{*1} times	EV IDR' million	EBITDA IDR' million	EV/EBITDA ^{*2} times
PT Tower Bersama Infrastructure Tbk	31 December 2013	PT Tower Bersama Infrastructure Tbk provides telecommunication operation of telecommunication supporting infrastructure including tower and in-building systems across Indonesia.	7,800	1,351,524	27.68	49,872,589	1,148,634	43.42
		High			55.69 ^{*7}			43.42
		Low			4.16			13.14
		Simple average			26.90 ^{*7}			28.72
		PMT (based on audited financial statements for the FYE 31 December 2013)	-	7,080	12.84	91,333	9,700	9.42

Notes:-

- ^{*1} Based on the closing market price as at LPD where EPS is based on the audited financial statements of each company for the latest financial year available.
- ^{*2} Market capitalisation in the calculation of EV is computed by multiplying the total issued and paid-up share capital of each company as at the latest financial year available with the closing market price as at LPD while other components in EV and EBITDA are based on the audited financial statements of each company for the latest financial year available
- ^{*3} There was no trading on the LPD, the last trading was on 10 July 2014
- ^{*4} Outlier
- ^{*5} Price has been adjusted pursuant to a rights issue exercise undertaken by PT Inti Bangun Sejahtera Tbk
- ^{*6} There was no trading on the LPD, the last trading was on 12 June 2014
- ^{*7} Excluded outlier PT Sarana Menara Nusantara Tbk

The PE multiple of PMT of 12.84 times as implied by the Purchase Consideration is below the simple average of the PE multiple of the comparable companies 26.90 times and within the range of PE multiple of the comparable companies of 4.16 to 55.69 times. Taking the aforesaid into consideration, the Purchase Consideration is deemed reasonable.

The EV/ EBITDA multiple of PMT of 9.42 times as implied by the Purchase Consideration is below the simple average of the EV/ EBITDA multiple of the comparable companies of 28.72 times and below the lowest EV/ EBITDA multiple of the comparable companies of 13.14 times. Taking the aforesaid into consideration, the Purchase Consideration is deemed reasonable.

In addition, an evaluation was carried out by Crowe Horwath to provide an opinion on the fairness of the Purchase Consideration, a summary of the report is set out in Section 2.1.3 of this Circular and a copy of the said expert's report on the fairness of the Purchase Consideration dated 4 August 2014 is enclosed in Appendix III of this Circular.

2.1.3 Evaluation by Crowe Horwath

The following table summarises the comparison of the Purchase Consideration with trading multiples of the comparable companies and precedent transaction acquisition multiples:-

	PE Multiples (times)	EV/ EBITDA Multiples (times)
Comparable companies trading multiples ^{*1}	20.56 – 32.92	7.23 – 18.26
Precedent transactions acquisition multiples ^{*2}	9.49 – 20.16	6.18 – 12.04
Multiples implied by the Purchase Consideration ^{*3}	12.11 – 13.59	8.79 – 9.50

Notes:-

^{*1} Comparable companies include PT XL Axiata TBK, PT Inovisi Infracom TBK and PT Tower Bersama Infrastructure (Source: Bloomberg)

^{*2} Precedent transactions list, in the format "Acquirer / Target", include Mitel Networks Corp / Aastra Technologies Ltd; Premiere Global Services Inc / ACT Teleconferencing Inc and Eutelsat Communications SA / Satelites Mexicanos SA de CV (Source: Bloomberg)

^{*3} Exchange rate as at the Assessment Date (as defined in the Expert Report by Crowe Horwath) - RM1.00: IDR3,543.60 (Source: Bloomberg)

Based on the table above, which is extracted from the expert's report prepared by Crowe Horwath, the Purchase Consideration translates to an implied PE multiple of between 12.11 to 13.59 times, which is below the range of traded multiples of 20.56 to 32.92 times for the selected comparable companies as at the Assessment Date as set out in note 1 above. The implied EV/ EBITDA multiple of 8.79 to 9.50 times is within the range of the traded multiples of 7.23 to 18.26 times for the selected comparable companies as at the Assessment Date as set out in Note 1 above.

In addition, the implied PE multiple and EV/ EBITDA multiple for the Purchase Consideration of 12.11 to 13.59 times and 8.79 to 9.50 times falls within the range of the precedent transactions acquisition multiples of 9.49 to 20.16 times and 6.18 to 12.04 times, respectively, for precedent transactions as at the Assessment Date as set out in Note 2 above.

Crowe Horwath has also undertaken a discounted cash flow analysis of PMT's business to derive the equity valuation and enterprise valuation, the details of which are set out in Appendix III of this Circular.

Crowe Horwath is of the view that as of the Assessment Date, the Purchase Consideration payable pursuant to the Proposed Acquisition is fair from a financial point of view of PMT.

The key bases and assumptions adopted in the evaluation on the fairness of the Purchase Consideration by Crowe Horwath are set out in Appendix III of this Circular.

2.1.4 Mode and terms of settlement

The Purchase Consideration is to be fully satisfied via a combination of cash and issuance of Consideration Shares in the following manner in accordance with the SSA:-

Vendors	No. of Sale Shares	Equity interest in PMT %	Purchase Consideration RM'000	Amount of cash RM'000	No. of Consideration Shares
Song Chin Yew	75,000	75.00	18,750	8,824	9,024,064
Lim Hooi Seeh	10,000	10.00	2,500	1,176	1,203,208
Total	85,000	85.00	21,250	10,000	10,227,272

For information purposes, the cash payment of RM10,000,000 is to be satisfied within six (6) months from the date of the SSA ("Payment Period"). In the event OCKISB is not able to fulfil the Purchase Consideration by the expiration of the Payment Period, the parties may mutually agree in writing to extend such period.

Pursuant to a letter of amendment dated 25 July 2014, the parties to the SSA have mutually agreed to extend the Payment Period to six (6) months from the date of the SSA.

2.1.5 Source of funding

The cash payment of RM10,000,000 which forms part of the Purchase Consideration shall be fully funded via bank borrowings.

2.1.6 Basis and justification of determining the issue price of the Consideration Shares

The issue price of RM1.10 per Consideration Share was fixed by the Board after taking into consideration the five (5)-day WAMP of OCK Shares up to and including 28 April 2014, being the last market day prior to the date of execution of the SSA, of RM1.27. The issue price represents a discount of approximately 13.39% to the aforesaid five (5)-day WAMP of OCK Shares.

Further, the issue price of RM1.10 per Consideration Share was arrived at on a willing buyer-willing seller basis, after negotiations between OCK and the Vendors, and taking into consideration of the following:-

- i. historical price movement of OCK Shares including one (1)-month, three (3)-month and six (6)-month WAMP of OCK shares up to and including 28 April 2014 of RM1.31, RM1.11 and RM1.04, respectively;

- ii. OCK Shares have been traded well below RM1.00 from April 2013 to February 2014. OCK Share prices have only started to increase gradually in March 2014;
- iii. the liquidity of OCK Shares as traded on Bursa Securities for past 12 months up to March 2014, being the last month prior to the date of execution of the SSA, which has an average monthly trading volume of 17.11 million OCK Shares representing 5.00% of OCK's issued and paid-up share capital as at the LPD as follows:-

Month	Volume traded million	Monthly trading volume as a percentage of total issued and paid-up capital ⁽¹⁾ %
2013		
April	3.715	1.09
May	14.569	4.26
June	13.060	3.82
July	14.344	4.20
August	36.499	10.68
September	14.592	4.27
October	30.590	8.95
November	18.110	5.30
December	18.637	5.45
2014		
January	8.840	2.59
February	15.245	4.46
March ^{*2}	96.822	28.32
Average^{*3}	17.109	5.00

(Source: Bloomberg)

Notes:-

^{*1} Based on the issued and paid-up share capital as at the LPD of 341,880,000 OCK Shares

^{*2} Outlier

^{*3} Excluding outlier

Premised on the above, the OCK Shares had been thinly traded for the past 12 months prior to the execution of the SSA.

- iv. The moratorium of the Consideration Shares as set out in Section 2.1.12(iii) of this Circular.

For information purposes, the issue price of RM1.10 per Consideration Share represents a PE multiple of approximately 23.06 times based on the audited consolidated PAT of OCK of RM13.58 million for the FYE 31 December 2013 whereas the PE multiple for the Proposed Acquisition is 12.84 times as implied by the Purchase Consideration.

Premised on the above, the Board is of the view that the issue price of RM1.10 per Consideration Share, which represents a discount of approximately 13.39% to the aforesaid five (5)-day WAMP of OCK Shares is fair in view of the factors set out above.

2.1.7 Ranking of the Consideration Shares

The Consideration Shares shall, upon issuance and allotment, rank *pari passu* in all respects with the existing issued and paid-up OCK Shares, save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotment and/ or any other forms of distribution ("Distribution") that may be declared, made or paid prior to the relevant date of the issuance and allotment of the Consideration Shares.

2.1.8 Liabilities to be assumed by OCK

Save for the Purchase Consideration as set out in Section 2.1.4 of this Circular, there are no other obligations and liabilities including contingent liabilities and/ or guarantees to be assumed by OCK arising from the Proposed Acquisition.

2.1.9 Additional financial commitment required

Save for the Purchase Consideration, there are no additional financial commitments required by OCK to put the business of PMT on-stream. As set out in Section 2.1.1 of this Circular, PMT is an on-going business entity.

2.1.10 Listing of and quotation for the Consideration Shares

The approval has been obtained from Bursa Securities vide its letter dated 30 July 2014 for the listing of and quotation for the Consideration Shares on the ACE Market/ Main Market of Bursa Securities depending on the timing of the listing of the Consideration Shares.

2.1.11 Information on the Vendors

i. Song Chin Yew

Song Chin Yew, a Malaysian aged 40, graduated from Oxford Brookes University (United Kingdom) with a Bachelor Degree of Engineering (Honours) in Civil Engineering. He has over 10 years of experience in property development industry and was previously attached to IOI Corporation Berhad and SP Setia Berhad before he ventured into the telecommunications industry as a new shareholder and Director in PMT in 2011.

ii. Lim Hooi Seeh

Lim Hooi Seeh, a Malaysian aged 46, graduated from Tunku Abdul Rahman college with a Diploma of Electronic and Electrical Engineering in 1992 and obtained a Master of Business Administration Degree from University of Nottingham Trent, United Kingdom, in 2007. He has over 20 years of experience in the telecommunications industry. He started his career as an engineer with AIMS Sdn Bhd in 1992 and later joined Mobikom Sdn Bhd in 1995. He continued his career in DiGi Telecommunications Sdn Bhd for 11 year with last position as senior management in Technology Division from 1995 to 2006. He later joined P1 Malaysia for five (5) years with last position as Vice President of Technology Officer from 2006 to 2011.

He ventured into entrepreneurial path as a new shareholder and Chief Executive Officer in PMT in 2011.

2.1.12 Salient Terms of the SSA

i. Consideration

OCKISB agrees to satisfy the Purchase Consideration for the Sale Shares to the Vendors partly by payment of cash and partly by the issuance of OCK Shares, details of which are set out in Section 2.1.4 of this Circular.

ii. Conditions Precedent

- a) The sale and purchase of the Sale Shares and the issue of the Consideration Shares are subject to the Conditions Precedent set out below being fulfilled within six (6) months from the SSA ("Conditional Period"):-
 - aa. The approval of the shareholders of OCK for the following:-
 - A. purchase of the Sale Shares;
 - B. increase in OCK's authorised share capital; and
 - C. issuance of the Consideration Shares upon the terms and conditions set out in the SSA;
 - bb. The respective approval of the Board of Directors and the shareholders of PMT, for the proposed acquisition plan drafted by OCKISB; and
 - cc. The approval of the Indonesian Investment Coordinating Board ("BKPM") and Ministry of Law and Human Rights ("MOLHR") of the change of ownership of the Sale Shares to be obtained by the Vendors.

For avoidance of doubt, all the Consideration Shares will be issued to the Vendors upon fulfilment of all the Conditions Precedent. The Proposed Acquisition shall be deemed completed upon full settlement of Purchase Consideration to the Vendors, inclusive of full payment of cash amounting to RM10,000,000 and full issuance of 10,227,272 OCK Shares.

- b) In the event the Conditions Precedent or any of them is not obtained by the expiration of the Conditional Period, the Vendors and OCKISB (collectively the "Parties") may mutually agree in writing to such extended period or periods (the "Extended Date") to obtain the approvals.
- c) In the event any of the Conditions Precedent is not fulfilled and not waived by the Parties within the Conditional Period or by the expiration of the Extended Date, as the case may be, the Parties are entitled to terminate the SSA and the SSA shall thereafter be null and void and of no further effect save and except for any antecedent breach.

- d) Responsibilities for obtaining approvals
 - aa. OCK will be responsible for submitting application(s) to obtain the necessary approvals, its shareholders' approval and the approval(s) of any other relevant authority(ies), if so required.
 - bb. The Vendors agree to deliver to OCK such information as may be required by OCK to enable OCK to submit the relevant applications to obtain the approvals.
 - cc. OCK agrees to deliver to PMT its Articles of Association, company registration, management structure, identity of the director(s) and such other documents as may be required by the Vendors to be attached to the application made by the Vendors to BKPM and MOLHR for BKPM and MOLHR's approval of change of ownership.
 - dd. OCK agrees and covenants with the Vendors that OCK shall transmit or deliver to the Vendors each and every communication relating to the approvals to be obtained by OCK pertaining to communications sent to and received from any relevant authority(ies) within three (3) business days from the date of despatch or receipt of the same, as the case may be.
- e) The SSA will become unconditional upon the satisfaction or fulfilment of all Conditions Precedent and the date of such fulfilment shall be the unconditional date. Any Condition Precedent agreed to be waived by the Parties will be deemed as a satisfaction or fulfilment of that Condition Precedent.

iii. Moratorium

The Vendors shall observe a moratorium for a period of at least one (1) calendar year from the listing date of the Consideration Shares on the transfer or disposal of any of their interests in the Consideration Shares.

It shall be noted that OCK currently has no business presence in Indonesia. In addition to Lim Hooi Seeh's remaining 15% equity stake in PMT upon completion of the Proposed Acquisition, as set out in Section 2.1.1 of this Circular, the moratorium would give additional assurance and comfort to the Board on the continuation of business of PMT upon completion of the Proposed Acquisition. Besides, the moratorium also serves to avoid any immediate sell-down of the Consideration Shares by the Vendors upon completion of the Proposed Acquisition. Further, the Board is of the view that the moratorium period of at least one (1) calendar year is reasonable as the Consideration Shares are to be issued at a discount of approximately 13.39% to the five (5)-day WAMP of OCK Shares up to and including 28 April 2014, being the last market day prior to the date of execution of the SSA.

Pursuant to a letter of amendment dated 25 July 2014, the parties to the SSA have mutually agreed to vary the moratorium period to one (1) year (as opposed to at least one (1) calendar year).

iv. Termination

- a) The Vendors are entitled to claim from OCKISB one (1) per centum of the Purchase Consideration as agreed liquidated damages or to elect to enforce specific performance of the SSA against OCKISB if OCKISB:-
 - aa. fails to carry out any necessary obligation on its part which is required for the completion of the SSA;
 - bb. fails to complete the SSA, whether in the absence of breach by the Vendors of any of the terms of the SSA or otherwise;
 - cc. is in breach of any of the terms of the SSA; or
 - dd. fails to pay the Purchase Consideration in accordance with the terms of the SSA.
- b) OCKISB is entitled to claim from the Vendors one (1) per centum of the Purchase Consideration as agreed liquidated damages or to elect to enforce specific performance of the SSA against the Vendors if the Vendors:-
 - aa. fail to carry out any necessary obligation on their part which is required for the completion of the SSA;
 - bb. fail to complete the SSA, whether in the absence of breach by OCKISB of any of the terms of the SSA or otherwise; or
 - cc. are in breach of any of the terms of the SSA.

For avoidance of doubt, the costs arising from termination will be borne by the respective parties to the SSA or as any court of law so directs.

2.1.13 Policies on Indonesia's Foreign Investments and Repatriation of Profits

The Board understands that there is no restriction in Indonesia on the acquisition of shares of PMT by foreign interests. However, due to its status as a foreign investment company, any change in ownership, capital and line of business is subject to approval by BKPM and MOLHR. Upon execution of transaction, PMT is required to immediately submit notification to BKPM and MOLHR to obtain approvals for such changes.

In addition, the Board also understands that currently, Indonesia does not impose foreign exchange controls. However, there is a 20% withholding tax of income received by a non-Indonesian. Double tax treaties offer a lower withholding tax rate, usually between 10% and 15%. In addition, most treaties provide for an exemption from withholding tax, where interest is paid to the government or other specified authorities in other countries. Withholding tax rates applied to residents of the countries signing tax treaty with Indonesia may be reduced based on the provisions of the particular tax treaty. There are no restrictions or prohibitions that would in the ordinary circumstance prevent the repatriation of profits by PMT to any foreign investors. There are also no restrictions as to the timeframe in which any profits are to be repatriated.

A detailed summary on the policies governing investments and taxation in Indonesia and repatriation of profits by Legisperitus is attached in Appendix II of this Circular.

2.1.14 Enforceability of the SSA

After having regards to the applicable laws in Indonesia, the Board has been advised by Legisperitus that the SSA is valid and legally binding on the Vendors and that the SSA can be enforced by OCK in Indonesia.

A copy of the legal opinion by Legisperitus is attached in Appendix II of this Circular.

2.2 Proposed Bonus Issue

2.2.1 Basis and number of Bonus Shares to be issued

The Proposed Bonus Issue will entail an issuance of 176,053,636 new OCK Shares to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing OCK Shares held by the entitled shareholders of OCK as at the close of business on the Entitlement Date.

Based on the issued and paid-up share capital of OCK as at the LPD of RM34,188,000 comprising 341,880,000 OCK Shares together with 10,227,272 Consideration Shares to be issued, a total of 176,053,636 Bonus Shares may be issued pursuant to the Proposed Bonus Issue. For the avoidance of doubt, the Proposed Bonus Issue will be implemented after the completion of the Proposed Acquisition.

The Bonus Shares will be issued to the shareholders of OCK whose names appear in the Record of Depositors of OCK at the close of business on the Entitlement Date.

Fractional entitlements arising from the Proposed Bonus Issue, if any, shall be disregarded and dealt with by the Board in such manner in their absolute discretion deem fit and expedient, and to be in the best interest of the Company.

The Proposed Bonus Issue will not be implemented in stages over a period of time.

2.2.2 Capitalisation of reserves

The Proposed Bonus Issue shall be wholly capitalised from the share premium account of the Company.

For illustration purposes, the proposed capitalisation for the Proposed Bonus Issue based on OCK's audited financial statements for the FYE 31 December 2013 at the company level is set out below:-

OCK (Company level)	RM'000
Audited share premium as at 31 December 2013	26,739
Add: Adjusted for the Private Placement	66,426 ^{*1}
	<u>93,165</u>
Add: Adjusted for the Proposed Acquisition	10,227 ^{*2}
	<u>103,392</u>
Less: Amount to be capitalised pursuant to the Proposed Bonus Issue	(17,605)
After the Proposed Bonus Issue	<u>85,787</u>

An illustration of the proposed capitalisation for the Proposed Bonus Issue based on OCK's latest unaudited financial statement for the three (3)-month FPE 31 March 2014 is set out below:-

OCK (Company level)	RM'000
Unaudited share premium as at 31 March 2014	26,739
Add: Adjusted for the Private Placement	66,426 ^{*1}
	<u>93,165</u>
Add: Adjusted for the Proposed Acquisition	10,227 ^{*2}
	<u>103,392</u>
Less: Amount to be capitalised pursuant to the Proposed Bonus Issue	(17,605)
After the Proposed Bonus Issue	<u>85,787</u>

Notes:-

^{*1} Based on the 56,980,000 OCK Shares issued at RM1.30 per Share which represents a discount of approximately 7.80% and 9.72% to the five (5)-day WAMP of OCK Shares up to and including 28 May 2014 of RM1.41 and 13 June 2014 of RM1.44, respectively, and after deducting expenses of approximately RM1.95 million incurred in relation to the Private Placement

^{*2} Based on 10,227,272 OCK Shares to be issued at an issue price of RM1.10 per Share for the partial settlement of the Purchase Consideration

Pursuant to Rule 6.31(1) of the Listing Requirements, a listed issuer intends to make a bonus issue of securities must ensure that the necessary reserves required for capitalisation of the bonus issue is unimpaired by losses on a consolidated basis, where applicable, based on the listed issuer's latest audited financial statements as well as its latest quarterly report.

Based on OCK's audited consolidated financial statements for the FYE 31 December 2013 and the latest unaudited financial statements for the three (3)-month FPE 31 March 2014, the Board confirms that the reserves available to be capitalised for the Proposed Bonus Issue are unimpaired by losses on a consolidated basis and that the share premium of the Company is adequate for the capitalisation of the Proposed Bonus Issue, in accordance to Rule 6.31(1) of the Listing Requirements.

2.2.3 Ranking of the Bonus Shares

The Bonus Shares will, upon allotment and issuance, rank *pari passu* in all respects with the existing issued and paid-up OCK Shares, except that the Bonus Shares will not be entitled to any Distribution that may be declared, made or paid to shareholders, for which the entitlement date for the Distribution precedes the date of the allotment and issuance of the Bonus Shares.

For the avoidance of doubt, the Consideration Shares shall be entitled to the Proposed Bonus Issue.

2.2.4 Listing of the Bonus Shares

The approval has been obtained from Bursa Securities vide its letter dated 30 July 2014 for the listing of and quotation for the Bonus Shares on the ACE Market/ Main Market of Bursa Securities depending on the timing of the listing of the Bonus Shares.

2.3 Proposed ESOS

The Proposed ESOS entails an issuance of up to 10% of the issued and paid-up share capital of OCK as and when the ESOS Options to be granted are exercised during the duration of the Proposed ESOS.

The Proposed ESOS involves the granting of ESOS options to the employees and the Directors of OCK and its subsidiary companies, which are not dormant, who meet the criteria of eligibility for participation in the Proposed ESOS as set out in the By-Laws of the Proposed ESOS to subscribe for new OCK Shares at specified prices to be determined in the manner set out in Section 2.3.5 of this Circular.

The Proposed ESOS will be administered by the Option Committee and governed by the By-Laws, a draft of which is set out in Appendix V of this Circular.

2.3.1 Maximum number of OCK Shares available under the Proposed ESOS

The total number of new OCK Shares, which may be allotted pursuant to the Proposed ESOS shall not in aggregate exceed 10% of the total issued and paid-up share capital of the Company (excluding treasury shares, if any) at any point in time during the existence of the Proposed ESOS.

2.3.2 Basis of allotment and maximum allowable allotment

The maximum number of new OCK Shares that may be offered to an Eligible Person shall be determined at the discretion of the ESOS Committee after taking into consideration, where relevant, the performance, contribution, employment grade, seniority and length of service of the Eligible Person and shall be subject to the following:-

- i. The Directors and senior management do not participate in the deliberation or discussion of their own allocation;
- ii. The allocation to an Eligible Person, who either singly or collectively, through persons connected to the Eligible Person, holds 20% or more of the issued and paid-up share capital of OCK, must not exceed 10% of the new OCK Shares available under the Proposed ESOS; and

- iii. Not more than 60% of the ESOS Shares available under the Proposed ESOS shall be allocated, in aggregate, to the Directors and senior management of OCK and its subsidiary companies, which are not dormant.

The Option Committee shall have the discretion in determining whether the granting of the ESOS Options to the Eligible Persons, will be based on staggered granting over the duration of the Proposed ESOS, of which such determination will be carried out by the Option Committee at a later date.

The Option Committee also has the discretion to determine whether the Options are subject to any vesting period and if so the vesting conditions and whether such vesting are subject to performance target.

2.3.3 Eligibility

Only employees, executive Directors and non-executive Directors of OCK and its subsidiary companies, which are not dormant, who meet the following conditions as at the Date of Offer are eligible to participate in the Proposed ESOS:-

- i. Employees
 - a) is at least 18 years of age;
 - b) is employed full-time by and on the payroll of a company in OCK and/ or its subsidiary companies, which are not dormant; and
 - c) has been in the employment of OCK and/ or its subsidiary companies, which are not dormant, for a period of at least six (6) months of continuous service prior to and up to the Date of Offer, including service during the probation period and falls within any other criteria that the Option Committee may from time to time determine at its discretion.
- ii. Executive/ non-executive Director
 - a) is at least 18 years of age;
 - b) has been appointed as an executive/ non-executive Director in OCK and/ or its subsidiary companies, which are not dormant, for a period of at least three (3) months; and
 - c) must have their entitlements under the ESOS approved by the shareholders of the Company in a general meeting.

Eligibility, however, does not confer on an Eligible Person a claim or right to participate in or any rights whatsoever under the Proposed ESOS and an Eligible Person does not acquire or have any right over or in connection with the Options or the ESOS Shares comprised therein unless an Offer has been made in writing by the Option Committee to the Eligible Person under the By-Laws and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Proposed ESOS.

The selection of any Eligible Person to participate and number of Options to be offered under the Proposed ESOS shall be at the sole and absolute discretion of the Option Committee and the decision of the Option Committee shall be binding and final.

2.3.4 Duration

The Proposed ESOS, when implemented, shall be in force for a period of five (5) years from the Effective Date.

On or before the expiry of the Effective Date, the Proposed ESOS may be extended by the Board at its absolute discretion, without having to obtain approval from the Company's shareholders, for a further period of up to five (5) years immediately from the expiry of the first five (5) years, but will not in aggregate exceed 10 years from the Effective Date or such longer period as may be allowed by the relevant authorities.

2.3.5 Basis of determining the subscription price

Subject to any adjustments made under the By-Laws and pursuant to the Listing Requirements, the subscription price shall be the higher of:-

- i. The five (5)-day WAMP of OCK Shares immediately preceding the Date of Offer, with a discount of not more than 10% at the ESOS Committee's discretion; or
- ii. The par value of OCK Shares.

2.3.6 Acceptance

An Offer made by the Option Committee to an Eligible Person under the Proposed ESOS shall be in writing. An Offer made by the Option Committee to an Eligible Person under the By-Laws shall be valid for a period of 30 days from the Date of Offer or such longer period as may be determined by the Option Committee on a case-to-case basis at its discretion ("Prescribed Period"), and shall be accepted within this Prescribed Period by the Eligible Person to whom the Offer is made by a written notice to the Option Committee in such form as prescribed by the Option Committee of such acceptance and accompanied by a payment to the Company of a non-refundable cash consideration of RM1.00 only for the grant of the Option. The day of receipt of such written notice shall constitute the Date of Acceptance.

If the Offer is not accepted in the aforesaid manner, the Offer shall automatically lapse upon the expiry of the Prescribed Period and shall be null and void and be of no effect, and the ESOS Shares comprised in such Options may, at the discretion of the Option Committee, be re-offered to other Eligible Persons.

Within 30 days from the Date of Acceptance or such longer period as may be determined by the Option Committee on a case-to-case basis at its discretion, the Option Committee shall issue to the Grantee an option certificate in such form as may be determined by the Option Committee.

2.3.7 Amendments and/ or modifications

Subject to the compliance with the Listing Requirements and any other relevant authorities, the Option Committee may, at any time and from time to time, recommend to the Board any additions and amendments to or deletions of the By-Laws as it shall in its discretion think fit and the Board shall have the power by resolution to add to, amend or delete all or any of the By-Laws upon such recommendation provided that no additions or amendments to or deletions of the By-Laws shall be made which will:-

- i. prejudice any rights of the shareholders of the Company which would have accrued to any Grantee without his prior consent; or

- ii. increase the number of OCK Shares available under the Proposed ESOS beyond the maximum imposed by the By-Laws; or
- iii. provide an advantage to any Grantee or group of Grantees or all Grantees,

unless shareholders' approval is obtained at a general meeting.

Where any amendments and/ or modifications are made to the By-Laws, the Company shall submit to Bursa Securities, the amendments and/ or modifications to the By-Laws and a confirmation letter that the amendments and/ or modifications complies with the provisions of the guidelines on the Proposed ESOS stipulated under the Listing Requirements no later than five (5) Market Days from the effective date of the said amendments and/ or modifications.

2.3.8 Ranking of the ESOS Shares

The Grantees will not be entitled to any voting right or participation in any form of distribution and/ or offer of further securities in the Company until and unless such Grantees exercise their ESOS Options into new OCK Shares.

The new OCK Shares arising from the exercise of the ESOS Options will, upon allotment and issuance, rank *pari passu* in all respects with the existing issued and paid-up OCK Shares, save and except that the new OCK Shares will not be entitled to any Distribution that may be declared, made or paid to shareholders, for which the entitlement date for the Distribution precedes the date of the issuance and allotment of the new OCK Shares. The new OCK Shares will be subject to all provisions of the Memorandum and Articles of Association of OCK and such amendments thereafter, if any.

2.3.9 Holding of ESOS Options and ESOS Shares

Pursuant to the Listing Requirements, an eligible Director who is a non-executive Director of OCK and/ or any of its subsidiary companies, which are not dormant, shall not sell, transfer or assign the OCK Shares obtained through the exercise of the ESOS Options offered to him/ her within one (1) year from the Date of Offer.

Save for the non-executive Directors, the new OCK Shares allotted and issued to the Grantees pursuant to the exercise of the ESOS Options will not be subject to any holding period or restriction on transfer, disposal and/ or assignment.

2.3.10 Listing of and quotation for the ESOS Shares

The approval has been obtained from Bursa Securities vide its letter dated 30 July 2014 for the listing of and quotation for the ESOS Shares on the ACE Market/ Main Market of Bursa Securities depending on the timing of the listing of the ESOS Shares.

2.3.11 Utilisation of proceeds

The actual amount of proceeds to be raised from the Proposed ESOS will depend on the number of ESOS Options granted and exercised at the relevant point of time and the subscription price payable upon the exercise of the ESOS Options.

The proceeds arising from the exercise of the ESOS Options will be utilised for the working capital requirements of OCK Group, as and when received, within the tenure of the ESOS. As such, the exact timeframe for utilisation of the proceeds is not determinable at this juncture.

The proceeds for working capital will be utilised to finance the Group's day-to-day operations. These expenses include, amongst others, payment to creditors and suppliers, staff costs, utility costs and marketing expenses.

The estimated expenses from the Proposed ESOS amounts to RM30,000.

2.4 Proposed Increase in Authorised Share Capital

The Proposed Increase in Authorised Share Capital involves the increase in the authorised share capital of the Company from RM50,000,000 comprising 500,000,000 OCK Shares to RM100,000,000 comprising 1,000,000,000 OCK Shares by way of creation of additional 500,000,000 new OCK Shares, to cater for any increases in the share capital of the Company pursuant to the Proposed Acquisition, Proposed Bonus Issue, the Proposed ESOS and any other future corporate exercises involving issuance of new OCK Shares.

2.5 Proposed Amendments

The Proposed Amendments involve the consequential amendments to the Memorandum and Articles of Association of OCK to facilitate the implementation of the Proposed Increase in Authorised Share Capital, the Proposed ESOS and the Proposed Transfer.

