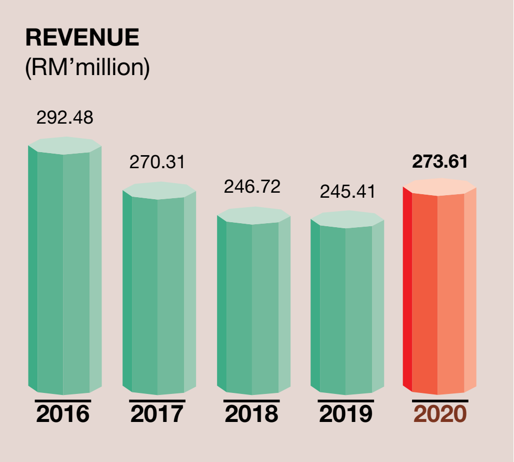
OCB BERHAD

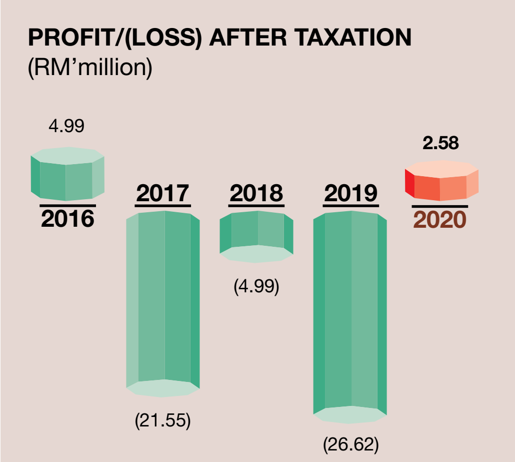
[Registration No. 195901000114 (3465-H)]

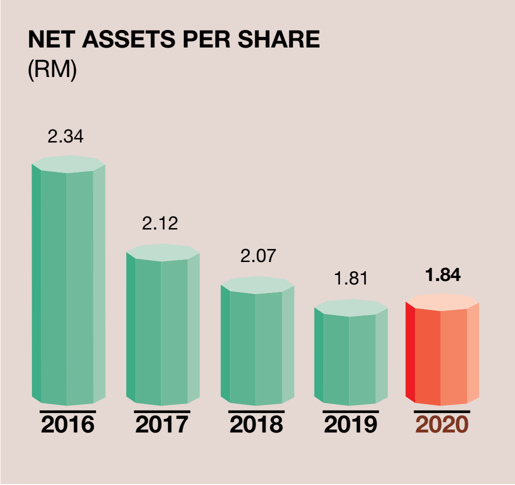
Annual Report 2020

FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2016	2017	2018	2019	2020
Revenue (RM'million)	292.48	270.31	246.72	245.41	**273.61**
Earnings/(Loss) before interest, taxes, depreciation and amortisation (RM'million)	19.73	(7.30)	8.40	(14.28)	**15.59**
Profit/(Loss) before taxation (RM'million)	8.83	(18.67)	(3.23)	(25.38)	**4.96**
Profit/(Loss) after taxation (RM'million)	4.99	(21.55)	(4.99)	(26.62)	**2.58**
Net Profit/(Loss) attributable to equity holders (RM'million)	4.99	(21.55)	(4.98)	(26.48)	**2.60**
Total assets (RM'million)	342.09	311.69	294.41	276.51	**276.77**
Total borrowings (RM'million)	44.91	48.02	41.11	35.69	**36.88**
Shareholders' equity (RM'million)	240.74	218.14	212.63	186.15	**188.75**
Earnings/(Loss) per share (Sen)	4.85	(20.95)	(4.84)	(25.74)	**2.53**
Net assets per share (RM)	2.34	2.12	2.07	1.81	**1.84**







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CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil
Chairman/Senior Independent Non-Executive Director

Mohd Harris Bin Pardi
Chief Operating Officer cum Executive Director

Abd Aziz Bin Attan
Independent Non-Executive Director

Agnes Maria Sam A/P John Sam
Independent Non-Executive Director

Fong Heng Leong
Non-Independent Non-Executive Director

Wong Choon Shein
Non-Independent Non-Executive Director

COMPANY SECRETARY

Tan Bee Keng
SSM PC No. 201908002597
MAICSA 0856474

AUDITORS

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(Member Firm of Grant Thornton International Ltd)
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Wilayah Persekutuan, Malaysia

PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad
HSBC Bank Malaysia Berhad
RHB Bank Berhad
AmBank (M) Berhad
AmBank Islamic Bank Berhad
Affin Bank Berhad
CIMB Bank Berhad

AUDIT AND RISK MANAGEMENT COMMITTEE

Abd Aziz Bin Attan
Chairman/Independent Non-Executive Director

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil
Member/Senior Independent Non-Executive Director

Agnes Maria Sam A/P John Sam
Member/Independent Non-Executive Director

REMUNERATION COMMITTEE AND NOMINATION COMMITTEE

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil
Chairman/Senior Independent Non-Executive Director

Abd Aziz Bin Attan
Member/Independent Non-Executive Director

Agnes Maria Sam A/P John Sam
Member/Independent Non-Executive Director

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Name : OCB
Stock Code : 5533
Sector : Customer Products & Services
Sub-Sector : Food & Beverages

WEBSITE

www.ocbb.com.my

CORPORATE STRUCTURE
AS AT 31 MARCH 2021

OCB BERHAD*
[Registration No. 195901000114 (3465-H)]

CONSUMER FOODS

100% IBUFOOD CORPORATION SDN. BHD.

- 100% ··· Biz-Allianz International (M) Sdn. Bhd.
- 100% ··· Spices & Seasonings Specialities Sdn. Bhd.
- 100% ··· Ibufood Manufacturing (M) Sdn. Bhd.
- 100% ··· Selera Citarasa Sdn. Bhd.
- 100% ··· Ecoway (Malaysia) Sdn. Bhd.
- 100% ··· Biz-Markas Sdn. Bhd.

BEDDING PRODUCTS

KAISERKORP SDN. BHD. 100%

- Kingkoil Corporation (M) Sdn. Bhd. ··· 100%
- Bedco Sistem (M) Sdn. Bhd. ··· 100%
- T N Metal Industries (M) Sdn. Bhd. ··· 100%
- Dreambed (Malaysia) Sdn. Bhd. ··· 100%
- Kingkoil Bedding (Malaysia) Sdn. Bhd. ··· 100%
- Kaiserkoil Incorporated (M) Sdn. Bhd. ··· 100%
- Acrowyn (M) Sdn. Bhd. ··· 100%
- First Knight (Singapore) Pte. Ltd. ··· 100%
- Ultima Beddington Sdn. Bhd. ··· 51%

BUILDING MATERIALS

100% AGROW MALAYSIA SDN. BHD.

- 100% ··· Agrow Corporation Sdn. Bhd.
  - 100% ····· Agrow Healthtech Sdn. Bhd.
- 100% ··· AG Textronic Sdn. Bhd.
- 100% ··· Pure-Ecology (M) Sdn. Bhd.
- 100% ··· Keenwai Enterprises (M) Sdn. Bhd.
- 100% ··· Acrowyn Singapore Pte. Ltd.

PROPERTY HOLDING

ENIGMA SINAR SDN. BHD. 80%

* *Listed on the Main Market of Bursa Malaysia Securities Berhad*

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors of OCB Berhad ("OCB" or "the Company") ("the Board") and the Management are pleased to present material information on OCB and its group of companies ("OCB Group" or "the Group") to complement the detailed information in the Directors' Report and Financial Statements sections. The Management Discussion and Analysis ("MD&A") will give shareholders and investors an operational commentary of the businesses of the Group.

OVERVIEW OF THE GROUP'S BUSINESSES AND OPERATIONS

OCB Berhad is an investment holding company. The Company has operations in 3 diversified businesses:

- Consumer Foods Division
- Bedding Products Division
- Building Materials Division

Detailed information on each of the Divisions can be found in the Group Directory on pages 11 to 14 of this Annual Report.

Consumer Foods Division

The Consumer Foods Division is made up of subsidiary companies under Ibufood Corporation Sdn. Bhd. The "Ibufood Group" is a major producer of premium quality instant noodles, mayonnaise, seasoning-powder, seasoning-oil, sauces and food ingredients.

It is represented by several brand names. IBUMIE is the highly recognisable brand for its instant noodles. The instant noodles are either the dry type or soup-based in several different flavours.

The TELLY brand represents the food seasoning segment offering premium quality blended seasoning-powder, seasoning-oil, sauces, mayonnaise, specialty spices, soup, soup stocks, and marinades. The TELLY mayonnaise has grown over the years to become one of the market leaders in the Food Service sector.

Bedding Products Division

The Bedding Products Division is made up of subsidiary companies under Kaiserkorp Sdn. Bhd. The "Kaiserkorp Group" manufactures and distributes mattresses, divans and assorted bedding accessories. The various types of mattresses are made of different premium spring coils, natural latex and foam-fibres. Our bedding manufacturing system has become an industry benchmark.

The Bedding Products Division promotes its products under the brand name of KING KOIL and FIRST KNIGHT. KING KOIL is the high profile brand of mattresses manufactured by the Kaiserkorp Group. The international brand name is synonymous with luxurious quality mattresses. The Division also promotes its products under the local brand name of FIRST KNIGHT.

Building Materials Division

The Building Materials Division is the group of companies under Agrow Malaysia Sdn. Bhd. The "Agrow Group" is well-known in the building material supplies industry.

Its strength lies in its expertise and capability in providing a complete project assistance and specifications in the supply of specialised building materials for the construction of houses, hotels, laboratories and medical institutions. Some of the brands that the Agrow Group represents are JOHNSON SUISSE, ROCA, ARMITAGE SHANKS, JOMOO, DURAVIT, HANSGROHE and AKRON in the sanitary wares section. The section for locks and ironmongeries, floor boards, door frames and door leaves carry brand names such as LOKRITE, SAMSUNG and HUSKEY.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE FINANCIAL RESULTS AND FINANCIAL CONDITIONS

The Group's Financial Performance for the financial year ended 31 December ("FYE") 2020 as compared to FYE 2019 is as follows:

	FYE 2020 RM'000	FYE 2019 RM'000	Increase/ (Decrease) RM'000	%
Revenue	**273,612**	245,407	28,205	11.5
Gross Profit	**49,159**	47,543	1,616	3.4
Earnings/(Loss) before interest, taxes, depreciation and amortisation	**15,591**	(14,285)	29,876	209.1
Profit/(Loss) before taxation	**4,956**	(25,385)	30,341	119.5
Profit/(Loss) after taxation	**2,584**	(26,619)	29,203	109.7
Net Profit/(Loss) attributable to equity holders	**2,601**	(26,477)	29,078	109.8
Total assets	**276,770**	276,506	264	0.1
Total borrowings	**36,883**	35,691	1,192	3.3
Shareholders' equity	**188,752**	186,151	2,601	1.4
Earnings/(Loss) per share (Sen)	**2.53**	(25.74)	28.27	109.8
Net assets per share (RM)	**1.84**	1.81	0.03	1.6

The Group recorded a revenue of RM273.6 million and a profit before taxation of RM5.0 million in the FYE 2020 as compared to revenue of RM245.4 million and a loss before taxation of RM25.4 million reported in the immediate preceding financial year.

Both the Consumer Foods and Bedding Products Divisions reported higher sales of 26% and 12% respectively for the FYE 2020. However, the Building Materials Division reported lower sales of 27%. The strong showing from the Consumer Foods Division was mainly driven by the sales performance of instant noodles as a direct consequence of Covid-19 pandemic, which drove many economies worldwide to partial or complete shutdown. These shutdowns resulted in panic buying and stock-ups of dried foods including instant noodles. The improved sales performance from the Bedding Products Division was the result of domestic sales promotion and export sales. The Building Materials Division however, reported lower sales due to a decline in its sales performance, both in its project and retail segments by 30% and 21% respectively.

The profit before taxation reported by the Group was mainly attributable to the improved performance from both the Consumer Foods and Bedding Products Divisions. This was coupled with the inclusion of impairment loss reported in FYE 2019. The Group had impaired its goodwill and intangible assets amounting to RM21.0 million and RM1.9 million respectively from the Bedding Products Division in FYE 2019.

Consumer Foods Division posted a profit before taxation of RM6.5 million for FYE 2020 as compared to a loss before taxation of RM0.2 million in FYE 2019 due to better products' margin and lower operating expenses.

Bedding Products Division reported a profit before taxation of RM2.8 million for FYE 2020 as compared to a loss before taxation of RM1.7 million in FYE 2019 as a result of an improved sales performance.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)

Building Materials Division posted a loss before taxation of RM3.3 million for FYE 2020 as compared to a loss before taxation of RM1.3 million in FYE 2019. The larger loss was due to the challenging business climate as a direct result of Covid-19 pandemic. During the Movement Control Order ("MCO") and its subsequent Recovery Movement Control Order ("RMCO"), building materials business has been largely reduced and the Division's sales had seen a reduction of 27%.

The Group has not adopted any dividend policy. The Board annually evaluates the Group's profitability, cash-flow positions and long-term plans prior to making a decision on any dividend payment.

The Board has proposed a first and final single-tier dividend of 1.5% (1.5 sen per share) in respect of the FYE 2020 (FYE 2019: Nil).

The profit per share for FYE 2020 was 2.53 sen as against loss per share of 25.74 sen in FYE 2019.

Consumer Foods Division

The Consumer Foods Division registered a revenue of RM160.3 million for FYE 2020 compared with RM127.1 million in FYE 2019. The increase was mainly due to strong showing by the sales performance of instant noodles, mayonnaise and creamers.

Noodles segment recorded 64% higher sales due to high demand as a direct consequence of Covid-19 pandemic while the salad dressing segment grew by RM4.2 million or 12%. The increase was a testament of the strong recovery in the domestic food service channel and an uplift in the retail sales in FYE 2020.

The sales in the trading segment (creamer) increased by RM2.4 million or 5% due to a higher demand from the export market in 2020.

The seasoning segment also saw improved sales by RM0.2 million or 13% attributable to more repeat orders from overseas market for the new range of Ready to Cook Curry Paste. However, the sales of canned tuna continued to drop to RM0.2 million as compared to RM0.7 million in FYE 2019 due to stiff competition.

The Division reported a profit before taxation of RM6.5 million in FYE 2020 as against a loss before taxation of RM0.2 million in FYE 2019. On the operation level, the Division achieved better products' margin and lower operating expenses due to economies of scale as a result of improved sales volume. An increase in efficiency and the reduction of wastage derived from the continuous running of plants during high demand periods resulted in a higher yield. Consequently, the material cost was reduced by 1% year-on-year while the overhead was reduced by 2% on the back of higher sales numbers.

The Division's original equipment manufacturer ("OEM") business for noodles has also seen better growth of 209% from RM8.4 million in FYE 2019 to RM25.9 million in FYE 2020 mainly due to stock-ups of dried foods during the MCO periods.

Building Materials Division

The Building Materials Division reported a revenue of RM36.4 million with a loss before taxation of RM3.3 million in FYE 2020 as against a revenue of RM49.9 million and a loss before taxation of RM1.3 million in FYE 2019. The drop in revenue was mainly due to decrease in sales from both the project and retail segments. The revenue for the project segment showed a decline of RM9.9 million or 30%. On top of that, the retail segment's revenue suffered a drop of RM3.5 million or 21%.

The industry remains clouded with the Covid-19 pandemic and occurrence of positive cases especially from the worksite clusters. The Division remains positive that things will turn for the better after the nation vaccination program due beginning of February 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE FINANCIAL RESULTS AND FINANCIAL CONDITIONS (CONT'D)

Bedding Products Division

Bedding Products Division registered a higher revenue of RM77.0 million with a profit before taxation of RM2.8 million in FYE 2020 compared to a revenue of RM68.5 million and a loss before taxation of RM1.7 million in FYE 2019.

The Division enjoyed better sales from its export sales. Revenue from export sales increased to RM25.0 million in FYE 2020 from RM8.1 million in FYE 2019. On top of that, domestic market recorded slightly higher sales of 4% to RM45.0 million due to higher volume from dealers' sales.

However, sales from domestic project segment suffered a reduction of RM10.3 million compared to FYE 2019 due to the Covid-19 outbreak. Implementation of the MCO by the Malaysian Government since March 2020 has a drastic effect on the hospitality industry.

Some of the main projects carried out by the Division in FYE 2020 included:

- Fairfield Inn by Courtyard, Kuala Lumpur
- Park Inn by Radisson Putrajaya, Kajang, Selangor
- Hotel Angsana Teluk Bahang, Penang
- Bank Negara hostels in Kuching, Sarawak and Kota Kinabalu in Sabah
- Four Points by Sheraton Kuala Lumpur, Chinatown, Kuala Lumpur

REVIEW OF THE OPERATING ACTIVITIES

Consumer Foods Division

The Semenyih and Sibu noodle plants are operating at near full capacity. Apart from growing the sales for our in-house brand, the Management is striving to gain traction in its OEM business in order to expand utilisation of the noodle plants. One of the projects in the pipeline includes the extension of product range from the current pillow pack noodles to bowl noodles.

The sauces plant in Semenyih continues to run full after the successful installation and operation of a new automated Form, Fill and Seal machine at the plant. An order for a second unit of the same machine was placed, which was up and running by second quarter of 2020. With these machines, the plant will further improve its efficiency, reduce dependency on manpower and trim production wastage further. The plant continuously launched new ranges of sauces, which has further broadened our range offerings for both the Food Service and Retail channels.

Operationally, the challenge for year 2020 was the increase in wages and cost of raw materials such as soybean oil, palm olein and wheat flour. With the increase of the minimum wage to RM1,200 per month per worker, the manpower cost was also increased. The Management will continue to automate more production processes to reduce dependency on manpower.

Spices & Seasonings Specialities Sdn. Bhd. ("Spices") has implemented barcoding system to improve the accuracy and efficiency of its production, delivery and stock management. This helps to automate the traceability process from receipt of raw materials through production and delivery of goods to customers.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE OPERATING ACTIVITIES (CONT'D)

Building Materials Division

The Division started the year 2020 with a good momentum for the January to February period registering growth in sales performance. However, the Division took a hit when the Government announced MCO in March 2020.

Many construction sites came to a complete halt and the progress of jobs has been severely affected even after the job sites resumed work by end of May 2020. Delay and postponement have become the new norm for the construction industry.

Some of the key projects that the Division secured and supplied in 2020 included:

1. Bukit Jalil City Condominium, Kuala Lumpur
2. Ativo Suites, Damansara Avenue, Selangor
3. JV Perkasa Projects, Kuala Lumpur
4. Bukit Bintang City Centre Apartments, Kuala Lumpur
5. Solaris 3 Condominium, Mont Kiara, Kuala Lumpur
6. Pantai Hospital, Ayer Keroh, Melaka
7. 8 Conlay Service Apartment & Hotel, Kuala Lumpur
8. KL-Kepong Country Homes, Bandar Seri Coalfield, Ijok, Selangor
9. Double Storey Terrace Houses, Shah Alam, Selangor
10. Sofiya Residensi, Desa ParkCity, Kuala Lumpur

The retail distribution business remains active but dealers are buying with lesser volume. The Division will spare more efforts to promote AKRON and SOX (in-house brands) for year 2021. Its healthcare & public segment has intensified its promotional and sales activities since March 2020. The Division had conducted field test for AERUS, the air purifier, in a food processing plant and received encouraging result.

Year 2021 will remain challenging due to the uncertainties caused by the Covid-19 pandemic. There is lack of high-end housing development in the market and this has caused the drop in purchase order value.

The recent increase in product and importation costs due to the shortages of shipping containers, port congestion and shortages of raw materials will have a negative impact on the Division's profitability. Coupled with competition from direct importers of China products, trading profit in general will remain thin.

The Division is setting up a new showroom in Penang. Renovation work had commenced in March 2021 and is expected to be completed within 2 months.

The Division is projecting to record improvement in revenue in 2021. The contribution is expected to come from the healthcare & public segment, sales generated from new product lines and through expansion of the present market coverage. The Division will continue to embark on cost savings programme to offset expected increases in costs.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF THE OPERATING ACTIVITIES (CONT'D)

Bedding Products Division

The Division invested in the operations of The KING KOIL Flagship stores ("Flagship Stores"). It currently has 13 Flagship Stores via a licensing agreement with dealers.

As at 31 December 2020, the Division had Flagship Stores at the following locations:

1. Viva Mall, Kuala Lumpur
2. Jalan Bangsar, Kuala Lumpur
3. Sunway Pyramid, Kuala Lumpur
4. Old Klang Road, Kuala Lumpur
5. Ikano Power Centre, Kuala Lumpur
6. Jalan Sungai Besi, Kuala Lumpur
7. Aman Centre, Alor Setar
8. Gurney Plaza, Penang
9. Vivacity, Kuching, Sarawak
10. Imago, Kota Kinabalu, Sabah
11. Paradigm Mall, Johor Bahru
12. Mid Valley South Bay, Johor Bahru
13. Toppen Shopping Centre, Johor Bahru

The Division had opened its second KING KOIL Concept Store ("Concept Store") located at Central i-City Mall, Shah Alam on 19 September 2020. The main aim of the Concept Store is to further promote brand equity and enhance customers' experience of KING KOIL products.

During the financial year under review, the Division organized a Lucky Draw Program to celebrate KING KOIL 121 Years Anniversary in order to motivate, support and increase the sales of the dealers. The Division created brand awareness in the social media such as Facebook and Instagram. The Division also developed traditional marketing exposures in newspapers to reach the audience offline, create brand awareness and target old generation consumers.

In 2020, the Division intensified its e-commerce activities by participating in various campaigns on both Lazada and Shopee platforms such as:

- Chinese New Year Sale
- Lazada Birthday
- Ramadan Sale
- Raya Sale
- Mid-Year Sale
- Merdeka Sale
- 9.9, 10.10, 11.11 and 12.12 Sale
- Christmas Sale

The Division will continue to improve its customer relationship management system, in order to enhance its relationship with customers and improve customers' service experience.

The Division has plans to continue to enhance the design of its popular models to cater for consumers' current trend. These launches will help improve sales and push our products to the market. Going forward, the Division will continue to leverage on new sales channel via specialty shops catering mainly to tourists market, online sales and pay TV channel. The Division has registered significant growth from online and pay TV channels sales. The Division will also further enhance its online sales by adding new merchandise for customer selection.

For 2021, the Division will launch new Roll Pack Mattress and re-develop new collection series such as Luxury Hotel Collection, Extended Life Collection and Natural Response. Going forward, the Division will continue to leverage on digital marketing such as digital billboard, online sales, and Google Ads to enhance the brand awareness among the general public.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND CAPITAL MANAGEMENT

The Group maintains a healthy level of cash and cash equivalents and banking facilities from financial institutions to fund the Group's short-term and long-term operation requirements. As at 31 December 2020, the Group's cash and cash equivalents amounted to RM56.7 million, an increase of RM2.4 million from 31 December 2019 mainly attributable to net cash generated from operating profit before working capital changes, whereas the Group's total bank borrowings were RM36.9 million compared to RM35.7 million as at 31 December 2019.

The Group's gearing ratio was at 0.21 times as at 31 December 2020 compared to 0.22 times as at 31 December 2019.

CAPITAL EXPENDITURE REQUIREMENTS, CAPITAL STRUCTURE AND CAPITAL RESOURCES

The Group strives to maintain a prudent financial structure to ensure that it has access to adequate capital and financing on terms which are favourable to the Group.

The Group invested capital expenditure aggregating RM8.1 million in FYE 2020 (FYE 2019: RM5.7 million) to support the growth in production capacity.

The Group's capital commitments was contracted through its 80%-owned subsidiary, Enigma Sinar Sdn. Bhd. which had on 17 August 2020 entered into a Sale and Purchase Agreement to purchase a freehold vacant land at Jalan Akob, Kapar, Klang, Selangor, at a cash consideration of RM56.3 million.

The purchase was in line with the Group's strategy to expand into warehousing and distribution to cater to the Group's needs. The Group's capital commitments contracted but not provided for as at 31 December 2020 were RM50.6 million (31 December 2019: Nil).

BUSINESS OUTLOOK

Malaysia's economy is expected to return to positive growth in 2021. Initial economic recovery is encouraging, but unlikely to return to pre-pandemic levels. Sustained progress in vaccine roll-outs can be a positive factor in 2021, leading to a strong recovery and demand, as well as boosting trade and commodity prices. Potential government support could come via financial stimulus packages targeting the sectors most affected by Covid-19 pandemic.

The International Monetary Fund ("IMF") is projecting Malaysia's economy to rebound by 7%, while the World Bank is forecasting Malaysia's economy to grow by 6.0% after contracting 5.6% in 2020. Bank Negara Malaysia estimated a Gross Domestic Product ("GDP") growth of 6.5% to 7.5%.

The downside risk to the positive forecast would depend on how effective the Government responds to the new Covid-19 surge and the impact of the vaccination program. Growth progress can be jeopardized by an unexpected delay in the vaccine roll-out, an ineffective MCO containment, an elevated number of vulnerable households and domestic political uncertainties.

Several economists slashed their 2021 growth forecasts for Malaysia after the Government announced stricter measures to contain the surge in Covid-19 cases. The Malaysian Government imposed an inter-state travel ban nationwide and a lockdown on 6 states. Malaysia's continuous MCOs are likely to hit the economy hard. The 6 states and territories under MCO included the capital city, Kuala Lumpur and Malaysia's richest state, Selangor which together accounted for 57% of the population and 65% of gross domestic product. The Yang di-Pertuan Agong also declared a state of emergency that will last until 1 August 2021, or earlier if Covid-19 cases are effectively lowered.

The Group in these critical times will put our best foot forward cautiously to strengthen our existing business and to protect our traditional market. But we are prepared to explore and identify potential business opportunities that are expected to open up once the Covid-19 pandemic clears up.

At the same time we will re-look at streamlining the organization structure, optimize financial and human resources, enhance corporate governance and transparency, and improve on efficiency and productivity. On the business operations, we will seek and identify business synergies across the Group. This will be an added value to our currently diversified business operations and to transform the Company into a high performing and sustainable organization.

GROUP DIRECTORY

CONSUMER FOODS DIVISION

Our Consumer Foods Division under Ibufood Corporation Sdn. Bhd. and its subsidiary companies ("Ibufood Group") is a producer of premium quality instant noodles under the brands IBUMIE and Baa..gus; and mayonnaise, seasoning-powder, seasoning-oil, sauces and food ingredients under the brand TELLY.

IBUMIE's Mi Goreng range is a leader in the dry based instant noodle category. Its Mi Goreng range comes in 5 exciting flavours – Asli (Original), Thai Tom Yam, Kari Kapitan, Sambal Udang (Spicy Shrimp) and Har-Mee (Shrimp).

IBUMIE's soup based variants continue to tantalize the market with the all-time favourites such as Penang Har-Mee Soup (Shrimp Soup) and Penang White Curry. IBUMIE Penang White Curry is a flavour made popular in the early days by the Peranakans of Cantonese origin. The curry paste seasoning is made from fresh spices such as galangal, kaffir lime, lemon grass, ginger leave, kesum leaves and nutmeg. Served with a sachet of non-dairy creamer, IBUMIE Penang White Curry is reminiscent of Penang's famous street curry noodles.

Other soup flavours such as ala Misomee (Miso) and Ladamee (Black Pepper) make up the IBUMIE soup range. Loaded with generous amounts of quality Wakame / Seaweed, ala Misomee is suitable for Vegetarian consumers. Ladamee is a traditional peppery soup made from 100% Sarawak pepper to create an aromatic taste which warms the stomach especially on a rainy day.

The sub-brand Baa..gus instant noodles cater to the more economically conscious consumers who want great tasting instant noodles at affordable prices. There are 5 flavours in this range, namely Goreng Asli (Original), Goreng Lebih Pedas (Extra Spicy), Ayam Bawang (Onion Chicken), Soto Ayam (Chicken Soto) and Kari (Curry).

Ibufood Group's TELLY brand continues to be a strong player in the food seasoning segment offering premium quality blended seasoning-powder, seasoning-oil, sauces, mayonnaise, specialty spices, soup, soup stocks, marinades and canned tuna. TELLY range of salad dressing has grown over the years to become one of the market leaders in the Food Service sector. TELLY launched the Roasted Sesame Mayo range in 1Litre and 280ml squeeze bottle and 50ml sachet in December 2020. Ibufood Group expects the salad dressing line to continue its healthy growth rate going forward.

Ibufood Group also offers private label flavour development and manufacturing services.

HEAD OFFICE AND MANUFACTURING
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MANUFACTURING
Sibu

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GROUP DIRECTORY

BEDDING PRODUCTS DIVISION

KING KOIL chiropractic mattress makes more ways to say Goodnight !

The Bedding Products Division is a wholly-owned subsidiary of Kaiserkorp Sdn. Bhd. ("Kaiserkorp Group") and is a specialist in the manufacturing and distribution of premium brand innerspring coils, natural latex and foam-fibre mattress systems, divan-foundations and bedding accessories. Today, Kaiserkorp Group is the industry benchmark of a one-stop bedding solutions provider to consumers.

Kaiserkorp Group strives to achieve best-in-class quality and comfort through continuous improvement of sleep technology supported by KING KOIL's main state-of-the-art Research and Development ("R&D") centre in Arizona, the United States of America ("USA"). KING KOIL's R&D centre provides design, creation, testing as well as market research on new product roll-outs. With the help of KING KOIL's R&D centre, we are committed to designing, sourcing and manufacturing the best quality sleep products.

Kaiserkorp Group's success is contributed by our close relationship with our retail partners to provide the best-in-class sleep solutions to our customers. We adopt business processes which are oriented towards adding long-term value and competitiveness to our retail partners for them to provide continuous care and support to our customers' needs.

In Malaysia, Kaiserkorp Group is the exclusive licensee of the prestigious KING KOIL brand. KING KOIL is a world leading brand and provider of high quality mattresses spanning 90 countries and 6 continents. KING KOIL is committed to providing the world with comfortable, healthy and good quality sleep. KING KOIL can be found in bedrooms of families as well as world-class hotels and medical institutions throughout the world.

KING KOIL has developed innovative products and provided strong service relationship to our customers. Our products are priced to meet the specifications and affordability parameters of customers. Through this understanding we have adopted a multi-brand strategy under KING KOIL to cater for different market segments. With this strategy, we have successfully developed WORLD LUXURY KINGKOIL, NATURAL RESPONSE, LUXURY HOTEL COLLECTION, EXTENDED LIFE, CERIA and PRINCE COLLECTION series suitable for different market segment. In 2019, KING KOIL launched Malaysia 1st Flex Linen Mattress series – SIMPLICITY.

Aside from KING KOIL, Kaiserkorp Group also developed affordable brands like FIRST KNIGHT and WONDERCOIL thus providing additional affordable quality product range. Kaiserkorp is also into OEM manufacturing for third-party brands and retailers in Asia and North America.

Kaiserkorp Group continues to invest in brand building activities via innovative marketing strategies and creative advertising campaigns to further lift the brand's image and build brand equity for KING KOIL in Malaysia. KING KOIL had started its digital journey to promote and engage consumers via Facebook, Instagram etc in 2019. KING KOIL is one of the top brands currently selling mattresses online through online selling platform, Lazada.

To-date, there are 13 KING KOIL Flagship Stores located in major towns in Malaysia. In continuing the brand building exercise, KING KOIL started its very own retail store – KING KOIL Concept Store in 2019, located at Glo Damansara at Petaling Jaya, Selangor and Central i-City at Shah Alam, Selangor in 2020. The purpose of KING KOIL Concept Store is to continue to promote KING KOIL brand and healthy sleep, and perform market research to understand consumer needs with the International Chiropractors Association ("ICA"), USA.

KING KOIL is the only mattress brand endorsed by the Doctors of the ICA and the Foundation of Chiropractic Education of Research ("FCER") of USA.

Another important business sector for Kaiserkorp Group is in hospitality where KING KOIL has been supplying to more than 80% of the 5-Star hotels in Malaysia for more than 3 decades, because KING KOIL brand is a popular and trusted brand among top hoteliers and hotel operators in Malaysia.

GROUP DIRECTORY

BEDDING PRODUCTS DIVISION (CONT'D)

Kaiserkorp Group also produces bedding related products and OEM brands for pillows of latex, down-feather, micro-fibre and polyester fibrefill plus fine bedlinens and cotton towels.

KING KOIL has partnered with PROTECT-A-BED to provide our customers with the best mattress protection against bed-bugs, allergens, stains and spills, perspiration and body fluids. PROTECT-A-BED is the world's best-selling mattress protector, selling in 30 countries and across 6 continents. It is the No.1 recognised brand in USA for mattress protection.

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MANUFACTURING, SALES & SERVICE
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GROUP DIRECTORY

BUILDING MATERIALS DIVISION

Our Building Materials Division under Agrow Malaysia Sdn. Bhd. and its subsidiary companies ("Agrow Group") is known in the building material supplies industry for delivering quality building products on time and within budget. Its strength lies in its expertise and capability in providing complete project assistance and specifications in the supply of specialist building materials for any upcoming construction of residential houses, hotels, laboratories and medical institutions procurement.

Agrow Group is also known for its ability to provide complete solution that meets various requirements of bathrooms design for use at airports, shopping malls, hotels and any other buildings. This is made possible via our representation of a wide range of world-renowned brands in sanitary wares and bathroom fittings which is a leader in their own field. Among them are ROCA, ARMITAGE SHANKS, DURAVIT, JOHNSON SUISSE, SLOAN, BOBRICK, HANSGROHE, PRESTO, HEWI and GEBERIT.

Our in-house brand AKRON which was launched in late 1990s provides us with greater flexibility in meeting customers' requirements.

Agrow also distributes a wide range of Ironmongery and Builders Hardwares products with major brands like SAMSUNG, GEZE, BALDWIN, EZ-SET, KWIKSET, GROOM, LOKRITE, HUSKEY and YALIS.

Projects which Agrow Group has undertaken spread over different segments such as hotel, residential, healthcare, offices, shopping mall, etc, with customers comprising leading developers, architects, government agencies and semi-government agencies.

Agrow Group has a healthcare & public segment with focus on bathroom-related products for the handicap and aging populations. Agrow Group is the first major distributor of bathroom products in Malaysia to take such an initiative to stay ahead of the curve in the fast growing market for the aging population.

Agrow Group also promotes its products on e-commerce platform. It has set up a flagship store in Lazada and Agrow Mall in Shopee.

Agrow Group has a unique scheme which is first of its kind in the building industry called THE AGROW ASSURANCE. This is an integrated site support and after-sales service scheme that targets property developers, main contractors and home buyers. Agrow Group also rewards home buyers who purchased products supplied by Agrow Group, with additional discounts for new purchase and free gift which is redeemable at any of Agrow Group's authorised showrooms nationwide.

Agrow Group operates from its Head Office in Petaling Jaya, Selangor Darul Ehsan with showroom in the same premises featuring products from numerous world renowned brands.

HEAD OFFICE
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PROFILE OF DIRECTORS

TAN SRI DATO' NIK IBRAHIM KAMIL BIN TAN SRI DATO' NIK AHMAD KAMIL

Chairman/ Senior Independent Non-Executive Director

Malaysian, Male
Aged 78

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil was appointed as an Independent Non-Executive Chairman of OCB Berhad ("OCB" or "the Company") on 2 January 2007. He also sits as Chairman of the Remuneration Committee and Nomination Committee and a member of the Audit and Risk Management Committee of OCB. He is the appointed Senior Independent Director to whom all concerns may be conveyed.

He holds a Bachelor of Science Degree in Economics and Business Administration from Georgetown University, Washington DC, United States of America ("USA").

He has extensive managerial and business experience in various industries ranging from mining, petroleum, media, manufacturing, investment banking and finance, stock broking, port management, trading and golf resort development.

He commenced his career in 1966 as Assistant Company Secretary with Associated Mines Sdn. Bhd. In 1967, he joined Shell Malaysia Sdn. Bhd. and left in 1971 to join New Straits Times Press (M) Berhad ("NSTP") as an Assistant General Manager and was with NSTP until 1991 where his last position held was as Managing Director of the NSTP Group.

He is an Independent Non-Executive Director of Westports Holdings Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities").