The Memorandum and Articles of Association of OCK is proposed to be amended as follows:-

	Existing	Proposed
i.	Clause 6	Clause 6
	The capital of the Company is RM50,000,000.00 (Ringgit Malaysia) divided into 500,000,000 shares of RM0.10 each. The shares in the original or any increased capital may divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.	The capital of the Company is Ringgit Malaysia One Hundred Million only (RM100,000,000.00) divided into One Billion (1,000,000,000) ordinary shares of Ten Sen (RM0.10) each, with full power to increase or reduce its capital and the shares in the original or any increased capital may divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.
ii.	Article of Association – Clause 4 (3)	Article of Association – Clause 4 (3)
	(a) No director shall participate in an issue of shares or Share Issuance Scheme of the Company unless the shareholders in general meeting have approved of the specific allotment to be made to such Director and he holds office in the Company in an executive capacity Provided Always that a non-executive Director may participate in an issue of shares or options pursuant to a public offer or public issue.	Deleted

iii. **Article No. 2**

"Listing Requirements" Bursa Malaysia Securities Berhad's Listing Requirements for the ACE Market including any relevant practice and/ or practice notes, directives, guidelines issued pursuant thereto and any amendments that may be made from time to time.

"Market Day" A day on which the ACE Market is open for trading in securities

Article No. 2

"Listing Requirements" The Main Market Listing Requirements of the Exchange including any amendment thereto that may be made from time to time.

"Market Day" A day on which the stock market of the Exchange is open for trading in securities

iv. **Article No. 154(7)**

For the purpose of these Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market including any amendments to the Listing Requirements that may be made from time to time.

Article No. 154(7)

For the purpose of these Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market including any amendments to the Listing Requirements that may be made from time to time.

3. RATIONALE FOR THE PROPOSALS

3.1 Proposed Acquisition

OCK is principally an investment holding company while the principal activities of its subsidiary companies are provision of turnkey telecommunications network services, green energy and power solutions, trading of telecommunications network equipment and materials as well as provision of mechanical and electrical engineering services mainly in Malaysia.

Meanwhile, PMT is principally involved in provision of telecommunications solution. The details of the services provided by PMT are set out in Section 2.1.1 of this Circular. The Proposed Acquisition is in line with the Group's strategy to establish foothold regionally, as and when the opportunity arises, to gain exposure in the dynamic economies which is expected to enable the Group to bring sustainable long-term growth to its business. For information purposes, OCK has established a subsidiary company each in Myanmar, Cambodia and the People's Republic of China to undertake telecommunication network related services.

Given the product and services offering by PMT as well as its geographical coverage in Indonesia as set out in Appendix I of this Circular, the Proposed Acquisition represents an opportunity for OCK to tap into the Indonesian telecommunication industry, where at present it does not have a footprint, to expand the business geographically and to improve its presence regionally. In doing so, OCK is well-placed to create further value for its shareholders by participating in the growth potential in Indonesian telecommunications industry.

Further, as set out in Appendix I of this Circular, PMT had recorded a revenue of IDR39,099 million (or approximately RM10.75 million) and a PAT of IDR7,080 million (or approximately RM1.95 million) for the latest audited FYE 31 December 2013. Upon completion of the Proposed Acquisition, PMT will become a 85%-owned subsidiary company of OCK Group, allowing OCK Group to consolidate the results of PMT. Barring any unforeseen circumstances, the Proposed Acquisition is expected to be earnings accretive as set out in Section 6.3 of this Circular, thus enhancing shareholders' value of OCK in the medium to long term.

The partial settlement of the Purchase Consideration via the issuance of Consideration Shares will enable the Group to strengthen the financial position of OCK (as detailed in Section 6.2 of this Circular) without immediate impact on the cashflow and gearing of OCK as opposed to full settlement in cash or via bank borrowings.

3.2 Proposed Bonus Issue

After due consideration, the Board is of the view that the Proposed Bonus Issue is the most appropriate avenue of rewarding the shareholders of the Company for their continuous support while at the same time enhance the Company's capital base as the Proposed Bonus Issue will:-

- i. Increase the Company's issued and paid-up share capital to a level which would be more reflective of its current scale of operations and assets employed;
- ii. Enlarge the number of ordinary shares in the Company held by the Company's shareholders, albeit without increasing the percentage equity interest; and
- iii. Be able to encourage trading liquidity of the ordinary shares of the Company on Bursa Securities and greater participation by investors as well as potentially broadening the shareholder base of the Company.

3.3 Proposed ESOS

The implementation of the Proposed ESOS primarily serves to align the interests of the Eligible Persons to the corporate goals of OCK Group. The Proposed ESOS will provide the Eligible Persons with an opportunity to have equity participation in the Company and help achieve the positive objectives as set out below:-

- i. To recognise the contribution of the Eligible Persons whose services are valued and considered vital to the operations and continued growth of OCK Group;
- ii. To motivate the Eligible Persons towards improved performance through greater productivity and loyalty;
- iii. To inculcate a greater sense of belonging and dedication as the Eligible Persons are given the opportunity to participate directly in the equity of the Company;
- iv. To retain the Eligible Persons, hence ensuring that the loss of key personnel is kept to a minimum level; and
- v. To reward the Eligible Persons by allowing them to participate in the Group's profitability and eventually realise any potential capital gains arising from possible appreciation in the value of the Company's shares.

The Proposed ESOS is also extended to the non-executive Directors of OCK and its subsidiary companies, which are not dormant, as they discharge important functions, and their services and contributions are valued by the Group.

3.1 Proposed Increase in Authorised Share Capital

The Proposed Increase in Authorised Share Capital is undertaken to cater for any increases in the share capital of the Company pursuant to the Proposed Acquisition, the Proposed Bonus Issue, the Proposed ESOS and any other future corporate exercises involving issuance of new OCK Shares.

3.2 Proposed Amendments

The Proposed Amendments are undertaken to:-

- i. Facilitate the implementation of the Proposed Increase in Authorised Share Capital;
- ii. Allow the Company to extend the ESOS Options which may be granted to the eligible non-executive Directors of OCK and its subsidiary companies, which are not dormant, under the Proposed ESOS; and
- iii. Facilitate the implementation of the Proposed Transfer.

4. INDUSTRY OUTLOOK, PROSPECTS AND FUTURE PLANS OF PMT

4.1 Indonesian economy outlook

Bank Indonesia expects to see more balanced growth in 2014 that will lead to strengthened economic stability. Indonesia's economy is expected to grow in the range of 5.5%-5.9% with more balanced sources of growth between external and domestic demand.

In the medium term, economic growth is projected to accelerate gradually towards a more robust yet sustainable pace, supported by more favourable global economic prospects and expedited reform.

Such positive medium-term economic growth outlook is buttressed by expected sustained improvement in the global economic conditions. Advanced economies are projected to fully recover from deflationary threats as growth accelerates. The international oil price is projected to rebound, while the prices of non-oil and gas commodities will recover, albeit at a limited pace.

The favourable medium term economic outlook is also underpinned by the expected continuation of economic reform aimed at strengthening the fundamental supports for sustained economic growth. The Indonesian government is expected persevere with initiatives to develop key basic enablers, namely infrastructure, human capital, institutions and technology. Such initiatives will manifest through implementation of the Third National Medium-Term Development Plan for 2015 - 2019 as well as the Masterplan for the Acceleration and Expansion of Economic Development in Indonesia for 2011-2025. The Indonesian government will also continue implementation of various policies, fiscal and sectoral, in order to promote the expanding role of the private sector in economic development. In addition, fiscal policy will be geared towards strengthening development financing to sustain industrialisation.

If the range of aforementioned initiatives is implemented fully, the availability and quality of basic enabling factors for sustained economic growth are expected to improve significantly and be more sparsely distributed, hence advancing development in all economic corridors in various regions of the archipelago. Accordingly, the successful implementation of reform will subsequently reinforce the capabilities and capacity of the domestic manufacturing sector, thereby enabling the sector to adapt to the challenges of global competition. Furthermore, private investment, both Foreign Direct Investment (FDI) and domestic, is expected to increase and expand in line with more favourable conditions pertaining to the basic enablers for growth. Growth of export oriented high value added industries is expected to accelerate, supported by the expansion of raw materials and intermediate goods industries. Such improvements in the production side will subsequently be mirrored by increased growth of manufacturing exports as well as the use of processed raw materials and manufactured intermediate goods from domestic sources, which will ultimately help to strengthen the overall posture of the current account.

Based on the global and domestic assumptions, domestic economic growth is projected to reach 6.5% by 2018 with inflation tamed at a low rate, and current account deficit to Gross Domestic Product ("GDP") ratio reduced. The level of productivity will increase, as reflected by gains in capability and capacity of the manufacturing sector. The structure of exports will shift away from raw primary commodities towards commodities with greater value added that are human capital, technology and innovation intensive.

Meanwhile, demand for processed raw materials and intermediate manufactured goods will gradually be met by domestic producers. Enhanced economic productivity coupled with policy consistency by fiscal, monetary and financial services authorities to maintain macroeconomic and financial system stability will support the internal balance as shown by inflation contained within its medium-term target range of $3.5 \pm 1\%$. In addition, income per capita (measured in constant United States Dollars) will continue to rise and inequality will start to decline, suggesting much lesser probability of the economy to fall into the middle income trap.

(Source: Economic Report on Indonesia 2013, Chapter 15 - Medium-Term Economic Outlook and Structural Reform)

4.2 Outlook of the telecommunication industry in Indonesia

Indonesian Cellular Telecommunication Association ("ATSI") assessed the growth of the telecommunications industry in 2014 will be in the range of seven (7) to eight (8) percent. The growth would be driven by Indonesia's GDP increase which is estimated to grow at over six (6) percent per year.

Head of the ATSI, said growth of the telecommunications industry in 2014 is expected to be positive because there is a tendency of improved development supported by well-maintained macroeconomic.

(Source: Indonesia Finance Today, 25 November 2013)

The Indonesian government has traditionally been supportive of information and communication technology ("ICT") development. Internet penetration has increased since the beginning of the century, from less than 1 percent in 2000 to 15.36 percent in 2012. Cellular phone penetration has increased at an exponential rate over the same time period, from 1.72 to 115.20 cellular phone subscriptions per 100 inhabitants. The Indonesian government is planning to increase basic telephone services to thousands of villages across the country and is trying to increase Internet penetration to the country's easternmost islands.

The Indonesian government is working toward building ICT infrastructure and services to connect the archipelagic country from Sabang to Merauke. Indonesia's youthful population ensures that technologies like the Internet are being adopted quickly. By the end of 2013, Indonesia's Internet penetration rate is expected to reach 33 percent, or roughly 80 million users. The business community's role is crucial in ensuring that the growth in accessibility and Internet usage is achieved.

(Source: Islands of Control, Islands of Resistance: Monitoring the 2013 Indonesian Internet Governance Forum, Citizen Lab Research Brief No. 29, January 2014)

Consumer information technology (IT) spending is predicted to reach United States Dollar 7.8 billion by the end of this year, with the lion's share going to the purchase of mobile phones, followed by tablets and personal computers. International Data Corporation (IDC) Indonesia anticipates a total 55-60 million mobile devices will be shipped by the end of 2014, with close to 15 million being smartphones and 4 million of them being tablet devices.

(Source: The Jakarta Post, 2 June 2014)

Indonesia, home to 240 million people, saw 82 million people connected to the Internet as of May, a surge from the 71.19 million throughout 2013, data from the Communication and Information Ministry shows.

(Source: The Jakarta Post, 4 June 2014)

Asosiasi Penyelenggara Jasa Internet Indonesia ("APJII") predicted that the number of internet users will reach 139 million by the end of 2015.

(Sources: APJII's website and <http://broadbandasia.info/wp-content/uploads/2014/04/Indonesian-National-Broadband-Initiative.pdf>)

4.1 Prospects and future plans of PMT

The generally favourable outlook of the telecommunications industry in Indonesia coupled with PMT's product and services offering as well as its geographical coverage in Indonesia as detailed in Appendix I of this Circular are expected to contribute positively to PMT's business.

Within the next three (3) years, PMT expects to continue to derive its future revenue, mainly from managed services and network turnkey services. PMT aims to continue to adopt the latest industry methodologies framework and maintain its operational standards while leverages on its customer relationship management in order to secure future service contracts from a diversified customer base.

The future plans of PMT encompass the two (2) areas as set out below:-

i. **Business expansion strategy**

PMT plans to expand the geographical coverage of its managed services and network turnkey services to other region in Indonesia such as:-

- North, Central and South Sumatra;
- East, West and Central Java;
- Jabo;
- Sulawesi; and
- Kalimantan

The aforementioned expansion is expected to strengthen its position towards becoming a major managed services provider in Indonesia. In line with the expansion into the aforementioned regions, PMT expects to provide support for approximately 10,000 telecommunication network sites by year 2015. PMT is currently servicing approximately 6,000 telecommunication network sites as at the LPD. PMT has been actively marketing its managed services in the aforesaid region.

ii. Human resource development strategy

PMT will continuously build and develop the relevant skill sets of its staff to support and grow its operations by hiring skilful workers and providing training to its key staff. This strategy will be implemented on a continuous basis.

There shall be no upfront commitment in terms of financial resources to realise the future plans of PMT. These future plans will be financed by way of PMT's internally generated funds and/ or bank borrowings. As the aforementioned plan will be implemented on a continuous basis as and when required, the management of PMT is unable to determine the exact amount required to realise the future plans as at the LPD.

Premised on the above and the outlook of the telecommunication industry in Indonesia, the prospects of PMT are expected to be positive.

(Source: Management of PMT)

Barring any unforeseen circumstances, the Board after having considered all the relevant aspects, including the aforementioned prospects PMT as well as industry outlook as set out in Section 4.1 of this Circular, is of the opinion that the Proposed Acquisition is expected to contribute positively to the future earnings of the Group and to enhance the shareholders' value of OCK in the medium to long term.

5. RISK FACTORS FOR THE PROPOSED ACQUISITION

5.1 Political and economic risks

The telecommunications industry is a regulated industry in Indonesia. Any changes in the political, economic and regulatory conditions in Indonesia in which PMT conducts business in, could materially and adversely affect the financial conditions of PMT. Amongst the economic, political and regulatory factors are changes in inflation rates, interest rates, war, terrorism activities, riots, expropriations, nationalisation, method of taxation, changes in political leadership and unfavourable changes in the Indonesian governments' policies in the telecommunications industry.

Save for the approval by BKPM and MOLHR for the change in the ownership in PMT to be obtained by the Vendors as set out in Section 2.1.12 of this Circular, there are no other governmental or regulatory consents, approvals, authorisations or orders required in Indonesia in connection with the Proposed Acquisition.

OCK Group will continue to adopt effective measures such as prudent management and efficient operating procedures to mitigate these factors. However, there can be no assurance that there will not be any introduction of new laws, policies, regulations and/ or rules or amendments to existing laws, policies, regulations and/ or rules or any other adverse political, economic changes in Indonesia which may have an adverse effect on the Proposed Acquisition and/ or OCK Group upon completion of the Proposed Acquisition.

5.2 Competition risks

PMT faces competition amongst the existing players and potential network services providers in Indonesia. There is also a potential risk of the technology providers entering the network services directly.

In view of the competitive market environment, PMT intends to sharpen its competitive edge by continually developing new measures to counter competition which will include, amongst others, maintaining good rapport with its customers and focusing on providing highly reliable services in a timely manner.

5.3 Rapid technology changes

The market for telecommunication services and products is characterised by continued evolution in technology, evolving industry standards, changes in customers' needs, stiff competition and frequent new product introductions. If PMT fails to adopt the new technology in a timely and cost-effective manner in response to these changes, PMT's customers may choose to use its competitors' services, which may adversely affect PMT's business, results of operations and financial conditions.

To mitigate the above risks, PMT constantly engages with its customers and keep abreast with the latest development in the relevant technology and the market trends to meet its customers' needs. However, there can be no assurance that these efforts will curb any negative impact on PMT's business and financial condition resulting from loss of customers due to this risk.

5.4 Dependence on major customers

PMT derives a significant portion of its income from its two (2) major customers, who collectively contributed more than 90% to PMT's revenue in FYE 31 December 2013. These customers are multinational companies ("MNC") providing telecommunications technology solutions to mobile network operators in Indonesia.

The customers may terminate the services of PMT in the event of non-fulfilment of the terms and conditions pursuant to the service contracts. The loss of key customer and/ or service contract, if not replaced, could materially and adversely affect PMT's financial position and results of operations.

Notwithstanding the above, PMT has been awarded several service contracts by these major customers since year 2011. Moving forward, PMT will endeavour to mitigate the risks by ensuring that all the terms and conditions pursuant to the service contracts are met as well as maintaining close working relationship with its customers to ensure issues, if any, with the service contracts can be addressed and resolved promptly. In addition, PMT shall endeavour to expand its customer base to minimise the dependency on either of its major customers moving forward by actively participating in and/ or submitting tenders for various telecommunications projects leveraging on its track record and building long-term relationship with its prospective and existing customers to procure new service contracts from an expanded customer base. In addition to its two (2) major customers, PMT has also been servicing other MNC providing telecommunications technology solutions to mobile network operators in Indonesia, mobile network operators and other telecommunications services contractor. As set out in Section 4.3 above, PMT also intends to expand its managed services and network turnkey services to other regions in Indonesia which could potential expand its customer base.

5.5 Acquisition risks

Although the Board believes that OCK Group may derive benefits from the Proposed Acquisition, there is no assurance that the anticipated benefits of the Proposed Acquisition will be realised or that the Group will be able to generate sufficient revenues pursuant to the Proposed Acquisition to offset the associated acquisition costs incurred or the current financial performance of PMT will be sustainable in the future. There is also no assurance that the OCK Group is able to maintain or improve the standards of quality and services of the business of PMT.

However, the Company has mitigated such risk by adopting prudent investment strategies as well as conducting assessment and review on PMT's current capabilities in terms of processes, assets, equipment and technologies and management leadership prior to making its investment decisions.

5.6 Dependence on key personnel

PMT's future success will depend upon its ability to attract and retain its key personnel. The loss of key personnel of PMT may have an unfavourable and material impact on the performance of PMT as the continued success of the business is considerably dependent on the combined efforts of the management team of PMT.

PMT currently enjoys cordial relationships with its employees and will endeavour to continue its effort to maintain such relationships. In addition, PMT has implemented the following steps to retain its employees:-

- i. To communicate the company value to its employees, to cultivate positive attitude and a sense belonging as well as to provide a proper office environment;
- ii. To have yearly staff performance assessment and continuously enhancing the staff benefit program to be in line with prevailing practice in the market; and
- iii. To encourage the management personnel to further enhance their skill and knowledge, by subsidising the personnel to undertake further studies.

As set out in Section 2.1.1 of this Circular, the Lim Hooi Seeh's remaining 15% equity stake in PMT would also give additional assurance and comfort to the Board on the continuation of business and key management of PMT.

5.7 Foreign exchange risk

The operating and reporting currency of PMT is denominated in IDR. As OCK will be consolidating the financial results of PMT as PMT will become a 85%-owned subsidiary company of OCK upon the completion of the Proposed Acquisition, any fluctuation of the IDR against RM may impact the profits and financial position of OCK Group, arising from such consolidation, when translating to RM terms.

There can be no assurance that fluctuation in foreign exchange rates will not have a material and adverse effect on OCK Group's financial performance. Nevertheless, the Group will assess the need to utilise financial instruments to hedge its foreign exchange exposure to mitigate the translation foreign exchange risk exposures.

6. EFFECTS OF THE PROPOSALS

The Proposed Increase in Authorised Share Capital and the Proposed Amendments will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of the Company, the NA and gearing, and the earnings and EPS of the Group.

6.1 Issued and paid-up share capital

The proforma effects of the Proposed Acquisition, the Proposed Bonus Issue and the Proposed ESOS on the issued and paid-up share capital of OCK are set out below:-

	No. of Shares	RM
Issued and paid-up share capital as at 11 July 2014	341,880,000	34,188,000
Shares to be issued pursuant to the Proposed Acquisition	10,227,272	1,022,727
	<u>352,107,272</u>	<u>35,210,727</u>
Shares to be issued pursuant to the Proposed Bonus Issue	176,053,636	17,605,364
	<u>528,160,908</u>	<u>52,816,091</u>
Shares to be issued arising from the full exercise of ESOS Options ^{*1}	52,816,090	5,281,609
Enlarged issued and paid-up share capital	<u>580,976,998</u>	<u>58,097,700</u>

Note:-

^{*1} Assuming that the number of ESOS Options granted amounts to 10% of the issued and paid-up share capital of the Company

6.2 NA per Share and gearing

Based on the latest audited consolidated statement of financial position of OCK Group as at 31 December 2013, the proforma effects of the Proposed Acquisition and the Proposed Bonus Issue on the NA per Share and gearing of the Group are set out below:-

	Audited as at 31 December 2013 RM'000	I After the Private Placement RM'000	II After I and the Proposed Acquisition RM'000	III After II and the Proposed Bonus Issue RM'000
Share capital	28,490	34,188	35,211	52,816
Share premium	26,739	93,165 ^{*1}	103,392 ^{*3}	85,787 ^{*6}
Foreign currency translation reserve	(26)	(26)	(26)	(26)
Revaluation reserve	3,280	3,280	3,280	3,280
Reserve arising from reserve acquisition	(17,007)	(17,007)	(17,007)	(17,007)
Retained earnings	38,258	38,258	37,588 ^{*4}	37,588
Shareholders' fund/ NA	<u>79,734</u>	<u>151,858</u>	<u>162,438</u>	<u>162,438</u>
No. of shares in issue ('000)	284,900	341,880	352,107	528,161
NA per share (RM)	0.28	0.44	0.46	0.31
Total borrowings (RM'000)	60,436	52,436 ^{*2}	62,894 ^{*5}	62,894
Gearing ratio (times)	0.76	0.35	0.39	0.39

Notes:-

- ^{*1} Based on 56,980,000 OCK Shares issued at RM1.30 per Share and after deducting expenses of approximately RM1.95 million incurred in relation to the Private Placement
- ^{*2} For illustrative purposes, assuming the proceeds arising from the Private Placement is utilised for the partial repayment of borrowings amounting to RM8.00 million at this juncture, as detailed in the Circular to shareholders relating to the Private Placement dated 12 May 2014
- ^{*3} Based on 10,227,272 OCK Shares to be issued at an issue price of RM1.10 per Share for the partial settlement of the Purchase Consideration
- ^{*4} After deducting estimated expenses of RM0.67 million incurred in relation to the Proposals
- ^{*5} Including the total interest-bearing borrowings of PMT amounting to approximately RM0.46 million and bank borrowings to be procured by OCK to finance the RM10.00 million cash payment for the purchase consideration pursuant to the Proposed Acquisition at an estimated financing cost of 6% per annum
- ^{*6} After the capitalisation of approximately RM17.61 million pursuant to the Proposed Bonus Issue

The Proposed ESOS is not expected to have an immediate effect on the NA per Share and gearing of the Group until such time when the ESOS Options to be granted under the Proposed ESOS are exercised. The effects on the NA per Share and gearing of the Group will depend on the subscription price of the ESOS Options, the number of new OCK Shares to be issued upon the exercise of the ESOS Options and the potential effect on the future earnings of the Group arising from the adoption of the Malaysian Financial Reporting Standards ("MFRS") 2 as set out in Section 6.3 of this Circular.

Nevertheless, the Company has taken note of the potential impact of the MFRS 2 on OCK Group's future NA per Share and shall take into consideration such impact on the allocation and granting of ESOS Options to the Eligible Persons.

6.3 Earnings and EPS

Barring any unforeseen circumstances, the Proposed Acquisition is expected to contribute positively to the earnings of OCK Group for the FYE 31 December 2014 as the Proposed Acquisition is expected to be completed by the fourth quarter of 2014.

Purely for illustrative purposes only, assuming that the Proposed Acquisition had been effected on 1 January 2013 (being the date at the beginning of FYE 31 December 2013), the proforma effects of the Proposed Acquisition, after the Private Placement, on the EPS of OCK are as follows:-

	Audited FYE 31 December 2013 RM'000	I After the Private Placement RM'000	II After I and the Proposed Acquisition RM'000
PAT attributable to equity holders of OCK Group	13,582	13,582	12,982 ^{*1}
PAT of PMT attributable to OCK Group pursuant to the Proposed Acquisition	-	-	1,655 ^{*2}
Enlarged proforma PAT of OCK Group	13,582	13,582	14,637
No. of Shares in issue ('000)	284,900	341,880	352,107
EPS (sen)	4.77	3.97	4.16

Notes:-

^{*1} *After deducting the interest expenses amounting to RM600,000, assuming the financing costs from bank borrowing is 6% per annum based on the RM10 million cash payment for the purchase consideration pursuant to the Proposed Acquisition*

^{*2} *Based on OCK's 85% stake in PMT*

The Proposed Bonus Issue is not expected to have any material effect on the earnings of OCK Group for the FYE 31 December 2014. However, the Proposed Bonus Issue may result in a corresponding dilution in the EPS of the Group due to the increase in the number of OCK Shares in issue.

The Proposed ESOS may have an effect on the earnings of OCK Group for the FYE 31 December 2014 and up to 10 years due to the possible impact of the MFRS 2 on share-based payment. Any potential effect on the EPS of OCK Group in the future would depend on the number of ESOS Options granted and exercised, and the subscription price payable upon the exercise of the ESOS Options, as well as the impact of the MFRS 2 on share-based payment.

Pursuant to the MFRS 2 on the share-based payment, the cost arising from the issuance of the ESOS Options is measured by the fair value of the ESOS Options, which is expected to vest at each Date of Offer and is recognised in the statement of comprehensive income over the vesting period of the ESOS Options, thereby reducing the earnings of OCK Group. The fair value of the ESOS Options is determined after taking into consideration, amongst others, the historical volatility of OCK Shares, the risk-free rate, the subscription price of the ESOS Options and time to expiry of the ESOS Options from the vesting date of the ESOS Options. Hence, the potential effect on the EPS of OCK Group, as a consequence of the recognition of the said cost, cannot be determined at this juncture.

Nevertheless, the Company has taken note of the potential impact of the MFRS 2 on OCK Group's future earnings and shall take into consideration such impact on the allocation and granting of ESOS Options to the Eligible Persons.

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6.4 Substantial shareholdings structure

The effects of the Proposed Acquisition, the Proposed Bonus Issue and the Proposed ESOS on the substantial shareholders' shareholdings of the Company are set out below:-

Substantial shareholders	I Shareholdings as at the LPD				After the Proposed Acquisition			
	<-----Direct----->	<-----Indirect----->	No. of Shares	%	<-----Direct----->	<-----Indirect----->	No. of Shares	%
Aliran Armada Sdn Bhd	140,215,000	-	41.01	-	140,215,000	-	39.82	-
Ooi Chin Khoon	3,500,000	141,817,700 ^{*1}	41.48	0.99	3,500,000	141,817,700 ^{*1}	40.28	
Abdul Halim Bin Abdul Hamid	-	140,215,000 ^{*2}	41.01	-	-	140,215,000 ^{*2}	39.82	
Lembaga Tabung Angkatan Tentera ("LTAT")	63,867,700	-	18.68	-	63,867,700	-	18.14	-
Substantial shareholders	II After I and the Proposed Bonus Issue				III After II and assuming full exercise of the ESOS Options granted ^{*3}			
	<-----Direct----->	<-----Indirect----->	No. of Shares	%	<-----Direct----->	<-----Indirect----->	No. of Shares	%
Aliran Armada Sdn Bhd	210,322,500	-	39.82	-	210,322,500	-	36.20	-
Ooi Chin Khoon	5,250,000	212,726,550 ^{*1}	40.28	0.90	5,250,000	212,726,550 ^{*1}	36.62	
Abdul Halim Bin Abdul Hamid	-	210,322,500 ^{*2}	39.82	-	-	210,322,500 ^{*2}	36.20	
LTAT	95,801,550	-	18.14	-	95,801,550	-	16.49	-

Notes:-

^{*1} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd and of his brothers, Ooi Cheng Wah and Ooi Chin Lee's direct interest in OCK

^{*2} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd

^{*3} Assuming none of the substantial shareholders, who are also the Eligible Persons, are granted any ESOS Options

Neither of the Vendors will emerge as a substantial shareholder of OCK pursuant to the Proposed Acquisition. The Vendors will collectively hold 10,227,272 OCK Shares, representing 2.90% of the enlarged issued and paid-up share capital of OCK upon completion of the Proposed Acquisition.

6.5 Convertible securities

As at the date of this Circular, the Company does not have any existing convertible securities.

7. HISTORICAL SHARE PRICES

The monthly highest and lowest closing prices of OCK Shares for the past approximately 12 months as traded on Bursa Securities from August 2013 to July 2014 are as follows:-

	High RM	Low RM
2013		
August	0.73	0.52
September	0.73	0.62
October	0.82	0.68
November	0.85	0.77
December	0.87	0.74
2014		
January	0.80	0.75
February	0.85	0.76
March	1.29	0.75
April	1.44	1.20
May	1.52	1.27
June	1.50	1.39
July	1.60	1.41
Last transacted market price on 28 April 2014 (being the date prior to the announcement on the SSA)		1.25
Last transacted market price on the LPD		1.44

(Source: Bloomberg)

8. APPROVALS REQUIRED/ OBTAINED

The Proposals are subject to the following approvals being obtained:-

- i. Bursa Securities, for the listing of the Consideration Shares, Bonus Shares and the ESOS Shares on the ACE Market/ Main Market of Bursa Securities depending on the timing of the listing of the said OCK Shares, was obtained vide its letter dated 30 July 2014, subject to the following conditions:-

Conditions	Status of compliance
a) OCK and RHBIB must fully comply with the relevant provisions under the Listing Requirements pertaining to the implementation of the Proposed Acquisition and Proposed Bonus Issue;	Noted
b) RHBIB is required to submit a confirmation to Bursa Securities of full compliance of the ESOS pursuant to Rule 6.44(1) of the Listing Requirements and stating the effective date of implementation	To be complied
c) OCK and RHBIB to inform Bursa Securities upon the completion of the Proposed Acquisition, Proposed Bonus Issue and Proposed ESOS	To be complied
d) OCK to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Acquisition, Proposed Bonus Issue and Proposed ESOS are completed	To be complied

Conditions	Status of compliance
e) OCK and RHBIB to furnish Bursa Securities with a certified true copy of the resolutions passed by the shareholders in general meeting approving the Proposed Acquisition and Proposed ESOS	To be complied
f) OCK and RHBIB are required to make the relevant announcements pursuant to Rule 6.36(2)(a) & (b) and 6.36(4) of the Listing Requirements	To be complied
g) OCK is required to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of the ESOS, as at the end of each quarter together with a detailed computation of listing fees payable	To be complied
ii. The shareholders of OCK, for the Proposals at an extraordinary general meeting of the Company to be convened; and	
iii. Any other relevant authority, if required.	

The conditionality of the Proposals is set out below:-

- i. The Proposed Acquisition, the Proposed Bonus Issue and Proposed ESOS are conditional upon the Proposed Increase in Authorised Share Capital and the Proposed Amendments, and vice versa;
- ii. The Proposed Acquisition, the Proposed Bonus Issue and the Proposed ESOS are not conditional upon each other, whereas the Proposed Increase in Authorised Share Capital and the Proposed Amendments are conditional upon each other; and
- iii. The Proposed Transfer is conditional upon the Proposed Amendments (as set out in Sections 2.5 (iii) and (iv) of this Circular).

Save as disclosed above, the Proposals are not conditional upon any other proposals undertaken or to be undertaken by the Company.

9. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/ OR PERSONS CONNECTED TO THEM

None of the Directors, major shareholders of OCK and/ or persons connected to them have any interest, whether direct or indirect, in the Proposed Acquisition, the Proposed Bonus Issue and the Proposed Increase in Authorised Share Capital, other than their respective entitlements under the Proposed Bonus Issue, for which all shareholders of OCK are entitled to.

In addition, none of the executive Directors, major shareholders of OCK and/ or person connected to them have any interest, whether direct or indirect, in the Proposed Amendments.

Save for Rear Admiral Dato' Mohd Som Bin Ibrahim (Retired), all the Directors of OCK are eligible to participate in the Proposed ESOS ("Eligible Directors") and are therefore deemed interested to the extent of their respective allocations under the Proposed ESOS. Notwithstanding this, all the Eligible Directors have deliberated on the Proposed ESOS, and have agreed to present the Proposed ESOS to the shareholders of the Company for their consideration and approval.

All the Eligible Directors have and will continue to abstain from all Board deliberations and voting in respect of their respective entitlements and the entitlements of persons connected to them under the Proposed ESOS at the relevant Board meetings.

In addition to the above, save for Rear Admiral Dato' Mohd Som Bin Ibrahim (Retired), all the non-executive Directors of OCK are deemed interested in the Proposed Amendments ("Eligible Non-Executive Directors"), as set out in Section 2.5(ii) of this Circular, to facilitate the allocation of ESOS Options to non-executive Directors. As such, all the Eligible Non-Executive Directors have and will continue to abstain from all Board deliberations on the Proposed Amendments. Accordingly, the Eligible Non-Executive Directors of OCK shall also abstain from voting in respect of their direct and/ or indirect shareholdings, if any, at the forthcoming EGM on the special resolution pertaining to the Proposed Amendments. The Eligible Non-Executive Directors will undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the special resolution pertaining to Proposed Amendments to be tabled at an EGM of the Company to be convened.

The Eligible Directors shall also abstain from voting in respect of their direct and/ or indirect shareholdings, if any, at the forthcoming EGM of the Company in respect of the ordinary resolutions to be tabled for their respective proposed allocation, if any, as well as the proposed allocations to the persons connected to them under the Proposed ESOS, if any. The Eligible Directors will undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings, if any, in the Company on the ordinary resolutions pertaining to the Eligible Directors' respective proposed allocation and the proposed allocations to the persons connected to the Eligible Directors to be tabled at an EGM of the Company to be convened.

The major shareholders of OCK who are Eligible Persons, namely Ooi Chin Khoon and Abdul Halim Bin Abdul Hamid ("Interested Major Shareholders"), under the Proposed ESOS will abstain from voting in respect of their direct and/ or indirect shareholdings in the Company on the ordinary resolution pertaining to the proposed allocation to them, as well as the proposed allocations to the persons connected to them under the Proposed ESOS, if any, to be tabled at an EGM of the Company to be convened. The Interested Major Shareholders will also undertake to ensure that persons connected to them, if any, will abstain from voting in respect of their direct and/ or indirect shareholdings in the Company on the ordinary resolutions pertaining to the proposed allocation to the Interested Major Shareholders and the proposed allocations to the persons connected to the Interested Major Shareholders under the Proposed ESOS, if any, to be tabled at an EGM of the Company to be convened.

The shareholdings of the Eligible Directors and Interested Major Shareholders of OCK as at the LPD are set out below:-

	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Eligible Directors of OCK				
Dato' Syed Norulzaman Bin Syed Kamarulzaman	-	-	-	-
Abdul Halim Bin Abdul Hamid	-	-	140,215,000 ^{*1}	41.01
Ooi Chin Khoon	3,500,000	1.02	141,817,700 ^{*2}	41.48
Low Hock Keong	7,360,000	2.15	1,278,000 ^{*3}	0.37
Chang Tan Chin	4,020,000	1.18	-	-
Chong Wai Yew	3,520,000	1.03	-	-
Fu Lit Fung	-	-	-	-
Lee Yow Fui	-	-	-	-

	Shareholdings as at the LPD			
	<-----Direct----->		<-----Indirect----->	
	No. of Shares	%	No. of Shares	%
Interested Major Shareholders				
Ooi Chin Khoon	3,500,000	1.02	141,817,700 ^{*2}	41.48
Abdul Halim Bin Abdul Hamid	-	-	140,215,000 ^{*1}	41.01

Notes:-

^{*1} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd

^{*2} Deemed interested by virtue of his interest in Aliran Armada Sdn Bhd and of his brothers, Ooi Cheng Wah and Ooi Chin Lee's direct interest in OCK

^{*3} Deemed interested in his mother, Hoh Moh Ying's direct shareholdings in OCK

10. ESTIMATED TIMEFRAME FOR COMPLETION AND TENTATIVE TIMETABLE FOR IMPLEMENTATION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Board expects the Proposals to be completed by the fourth quarter of 2014. The tentative timetable in relation to the Proposed Bonus Issue is set out below:-

Month	Events
2 September 2014	<ul style="list-style-type: none"> Convening of EGM to obtain the approval of shareholders of OCK
Mid October 2014	<ul style="list-style-type: none"> Announcement of the Entitlement Date
Early November 2014	<ul style="list-style-type: none"> Entitlement Date Listing of the Bonus Shares Completion of the Proposals

11. PROPOSALS ANNOUNCED BUT PENDING COMPLETION

Save for the Proposals and the Proposed Transfer, the Board is not aware of any other corporate exercise that has been announced but not yet completed as at the date of this Circular.

12. DIRECTORS' RECOMMENDATION

The Board (save for the Eligible Non-Executive Directors, who are interested in the Proposed Amendments), having considered all aspects of the Proposals, including the rationale, future plans and prospects of PMT, risk factors and effects for the Proposals as set out in Sections 3, 4.3, 5 and 6 of this Circular, respectively, is of the opinion that the Proposals are in the best interest of the Company and the terms and conditions of the SSA are fair and reasonable.

The Eligible Directors have abstained and will continue to abstain from giving any opinion on their respective proposed allocations and the proposed allocation to the persons connected to them under the Proposed ESOS. In addition, the Eligible Directors have abstained and will continue to abstain from making any recommendation for voting in respect of the resolutions pertaining to their respective proposed allocations and the proposed allocation to the persons connected to them under the Proposed ESOS.

Accordingly, the Board (save for each Eligible Director who is interested in their respective proposed allocations and the proposed allocation to the persons connected to them under the Proposed ESOS and the Eligible Non-Executive Directors who are interested in the Proposed Amendments) recommends that you vote in favour of the resolutions pertaining to the Proposals to be tabled at the forthcoming EGM of the Company.

13. EGM

The EGM, the notice of which is enclosed in this Circular, is scheduled to be held at Redang Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 2 September 2014 at 10.00 a.m., for the purpose of considering and if thought fit, passing with or without modification, the resolutions to give effect to the Proposals.

If you are unable to attend, speak and vote in person at the EGM, you are requested to complete and return the enclosed Form of Proxy in accordance with the instruction provided thereon so as to arrive at the Company's Registrar's office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, not less than 48 hours before the time stipulated for holding the EGM. The lodging of the Form of Proxy does not preclude you from attending, speaking and voting in person at the EGM should you subsequently wish to do so.

14. FURTHER INFORMATION

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

Yours faithfully,
For and on behalf of the Board
OOCK GROUP BERHAD

OOI CHIN KHOON
Managing Director

INFORMATION ON PMT

1. HISTORY AND BUSINESS

PMT was incorporated in the Republic of Indonesia on 27 July 2005 based on the Notarial Deed of Benny Lesmana, SH. MM Notary in Tangerang, No. 11. The Deed of establishment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in his decision letter No. C-26172 HT.01.01.TH.2005 dated 22 September 2005 under the name PT OCK Telecommunication. PMT has since then commenced its operation on 22 September 2005. PMT subsequently assumed its present name pursuant to the notarial deed of Notary Tri Firdaus Akbarsyh, SH in Jakarta, No. 09 dated 18 June 2012, following the acquisition of the entire issued and paid-up share capital by the Vendors.

PMT is principally involved in the provision of telecommunication solution services. The principal market for PMT's products and services offerings is Indonesia. As at the LPD, PMT has been servicing six (6) clients which include MNCs providing telecommunications technology solutions to mobile network operators in Indonesia, mobile network operators and other telecommunications services contractor and across the geographical areas such as:-

- Jakarta and outer city (Jabodetabek);
- West Java Region;
- East Java Region;
- North Sumatra;
- Central Sumatra;
- Riau Mainland;
- Riau Island;
- Bali Island; and
- Lombok Island

PMT's principal places of business are located at the following premises in Indonesia:-

Address	Purpose	Built-up area (square metres)	Owned/ rented
Pratra Jasa Office Tower 18 th Floor, Room 1811 Jl.Jend. Gatot Subroto Kav 32- 34 Jakarta 12950	Main office	218	Rented
Komplek Angkasa Puri. Jl Nangka Blok H No. 10 Jati Asih - Bekasi 17422	Project Office (Outer Jakarta)	180	Rented
Jl Kembar Mas II No 10 Bandung	Project Office (West Java)	125	Rented
Jl Jaya Giri XXII No 8, Denpasar Bali	Project Office (Bali)	150	Rented
Perum Pagutan Permai. Jl Segara Anak I/28 Mataram, Lombok	Project Office (Lombok)	120	Rented
Jl Kaswari Arifin ahmad RT 06/05 Sidomulyo Timur Marpoyan Damai, Pekanbaru, Riau	Project Office (Riau Mainland)	150	Rented
Komplek Citra Batam, Blok D No 5 Batam Centre, Batam 29410	Project Office (Riau Island, Batam)	100	Rented
Komplek Puri Tanjung Sari No. 52, Medan Selayang - Medan	Project Office (North Sumatra)	100	Rented

As at the LPD, PMT has submitted the tenders for the following projects

Client identity	Job Scope	Location	Commencement date	Tenure	Renewable
MNC providing telecommunications technology solutions to mobile network operators in Indonesia	Managed services	Throughout Indonesia ¹	September 2014	One (1) year	No
MNC providing telecommunications technology solutions to mobile network operators in Indonesia	Network turnkey services (Project roll-out)	North West Sumatra, Java, Jabodetabek	September 2014	One (1) year	No
MNC providing telecommunications technology solutions to mobile network operators in Indonesia	Network turnkey services (Project roll-out)	Sumatra and Java	October 2014	One (1) year	No
MNC providing telecommunications technology solutions to mobile network operators in Indonesia	Network turnkey services (Project roll-out)	Throughout Indonesia ¹	October 2014	One (1) year	No

Note:-

¹ PMT is required to service any area within Indonesia as and when the needs arise

It should be noted that there are no indications on the value of the contracts as the value for such services and/or equipment provided depends on the volume of work requested by the telecommunication technology and networks providers as well as the scope of services rendered by PMT within the duration of the respective contracts.

There was no R&D expenditure incurred by PMT for the past three (3) financial years up to FYE 31 December 2013.

2. SHARE CAPITAL

As at the LPD, the authorised as well as the issued and paid-up share capital of PMT, which consists of one (1) class of share, is as follows:-

	No. of ordinary shares of IDR 9,780 each	Total IDR
Authorised as well as issued and paid-up share capital	100,000	978,000,000

3. SHAREHOLDERS AND BOARD OF DIRECTORS

The shareholders and directors of PMT and their respective shareholdings in PMT as at the LPD are set out below:-

Directors and shareholders	Nationality	<-----Direct----->		<-----Indirect----->	
		No. of shares	%	No. of shares	%
Song Chin Yew	Malaysian	75,000	75.00	-	-
Lim Hooi Seeh	Malaysian	25,000	25.00	-	-

4. SUBSIDIARY AND ASSOCIATE COMPANIES

As at the LPD, PMT does not have any subsidiary or associate companies.

5. MATERIAL COMMITMENTS

As at the LPD, the board of directors of PMT is not aware of any material commitments incurred or known to be incurred by PMT which, upon becoming enforceable, may have a material impact on the financial results/ position of PMT.

6. CONTINGENT LIABILITIES

As at the LPD, the board of directors of PMT is not aware of any contingent liabilities incurred or known to be incurred by PMT which, upon becoming enforceable, may have a material impact on the financial results/ position of PMT.

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7. SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of PMT for the past three (3) financial years up to FYE 31 December 2013 and the latest quarterly results for the three (3)-month FPE 31 March 2014 are set out below:-

	Audited						Unaudited three (3)-month FPE 31 March 2014⁴	
	FYE 31 December							
	<-----2011----->		<-----2012----->		<-----2013----->			
	IDR' million	RM'000	IDR' million	RM'000	IDR' million	RM'000	IDR' million	RM'000
Revenue	3,018	830	24,188	6,652	39,099	10,752	14,011	3,853
PBT/ (LBT)	(296)	(81)	1,275	351	8,914	2,451	4,420	1,216
PAT/ (LAT)	(296)	(81)	884	243	7,080	1,947	3,505	964
Gross EPS/ (LPS) ^{*1}	(2,960)	- ^{*2}	12,750	4	89,140	25	44,200	12
Net EPS/ (LPS) ^{*1}	(2,960)	- ^{*2}	8,840	2	70,800	19	35,050	10
Share capital	978	269	978	269	978	269	978	269
Shareholders' funds/ NA	1,042	287	1,926	530	9,006	2,477	13,426	3,692
Number of ordinary shares in issue	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
NA per share ^{*1}	10,420	3	19,260	5	90,060	25	134,260	37
Current ratio (times)	0.55	0.55	1.07	1.07	1.58	1.58	3.71	3.71
Total interest bearing borrowings	Nil	Nil	Nil	Nil	1,666	458	489	134
Gearing ratio (times)	- ^{*3}	- ^{*3}	- ^{*3}	- ^{*3}	0.18	0.18	0.04	0.04

Notes:-

^{*1} In IDR or RM

^{*2} Less than RM1

^{*3} Not applicable

^{*4} No quarterly report has been prepared for the corresponding period for the FYE 31 December 2013

Commentary on past performance:-

FYE 31 December 2011

For the FYE 31 December 2011, PMT's revenue increased by IDR2,048 million or approximately 211.1% to IDR3,018 million as compared to the FYE 31 December 2010, due to new business strategy adopted whereby PMT focused on providing managed services to telecommunications network providers. Pursuant thereto, several managed service contracts are secured and serviced during the financial year.

PMT recorded a LBT of IDR296 million for the FYE 31 December 2011 as compared to a PBT of IDR33 million for the FYE 31 December 2010 despite increase in revenue mainly attributable to capital expenditure and operating expenditure for works implemented in relation to the new service contracts secured.

There was no exceptional or extraordinary item during the financial year under review. There was no accounting policy adopted by PMT which was peculiar to PMT because of the nature of the business or the industry it was involved in. There was no audit qualification of the financial statements of PMT for the financial year under review.

FYE 31 December 2012

For the FYE 31 December 2012, PMT's revenue increased by IDR21,170 million or approximately 701.5% to IDR24,188 million as compared to the FYE 31 December 2011 as PMT continued to secure and service several new managed service contracts across Indonesia.

PMT recorded a PBT of IDR1,275 million during the FYE 31 December 2012, as compared a LBT of IDR296 million for the FYE 31 December 2011, mainly attributed to increase in revenue pursuant to the implementation of works for new managed service contracts.

There was no exceptional or extraordinary item during the financial year under review. There was no accounting policy adopted by PMT which was peculiar to PMT because of the nature of the business or the industry it was involved in. There was no audit qualification of the financial statements of PMT for the financial year under review.

FYE 31 December 2013

For the FYE 31 December 2013, PMT's revenue increased by IDR14,911 million or approximately 61.6% to IDR39,099 million as compared to the FYE 31 December 2012, due to continuation servicing of several managed services contracts across Indonesia secured in the previous financial years coupled with PMT's continuous efforts to secure more new managed service contracts which resulted in award of seven (7) new contracts during the FYE 31 December 2013.

The PBT had increased by IDR7,639 million or approximately 599.1% to IDR8,914 million in the FYE 31 December 2013, as compared to the FYE 31 December 2012 mainly attributable to increase in profits obtained from service contracts secured coupled with cost-effective administration.

Further, PMT's total borrowings stood at IDR1,666 million due to hire purchase of motor vehicles in line with the increase of network sites serviced across Indonesia by PMT pursuant to the managed service contracts secured.

There was no exceptional or extraordinary item during the financial year under review. There was no accounting policy adopted by PMT which are peculiar to PMT because of the nature of the business or the industry it is involved in. There is no audit qualification of the financial statements of PMT for the financial year under review.

FPE 31 March 2014

PMT recorded a revenue of IDR14,011 million for the three (3)-month FPE 31 March 2014, consisted of income from servicing managed services contracts. PMT recorded a PBT of IDR4,420 million for the three (3)-month FPE 31 March 2014. PMT incurred a cost of sales of IDR8,270 million which mainly consisted of manpower costs, project supplies such as supporting equipment and also transportation costs such as motor vehicle rental charges and fuel expenditure. Administrative expenses incurred for the three (3)-month FPE 31 March 2014 amounting to IDR1,271 million comprising mainly salary related costs and office administration expenditure.

For information purposes, PMT did not prepare any financial statements for the three (3)-month FPE 31 March 2013.

8. **AUDITED FINANCIAL STATEMENTS OF PMT FOR THE FYE 31 DECEMBER 2013
TOGETHER WITH THE AUDITORS REPORT THEREON**



KRISNAWAN, BUSRONI, ACHSIN & ALAMSYAH

Certified Public Accountants

Licence No. KEP-1091/KM.1/2010

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

PT PUTRA MULIA TELEMMUNICATION

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Kantor Pusat :

Patra Office Tower 18th Floor, Suite 1836 Jl. Gatot Subroto Kav. 32-34 Jakarta 12950

Phone : +62-21 5290-0212 Fax : +62-21 5290-0506 E-mail : kapkbaa@yahoo.com

Kantor Cabang : Malang & Mataram



KRISNAWAN, BUSRONI, ACHSIN, & ALAMSYAH

Certified Public Accountants

License No. KEP-1091/KM.1/2010

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS

PT PUTRA MULIA TELEMMUNICATION

FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

Head Office:

Patra Office Tower 18th Floor, Suite 1836 Jl. Gatot Subroto Kav. 32-34 Jakarta 12950

Phone: (021) 5290-0212 Fax: (021) 5290-0506 E-Mail: kapkbaa@yahoo.com

Branch: Malang & Mataram



PT PUTRA MULIA TELECOMMUNICATION

Patra Office Tower 18th Floor, Room 1811
Jl. Jend. Gatot Subroto Kav. 32-34 Jakarta Selatan 12950
Telp: (021) 5290 1170, 5290 1281, 5290 1219

STATEMENT LETTER OF DIRECTORS CONCERNING RESPONSIBILITY UPON STATEMENT FINANCIAL REPORT PERIOD 31 DECEMBER 2013 PT PUTRA MULIA TELECOMMUNICATION

We the undersigned :

Name : Lim Hooi Seeh
Office Address : Patra Jasa Office Tower 18th Floor, Room 1811. Jl Jend Gatot Subroto
Kav 32-34 Jakarta Selatan
Position : Director

States that :

1. To take responsibility upon the composing and presenting of the financial report of the company.
2. The financial report of the company has been prepared and presented in accordance with Indonesian Financial Accounting Standard.
3. Any information in the financial report of the company has been composed completely and rightfully.
4. the financial report of the company does not contain of any misstatement and does not eliminate any material information.
5. To take responsibility upon internal control system in the company.

This statement has been made in good faith.

Jakarta, 28 April 2014


Lim Hooi Seeh
Director

PT PUTRA MULIA TELECOMMUNICATION
FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

C O N T E N T S

Independent Auditors' Report

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KRISNAWAN, BUSRONI, ACHSIN, & ALAMSYAH

Certified Public Accountants

License No. KEP-1091/KM.1/2010

INDEPENDENT AUDITORS' REPORT

Number: GA.A/14.017004/PMT.2

The Board of Directors and The Board of Commissioners
PT Putra Mulla Telecommunication

We have audited the accompanying statements of financial of PT Putra Mulla Telecommunication as at December 31, 2013 and 2012, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards established by the Indonesian Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for our opinion.

In 2012, the Company did not provide the employee expense benefit in accordance with Statement of Financial Accounting Standards 24 (Revised 2010) concerning "Employee Benefits" and present the calculation of income tax and deferred tax in accordance with Statement of Financial Accounting Standards 46 (Revised 2010) concerning "Accounting for Income Taxes" in the financial statements. In our opinion, the provision of employee benefit expense and the calculation of income tax and deferred tax are required by the Indonesian Financial Accounting Standards.

In our opinion, except for the impact of the financial statements as described in paragraph 3, the financial statements referred to above present fairly, in all material respects the financial position of PT Putra Mulla Telecommunication as at December 31, 2013 and 2012, and the results of their operations, changes in equity, and their cash flows for the years then ended in conformity with Indonesian Financial Accounting Standards.

Registered Public Accountants
Krisnawan, Busroni, Achsin, & Alamsyah

A. Krisnawan Budipracoyo, CPA
Licence of Public Accountant No. AP.0041

April 17, 2014

NOTICE TO READERS

The accompanying financial statements are not intended to present the financial position, results of operations, and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than those in Indonesia. The standards procedures and practices to audit such financial statements are generally accepted and applied in Indonesia.

Head Office:

Patra Office Tower 18th Floor, Suite 1836 Jl. Gatot Subroto Kav. 32-34 Jakarta 12950
Phone: (021) 5290-0212 Fax: (021) 5290-0506 E-Mail: kapkbaa@yahoo.com
Branch: Malang & Mataram

PT PUTRA MULIA TELECOMMUNICATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

ASSETS	Notes	2013 Rp	2012 Rp
CURRENT ASSETS			
Cash and cash equivalents	2b,d,3	1,242,889,178	395,050,135
Trade receivables	2b,f,4	11,769,878,704	5,942,058,220
Prepaid taxes	5	-	1,254,322
Prepaid expenses	6	15,749,994	43,666,660
Other receivables	2b,f,7	522,939,158	171,723,688
Deposit	2b,8	67,618,520	12,650,000
Total Current Assets		13,619,075,554	6,566,403,025
NON CURRENT ASSETS			
Property and equipment - net of accumulated depreciation Rp 1,705,285,143 in 2013 (2012 : Rp 953,234,528)	2g,9	4,402,399,502	1,495,400,198
Deferred tax assets	2j,12,c	364,470,304	-
Total Non Current Assets		4,766,869,806	1,495,400,198
Other Assets	10	593,249,113	-
TOTAL ASSETS		18,979,194,473	8,061,803,223

See accompanying Notes to Financial Statements which are integral part of the Financial Statements taken as a whole.

PT PUTRA MULIA TELECOMMUNICATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

		2013	2012
	Notes	Rp	Rp
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade payables	2b,f,11	1,016,152,355	1,202,248,165
Tax payables	2j, 12a	2,202,911,670	276,737,388
Accrued expense	2b,13	1,130,591,848	41,563,335
Related party	2b,e,14	3,606,610,046	4,615,290,976
Current maturities of long term liabilities :			
Lease payable	2b,15	641,824,130	-
Total Current Liabilities		<u>8,598,090,050</u>	<u>6,135,839,864</u>
LONG TERM LIABILITIES			
Long term liabilities - net off current maturities :			
Lease payable	2b,15	1,024,544,382	-
Post employment benefit liabilities	2h,16	350,895,947	-
Total Long Term Liabilities		<u>1,375,440,329</u>	<u>-</u>
EQUITY			
Capital Stock	17	978,000,000	978,000,000
Par Value Rp 9,780 per share			
Authorized Capital 100.000 shares			
Issued and fully paid capital 100.000			
Retained earning		947,963,359	63,867,640
Income for the years		<u>7,079,700,735</u>	<u>884,095,719</u>
Total Stockholders' Equity		<u>9,005,664,094</u>	<u>1,925,963,359</u>
TOTAL LIABILITIES AND EQUITY		<u><u>18,979,194,473</u></u>	<u><u>8,061,803,223</u></u>

See accompanying Notes to Financial Statements which are integral
part of the Financial Statements taken as a whole.

PT PUTRA MULIA TELECOMMUNICATION
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Notes	2013 Rp	2012 Rp
REVENUE	2i,18	39,099,187,551	24,187,991,359
COST OF REVENUE	2i,19	<u>(24,799,748,127)</u>	<u>(19,215,292,441)</u>
GROSS PROFIT		<u>14,299,439,424</u>	<u>4,972,698,918</u>
OPERATING EXPENSES	2i,20		
General and administration expenses		<u>(5,254,532,259)</u>	<u>(2,393,920,558)</u>
Total Operating Expenses		<u>(5,254,532,259)</u>	<u>(2,393,920,558)</u>
OPERATING INCOME		<u>9,044,907,165</u>	<u>2,578,778,360</u>
OTHER INCOME (EXPENSE)	2i,21		
Other income		4,427,908	257,987,311
Other expenses		<u>(135,500,797)</u>	<u>(1,561,713,403)</u>
Total Other Expenses		<u>(131,072,889)</u>	<u>(1,303,726,092)</u>
INCOME BEFORE INCOME TAX		<u>8,913,834,276</u>	<u>1,275,052,268</u>
INCOME TAX			
Current period	2j,12b	(2,198,603,844)	(390,956,549)
Deferred	2j,12c	<u>364,470,304</u>	<u>-</u>
NET INCOME FOR THE YEAR		<u><u>7,079,700,735</u></u>	<u><u>884,095,719</u></u>

See accompanying Notes to Financial Statements which are integral
part of the Financial Statements taken as a whole.

PT PUTRA MULIA TELECOMMUNICATION
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Share Capital Issued and Fully Paid Rp	Retained Earning Rp	Total Equity Rp
Balance as of December 31, 2011	978,000,000	63,867,640	1,041,867,640
Net income for the year	-	884,095,719	884,095,719
Balance as of December 31, 2012	978,000,000	947,963,359	1,925,963,359
Net income for the year	-	7,079,700,735	7,079,700,735
Balance as of December 31, 2013	978,000,000	8,027,664,094	9,005,664,094

See accompanying Notes to Financial Statements which are integral
part of the Financial Statements taken as a whole.

PT PUTRA MULIA TELECOMMUNICATION
STATEMENT OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	<u>2013</u> Rp	<u>2012</u> Rp
Cash flows from operating activities :		
Receipts from customers	32,920,151,597	19,989,307,753
Payments to suppliers	(12,297,954,513)	(9,595,262,956)
Payments to employees	(14,155,926,238)	(10,945,694,627)
Receipts of interest income	4,427,908	1,669,441
Payment of interest expense	(34,481,668)	(26,145,007)
Payments of income tax	(272,429,562)	(751,902,811)
Net cash flows provided from (used in) operating activities	<u>6,163,787,524</u>	<u>(1,328,028,208)</u>
Cash flows from investing activity :		
Decrease (increase) in deposit	(54,968,520)	(12,650,000)
Purchase of fixed assets	(3,659,049,919)	(700,805,427)
Decrease (increase) in other assets	(593,249,113)	2,879,326,530
Net cash flows (used in) provided from investing activity	<u>(4,307,267,552)</u>	<u>2,165,871,103</u>
Cash flows from financing activity :		
Increase (decrease) in capital	-	-
Increase (decrease) in related party	(1,008,680,930)	(1,061,777,681)
Net cash flows used in financing activity	<u>(1,008,680,930)</u>	<u>(1,061,777,681)</u>
Net increase in cash and cash equivalents	847,839,042	(223,934,785)
Cash and cash equivalents at the beginning of the year	<u>395,050,136</u>	<u>618,984,920</u>
Cash and cash equivalents at the ending of the year	<u><u>1,242,889,178</u></u>	<u><u>395,050,135</u></u>

See accompanying Notes to Financial Statements which are integral
part of the Financial Statements taken as a whole.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

1. GENERAL

PT Putra Mulia Telecommunication (the Company) originally named PT OCK Telecommunication, and it was established based on Notarial Deed of Benny Lesmana, SH, MM Notary in Tangerang, No.11 dated July 27, 2005. The Deed of Establishment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. C-26172 HT.01.01.TH.2005 dated September 22, 2005. The Company Articles of Association have been amended from time to time, recently by notarial deed of Notary Tri Firdaus Akbarsyah, SH in Jakarta, No. 09 dated June 18, 2012 of concerning the change of the company name, from PT OCK Telecommunication to PT Putra Mulia Telecommunication. The Deed of Establishment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-45279.AH.01.02.TH 2012 dated August 24, 2012. The Company Articles of Association have been amended, most recently by notarial deed of Notary Dewantari Handayani, SH, MPA in Jakarta, No. 025 dated October 24, 2013. The last notarial deed has been approved by the Ministry of Justice and Human Rights of Republic Indonesia. In his Decision Letter No. AHU-AH.01.10-00881 dated January 08, 2014.

The Company has been listed in the Investment Coordinating Board (Badan Koordinasi Penanaman Modal) No.1200/A.8/PMA/2012 dated July 25 2012. The Company also has been listed in the Service Industry and Trade in DKI Jakarta (Dinas Perindustrian dan Perdagangan Provinsi DKI Jakarta) No. 09.03.1.46.47479 which is valid until October 13 2015.

The Company is located in Patra Jasa Office Tower 18 Floor Room 1811, Jl. Jenderal Gatot Subroto Kav. 32-34, Jakarta.

Based on Notarial Deed of Tri Firdaus Akbarsyah, SH, Notary in Jakarta, No. 09 dated June 18, 2012, the Company's Board of Commissioner and Directors as at December 31, 2012 were as follows:

- President Director : Lim Hooi Seeh
- Director : Ngoh Bee Kim
- Commissioner : Song Chin Yew

Based on Notarial Deed of Dewantari Handayani, SH, MPA, Notary in Jakarta, No. 025 dated October 24, 2013, the Company's Board of Commissioner and Director at as December 31, 2013 were as follows:

- Director : Lim Hooi Seeh
- Commissioner : Song Chin Yew

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company for the year ended December 31, 2012 has been prepared based on Accounting Standards for Non Publicly Accountable Entities (ASFNP AE), but in 2013 these financial statements are presented based on Indonesian Financial Accounting Standards.

Set out below is a summary of the significant accounting policies adopted by the Company in the preparation of the financial statements.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Financial statements preparation (Continued)

The financial statements has been prepared in accordance with Indonesian Financial Accounting Standards which include the Statements of Financial Accounting Standards (SFAS) and Interpretation of Financial Accounting Standards (IFAS) issued by the Financial Accounting Standards Board - Indonesian Institute of Accountants (IIA).

The financial statements have been prepared based on going concern assumption and accrual basis. Basis of measurement in the preparation of the financial statements is the historical costs concept, except for certain accounts which have been prepared on the basis of other measurements as described in the respective policies.

The statements of cash flows are prepared using the direct method with classifications of cash flows into operating, investing and financing activities.

The reporting currency used in the financial statements is the Indonesian Rupiah.

Statements of Financial Accounting Standard ("SFAS") and Interpretations of Financial Accounting Standards ("ISFAS")

On 1 January 2012, the Company adopted new and revised SFAS and ISFAS that are mandatory for application from that date.