ABD AZIZ BIN ATTAN

Independent Non-Executive Director

Malaysian, Male
Aged 68

Abd Aziz Bin Attan was appointed as an Independent Non-Executive Director of OCB on 1 December 2015. He is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee and Nomination Committee of OCB.

He qualified as a Chartered Accountant in 1998. He is a member of the Malaysian Institute of Accountants and a fellow member of the Association of Chartered and Certified Accountants, United Kingdom ("UK"). He is also a member of the Malaysian Institute of Taxation.

He has extensive experience in taxation, finance and accounting, having held senior finance positions in several companies. His last position was Group Financial Controller of Lotan Group of Companies. He also owns a management firm providing professional services in accounting, taxation and secretarial.

AGNES MARIA SAM A/P JOHN SAM

Independent Non-Executive Director

Malaysian, Female
Aged 67

Agnes Maria Sam A/P John Sam was appointed as an Independent Non-Executive Director of OCB on 1 September 2020. She also is a member of the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee of OCB.

She holds a Master of Arts in Economic Policy from Boston University, Massachusetts, USA and a Degree in Economics & Administration from Universiti Malaya, Malaysia.

She was an Administrative and Diplomatic Service (PTD) Officer with the Government of Malaysia from 1981 to 2017. During the course of her public service career, she served with the Public Service Department, Economic Planning Unit and Ministry of Finance. Her last position was as Head of Policy Initiatives while on secondment with Talent Corporation Malaysia Berhad.

PROFILE OF DIRECTORS

MOHD HARRIS BIN PARDI

Chief Operating Officer cum Executive Director

Malaysian, Male
Aged 68

Mohd Harris Bin Pardi was appointed to the Board of OCB on 2 January 2007 and assumed the position of Chief Operating Officer cum Executive Director on 17 April 2008. He is primarily responsible for the development and implementation of operational strategies and policies of OCB and its group of companies' ("OCB Group" or "the Group"). He also oversees the management, operations and marketing activities of the Group.

A graduate from Universiti Malaya, Malaysia with a Degree in Economics & Administration, he has extensive experience in the food & beverage ("F&B") and hospitality industry. His experience includes restaurant design and construction, operations and management, product development and manufacturing, human resource training and development. He was a member of the pioneer management team of McDonald's Malaysia, holding the position of Head of Corporate and Business Development at Golden Arches Restaurants Sdn. Bhd. from 1989 to 1994. In 1996, he left McDonald's Malaysia to start the Burger King Restaurant franchise in Malaysia as its first Managing Director.

FONG HENG LEONG

Non-Independent Non-Executive Director

Malaysian, Male
Aged 67

Fong Heng Leong was appointed to the Board of OCB as Executive Director on 19 April 2000 and was re-designated to Non-Independent Non-Executive Director on 1 January 2020.

He holds a Master of Business Administration from Heriot-Watt University, Edinburgh, UK and was a Chartered member of The Institute of Internal Auditors Malaysia.

He has extensive finance and accounting experience, particularly in the manufacturing and trading industries. He was the Head of the Finance Division of Kaiserkorp Sdn. Bhd., a wholly-owned subsidiary of OCB, a position he held until his appointment to the Board of OCB.

WONG CHOON SHEIN

Non-Independent Non-Executive Director

Malaysian, Male
Aged 70

Wong Choon Shein was appointed to the Board of OCB as Non-Independent Non-Executive Director on 28 November 2017.

He has over 42 years of experience and knowledge in international trade and wide networking with major global players in the building and construction industry. He was the founder and Managing Director of Buildtrend Group, a major building materials and architectural products distributor of global brands (like ROCA, TOTO, Villeroy and Boch) and contractor. In July 1994, after divesting Buildtrend Group to Hong Leong Malaysia, he assumed the position of Group Managing Director, Building Materials Division of Hong Leong Industries Berhad until 1996. Home Expo, the first one-stop home renovation and decoration centre in Malaysia, was launched by him in 1999.

He has several business ventures in the building and construction industry in Malaysia, Singapore and Australia. He is also the ASEAN Business Development Director for BSC Group Hong Kong, a building materials and interior contracting group with business activities in Hong Kong, China and Macau.

He is an Independent Non-Executive Director of Alcom Group Berhad which is listed

Additional Information:

1. *None of the Directors has any family relationship with any Director and/or major shareholder of the Company.*
2. *None of the Directors has any conflict of interest with the Company.*
3. *Save for Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil and Wong Choon Shein, none of the Directors has directorship in public companies and listed issuers.*
4. *None of the Directors has been convicted of any offence within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the financial year ended 31 December 2020 ("FYE 2020").*

PROFILE OF KEY SENIOR MANAGEMENT

YEOH JIN BENG

Director
Consumer Foods Division

Malaysian, Male
Aged 69

Yeoh Jin Beng was appointed as Director of Ibufood Corporation Sdn. Bhd. ("Ibufood") on 12 July 2002. He oversees the Consumer Foods division which is under Ibufood.

His expertise is in the manufacture and trading of fast moving consumer goods. He is one of the co-founders of Kaiserkorp Group which manufactures and distributes KINGKOIL and other branded mattresses in Malaysia. Prior to that, he was working for an international pharmaceutical company which deals in pharmaceutical and other specialty medical products.

He is a Non-Independent Non-Executive Director of Can-One Berhad, a company which is listed on the Main Market of Bursa Securities.

YUSRI HANDAYA JOE

Director of Operations
Consumer Foods Division

Indonesian, Male
Aged 66

Yusri Handaya Joe graduated from University Nommensen of North Sumatera, Indonesia in 1977 with an Accounting Degree.

He has vast experience in managing manufacturing business. He served as President Director of PT Candi Kekal Jaya, a wooden sheet and chopsticks manufacturer in Indonesia for 6 years from 1983 to 1988. He then worked 2 years as Director at PT Jangkar Jati, a canned food and tea bag manufacturer in Jakarta. He joined PT Forinco Ancol, a plastic monofilament manufacturer as President Director from 1989 to 1994. From 1995 to 1998, he was the President Director at PT Jakarna Tama, a food and instant noodles manufacturer.

He started working in Malaysia in 1999, where he served as Managing Director of Spices & Seasonings Specialities Sdn. Bhd. ("Spices") for a period of 12 years. He was the Managing Director of Navilim Food Manufacturing Sdn. Bhd. from 2011 to 2014. He re-joined Spices as the Director of Operations in October 2015.

WENDY NG WAN LOO

General Manager
Consumer Foods Division

Malaysian, Female
Aged 46

Wendy Ng Wan Loo holds a Bachelor Degree in Business Administration, majoring in Finance from Universiti Utara Malaysia, Kedah, Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants and a member of the Federation of Investment Managers Malaysia.

She has 23 years experience in accounting and finance. She started her career in 1997 as an Accounts Executive with Matsushita Electric Co., (Malaysia) Berhad, a Japanese Multinational Manufacturer of National and Panasonic brand electrical products. In 2003, she joined TS-Lear Automotive (Malaysia) Sdn. Bhd., a joint-venture between 2 automotive giants, Thai Summit and Lear Corporation, as Senior Accounts Executive. She was promoted to the position of General Manager in 2010. She then joined Lingham & Sons (Malaysia) Sdn. Bhd. as Director's Assistant in late 2011. She joined Spices as General Manager in August 2012.

PROFILE OF KEY SENIOR MANAGEMENT

SAK SWEE SANG

Director
Bedding Products Division

Malaysian, Male
Aged 51

Sak Swee Sang is responsible for the accounting and financial management of the Group.

He holds a Diploma in Commerce (Management Accounting) from Tunku Abdul Rahman College, Kuala Lumpur, Malaysia. He is an associate member of The Chartered Institute of Management Accountants, UK and The Malaysian Institute of Taxation. He is also a Chartered member of The Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia.

He has 27 years experience in accounting, audit and finance. He was with Messrs Sim & Co., a chartered accounting firm for 6 years before he joined Bedco Sistem (M) Sdn. Bhd., a wholly-owned subsidiary of OCB, as Finance and Administration Manager in 2000 and promoted to Head of Internal Audit of OCB from 2002 to 2005. He was an Executive Director of OCB from December 2005 to August 2018. He holds directorship in a subsidiary company of OCB.

TAN ENG HOE

Chief Operating Officer
Bedding Products Division

Malaysian, Male
Aged 68

Tan Eng Hoe was appointed as the Chief Operating Officer on 1 December 1997 to head Kaiserkorp Group which is principally involved in the manufacture and distribution of bedding products and sleep accessories products.

He has over 48 years of manufacturing, operation and marketing experience in the fibre felt, car seat cushion and mattresses industries. Early in his career, he was involved in the manufacture of rubberised natural fibre felt industry. In 1978, he went on to join a company manufacturing car seat cushions, holding various senior management positions therein until he joined Kaiserkorp Group in 1997.

CHAN WAI TATT

Director of Operations
Building Materials Division

Malaysian, Male
Aged 47

Chan Wai Tatt holds a Master in Business Administration Degree from Nottingham Trent University, UK. He was appointed as Director of Operations of Building Materials Division on 1 February 2021.

He has 22 years experience in sales and marketing; and product and business development in building materials distribution industry. Prior to his above appointment, he was the Head of Sales for both the sanitary and locks segments. He was an Executive Director of Agrow Corporation Sdn. Bhd., a wholly-owned subsidiary of OCB, from 5 April 2016 to 1 February 2021.

PROFILE OF KEY SENIOR MANAGEMENT

LOH SEE YING

Accountant
Building Materials Division

Malaysian, Female
Aged 42

Loh See Ying holds a Bachelor Degree in Accounting, majoring in audit from Universiti Utara Malaysia, Kedah, Malaysia. She is a Chartered Accountant registered with the Malaysian Institute of Accountants.

She has 17 years experience in auditing and accounting. Prior to joining Agrow Corporation Sdn. Bhd., she was working as an auditor with Messrs SJ Grant Thornton, a member firm of Grant Thornton International Ltd for 5 years. She joined Agrow Corporation Sdn. Bhd. as an Accountant on 1 June 2008. She is responsible for the administrative and accounting management of Agrow Corporation Sdn. Bhd.

TAN BEE KENG

Company Secretary

Malaysian, Female
Aged 61

Tan Bee Keng is an associate of The Malaysian Institute of Chartered Secretaries and Administrators. She has been the Company Secretary of OCB since December 2001.

She also acts as Company Secretary for several public companies listed on the Main Market of Bursa Securities, which are principally involved in the manufacture and distribution of tin cans, aluminium cans and cartons boxes, manufacture and trading of aluminium sheets and foil products, construction and property development. She has extensive experience in company secretarial and corporate work. She was previously the Manager-Group Secretarial of a management company serving a public listed group of companies.

Additional Information:

1. *None of the Key Senior Management personnel has any family relationship with any Director and/or major shareholder of OCB.*
2. *None of the Key Senior Management personnel has any conflict of interest with OCB.*
3. *Save for Yeoh Jin Beng, none of the Key Senior Management personnel holds directorship in public companies and listed issuers.*
4. *None of the Key Senior Management personnel has been convicted of any offence within the past 5 years or was publicly sanctioned or imposed with penalty by the relevant regulatory bodies during the FYE 2020.*

SUSTAINABILITY REPORT

The Board of Directors ("Board") of OCB Berhad ("OCB")("Board") is pleased to present the Sustainability Report of OCB and its subsidiaries ("the Group" or "OCB Group") for the financial year ended 31 December ("FYE") 2020.

This Report has been prepared based on the Sustainability Reporting Guide issued by Bursa Malaysia Securities Berhad ("Bursa Securities"). Sustainability in this context is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

The Board recognises the fact that the Group's operations must be conducted in a sustainable manner in the process of achieving its short-term and long-term objectives. In this regard, the Board and the Chief Operating Officer ("COO") cum Executive Director ("ED") are responsible for setting the Group's sustainability strategies. In fact, sustainability is embedded in the Group's operations, and in this report, the Board has set out the Group's practices with respect to economic, environmental and social sustainability matters.

OCB Group's Sustainability Framework has been duly approved by the Board.

A. OCB'S SUSTAINABILITY GOALS

At OCB, we continue to strive for economic success while also playing our part as a responsible corporate citizen. The business strategies and decisions we take are in line with our long-term sustainability goals of reducing our environmental footprint.

SUSTAINABILITY REPORT

B. GOVERNANCE STRUCTURE

The Governance Structure for OCB's sustainability management is set out below. The Group is presently at Phase 2 of the Governance Structure as prescribed by the Sustainability Reporting Guide issued by Bursa Securities. The Board assumes the ultimate responsibility for the Group's sustainability efforts, while the COO cum ED plays the role of Chief Sustainability Officer ("CSO").

Board	The Board is ultimately responsible for the Group's sustainability. It ensures that the Group's business strategies give due considerations to all aspects of sustainability as prescribed by Bursa Securities.
Audit and Risk Management Committee ("ARMC")	The ARMC reviews the strategies, policies, management, initiatives, targets and performance of the Group in the areas of health and safety, environment, community relations, security and governance.
Risk Management Executive Committee ("RMEC")	The RMEC oversees the proper implementation of the sustainability strategy. It evaluates overall sustainability risks and opportunities.
Risk Management & Sustainability Working Group ("RMSWG")	The RMSWG identifies and evaluates sustainability risks and opportunities. It oversees the sustainability management at each subsidiary/business unit. The RMSWG comprises heads of subsidiaries/business units.

C. SCOPE

This Sustainability Report covers the following 3 business divisions of the Group, namely:

(a) Consumer Foods
(b) Bedding Products
(c) Building Materials

The property holding business division has been excluded from the scope of this Sustainability Report as its revenue is insignificant in relation to the revenue of the above divisions, and it has no material sustainability matters which the Directors believe require reporting.

SUSTAINABILITY REPORT

D. STAKEHOLDERS

The Board has identified the stakeholders relating to sustainability management of the Group. They can be grouped into internal and external stakeholders, and their significance to the Group is ranked as follows:

Internal Stakeholders	External Stakeholders
a. Investors	a. Customers and end-consumers
b. Employees	b. Regulators
	c. Government
	d. Suppliers
	e. Local communities

The Group engages with its investors, the key internal stakeholders, through its corporate website www.ocbb.com.my where investors as well as other stakeholders may obtain financial information and news on the latest business developments.

The Group recognises that customers and end-consumers are the key external stakeholders. In line with this, the Group places high priority in product quality and safety. Consumers may communicate with the management of the respective business divisions through their company websites and customer service hotline.

E. MATERIAL SUSTAINABILITY MATTERS

The Board, the ARMC, the RMEC and the RMSWG of the respective business divisions have identified the Material Sustainability Matters relevant to each of the individual business divisions. They are set out as follows:

Business Divisions	Areas	Material Sustainability Matters
Consumer Foods	Social	• Product quality and safety • Labour practices • Workplace safety and health • Workforce diversity
	Economic	• Procurement practices
	Environmental	• Effluent and waste • Energy consumption
Bedding Products	Social	• Product quality and safety • Labour practices • Workplace safety and health • Workforce diversity
	Economic	• Procurement practices
	Environmental	• Energy consumption
Building Materials	Social	• Labour practices • Workforce diversity
	Economic	• Procurement practices
OCB Group	Social	• Contribution to local community

SUSTAINABILITY REPORT

E. MATERIAL SUSTAINABILITY MATTERS (CONT'D)

Materiality Matrix

The Materiality Matrix shows the Material Sustainability Matters with their significance to the Group's economic, environmental and social impact and the influence on the stakeholder's assessments and decision:

Influence on Stakeholders' Assessments and Decision	Low	Medium	High
High			• Product Quality and Safety
Medium		• Procurement Practices	• Workplace Safety and Health • Effluent and Waste
Low	• Contribution to Local Community	• Workforce Diversity	• Labour Practices • Energy Consumption

Significance of the Group's Economic, Environmental and Social impact

F. SUSTAINABILITY EFFORTS

Sustainability management is embedded within the Group's operations. OCB Group's sustainability efforts in relation to the Material Sustainability Matters are set out below:

(a) Product Quality and Safety

Product quality and safety are of the highest priority for the Consumer Foods Division. This Division has obtained certification for Hazard Analysis and Critical Control Point ("HACCP") MS 1480:2007 and Good Manufacturing Practice ("GMP") from Société Générale de Surveillance ("SGS"), as well as Halal certification from Department of Islamic Development Malaysia ("JAKIM"). These certifications set out procedures to ensure that the products are safe for consumption.

For the Bedding Products Division, the Research & Development ("R&D") team has been continuously improving on the bedding designs to ensure that the products provide sleep comfort and proper sleep posture. Employees participate in local and overseas exhibitions to expose themselves to new products and technologies. This Division is endorsed by the International Chiropractors Association of the United States of America and has achieved MS ISO 9001:2000 quality certification.

In 2020, there was no major non-compliance of product quality and safety standards which resulted in significant product return or recall. Neither was there major complaint from consumers.

SUSTAINABILITY REPORT

F. SUSTAINABILITY EFFORTS (CONT'D)

(a) Product Quality and Safety (cont'd)

Workplace Safety and Health

There are Safety and Health Committees ("SHC") formed at the Consumer Foods and Bedding Products Divisions. The SHCs carry out their functions in accordance with the Occupational Safety and Health Act ("OSHA") 1994, and Factories and Machinery Act 1967.

Each factory has its own fire fighting team, and the team members undergo regular trainings to maintain their skills and alertness in handling emergency situations. Fire drills are carried out annually, which serve to familiarise employees with the safety procedures during emergencies.

In FYE 2020, due to the outbreak of Covid-19 pandemic, the Malaysian Government introduced various containment measures, including the requirement for businesses to implement Standard Operating Procedures ("SOPs") with the aim of limiting the risk of transmission. In this respect, the subsidiaries in the Group have accordingly implemented the relevant SOPs in their operations and premises. The implementation of these SOPs has not significantly impacted the operations of the subsidiaries.

In FYE 2020, none of the Group's subsidiaries was subject to penalties due to non-compliance with OSHA.

(b) Effluent and Waste

The effluent discharge from food production is treated through the waste water treatment plant ("WWTP") before being released. There is a qualified person who oversees the operation of the WWTP and reports are submitted to the Department of Environment ("DOE") every month. In FYE 2020, Spices & Seasonings Specialities Sdn. Bhd. ("Spices") was twice visited by the DOE for the inspection of its WWTP. This had occurred following the unforeseen surge in the business volume of the Consumer Foods Division during the Movement Control Order ("MCO") period. In order to ensure that Spices has adequate capacity to cater for sudden demand increase in the future, the Management is in the process of reviewing the capacity of the WWTP, and if necessary, will upgrade the WWTP to meet future capacity.