SFAS 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates"

SFAS 10 provides guidance on how to record foreign currency transactions and foreign operations into the entity's financial statements and how to describe the financial statements into the presentation currency. This standard also requires entities to measure assets, liabilities, revenues and cost in its functional currency, defined as the currency of the primary economic environment in which the entity operates.

SFAS 24 (Revised 2010), "Employee Benefits"

Several notable revisions relevant to the Company are as follows:

- 1) Recognition of actuarial gains/(losses)
The revised standard introduces a new alternative method to recognise actuarial gains/(losses), that is to recognise all actuarial gains/(losses) through other comprehensive income.
- 2) Disclosures item
The revised standard introduces a number of disclosure requirements including disclosure of:
The amounts for the current annual period and the previous four annual periods of present value of the defined benefit obligation and fair value of plan assets; and
The amounts for the current annual period and the previous four annual periods of experience adjustments arising on the plan liabilities and plan assets

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Financial statements preparation (Continued)

SFAS 60, "Financial Instruments: Disclosures"

The new standard consolidates and expands a number of existing disclosure requirements and adds some new disclosures.

The overriding principle of this standard is to disclose sufficient information to enable users the statement of financial position to evaluate the significance of financial instruments for the Company financial performance and position. SFAS 60 contains new disclosures on risks and risk management and requires reporting entities to report the sensitivity of their financial instruments to movements in risk. Some of the notable new requirements are:

- 1) Qualitative and quantitative disclosures of the impact of risk, including market risk, credit risk and liquidity risk;
- 2) Enhanced disclosures for items affecting total comprehensive income so that gains and losses are separated by each category of financial instruments; and
- 3) Disclosures of fair values of each class of financial assets and liabilities and disclosure of fair value hierarchy for financial instruments measured at fair value at the reporting date.

The Company has incorporated disclosure requirements of SFAS 60 for the year ended as at December 31, 2013.

The adoption of the following new or revised standards and interpretations which are relevant to the Group's operations but did not result in substantial changes to the Company accounting policies and had no material effect on the amounts reported in the financial statements are as follows:

- SFAS 13 (Revised 2011), "Investment Property"
- SFAS 16 (Revised 2011), "Fixed Asset"
- SFAS 26 (Revised 2011), "Borrowing Cost"
- SFAS 30 (Revised 2011), "Leases"
- SFAS 46 (Revised 2010), "Income Taxes"
- SFAS 50 (Revised 2010), "Financial instruments: Presentation"
- SFAS 55 (Revised 2011), "Financial instruments: Recognition and Measurement"
- SFAS 56 (Revised 2011), "Earnings per Share"

The withdrawals of these standards and interpretations did not result in significant changes to the Company accounting policies and had no material effect on the amounts reported to the current or prior financial period:

- SFAS 11, "Translation of Financial Statements"
- SFAS 47, "Accounting for Land"
- SFAS 52, "Reporting Currency"
- ISFAS 4, "Allowed Alternative Accounting Treatment on Exchange Difference"
- ISFAS 5, "Reporting Changes in Fair Value of Securities included in Available for Sale Investment"

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Financial instruments

The SFAS 50 provides for the requirements in respect of the presentation of financial instruments, and the necessary information that should be disclosed in the financial statements, while the SFAS 55 establishes the principles for recognizing and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. This standard provides for the definitions and characteristics of a derivative, the categories of financial instruments, recognition and measurement, hedge accounting and determination of hedging relationships, among others.

i. Financial Assets

Initial recognition

Financial assets within the scope of the SFAS 55 are classified as financial assets at fair value through profit or loss, loan and receivable, held-to-maturity investments and available-for-sale financial assets. The Company determines the classification of its financial assets at initial recognition and where allowed and appropriate, re-evaluates this designation at the each financial year end.

Financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchase or revenue of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognized on the trade date, i.e., the date that the companies commit to purchase or sell the assets.

The Company's financial assets include cash and cash equivalent, trade receivables, other receivables and due from shareholders.

Subsequent measurement

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.

Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivative assets are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statements of financial position at fair value with gains or losses recognized in the statements of comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives when their risks and characteristic are not closely related to those of the host contracts and the host

Contracts are not carried at fair value. These embedded derivatives are measured at fair value with gains or losses arising from changes in fair value recognized in the statements of comprehensive income. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flow that would otherwise be required.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Financial Instruments (Continued)

Subsequent measurement (Continued)

a) Financial assets at fair value through profit or loss (continued)

The Company's foreign currency forward contract (classified in other receivable - third parties) are included in this category.

b) Loans and receivables

Initial recognition

Financial liabilities within the scope of the SFAS 55 are classified as financial liabilities at fair value through profit or loss, loan and borrowings, or as derivatives designated as hedging instruments in a effective hedge, as appropriate. The Company determines the classification of their financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

The Company's account payables, other payables and due to shareholders are included in this category.

ii. Financial liabilities

Initial recognition

Financial liabilities within the scope of the SFAS 55 are classified as financial liabilities at fair value through profit or loss, loan and borrowings, or as derivatives designated as hedging instruments in a effective hedge, as appropriate. The Company determines the classification of their financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs

The Company's account payables, other payables and due to shareholders are included in this category.

Subsequent measurement

Loans and borrowings.

After initial recognition, interest - bearing loan and borrowings are subsequently measured at amortized cost using the effective interest rate method.

Gains and losses are recognized in the statements of comprehensive income when the liabilities are derecognized as well as through the amortization process.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Financial instruments (Continued)

iii. Offsetting of financial instruments

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

iv. Fair value of financial instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business at the end of the reporting period. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's-length market transaction, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis, or other valuation models.

v. Amortized cost of financial instruments

Amortized cost is computed using the effective interest rate method less any allowance for impairment and principal repayment or reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

vi. Impairment of financial assets

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a Company of financial assets is impaired.

Financial assets carried at amortized cost.

For loan and receivables carried at amortized cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant.

If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a Company of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flow is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring impairment loss is the current effective interest rate.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Financial instruments (Continued)

vi. Impairment of financial assets (Continued)

The carrying amount of the financial asset is reduced through the use of an allowance for impairment account and the amount of the loss is recognized in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance for impairment account. If a future write-off is later recovered, the recovery is recognized in profit or loss.

vii. Derecognition of financial assets and liabilities

Financial assets

A financial asset (or where applicable, a part of a financial assets or part of Company of similar financial assets) is derecognized when: (1) the right to receive cash flows from the asset have expired; or (2) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the term or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

viii. Derivative financial instruments

The Company enters into and engages in cross currency swap, if considered necessary, for the purpose of managing its foreign exchange exposures emanating from the Company's revenue proceeds in foreign currencies. These derivative financial instruments are not designated in a qualifying hedge relationship and are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when their fair value is positive and as financial liabilities when the fair value is negative.

Any gains and losses arising from changes in fair value of derivatives during the period that do not qualify for hedge accounting are taken directly to profit or loss.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Financial instruments (Continued)

viii. Derivative financial instruments (Continued)

Derivative assets and liabilities, if any, are presented under current assets and current liabilities, respectively. Embedded derivative, if any, is presented with the host contract in the statement of financial position which represents an appropriate presentation of overall future cash flows for the instrument taken as a whole.

Cash and cash equivalent consist of cash on hand and in banks, and short-term deposits with maturities within three (3) months or less and not pledged as collateral and are not restricted.

c. Fair Value of Financial Assets and Liabilities

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

	Carrying amount 2013	Fair value 2013	Carrying amount 2012	Fair value 2012
Cash and cash equivalents	1,242,899,178	1,242,899,178	395,050,136	395,050,136
Trade receivables	11,769,878,704	11,769,878,704	5,942,058,220	5,942,058,220
Other receivables	522,939,158	522,939,158	171,723,688	171,723,688
Deposit	67,618,520	67,618,520	12,650,000	12,650,000
Total	13,603,325,560	13,603,325,560	6,521,482,044	6,521,482,044
Trade payables	1,016,152,355	1,016,152,355	1,202,248,165	1,202,248,165
Accrued expense	1,130,591,848	1,130,591,848	41,563,335	41,563,335
Related party	3,606,610,046	3,606,610,046	4,615,290,976	4,615,290,976
Lease payable	1,666,368,512	1,666,368,512	-	-
Total	7,419,722,761	7,419,722,761	5,859,102,476	5,859,102,476

1) All financial assets presented as current assets

All these financial assets are due within 12 months, thus the carrying values of the financial assets approximate their fair values.

2) Other non-current assets

The financial asset presented in this account comprises of security deposits. Since the amount is not considered material, the balance is presented at cost.

3) All financial liabilities presented as current liabilities

All these financial liabilities are due within 12 months, thus the carrying value of the financial liabilities approximate their fair values. Forward liabilities are carried at their fair values using forward pricing model.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 4) Long-term payable and others and obligations under finance lease, including their current maturities.

The financial liabilities from third parties are liabilities with floating market interest rates, thus the carrying values of the financial liabilities approximate their fair values. The fair value of obligation under finance lease is estimated by discounting future cash flows using appropriate interest rate.

d. Cash and Cash Equivalent

Cash and cash equivalents comprises of cash on hand and bank balances that are subject to insignificant risk of change in value.

e. Transaction with Related Parties

The nature and scope of transactions with entities, which are regarded as having a special relationship, as defined under SFAS 7 (Revised 2010), "Related Party Disclosures", are disclosed in the notes to financial statements

All significant transactions with related parties, whether or not conducted under similar price, terms and conditions as those with third parties, are disclosed in the related notes.

f. Trade Receivable and Trade Payable

Trade receivable and trade payable are stated at their net realizable value. The Company and its subsidiaries provide allowance for doubtful account based on reviews of the collectability of accounts receivables at the balance sheet date.

g. Property and Equipment

Property and equipment are stated at acquisition cost.

Depreciation is computed using straight-line method based on the estimated useful lives of the assets as follows:

Assets	Useful Life (Years)	Depreciation/Years (%)
Office equipment	4	25
Machine and equipment	16	6.25
Tool and equipment	4	25
Vehicle	6	12.5

Expenditures for repairs and maintenance is charged to operations as incurred, expenditures which extend the useful life of the asset or result in increased future economic benefits such as increase in capacity and improvement in the quality of output or standard of performance are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the current operations.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Employee Benefit Plan

According to SFAS 24 (Revised 2010), There are several notable revisions are as follows :

a. Recognition of actuarial gains /(losses)

The revised standard introduces a new alternative method to recognize actuarial gains/(losses), that is to recognize all actuarial gains/(losses) in full through other comprehensive income. In this regard, the Company has not calculate the employee benefit.

b. Disclosures item

The revised standard introduces a number of disclosure requirements including disclosure of :

- The percentage or amount of each major category of investment making up total plan assets
- A narrative description of the basis used to determine the overall expected rate of return on assets
- The amount for the current annual period and the previous four annual periods of present value of the defined benefit obligation and fair value of the plan asset; and
- The amount for the current annual period and the previous four annual periods of experience adjustments arising on the plan liabilities and plan assets.

For the year 2012, the Company did not calculate the employee benefit.

i. Recognition of Revenues and Expenses

Revenue from local sales of goods and services are recognized when title of goods passes to the customers or services are rendered. Expense are recognized when incurred (accrual basis).

j. Income Taxation

SFAS 46 concerning "Accounting for Income Taxes", requires the Company to account for the tax effects of the recovery of assets and settlement of liabilities at their carrying amount, and recognize and measure deferred tax assets and liabilities for the expected future tax consequences of events recognized in the financial statement, including tax loss carry forward

The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

For the year 2012, the Company did not calculate the deferred tax.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

3. CASH AND CASH EQUIVALENTS

	2013 Rp	2012 Rp
Cash in hand :		
Cash	8,021,041	6,827,865
	<u>8,021,041</u>	<u>6,827,865</u>
Bank :		
RUPIAH		
Hongkong and Shanghai Banking Corporation Limited	362,347,792	206,291,247
PT Bank Mandiri (Persero) Tbk - 126-00-0626861-8	1,230,269	153,679,029
PT Bank Mandiri (Persero) Tbk - 126-00-0626860-0	18,996,613	2,583,039
PT Bank Mandiri (Persero) Tbk - 126-00-06355704	771,934,926	1,441,000
DOLLAR UNITED STATES OF AMERICA		
Hongkong and Shanghai Banking Corporation Limited	30,358,537	24,227,955
	<u>1,184,868,137</u>	<u>388,222,270</u>
Time deposit PT Bank Mandiri (Persero) Tbk	50,000,000	-
Total	<u><u>1,242,889,178</u></u>	<u><u>395,050,135</u></u>

4. TRADE RECEIVABLES

	2013 Rp	2012 Rp
PT Ericsson Indonesia	2,026,543,748	942,906,827
PT Huawei Tech Investment	9,606,958,404	4,999,151,393
PT Huawei Service	53,200,000	-
Inspur Worldwide	83,175,752	-
	<u>11,769,878,704</u>	<u>5,942,058,220</u>
Allowance for impairment losses	-	-
Total - Nett	<u><u>11,769,878,704</u></u>	<u><u>5,942,058,220</u></u>

Based on review the status of the accounts at the end of year, management believes that there is no allowance for doubtful accounts.

No allowance for impairment losses on receivables was provided as management believes that all receivables are collectible.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

5. PREPAID TAXES

	2013	2012
	Rp	Rp
Withholding Tax Article 23	-	1,254,322
Total	-	1,254,322

6. PREPAID EXPENSES

	2013	2012
	Rp	Rp
Prepaid rent	15,749,994	43,666,660
Total	15,749,994	43,666,660

7. OTHER RECEIVABLES

	2013	2012
	Rp	Rp
Other receivables	522,939,158	171,723,688
	522,939,158	171,723,688
Allowance for impairment losses	-	-
Total – Nett	522,939,158	171,723,688

No allowance for impairment losses on receivables from related parties was provided as management believes that all receivables are collectible.

Management believes that no allowance for impairment losses on other receivables is required to cover possible losses on uncollectible accounts.

8. DEPOSIT

	2013	2012
	Rp	Rp
Telephone and other deposit	11,433,480	12,650,000
Rent deposit	56,185,040	-
Total	67,618,520	12,650,000

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

9. PROPERTY AND EQUIPMENT

2 0 1 3			
	1 Jan. 2013	Add	Less
	Rp	Rp	Rp
Acquisition Cost :			
Office equipment	451,939,897	55,567,600	-
Machine and equipment	143,000,000	-	-
Tool and equipment	1,853,694,829	1,250,605,277	-
Vehicle	-	2,352,877,042	-
	<u>2,448,634,726</u>	<u>3,659,877,042</u>	<u>-</u>
			<u>6,107,684,645</u>
Acc. Depreciation :			
Office equipment	340,032,833	41,470,462	-
Machine and equipment	59,751,046	8,937,500	-
Tool and equipment	553,450,648	579,696,272	-
Vehicle	-	121,946,382	-
	<u>953,234,527</u>	<u>752,050,615</u>	<u>-</u>
			<u>1,705,285,143</u>
Net Book Value	<u>1,495,400,199</u>		<u>4,402,399,502</u>

2 0 1 2			
	1 Jan. 2012	Add	Less
	Rp	Rp	Rp
Acquisition Cost :			
Office equipment	328,139,897	123,800,000	-
Machine and equipment	143,000,000	-	-
Tool and equipment	1,276,689,402	577,005,427	-
	<u>1,747,829,299</u>	<u>700,805,427</u>	<u>-</u>
			<u>2,448,634,726</u>
Acc. Depreciation :			
Office equipment	279,078,290	60,954,544	-
Machine and equipment	50,813,542	8,937,504	-
Tool and equipment	128,397,763	425,052,885	-
	<u>458,289,594</u>	<u>494,944,933</u>	<u>-</u>
			<u>953,234,528</u>
Net Book Value	<u>1,289,539,705</u>		<u>1,495,400,198</u>

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

9. PROPERTY AND EQUIPMENT (Continued)

Management believes that there is no reduction in the carrying value of fixed assets at December 31, 2013 and December 31, 2012, because the carrying value of assets do not exceed the replacement value (replacement cost) or asset recovery value (recoverable amount). The Company did not covered its assets in insurance or use it as a collateral.

Based on the review on the recoverable value of the fixed assets, the company's management believe that there is no event or change indicating assets impairment as of December 31, 2013 and 2012.

10. OTHER ASSETS

	2013	2012
	Rp	Rp
Development expenditure	593,249,113	-
Total	593,249,113	-

11. TRADE PAYABLE

	2013	2012
	Rp	Rp
PT Adi Sarana Armada	552,228,531	156,239,081
PT Andalan Finance Indonesia	268,868,000	-
PT Duta Artha Nusantara	85,794,334	387,536,000
PT Pusaka Prima Transport	40,985,000	26,676,000
PT Indo Karya Komunika	29,700,000	-
CV Nextel Mixindo	23,192,400	-
PT Autobagus Utama	12,960,000	58,212,000
Hariady	-	1,617,000
CV Langkisau Indah	-	22,790,880
Harun	-	1,400,000
Modernet	-	426,500,307
PT Gramaselindo Utama	-	100,035,100
PT Tri Dharma Ekspanindo	-	170,185
Kulima Nur Surliani Tanjung	-	5,000,000
CV Shohibi	-	8,600,000
Putra Pesanggerahan Motor	-	6,517,000
PT Pudjiadi Prestige Tbk	-	954,612
Others	2,424,090	-
Total	1,016,152,355	1,202,248,165

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

12. TAXATION

a. Tax Payable

	2013	2012
	<u>Rp</u>	<u>Rp</u>
Income Tax - Article 21	89,910,858	65,469,019
Income Tax - Article 23	31,179,470	8,652,750
Income Tax - Article 4 (2)	-	819,000
Income Tax - Article 29	1,576,538,635	7,848,106
VAT - out	468,177,359	193,948,512
Tax payable penalty	<u>37,105,348</u>	<u>-</u>
Total	<u>2,202,911,670</u>	<u>276,737,388</u>

b. Current Taxes

The reconciliation between the income before tax benefit (expense) calculated by applying the applicable tax rate at 25% to the income before tax as shown in the statements of income for the years ended December 31, 2013 and 2012 are as follows :

	2013	2012
	<u>Rp</u>	<u>Rp</u>
Income before tax	9,264,730,223	1,275,052,268
Permanent Differences :		
Entertainment	-	139,279,172
Income Tax Article 21 paid	64,514,699	127,746,129
Tax penalty	45,096,474	163,628,079
Interest income	(4,427,908)	-
Other expense	<u>-</u>	<u>29,690,341</u>
	<u>105,183,265</u>	<u>460,343,721</u>
Estimated Taxable Income	<u>9,369,913,488</u>	<u>1,735,395,989</u>
 Rp 4,800,000,000 / Rp 24,275,545,619 x Rp 1,735,395,989 =	 -	 343,139,589
50% x 25% x Rp 343,139,589 =	-	42,892,449
25% x Rp 1,392,256,400 =	-	348,064,100

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

12. TAXATION (Continued)

b. Current Taxes (Continued)

	2013 Rp	2012 Rp
Rp 4,800,000,000 / Rp 39,075,353,890 x Rp 9,369,913,488 =	1,150,996,223	-
50% x 25% x Rp 1,150,996,2323 =	143,874,528	-
25% x Rp 8,218,917,265 =	2,054,729,316	-
Total	2,198,603,844	390,956,549
 Income Tax - Article 23	 622,065,209	 383,108,443
 Estimated in Corporate Tax Liabilities	 1,576,538,635	 7,848,106

Calculation of estimated in Corporate tax liabilities is based on taxpayer's own calculation. The tax authorities may conduct a tax audit on the Company for up to five years thereafter.

c. Deferred Tax

The details of the Company and its deferred tax asstes (liabilities) are as follows :

	Beginning Balance Jan 1, 2013	Effect to Profit and Loss	Ending Balance Jan 1, 2013
Deferred tax assets			
Depreciation	-	-	-
Leasing	-	(5,901,645)	(5,901,645)
Post employment benefit/ Pension cost	-	87,723,987	87,723,987
Accrued transaction	-	282,647,962	282,647,962
 Deferred tax Assets	 -	 364,470,304	 364,470,304

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

13. ACCRUED EXPENSE

	2013 Rp	2012 Rp
Other payable and accruals	1,028,829,305	-
Jamsostek	101,762,543	41,563,335
Total	1,130,591,848	41,563,335

14. RELATED PARTY

The Company, in its regular course of business, has engaged in transactions with related parties, principally in assisting the provision of funds for the Company's operations temporarily.

	2013 Rp	2012 Rp
Lim Hooi Seeh	3,606,610,046	4,615,290,976
Total	3,606,610,046	4,615,290,976

15. LEASE PAYABLE

	2013 Rp	2012 Rp
Current maturity of long term liability :		
PT Astra Sedaya Finance	509,927,535	-
PT Mandiri Tunas Finance	131,896,595	-
	641,824,130	-
Long term liability – net off current liability :		
PT Astra Sedaya Finance	1,000,910,247	-
PT Mandiri Tunas Finance	23,634,135	-
	1,024,544,382	-
Total	1,666,368,512	-

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

16. POST EMPLOYMENT BENEFIT LIABILITIES

	2013 Rp	2012 Rp
Third Parties		
Beginning balance	-	-
Addition :		
Current service	350,895,947	-
Deduction :		
Post employment benefit payment	-	-
Ending Balance	<u>350,895,947</u>	<u>-</u>

The principal assumptions used by the actuary PT Binaputera Jaga Hikmah report number 275/PSAK-BJH/IV-2014 dated April 25, 2014 in determining the retirement benefits cost at the balance sheet date are as follows :

	2013 Rp
Current service :	
Present value obligation based on service leave	15.525.911
Present value obligation based on manpower law	<u>335.370.036</u>
	<u>350.895.947</u>

Normal pension age	55 years
Salary increment rate	15%
Discount rate	9,14%

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

17. SHARE CAPITAL

Based on Notarial Deed of Tri Firdaus Akbarsyah, SH Notary in Jakarta, No.01 dated October 4, 2011, Company's authorized capital is Rp 978,000,000 divided into 100,000 shares with a nominal value per share amounted to Rp 9,780. Of the authorized capital, has been paid and placed as much 100,000 shares or valued at Rp 978,000,000 each consisting of :

Stockholders	Number of Shares	Capital Amount (Rp)	Percentage (%)
Song Chin Yew	60,000	586,800,000	60%
Lim Hooi Seeh	20,000	195,600,000	20%
Ngoh Bee Kim	20,000	195,600,000	20%
Total	100,000	978,000,000	100%

Based on Notarial Deed of Dewantari Handayani, SH, MPA Notary in Jakarta, No. 025 dated October 24, 2013, Company's authorized capital is Rp 978,000,000 divided into 100,000 shares with a nominal value per share amounted to Rp 9,780. Of the authorized capital, has been paid and placed as much 100,000 shares or valued at Rp 978,000,000 each consisting of :

Stockholders	Number of Shares	Capital Amount (Rp)	Percentage (%)
Song Chin Yew	75,000	733,500,000	75%
Lim Hooi Seeh	25,000	244,500,000	25%
Total	100,000	978,000,000	100%

18. REVENUE

	2013 Rp	2012 Rp
PT Ericsson Indonesia	7,974,662,847	4,701,869,216
PT Huawei Tech Investment	30,390,752,107	19,573,676,403
PT Huawei Service	202,704,085	-
Bakrie Telecom MS	140,000,000	-
Inspur OSS Project	367,234,851	-
	<u>39,075,353,890</u>	<u>24,275,545,619</u>
Project Quality Deduction	(232,829,045)	(193,861,086)
Other income	371,741,047	220,802,266
Huawei - MS Project Penalty	<u>(115,078,341)</u>	<u>(114,495,440)</u>
Total	<u>39,099,187,551</u>	<u>24,187,991,359</u>

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

19. COST OF REVENUES

	2013	2012
	Rp	Rp
Manpower expense :		
Salary expense	10,335,356,677	9,289,055,298
Allowance	1,052,836,670	-
Insurance Jamsostek	395,114,985	245,184,015
Income Tax - Article 21	-	109,294,630
Medical expense	49,372,500	53,601,307
	<u>11,832,680,832</u>	<u>9,697,135,250</u>
Project Expense :		
Project supply expense	3,189,689,890	1,938,820,255
Project rectification expense	626,606,259	1,030,401,633
Tool rent expense	11,645,000	217,543,275
Vehicle rent expense	4,450,256,046	3,469,866,051
Fuel vehicle expense	1,996,671,881	1,243,568,532
Fuel genset expense	313,340,489	-
Service and maintenance expense	167,908,677	174,186,195
Travelling expense	177,126,324	196,382,613
Home base expense	642,635,966	397,703,340
Security tips expense	173,272,796	101,327,500
Marketing expense	62,394,314	-
Utilities expense	179,604,899	314,367,408
Other project expense	265,334,594	-
Depreciation expense	710,580,160	433,990,390
	<u>12,967,067,295</u>	<u>9,518,157,191</u>
Total	<u><u>24,799,748,127</u></u>	<u><u>19,215,292,441</u></u>

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

20. OPERATING EXPENSES

	2013	2012
	Rp	Rp
General Administration and Expenses :		
Salary expense	2,499,692,792	1,239,129,377
Allowance	65,265,808	-
Insurance expense	13,800,000	9,430,000
Income Tax - Article 21	64,514,699	-
Medical expense	30,868,054	-
Office rent	224,145,120	151,533,000
Apartment rent	199,212,400	138,091,200
Vehicle rent	11,799,000	130,998,713
Office renovation	103,494,380	-
Utilities expense	182,236,231	77,087,750
Transportation expense	160,103,883	57,342,092
Travelling expense	181,222,609	-
Audit expense	-	32,500,000
Profesional expense	54,001,049	46,460,000
Education and training expense	50,550,000	-
Tax penalty expense	45,096,474	163,628,079
Entertainment expense	188,694,824	-
Depreciation expense	41,470,459	60,954,543
Other administration expense	787,468,530	286,765,804
Provision for employee benefit	350,895,947	-
Total	5,254,532,259	2,393,920,558

21. OTHER INCOME / (EXPENSES)

	2013	2012
	Rp	Rp
Other Income :		
Interest income	4,427,908	1,669,441
Waiver of debt	-	256,317,870
	4,427,908	257,987,311

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

21. OTHER INCOME / (EXPENSES) (Continued)

	2013	2012
	Rp	Rp
Other expense :		
Bank administration expense	(34,481,668)	(26,145,007)
Foreign exchange loss	(22,143,002)	(2,661,369)
Permanent loss	-	(1,532,907,027)
Interest leasing expense	(78,876,127)	-
	<u>(135,500,797)</u>	<u>(1,561,713,403)</u>
Total	<u>(131,072,889)</u>	<u>(1,303,726,092)</u>

22. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN RUPIAH

The Company have significant monetary assets and liabilities denominated in currencies other than Rupiah as follows:

	2013	2012	2013	2012
	Foreign currency (USD)	Foreign currency (USD)	Equivalent (Rp)	Equivalent (Rp)
Current Assets				
Cash and cash equivalents	2,489	2,495	30,358,537	24,227,955
Total current assets	<u>-</u>	<u>-</u>	<u>30,358,537</u>	<u>24,227,955</u>
Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

In their daily business activities, the Company are exposed to risks. The main risks facing by the arising from its financial instruments are credit risk, market risk (i.e. interest rate risk, foreign exchange rate risk and commodity price risk) and liquidity risk. The core function of the risk management is to identify all key risks for the, measure these risks and manage the risk positions in accordance with its policies and group risk appetite. The Company regularly reviews its risk management policies and systems to reflect changes in markets, products and best market practice.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

a. Credit risk

Credit risk is the risk of suffering financial loss, should any of the Company customers fail to fulfill their contractual obligations to the Company. Credit risk arises mainly from trade receivables from customers generated from the Company trading and distribution activities, product sales and various integrated services to customers such as storage and handling of goods etc.

Customer credit risk is managed by each business unit subject to the Company established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored by relevant business units.

The maximum Company exposure of the credit risk approximates its net carrying amounts of trade receivables as shown in Note 5. Management believes that there are no significant concentrations of credit risk in the trade receivables. With respect to credit risk arising from the other financial assets, which mainly comprise of cash and cash equivalents and restricted funds, the Company exposure to credit risk arises from default of the counterparty. The Company has a policy to not place investments in instruments that have a high credit risk and only puts the investments in banks with high credit rating. The maximum exposure equals to the carrying amounts as disclosed in Notes 4.

b. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to market risks, in particular, interest rate risk, foreign currency exchange risk and commodity price risk

c. Interest market risk

The Company closely monitors the market interest rate fluctuation and market expectation so it can take necessary actions benefited most to the Company in due time. The management currently does not consider the necessity to enter into any interest rate swaps.

d. Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company exposure to the risk of changes in foreign exchange rates relates primarily to the Company operating activities (when revenue or expense are denominated in a different currency from the Company functional currency), its net US Dollar denominated trade payable to related parties.

Exposure to exchange rate fluctuations to the Company in Indonesia comes from the exchange rate between US Dollar and Rupiah as the reporting currency is in Rupiah while certain sales and revenues, costs of sales and payable trade are denominated in US Dollar. The significant portion of the foreign exchange risk is contributed by the US Dollar cash and cash equivalents, trade receivables and trade payables.

In order to anticipate and mitigate the risk of exchange rate fluctuations against the Rupiah, the Company seeks, where possible, to ensure that significant portions of purchases and sales are carried out in the same currency as well as matching the timing of transactions, and to implement a policy whereby debts in foreign currency used to finance business activities are made in the same currency (natural hedging). The management monitors to make sure that such policies are implemented to the maximum extent possible. The Company also enters, as appropriate, into forward transactions with banks to buy US Dollar in relation with the purchases made in US Dollar to create a hedging over the risk of currency exchange.

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

d. Foreign exchange risk (Continued)

The Company closely monitors the foreign exchange rate fluctuation and market expectation so it can take necessary actions benefited most to the Company in due time, among others, by buying forward with the purpose of hedging the exchange risk from its US Dollar purchases of raw material as mentioned above.

The Company significant monetary assets and liabilities denominated in foreign currencies as of December 31, 2013 and 2012 are presented in the Note 21.

e. Liquidity risk

Liquidity risk is the risk that the Company is unable to meet its obligations when they fall due. The management evaluates and monitors cash-in flows and cash-out flows to ensure the availability of fund to settle the due obligation. In general, fund needed to settle the current and long-term liabilities is obtained from sales activities to customers.

24. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS

Effective on or after January 1, 2012:

- a) SFAS 10 (Revised 2010), "The Effects of Changes in Foreign Exchange Rates" prescribes how to include foreign currency transactions and foreign operations in the financial statements of an entity and translate financial statements into a presentation currency.
- b) SFAS 24 (Revised 2010), "Employee Benefits". Establish the accounting and disclosures for employee benefits
- c) SFAS 46 (Revised 2010), "Accounting for Income Taxes". Prescribes the accounting treatment for income taxes to account for the current and future tax consequences of the future recovery (settlement) of the carrying amount of assets (liabilities) that are recognized in the balance sheet; and transactions and other events of the current period that are recognized in the financial statements.
- d) SFAS 50 (Revised 2010), "Financial Instruments: Presentation". Establish the principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities.
- e) SFAS 60, "Financial Instruments: Disclosures". Requires disclosures in financial statements that enable users to evaluate the significance of financial instruments for financial position and performance; and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.
- f) IFAS 15, "SFAS 24 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". Provides guidance on how to assess the limit on the amount of surplus in a defined scheme that can be recognized as an asset under SFAS 24 (Revised 2010), "Employee Benefits".

PT PUTRA MULIA TELECOMMUNICATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013 AND 2012

24. REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (Continued)

- g) IFAS 20, "Income Taxes-Changes in the Tax Status of an Entity or its Shareholders". Prescribes how an entity should account for the current and deferred tax consequences of a change in tax status of entities or its shareholders.

The Company is presently evaluating and has not yet determined the effects of these revised and new Standards and Interpretations on its financial statements.

25. RECLASIFICATION ACCOUNT

Certain accounts in the financial statements for 2012 have been reclassified to conform with the presentation in 2013 financial statement.

26. COMPLETION OF FINANCIAL STATEMENT

The management of the Company is responsible for the preparation on these financial statements and has agreed to publish financial statements on April 17, 2014.

EXPERT'S OPINION ON THE PREVAILING REGULATIONS ON THE REPATRIATION OF PROFITS AND RELEVANT LAWS AND REGULATIONS OF THE REPUBLIC OF INDONESIA AND LEGAL OPINION FROM MESSRS LEGISPERITUS

legisperitus
LAWYERS

31 July 2014

**The Board of Directors
OCK Group Berhad
No. 11, Jalan Puteri 2/6, Bandar Puteri Puchong
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Dear Sir,

Proposed Acquisition of 85% shares in PT Putra Mulia Telecommunication (“PMT”) by OCK Group Berhad (“OCK”)

Following the Proposed Acquisition of 85% shares of Song Chin Yew and Lim Hooi Seeh (“**Vendors**”) in PT Putra Mulia Telecommunication (“**PMT**”) by OCK Group Berhad (“**Purchaser**”) (“**Sale Shares**”), we have been asked to provide a legal opinion on policies on foreign investment, ownership, taxation and repatriation of profits and enforceability of the sale and purchase agreement under the laws of Republic of Indonesia.

1. Documents and Regulations

In giving our opinion, we only refer to laws and regulations of the Republic Indonesia specifically laws and regulations on:

- (a) Law Number 40/2007 regarding Limited Liability Company (“**Company Law**”);
- (b) Law Number 25/2007 regarding Investment (“**Investment Law**”);
- (c) Law Number 13/2007 regarding Manpower (“**Manpower Law**”);
- (d) Government Regulation Number 27/1998 regarding Merger, Consolidation, and Acquisition of Limited Liability Company (“**MCA Regulation**”);
- (e) Presidential Regulation Number 36/2010 regarding Negative List on Foreign Investment (“**Investment Negative List**”);
- (f) Badan Koordinasi Penanaman Modal (“**BKPM**”) Regulation Number 5/2013 regarding Guidelines and Procedures of Licensing and Non-licensing of Investment (“**Perka BKPM 5/2013**”);
- (g) BKPM Regulation Number 12/2013 regarding Amendment of Perka BKPM 5/2013 (“**Perka BKPM 12/2013**”);
- (h) Law Number 36/2008 regarding Income Tax (“**Income Tax Law**”);
- (i) Indonesian Civil Code (“**ICC**”);
- (j) Law Number 30/1999 regarding Arbitration and Alternative Dispute Resolution (“**Arbitration and ADR Law**”);
- (k) Sale Shares Agreement (“**SSA**”) between Vendors and Purchaser; and
- (l) The documents provided to us on behalf of PMT including Articles of Association, Minutes, business license and registration of PMT.

2. Opinion

Based upon the documents listed above and subject to the assumptions and qualification set out in this opinion and having regard to such legal considerations as we deemed relevant, we are of the opinion:

2.1 PMT and Vendors

- (a) PMT is a corporation duly incorporated under Indonesian laws;
- (b) PMT is incorporated on 27 July 2005;
- (c) The current directors of PMT are Lim Hooi Seeh; and commissioner is Song Chin Yew;
- (d) There are no judgments or court proceedings pending either in civil or criminal court in Indonesia to which PMT is subject.

2.2 Ownership of Shares

- (a) The Vendors are the registered shareholders of the Sale Shares which represents 85% issued and paid up share capital of PMT.

2.3 Share Sales Agreement

- (a) A contract may be governed by foreign law and is enforceable under Indonesian law however, if the parties choose foreign court as the dispute settlement forum, the decision of foreign court is unenforceable in Indonesia. SSA is enforceable under Indonesian law.
- (b) Pursuant to Clause 6.1.1 of the Shares Sale Agreement, Purchaser is entitled to appoint new directors and remove any current directors of PMT. According to Company Law and as stipulated in PMT's Article of Association ("AoA"), board of directors is appointed by General Meeting of Shareholders ("GMS") for a period of five (5) years but may be dismissed at any time by GMS. The new arrangement based on Clause 6.1.1 will result in amendment of the Articles of Association.
- (c) Pursuant to PMT's AoA, board meeting is valid if more than half of the board attended or represented at the meeting. Voting is valid if positive votes are more than half of the voting counted at the meeting. In the event Clause 6.3 and 6.4 of SSA will be enforced, the AoA shall be amended.

2.4 Foreign Investment Policy

- (a) There is no restriction against foreign investment in the industry which PMT carries on its business, however Investment Negative List Regulation limits foreign ownership in a trading company to a maximum of 95%. Pursuant to PMT's BKPM licenses, PMT is 100% foreign owned however PMT has a divestment obligation to be fulfilled at the latest fifteen years after the establishment of the company or in October 2020, which is to divest some of its issued shares by selling it to Indonesian entity. BKPM did not state a specific figure but assuming that maximum foreign ownership allowed in a trading company is 95%, PMT would most likely be obligated to divest 5%.
- (b) There is no restriction in Indonesia on the acquisition of Sale Shares by the Purchaser.

3. Overview on Acquisition Procedures under Company Law and Implementation Rules

3.1 Acquisition of a closed/private held company

Pursuant to Article 125 par (1) of Company Law, there are two ways of acquisition:

- A. Through Board of Directors;
- B. Direct from shareholders.

We understand that the Proposed Acquisition is initiated by the BoD of Purchaser.

A. Acquisition through Board of Directors ("**BoD**"), the steps are:

Article 125 par (5) juncto par (6) of Company Law juncto Article 26 par (3) of MCA Regulation states that BoD of the acquirer and the acquired company must draft a proposed acquisition plan which must at least contains:

- 1) name and address of the acquirer and the acquired company;
- 2) the purpose of acquisition;
- 3) last financial report of the acquirer and the acquired company;
- 4) terms of conversion in the event the consideration is shares;
- 5) numbers of acquired shares;
- 6) financing;
- 7) consolidated balance of the acquirer;
- 8) settlement scheme for disapprove shareholders;

- 9) settlement scheme for BoD, Board of Commissioners (“**BoC**”) and employees of the acquired company;
- 10) acquisition timeline;
- 11) proposed amendment of Articles of Association (“**AoA**”) of the acquired company (if any).

Article 127 par (1) of Company Law: proposed acquisition plan must be approved by General Meeting of Shareholders (“**GMS**”).

Article 127 par (2) juncto par (3) of Company Law: acquirer required to announce the proposed acquisition plan in at least one newspaper, at least thirty (30) days prior to the **GMS**. Prior to **GMS**, the acquirer must also notify employees of the acquired party. The purpose of newspaper announcement is to give creditors or other party opportunity to object to the acquisition (Article 127 par (4) of Company Law).

Article 128 of Company Law: upon approval of **GMS**, proposed acquisition plan must be made into deed of transfer of shares before a notary public, which copy must be submitted to Ministry of Law and Human Rights (“**MOLHR**”). In some cases where a **GMS** is not possible to be held, shareholders may agree and decide on a matter outside of **GMS** and without a presence of a notary public. Pursuant to Article 91 of Company Law, shareholders may agree and decide on a matter outside of **GMS** as long as the resolution is made in writing and signed by all shareholders, and made into a notary deed at the latest thirty (30) days after the date of such resolution.

B. Direct from shareholders

Acquisition directly from the shareholders of the acquired company does not require the acquirer to prepare an acquisition plan. The acquirer and the shareholders of the acquired company may directly sign a conditional sale and purchase agreement regarding the transfer of shares. Upon the fulfillment of conditions precedent, the transfer of shares must be documented into a notary deed.

The steps for direct acquisition are as follows:

Article 125 par (7) of Company Law: done by acquirer and shareholders of the acquired company.

Article 127 par (2) juncto par (3) of Company Law: acquirer required to announce the proposed acquisition plan in at least one newspaper, at least thirty days prior to the **GMS**. Prior to **GMS**, the acquirer must also notify employees of the acquired party.

Article 128 of Company Law: upon approval of GMS, proposed acquisition plan must be made into deed of transfer of shares, which copy must be submitted to Ministry of Law and Human Rights (“**MOLHR**”).

For both acquisition through board of directors and direct from shareholder, pursuant to Article 133 par (2) of Company Law, the last stage of acquisition is to announce the result of acquisition. Director of the acquired company must announce the acquisition result at the latest thirty (30) days following the completion of acquisition.

3.2 Acquisition of a foreign investment company (closed/private held)

Due to some limitation of foreign ownership in some sectors, acquisition of a foreign investment company (“**PMA**”) must always refer to the composition of shares of the acquired company existing and valid investment permits. Acquisition of a PMA as stipulated in Article 5 par (3) letter b and c of Investment Law is also referred to Company Law, specifically Article 125.

The steps to be taken by acquirer and acquired company is fulfilling the requirements mentioned above, with one additional step. Following the GMS, the acquired company must notify the acquisition to Indonesian Investment Coordinating Board (“**BKPM**”) and request for amendment of the acquired company’s principle license that will state the new shareholder(s) of the company and increase in capital (if any), and other changes to the acquired company following the acquisition.

In summary, the acquisition procedure (direct acquisition) pursuant to Indonesian law is:

- 1) Negotiation and agreement;
- 2) Newspaper announcement for the proposed acquisition plan;
- 3) GMS approving the acquisition;
- 4) Notification of the change in ownership to BKPM;
- 5) Notary deeds;
- 6) Notification of the acquisition to MOLHR;
- 7) Newspaper announcement for the result of acquisition.

Since PMT is a PMA company, acquisition by an interested party must follow the requirement above. Although Purchaser does not have any obligation to obtain approval from relevant authorities in Indonesia, it does have the obligation to announce the proposed acquisition in Indonesian newspaper, as well as to notify it to the employees of PMT at least thirty (30) days prior to PMT’s GMS. The obligation to obtain approvals (of the change of ownership) from BKPM and MOLHR will be burdened to PMT.

In reporting the change in ownership, Purchaser will however, need to provide its Articles of Association, company registration, management structure and identity of the director attached to the application made by PMT for BKPM approval.

4. Overview of Corporate Tax

4.1 Withholding Tax on Dividend

- (a) Pursuant to Article 26 par (1) Law Number 36 of 2008 regarding Income Tax, any kind of income received by foreign tax payer, including dividend, premium, discount, reward in relation to collateral, royalty, rent, income from the usage of property, reward from providing service, work or activity, gift, pension and any payment in installment, swap premium, hedge transaction and debt exemption, is taxable. Paragraph (2) further explains that “foreign” refers to the country where the beneficial owner of such income is located. The withholding tax for income received from the activity mentioned above is 20%.

4.2 Repatriation of Profits

- (a) Pursuant to Article 14 of Law Number 25 Year 2007 regarding Investment (“Investment Law”) every investors are entitled to receive (a) protection of rights and before the law; (b) information regarding their line of businesses; (c) services; (d) facilities as regulated by law. Further, the Law stating that investor may transfer and repatriate their:
 - a. capital;
 - b. profit, interest, dividend and other income;
 - c. funds required for:
 - purchasing raw materials and support materials, intermediate products, or final product;
 - reimbursement of capital goods in order to secure the investment;
 - additional fund required for financing investment;
 - fund for loan repayment;
 - payable royalty or interest;
 - income of any foreign individuals working in any investment company;
 - the proceeds of any sale or liquidation of investment;
 - compensation for any loss;
 - compensation for any takeover;
 - payment made for technical aid, payable costs for technical service and management, payment made under project contract, and payment for intellectual property right; and

- proceeds of asset sale set forth in paragraph (1) above.
- (b) There is no restriction on repatriation or control on foreign exchange. Repatriation may be done as long as there is no pending liability. Pursuant to Article 9 par (1) of Investment Law, in the event of unsettled liability, either investigator or the Minister of Finance may ask any bank or any other institution to postpone such right to make such transfer and/or repatriation and either Bank or any other institution shall apply such postponement by virtue of court judgment set forth at point b of paragraph (1) until after the investors have settled all of their liabilities. Liabilities mentioned herein include tax liabilities pursuant to Income Tax Law.

4.3 Income Tax for Corporation(s)

- (a) Tax for corporation is 25%; limited company which 40% of their shares trade in stock exchange is 5% lower than normal rate; gross turnover up to Rp. 50.000.000.000,00 (fifty billion Rupiah) is 50% deduction from normal rate.

4.4 Value Added Tax

- (a) Pursuant to Government Regulation No. 12/2001 jo. No. 43/2002 jo. 46/2003 jo No. 7/2007 regarding Import and Transfer of Goods Exempted from Tax, 10% Value Added Tax (VAT) is applied to imports, manufactured goods and most services. In addition, there is also sales tax on luxury goods ranging from 10% to 75%.
- (b) Free Charge of Value Added Tax (VAT) to the importation of certain VAT charged goods having the strategic term, consist of:
 - a. Capital Goods in the form of machineries and factory equipments, either in installed or separated, including spare parts;
 - b. Feed of poultry and fish and raw materials to make feed;
 - c. Seed and or seeding of agricultural material, plantation, forestry, livestock, aquaculture, or fishery;
 - d. Agricultural products.

4.5 Tax Treaty

- (a) Non-residents are normally subject to a 20% withholding tax on the remittance of interest, dividends, royalties and other payments outside the country. Double tax treaties offer a lower withholding tax rate, usually

between 10% and 15%. In addition, most treaties provide for an exemption from withholding tax, where interest is paid to the government or other specified authorities in other countries.

- (b) The amended Treaty with Malaysia, which reduces the withholding tax rates on dividends, royalties and interest to 10%, can be implemented, as both governments ratified it as of May 2010. Further, this treaty seeks to exclude companies incorporated in Labuan from obtaining treaty benefits.

5. ASSUMPTIONS AND QUALIFICATIONS

The summary and opinion above are prepared based on the following assumptions and qualifications:

5.1 Scope of Opinion:


- (a) There are no other documents that we reviewed except for the documents and regulations mentioned in Documents and Regulations;
- (b) Our advice herein is prepared based on the prevailing laws and regulations in the Republic of Indonesia that applicable on the date of this opinion. We express no opinion as to the laws of any other jurisdiction;
- (c) We disclaim any obligation to advise any party of facts, circumstances, events or developments occurring after the date of this opinion that may alter, affect or modify this opinion;
- (d) This opinion is strictly limited to the matters stated in it and is not to be read as extending by implication to any other matter in connection with the Proposed Acquisition or any other transaction.

5.2 Assumptions:

- (a) the Shareholder Resolution of PMT has or will resolve that the transfer of 85.000 shares of aggregate, fully paid in the capital of PMT be approved and, subject to the said transfers being duly stamped and delivered to PMT in accordance with PMT's Articles of Association and Indonesian Company Law;
- (b) all documents submitted to us as copies conform with the originals, are complete and up to date and the relevant originals continue in full force and effect, and all signatures, seals dates and duty markings are genuine;

- (c) no person in connection with the Share Sale Agreement has engaged or will engage, in fraudulent, unconscionable, misleading or deceptive conduct or which is likely to mislead or deceive; and
- (d) this opinion shall only be used by OCK Group Berhad and for inclusion in the Circular to shareholders of OCK in relation to the Proposed Acquisition.

Yours sincerely,
LEGISPERITUS LAWYERS



EXPERT'S REPORT BY CROWE HORWATH ON THE FAIRNESS OF THE PURCHASE CONSIDERATION FOR PMT



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Ref: OCK/PTA/WFM/13883

4 August 2014

The Board of Directors
OCK Group Berhad
 No. 11 & 13, Jalan Puteri 2/6
 Bandar Puteri
 47100 Puchong
 Selangor Darul Ehsan

Strictly Private & Confidential

For the Attention of Mr Ooi Chin Khoon

Dear Sir

EXPERT'S REPORT ON THE FAIRNESS OF THE PURCHASE CONSIDERATION FOR THE PROPOSED ACQUISITION OF 85% EQUITY INTEREST IN PT PUTRA MULIA TELECOMMUNICATION

1 Introduction

On 29 April 2014, RHB Investment Bank Berhad ("RHB") on behalf of the Board of Directors of OCK Group Berhad ("OCK") had announced that OCK International Sdn Bhd ("OCKISB"), a wholly owned subsidiary of OCK entered into a conditional share sale agreement ("SSA") with Song Chin Chew and Lim Hooi Seeh ("the Vendors") for the proposed acquisition by OCKISB of 85% equity interest in PT Putra Mulia Telecommunication ("PMT") from the Vendors for a purchase consideration of RM21,250,000 ("Purchase Consideration"). The purchase consideration is to be fully satisfied via a combination of RM10,000,000 cash and issuance of 10,277,272 new ordinary shares of RM0.10 each in OCK ("OCK Shares") at an issue price of RM1.10 per OCK Share ("Consideration Shares") to satisfy the remaining of the Purchase Consideration of RM11,250,000 ("Proposed Acquisition").

The Board has requested that Crowe Horwath Advisory Sdn Bhd ("Crowe Horwath") provide an Expert's Report pursuant to Chapter 10, Appendix 10B, Part F, item 4 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). The Expert's Report provides an opinion on the fairness of the Purchase Consideration for the Proposed Acquisition.

2 Purpose of Report

This Expert's Report does not constitute an independent advice letter under the Listing Requirements and it does not constitute a valuation report on the foreign assets proposed to be acquired under the Listing Requirements. Accordingly, it cannot be used and relied upon in any other connection or by any other person.

This letter is prepared for, and addressed to the Board and is intended only for inclusion in the circular to the shareholders of OCK in relation to the Proposed Acquisition.

2 Purpose of Report ("Cont'd")

Crowe Horwath's opinion and this letter may not be quoted, referred to or otherwise disclosed, in whole or in part, nor may any public reference to Crowe Horwath be made without our prior written consent. This Expert's Report is not intended as and does not constitute a recommendation by us on the Proposed Acquisition. It is also not intended to be relied on to address the business concerns and risks pertaining to OCK. Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this Expert's Report, in whole or in part.

3 Scope and Limitations

This Expert's Report does not address or consider the underlying business decision of OCK to engage in the Proposed Acquisition, or the relative merits of the Proposed Acquisition. In assessing the Proposed Acquisition, we have undertaken a financial analysis of PMT only and have relied on commercial assessment of the Proposed Acquisition by OCK's management ("Management"). We have not evaluated any other aspect of the Proposed Acquisition, including the impact of any subsequent transactions arising from the Proposed Acquisition. Crowe Horwath does not express any opinion on, and this Expert's Report does not address, any terms or aspect of the Proposed Acquisition or any terms or aspects of any other agreement or instrument contemplated or entered into or amended in connection with the Proposed Acquisition, including, without limitation, the fairness of the Proposed Acquisition to, or any consideration paid in connection therewith other than the Purchase Consideration by OCK.

This Expert's Report is not a recommendation of any specific amount of consideration nor should it be taken to imply that any specific amount of consideration constitute the only appropriate consideration for the Proposed Acquisition.

This Expert's Report does not address the prices at which the OCK Shares will trade at any time, the impact of the Proposed Acquisition on the solvency or the viability of OCK, the ability of OCK to pay its obligations as and when they fall due, or any other underlying valuation, future performance or the long-term viability of OCK. Our evaluation of the Purchase Consideration is based on the value of the OCK Shares at RM1.10 per OCK Shares, which represents a discount of 13.39% over the five (5)-day volume weighted average market price of OCK Shares up to and including 28 April 2014 of RM1.27, being the last trading day prior to the date of execution of the SSA.

For the purpose of preparing the Expert's Report, we have relied on, without independent verification on the accuracy and completeness of all financial, legal, regulatory, tax, accounting and other information made available to us by the Management and otherwise sourced by us from public or other sources, and we do not assume any responsibility for any such information. In this regard, we wish to highlight that the Management remains solely responsible for the completeness, accuracy and authenticity of the information provided to us by the Management for the purpose of preparing this Expert's Report. Accordingly, Crowe Horwath issues no warranty or other form of assurance regarding the reliability and completeness of information furnished by the Management.

We have not conducted any audit or other verification procedures in respect of any financial and non-financial data and information used in our work. Additionally, the work carried out is different from that required for an audit which is based on generally accepted auditing standards and for that reason, it does not provide the same level of assurance as an audit of financial statements.



3 Scope and Limitations (Cont'd)

With respect to the Financial Projections (as defined in the following section), we have assumed that they have been reasonably prepared on bases reflecting the best currently available judgement of the Management. As such, we have assumed that, without independent verification that the Financial Projections provided to us are accurate in all respects and fairly represent the items described therein.

Crowe Horwath was not involved in the negotiation of the terms and conditions of the Proposed Acquisition. Crowe Horwath's scope of work is limited to expressing an opinion on the fairness of the Purchase Consideration. In arriving at our opinion, we have relied in good faith on the information provided and assumed that there is no omission or non-disclosure of material information on PMT.

Crowe Horwath have not assumed any obligation to conduct, and have not conducted any physical inspection of the assets of the PMT and have not made an independent valuation or appraisal of the assets and liabilities (including any contingent liabilities) of the PMT. We have assumed that all liabilities and assets reflected in the books of PMT have been fairly valued.

We have also assumed that all government, regulatory and other consents and approvals required for the conclusion of the Proposed Acquisition will be obtained without any adverse impact on OCK and Crowe Horwath have assumed that the Proposed Acquisition will be completed on the terms set forth in any other agreement or instrument contemplated or entered into or amended in connection with the Proposed Acquisition, without the waiver or modification of any terms or conditions or any delay the effect of which would be any relevant to the valuation of the PMT.

4 Sources of Information

In connection with preparing this Expert's Report, we have relied on the following information in conducting our financial analysis:

- (i) Audited financial statements of PMT for the financial year ended 31 December ("FYE") 2012 up to FYE 2013;
- (ii) Income projections of PMT as provided by the Management (hereinafter referred to as the "Financial Projections");
- (iii) Responses from the Management to questions raised by Crowe Horwath regarding PMT;
- (iv) The letter of representation signed by PMT dated 22 May 2014 confirming, inter-alia, the accuracy, completeness and reliability of the information provided to us;
- (v) Various documents and information made available to us during the course of our engagement up to the date of this Expert's Report; and
- (vi) Certain publicly available data and information which include amongst others, publicly available research reports on publicly traded comparable companies, including estimates of revenues, earnings before interest, taxes, depreciation and amortisation ("EBITDA") and other financial information.

5 Evaluation on the Fairness of the Purchase Consideration

In our evaluation, we have considered the various factors that we believe are critical in forming an opinion on the fairness of the Purchase Consideration. Crowe Horwath has not given consideration to the specific investment objectives, financial situation and particular needs of any shareholder or specific group of shareholder. Crowe Horwath does not express any opinion on the commercial merits or otherwise of the Proposed Acquisition, and PMT's ability to fulfil its obligation for the Proposed Acquisition.

In our evaluation on the fairness of the Purchase Consideration based on the assessment date as at 29 April 2014 ("Assessment Date"), we have considered the following:-

- (i) The Proposed Acquisition; and
- (ii) The Purchase Consideration as at 29 April 2014 (being the date the Proposed Acquisition was announced).

5.1 Information on PMT

PMT was incorporated in the Republic of Indonesia on 27 July 2005 based on the Notarial Deed of Benny Lesmana, SH. MM Notary in Tangerang, No. 11. The Deed of establishment was approved by the Ministry of Justice and Human Rights of the Republic of Indonesia in his decision letter No. C-26172 HT.01.01.TH.2005 dated 22 September 2005.

PMT is principally involved in the provision of telecommunication solution services in Indonesia. The core strategy is operational management and maintenance services for telecommunication service providers. PMT's head office is located at Patra Jasa Office Tower, 18th Floor, Room 1811, Jl. Jend. Gatot Subroto Kav 32-34, Jakarta 12950, Indonesia.

PMT competencies are set out as below:-

- Operational maintenance managed services outsourcing;
- Network deployment roll-out services;
- Human resources management services;
- Test measurement products or renting services for telecommunication companies;
- Radio network optimisation; and
- In-building turnkey solutions.

The principal market for PMT's services is in Indonesia and has been contracted to service numerous network sites throughout Indonesia.

5.2 Valuation of the PMT

The following is a summary of the financial analysis undertaken by Crowe Horwath as part of its financial analysis in connection with preparing this Expert's Report. The summary of the financial analysis include information provided in the tabular format and must be read with the text of each summary and alone are not complete description of Crowe Horwath's analysis. Please note that the extent of the financial analysis is based on existing market data prior to or on the Assessment Date and is not necessarily indicative of current market conditions.

5.2 Valuation of PMT (Cont'd)

As part of our evaluation, Crowe Horwath has compared the purchase consideration of the Proposed Acquisition against the following:

- (i) an illustrative discounted cash flow ("DCF") analysis of PMT's business based on the Financial Projections, whereupon the implied Price Earnings Multiples (as defined in Paragraph 5.2.2 (i) (c) below) and implied EBITDA Multiples (as defined in Paragraph 5.2.2 (i) (d) below) of PMT's business for the FYE 2013 and projected FYE 2014 respectively, were derived.
- (ii) the comparison of the Price Earnings Multiples ("PE Multiples") and EBITDA Multiples at which, certain public listed companies comparable to PMT's business trade for the financial years 2013 and 2014, in comparison with the implied PE Multiples and implied EBITDA Multiples of PMT derived from methodology (i) above; and
- (iii) the comparison of the PE Multiples and EBITDA Multiples paid in certain precedent acquisitions of companies within the same sector to PMT's business, to the implied PE Multiples and implied EBITDA Multiple of PMT's business for the FYE 2013.

For the purposes of our analysis, "PE Multiples" means ratios of price to earnings ("P/E") and "EBITDA Multiples" means ratios of enterprise value ("EV") to EBITDA ("EV/EBITDA") for the relevant period.

Although none of the selected companies or transactions for the trading comparables analysis or the precedent transactions analysis is directly comparable to PMT's business or the Proposed Acquisition, the companies and transactions included were selected because they are (i) public listed companies involved in telecommunication services industry; or (ii) publicly announced transactions relating to majority purchase in companies involved in telecommunication services industry via cash or cash and shares consideration over the last twelve (12) months period up to the Assessment Date; that, for purposes of the analysis, may be considered similar to the operations of PMT's business or similar to the Proposed Acquisition.

5.2.1 Summary of Key Bases and Assumptions

The key bases and assumptions adopted in our evaluation on the fairness of the Purchase Consideration are as follows:-

- (i) The fairness opinion on the Purchase Consideration has been prepared on an "as is where is" basis and on the financial position of PMT as at the Assessment Date without taking into consideration the plans and strategies to be undertaken by OCK and synergies arising from the Proposed Acquisition;
- (ii) The audited financial statements of PMT for the FYE 2012 up to FYE 2013 provide a true and fair view of the financial position and financial performance of PMT. We have not carried out any audit, verification or review of these financial statements to ensure the accuracy, completeness and reliability of these financial statements;
- (iii) The Financial Projections, which has been provided to us by the Management, will be achieved. The Management assumes full responsibility for the accuracy, completeness and reliability of the Financial Projections as well as the reasonableness of the underlying bases and assumptions;
- (iv) PMT is in full compliance with all applicable regulations and laws;

5.2.1 Summary of Key Bases and Assumptions (Cont'd)

- (v) The business interest of PMT and their assets are free and clear of any liens or encumbrances;
- (vi) There will be no material changes in the present legislation, government regulations, inflation rates, interest rates, foreign exchange rates, bases and rates of taxation, and other lending guidelines which will affect the activities of the PMT, as well as the markets, countries or territories in which the PMT have operations;
- (vii) All the necessary licenses/approvals/agreements with key principals of PMT will remain in force;
- (viii) There will be no material changes in the present management and principal activities as well as the accounting and operating policies presently adopted by PMT;
- (ix) There will not be any material adverse changes to the financial position and performance as well as the business operations of PMT after the Proposed Acquisition;
- (x) There are no undisclosed actual or contingent assets or liabilities, including but not limited to, any contracts and/or off-balance sheet financial instruments, no unusual obligations or commitments other than in the ordinary course of business, nor any pending litigation which would have a material effect on the financial position or business of PMT now and in the future; and
- (xi) There will be no event of *force majeure* occurring such as any act of God, act of public enemies, war, act of terrorism, restraint of Government or people of any nation, riots, insurrections, civil commotion, floods, fire, restrictions due to quarantines, epidemics, storms, or any other causes beyond the reasonable control of PMT, which could materially affect the PMT's financial position and future business operations.

5.2.2 Enterprise and Equity Valuation Overview

(i) DCF analysis		Comments
(a) Enterprise valuation (RM'million) ¹	24.63 – 26.64	Based on the Financial Projections with an assumed weighted average cost of capital range of 14.10% to 15.10% taking into consideration the appropriate prevailing risk free rate, beta, equity risk premium and other factors affecting the operations of the PMT.
(b) Equity valuation (RM'million) ¹		
- 100.0% equity interest	24.16 – 26.17	
- 85.0% equity interest	20.54 – 22.24	
(c) Implied PE Multiples (times) ¹ as at 31 December 2013	12.11 – 13.59	Derived from the equity valuation to PMT's earnings for the FYE 2013 and projected earnings for the FYE 2014 respectively.
(d) Implied EV/EBITDA Multiple (times) ¹ as at 31 December 2013	8.79 – 9.50	Derived from the enterprise valuation to the EBITDA of PMT's business for the FYE 2013 and projected EBITDA for the FYE 2014 respectively.

5.2.2 Enterprise and Equity Valuation Overview (Cont'd)

(ii) Comparable Companies Trading Multiples (times) ²		
2013 P/E (based on the two (2)-year weekly average of comparable companies up to the Assessment Date)	20.56 – 32.92	Comparable companies include PT XL Axiata TBK, PT Inovisi Infracom TBK and PT Tower Bersama Infrastructure.
2013 EV/EBITDA (based on trailing twelve (12)-month EBITDA up to Assessment Date)	7.23 – 18.26	Estimated PE and EV/EBITDA in 2014 is based on PT XL Axiata TBK and PT Tower Bersama Infrastructure.
(iii) Precedent transactions acquisition multiples (times) ²		
PE	9.49 – 20.16	Precedent transactions list, in the format "Acquirer / Target", include Mitel Networks Corp / Aastra Technologies Ltd; Premiere Global Services Inc / ACT Teleconferencing Inc and Eutelsat Communications SA / Satelites Mexicanos SA de CV.
EV/EBITDA	6.18 – 12.04	

Note:-

¹ Exchange rate as at Assessment Date: RM1.00 : IDR3,543.60 (Source: Bloomberg)

² Source: Bloomberg

6 Conclusion

We have assessed and evaluated the Proposed Acquisition to arrive at our conclusion on the fairness of the Purchase Consideration after taking into consideration that the 85% equity interest of PMT of between RM20.54 million to RM22.24 million as at the Assessment Date. The Purchase Consideration translates to an implied PE Multiple of between 12.11 times to 13.59 times, which is below the range of traded multiples of 20.56 times to 32.92 times for the selected comparable companies as at Assessment Date. The Implied EV/EBITDA Multiple of 8.79 times to 9.50 times is within the range of the traded multiples of 7.23 times to 18.26 times for the selected comparable companies as at Assessment Date.