There was no incident associated with WWTP which had significant impact on the food production operation.

(c) Procurement Practices

Majority of purchases of the Consumer Foods Division, Bedding Products Division and Building Materials Division are made from local vendors. The Management gives preference to local suppliers to support the local economy.

The purchases sourced from local suppliers were as follows:

Divisions	Targets	FYE 2018	FYE 2019	FYE 2020
Consumer Foods	95% or more	99%	96%	97%
Bedding Products	55% or more	58%	58%	72%
Building Materials	75% or more	85%	76%	83%

SUSTAINABILITY REPORT

F. SUSTAINABILITY EFFORTS (CONT'D)

(d) Energy Consumption

The Management has developed an energy consumption policy and system. Trainings are provided to employees to monitor and implement this policy and system.

The Consumer Foods Division uses more electricity energy as compared to the other Divisions. The electricity consumption for this Division was as follows:

	KW/MT			
Division	Target	FYE 2018	FYE 2019	FYE 2020
Consumer Foods	Not more than 200	170	180	170

The Management will continue to monitor the electricity usage with the aim of progressively reducing energy consumption while maintaining the product safety and quality.

(e) Labour Practices and Workforce Diversity

There are equal opportunities for all employees within the Group. Employees are rewarded based on their respective performance. The Management monitors to ensure that employee affairs are conducted in accordance with the Employment Act, 1965.

The Management practices gender neutrality in the Group's hiring policies. Gender representation in OCB Group was as follows:

	Female			Male		
	FYE 2018	FYE 2019	FYE 2020	FYE 2018	FYE 2019	FYE 2020
Management and executive positions	50%	51%	53%	50%	49%	47%
Other positions	30%	29%	24%	70%	71%	76%

While there is almost equal number of employees of each gender in the management and executive positions, male employees made up a higher number in other positions. This is due to the job requirements in certain production areas which are physically more demanding.

(f) Training and Learning

In support of lifelong learning, we provide training programs to employees in various areas. During FYE 2020, our employees participated in trainings relating to:

- Sirim and Halal compliance
- Chemical & scheduled waste management
- Fire safety
- Food safety standards and HACCP
- Human resource and payroll
- Product awareness
- Sales and Service Tax

(g) Contribution to Local Communities

The Board and the Management of each Division are particularly conscious about OCB Group's responsibility towards the local communities. Thus, they have been donating in the form of cash and kind to various non-profit organisations, and hosting education visits for students, undergraduates and Governmental organisations.

This Report is made in accordance with a resolution of the Directors dated 5 April 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of OCB Berhad ("OCB" or "the Company") is fully committed to the principles and recommendations made in the Malaysian Code on Corporate Governance ("MCCG"). This ensures that the best practices of corporate governance including accountability and transparency are adhered to by the Company to achieve long-term financial performance and growth as the Board is mindful of its accountability to the shareholders and various stakeholders of the Company.

The Board is pleased to report to the shareholders, the Company's application of the 3 key principles of the MCCG during the financial year ended 31 December ("FYE") 2020:

(a) Board leadership and effectiveness;
(b) Effective audit and risk management; and
(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

The Board's main roles are to create value for shareholders and provide leadership to OCB and its subsidiary companies ("the Group"). It is primarily responsible for the Group's overall strategic plans and directions, overseeing the conduct of the businesses, risk management, succession planning of Senior Management, implementing investor relations programmes and ensuring the system of internal controls and management information system are adequate and effective.

The Board provides overall strategic guidance, effective oversight on the governance and management of the business affairs of the Group. Responsibilities of the Board include:

(i) Ensuring that the Group's goals are clearly established, the necessary resources are in place for the Group to meet its objectives and that a strategic plan, which promotes long-term value creation and includes strategies on economic, environmental, safety and health, social and governance consideration underpinning sustainability, are in place to achieve them;

(ii) Establishing policies for strengthening the performance of the Group including ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products and the development of its business capital;

(iii) Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed. This includes ensuring the solvency of the Group and the ability of the Group to meet its contractual obligations and to safeguard its assets;

(iv) Appointing the Chief Operating Officer/Executive Director including setting the relevant terms and objectives and where necessary, terminating his employment with the Group;

(v) Ensuring that the Group has appropriate business risk management framework and corporate governance framework, including adequate control environment be it the internal control systems and management information systems, systems for compliance with applicable laws, regulations, rules, directives and guidelines and controls in areas of significant financial and business risks;

(vi) Appointing Board committees to address specific issues, considering recommendations of the various Board committees and discussing problems and reservations arising from these committees' deliberations and reports;

(vii) Ensuring that the statutory financial statements of the Company and of the Group are fairly stated and otherwise conform with the relevant regulations including acceptable accounting policies that result in balanced and understandable financial statements;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Roles and Responsibilities of the Board (Cont'd)

(viii) Ensuring that there is in place and appropriate succession plan for members of the Board and Senior Management;

(ix) Ensuring that the Group adheres to high standards of ethics and corporate behaviour in accordance with the Group's code of corporate conduct including transparency in the conduct of business. Directors are required to comply with the Directors' Code of Best Practice;

(x) Reviewing the Board Charter periodically and making it available publicly on the Company's website including the Terms of Reference ("TOR") of the respective Board Committees;

(xi) Ensuring that there is in place, an appropriate corporate disclosure policy and procedure which leverage on information technology for effective and timely dissemination of information which are comprehensive and accurate; and

(xii) Ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

Roles of the Chairman and Chief Operating Officer

There is a clear and distinct division of responsibilities between the Chairman and the Chief Operating Officer ("COO") cum Executive Director ("ED") to ensure that there is an appropriate balance of power and role, responsibility and accountability at Board level.

The Chairman holds a Non-Executive position and is primarily responsible for the smooth running of the Board and encourages active participation by Board members and provides reasonable time for discussion of issues raised at meetings. Decisions reached at Board meetings reflect the consensus of the whole Board and not the views of any individual or group. The Chairman's other responsibilities include, among others, instilling good corporate governance practices.

The COO cum ED is responsible for the development of the corporate goals and objectives of the Group, and the setting of strategies for the businesses. The COO cum ED is primarily responsible for the day-to-day operations of the businesses of the Group, which includes implementation of policies and strategies adopted by the Board. He is responsible for communicating matters relating to the Group's businesses to the Board. His knowledge of the Group's businesses and affairs contributes significantly towards the attainment of the Group's goals and objectives.

Board Charter

The Board had in 2013 adopted a Board Charter which clearly sets out the Board's strategic intent and outline the Board's roles, powers, duties, and functions as well as a Schedule of Matters Reserved for collective decision of the Board. The Board Charter serves as a source of reference and primary induction literature, providing insight to prospective Board members and the Senior Management.

The Board Charter is subject to periodic review and updates by the Board whenever deemed necessary. The Board Charter was reviewed and updated on 30 November 2020 in line with the needs of the Group and the new regulations that impacted the discharge of the Board's responsibilities. This is to ensure its relevance for good corporate governance practices within the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Code of Best Practice

The Board continues to adhere to the Code of Best Practice for Directors which sets out the standard of conduct expected of Directors with the aim to cultivate a good ethical conduct that in turn promotes the values of transparency, integrity, accountability and social responsibility.

Access to Information and Advice

Prior to the Board meetings, every Director is given an agenda and a comprehensive set of Board papers consisting of reports on the Group's financial performance, status of major projects, future development, the quarterly or annual financial results, the minutes of preceding meetings of the Board and the Board Committees, and relevant proposal papers (if any) to allow them sufficient time to review, consider and deliberate knowledgeably on the matters to be tabled.

Senior Management staff as well as advisers and professionals appointed to act for the Company on corporate proposals to be undertaken by the Company are invited to attend the meetings to furnish the Board with their views and explanations on relevant agenda items tabled to the Board and to provide clarification on issues that may be raised by any Director.

In between Board meetings, approvals on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all the relevant information to enable the Board to make informed decisions. All circular resolutions approved by the Board are tabled for notation at the subsequent Board meeting.

The Board also perused the decisions deliberated by the Board Committees through minutes of these Committees. The Chairman of the respective Board Committees is responsible for informing the Board at the Directors' Meetings of any salient matters noted by the Committees and which may require the Board's direction.

All Board members have direct access to the advice and services of the Company Secretary for the purpose of the Board's affairs and the business. The Company Secretary is responsible for ensuring that the Board procedures are followed, applicable rules and regulations for the conduct of the affairs of the Board are complied with, and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation. The Company Secretary also keeps the Board members updated on new requirements, guidelines and rulings issued by the relevant regulatory authorities. The Board may undertake independent professional advice, where necessary and in appropriate circumstances, in furtherance of its duties.

Board Composition and Independence

The Board currently has 6 members, comprising 3 Independent Non-Executive Directors, 2 Non-Executive Directors and a COO cum ED. The number of Independent Directors on the Board of the Company is more than the required one-third stipulated in Paragraph 15.02 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and is in compliance with Practice 4.1 promulgated in the MCCG.

The Independent Non-Executive Directors do not participate in the day-to-day management as well as the daily business of the Company. In staying clear of any potential conflict of interest situation, the Independent Non-Executive Directors remain in a position to fulfill their responsibility to provide a check and balance to the Board. They provide independent and objective views, advice and judgment which take into account the interests of the Group as well as shareholders and investors.

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil ("Tan Sri Dato' Nik Ibrahim Kamil"), the Chairman of the Board, is the Senior Independent Director to whom concerns of shareholders, management, employees, and others may be conveyed. The Independent Directors led by Tan Sri Dato' Nik Ibrahim Kamil provide a broader view, independent and balanced assessment of proposals from the Senior Management of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees

In discharging its duties, the Board is assisted by the Board Committees namely, the Audit and Risk Management Committee, Remuneration Committee and Nomination Committee. Each Committee operates within its respective defined TOR which have been approved by the Board. The TOR of the respective Board Committees are periodically reviewed and assessed to ensure that the TOR remain relevant and adequate in governing the functions and responsibilities of the Committee concerned and reflect the latest developments in the MMLR of Bursa Securities and the MCCG.

A. Audit and Risk Management Committee ("ARMC")

For details of the ARMC's composition and activities during the FYE 2020, please refer to the ARMC Report on pages 38 to 40 of this Annual Report.

B. Remuneration Committee ("RC")

The RC comprises the following members, all of whom are Independent Non-Executive Directors:

Tan Sri Dato' Nik Ibrahim Kamil *(Chairman)*
Abd Aziz Bin Attan
Agnes Maria Sam A/P John Sam

The RC's primary responsibility is to structure and review the remuneration policies for key executives of the Group, with a view to ensure that compensation and other benefits encourage performance that enhances the Group's long-term profitability and value. The remuneration packages for Key Senior Management personnel are subject to the approval of the Board, and in the case of Directors' fees and benefits, the approval of the shareholders at the Annual General Meeting ("AGM") of the Company. In carrying out its duties and responsibilities, the RC has full, free and unrestricted access to the Company's records, properties and personnel.

During the FYE 2020, the RC convened 1 meeting and full attendance of the members was recorded at the said meeting.

The Company pays its Directors fees which are approved annually by the shareholders. The Directors are paid meeting allowance for the meetings they attended and are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company. Where applicable, the Board also takes into consideration any relevant information on Directors' fees provided by the independent consultants or from survey data.

The Company has in place a Directors' Remuneration Policy which is available for reference at *www.ocbb.com.my*.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees (Cont'd)

B. Remuneration Committee ("RC") (cont'd)

The details of the aggregate remuneration of the Directors of the Company (comprising remuneration received and/or receivable from the Company and its subsidiaries) during the FYE 2020 were as follows:

Category	Executive Director	Non-Executive Directors						Total
	Mohd Harris Bin Pardi (RM'000)	Tan Sri Dato' Nik Ibrahim Kamil (RM'000)	Zakaria Merican Bin Osman Merican # (RM'000)	Abd Aziz Bin Attan (RM'000)	Agnes Maria Sam A/P John Sam * (RM'000)	Wong Choon Shein (RM'000)	Fong Heng Leong (RM'000)	(RM'000)
Group								
Salaries and Bonuses (1)	180	–	–	–	–	379	180	739
Fees	–	96	48	96	32	60	60	392
Statutory contributions (2)	22	–	–	–	–	–	22	44
Emoluments (3)	5	5	2	5	1	5	5	28
Benefits-in-kind (4)	6	6	–	10	–	–	6	28
Total	**213**	**107**	**50**	**111**	**33**	**444**	**273**	**1,231**
Company								
Salaries and Bonuses (1)	180	–	–	–	–	–	180	360
Fees	–	96	48	96	32	60	60	392
Statutory contributions (2)	22	–	–	–	–	–	22	44
Emoluments (3)	5	5	2	5	1	5	5	28
Benefits-in-kind (4)	6	6	–	10	–	–	6	28
Total	**213**	**107**	**50**	**111**	**33**	**65**	**273**	**852**

Notes:
(1) Salaries and bonuses comprised basic salary and bonus.
(2) Statutory contributions comprised EIS, EPF and SOCSO.
(3) Emoluments comprised meeting allowances and other allowances.
(4) Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, driver, medical reimbursement, insurance and phone bill.
 # Retired at the Sixty-First AGM of the Company held on 25 June 2020.
** Appointed as Director on 1 September 2020.*

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees (Cont'd)

B. Remuneration Committee ("RC") (cont'd)

The number of Directors whose total remuneration falls within the following bands were:

Remuneration Range	Number of Directors	
	Executive Director	Non-Executive Director
Below RM50,000	–	1
RM50,000 to RM100,000	–	1
RM100,001 to RM150,000	–	2
RM200,001 to RM250,000	1	–
RM250,001 to RM300,000	–	1
RM400,001 to RM450,000	–	1

In determining the remuneration packages of the Group's Key Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents. On the disclosure of the remuneration of the top 5 Senior Management personnel, the Board is of the view that disclosure on a named basis would not be in the interest of the Company because such information is sensitive and proprietary in view of the competitive nature of the human resource market and such confidentiality supports the Group's efforts to attract and retain executive talent.

The remunerations of the top 5 Senior Management personnel of the Group during the FYE 2020 were categorised as follows:

Category	Group RM'000	Company RM'000
Salaries and bonuses (1)	3,223	3,223
Statutory contributions (2)	228	228
Benefits-in-kind (3)	293	293
Total	**3,744**	**3,744**

Notes:
(1) Salaries and bonuses comprised basic salary and bonus.
(2) Statutory contributions comprised EIS, EPF and SOCSO.
(3) Benefits-in-kind comprised provision of company motor vehicle, petrol allowance, driver, medical reimbursement, insurance and phone bill.

The number of Senior Management personnel whose total remuneration falls within the following bands were as follows:

Remuneration Range	Number of Senior Management Personnel
Between RM450,001 – RM500,000	1
Between RM500,001 – RM550,000	1
Between RM650,001 – RM700,000	1
Between RM850,001 – RM900,000	1
Between RM1,150,001 – RM1,200,000	1

The TOR of the RC are available for reference at www.ocbb.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Board Committees (Cont'd)

C. Nomination Committee ("NC")

The NC comprises the following members, all of whom are Independent Non-Executive Directors:

Tan Sri Dato' Nik Ibrahim Kamil *(Chairman)*
Abd Aziz Bin Attan
Agnes Maria Sam A/P John Sam

The NC's roles are primarily to:

- identify, select and recommend to the Board, candidates for directorships of the Company;
- recommend to the Board, Directors to fill the seats on Board Committees;
- evaluate the effectiveness of the Board and the Board Committees (including its size and composition), contributions and performance of each individual Director and the independence of the Independent Directors; and
- ensure an appropriate framework and plan for the Board and Management succession for the Group.

The NC convened 3 meetings for the FYE 2020 and the attendance of the NC members was as follows:

Member	Number of meetings attended in FYE 2020	% of Attendance
Tan Sri Dato' Nik Ibrahim Kamil	3 out of 3 meetings	100
Abd Aziz Bin Attan	3 out of 3 meetings	100
Zakaria Merican Bin Osman Merican #	0 out of 1 meeting	0
Agnes Maria Sam A/P John Sam *	1 out of 1 meeting	100

Notes:
\# *Retired at the Sixty-First AGM of the Company held on 25 June 2020.*
* *Appointed as Director on 1 September 2020.*

Summary of the key activities undertaken by the NC in the discharge of its duties during the FYE 2020 were as follows:

(i) Recommended the Board Diversity Policy and A Policy on Nomination and Assessment Process of Board Members for approval and adoption by the Board;

(ii) Recommended to the Board, the appointment of Agnes Maria Sam A/P John Sam as Independent Non-Executive Director and as a member of the ARMC, RC and NC;

(iii) Assessed and reviewed the independence of the Independent Directors and their tenure of service as Independent Directors on the Company;

(iv) Evaluated each Individual Director to assess the Director's calibre and ability to understand the requirements, risk and management of the Group's business; his/her contribution and performance; his/her character, integrity and professional conduct in dealing with conflict of interest situations; his/her ability to critically challenge and ask the right questions; his/her commitment and due diligence, his/her confidence to stand up for a point of view; his/her interaction at meetings and his/her training records for the current year under review;

(v) Evaluated the Board and the Board Committees to assess their mix, composition, size, roles, responsibilities as well their activities, communications and effectiveness for the current year under review;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

C. Nomination Committee ("NC") (cont'd)

(vi) Endorsed Tan Sri Dato' Nik Ibrahim Kamil to continue to serve as an Independent Director of the Company as well as the re-election of Fong Heng Leong, Wong Choon Shein and Agnes Maria Sam A/P John Sam as Directors subject to shareholders' approval at the Sixty-Second AGM of the Company to be held on 24 June 2021; and

(vii) Reviewed and recommended the revised Board Charter of the Company to the Board for approval.

The NC, after having conducted the abovementioned evaluation and assessment, concluded that:

(i) all the Independent Directors of the Company continued to demonstrate conduct and behaviour that were essential indicators of their independence, and that each of them continued to fulfill the definition and criteria of independence as set out in the MMLR of Bursa Securities.

(ii) each Director has the requisite competence, calibre to serve on the Board and Board Committee(s) and had demonstrated his/her commitment to the Group in terms of time, participation and dialogue during the current year under review.

(iii) the Board and the Board Committees' composition were adequate in number and there is a right mix of skills and knowledge on the Board as well as the Board Committees. Their respective responsibilities were well-defined and set out in the Board Charter. The criteria in the MMLR of Bursa Securities that at least 1 of the members of the ARMC must be a member of the Malaysian Institute of Accountants or a person approved under the MMLR of Bursa Securities is met. The practices set out in the MCCG pertaining to the composition of the audit committee and risk management committee have also been adopted.

The TOR of the NC are available for reference at *www.ocbb.com.my*.

Gender Diversity Policy

The Board had, on the recommendation of the NC, approved the Board Diversity Policy for adoption on 24 February 2020. The said Policy stipulates, among other things, that the NC will consider the benefit of all aspects of diversity in order to maintain an appropriate range and balance of skills, experience and background on the Board. In identifying suitable candidates for appointment to the Board, the NC will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.

As stated in the Annual Report 2019, the Company aims to appoint and/or maintain at least 1 women participation on the Board and will work towards having appropriate age and ethnic diversity on the Board.

Appointments to the Board

A Policy on Nomination and Assessment Process of Board Members which was recommended by the NC, was approved by the Board for adoption on 24 February 2020.

Candidates for appointment to the Board as Directors shall be selected after taking into consideration, the mix of skills, experience and strength that would be relevant for the effective discharge of the Board's responsibilities. Potential candidates shall first be evaluated by the NC and, if recommended by the NC, subsequently by the Board based on their respective profiles as well as their character, integrity, professionalism, independence (if applicable) and their ability to commit sufficient time and energy to the Company's matters.

There was a vacancy in the Board when Zakaria Merican Bin Osman Merican retired as Director of the Company at the conclusion of the Sixty-First AGM held on 25 June 2020. Simultaneously, he ceased to be a member of the 3 Board Committees.

On 1 September 2020, Agnes Maria Sam A/P John Sam was appointed as Independent Non-Executive Director of the Company to fill the aforesaid vacancy in the Board, and also as member of all the 3 Board Committees, viz., ARMC, RC and NC. Her appointment was in line with the Company's aim to have at least 1 woman on the Board and to also fulfill ethnic diversity on the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Annual Assessment

The NC annually reviews the size and composition of the Board and the Board Committees in order to ensure the Board has the requisite competencies and capacity to effectively oversee the overall business and carry out its responsibilities. The NC uses the Board and Board Committee Evaluation Form comprising questionnaires for the assessment. The effectiveness of the Board is assessed in the areas of the Board's responsibilities and composition, administration and conduct of meetings, communication and interaction with Management and stakeholders, and Board engagement.

The Board members had at its meeting on 30 November 2020, concurred with the NC, that the Board comprised a good mix of individuals of different race and gender from diverse industries contributing considerable knowledge, skills and expertise. All the Board Committees were also adequate in terms of number.

The annual evaluations of the individual Directors/Board Committee members are performed by the NC via the Directors' Evaluation Form comprising questionnaires pertaining to the Director's knowledge and skills, participation, contribution and performance, calibre and personality.

To assess the independence of the Independent Directors, each of the Independent Directors annually provides the NC with their Self-Assessment Independence Checklist.

Tenure of Independent Directors

The Company has implemented a cumulative 9-year term limit for Independent Directors where upon completion of a cumulative 9-year term, an Independent Director may continue to serve on the Board subject to his/her re-designation as a Non-Independent Director.

Alternatively, the Board may justify and seek shareholders' approval annually in the event the Board desires to retain as an Independent Director, a person who has served in that capacity for more than 9 years.

At the forthcoming Sixty-Second AGM of the Company, Tan Sri Dato' Nik Ibrahim Kamil would have served as Independent Director of the Company for 14 ½ years.

The NC had reviewed and recommended to the Board for Tan Sri Dato' Nik Ibrahim Kamil to continue to act as Independent Non-Executive Director of the Company subject to shareholders' approval at the forthcoming Sixty-Second AGM of the Company as the NC was of the view that a Director's independence cannot be determined solely with reference to his tenure of service. Instead, a Director's integrity, business knowledge or judgment, ability for dispassionate discourse, and the discharge of his duties and responsibilities in the best interest of the Group, are also valid criteria to determine his independence and effectiveness.

The Board has determined that Tan Sri Dato' Nik Ibrahim Kamil is able to bring independent and objective judgments to the Board as a whole and strongly recommended for him to continue to act as an Independent Non-Executive Director of the Company.

Re-elections to the Board

Clause 82 of the Company's Constitution provides that an election of Directors shall take place each year and at the AGM, one-third of the Directors for the time being, or if their number is not 3 or a multiple of 3, then the number nearest to one-third shall retire from office and be eligible for re-election PROVIDED ALWAYS that all Directors shall retire from office at least once in every 3 years but shall be eligible for re-election.

Clause 86 of the Company's Constitution provides that any Director so appointed during a year, shall hold office only until the next following AGM and shall be eligible for re-election but shall not be taken into account in determining the retirement of Directors by rotation at such meeting.

Non-Independent Non-Executive Directors, Fong Heng Leong and Wong Choon Shein are due to retire by rotation at the conclusion of the forthcoming Sixty-Second AGM of the Company pursuant to Clause 82 of the Company's Constitution while Independent Non-Executive Director, Agnes Maria Sam A/P John Sam is due to retire at the said AGM pursuant to Clause 86 of the Company's Constitution. All 3 Directors are seeking re-election. The Board, with Fong Heng Leong, Wong Choon Shein and Agnes Maria Sam A/P John Sam abstaining from voting, had endorsed their re-election as Directors at the forthcoming Sixty-Second AGM of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Meetings and Time Commitment

4 Board meetings were held during the FYE 2020 and the attendance of the Directors was as follows:

Director	Number of meetings attended in FYE 2020	% of Attendance
Tan Sri Dato' Nik Ibrahim Kamil	4 out of 4 meetings	100
Abd Aziz Bin Attan	4 out of 4 meetings	100
Zakaria Merican Bin Osman Merican #	1 out of 2 meetings	50
Agnes Maria Sam A/P John Sam *	1 out of 1 meeting	100
Wong Choon Shein	4 out of 4 meetings	100
Fong Heng Leong	4 out of 4 meetings	100
Mohd Harris Bin Pardi	4 out of 4 meetings	100

Notes:
\# *Retired at the Sixty-First AGM of the Company held on 25 June 2020.*
* *Appointed as Director on 1 September 2020.*

The Board was satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company during the FYE 2020. All the Directors do not hold directorships more than that prescribed under the MMLR of Bursa Securities.

The Directors also made time to attend/participate in appropriate external webinars/trainings/forums in FYE 2020 as shown below to equip themselves further with the knowledge to discharge their duties more effectively and to keep abreast of developments on a continuous basis in compliance with Paragraph 15.08 of the MMLR of Bursa Securities:

Director	Webinar/Training/Forum	Date
Tan Sri Dato' Nik Ibrahim Kamil	TÜV Rheinland & Tricor's Webinar: Transforming Business Performance through Digitalization	21 October 2020
	Container Shipping and Trade Trends Sustainability in Container Terminals	25 November 2020
Abd Aziz Bin Attan	Captains' Forum: Transformation Towards Recovery Session 2: Operational Resilience	9 October 2020
	Webinar on Budget 2021	18 November 2020
Agnes Maria Sam A/P John Sam	Mandatory Accreditation Programme	19 October 2020 and 21 October 2020
Fong Heng Leong	Captains' Forum: Transformation Towards Recovery Session 2: Operational Resilience	9 October 2020
	Webinar on Budget 2021	18 November 2020
Wong Choon Shein	Captains' Forum: Transformation Towards Recovery Session 2: Operational Resilience	9 October 2020
Mohd Harris Bin Pardi	Captains' Forum: Transformation Towards Recovery Session 2: Operational Resilience	9 October 2020
	Webinar on Budget 2021	18 November 2020
	Fraud Risk Management Workshop	25 November 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Suitability and Independence of External Auditors

Grant Thornton Malaysia PLT, the External Auditors report to the ARMC in respect of their audit on each year's statutory financial statements and on matters that require the attention of the ARMC.

At least twice a year, the ARMC will have a separate session with the External Auditors without the presence of the COO cum ED and the Management.

The External Auditors are required to declare their independence annually to the ARMC as specified by the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors had provided the declaration in their annual audit plan presented to the ARMC of the Company.

Sound Risk Management Framework

The Board recognises the importance of a sound risk management framework and internal control system in order to safeguard the Group's assets and therefore, shareholders' investments in the Group.

The Board affirms its overall responsibility for the Group's system of internal controls. This includes reviewing the adequacy and integrity of financial, operational and compliance controls and risk management procedures within an acceptable risk profile. Since certain risks and threats are externally driven, unforeseen and beyond the Group's control, the system can only provide reasonable assurance against misstatement or loss.

The Board had put in place an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

A Statement on Risk Management and Internal Control which provides an overview of the state of internal controls within the Group is set out in pages 41 to 44 of this Annual Report.

Internal Audit Function

The internal audit function are set out in the ARMC Report on page 40 of this Annual Report.

The key features of the Risk Management Framework are set out in the Directors' Statement on Risk Management and Internal Controls as presented on pages 41 to 43 of this Annual Report.

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

Compliance with Applicable Financial Reporting Standards

The Board takes responsibility for presenting a balanced and understandable assessment of the Group's operations and prospects each time it releases its quarterly and annual financial statements to shareholders. The ARMC reviews the information to be disclosed to ensure its accuracy and adequacy.

A statement by Directors of their responsibilities in preparing the financial statements is set out on page 46 of this Annual Report.

Investors Relations and Shareholders' Communication

The Company recognises the importance of effective and timely communication with shareholders and investors to keep them informed of the Group's latest financial performance and material business/corporate matters affecting the Company. Such information is available to shareholders and investors through the Annual Reports, the various disclosures and announcements made to Bursa Securities and the Company's website at www.ocbb.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

Investors Relations and Shareholders' Communication (Cont'd)

The AGM provides the principal platform for dialogue and interactions with shareholders. Notice of the AGM and related papers thereto are sent to shareholders at least 28 days before the AGM to facilitate easy review by the shareholders. In respect of items on Special Business, the notice of meeting will be accompanied by a full explanation of the effects of the proposed resolution.

Question and Answer session will be allowed during the proceedings of the AGM wherein the Directors, Company Secretary and the External Auditors will be available to answer to the queries raised by shareholders. A full explanation for each resolution proposed at the AGM will usually be provided by the Chairman before the resolution is put to the vote.

Separate issues are tabled in separate resolutions at the AGM. Voting is carried systematically and motions carried through are properly recorded. In accordance with Paragraph 8.29A(1) of the MMLR of Bursa Securities, poll voting will be carried out at the forthcoming Sixty-Second AGM of the Company to be held on 24 June 2021.

Leverage on Information Technology for Effective dissemination of Information

The Company's website at *www.ocbb.com.my* facilitates effective dissemination of latest and up-to-date information pertaining to the Company to the investors and general public.

This Annual Report, Share Buy-Back Statement, Notice of AGM and other AGM related documents will be made available on the Company's website at *www.ocbb.com.my* or shareholders may request for the printed copy of the same from the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. ("TIIH"). A notification in respect of the availability of the aforesaid documents will be sent via email to shareholders with email address and via ordinary mail to the other shareholders.

Shareholders also have the option to submit to the Company's Share Registrar, TIIH, their Proxy Form either in hard copy or by electronic form via TIIH Online.

COMPLIANCE WITH MCCG

The Board considers that the Company has complied with the provisions and applied the key principles of the MCCG throughout the FYE 2020 except for the Practices below where the explanations for departure are disclosed in the Corporate Governance Report:

Practice 4.2 : If the Board continues to retain the Independent Director after the twelfth year, the Board should seek annual shareholders' approval through a 2-tier voting process.

Practice 7.2 : The Board discloses on a named basis the top 5 Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

The Board has reviewed and approved this Corporate Governance Overview Statement by way of a resolution of the Board dated 5 April 2021. The Board is satisfied that this Corporate Governance Overview Statement provides the information necessary to enable shareholders to evaluate how the MCCG has been applied and obligations are fulfilled under the MCCG and the MMLR of Bursa Securities throughout FYE 2020, save for the exceptions as disclosed above.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report, which is made available online on the Company's website *www.ocbb.com.my*.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMPOSITION

The composition of the Audit and Risk Management Committee ("ARMC" or "Committee") of OCB Berhad ("OCB" or "the Company") is as follows:

Members

Abd Aziz Bin Attan *(Chairman/Independent Non-Executive Director)*
Tan Sri Dato' Nik Ibrahim Kamil *(Member/Senior Independent Non-Executive Director)*
Agnes Maria Sam A/P John Sam *(Member/Independent Non-Executive Director)*

The profile of the current ARMC members can be found on page 15 of this Annual Report.

Secretary

Tan Bee Keng

The details of the terms of reference of the ARMC are available for reference at www.ocbb.com.my.

NUMBER OF MEETINGS AND ATTENDANCE

During the financial year ended 31 December 2020 ("FYE 2020"), the ARMC held 4 meetings and the attendance of the members was as follows:

Member	Number of meetings attended in FYE 2020	% of Attendance
Abd Aziz Bin Attan	4 out of 4 meetings	100
Tan Sri Dato' Nik Ibrahim Kamil	4 out of 4 meetings	100
Zakaria Merican Bin Osman Merican #	1 out of 2 meetings	50
Agnes Maria Sam A/P John Sam *	1 out of 1 meeting	100

Notes:
\# *Retired at the Sixty-First Annual General Meeting of the Company held on 25 June 2020.*
* *Appointed as Director on 1 September 2020.*

The other members of the Board of Directors of the Company ("Board") and the Head of Finance also attended all the above meetings upon invitation by the ARMC. The Group's External Auditors also attended 2 of the ARMC meetings which were held on 24 February 2020 and 30 November 2020. As in the past years, the ARMC members also had private sessions in the said meetings with the External Auditors without the presence of the Chief Operating Officer cum Executive Director and the key members of the Management to discuss audit findings and any other observations that they may have noted during the audit process.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

SUMMARY OF ACTIVITIES

The main activities undertaken by the ARMC in discharging their responsibility during the FYE 2020 were as follows:

(i) Reviewed the announcements on the quarterly unaudited financial results of OCB and its subsidiary companies ("OCB Group" or "the Group") before recommendation to the Board for its consideration and approval;

(ii) Reviewed the quarterly internal audit reports regarding significant risk areas and internal control matters coming to the attention of the Committee and discussion on the findings with Senior Management to ensure that appropriate and timely measures have been taken to improve on the internal control system;

(iii) Reviewed conflict of interest situations and related parties transactions, if any, entered into by the Group and the disclosure of such transactions in the quarterly financial reporting and Annual Report to ensure compliance with Bursa Malaysia Securities Berhad's Main Market Listing Requirements;

(iv) Reviewed the quarterly risk management reports on significant key risks identified, discussion with the Management and action to be taken to address or mitigate these risks, and also the Sustainability Report on material sustainability matters;

(v) Reviewed with the External Auditors, the audit report and their findings arising from the final audit of the financial statements of the Group and of the Company for the financial year ended 31 December 2019 ("FYE 2019");

(vi) Reviewed the audited financial statements of the Group and of the Company for the FYE 2019 with the External Auditors prior to submission to the Board for approval;

(vii) Discussed with the Senior Management and the External Auditors on developments in respect of the Malaysian Financial Reporting Standards ("MFRSs") applicable to the financial statements of the Group and of the Company for the beginning of 1 January 2020 and their judgment of the items that may affect the financial statements;

(viii) Reviewed the assistance given by the Company's employees to the Internal Auditors and External Auditors;

(ix) Reviewed the ARMC Report, Statement on Risk Management and Internal Control and Sustainability Report for inclusion in the Annual Report 2019;

(x) Evaluated the performance of the External Auditors and made recommendation to the Board for their re-appointment;

(xi) Reviewed and approved the External Audit Plan in respect of the financial statements of the Group and of the Company for the FYE 2020 and the scope for the annual audit for the Group presented by the External Auditors;

(xii) Discussed the findings and key takeaways of the thematic review of the Internal Audit function of the Company by Bursa Malaysia Securities Berhad vide its letter dated 21 October 2020 addressed to the Chairman of the ARMC; and

(xiii) Reviewed and approved the Internal Audit Plan for the Group for year 2021 presented by the Internal Auditors.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The Company engaged an independent external consulting firm ("Internal Auditors") to perform the internal audit function of the Group. Internal audit performs the role of promoting an efficient and effective control environment through independent and objective internal control reviews, education and business process consultation. The areas to be covered by the audit are selected on a rotational basis, with core risk areas being subject to more regular audit than those outside the defined core risk areas.

A risk-based approach is adopted in the planning and conduct of audits which is consistent with the Group's established risk-based framework in identifying, designing, implementing and monitoring of risks process and control systems.

The ARMC reviews the scope of the intended audit and approves the Internal Audit Plan before the actual audit takes place. The findings of the internal audit work done are reported directly to the ARMC. The scope of the Internal Auditors covers the audits of all units and operations of the Group including the various computer application systems of the Group. Besides the scheduled audits, the Internal Auditors also conduct ad hoc fact based investigation audit, as and when a need arises. The final reports from the Internal Auditors were directly forwarded to the ARMC.

Key observations and opportunities for improvements identified were also presented to the ARMC for the Management to revert with responses to mitigate gaps, if any, are identified.

The Internal Auditors also assist the Risk Management Executive Committee in collecting data, monitor and report on material sustainability matters.

A summary of activities of the internal audit function during the FYE 2020 is presented in the Statement on Risk Management and Internal Control. The Group paid a total fee of RM79,051 for services rendered in respect of internal audit for the FYE 2020.

This Report is made in accordance with a resolution of the Directors dated 5 April 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors of OCB Berhad ("OCB" or "the Company") ("Board") recognises the importance of a consistently sound risk management and internal control system to meet the Group's business objectives, safeguard shareholders' interest and the Group's assets. It affirms its responsibilities for the Group's risk management and internal control system which include the establishment of an appropriate control environment and framework as well as review of the adequacy, integrity and effectiveness of the internal control system. The internal control system covers the areas of governance, risk management, finance, operations, sustainability, anti-corruption, management information systems, compliance with the relevant laws and regulations, including related party transactions.