In addition, the implied PE Multiple and EV/EBITDA Multiple for the Proposed Acquisition of 12.11 times to 13.59 times and 8.79 times to 9.50 times falls within the range of the precedent transactions acquisition multiples of 9.49 times to 20.16 times and 6.18 times and 12.04 times respectively, for precedent transactions as at Assessment Date.

Based upon and subject to the foregoing, we are of the view that as of the Assessment Date, the Purchase Consideration payable pursuant to the Proposed Acquisition is fair from a financial point of view of PMT.



7 Restriction

This letter is prepared solely for inclusion in the Circular in relation to the Proposed Acquisition. It is not intended for general circulation or publication and is not to be reproduced, quoted or referred to, in whole or in part, in any public document or announcement without the prior written consent of Crowe Horwath. We reserve the right to amend this letter in terms of its format and contents before providing our consent.

Accordingly, we are not responsible or liable for any form of losses however occasioned to any third party as a result of the circulation, publication, reproduction or use of, or reliance on this letter, in whole or in part, contrary to the provision set out in this Expert's Report and our engagement letter.

Neither Crowe Horwath nor any of its members or employees undertakes responsibility arising in any way whatsoever to any person in respect of this letter, including any error or omission therein, however caused. We are under no obligation to update this letter in respect of events or information that comes to our attention subsequent to the date of this Expert's Report. Notwithstanding this, we reserve the right, should we consider it necessary, to revise our letter in light of any information that existed as at the date of this Expert's Report but which becomes known to us subsequent to the date of this Expert's Report.

Yours faithfully
Crowe Horwath Advisory Sdn Bhd



Pauline Teh Abdullah
Executive Director, Advisory

REPORT BY MESSRS BAKER TILLY MONTEIRO HENG ON THE COMPILATION OF PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF OCK GROUP AS AT 31 DECEMBER 2013



BAKER TILLY

06 AUG 2014

The Board of Directors
OCK Group Berhad
 11 & 13, Jalan Puteri 2/6,
 Bandar Puteri Puchong,
 47100 Puchong,
 Selangor Darul Ehsan.

Baker Tilly Monteiro Heng
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Dear Sirs,

STRICTLY CONFIDENTIAL

**OCK GROUP BERHAD AND ITS SUBSIDIARIES
 REPORT ON THE COMPILATION OF PROFORMA CONSOLIDATED
 STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013**

We have completed our assurance engagement to report on the compilation of Proforma Consolidated Statements of Financial Position of OCK Group Berhad (“OCK” or “the Company”) and its subsidiaries (“the Group”) as at 31 December 2013 for which the directors of OCK are solely responsible. The Consolidated Statements of Financial Position consists of the proforma consolidated statements of financial position as at 31 December 2013 together with the accompanying notes thereon, as set out in the accompanying statements, for which we have stamped for the purpose of identification. The applicable criteria on the basis of which the directors of OCK have compiled the Proforma Consolidated Statements of Financial Position are as described in Note 1 to the Proforma Consolidated Statements of Financial Position.

The Proforma Consolidated Statements of Financial Position of the Group has been compiled by the directors of OCK to illustrate the impact of the following proposals on the Group’s financial position as at 31 December 2013, as if the proposals had taken place at 31 December 2013:-

- (i) Proposed acquisition by OCK International Sdn Bhd, a wholly-owned subsidiary company of OCK, of 85% equity interest in PT Putra Mulia Telecommunication for a total purchase consideration of RM21,250,000 to be fully satisfied via a combination of cash and issuance of new ordinary shares of RM0.10 each in OCK (“OCK Shares” or “Shares”);
- (ii) Proposed bonus issue of 176,053,636 OCK Shares (“Bonus Share(s)”) to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing OCK Shares held on an entitlement date to be determined later;
- (iii) Proposed establishment of an employees’ share option scheme (“ESOS”) of up to 10% of the issued and paid-up share capital of OCK and proposed allocation of ESOS Options to the directors of OCK;
- (iv) Proposed increase in authorised share capital of OCK from RM50,000,000 comprising 500,000,000 OCK shares to RM100,000,000 comprising 1,000,000,000 OCK shares; and
- (v) Proposed amendments to the Memorandum and Articles of Association of OCK.

(Collectively hereinafter referred to as the “Proposals”)

Baker Tilly is a trading name of Baker Tilly Monteiro Heng, Baker Tilly AC and its related entities
 An independent member of Baker Tilly International

OCK GROUP BERHAD AND ITS SUBSIDIARIES**Report on the Compilation of Proforma Consolidated Statements of Financial Position
as at 31 December 2013**

As part of this process, information about the Group's financial position has been extracted by the directors of OCK from the audited financial statements of the Group for the financial year ended 31 December 2013, which were reported by us to its members on 11 April 2014 without any modification.

Directors' Responsibility

The directors of OCK are responsible for compiling the Proforma Consolidated Statements of Financial Position based on the Applicable Criteria.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion on whether the Proforma Consolidated Statements of Financial Position has been compiled, in all material respects, by the directors of OCK based on the Applicable Criteria.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420: Assurance Engagements to Report on the Compilation of Proforma Financial Information Included in a Prospectus, issued by the International Auditing and Assurance Standards Board and adopted 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 of OCK have compiled, in all material respects, the Proforma Consolidated Statements of Financial Position based on the Applicable Criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Proforma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in completing the Proforma Consolidated Statements of Financial Position.

The purpose of the Proforma Consolidated Statements of Financial Position included in the Circular to Shareholders of OCK is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for illustrative purposes only. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Proforma Consolidated Statements of Financial Position has been compiled, in all material respects, based on the Applicable Criteria involves performing procedures to assess whether the Applicable Criteria used by the directors of OCK in the compilation of the Proforma Consolidated Statements of Financial Position of the Group provide a reasonable basis for presenting the significant effects directly attributable to the Proposals, and to obtain sufficient appropriate evidence about whether:-

- (i) The related proforma adjustments give appropriate effect to those criterias; and
- (ii) The Proforma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

OCK GROUP BERHAD AND ITS SUBSIDIARIES

Report on the Compilation of Proforma Consolidated Statements of Financial Position
as at 31 December 2013



BAKER TILLY

The procedures selected depend on our judgement, having regard to our understanding of the nature of the Group, the event or transaction in respect of which the Proforma Consolidated Statements of Financial Position has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Proforma Consolidated Statements of Financial Position.

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

Opinion

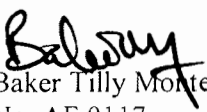
In our opinion:-

- (i) the Proforma Consolidated Statements of Financial Position of the Group have been properly compiled on the basis set out in the accompanying notes to the Proforma Consolidated Statements of Financial Position based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2013 (which have been prepared by directors of the Company in accordance with the Malaysian Financial Reporting Standards), and in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited financial statements for the financial year ended 31 December 2013; and
- (ii) each material adjustment made to the information used in the preparation of the Proforma Consolidated Statements of Financial Position of the Group is appropriate for the purposes of preparing the Proforma Consolidated Statements of Financial Position.

Other matters

This report has been prepared solely for inclusion in the Circular to Shareholders of OCK in connection with the Proposals. As such, this report should not be used, circulated, quoted or otherwise referred to in any document or used for any other purpose without our prior written consent. Neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any party in respect of this report contrary to the aforesaid purpose.

Yours faithfully,


Baker Tilly Monteiro Heng
No. AF 0117
Chartered Accountants


Heng Fu Joe
No. 2966/11/14(J)
Chartered Accountant

PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

The Proforma Consolidated Statements of Financial Position of OCK Group Berhad ("OCK" or "the Company") and its subsidiaries ("the Group") as at 31 December 2013 as set out below for which the directors of OCK are solely responsible, have been prepared for illustrative purposes only to show the effects on the audited consolidated statement of financial position of the Group as at 31 December 2013 had the proposals as described in Note 2 been effected on that date, and should be read in conjunction with the notes accompanying to the Proforma Consolidated Statements of Financial Position.

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Adjusted Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Proforma I After the Proposed Acquisition RM'000	Proforma II After I and the Proposed Bonus Issue RM'000
ASSETS				
Non-current assets				
Property, plant and equipment	68,200	71,200	72,411	72,411
Goodwill on consolidation	-	-	18,773	18,773
Deferred tax assets	-	-	100	100
Total non-current assets	68,200	71,200	91,284	91,284
Current assets				
Inventories	18,201	18,201	18,201	18,201
Trade and other receivables	65,559	65,559	69,126	69,126
Amount due from contract customers	6,183	6,183	6,183	6,183
Deposits placed with licensed banks	8,227	8,227	8,227	8,227
Cash and bank balances	16,695	77,819	77,491	77,491
Total current assets	114,865	175,989	179,228	179,228
TOTAL ASSETS	183,065	247,189	270,512	270,512



OCK GROUP BERHAD AND ITS SUBSIDIARIES
PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Adjusted Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Proforma I After the Proposed Acquisition RM'000	Proforma II After I and the Proposed Bonus Issue RM'000
EQUITY AND LIABILITIES				
Equity attributable to the owners of OCK				
Share capital	28,490	34,188	35,211	52,816
Share premium	26,739	93,165	103,392	85,787
Foreign currency translation reserve	(26)	(26)	(26)	(26)
Revaluation reserve	3,280	3,280	3,280	3,280
Reverse acquisition reserve	(17,007)	(17,007)	(17,007)	(17,007)
Retained earnings	38,258	38,258	37,588	37,588
	79,734	151,858	162,438	162,438
Non-controlling interests	3,934	3,934	3,934	3,934
Total equity	83,668	155,792	166,372	166,372
Non-current liabilities				
Loans and borrowings	19,512	19,512	29,793	29,793
Deferred tax liabilities	937	937	937	937
Total non-current liabilities	20,449	20,449	30,730	30,730
Amount due to contract customers	202	202	202	202
Trade and other payables	35,384	35,384	37,063	37,063
Loans and borrowings	40,924	32,924	33,101	33,101
Tax payables	2,438	2,438	3,044	3,044
Total current liabilities	78,948	70,948	73,410	73,410
Total liabilities	99,397	91,397	104,140	104,140
TOTAL EQUITY AND LIABILITIES	183,065	247,189	270,512	270,512
Number of ordinary shares in issued - RM0.10 each ('000)	284,900	341,880	352,107	528,161



PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)

	Audited Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Adjusted Consolidated Statement of Financial Position as at 31 December 2013 RM'000	Proforma I After the Proposed Acquisition RM'000	Proforma II After I and the Proposed Bonus Issue RM'000
Net assets ("NA") (RM'000) *	79,734	151,858	162,438	162,438
NA per ordinary share (RM) *	0.28	0.44	0.46	0.31

* Attributable to the owners of OCK.



NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

1. Basis of Preparation

- 1.1 The Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013, for which the directors are solely responsible, have been prepared for illustrative purposes only, to show the effects on the audited consolidated statement of financial position of the Group as at 31 December 2013 had the proposals as described in Note 2 been effected on that date, and should be read in conjunction with the notes accompanying thereto.
- 1.2 The Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013 have been prepared in a manner consistent with both the format of the financial statements and the accounting policies adopted by the Group in the preparation of its audited consolidated financial statements for the financial year ended 31 December 2013, which have been prepared in accordance with the Malaysian Financial Reporting Standards.
- 1.3 The audited financial statements of the Company for the financial year ended 31 December 2013 were reported by us to its members on 11 April 2014 without any modification.

2. The Proposals

The Proposals to be undertaken by OCK comprise the following:-

- (i) Proposed acquisition by OCK International Sdn Bhd, a wholly-owned subsidiary company of OCK, of 85% equity interest in PT Putra Mulia Telecommunication for a purchase consideration of RM21,250,000 to be fully satisfied via a combination of cash and issuance of new ordinary shares of RM0.10 each in OCK ("OCK Shares" or "Shares");
- (ii) Proposed Bonus Issue of 176,053,636 OCK Shares ("Bonus Share(s)") to be credited as fully paid-up on the basis of one (1) Bonus Share for every two (2) existing OCK Shares held on an entitlement date to be determined later ("Proposed Bonus Issue");
- (iii) Proposed establishment of an employees' share option scheme ("ESOS") of up to 10% of the issued and paid-up share capital of OCK and proposed allocation of ESOS Options to the directors of OCK ("Proposed ESOS");
- (iv) Proposed increase in authorised share capital of OCK from RM50,000,000 comprising 500,000,000 OCK shares to RM100,000,000 comprising 1,000,000,000 OCK shares; and
- (v) Proposed amendments to the Memorandum and Articles of Association of OCK.
- (Collectively hereinafter referred to as "the Proposals")



NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)

3. Adjusted Consolidated Statement of Financial Position

On 26 June 2014, OCK had completed the private placement of 56,980,000 Shares at the issue price of RM1.30 per OCK Share ("Private Placement").

The proceeds arising from the Private Placement will be utilised in the following manner:-

	RM'000
Business expansion	50,000
Repayment of borrowings	8,000
Renovation costs	3,000
General working capital	11,124
Estimated expenses in relation to the Private Placement	1,950
	<u>74,074</u>

The expenses for the Private Placement of RM1.95 million were debited to the Share Premium Account pursuant to Section 60(3) of the Companies Act, 1965.

The proceeds from the Private Placement earmarked for business expansion and general working capital of RM50.0 million and RM11.124 million respectively will be included in the Cash and Bank Balances Account.

For the preparation of the Proforma Consolidation Statements of Financial Position, it is assumed that the renovation costs of RM3.0 million to be financed by the proceeds from the Private Placement will be qualified to be capitalised as property, plant and equipment.

The Private Placement has the following impact on the audited consolidated statements of financial position of the Group as at 31 December 2013:-

	Increase / (Decrease) Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Property, plant and equipment	3,000	-
Cash and bank balances	61,124	-
Share capital	-	5,698
Share premium	-	66,426
Loans and borrowings	-	(8,000)
	<u>64,124</u>	<u>64,124</u>



NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)

4. Proforma Consolidated Statements of Financial Position (Continued)

4.1 Proforma I

Proforma I incorporates the effects on the adjusted consolidated statement of financial position of the Group as at 31 December 2013 and the Proposed Acquisition as described in Notes 2(i).

The purchase consideration for the Proposed Acquisition of RM21.25 million will be fully satisfied via a combination of cash payments of RM10.0 million and the issuance of 10,227,272 OCK Shares at the issue price of RM1.10 per OCK Share.

The goodwill on consolidation arising from the Proposed Acquisition is as summarised below:-

	RM'000
Purchase consideration	21,250
Net fair value of the identifiable assets, liabilities and contingent liabilities based on the audited statement of financial position of PMT as at 31 December 2013	(2,477)
Goodwill on consolidation	18,773

The estimated expenses of the Proposed Acquisition of RM0.67 million will be debited to the Retained Earnings Account.

The Proposed Acquisition has the following impact on the audited consolidated statement of financial position of the Group as at 31 December 2013:-

	Increase / (Decrease)	
	Effects on Total Assets RM'000	Effects on Total Equity and Liabilities RM'000
Goodwill on consolidation	18,773	-
Property, plant and equipment	1,211	-
Deferred tax assets	100	-
Trade and other receivables	3,567	-
Cash and cash equivalents	(328)	-
Trade and other payables	-	1,679
Loans and borrowings		
- current	-	177
- non current	-	10,281
Tax payable	-	606
Share capital	-	1,023
Share premium	-	10,227
Retained earnings	-	(670)
	23,323	23,323



NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)

4. Proforma Consolidated Statements of Financial Position (Continued)

4.2 Proforma II

Proforma II incorporates the cumulative effects of Proforma I and the Proposed Bonus Issued as described in Note 2(ii) above.

The effects of the Proposed Bonus Issue of 176,053,636 OCK Shares amounting to RM17,605,364 will be debited to the Share Premium Account.

The Proposed Bonus Issue has the following impact on the Proforma Consolidated Statements of Financial Position of the Group as at 31 December 2013:-

	Increase / (Decrease) Effects on Total Equity RM'000
Share capital	17,605
Share premium	(17,605)
	<u> </u>
	<u> </u>



OCK GROUP BERHAD AND ITS SUBSIDIARIES

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)

5. Movements in Share Capital and Reserves

	Share capital	Share	Foreign	Reverse	Retained
	Number of	Premium	Currency	Acquisition	Earnings
	Shares	RM'000	Exchange	Reserve	RM'000
	'000	RM'000	Translation	RM'000	RM'000
Audited consolidated statement of financial position as at 31 December 2013	284,900	28,490	(26)	3,280	38,258
Arising from the private placement					
- issuance of shares	56,980	5,698	-	-	-
- defrayment of estimated expenses in relation to the private placement	-	-	-	-	-
Adjusted consolidated statement of financial position as at 31 December 2013	341,880	34,188	(26)	3,280	38,258
Arising from the Proposed Acquisition					
- issuance of the consideration shares	10,227	1,023	-	-	-
- defrayment of estimated expenses in relation to the proposals	-	-	-	-	(670)
Per Proforma I	352,107	35,211	(26)	3,280	37,588
Arising from the Proposed Bonus Issue					
Per Proforma II	176,054	17,605	-	-	-
	528,161	52,816	(26)	3,280	37,588



NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013 (Continued)

6. Movements in Cash and Bank Balances

	Cash and bank balances RM'000
Audited consolidated statement of financial position as at 31 December 2013	16,695
Arising from the Private Placement	
- proceeds from issuance of shares	74,074
- repayment of borrowings	(8,000)
- renovation costs	(3,000)
- defrayment of estimated expenses in relation to the Private Placement	(1,950)
Adjusted consolidated statement of financial position as at 31 December 2013 *	77,819
Arising from the Proposed Acquisition	
- defrayment of estimated expenses in relation to the Proposals	(670)
- net cash of PMT acquired	342
Per Proforma I *	77,491
Arising from the Proposed Bonus Issue	-
Per Proforma II *	77,491

* Included in the cash and bank balances are the proceeds from the Private Placement earmarked for business expansion and general working capital of RM50.0 million and RM11.124 million respectively.



DRAFT BY-LAWS OF THE PROPOSED ESOS

1. DEFINITIONS AND INTERPRETATION

1.1. In these By-Laws, the following words and expressions shall bear the following meanings, unless the context otherwise requires:

"Act"	means Companies Act, 1965 of the laws of Malaysia
"Adviser"	means a corporate finance adviser that may act as a principal adviser under the Securities Commission's Principal Adviser Guidelines
"Articles"	means the Articles of Association of the Company as amended from time to time.
"Authorised Nominee"	means a person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under Part VIII of the Rules of the Bursa Depository.
"Board"	means the board of directors of the Company.
"Bursa Depository"	means Bursa Malaysia Depository Sdn Bhd (Company No. 165570-W)
"Bursa Securities"	means Bursa Malaysia Securities Berhad (Company No. 635998-W)
"By-Laws"	means, collectively the terms and conditions governing the ESOS as set forth in these By-Laws as amended, modified and/or supplemented from time to time
"CDS"	means the Central Depository System established, administered and operated by Bursa Depository for the central handling of securities deposited with Bursa Depository
"CDS Account"	means the account established by Bursa Depository for a depositor for the recording of deposit of securities and dealings in such securities by that depositor of securities
"Code"	means the Malaysian Code on Take-Overs and Mergers 2010
"Date of Offer"	means the date of the letter containing an Offer made to an Eligible Employee to participate in the ESOS by the Option Committee, irrespective of the date the Offer is actually received by the Eligible Person

"Disciplinary Proceedings"	means proceedings instituted by a Group Company against a Grantee employed by that Group Company for any alleged misbehavior, misconduct and/or any other act of the Grantee's deemed to be unacceptable by that Group Company in the course of that Grantee's employment, whether or not such proceedings may give rise to a dismissal or termination of the contract of service of such Grantee
"Effective Date"	means the date on which the Scheme takes effect which shall be upon full compliance with the relevant requirements of the Listing Requirements, more particularly set out in By-Law 17
"Eligible Person"	means any Employee or Director who is eligible to be selected to participate in the Scheme as set forth in By-Laws 2, and "Eligible Persons" means any two or more of them
"Employee"	means any person who is employed by any corporation within the Group
"ESOS"/"Scheme"	means the employee share Option scheme for the grant of Options to the Eligible Person of the Group to subscribe for new Shares in the Company according to the terms set out herein
"Director"	means a director (who can either be an executive director or non-executive director) of the OCK Group, save for companies which are dormant on the Date of Offer, who meets the criteria of eligibility for participation in the Scheme as set out in By-Law 2
"Ex-Group Company"	means "Ex-Group Company" as defined in By-Law 2.1
"Grantee "	means an Eligible Person who has accepted the Offer or any part thereof in accordance with the terms of the By-Laws hereof
"Group Company"	means any one of the Company and the Subsidiaries, and "Group Companies" means any two or more of them
"Listing Requirements"	means the Main Market/ ACE Market Listing Requirements of Bursa Securities, depending on the timing of implementation of the ESOS and/ or listing of the Shares
"Market Day"	means a day on which the stock market of Bursa Securities is open for the trading in securities

"Maximum Allowable Allocation"	shall have the meaning ascribed to it in By-Law 4
"Maximum Shares Available"	shall have the meaning ascribed to it in By-Law 3.1
"Non-Executive Director"	means a director who does not form part of the executive management team and who is not an employee of the Company but who is responsible to monitor the executive activity and contribute to the development of strategy of OCK or any company in the Group Company
"Notice / Process"	shall have the meaning ascribed to it in By-Law 29.1
"OCK" or the "Company"	means OCK Group Berhad (Company No. 955915-M) a public company limited by shares and incorporated in Malaysia and shall, where the context admits, include its successors in title
"OCK Group" or "Group Company"	means, collectively, OCK and its subsidiaries
"Offer"	means a written offer made by the Option Committee to any Eligible Person in the manner indicated in By-Law 5 hereof
"Option(s)"	means the right of a Grantee to subscribe for new Shares pursuant to the contract constituted by acceptance in the manner indicated in By-Law 6 hereunder of any Offer made in accordance with these By-Laws, and where the context so requires, means any part of the Option as shall remain unexercised
"Option Committee "	means the committee duly appointed by the Board to administer the ESOS comprising Directors of OCK who are not participating in the ESOS
"Option Period"	means the period commencing on the Date of Offer and expiring as referred to in By-Law 17 or its termination in accordance with By-Law 9 hereof, whichever is earlier, unless duly extended in accordance with By-Law 17.2
"Option Price"	Means the price at which the Grantee shall be entitled to subscribe for each new Share as set out in By-Law 8 hereof
"Persons Connected"	shall have the meaning ascribed to it in Paragraph 1.01 of the Listing Requirements
"Previous Company"	shall have the meaning ascribed to it in By-Law 2.1
"RM" and "sens"	means Ringgit Malaysia and sen respectively, the lawful currency of Malaysia

"Record of Depositors"	means a record of Depositors provided by the Bursa Depository to the Company pursuant to an application under Chapter 24.0 of the Rules of Bursa Depository
"Rules of Bursa Depository"	The rules of Bursa Depository, as issued pursuant to SICDA
"SICDA"	Securities Industries (Central Depository) Act, 1991
"Shares"	means the fully paid ordinary shares of RM0.10 each in the Company (unless otherwise adjusted) and "Share" means any one of them
"Subsidiary"	means a subsidiary as defined in Section 5 of the Act which is not dormant, and include such subsidiaries which are existing as at the Effective Date and those subsequently acquired or incorporated at any time during the Option Period unless determined by the Option Committee to fall outside the expression of "Subsidiary"

1.2. In these By-Laws, unless the context otherwise requires

- (a) any reference to a statutory provision or an applicable law shall include a reference to:
 - (i) any and all subsidiary legislation made from time to time under that provision or law;
 - (ii) that provision as from time to time modified or re-enacted, whether before or after the date of these By-Laws, so far as such modification or re-enactment applies or is capable of applying to any Offer made and/or accepted within the Option Period; and;
 - (iii) any past statutory provision (as from time to time modified or re-enacted) which such provision has directly or indirectly replaced;
- (b) any reference to a By-Law is a reference to a By-Law of these By-Laws;
- (c) the headings to the provisions are for convenience only, and shall not be taken into account in the interpretation of these By-Laws;
- (d) any word importing:
 - (i) the singular meaning includes the plural meaning and vice versa; and
 - (ii) the masculine gender includes the feminine gender and vice versa;

- (e) any liberty or power or discretion which may be exercised, and/or any decision or determination which may be made, under these By-Laws:
 - (i) by the Board may be exercised in the Board's discretion and the Board shall not be under any obligation to give any reasons therefor;
 - (ii) by the Option Committee may be exercised in the Option Committee's discretion and the Option Committee shall not be under any obligation to give any reasons therefor, but subject always to the Board's power to overrule any decision of the Option Committee ;
- (f) if any event is to occur on a stipulated day which is not a Market Day, then the stipulated day shall be taken to be the first Market Day after that day; and if an event is to occur on a stipulated day which falls after the expiry of the Option Period then the stipulated day shall be taken to be the last Market Day of the Scheme Period; and
- (g) in the event of any change in the name of the Company from its present name, all references to "OCK Group Berhad" in these By-Laws and all other documents pertaining to the Scheme shall be deemed to be references to the Company's new name.

1.3. This employee share Option scheme shall be known as the "OCK Group Berhad Employee Share Option Scheme".

2. ELIGIBILITY

2.1. Only employees, executive Directors and non-executive Directors of OCK and its subsidiaries, which are not dormant, who meet the following conditions as at the Date of Offer are eligible to participate in the Proposed ESOS:

- (a) Employees
 - (i) is at least 18 years of age;
 - (ii) is employed full-time by and on the payroll of a company in OCK and/or its subsidiaries, which are not dormant; and
 - (iii) has been in the employment of OCK and/or its subsidiaries, which are not dormant, for a period of at least six (6) months of continuous service prior to and up to the Date of Offer, including service during the probation period and falls within any other criteria that the Option Committee may from time to time determine at its discretion.
- (b) Executive/non-executive Director
 - (i) is at least 18 years of age;
 - (ii) has been appointed as an executive / non-executive Director in OCK and/or its subsidiaries, which are not dormant, for a period of at least three (3) months; and

- (iii) must have their entitlements under the ESOS approved by the shareholders of the Company in a general meeting.
- 2.1. The Option Committee shall have the discretion to extend (or not) the benefit of this Scheme to any employee in any of the following circumstances:
 - (a) an employee who is in the employment of a corporation which is not a Group Company but which subsequently becomes a Group Company as a result of a restructuring, an acquisition, a merger, a disposal, a divestment from that corporation which is not a Group Company or other exercise involving the Company and/or any Group Company ("**Previous Company**");
 - (b) an employee who was employed in a Previous Company and is subsequently transferred from that Previous Company to a Group Company; or
 - (c) where:
 - (i) a corporation that was a Group Company ceases to be a Group Company ("**Ex-Group Company**"); and
 - (ii) an employee of that Ex-Group Company is re-employed by another Group Company.
- 2.2. Eligibility under this Scheme does not confer on any Eligible Person any claim, right to participate in, or any other right whatsoever under this Scheme, and an Eligible Person does not acquire or have any right over, or in connection with the Options or the new Shares comprised herein unless an Offer has been made by the Option Committee to the Eligible Person and the Eligible Person has accepted the Offer in accordance with the terms of the Offer and the Scheme.
- 2.3. No Eligible Person shall participate at any time in more than one (1) ESOS implemented by any company within the OCK Group, unless the Option Committee otherwise determines in its discretion.
- 2.4. Without prejudice to the generality of the foregoing and subject to the Option Committee's discretion otherwise, any Option granted by the Option Committee shall become void, of no effect and cease to be capable of acceptance upon any of the following events occurring:
 - (a) the Grantee's death;
 - (b) the Grantee having received a letter of termination or ceasing to be an employee of any Group Company, for any reason whatsoever;
 - (c) the Grantee giving notice of his resignation from service or employment;
 - (d) the corporation which employs the Grantee ceasing to be a Group Company;
 - (e) the Grantee is subject to Disciplinary Proceedings; or
 - (f) the Grantee is adjudicated a bankrupt.

3. MAXIMUM NUMBER OF SHARES AVAILABLE UNDER THIS SCHEME

3.1. Subject to By-Law 12, the maximum number of Shares which may be made available under the Scheme and/or allotted and issued and/or acquired and/or transferred upon the vesting of Option Shares, shall not be more than in aggregate ten percent (10%) of the issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time during the existence of the Scheme.

3.2. In the event the total number of Shares made available under the Scheme exceeds the ten percent (10%) limit referred to in By-Law 3.1 ("**Maximum Shares Available**") as a result of the Company purchasing or cancelling or reducing its own Shares in accordance with the provisions of the Act and/or undertakes any other corporate proposal resulting in the reduction of its issued and paid-up ordinary share capital, such Options granted prior to the said variation of the issued and paid-up ordinary share capital of the Company shall remain valid and may vest in accordance with the provisions of this Scheme as if that purchase or cancellation or reduction had not occurred.

However, no further Offer shall be made until such time that the number of Shares under the subsisting Options (including Shares that have been issued under the Scheme) falls below 10% of the issued and paid-up share of the Company.

3.3. The Company shall at all times during the Option Period ensure that the authorised and unissued share capital of the Company shall be sufficient to satisfy all outstanding Options, which may be exercised, in whole or in part during the Option Period.

4. BASIS OF ALLOTMENT AND MAXIMUM ALLOWABLE ALLOTMENT

4.1. Subject to any adjustment which may be made under By-Law 12 hereof, the aggregate maximum number of Shares that may be offered and allotted to an Eligible Person under the Scheme shall be at the discretion of the Option Committee, after taking into consideration, amongst other factors, the Eligible Person's performance, contribution, employment grade, seniority and length of service of the Eligible Person and/or such other factors that the Option Committee may deem relevant, subject always to the following:

(a) The Directors and senior management do not participate in the deliberation or discussion of their own allocation;

(b) The allocation of Shares to an Eligible Person who, either singly or collectively through persons connected with him, holds 20% or more of the issued and paid-up capital (excluding treasury shares) of the Company, does not exceed 10% of the total number of shares to be issued under the Scheme.

(c) In these By-Laws:

"senior management" shall be subject to criteria to be determined by the Option Committee that may change from time to time;

"persons connected" has the same meaning as that in paragraph 1.01 of the Listing Requirements.

A set of criteria on Eligible Person's eligibility and maximum share allocation shall be clearly specified and all Eligible Person shall be made aware of it through notification in writing or such other appropriate medium.

4.2. In circumstances where the maximum share allocation as provided in the Listing Requirements is amended by Bursa Securities from time to time, the Option Committee shall have the right to make the necessary adjustments in the Options that may be offered to any Eligible Person so as to comply with such amended Listing Requirements.

4.3. The number of Options offered to Eligible Persons and the new OCK Shares to be issued pursuant to the exercise of the Options shall be verified by the Company's external auditors as part of its annual audit exercise, which shall be disclosed in the Company's annual report.