However, in view of the limitations inherent in any system of internal control, the system is designed to identify and manage, rather than eliminate, the risk of failure to achieve corporate objectives. Accordingly, it can only provide reasonable but not absolute assurance against material misstatement or loss.

INTERNAL CONTROL SYSTEM

The Board maintains an organisational structure with clearly defined levels of responsibility and authority and appropriate reporting procedures which are clearly set out in the Board Charter. The Board meets regularly and has a Schedule of Matters specifically reserved for its collective decision in order that effective control over strategic, financial, operational, sustainability and compliance issues can be maintained. This structure includes the Risk Management Executive Committee ("RMEC") and the Audit and Risk Management Committee ("ARMC").

The Chief Operating Officer ("COO") cum Executive Director ("ED") and Senior Management team are assigned with the responsibility of managing the Group. Key functions such as finance, tax, treasury, sustainability, corporate, legal matters and contract awarding are controlled centrally by them. They are also accountable for the conduct and performance of the various business divisions. The COO cum ED and Senior Management team monitor the affairs of the business divisions through review of performance and operation reports and having regular management meetings with the Heads of the business divisions to identify, discuss and resolve business, financial, operational, sustainability and management issues. The meetings also serve as an excellent platform whereby the Group's goals and objectives are communicated.

RISK MANAGEMENT

The Board confirms that there is an on-going process for identifying, assessing and responding to risks to achieve the objectives of the Group for the financial year under review. The process is in place for the financial year under review and up to the date of issuance of the Statement on Risk Management and Internal Control.

The Group has formalised the risk management process in place to identify, evaluate and manage the significant risks faced by the Group in meeting its business objectives. The risk management process is conducted in accordance with the Group's Risk Management Framework. The Framework sets out the Risk Management Policy and Risk Management Methodologies.

In accordance with the Risk Management Framework, the Group had in 2013 formed a RMEC at corporate level to oversee the Group's risk management process. The RMEC currently consists of the COO cum ED, Key Management staff, Internal Auditors (as Risk Management Co-ordinator) and the Company Secretary. At each business division, a Risk Management and Sustainability Working Group ("RMSWG") was also formed consisting of the COO cum ED, Internal Auditors (as Risk Management Co-ordinator), the Company Secretary and the Senior Managers of the business divisions.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

Risks are identified and assessed by the RMSWG of each business division by employing the following methodologies:

(A) Identifying risks

Risk is defined as an event which will cause the Group to suffer financial or non-financial losses in the short-term or long-term. From another perspective, a risk may also be in the form of a missed opportunity to earn more profit.

In the risk identification process, all potential events that could adversely impact the achievement of business objectives are identified by the RMSWG.

The risks can typically be categorised into the following 4 of the Group's objectives:

- Strategic – high level goals, aligned with and supporting Group's mission
- Operation – effective and efficient use of resources
- Reporting – reliability of financial reporting
- Compliance – compliance with applicable laws and regulations

(B) Quantify risks

The risks which are identified are quantified for their impact on the Group.

The potential impact of a risk event is the combination of the likelihood (probability) which the risk will happen and the impact (gravity) which it will cause if the risk does happen.

A score of (1) to (5) will be assigned for likelihood and impact respectively.

Consequently, a risk event may have a combined score of (1) up to (25) depending on its likelihood and impact scores. A risk with a high rating poses more serious threat to the organisation than a low rating risk. The risk will be mapped into the following risk heat-chart:

LIKELIHOOD					
	M	M	H	H	H
	M	M	M	H	H
	L	M	M	M	H
	L	L	M	M	M
	L	L	L	M	M
	1	2	3	4	5
			IMPACT		

(C) Responses to risks

For each risk identified, the management will have one or more of the following response options:

- Avoid the risk by not proceeding with an activity which generates the risk.
- Treat the risk by applying controls to minimize the likelihood or impact of the risk.
- Transfer the risk by sharing the impact of the risk with outside parties such as insurance or joint-venture.
- Tolerate the residue (balance) risk if it is within the Group's risk appetite.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT (CONT'D)

(D) Risk control strategies

For each of the type of risks response chosen, the relevant control strategies are identified.

If an existing control falls short of its effectiveness or if there is no existing control in managing a significant risk, then new control strategies must be developed to manage the risk so that the residue risk is reduced to an acceptable level.

(E) Monitoring of risks and controls

Ongoing risk monitoring is conducted to review the effectiveness of the control strategies in respect of the risks identified and that corrective actions are taken where necessary. In this respect, Key Risk Indicators are set for each risk to help the RMSWG in the risk monitoring process.

(F) Periodic review

Risk profile of the Group changes with the internal and external organizational developments. An event regarded as low risk today may become high risk in the future. Therefore, an effective risk management project is not a one-time exercise but an ongoing process which forms part of the operation of the Group. In this regard, the risk profile and control processes will be continually updated on a regular basis, at least quarterly.

The RMSWG of each business division reports its work to the RMEC. The RMEC will then meet to discuss and evaluate the RMSWGs' reports for adoption. Thereafter, at the quarterly meetings, the RMEC will report to the ARMC about key risks and risk management activities carried out during that period.

During the FYE 2020, the RMEC and the RMSWG of all the business divisions had their respective meetings. The RMEC and RMSWG carried out reviews on the following areas of the Group during the financial year under review:

- Anti-Corruption risk
- Sustainability
- Business prospects
- Sales and Marketing
- Warehouse
- Purchasing
- Production
- Human resource
- Finance
- Management Information System/ Information Technology
- Credit control
- Safety/ Fire fighting
- Product development/ Research & Development
- Quality control
- Collections

INTERNAL AUDIT

The ARMC is responsible for reviewing and monitoring the adequacy, integrity and effectiveness of the Group's system of internal control. In this respect, the Group outsourced the internal audit function to an independent external consulting firm, Messrs Tan Yen Yeow & Company which is free from any conflict of interest with the Company to be enable objective assessment of the internal control systems to be conducted. The internal audit function assists the Board to achieve the following objectives:

- Assesses the adequacy and integrity of the current internal control system and provides recommendations to improve on the existing control environment in relation to business processes and risk management practices;
- Evaluates existing policies and procedures of key business processes and provides recommendations for enhancement;
- Highlights opportunity to improve efficiency, effectiveness and economic aspects of the Group's operations;
- Promotes a system of internal control that is responsive to the dynamic and ever changing business environment; and
- To be cost effective and sustainable over time.

The Internal Auditors carry out its work in line with the International Professional Practices Framework ("IPPF").

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL AUDIT (CONT'D)

The annual Internal Audit Plan is reviewed and approved by the ARMC prior to each financial year. The Plan is developed based on the analysis of the businesses of the Group. The Internal Auditors will focus its resources on core risk areas which will be audited more frequently than low risk areas.

For purposes of identifying and prioritising risks, the Internal Auditors will discuss with the RMEC and the RMSWG, review management reports and financial statements as well as learning from previous audit experiences.

During the FYE 2020, the Internal Auditors carried out reviews on the following core areas of the Group and the divisions to assess the adequacy and effectiveness of internal controls, compliance with regulations and the Group's policies and procedures by each division:

- Purchasing
- Payments
- Accounts payable
- Interim financial reporting
- Corporate website information
- Human resource management
- Payroll
- Sales and marketing
- Accounts receivable
- Sales returns

The findings of the audit were tabled at the ARMC meetings for deliberation and the ARMC's expectation on the corrective measures were communicated to the respective Heads of the business divisions.

CONCLUSION

The External Auditors provide reasonable assurance in the form of their annual statutory audit of the financial statements. Further areas for improvement identified during the course of the statutory audit by the External Auditors are brought to the attention of the ARMC through management letters or discussed at the ARMC meetings. If necessary, the Internal Auditors shall meet with the External Auditors to discuss matters arising from the external audit and review of the Statement on Risk Management and Internal Control by the External Auditors.

Standard Operating Procedures which include policies and procedures within each business division are in place and continuously updated.

Continuous training and development programmes are also provided to enhance employees' competencies and maintain a risk control conscious culture.

Based on the Internal Audit reports for the FYE 2020, the Board was of the view that the risk management and internal control system in place for the financial year under review were generally adequate. The Board, having received assurance from the COO cum ED, was satisfied with the adequacy and integrity of the risk management and internal control system. There were no material internal control weaknesses which had resulted in material losses, uncertainties or contingencies that would require disclosure in this Annual Report.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and reported that nothing has come to their attention that causes them to believe that the Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of the internal control system within the Group.

This Statement is made in accordance with a resolution of the Directors dated 5 April 2021.

ADDITIONAL COMPLIANCE INFORMATION

AUDIT AND NON-AUDIT FEES PAID/PAYABLE

During the financial year ended 31 December 2020 ("FYE 2020"), the amount of audit and non-audit fees paid/payable by the Group and the Company to the External Auditors, Grant Thornton Malaysia PLT ("GTM") or a firm or corporation affiliated to GTM, for services rendered to the Company and its subsidiaries were as follows:

Type of fees	Group RM	Company RM
Audit fees	175,700	34,000
Non-audit fees	82,500	63,300

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the interests of the Directors, Chief Executive who is not a Director, or major shareholder, which are still subsisting at the end of the FYE 2020 or, if not then subsisting, which were entered into since the end of the previous financial year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and of the results and cash flows and changes in equity of the Group and of the Company for that financial year.

In preparing the financial statements for the financial year ended 31 December 2020, the Directors consider that, the Group has used the Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs"), applied them consistently and made judgments and estimates that are reasonable and prudent.

The Directors also consider that the MFRSs and IFRSs have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy at any time, the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the requirements of the Companies Act, 2016, disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the MFRSs and IFRSs.

The Auditors' responsibilities are stated in their Report to the shareholders of the Company.

DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Net profit for the financial year	2,584	1,227
Attributable to:-		
Owners of the Company	2,601	1,227
Non-controlling interest	(17)	–
	2,584	1,227

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

There were no issuance of shares or debentures during the financial year.

DIVIDENDS

On 22 February 2021, the Directors had recommended a first and final single-tier dividend of 1.5 sen per share in respect of the current financial year for shareholders' approval at the forthcoming Annual General Meeting. The current financial statements do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriate of retained earnings in the financial year ending 31 December 2021.

DIRECTORS' REPORT

DIRECTORS

The Directors who held office during the financial year and up to the date of this report are:-

- Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil (Chairman/Senior Independent Non-Executive Director)
- Abd Aziz Bin Attan (Independent Non-Executive Director)
- Wong Choon Shein (Non-Independent Non-Executive Director)*
- Mohd Harris Bin Pardi (Chief Operating Officer cum Executive Director)*
- Fong Heng Leong (Non-Independent Non-Executive Director)*
- Agnes Maria Sam A/P John Sam (Independent Non-Executive Director) (appointed on 1.9.2020)
- Zakaria Merican Bin Osman Merican (Independent Non-Executive Director) (retired on 25.6.2020)

* *Directors of the Company and certain subsidiaries*

The Directors of subsidiaries other than the above mentioned who held office during the financial year and up to the date of this report are as follows:-

- Ding. Xianqian
- Nur Aisyah Wong @ Wong Wai Yin
- Tan Eng Hoe
- Yeoh Jin Beng
- Zeng Xiang Hui
- Sak Swee Sang
- Hoo Hou Meng (resigned on 21.1.2020)
- Lim Ming Chang (resigned on 21.1.2020)
- Chan Wai Tatt (resigned on 1.2.2021)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, there was no Director in office at the end of the financial year who held any direct or indirect interest in the shares of the Company and its related corporations.

DIRECTORS' REMUNERATION

Details of Directors remuneration are set out in Notes 28 and 29 to the Financial Statements.

During and at end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity coverage and insurance premium paid for Directors and officers of the Company during the financial year.

DIRECTORS' REPORT

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee comprises the following members:-

- Abd Aziz Bin Attan (Chairman/Independent Non-Executive Director)
- Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil (Member/Senior Independent Non-Executive Director)
- Agnes Maria Sam A/P John Sam (Member/Independent Non-Executive Director) (appointed on 1.9.2020)
- Zakaria Merican Bin Osman Merican (Member/Independent Non-Executive Director) (retired on 25.6.2020)

The functions of the Audit and Risk Management Committee are to review accounting policies, internal controls, financial results, risk management & sustainability and annual financial statements of the Group and of the Company on behalf of the Board of Directors.

In performing its functions, the Audit and Risk Management Committee reviewed the overall scope of external audit. It met up with the Company's auditors to discuss the results of their examinations and their evaluation of the system of internal accounting controls of the Group and of the Company. The Audit and Risk Management Committee also reviewed the assistance given by the Group's and the Company's officers to the auditors.

The Audit and Risk Management Committee reviewed the financial statements of the Group and of the Company as well as the auditors' report thereon and recommended to the Board of Directors, the reappointment of Grant Thornton Malaysia PLT as statutory auditors.

OTHER STATUTORY INFORMATION

Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the Directors took reasonable steps:-

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the provision for doubtful debts, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:-

(a) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

In the opinion of the Directors:-

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

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

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

SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

The significant events during and after the financial year are disclosed in Note 32 to the Financial Statements.

AUDITORS

The fee paid to or receivable by the Auditors, Grant Thornton Malaysia PLT, as remuneration for their services as auditors of the Group and the Company for the financial year ended 31 December 2020 amounted to RM175,700 and RM34,000 respectively.

The Group and the Company have agreed to indemnify the auditors, Grant Thornton Malaysia PLT as permitted under Section 289 of the Companies Act 2016. No Payment has been made to indemnify Grant Thornton Malaysia PLT for the financial year ended 31 December 2020.

The auditors, Grant Thornton Malaysia PLT have expressed their willingness to continue in office.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors,

MOHD HARRIS BIN PARDI)
) DIRECTORS
FONG HENG LEONG)

Petaling Jaya, Selangor Darul Ehsan
5 April 2021

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 56 to 129 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Directors in accordance with a resolution of the Board of Directors,

MOHD HARRIS BIN PARDI

FONG HENG LEONG

Petaling Jaya, Selangor Darul Ehsan
5 April 2021

STATUTORY DECLARATION

I, Sak Swee Sang, being the Officer primarily responsible for the financial management of OCB Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 56 to 129 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory this 5th day of)
April 2021)

SAK SWEE SANG
(MIA NO: 14333)

Before me:

No: W671
Ramathilagam A/P T Ramasamy
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OCB BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of OCB Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 129.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Impairment of trade receivables

The risk – Under the impairment requirements under MFRS 9, the management is required to apply forward-looking approach in assessing the impairment of trade receivables. Broader range of information is considered including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cashflows of trade receivables are applied to calculate the expected credit losses using a provision matrix.

We have identified impairment of trade receivables as a significant risk requiring special audit consideration. This is because the Group's trade receivables are material to the financial statements.

Our response – In addition to other procedures, we considered it necessary to test the trade receivables aging report, assess the reasonableness of assumptions and judgements made by the management regarding the expected credit losses and recoverability of debts from each customer and test the recoverability of outstanding trade receivables through examination of subsequent cash collections.

We found management's assumptions and judgements regarding the adequacy of the impairment of trade receivables to be reasonable in the context of the financial statements as a whole. The Group's disclosures regarding impairment of trade receivables are included in Note 14 to the Financial Statements.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OCB BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Goodwill on consolidation and intangible assets with indefinite useful lives

The risk – The Group is required to test annually the amount of goodwill and intangible assets with indefinite useful lives for impairment. This impairment testing relies on estimates of value-in-use based on estimated future cash flows.

The annual impairment test is significant to our audit because the assessment process used in preparing the estimated future cash flows is complex and highly judgemental and is based on assumptions that are affected by expected future market or economic conditions.

Our response – Our audit procedures included, amongst others, evaluating the assumptions, discount rate and methodologies used by the Group, in particular those relating to the forecasted revenue growth, expenses and profit margins. We checked for additional impairment triggers by reading Board's minutes, holding regular discussions with management and examining the performance of each cash generating unit. We also focused on the adequacy of the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of goodwill and intangible assets.