5. OFFER

5.1. The Option Committee may at its absolute discretion as it shall deem fit at any time and from time to time within the duration of the Scheme make an Offer to any Eligible Person in accordance with the terms of the Scheme, PROVIDED ALWAYS THAT an Offer shall not be less than one hundred (100) Shares nor more than the Maximum Allowable Allocation and shall be in multiples of one hundred (100) Shares.

5.2. Unless otherwise stated, nothing herein shall prevent the Option Committee from making more than one Offer during the duration of the Scheme to any Eligible Person provided always that, the total aggregate number of new OCK Shares in respect of the Options granted shall not exceed the Maximum Allowable Allotment of such Eligible Person.

5.3. Each Offer shall state the number of new OCK Shares which the Eligible Person shall be entitled to subscribe, the Option Price, the Option Period and the closing date for acceptance of the Offer.

5.4. Each Offer shall be made in writing and is personal to the Eligible Employee and shall not be assigned transferred or otherwise disposed of in any manner whatsoever by the Eligible Person, save and except for as provided in By-Law 9.4.

5.5. No Options shall be granted to any Director of the Company unless the specific grant of Options and the related allotment of new Shares to that Director shall have previously been approved by the shareholders of the Company in a general meeting.

5.6. The Offer or any part thereof which has not been accepted shall automatically lapse and shall be null and void in the event of the Eligible Person shall cease to be a Director (in the case where an entitlement is made to an Eligible Director) or cease to be employed by the Group (in the case may be), or in the event he shall have passed away prior to the acceptance of such Offer.

6. ACCEPTANCE OF OFFER

- 6.1. The Offer to participate in the Scheme shall be valid for acceptance for a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the Option Committee on a case-to-case basis at its discretion. The acceptance of an Offer shall be made by way of a written notice from the Eligible Person to the Option Committee in such form as may be prescribed by the Option Committee within the prescribed period. In the event that the Eligible Person fails to accept the Offer within the prescribed period, the Offer shall automatically lapse, and be null and void and of no further legal effect PROVIDED THAT the Option Committee shall not be precluded from making a new Offer to the Eligible Person subsequently.
- 6.2. Acceptance of the Offer by an Eligible Person shall be accompanied by a payment to the Company of a nominal non-refundable consideration of Ringgit Malaysia One (RM1.00) for the acceptance of the Option.
- 6.3. If the Offer is not accepted in the manner aforesaid, such Offer shall upon the expiry of the aforesaid thirty (30) days or such other period as the Option Committee may prescribe, automatically lapse and shall be null and void and of no effect, and the Shares may, at the absolute discretion of the Option Committee, be re-offered to other Eligible Person.
- 6.4. Within thirty (30) days after the due acceptance of the Offer in accordance with the provision of these By-Laws, the Option Committee shall issue to the Grantee a certificate of Option in such form as may be determined by the Option Committee.

7. EXERCISE OF OPTIONS

- 7.1. Subject to By-Law 7.2 below, the Option can be exercised by the Grantee during normal business hours of the Company on any working day during the Option Period by notice in writing to the Company in such manner prescribed by the Option Committee or by the By-Laws, if any.
- 7.2. Subject to By-Law 12 the Option Committee may, at any time and from time to time, before or after an Option is granted, limit the exercise of the Option to a maximum number of Shares and/or such percentage of the total Shares during the Option Period and impose any other terms and conditions deemed appropriate by the Option Committee in its discretion including amending/varying any terms and conditions imposed earlier or any policies in force subject always that no modification which would adversely affect a Grantee's rights (as determined in the discretion of the Option Committee).

The partial exercise of an Option shall not preclude the Grantee from exercising the Option for the remaining duration of the Option Period in respect of the balance of the new OCK Shares comprised in the Option.

- 7.3. The Option may be exercised in respect of such lesser number of new Shares as the Grantee may decide to exercise provided that the number shall be in multiples of and not less than one hundred (100) Shares. Such partial exercise of the Option shall not preclude the Grantee from exercising the Option as to the balance thereof at any time in the future but within the Option Period.

- 7.4. Every Written Notice of Exercise must be in the form prescribed by the Option Committee from time to time and shall be accompanied by a remittance for the full amount of the subscription monies for the new Shares in respect of which the notice is given. Upon full remittance from the Grantee, the Company shall allot and issue the relevant number of new Shares, dispatch notices of allotment to the Grantee accordingly, and make an application for the quotation of such new Shares on Bursa Securities, subject to the provisions in the Articles of Association of the Company.
- 7.5. Any new OCK Shares comprised in an Option not subscribed for in any year following the Date of Offer, may be subscribed for in any subsequent year until and including the last year of the Option Period.
- 7.6. A Grantee who exercises his Option shall provide the Options Committee with his CDS account number or the CDS account number of his Authorised Nominee, as the case may be, in the notice referred to in By-Law 7.1. The new OCK Shares to be issued pursuant to the exercise of an Option will be credited into the CDS account of the Grantee or his Authorised Nominee, as the case may be and a notice of allotment stating the number of shares credited into such CDS account will be issued and dispatched to the Grantee or the Grantee's Authorised Nominee with a copy to the Grantee, as the case may be, within eight (8) Market Days or such other period as may be prescribed by Bursa Securities, from the date of receipt by the Company of the written notice of the exercise of the Option together with the requisite remittance of subscription monies. No physical share certificate(s) will be issued.
- 7.7. An Option shall become null and void upon the expiry of the Option Period applicable thereto.
- 7.8. All Options to the extent that they have not been exercised upon the expiry of the Option Period shall lapse and have no further effect, unless extended at any time and from time to time by the Option Committee PROVIDED THAT the extended Option Period shall not in any event exceed maximum period prescribed by law.
- 7.9. Notwithstanding anything to the contrary herein contained in these By-Laws, the Option Committee shall have the right at its discretion by notice in writing to that effect, to suspend the right of any Grantee who is being subjected to Disciplinary Proceedings to exercise his Option pending the outcome of such Disciplinary Proceedings. In addition to this right of suspension, the Option Committee may impose such terms and conditions as the Option Committee shall deem appropriate in its discretion, on the right of exercise of his Option having regard to the nature of the charges made or brought against such Grantee, PROVIDED ALWAYS THAT:
- (a) In the event such Grantee is found not guilty of the charges which gave rise to such disciplinary proceedings, the Option Committee shall reinstate the right of such Grantee to exercise his Option;
 - (b) In the event such Grantee is found guilty resulting in the dismissal or termination of service of such Grantee, the Option shall immediately cease without notice, upon pronouncement of the dismissal or termination of service of such Grantee; and

- (c) In the event such Grantee is found guilty but not dismissal or termination of service is recommended, the Option Committee shall have the right to determine at its discretion whether or not the Grantee may continue to exercise his Option and if so, to impose such terms and conditions as it deems appropriate, on such exercise.

7.10. Notwithstanding the provisions of By-Law 7.4 and 7.6, the Options Committee, the Company and/or any officer of the Company shall not under any circumstances be held liable for any cost, loss, expense and/or damages whatsoever or howsoever arising in any event relating to the delay on the part of the Company in allotting and issuing the new OCK Shares within the stipulated deadline or in procuring Bursa Securities to list and quote the OCK Shares subscribed for by a Grantee or any delay in receipt or non receipt by the Company of the notice to exercise the Options of for any errors in any Offers.

7.11. Subject to the discretion of the Options Committee, failure by the Grantee to comply with the procedure for an exercise of an Option as stipulated in By-Laws 7.1 to 7.9 herein will invalidate the purported exercise of such Option by a Grantee.

7.12. Every Options shall be subject to the condition that no new OCK Shares shall be issued to a Grantee pursuant to the exercise of an Option if such issue would be contrary to any law, enactment, rules and/or regulations of any legislative or non-legislative body which may be in force during the Option Period or such period as may be extended.

8. OPTION PRICE

8.1. The Option Price at which a Grantee is entitled to subscribe for each new OCK Shares shall be the higher of:

- (a) the weighted average market price of the Shares for the five (5) Market Days immediately preceding the Date of Offer with an allowance for a discount at the Option Committee's discretion, of not more than ten per centum (10%) therefrom or such higher limit as may be permitted from time to time by Bursa Securities and any other relevant authorities;
- (b) the par value of OCK Shares.

8.2. The Option Price shall be stipulated on each certificate of Option.

8.3. The Option Price shall be subjected to adjustments in accordance with By-Law 12 herein.

9. TERMINATION OF THE OPTIONS

9.1. All remaining unexercised Options shall forthwith lapse and/or be deemed to be cancelled and cease to be exercisable in respect of which such Options have not been exercised upon the occurrence of one or more of the following events:

- (a) subject to By-Laws 9.2 to 9.4, the Grantee ceasing to be in employment or appointment with a member of the OCK Group; or
- (b) the liquidation of the Company; or
- (c) the bankruptcy of the Grantee.

- 9.2. Notwithstanding the provisions of By-Law 9.1(a), the Option Committee may at its discretion allow a Grantee to exercise his unexercised Options within the relevant Option Period or such other shorter period as the Option Committee may at its discretion determine when the Grantee ceases his employment or appointment with the Group by reason of:
- (a) retirement on attaining the retirement age under the Group's retirement policy;
 - (b) retirement before attaining the normal retirement age but with the consent of the Company;
 - (c) ill-health, injury, physical or mental disability;
 - (d) redundancy or retrenchment, or pursuant to the acceptance by that Grantee of a voluntary separation scheme offered by the Company; or
 - (e) resignation under circumstances which are acceptable to the Option Committee ; or
 - (f) any other circumstances which are acceptable to the Option Committee .
- 9.3. Upon the Grantee giving notice of his resignation from employment with the Group, an Option shall lapse on the last day of the Grantee's service with the Company within the Group and the Shares comprised in such Option or the balance thereof not subscribed for may, at the discretion of the Option Committee, be re-offered to other Eligible Person.
- 9.4. In the event of the demise of a Grantee before the expiration of the Option Period and on the date of his demise, the Grantee held Options which are unexercised, the whole or any part of the unexercised Options shall lapse forthwith and be null and void and of no further force and effect provided however the Option Committee may at its discretion allow the next of kin or beneficiary or legal representatives of the deceased Grantee in question to exercise the deceased's unexercised Options, in whole or in part, within the relevant Option Period or such other shorter period as the Option Committee may at its discretion determine.
- 9.5. Upon the bankruptcy of a Grantee, any and all unexercised portion of the Options shall immediately become null and void and of no further effect as if the same had never been granted in the first place.

10. TAKEOVER

- 10.1. Notwithstanding By-Law 7 and subject to the provisions of any applicable statutes, rules, regulations and/or conditions issued by the relevant authorities, in the event of:
- (a) a takeover offer being made for the Company through a general offer under the Code to acquire the whole of the issued share capital of the Company (or such part thereof not at the time owned by the person making the general offer) ("**Offeror**") or any persons acting in concert with the Offeror) a Grantee will be entitled, within such period to be determined by the Options Committee, to exercise all or any part of his Options as yet unexercised; and

- (b) the Offeror becoming entitled or bound to exercise the right of compulsory acquisition of OCK Shares under the provisions of any applicable statutes, rules, and/or regulations and gives notices to the Company that it intends to exercise such right on a specific date, a Grantee will be entitled to exercise all or any part of his Option as yet unexercised from the date of service of the said notice to the Company until and inclusive of the date on which the right of compulsory acquisition is exercised.

11. RETENTION PERIOD

- 11.1. The new OCK Shares to be issued and allotted to a Grantee pursuant to the exercise of any Options will not be subject to any retention period, unless the Grantee is a non-executive Director, in which case, he must not sell, dispose or assign the new OCK Shares obtained through the exercise of the Options offered to him pursuant to the Scheme within one (1) year from the Offer Date.

12. ALTERATION IN SHARE CAPITAL AND ADJUSTMENT

- 12.1. In the event of any alteration in the capital structure of the Company during the Scheme Period, whether by way of a capitalization of profits or reserves, rights issues, bonus issues, capital reduction, capital repayment, sub-division or consolidation of capital, or declaration of any special dividend or distribution or otherwise howsoever taking place, such corresponding alterations (if any) may be made in:

- (a) the Option Price; and/or
- (b) the number of new OCK Shares which a Grantee shall be entitled to subscribe for upon the exercise of each Option.

- 12.2. The following provisions shall apply in relation to an adjustment which is made pursuant to By-law 12.1:

- (a) any adjustment to the Option Price shall be rounded up to the nearest one (1) sen and in no event shall the Option Price be reduced to an amount which is below the par value of the OCK Shares; and
- (b) in determining a Grantee's entitlement to subscribe for OCK Shares, any fractional entitlements will be disregarded.

- 12.3. By-Law 12.1 shall not be applicable where an alteration in the capital structure of the Company arises from any of the following:

- (a) An issue of Shares pursuant to the exercise of Options under the Scheme;
- (b) An issue of securities as consideration or part consideration for an acquisition of any other securities, assets or business; or
- (c) An issue of securities as a private placement or restricted issue; or
- (d) An issue of securities as a special issue approved by the relevant governmental authorities; or

- (e) An issue of securities convertible to Shares arising from the exercise of any conversion rights attached to securities convertible to Shares or upon exercise of any other rights including warrants (if any) issued by OCK;
 - (f) A purchase by the Company of its own Shares pursuant to Section 67A of the Act. In this event, the following provisions shall apply:
 - (i) If the number of Shares comprised in the Options granted by the Company as at the date of cancellation of Shares so purchased is greater than 10% of the issued capital of the Company after such cancellation, the Option Committee shall not make any further Offers; and
 - (ii) If the number of Shares comprised in the Options granted by the Company as at the date of cancellation of Shares so purchased is less than 10% of the issued capital of the Company after such cancellation, the Option Committee may make further Offers only until the total number of Shares comprised in the Options granted by the Company is equivalent to 10% of the issued capital of the Company after such cancellation;
- 12.4. An adjustment pursuant to By-Law 12.1 shall be made at the following times in accordance with the formulas as set out in the First Schedule attached to these By-Laws and on the day immediately following the books closure date for the event giving rise to the adjustment:
- (a) In the case of a rights issue, bonus issue or other capitalization issue, on the Market Day immediately following the date of entitlement in respect of such issue; or
 - (b) In the case of a consolidation or subdivision of Shares or reduction of capital, on the Market Day immediately following the date of allotment of new Shares of the Company in respect of such consolidation, subdivision or reduction.
- 12.5. All adjustments other than adjustments made pursuant to a bonus issue must be confirmed in writing by the approved Company auditors or a Adviser identified by the Option Committee to be in their opinion (acting as experts and not as arbitrators) fair and reasonable. In addition, the Company shall, at the request of any Grantee, furnish such Grantee with a certificate from the external auditors or Adviser (as the case may be) to the effect that in the opinion of such external auditors or Adviser (as the case may be), acting as an expert and not as an arbitrator, the adjustment is fair and reasonable either generally or as regards such Grantee, and such certification shall be final and binding on all parties. For the purpose of the By-Law, the external auditors of the Company shall have the meaning given in Section 8 of the Act.
- 12.6. The Company shall ensure that any adjustments made must be in compliance with the provisions for adjustment as provided in By-Law 12.7.
- 12.7. In addition to By-Law 12.1 and not in derogation thereof, the Option Price and the number of new Shares relating to the Options so far as unexercised shall from time to time be adjusted in accordance with the following relevant provisions in consultation with the Adviser and/or the auditors:

- (a) If and whenever an OCK Share by reason of any consolidation or subdivision or conversion shall have a different par value, the Option Price shall be adjusted by multiplying it by the revised par value and dividing the result by the former par value and the additional number of Options which a Grantee may be entitled to be issued with shall be calculated in accordance with the following formula:

$$\text{Additional number of Shares} = T \times \frac{[\text{Former Par Value}]}{\text{Revised Par Value}} - T$$

Where T = Existing number of Shares relating to the Options so far as unexercised

Such adjustment will be effective from the close of business on the Market Day immediately following the date on which the consolidation or subdivision or conversion becomes effective (being the date when OCK Shares are traded on Bursa Securities at the new par value), or such period as may be prescribed by Bursa Securities.

- (b) If and whenever the Company shall make any issue of OCK Shares to ordinary shareholders credited as fully paid-up, by way of capitalization of profits or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund), the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{A}{A+B}$$

and the additional number of New Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \left[\frac{[A+B]}{A} \times T \right] - T$$

Where

- A = The aggregate number of issued and paid-up OCK Shares immediately before such capitalization issue
- B = The aggregate number of OCK Shares to be issued pursuant to any allotment to ordinary shareholders credited as fully paid-up by way of capitalization of profit or reserves (whether of a capital or income nature and including any share premium account and capital redemption reserve fund)
- T = As T above

Such adjustment will be effective from the commencement of Market Day immediately following the books closure date for such issue.

(c) If and whenever the Company shall make:

- (i) A Capital Distribution (as defined below) to ordinary shareholders whether on a reduction of capital or otherwise (but excluding any cancellation of capital which is lost or unrepresented by available assets);
- (ii) Any offer or invitation to its ordinary shareholders whereunder they may acquire or subscribe for OCK Shares by way of rights; or
- (iii) Any offer or invitation to ordinary shareholders by way of rights whereunder they may acquire or subscribe for securities convertible into OCK Shares or securities with rights to acquire or subscribe for OCK Shares,

Then and in respect of each such case, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{C-D}{C}$$

And in respect of each such case referred to in By-Law 12.7(c)(ii) hereof, the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \left[\frac{[C]}{C-D} \times T \right] - T$$

T = As T above

C = The current market price of each OCK Share on the Market Day immediately preceding the date on which the Capital Distribution or, as the case may be, the offer or invitation is publicly announced to Bursa Securities or (failing any such announcement) immediately preceding the date of the Capital Distribution or, as the case may be, of the offer or invitation

D = (i) In the case of an offer or invitation to acquire or subscribe for OCK Shares under By-Law 12.7(c)(ii) above or for securities convertible into or with rights to acquire or subscribe for OCK Shares under By-Law 12.7(c)(iii) above, the value of rights attributable to 1 OCK Share (as defined below); or

(ii) In the case of any other transaction falling within By-Law 12.7 hereof, the fair market value as determined (with the concurrence of the auditor) by the Adviser of that portion of the capital distribution attributable to 1 OCK Share.

For the purpose of definition (i) of D above, the "value of rights attributable to 1 OCK Share" shall be calculated in accordance with the formula:

$$\frac{C-E}{F+1}$$

C = As C above

E = the subscription price for one (1) additional OCK Share under the terms of such of offer or invitation or subscription price for one (1) additional OCK Share upon conversion of the convertible securities or exercise of such rights to acquire or subscribe for one (1) OCK Share under the offer or invitation

F = The number of OCK Shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional OCK Shares or security convertible into OCK Shares or rights to acquire or subscribe for one (1) OCK Shares

For the purpose of By-Law 12.7(c) hereof, "Capital Distribution" shall (without prejudice to the generality of that expression) include distribution in cash or specie or by way of issue of OCK Shares (not falling under By-Law 12.7(b) hereof) or other securities credited as fully or partly paid-up by way of capitalization of profits or reserves (whether of a capital or income nature and including any share premium account or capital redemption reserve fund).

Any dividend charged or provided for in the accounts of the Company for any period shall (whenever paid and howsoever described) be deemed to be a Capital Distribution unless it is paid out of the aggregate of the net profits attributable to the ordinary shareholders as shown in the audited consolidated financial statements of the Company.

Such adjustment will be effective from the commencement of the Market Day immediately following the books closure date for such issue.

- (d) If and whenever the Company makes any allotment to its ordinary shareholders as provided in By-Law 12.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 12.7(c)(ii) or 12.7(c)(iii) above and the record date for the purpose of the allotment is also the books closure date for the purpose of the offer of invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I)}{(G+H+B) \times C}$$

and where the Company makes any allotment to its ordinary shareholders as provided in By-Law 12.7(b) above and also makes any offer or invitation to its ordinary shareholders as provided in By-Law 12.7(c)(ii) above and the record date for the purpose of the allotment is also the record date for the purpose of the offer or invitation, the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \left\lceil \left[T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T \right\rceil$$

Where

B = As B above

C = As C above

G = The aggregate number of issued and fully paid-up OCK shares on the books closure date

H = The aggregate number of new OCK Shares under an offer or invitation to acquire or subscribe for OCK Shares by way of rights or under an offer or invitation by way of rights to acquire or subscribe for securities convertible into OCK Shares as the case may be

H* = The aggregate number of new OCK Shares under an offer or invitation to acquire or subscribe for OCK Shares by way of rights

I = The subscription price of 1 additional OCK Share under the offer or invitation to acquire or subscribe for OCK Shares or the exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for 1 additional OCK Shares, as the case may be

I* = The subscription price of 1 additional OCK Share under the offer or invitation to acquire or subscribe for OCK Shares

T = As T above

Such adjustment will be effective from the commencement of the Market Day immediately following the books closure date for such issue.

- (e) If and whenever the Company makes any offer or invitation to its ordinary shareholders to acquire or subscribe for OCK Shares as provided in By-Law 12.7(c)(ii) above together with an offer or invitation to acquire or subscribe for securities convertible into or rights to acquire or subscribe for ordinary shareholders as provided in By-Law 12.7(c)(iii) above, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G+H+J) \times C}$$

And the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \left[T \times \frac{(G + H^*) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

C = As C above

G = As G above

H = As H above

H* = As H* above

I = As I above

I* = As I* above

J = The aggregate number of OCK Shares to be issued to its ordinary shareholder upon conversion of such securities or exercise of such rights to subscribe for OCK Shares by the ordinary shareholders

K = The exercise price on conversion of such securities or exercise of such rights to acquire or subscribe for one (1) additional OCK Share; and

T = As T above

Such adjustment will be effective from the commencement of the Market Day immediately following the books closure date for such issue.

- (f) If and whenever the Company makes an allotment to its ordinary shareholders as provided in By-Law 12.7(b) above and also makes an offer or invitation to acquire or subscribe for OCK Shares to its ordinary shareholders as provided in By-Law 12.7(c)(ii) above, together with rights to acquire or subscribe for securities convertible into or with rights to acquire or subscribe for OCK Shares as provided in By-Law 12.7(c)(iii) above, and the books closure date for the purpose of the allotment is also the books closure date for the purpose of the offer or invitation, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{(G \times C) + (H \times I) + (J \times K)}{(G+H+J+B) \times C}$$

And the number of additional new Shares relating to the Options to be issued shall be calculated as follows:

$$\text{Additional number of Shares} = \left[T \times \frac{(G + H^* + B) \times C}{(G \times C) + (H^* \times I^*)} \right] - T$$

B = As B above

C = As C above

G = As G above

H = As H above

H* = As H* above

I = As I above

I* = As I* above

J = As J above

T = As T above

Such adjustment will be effective from the commencement of the Market Day immediately following the books closure date for such issue.

- (g) If and whenever (otherwise than pursuant to a rights issue available to all ordinary shareholders and requiring an adjustment under By-Law 12.7(c)(ii), 12.7(c)(iii), 12.7(d), 12.7(e) and 12.7(f) above, the Company shall issue either any OCK Shares or any securities convertible into OCK Shares or any rights to acquire or subscribe for OCK Shares, and in any such case, the Total Effective Consideration per OCK Share (as defined below) is less than 90% of the Average Price for 1 OCK Share (as defined below) or, as the case may be, the price at which the OCK Shares will be issued upon conversion of such securities or exercise of such rights is determined, the Option Price shall be adjusted by multiplying it by the following fraction:

$$\frac{L-M}{L+N}$$

Where

- L = The number of OCK Shares in issue at the close of business on the Market Day immediately preceding the date on which relevant adjustment becomes effective
- M = The number of OCK Shares which the Total Effective Consideration (as defined below) would have purchased at the Average Price (as defined below) (exclusive of expenses)
- N = The aggregate number of OCK Shares so issued or, in the case of securities convertible into OCK Shares or rights to acquire or subscribe for OCK Shares, the maximum number (assuming no adjustment of such rights) of OCK Shares issuable upon full conversion of such securities or the exercise in full of such rights

For the purpose of By-Law 12.7(g), the "Total Effective Consideration" shall be determined by the Board with the concurrence of the Adviser and shall be:

- (i) In the case of the issue of OCK Shares, the aggregate consideration receivable by the Company on payment in full for such OCK Shares; or
- (ii) In the case of the issue by the Company of securities wholly or partly convertible into OCK Shares, the aggregate consideration receivable by the Company on payment in full for such securities or such part of the securities as is convertible together with the total amount receivable by the Company upon full conversion of such securities (if any); or
- (iii) In the case of the issue by the Company of securities with rights to acquire or subscribe for OCK Shares, the aggregate consideration attributable to the issue of such rights together with the total amount receivable by the Company upon full exercise of such rights;

In each case without any deduction of any commission, discount or expenses paid, allowed or incurred in connection with the issue thereof, and the "Total Effective Considerations per OCK Share" shall be the Total Effective Consideration divided by the number of OCK Shares issued as aforesaid or, in the case of securities convertible into OCK Shares or securities with rights to acquire or subscribe for OCK Shares, by the maximum number of OCK Shares issuable on full conversion of such securities or on exercise in full of such rights.

For the purpose of By-Law 12.7(g), the "Average Price" of an OCK Share shall be the average price of one (1) OCK Share as derived from the last dealt prices for one or more board lots of OCK Shares as quoted on Bursa Securities on the Market Days comprised in the period used as a basis upon which the issue price of such OCK Shares is determined.

Such adjustment will be calculated from the close of business on Bursa Securities on the Market Day immediately following the date on which the issue is announced, or on the Market Day immediately following the date on which the Company determines the offer price of such OCK Shares. Such adjustment will be effective from the commencement of the Market Day immediately following the completion of such issue.

- 12.8. The provisions of this By-Law shall not apply where the alteration in the capital structure of the Company arises from:
- (a) The issue of securities as consideration for an acquisition;
 - (b) A special issue of new OCK Shares to Bumiputera parties approved by the Ministry of International Trade and Industry, Malaysia and/or other Government authorities to comply with the Government policy on Bumiputera capital participation;
 - (c) A private placement or restricted issue of new OCK Shares by the Company;
 - (d) A share buy-back arrangement by the Company pursuant to Section 67A of the Act;
 - (e) An issue of new OCK Shares arising from the exercise of any conversion rights attached to securities convertible to new OCK Shares or upon exercise of any other rights including warrants (if any) issued by the Company; and
 - (f) An issue of new OCK Shares upon the exercise of Options pursuant to the Scheme.
- 12.9. Upon any adjustment being made, the Option Committee shall give notice in writing within thirty (30) days from the date of adjustment to the Grantee, or his legal or personal representatives where the Grantee is deceased, to inform him of the adjustment and the event giving rise thereto.

13. QUOTATION OF NEW SHARES

- 13.1. The new OCK Shares arising from the exercise of Options will not be listed or quoted on the Bursa Securities, and/or any other relevant stock exchanges until the Option is exercised in accordance with By-Law 7 hereof whereupon the Company shall within eight (8) Market Days or such other period as may be prescribed by Bursa Securities from the date of receipt of notice referred to in By Law 7.1 and the remittance for the full amount of the subscription monies for the new OCK Shares referred to in By-Law 7.4, make the necessary application the Bursa Securities for the listing and quotation for such new OCK Shares and use its best endeavors to obtain such approval unless a blanket approval for the listing of and quotation for the new OCK Shares arising from the Scheme has been obtained.
- 13.2. The Option Committee, the Company and the officers and agents of the Company, shall not under any circumstances be held liable for any costs, expenses, charges and damages whatsoever and howsoever arising in any event relating to the delay on the part of the Company in allotting and issuing the new OCK shares or in procuring Bursa Securities to list and quote the new OCK Shares.

14. RANKING OF NEW OCK SHARES

- 14.1. The new OCK Shares to be allotted and issued upon any exercise of the ESOS Options shall, upon allotment and issue, rank *pari passu* in all respects with the existing OCK Shares save and except that the new OCK Shares so allotted and issued shall not be entitled to any dividends, rights, allotments and/or other distributions, where the entitlement date (namely the date as to the close of business on which the shareholders of the Company must be entered in the Record of Depositors maintained with Bursa Depository in order to be entitled to any dividends, rights, allotments and/or other distributions) is before the date of allotment of such new OCK Shares.

15. ADMINISTRATION

- 15.1. This Scheme shall, subject to these By-Laws, be implemented and administered by the Option Committee in such manner as it shall, in its discretion, think fit, in the best interest of the Company. The Option Committee shall comprise such persons appointed by the Board from time to time and shall be vested with such powers and duties as are conferred upon it by the Board and the Board may determine all matters pertaining to the Option Committee, including its duties, powers and limitations.
- 15.2. Without limiting the generality of By-Law 15, the Option Committee may for the purpose of administering this Scheme, do all acts and things and enter into any transaction, agreement, deed, document, arrangement or undertaking, and make such rules and regulations, or impose terms and conditions or delegate part of its power relating to the administration of the Scheme as the Option Committee in its discretion deems fit necessary and/or expedient for the implementation and administration of, and to give full effect to, the Scheme.
- 15.3. The Board shall have power at any time and from time to time to:
- (a) approve, rescind and/or revoke the appointment of any member of the Option Committee and appoint replacement members to the Option Committee;

- (b) assume and/or exercise or execute any of the powers and authorities conferred upon the Option Committee pursuant to these By-Laws; and
- (c) amend, modify or vary the terms of reference of the Option Committee.

16. MODIFICATION AND/OR AMENDMENT OF THESE BY-LAWS

- 16.1. Subject to the compliance with the requirements of Bursa Securities and any other relevant regulatory authorities and their approvals being obtained (if required under the Listing Requirements and applicable laws and regulations), the Option Committee may at any time and from to time recommend to the Board any additions or amendments to or deletions of these By-laws as it shall in its discretion think fit and the Board shall have the power by resolution to amend and/or modify all or any part of these By-laws PROVIDED ALWAYS THAT no additions or amendments to or deletions of these By-laws shall be made which will:-
- (a) Prejudice any rights then accrued to any Grantee who has accepted an Option without prior consent and sanction of that Grantee;
 - (b) Prejudice any rights of the shareholders of the Company without the prior approval of the Company's shareholders in a general meeting; or
 - (c) Alter to the advantage of any Eligible Person(s) the provision of the Scheme, without the prior approval of the shareholders of the Company in a general meeting unless otherwise allowed by the provisions of the Listing Requirements.
- 16.2. Upon amending and/or modifying all or any of the provisions of the Scheme, the Company shall submit to the Bursa Securities a letter confirming that the said amendment and/or modification does not contravene any of the provisions of the Listing Requirement on ESOS no later than five (5) Market Days from the effective date of the said amendments and/or modifications.
- 16.3. The Grantees shall be given written notices in the term prescribed by the Option Committee from time to time if any amendments to and/or modification of these By-laws within five (5) Market Days if any of the foregoing taking effect.

17. DURATION OF THE SCHEME

- 17.1. This Scheme shall take effect on the Effective Date from the implementation of the Scheme and shall be in force for a period of five (5) years provided that the following conditions have been fulfilled:
- (a) Submission of the final copy of these By-Laws to Bursa Securities;
 - (b) Receipt of approval-in-principle for the listing of the new OCK Shares to be issued under the Scheme from Bursa Securities;
 - (c) Procurement of shareholder's approval for the scheme;
 - (d) has obtained other relevant approvals for the ESOS and has fulfilled any conditions therein;

(e) fulfillment of any conditions attached to the above approvals, if any.