Whilst recognising that forecasting is inherently judgemental, we concluded that the assumptions and methodologies used by management were within an acceptable range of reasonable estimates. The Group's disclosures about goodwill and intangible assets are included in Notes 8 and 9 to the Financial Statements.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Group and of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF OCB BERHAD

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF OCB BERHAD

Report on Other Legal and Regulatory Requirements

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

Other Matter

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

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
CHARTERED ACCOUNTANTS (AF 0737)

TAN HOOI SHIN
(NO: 3383/06/2022 J)
CHARTERED ACCOUNTANT

Kuala Lumpur
5 April 2021

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non–current assets					
Property, plant and equipment	4	**102,524**	103,111	**126**	172
Investment properties	5	**11,768**	12,293	**–**	–
Investment in subsidiaries	6	**–**	–	**131,807**	131,007
Investment in a jointly-controlled entity	7	**–**	250	**–**	–
Goodwill on consolidation	8	**16,111**	16,111	**–**	–
Intangible assets	9	**10,451**	10,451	**–**	–
Deferred tax assets	10	**1,112**	2,290	**–**	–
Amount due from subsidiaries	11	**–**	–	**1,577**	3,077
Total non–current assets		**141,966**	144,506	**133,510**	134,256
Current assets					
Inventories	12	**34,591**	28,847	**–**	–
Right of return assets	13	**159**	367	**–**	–
Trade receivables	14	**33,763**	41,891	**–**	–
Other receivables	15	**7,823**	3,957	**3**	8
Amount due from subsidiaries	11	**–**	–	**7,402**	1,875
Tax recoverable		**1,386**	2,081	**45**	–
Short term deposits with licensed banks	16	**15,156**	13,568	**–**	–
Cash and bank balances		**41,926**	41,289	**235**	3,924
Total current assets		**134,804**	132,000	**7,685**	5,807
Total assets		**276,770**	276,506	**141,195**	140,063

STATEMENTS OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	**103,105**	103,105	**103,105**	103,105
Reserves	18	**85,647**	83,046	**37,715**	36,488
Equity attributable to owners of the Company		**188,752**	186,151	**140,820**	139,593
Non-controlling interests	6	**153**	(30)	**–**	–
Total equity		**188,905**	186,121	**140,820**	139,593
LIABILITIES					
Non-current liabilities					
Bank borrowings	19	**10,293**	14,020	**–**	–
Lease liabilities	20	**2,907**	3,967	**–**	–
Deferred tax liabilities	10	**4,043**	3,882	**–**	–
Total non-current liabilities		**17,243**	21,869	**–**	–
Current liabilities					
Trade payables	21	**25,676**	30,537	**–**	–
Other payables	22	**11,002**	10,853	**375**	442
Contract liabilities	23	**6,163**	4,463	**–**	–
Refund liabilities	13	**197**	455	**–**	–
Tax payable		**375**	31	**–**	28
Bank borrowings	19	**26,295**	21,186	**–**	–
Lease liabilities	20	**914**	991	**–**	–
Total current liabilities		**70,622**	68,516	**375**	470
Total liabilities		**87,865**	90,385	**375**	470
Total equity and liabilities		**276,770**	276,506	**141,195**	140,063

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue from contract with customers					
- Sales of goods		**273,502**	2 45,286	**–**	–
- Management fees		**–**	–	**990**	1,118
- Dividend income		**–**	–	**2,070**	–
- Rental income		**110**	121	**–**	–
Total revenue	24	**273,612**	245,407	**3,060**	1,118
Cost of sales		**(224,453)**	(197,864)	**–**	–
Gross profit		**49,159**	47,543	**3,060**	1,118
Other income		**1,966**	3,154	**2**	20
Finance income		**752**	802	**111**	–
Selling and distribution expenses		**(16,199)**	(20,005)	**–**	–
Administration expenses		**(26,188)**	(27,040)	**(1,986)**	(2,159)
Other expenses		**(2,409)**	(27,059)	**–**	–
Impairment loss on financial assets		**(432)**	(497)	**(10)**	–
Finance costs		**(1,693)**	(2,283)	**–**	(73)
Profit/(loss) before tax	25	**4,956**	(25,385)	**1,177**	(1,094)
Tax (expense)/income	26	**(2,372)**	(1,234)	**50**	(22)
Net profit/(loss) for the financial year		**2,584**	(26,619)	**1,227**	(1,116)
Other comprehensive income					
Item that will be reclassified subsequently to profit or loss:-					
Foreign exchange translation differences for foreign operation		**–**	2	**–**	–
Total comprehensive income/(loss) for the financial year		**2,584**	(26,617)	**1,227**	(1,116)
Net profit/(loss) for the financial year attributable to:-					
Owners of the Company		**2,601**	(26,477)	**1,227**	(1,116)
Non-controlling interest		**(17)**	(142)	**–**	–
		2,584	(26,619)	**1,227**	(1,116)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Total comprehensive income/(loss) for the financial year attributable to:-					
Owners of the Company		**2,601**	(26,475)	**1,227**	(1,116)
Non-controlling interest		**(17)**	(142)	**–**	–
		2,584	(26,617)	**1,227**	(1,116)
Earning/(loss) per share					
Basic (sen)	27	**2.53**	(25.74)		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	← Attributable to owners of the Company →					
		Non-distributable	Distributable			
	Share capital RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interest RM'000	Total equity RM'000
Balance at 1 January 2019	103,105	125	109,396	212,626	112	212,738
Net loss for the financial year	–	–	(26,477)	(26,477)	(142)	(26,619)
Other comprehensive income	–	2	–	2	–	2
Total comprehensive loss for the financial year	–	2	(26,477)	(26,475)	(142)	(26,617)
Balance at 31 December 2019	103,105	127	82,919	186,151	(30)	186,121
Net profit for the financial year	**–**	**–**	**2,601**	**2,601**	**(17)**	**2,584**
Other comprehensive income	**–**	*	**–**	*	**–**	*
Total comprehensive income for the financial year	**–**	**–**	**2,601**	**2,601**	**(17)**	**2,584**
Issuance of share allocate to non-controlling interest	**–**	**–**	**–**	**–**	**200**	**200**
Balance at 31 December 2020	**103,105**	**127**	**85,520**	**188,752**	**153**	**188,905**

Company	Share capital RM'000	Retained earnings RM'000	Total RM'000
Balance at 1 January 2019	103,105	37,604	140,709
Total comprehensive loss for the financial year	–	(1,116)	(1,116)
Balance at 31 December 2019	103,105	36,488	139,593
Total comprehensive income for the financial year	**–**	**1,227**	**1,227**
Balance at 31 December 2020	**103,105**	**37,715**	**140,820**

* *Amount is less than RM1,000.*

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
OPERATING ACTIVITIES					
Profit/(loss) before tax		**4,956**	(25,385)	**1,177**	(1,094)
Adjustments for:					
Amortisation of investment properties		**523**	523	**–**	–
Depreciation of property, plant and equipment		**8,419**	8,294	**50**	47
Gain on disposal of property, plant and equipment		**(22)**	(114)	**–**	(15)
Impairment loss on goodwill		**–**	21,054	**–**	–
Impairment loss on intangible assets		**–**	1,946	**–**	–
Impairment loss on trade receivables		**2,190**	1,608	**–**	–
Impairment loss on amount due from a subsidiary		**–**	–	**10**	–
Interest expenses		**1,693**	2,283	**–**	–
Interest income		**(752)**	(802)	**–**	–
Inventories written off		**126**	37	**–**	–
Loss on derecognition of jointly-controlled entity	6	**36**	–	**–**	–
Property, plant and equipment written off		**13**	5	**–**	–
Provision of slow moving inventories		**753**	629	**–**	–
Reversal of impairment loss on slow moving inventories		**(869)**	(370)	**–**	–
Reversal of impairment loss on trade receivables		**(1,757)**	(1,112)	**–**	–
Reversal of impairment loss on other receivable		**(1)**	–	**–**	–
Unrealised gain on foreign exchange		**(2)**	(3)	**–**	–
Unwinding discount on amount due from subsidiaries		**–**	–	**(111)**	73
Operating profit/(loss) before working capital changes		**15,306**	8,593	**1,126**	(989)
Changes in working capital:-					
Right of return assets		**208**	(49)	**–**	–
Contract liabilities and refund liabilities		**1,442**	571	**–**	–
Inventories		**(5,754)**	(567)	**–**	–
Receivables		**3,830**	(1,653)	**5**	(3)
Payables		**(4,710)**	9,122	**(67)**	18
Cash generated from/(used in) operations		**10,322**	16,017	**1,064**	(974)
Tax refunded		**1,169**	1,185	**–**	77
Tax paid		**(1,163)**	(2,680)	**(24)**	(22)
Net cash from/(used in) operating activities		**10,328**	14,522	**1,040**	(919)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
INVESTING ACTIVITIES					
Investment in a jointly-controlled entity		**–**	(250)	**–**	–
(Advances to)/Repayment from subsidiaries		**–**	–	**(4,725)**	4,646
Net cash acquired of a subsidiary	6	**214**	–	**–**	–
Interest received		**752**	802	**–**	–
Proceeds from issurance of shares of a subsidiary to non-controlling interests		**200**	–	**–**	–
Proceeds from disposal of property, plant and equipment		**30**	177	**–**	15
Purchase of property, plant and equipment	A	**(8,091)**	(5,742)	**(4)**	(124)
Net cash (used in)/from investing activities		**(6,895)**	(5,013)	**(4,729)**	4,537
FINANCING ACTIVITIES					
Drawdown of borrowings					
- Bankers' acceptance and bill payable		**16,489**	15,399	**–**	–
- Revolving credit		**1,500**	1,000	**–**	–
- Trust receipts		**–**	141	**–**	–
Repayments of borrowings					
- Bankers' acceptance and bill payable		**(12,331)**	(17,330)	**–**	–
- Trust receipts		**(133)**	–	**–**	–
Interest paid		**(1,693)**	(2,283)	**–**	–
Repayment of term loans		**(3,980)**	(4,492)	**–**	–
Repayment of finance lease liabilities		**(899)**	(402)	**–**	–
Net cash used in financing activities		**(1,047)**	(7,967)	**–**	–
CASH AND CASH EQUIVALENTS					
Net changes		**2,386**	1,542	**(3,689)**	3,618
Effect of exchange translation differences on cash and cash equivalents		**2**	(5)	**–**	–
Brought forward		**54,304**	52,767	**3,924**	306
Carried forward	B	**56,692**	54,304	**235**	3,924

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

NOTES TO THE STATEMENTS OF CASH FLOWS

A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Total purchases	**8,806**	10,665	**4**	124
Addition of right-of-use asset - leasehold building	**(715)**	(4,531)	**–**	–
Acquired through finance lease arrangement	**–**	(392)	**–**	–
Cash purchases	**8,091**	5,742	**4**	124

B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise the following:-

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Bank overdrafts (Note 19)	**(390)**	(553)	**–**	–
Short-term deposits with licensed banks (Note 16)	**15,156**	13,568	**–**	–
Cash and bank balances	**41,926**	41,289	**235**	3,924
	56,692	54,304	**235**	3,924

C. CASH OUTFLOW FOR LEASE AS A LESSEE

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Included in net cash from/(used in) operating activities:				
Payment relating to short-term leases	**1,279**	1,162	**60**	60
Included in net cash used in financing activities:				
Payment of lease liabilities	**899**	402	**–**	–
Interest paid in relation to lease liabilities	**59**	39	**–**	–
	2,237	1,603	**60**	60

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

1. GENERAL INFORMATION

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

The registered and corporate office and principal place of business of the Company are located at 2B-5, Level 5, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 6 to the Financial Statements.

There have been no significant changes in the nature of these activities of the Company and its subsidiaries during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors passed on 5 April 2021.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements of the Group and of the Company are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.3 Functional and presentation currency

The financial statements are presented in Ringgit Malaysia ("RM") which is the Group's and the Company's functional currency and all values are rounded to the nearest thousand (RM'000), unless otherwise stated.

2.4 Malaysian Financial Reporting Standards ("MFRSs")

2.4.1 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to the Financial Statements to all years presented in these financial statements.

At the beginning of current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial year beginning on or after 1 January 2020.

Initial application of the new standards/amendments/improvements to the standards did not have material impact to the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

2. BASIS OF PREPARATION (CONT'D)

2.5 Standards issued but not yet effective

The Group and the Company have not applied the following MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and the Company:-

Amendment to MFRS effective 1 June 2020:

Amendments to MFRS 16	Leases: Covid-19 Related Rent Concession

Amendment to MFRS effective 1 June 2021:

Amendments to MFRS 9, 139, 7, 4* and 16	Interest Rate Benchmark Reform - Phase 2

Amendment to MFRS effective 1 January 2022:

Amendments to MFRS 3	Business Combination: Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets: Onerous Contract-Cost of Fulfilling a Contact
Annual Improvements to MFRS Standards 2018-2020	

MFRS and Amendments to MFRS effective 1 January 2023:

Amendments to MFRS 4*	Insurance Contracts – Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17* and amendments to MFRS 17*	Insurance Contracts
Amendments to MFRS 101	Presentation of Financial Statements: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Presentation of Financial Statements – Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates

Amendments to MFRSs - effective date deferred indefinitely:

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

* Not applicable to the Group's and the Company's operations

The initial application of the above standards, amendments and interpretation are not expected to have any financial impacts to the financial statements.

2.6 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual result may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets

Assets are depreciated on a straight line basis over their estimated useful lives. Management estimates the useful lives of the assets to be within 2 to 89 years and reviews the useful lives of depreciable assets at the end of each reporting year. At 31 December 2020, management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in the adjustment to the Group's assets.

The carrying amount of the Group's property, plant and equipment and investment properties at the end of the reporting year is disclosed in Notes 4 and 5 to the Financial Statements.

Amortisation of intangible assets

The useful lives of intangible assets are estimated to be indefinite. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The carrying amount of the Group's intangible assets at the end of the reporting year is disclosed in Note 9 to the Financial Statements.

Inventories

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the time the estimates are made.

The management reviews inventories to identify damaged, obsolete and slow moving inventories which require judgement and changes in such estimates could result in revision to the revaluation of inventories.

The carrying amount of the Group's inventories at the end of the reporting year is disclosed in Note 12 to the Financial Statements.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Provision for expected credit losses of trade receivables (cont'd)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 14 and 31 to the Financial Statements.

Estimating variable consideration for returns and volume rebates

The Group estimates variable consideration to be included in the transaction price for the sales equipment with rights of return and volume rebates.

The Group developed a statistical model for forecasting sales returns. The model used the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The information about the returns and volume rebates of the Group are disclosed in Notes 13 and 24 to the Financial Statements.

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Company's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

The information about the impairment of non-financial assets are disclosed in the Notes 5, 8 and 9 to Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.1 Estimation uncertainty (cont'd)

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The information about the incremental borrowing rate of leases are disclosed in Note 20 to the financial statements.

Income taxes and deferred tax assets

Significant judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognise tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which all the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The information about the income tax and deferred tax are disclosed in the Notes 10 and 26 to the Financial Statements.

2.6.2 Significant management judgements

The following are significant management judgement in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

2. BASIS OF PREPARATION (CONT'D)

2.6 Significant accounting estimates and judgements (cont'd)

2.6.2 Significant management judgements (cont'd)

Classification between investment properties and owner-occupied properties (cont'd)

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under finance lease), the Group accounts for the portion separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Determining method to estimate variable consideration and assessing the constraint

Certain contracts for the sale of goods include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of edible products with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the edible products with volume rebates, the Group determined that using a combination of the most likely amount method and expected value method is appropriate. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold, while the expected value method is used for contracts with more than one volume threshold.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

Determining the lease term of contracts with renewal options

The Group determines the lease term with any periods covered by an option to extend the lease if it is reasonably certain to be exercised.

The Group has various lease contracts that include extension options. The Group applies judgement in evaluating whether to exercise the option to renew the lease. It considers all relevant factors that create an economic incentive for it to exercise the renewal option. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The Group includes the renewal period as part of the lease term for such leases. The Group generally exercises its option to renew for those leases with renewal option.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES

The Group and the Company have applied the significant accounting policies, as summarised below, consistently throughout all periods presented in the financial statements.

3.1 Investments

3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. Besides, the Company considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is included in profit or loss.

3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting year.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

3.1.3 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Company elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Investments (cont'd)

3.1.3 Business combinations and goodwill (cont'd)

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or a liability will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

3.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

3.1.5 Non-controlling interests

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

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if that results in a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Investments (cont'd)

3.1.6 Jointly-controlled entity

A joint venture is a type of joint arrangement whereby the parties have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in its joint venture are accounted for using the equity method. Under the equity method, investment in a joint venture is carried in the statement of financial position at cost plus post acquisition changes in the Group's share of net assets of the joint venture since the acquisition date.

The share of the result of a joint venture is reflected in profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, where there has been a change recognised directly in the equity of a joint venture, the Group recognises its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

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

The financial statements of the joint venture are prepared as of the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies of the joint venture in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investments in its joint venture. The Group determines at each end of the reporting period whether there is any objective evidence that the investments in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and their carrying value, then recognises the amount in the "share of profit of investments accounted for using the equity method" in profit or loss.

Upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency translation and balances

Transactions in foreign currencies are initially recorded at the functional currency rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.

All differences are taken to the profit or loss with the exception of all monetary items that forms part of a net investment in a foreign operation. These are recognised in other comprehensive income until the disposal of the net investment, at which time they are reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising in translation of non-monetary items is recognised in line with the gain or loss of the item that gave rise to the translation difference (translation differences on items whose gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss respectively).

3.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All property, plant and equipment are subsequently stated at cost less accumulated depreciation and less any impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such costs as individual assets with specific useful lives and depreciation, respectively. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings that are leasehold property are also included in property, plant and equipment if they are held under a finance lease. Such assets are depreciated over their expected useful lives or over the term of the lease, if shorter.

Depreciation is recognised on the straight line method in order to write off the cost of each asset over its estimated useful life. Freehold land with an infinite life is not depreciated. Other property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:-

Leasehold land and buildings	2% to 10%
Long term leasehold land and buildings	Over the lease period of 57 to 89 years
Equipment tools, plant and machinery	6.7% to 20%
Motor vehicles	10% to 20%
Furniture, fittings, office equipment and renovations	2% to 50%

Capital work-in-progress consists of building and plant and machineries under construction/installation for intended use as production facilities. Assets under construction/installation are not depreciated until they are completed and ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment (cont'd)

The residual values, useful lives and depreciation method are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually to ensure that the amount, method and rate of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss in the financial year in which asset is derecognised.

3.4 Investment properties

Investment properties consist of land and buildings held for capital appreciation or rental purpose and not occupied or only an insignificant portion is occupied for use or in the operations of the Group.

Investment properties are treated as long term investments and are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are stated at cost less accumulated amortisation. Amortisation is recognised on the straight line method in order to write off the cost of each investment property over its estimated useful life. Freehold land is not amortised.

The principal annual depreciation rates used are as follows:-

Leasehold buildings	Over the lease period of 86 years or 2% whichever is lower
Freehold buildings	2% - 10%

Investment properties are derecognised when either they are disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from the disposal.

Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Investment properties are written down to recoverable amount if, there is objective evidence that, it is less than their carrying value. Recoverable amount is the net selling price of the properties i.e. the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

3.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

Trademarks relate to the use of the "Miyachi" and "First Knight" brands for the Group's consumer foods and bedding products business respectively. License consists of brand name of "Kingkoil". The result lives of the trademarks and license are estimated to be indefinite based on the current market share of the brands. Management believes there is no foreseeable limit to the period over which the trademarks and license are expected to generate cash flows for the Group.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (cont'd)

Intangible assets with indefinite useful life are tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible assets is measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

3.6 Financial instruments

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.6.1 Initial recognition and measurement

Financial assets are classified, at initial recognition as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain significant financing component or for which the Group has applied the practical expedient, the Group and the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets are classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group and the Company commit to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Initial recognition and measurement (cont'd)

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

At the reporting date, the Group and the Company carry only financial assets at amortised cost on its statements of financial position, which include trade and other receivables, amounts due from a subsidiary and cash and bank balances.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or

- The Group and the Company have 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 Group and the Company has transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a 'pass-through' arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.1 Initial recognition and measurement (cont'd)

Impairment

The Group and the Company recognise an allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime expected credit loss.