- 17.2. Upon the expiry of the Scheme, The Option Committee shall have the absolute discretion, without approval of the Company's shareholders, to extend the duration of the Scheme for up to another five (5) years immediately from the expiry of the first five (5) years PROVIDED THAT any extension of the Scheme shall be for a maximum duration of ten (10) years from the effective date. In the event the Scheme is extended in accordance with this provision, the Option Committee shall furnish a written notification to all Grantees who have yet to exercise their Options, either in part or in whole and the Company shall make the necessary announcements prior to the proposed extension of the Scheme.

18. TERMINATION OF THE SCHEME

- 18.1. Notwithstanding the provisions of By-Law 16.2 the Company has the right to terminate the Scheme at any time during the duration of the Scheme provided that prior to the termination of the Scheme, the Company must immediately announce to Bursa Securities all of the following:

- (a) the effective date of termination;
- (b) the number of options exercised or shares vested; and
- (c) the reasons for termination.

19. COSTS AND EXPENSES OF THE PLAN

- 19.1. All administrative costs and expenses incurred by the Company in relation to this Scheme shall be borne by the Company.

20. NO COMPENSATION

- 20.1. All Employees (including but not limited to Eligible Person or Grantee) who cease to hold office or employment or their executors or administrators, shall not be entitled to any compensation for the loss of any right or benefit, or prospective right or benefit, under this Scheme which they might otherwise have enjoyed, whether such compensation is claimed by way of damages for wrongful dismissal, other breach of contract or by way of compensation for loss of office.
- 20.2. All Employees (including but not limited to Eligible Person or Grantee) or their executors or administrators, shall not be entitled to bring any claim, action or proceeding against the Company, the Board, the Option Committee or any other party for any compensation, loss or damages whatsoever and howsoever arising from the suspension of his rights to exercise his Options or his Options ceasing to be valid pursuant to the provision of the Clauses herein, as may be amended from time to time.

21. TAXES

- 21.1. Any taxes (including income tax), if any, arising from the exercise of any Option under the Scheme shall be borne by the Grantee.

22. DISPUTE

- 22.1. In the event of a dispute between the Board and/or the Option Committee, and an employee of any Group Company as to any matter or thing of any nature arising hereunder, the Board or the Option Committee shall determine such dispute or difference by a written decision (without the obligation to give any reason for the same) given to the employee of any Group Company. The said decision of the Board or the Option Committee (as the case may be) shall be final and binding on the parties.

23. INSPECTION OF AUDITED ACCOUNTS

- 23.1. All Grantees shall be entitled to inspect a copy of the latest audited accounts of the Company during normal office hours on any working day at the Registered Office of the Company.

24. DIVESTMENT OF SUBSIDIARIES

- 24.1. If a Grantee is in the employment of a company which ceases to be a Group Company due to a subsequent disposal or divestment (in whole or in part) from the Group, such Grantee:

- (a) may be entitled to continue to exercise all such unexercised Options which were granted to him under the Scheme within a particular time frame determined within the Option Period at the discretion of the Option Committee, failing which such Options together with all other Options, the exercise of which is not due, shall automatically lapse and be null and void and of no further effect; and
- (b) shall not be eligible to participate for further Options under the Scheme.

25. SCHEME OF ARRANGEMENT, AMALGAMATION, RECONSTRUCTION, ETC.

- 25.1. In the event of any application being made to the court for sanction of a compromise or arrangement between the Company and its members proposed for the purposes of, or in connection with, a scheme of arrangement and/or arrangement and reconstruction of the Company under section 176 of the Act, or its amalgamation with any other company or companies under section 178 of the Act, the Option Committee may at its discretion determine that a Grantee may be entitled to exercise all or any part of his Option at any time commencing from the date upon which the application is so made to the court and ending on the date immediately prior to the date on which the scheme of arrangement and/or arrangement and reconstruction of the Company or amalgamation is approved (or on any other date specified by the Option Committee in its discretion) PROVIDED ALWAYS THAT any part of an Option which remains unexercised after the expiry of the period stipulated above shall be automatically terminated thereafter.

26. THE ARTICLES OF ASSOCIATION OF THE COMPANY

- 26.1. Notwithstanding the terms and conditions contained in these By-Laws, if a situation of conflict should arise between these By-Laws and the Articles, the provisions of the Articles shall prevail at all times.

27. SCHEME NOT A TERM OF EMPLOYMENT

- 27.1. This Scheme shall not form part of, constitute or in any way be construed as any term or condition of employment of any employee within the Group. This Scheme shall not confer or be construed to confer on any employee within the Group any special right or privilege over and above the employee's terms and conditions of employment under which the employee is employed nor any rights in addition to compensation or damages that the employee may be normally entitled to arising from the cessation of such employment for any reason whatsoever.

28. DISCLAIMER OF LIABILITY

- 28.1. Notwithstanding anything to the contrary, the Board, the Option Committee and/or the Company including any Group Company and its directors, officers, employees, agents, affiliates and representatives, shall not, under any circumstance, be held liable for any damages, cost, loss and expense whatsoever and howsoever arising or incurred or suffered in any event in respect of this Scheme, including but not limited to the Company's delay in allotting and issuing the Shares or in applying for or procuring the listing of the Shares on Bursa Securities.

29. NOTICE

- 29.1. Any legal notice/process under the Scheme ("**Notice/Process**") required to be given to or served upon an Eligible Person or Grantee shall be deemed to be sufficiently given, served or made if it is given, served or made by hand, by facsimile transmission and/or by letter sent via ordinary post addressed to the Eligible Person or Grantee at his place of employment, at his last facsimile transmission number known to the Company, or to this last known address. Any Notice/Process served by hand, by facsimile by post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged, (if by facsimile transmission) is transmitted with a confirmed log print-out for the transmission indicating the date, time and transmission of all pages, and (if by post) on the day the letter containing the same is posted and in proving such service by post, it shall be sufficient to prove that the letter containing the notice or documents was properly addressed, stamped and posted.
- 29.2. Any Notice/Process required to be given to or served upon the Board or the Option Committee by an Eligible Person or Grantee shall be given, served or made in writing and delivered by hand or by registered post to the registered office of the Company (or such other office or place which the Option Committee may have stipulated for this purpose). Any Notice/Process served by hand, or post as aforesaid shall be deemed to have been received at the time when such notice (if by hand) is received and duly acknowledged and (if by post) five (5) Market Days after postage.

30. SEVERABILITY

- 30.1. Any term, condition, stipulation, and/or provision in these By-Laws which is illegal, void, prohibited or unenforceable shall be ineffective to the extent of such illegality, voidness, prohibition or unenforceability, but the same shall not invalidate or render illegal, void or unenforceable any other term, condition, stipulation and/or provision contained in these By-Laws.

31. GOVERNING LAW

- 31.1. The Scheme and these By-Laws shall be governed by and construed in accordance with Malaysian law and the Grantee, by accepting the Option in accordance with these By-Laws and terms of the Scheme and the Articles of the Company, irrevocably submits to the exclusive jurisdiction of the courts in Malaysia.

32. DECISION OF THE BOARD AND/OR THE OPTION COMMITTEE

- 32.1. Any decision and/or determination made by the Board and/or the Option Committee under these By-Laws shall be final and binding on all parties.

33. DELAY IN PERFORMANCE

- 33.1. The performance of any obligations provided herein may be delayed, prohibited or become impossible by reason of events beyond reasonable control of the Company or the Option Committee.

FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Board, and the Directors collectively and individually accept full responsibility for the accuracy of the information contained herein and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

The information on the Vendors were extracted from publicly available documents and/ or information obtained from the Vendors and the responsibility of the Board is limited to ensuring that the information thereon are accurately reproduced in this Circular.

2. CONSENT

RHBIB, being the Adviser for the Proposals, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name and all references thereto in the form and context in which they appear in this Circular.

Legisperitus, being the expert providing the opinion on the prevailing regulations on the repatriation of profits and relevant laws and regulations of the Republic of Indonesia and legal opinion, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the expert's report on the prevailing regulations on the repatriation of profits and relevant laws and regulations of Indonesia (including taxation policies) in relation to the Proposed Acquisition, and all references thereto in the form and context in which they appear in this Circular.

Crowe Horwath, being the expert on the fairness of the purchase consideration in relation to the Proposed Acquisition, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the expert's report on the fairness of the purchase consideration for PMT, and all references thereto in the form and context in which they appear in this Circular.

BTMH, being the reporting accountants in relation to the Proposed Acquisition and the Proposed Bonus Issue, has given and has not subsequently withdrawn its written consent to the inclusion in this Circular of its name, the report on the compilation of the proforma consolidated statements of financial position of OCK Group as at 31 December 2013 in relation to the Proposed Acquisition and the Proposed Bonus Issue, and all references thereto in the form and context in which they appear in this Circular.

3. DECLARATION OF CONFLICT OF INTERESTS

RHBIB has given their written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the Adviser to OCK for the Proposals.

Legisperitus, has given their written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the expert providing the opinion on the prevailing regulations on the repatriation of profits and relevant laws and regulations of the Republic of Indonesia and legal opinion.

Crowe Horwath has given their written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the expert on the fairness of the purchase consideration, to OCK in relation to the Proposed Acquisition.

BTMH has given their written confirmation that as at the date of this Circular, there is no situation of conflict of interests that exists or is likely to exist in relation to its role as the reporting accountants to OCK in relation to the Proposed Acquisition and the Proposed Bonus Issue.

4. MATERIAL CONTRACTS

4.1 OCK Group

Save as disclosed below, the Group has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the LPD:-

- i. the SSA in relation to the Proposed Acquisition;
- ii. On 25 October 2013, RHBIB has been appointed as the new Sponsor of the Company with effect from 1 November 2013 to 31 October 2014. In consideration of the services rendered by RHBIB to OCK, OCK shall pay to RHBIB a fee of RM128,000 per annum payable in advance, together with a service tax charged at a rate of 6% on 50% of the total fee for the services rendered;
- iii. On 1 August 2013, OCK entered into a subscription agreement ("Subscription Agreement") with LTAT for the subscription of 25,900,000 OCK Shares ("Placement Shares") by LTAT, representing 10% of the issued and paid-up share capital of OCK pursuant to a private placement exercise. The Board has fixed the issue price of the 25,900,000 Placement Shares at RM0.47 per Share, representing a discount of approximately 9.75% to the five (5)-day weighted average market price of OCK Shares up to and including 31 July 2013, being the last market day immediately preceding the price-fixing date, of RM0.5208 per Share. The 25,900,000 Placement Shares were listed on the ACE Market of Bursa Securities on 19 August 2013 marking the completion of the abovementioned placement to LTAT pursuant to the Subscription Agreement;
- iv. On 4 April 2013, OCK entered into an agreement for solar energy project with Jayadev A/L K.K. Pillai ("F-I-A Holder"), Nora binti Ismail ("Land Purchaser") and Milab Marketing Sdn Bhd ("Milab") whereby the F-I-A Holder, the Land Purchaser and Milab have jointly agreed to construct a solar energy plant and upon the request of the Land Purchaser. The Land Purchaser had via a sale and purchase agreement dated 2 August 2012 acquired two (2) plots of vacant agricultural land from the respective registered owners. Upon request of the Land Purchaser, OCK has advanced RM100,000 only to pay the registered owner as part of the balance purchase. Milab is the developer for the solar energy project and has submitted to the relevant authorities for the approval to construct a solar energy plant on the property which is the designated site for the solar energy project plant. Upon request of Milab, OCK has advanced RM22,773.50 and paid to Yang Dipertua Majlis Daerah Pasir Puteh, Kelantan being payment of the approval fee. Milab has requested OCK to take over the company and the existing shareholders of Milab have agreed to dispose all the 100% shares in Milab to OCK for a consideration subject to the net tangible asset value as at 31 December 2012 and OCK had on 14 August 2013 acquired RM250,000 ordinary shares of RM1.00 each of Milab representing the entire equity interest in Milab;

- v. On 24 September 2012 and 9 November 2012, OCK Setia Engineering Sdn Bhd ("OCK Setia"), a wholly-owned subsidiary company of OCK, entered into sale and purchase agreement and supplemental agreement respectively with Gainvest Corporation (M) Sdn Bhd (collectively the "SPA") for the acquisition by OCK Setia of a freehold land together with a three (3)-storey factory building bearing the address of No. 18, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, 40150 Shah Alam, Selangor Darul Ehsan for a total cash consideration of RM14,300,000 upon the terms and conditions of the SPA. The transaction was completed on 24 December 2012.
- vi. On 22 June 2012, OCK entered into an underwriting agreement with Alliance Investment Bank Berhad ("Alliance") and HwangDBS Investment Bank Berhad for the underwriting of 7,000,000 of the new shares to be issued pursuant to the initial public offering of OCK for an underwriting commission of 2.5% of the total value of the underwritten shares of OCK at the issue price. The underwriting agreement has since ceased with the listing of OCK on the Official list of the ACE Market of Bursa Securities on 17 July 2012; and
- vii. On 22 June 2012, OCK entered into a Sponsorship Agreement with Alliance for the appointment of Alliance as the sponsor to OCK for the period of one (1) full year from the date on which OCK is admitted on the official list of the ACE Market of Bursa Securities or such further period as may be agreed upon by the parties. In consideration of the services rendered by Alliance to OCK, OCK shall pay to Alliance a fee of RM225,000 for the period from July 2012 to December 2013 together with a service tax of RM5,625.00. However, on 5 August 2013, OCK had been informed by Alliance that Alliance is no longer eligible to act as a sponsor under the Listing Requirements. The Company had also been informed by Alliance that, Bursa Securities had, on 30 August 2013, approved Alliance's application to continue to act as a Sponsor for OCK up to 31 October 2013. Pursuant to the above, OCK and Alliance have mutually agreed to discontinue Alliance's role as the Sponsor of OCK with effect from 1 November 2013.

4.2 PMT

PMT has not entered into any material contracts (not being contracts entered into in the ordinary course of business) within the two (2) years immediately preceding the LPD.

5. MATERIAL LITIGATION, CLAIMS OR ARBITRATION

5.1 OCK Group

As at the LPD, OCK is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board is not aware and does not have any knowledge of any proceedings pending or threatened against the Group, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of the Group.

5.2 PMT

As at the LPD, PMT is not engaged in any material litigation, claims or arbitration, either as plaintiff or defendant, and the Board of Director of PMT is not aware and does not have any knowledge of any proceedings pending or threatened against the company, or of any facts likely to give rise to any proceedings, which might materially or adversely affect the financial position or business of PMT.

6. MATERIAL COMMITMENTS

As at the LPD, the Board is not aware of any material commitments incurred or known to be incurred by the Group that has not been provided for which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group.

Information on the material commitments of PMT is set out in Appendix I of this Circular.

7. CONTINGENT LIABILITIES

Save as disclosed below, as at the LPD, the Board is not aware of any contingent liabilities incurred or known to be incurred by the Group which, upon becoming enforceable, may have a material impact on the financial results/ position of the Group:-

	RM'000
Corporate guarantee for banking facilities granted to subsidiary company	69,970

Information on the contingent liabilities of PMT is set out in Appendix I of this Circular.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Registered Office of the Company at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur, during normal business hours (except public holidays) from the date hereof up to the time stipulated for the holding of the EGM:-

- i. Memorandum and Articles of Association of OCK;
- ii. Memorandum and Articles of Association of PMT;
- iii. Audited consolidated financial statements of OCK Group for the past two (2) financial years up to FYE 31 December 2013 and latest unaudited quarterly report of OCK Group for the three (3)-month FPE 31 March 2014;
- iv. Audited financial statements of PMT for the past two (2) financial years up to FYE 31 December 2013 and the latest unaudited quarterly report of PMT for the three (3)-month FPE 31 March 2014;
- v. Expert's report on the prevailing regulations on the repatriation of profits and relevant laws and regulations of Indonesia (including taxation policies) from Legisperitus, as set out in Appendix II of this Circular;
- vi. Expert's report by Crowe Horwath on the fairness of the purchase consideration, as set out in Appendix III of this Circular;
- vii. The proforma consolidated statements of financial position of OCK Group as at 31 December 2013 together with the report by BTMH, as set out in Appendix IV of this Circular;
- viii. The letters of consent and declaration of conflict of interests referred to in Sections 2 and 3 above, respectively;
- ix. The material contracts referred to in Section 4 above; and
- x. The draft By-Laws for the Proposed ESOS.



OCK GROUP BERHAD

(Company No.: 955915-M)

(Incorporated in Malaysia under the Companies Act, 1965)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of OCK Group Berhad ("OCK" or the "Company") which is scheduled to be held at Redang Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur on Tuesday, 2 September 2014 at 10.00 a.m., for the purpose of considering and if thought fit, passing with or without modifications the following resolutions:-

ORDINARY RESOLUTION 1

PROPOSED ACQUISITION BY OCK OF 85% EQUITY INTEREST IN PT PUTRA MULIA TELECOMMUNICATION ("PMT") FOR A PURCHASE CONSIDERATION OF RM21,250,000 TO BE FULLY SATISFIED VIA A COMBINATION OF CASH AND ISSUANCE OF NEW ORDINARY SHARES OF RM0.10 EACH IN OCK ("OCK SHARES" OR "SHARES") ("PROPOSED ACQUISITION")

"THAT, subject to and conditional upon the passing of the Ordinary Resolution 12, the Special Resolution and the approvals of all relevant authorities in respect of the listing of and quotation for 10,227,272 new OCK Shares on the ACE Market/ Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") depending on the timing of the listing of the Consideration Shares, the Board of Directors of OCK ("Board") be and is hereby authorised to acquire the 85% equity interest in PMT from Song Chin Yew and Lim Hooi Seeh (the "Vendors") for a total purchase consideration of RM21,250,000 to be fully satisfied via a combination of RM10,000,000 cash and issuance of 10,227,272 new OCK Shares at an issue price of RM1.10 per OCK Share ("Consideration Shares") to satisfy the remaining of the Purchase Consideration of RM11,250,000, in accordance with the terms and conditions of the Share Sale Agreement dated 29 April 2014 entered into between OCK and the Vendors.

THAT such Consideration Shares shall, upon allotment and issuance, rank *pari passu* in all respects with the existing OCK Shares, save and except that the Consideration Shares shall not be entitled to any dividends, rights, allotment and/ or any other forms of distribution ("Distribution") that may be declared, made or paid prior to the relevant date of the allotment and issuance of the Consideration Shares.

AND THAT the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the aforesaid Proposed Acquisition with full power to assent to any conditions, variations, modifications and/ or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all acts and things in any manner as they may deem necessary or expedient to implement, finalise and give full effect to the Proposed Acquisition."

ORDINARY RESOLUTION 2

PROPOSED BONUS ISSUE OF 176,053,636 NEW OCK SHARES ("BONUS SHARE(S)") TO BE CREDITED AS FULLY PAID-UP ON THE BASIS OF ONE (1) BONUS SHARE FOR EVERY TWO (2) EXISTING OCK SHARES HELD ON AN ENTITLEMENT DATE TO BE DETERMINED LATER ("ENTITLEMENT DATE") ("PROPOSED BONUS ISSUE")

"**THAT**, subject to the passing of the Ordinary Resolution 12, the Special Resolution and the approvals of all relevant authorities, the Board be and is hereby authorised to capitalise RM17,605,363.60 from the Company's share premium accounts and the same be applied for the allotment and issuance of 176,053,636 new OCK Shares, credited as fully paid-up at par, to the shareholders (whose names appear in the Record of Depositors as at the close of business on the entitlement date to be determined by the Board) on the basis of one (1) Bonus Share for every two (2) existing OCK Shares held;

AND THAT the Bonus Shares shall, upon allotment and issue, rank *pari passu* in all respects with the then existing OCK Shares, save and except that they will not be entitled to any Distribution that may be declared, made or paid to shareholders, of which the entitlement date is prior to the date of allotment of the Bonus Shares.

AND THAT, the Board be and is hereby authorised to take all such necessary steps to give effect to the Proposed Bonus Issue with full powers to assent to any conditions, variations, modifications and/or amendments in any manner as may be required by the relevant authorities or deemed necessary by the Board, and to take all steps and to do all such acts and matters as they may consider necessary or expedient to implement, finalise and give full effect to the Proposed Bonus Issue."

ORDINARY RESOLUTION 3

PROPOSED ESTABLISHMENT OF AN EMPLOYEES' SHARE OPTION SCHEME ("ESOS") OF UP TO 10% OF THE ISSUED AND PAID-UP SHARE CAPITAL OF OCK ("PROPOSED ESOS")

"**THAT**, subject to and conditional upon the passing of the Ordinary Resolution 12, the Special Resolution and the approvals of all relevant authorities, the Board be and is hereby authorised to establish, implement and administer an ESOS for the benefit of eligible persons and Directors of OCK and its subsidiary companies, which are not dormant, who meet the criteria of eligibility for participation in the Proposed ESOS ("Eligible Person(s)") under which options will be granted to the Eligible Persons to subscribe for new OCK Shares in accordance with the draft by-laws of the Proposed ESOS ("By-Laws") as set out in Appendix V of the circular to shareholders of the Company dated 8 August 2014 ("Circular"), and to adopt and approve the draft By-Laws;

THAT, the Board be and is hereby authorised to issue and allot from time to time such number of new OCK Shares as may be required pursuant to the exercise of the options under the Proposed ESOS ("ESOS Option(s)") provided that the aggregate number of new OCK Shares to be allotted and issued and/or transferred shall not exceed 10% of the total issued and paid-up share capital of OCK at any point in time throughout the duration of the Proposed ESOS and that such new OCK Shares arising from the exercise of the ESOS Options shall, upon allotment and issuance, rank *pari passu* in all respects with the existing issued and paid-up OCK Shares, except that the new OCK Shares will not be entitled to any Distribution that may be declared, made or paid to shareholders, for which the entitlement date for the Distribution precedes the date of which the new OCK Shares are credited into the Central Depository System account with Bursa Malaysia Depository Sdn Bhd of the Eligible Persons who have accepted the offer, and such new OCK Shares will be subject to all the provisions of the Memorandum and Articles of Association of the Company and such amendments thereafter, if any;

THAT, the Board be and is hereby authorised to amend and/ or modify the Proposed ESOS from time to time as may be required/ permitted by the authorities or deemed to be necessary by the Board provided that such amendments and/ or modifications are effected in accordance with the provisions in the By-Laws relating to amendments and/ or modifications and to take all such acts and steps and to enter into such transactions, agreements, arrangements, undertakings, indemnities, transfers, assignments, deeds and/ or guarantees with any party or parties, to deliver and/ or cause to be delivered all such documents and to make such rules or regulations, or impose such terms and conditions or delegate part of its powers as may be necessary or expedient to implement, finalise and to give full effect to the Proposed ESOS."

ORDINARY RESOLUTIONS 4 to 11

PROPOSED ALLOCATION OF OPTIONS

"**THAT**, subject to the passing of Ordinary Resolutions 3 and 12, the Special Resolution as well as the approvals of all relevant authorities, the Board be and is hereby authorised, at any time and from time to time throughout the duration of the Proposed ESOS, to offer and allocate to the following persons, options to subscribe for new OCK Shares under the Proposed ESOS ("ESOS Shares"):-

Directors of the Company

Ordinary Resolution	Name	Maximum no. of new OCK Shares
4	i. Dato' Syed Norulzaman Bin Syed Kamarulzaman	500,000
5	ii. Abdul Halim Bin Abdul Hamid	2,650,000
6	iii. Ooi Chin Khoo	2,650,000
7	iv. Low Hock Keong	2,600,000
8	v. Chang Tan Chin	2,600,000
9	vi. Chong Wai Yew	2,600,000
10	vii. Fu Lit Fung	100,000
11	viii. Lee Yow Fui	100,000

Provided always that:-

- i. The Directors and senior management do not participate in the deliberation or discussion of their own allocation;
- ii. The allocation to an Eligible Person, who either singly or collectively, through persons connected to the Eligible Person, holds 20% or more of the issued and paid-up share capital of OCK, must not exceed 10% of the new OCK Shares available under the Proposed ESOS; and
- iii. Not more than 60% of the new OCK Shares available under the Proposed ESOS shall be allocated, in aggregate, to the Directors and senior management of OCK and its subsidiary companies, which are not dormant,

in accordance with the ACE Market/ Main Market Listing Requirements of Bursa Securities, depending on timing of the listing of the ESOS Shares, or any prevailing guidelines issued by Bursa Securities or any other relevant authority, as amended from time to time, and subject always to such terms and conditions and/ or any adjustments which may be made in accordance with the provisions of the By-Laws of the Proposed ESOS."

ORDINARY RESOLUTION 12

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL OF OCK FROM RM50,000,000 COMPRISING 500,000,000 OCK SHARES TO RM100,000,000 COMPRISING 1,000,000,000 OCK SHARES ("PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL")

"**THAT**, subject to and conditional upon the passing of Ordinary Resolutions 1, 2 and 3, the Special Resolution and the approvals of all relevant authorities being obtained, the authorised share capital of the Company be and is hereby increased from RM50,000,000 comprising 500,000,000 OCK Shares to RM100,000,000 comprising 1,000,000,000 OCK Shares by the creation of an additional 500,000,000 new OCK Shares."

SPECIAL RESOLUTION

PROPOSED AMENDMENTS TO THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF OCK ("PROPOSED AMENDMENTS")

"**THAT**, subject to and conditional upon the passing of the Ordinary Resolutions 1, 2, 3 and 12 as well as the approvals of all relevant authorities being obtained, where required, approval be and is hereby given to the Company to alter, modify, vary and delete the Memorandum and Articles of Association of OCK in the following manner:-

Existing

Clause 6

The capital of the Company is **RM50,000,000.00** (Ringgit Malaysia) divided into **500,000,000** shares of **RM0.10** each. The shares in the original or any increased capital may divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

Article of Association – Clause 4 (3)

- (b) No director shall participate in an issue of shares or Share Issuance Scheme of the Company unless the shareholders in general meeting have approved of the specific allotment to be made to such Director and he holds office in the Company in an executive capacity Provided Always that a non-executive Director may participate in an issue of shares or options pursuant to a public offer or public issue.

Article No.2

"Listing Requirements" Bursa Malaysia Securities Berhad's Listing Requirements for the ACE Market including any relevant practice and/ or practice notes, directives, guidelines issued pursuant thereto and any amendments that may be made from time to time.

"Market Day" A day on which the ACE Market is open for trading in securities

Proposed

Clause 6

The capital of the Company is **Ringgit Malaysia One Hundred Million only (RM100,000,000.00)** divided into **One Billion (1,000,000,000)** ordinary shares of **Ten Sen (RM0.10)** each, with full power to increase or reduce its capital and the shares in the original or any increased capital may divided into several classes and there may be attached thereto respectively any preferential, deferred or other special rights, privileges, conditions or restrictions as to dividends, capital, voting or otherwise.

Article of Association – Clause 4 (3)

Deleted

Article No.2

"Listing Requirements" The Main Market Listing Requirements of the Exchange including any amendment thereto that may be made from time to time.

"Market Day" A day on which the stock market of the Exchange is open for trading in securities

Article No.154(7)

For the purpose of these Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market including any amendments to the Listing Requirements that may be made from time to time.

Article No.154(7)

For the purpose of these Articles, unless the context otherwise requires, "Listing Requirements" means the Listing Requirements of Bursa Malaysia Securities Berhad for the Main Market including any amendments to the Listing Requirements that may be made from time to time.

By Order of the Board

Wong Youn Kim (MAICSA 7018778)
Company Secretary

Kuala Lumpur
8 August 2014

Notes:-

1. *A member of the Company entitled to attend, speak and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and Section 149 (1) (b) of the Companies Act, 1965 Act shall not apply to the Company.*
2. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/ her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*
3. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 26 August 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*



OCK GROUP BERHAD

(Company No.: 955915-M)
(Incorporated in Malaysia under the Companies Act, 1965)

FORM OF PROXY

CDS Account No.⁽ⁱ⁾ _____

No. of Shares held: _____

I/We _____ NRIC/ Company No. _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

being a member / members of **OCK GROUP BERHAD (955915-M)** hereby appoint _____

_____ NRIC No. _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

or failing *him/ her _____ NRIC No. _____
(FULL NAME IN BLOCK CAPITALS)

of _____
(FULL ADDRESS)

or failing *him/ her, the Chairman of the Meeting as *my/ our proxy to attend and vote on *my/ our behalf at the Extraordinary General Meeting of OCK Group Berhad ("Company") to be held at Redang Room, Bukit Jalil Golf & Country Resort, Jalan 3/155B, Bukit Jalil, 57000 Kuala Lumpur, on Tuesday, 2 September 2014 at 10.00 a.m..

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

	FOR	AGAINST
ORDINARY RESOLUTION		
ORDINARY RESOLUTION 1 - PROPOSED ACQUISITION		
ORDINARY RESOLUTION 2 - PROPOSED BONUS ISSUE		
ORDINARY RESOLUTION 3 - PROPOSED ESOS		
ORDINARY RESOLUTION 4 - PROPOSED ALLOCATION OF OPTIONS TO DATO' SYED NORULZAMAN BIN SYED KAMARULZAMAN		
ORDINARY RESOLUTION 5 - PROPOSED ALLOCATION OF OPTIONS TO ABDUL HALIM BIN ABDUL HAMID		
ORDINARY RESOLUTION 6 - PROPOSED ALLOCATION OF OPTIONS TO OOI CHIN KHOON		
ORDINARY RESOLUTION 7 - PROPOSED ALLOCATION OF OPTIONS TO LOW HOCK KEONG		
ORDINARY RESOLUTION 8 - PROPOSED ALLOCATION OF OPTIONS TO CHANG TAN CHIN		
ORDINARY RESOLUTION 9 - PROPOSED ALLOCATION OF OPTIONS TO CHONG WAI YEW		
ORDINARY RESOLUTION 10 - PROPOSED ALLOCATION OF OPTIONS TO FU LIT FUNG		
ORDINARY RESOLUTION 11- PROPOSED ALLOCATION OF OPTIONS TO LEE YOW FUI		
ORDINARY RESOLUTION 12 - PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL		
SPECIAL RESOLUTION		
PROPOSED AMENDMENTS		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote as he/ she thinks fit.)

(i) Applicable to shares held through a nominee account
* Delete where applicable

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies:-

Signed this _____ day of _____ 2014

	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Signature/ Common Seal of Member



Notes:-

1. *A member of the Company entitled to attend, speak and vote at the Meeting may appoint a proxy or proxies (or being a corporate member, a corporate representative) to attend, speak and vote in his stead. A proxy may but need not be a member of the Company and Section 149 (1) (b) of the Companies Act, 1965 Act shall not apply to the Company.*
2. *The instrument appointing a proxy in the case of an individual shall be signed by the appointer or his/ her attorney or in the case of a corporation executed under its common seal or signed on behalf of the corporation by its attorney or by an officer duly authorised.*
3. *The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or executed must be deposited at the Company's Registered Office at Level 2, Tower 1, Avenue 5, Bangsar South City, 59200 Kuala Lumpur not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *In respect of deposited securities, only members whose names appear on the Record of Depositors on 26 August 2014 (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf.*

Fold this flap for sealing

Then fold here

AFFIX
STAMP

OCK GROUP BERHAD
COMPANY SECRETARY
Level 2, Tower 1
Avenue 5
Bangsar South City
59200 Kuala Lumpur

1st fold here