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group estimates the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

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

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Financial instruments (cont'd)

3.6.2 Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

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

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

Financial liabilities at amortised cost

After initial recognition, carrying amounts are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

At the reporting date, the Group and the Company carry only financial liabilities at amortised cost on its statements of financial position, which include trade and other payables, lease liabilities and bank borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

3.6.3 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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for asset in prior years.

Goodwill is tested for impairment annually as at the end of each reporting year, and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGU) to which the goodwill relates. Where the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future years.

Intangible assets with indefinite useful lives are tested for impairment annually as at the end of each reporting year, either individually or at the cash-generating unit level, as appropriate and when circumstances indicate that the carrying value may be impaired.

3.8 Inventories

Inventories comprising of raw materials, work-in-progress, goods in transit and finished goods.

Inventories are stated at the lower of cost and net realisable value. Where necessary, allowance is made for deteriorated, obsolete and slow-moving inventories. Cost include all expenses incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods include direct materials, direct labour and an appropriate proportion of manufacturing overheads.

Cost of inventories for building materials and bedding products are determined using first-in-first-out method.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Inventories (cont'd)

Cost of inventories for consumer trading goods and foodstuffs products are determined using weighted average method.

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

3.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances, short-term demand deposits, bank overdraft and highly liquid investments which are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the financial position, cash and cash equivalents are restricted to be used to settle a liability of 12 months or more after the end of the reporting year are classified as non-current assets.

3.10 Equity and reserves

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings include all current year's accumulated retained profits and prior years' losses.

All transactions with owners of the Company are recorded separately within equity.

3.11 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:-

Leasehold land and buildings	Over the lease period of 57 to 89 years
Forklifts	5 years
Motor vehicles	3 years to 5 years

The right-of-use assets are also subject to impairment as detailed in Note 3.7 to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Leases (cont'd)

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments included fixed payments (including in-substance fixed payments) less any incentives receivable, variable lease payments that depend on an index or a rate and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on a index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term lease and lease of low-value assets

The Group applies the short-term lease recognition exemption to its short-term lease. It also applies the lease of low-value assets recognition exemption to lease of that are considered to be low-value. Lease payments on short-term leases and lease of low-value assets are recognised as expense on a straight-line basis over the lease term.

3.12 Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceased when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

All other borrowing costs are expensed in the year in which they incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

3.13 Provisions

Provisions are recognised when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Provisions (cont'd)

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

Provisions are reviewed at each end of the reporting year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time of money is material, provision are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.14 Revenue recognition

The Group is in the business of manufacturing, trading and distribution of building materials, bedding products and edible products. Revenue from contracts with customers is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are disclosed in Note 2.6 to the Financial Statements.

3.14.1 Sales of goods

Revenue from sale of goods recognised at the point in time when control of the asset are transferred to the customer, generally on delivery of the goods. The normal credit term is 14 to 120 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

<u>Variable consideration</u>

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in MFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (cont'd)

3.14.1 Sales of goods (cont'd)

Variable consideration (cont'd)

Volume rebates

The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

3.14.2 Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Group performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 3.6 to the Financial Statements.

Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

3.14.3 Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting date/year. Refer to above accounting policy on variable consideration.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Revenue recognition (cont'd)

3.14.4 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount. Being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

3.14.5 Management fee

Management fee is recognised when services are rendered.

3.14.6 Dividend income

Dividend income from investments is recognised when the right to receive the dividend has been established.

3.14.7 Rental income

Rental income is accounted for on a straight-line-basis over the lease term. The aggregate costs of incentive provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line-basis.

3.15 Employees benefits

3.15.1 Short-term employees benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which the associated services are rendered by the employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

3.15.2 Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into independent entities of funds and will have no legal or constructive obligation to pay further contribution if any of the funds do not hold sufficient assets to pay all employee benefits relating to employees services in the current and preceding financial years.

Such contributions are recognised as expenses in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF").

3.15.3 Employees leave entitlement

Employees entitlements to annual leave are recognised as liabilities when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Tax expenses

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

3.16.1 Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting year, and any adjustment to tax payable in respect of previous years.

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

3.16.2 Deferred tax

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

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

Unutilised reinvestment allowances being tax incentives that are not a tax base of an asset, are recognised as deferred tax assets to the extent that it is probable that future taxable profits will be available against the unutilised tax incentives can be utilised.

3.17 Sales tax

Expenses and assets are recognised net of the amount of sales tax, except:-

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and

- When receivables and payables are stated with the amount of sales tax included

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

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Segment reporting

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

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Group in an arm's length transaction. These transfers are eliminated on consolidation.

3.19 Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statements of financial position and is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

4. PROPERTY, PLANT AND EQUIPMENT

Group	Land and buildings RM'000	Equipment, tools, plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings and others RM'000	Capital-work-in progress RM'000	Right-of-use assets RM'000	Total RM'000
Cost							
At 1 January 2019	84,124	85,333	9,031	24,091	261	4,016	206,856
Additions	–	3,188	1,071	604	652	5,150	10,665
Disposals	–	–	(737)	(3)	–	(298)	(1,038)
Reclassifications	–	26	–	–	(26)	–	–
Written off	–	(4)	–	(25)	–	–	(29)
At 31 December 2019	84,124	88,543	9,365	24,667	887	8,868	216,454
Additions	**–**	**4,859**	**804**	**2,073**	**355**	**715**	**8,806**
Disposals	**–**	**–**	**(205)**	**–**	**–**	**–**	**(205)**
Lease modification	**–**	**–**	**–**	**–**	**–**	**(953)**	**(953)**
Reclassifications	**–**	**–**	**–**	**626**	**(626)**	**–**	**–**
Written off	**–**	**(8)**	**–**	**(77)**	**–**	**–**	**(85)**
At 31 December 2020	**84,124**	**93,394**	**9,964**	**27,289**	**616**	**8,630**	**224,017**
Accumulated depreciation							
At 1 January 2019	21,597	62,239	6,843	13,868	–	1,277	105,824
Charge for the financial year	1,874	3,514	805	1,771	–	330	8,294
Disposals	–	–	(691)	(1)	–	(283)	(975)
Written off	–	(3)	–	(21)	–	–	(24)
At 31 December 2019	23,471	65,750	6,957	15,617	–	1,324	113,119
Charge for the financial year	**1,367**	**3,688**	**686**	**1,795**	**–**	**883**	**8,419**
Disposals	**–**	**–**	**(197)**	**–**	**–**	**–**	**(197)**
Written off	**–**	**(4)**	**–**	**(68)**	**–**	**–**	**(72)**
At 31 December 2020	**24,838**	**69,434**	**7,446**	**17,344**	**–**	**2,207**	**121,269**
Accumulated impairment							
At 1January 2019/ 31 December 2019/ 31 December 2020	**–**	**–**	**–**	**224**	**–**	**–**	**224**
Net carrying amount							
At 31 December 2020	**59,286**	**23,960**	**2,518**	**9,721**	**616**	**6,423**	**102,524**
At 31 December 2019	60,653	22,793	2,408	8,826	887	7,544	103,111

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

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

Company	Motor vehicles RM'000	Furniture, fittings and others RM'000	Total RM'000
Cost			
At 1 January 2019	658	541	1,199
Addition	124	–	124
Disposals	(365)	–	(365)
At 31 December 2019	417	541	958
Addition	**–**	**4**	**4**
At 31 December 2020	**417**	**545**	**962**
Accumulated depreciation			
At 1 January 2019	563	541	1,104
Charge for the financial year	47	–	47
Disposals	(365)	–	(365)
At 31 December 2019	245	541	786
Charge for the financial year	**50**	**–**	**50**
At 31 December 2020	**295**	**541**	**836**
Net carrying amount			
At 31 December 2020	**122**	**4**	**126**
At 31 December 2019	172	–	172

Assets pledged as securities to financial institutions

The net carrying amount of assets pledged as securities for bank borrowings granted are:-

Group	2020 RM'000	2019 RM'000
- Land and buildings	**51,061**	51,449
- Plant and machinery	**3,355**	3,943

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

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

Land and buildings

Group	Freehold land and buildings RM'000	Long-term leasehold land and buildings RM'000	Total RM'000
Cost			
At 1 January 2019/31 December 2019/2020	**64,258**	**19,866**	**84,124**
Accumulated depreciation			
At 1 January 2019	18,366	3,231	21,597
Charge for the financial year	1,812	62	1,874
At 31 December 2019	20,178	3,293	23,471
Charge for the financial year	**1,305**	**62**	**1,367**
At 31 December 2020	**21,483**	**3,355**	**24,838**
Net carrying amount			
At 31 December 2020	**42,775**	**16,511**	**59,286**
At 31 December 2019	44,080	16,573	60,653

The Directors of the Group and of the Company are of the opinion that it would not be possible to segregate the costs of the land and buildings separately as they were acquired in a lump sum amount.

During the financial year ended 31 December 1998, the Directors revalued certain subsidiaries' freehold and leasehold land and buildings based on open market value basis. They were revalued by an independent professional valuer.

The above freehold and leasehold land and buildings of the subsidiaries have not been revalued ever since. The subsidiaries did not adopt a policy of regular revaluation as required by MFRS 116, Property, Plant and Equipment and were applying the transitional provision for assets revalued before the coming into force of the respective standard. This is the deemed cost of the properties.

Had these assets been carried at original cost less accumulated depreciation, the net carrying amount of the subsidiaries' revalued freehold and leasehold land and buildings are RM12,316,186 (2019: RM13,701,501).

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

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

Right-of-use assets

As lessee

The Group has lease contracts with lease terms of 3 to 89 years for leasehold land and building, motor vehicles and forklifts used for its operations purposes.

The Group also has certain leases of premises with lease terms of 12 months. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are carrying amounts of right-of-use assets recognised and the movements during the financial year:-

Group	Leasehold land and building RM'000	Motor vehicles RM'000	Forklifts RM'000	Total RM'000
Cost				
At 1 January 2019	3,110	682	224	4,016
Additions	4,531	619	–	5,150
Disposal	–	(298)	–	(298)
At 31 December 2019	7,641	1,003	224	8,868
Additions	**715**	**–**	**–**	**715**
Lease modification	**(953)**	**–**	**–**	**(953)**
At 31 December 2020	**7,403**	**1,003**	**224**	**8,630**
Accumulated amortisation				
At 1 January 2019	668	529	80	1,277
Charge for the financial year	102	183	45	330
Disposal	–	(283)	–	(283)
At 31 December 2019	770	429	125	1,324
Charge for the financial year	**670**	**168**	**45**	**883**
At 31 December 2020	**1,440**	**597**	**170**	**2,207**
Net carrying amount				
At 31 December 2020	**5,963**	**406**	**54**	**6,423**
At 31 December 2019	6,871	574	99	7,544

The following are the amounts relating to right-of-use assets recognised in profit or loss:-

Group	2020 RM'000	2019 RM'000
Depreciation expense of right-of-use assets	**883**	330
Expenses relating to short-term leases	**1,279**	1,162

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

5. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000	Leasehold buildings RM'000	Total RM'000
Cost			
At 1 January 2019	11,583	4,916	16,499
Foreign exchange translation effect	–	9	9
At 31 December 2019	11,583	4,925	16,508
Foreign exchange translation effect	**–**	**(2)**	**(2)**
At 31 December 2020	**11,583**	**4,923**	**16,506**
Accumulated amortisation			
At 1 January 2019	2,798	547	3,345
Charge for the financial year	445	78	523
Foreign exchange translation effect	–	1	1
At 31 December 2019	3,243	626	3,869
Charge for the financial year	**445**	**78**	**523**
At 31 December 2020	**3,688**	**704**	**4,392**
Accumulated impairment			
At 1 January 2019	–	345	345
Foreign exchange translation effect	**–**	**1**	**1**
At 31 December 2019/31 December 2020	**–**	**346**	**346**
Net carrying amount			
At 31 December 2020	**7,895**	**3,873**	**11,768**
At 31 December 2019	8,340	3,953	12,293
Market value based on similar properties at proximity area:-			
At 31 December 2020	**11,400**	**4,310**	**15,710**
At 31 December 2019	10,059	4,114	14,173

The market value at the reporting date was obtained from observable market information, determined by reference to similar industrial land and buildings which have been sold or are being offered for sale. No independent valuation by professional valuer has been performed on these investment properties.

NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT PROPERTIES (CONT'D)

Freehold land and buildings

Freehold land and buildings of a subsidiary with net carrying amount of RM2,134,049 (2019: RM2,165,676) were revalued by an independent professional valuer on 3 February 1997 by using the open market value basis and had been incorporated in the financial statements in the financial year 1997. The properties have not been revalued since 1997. The subsidiary did not adopt policy of regular revaluation as required by MFRS 140, Investment Property and was applying the transitional provision for assets revalued before the coming into force of the accounting standard. It is the deemed cost of the investment properties.

Had the freehold land and buildings been carried at original historical cost less accumulated amortisation, the net carrying amount of the revalued freehold land and buildings of the Group at the end of the reporting year is RM834,000 (2019: RM871,000).

The following are recognised in profit or loss in respect of investment properties:-

Group	2020 RM'000	2019 RM'000
Amortisation expense of investment properties	**523**	523
Direct operating expenses:-		
- income generating investment properties	**37**	43
- non-income generating investment properties	**2**	–
Rental income	**(110)**	(121)

6. INVESTMENT IN SUBSIDIARIES

Company	2020 RM'000	2019 RM'000
Unquoted shares, at cost	**140,171**	139,371
Less: Accumulated impairment losses	**(8,364)**	(8,364)
	131,807	131,007

The movement of accumulated impairment losses is as follows:-

Company	2020 RM'000	2019 RM'000
At 1 January/31 December	**8,364**	8,364

NOTES TO THE FINANCIAL STATEMENTS
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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, which are all incorporated and operating in Malaysia, except for First Knight (Singapore) Pte. Ltd. and Acrowyn Singapore Pte. Ltd. which are incorporated and operating in Singapore, are as follows:-

Name of companies	Effective equity interest 2020 %	2019 %	Principal activities
Kaiserkorp Sdn. Bhd. *	**100**	100	Investment holding
Agrow Malaysia Sdn. Bhd.	**100**	100	Investment holding
Ibufood Corporation Sdn. Bhd.	**100**	100	Investment holding
Enigma Sinar Sdn. Bhd. ("ESSB") *	**80**	80	Property holding
Subsidiaries of Kaiserkorp Sdn. Bhd.			
T N Metal Industries (M) Sdn. Bhd. *	**100**	100	Property holding
Kingkoil Bedding (Malaysia) Sdn. Bhd. *	**100**	100	Manufacturing of bedding products and property holding
Kaiserkoil Incorporated (M) Sdn. Bhd. *	**100**	100	Property holding
Dreambed (Malaysia) Sdn. Bhd. *	**100**	100	Property holding
Bedco Sistem (M) Sdn. Bhd. *	**100**	100	Manufacturing of spring mattress, headboards and divans
Kingkoil Corporation (M) Sdn. Bhd. *	**100**	100	Granting its products trademark and know-how to its licensee
Acrowyn (M) Sdn. Bhd. *	**100**	100	Dormant
Ultima Beddington Sdn. Bhd. ("UBSB") *	**51**	51	Dormant
First Knight (Singapore) Pte. Ltd.*	**100**	100	Property holding
Subsidiaries of Agrow Malaysia Sdn. Bhd.			
Pure-Ecology (M) Sdn. Bhd.	**100**	100	Investment in properties
Keenwai Enterprises (M) Sdn. Bhd.	**100**	100	Investment holding
Agrow Corporation Sdn. Bhd.	**100**	100	Buying, selling, and fabricating spare parts and equipment
AG Textronic Sdn. Bhd.	**100**	100	Dormant
Acrowyn Singapore Pte. Ltd. *	**100**	100	Dormant
Subsidiary of Agrow Corporation Sdn. Bhd.			
Agrow Healthtech Sdn. Bhd.	**100**	50	Buying and selling medical and hospital equipment

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, which are all incorporated and operating in Malaysia, except for First Knight (Singapore) Pte. Ltd. and Acrowyn Singapore Pte. Ltd. which are incorporated and operating in Singapore, are as follows (cont'd):-

Name of companies	Effective equity interest 2020 %	2019 %	Principal activities
Subsidiaries of Ibufood Corporation Sdn. Bhd.			
Ibufood Manufacturing (M) Sdn. Bhd.	**100**	100	Investment holding
Spices & Seasonings Specialities Sdn. Bhd.	**100**	100	Manufacturing of instant noodles, spices, food seasonings, sauces and other edible products
Ecoway (Malaysia) Sdn. Bhd.	**100**	100	Dormant
Biz-Allianz International (M) Sdn. Bhd.	**100**	100	Trading and distribution of consumer products
Selera Citarasa Sdn. Bhd. *	**100**	100	Dormant
Biz-Markas Sdn. Bhd.	**100**	100	Dormant

* Subsidiaries not audited by Grant Thornton Malaysia PLT

Acquisition of a subsidiary

On 21 January 2020, Agrow Corporation Sdn. Bhd., a subsidiary of the Company, entered into a Mutual Termination Agreement with Medik Gen Sdn. Bhd., on the mutual termination of the Joint-Venture Agreement in respect of joint investment in Agrow Healthtech Sdn. Bhd. ("AHSB") and acquired the balance of 50% equity interest comprising 250,000 ordinary shares in AHSB at a total consideration of RM213,833.

The fair value of the asset acquired is as follows:-

	RM'000
Investment as jointly-controlled entity in prior year	250
Additional consideration during the year	214
Total consideration	464
Loss on derecognition from jointly-controlled entity	(36)
Bank balances / net asset acquired	428
Additional consideration during the year	(214)
Net cash inflow arising from acquisition of a subsidiary during the year	214

NOTES TO THE FINANCIAL STATEMENTS
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6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Subscription of new ordinary shares in a subsidiary

On 15 December 2020, the Company subscribed additional 799,920 new ordinary shares in Enigma Sinar Sdn. Bhd. ("ESSB") by way of set off against the amount due from ESSB amounting to RM799,920. The Company maintained its equity interest at 80% in ESSB which is the same as the previous financial year.

Non-controlling interest in subsidiaries

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

	ESSB	UBSB	Total
2020			
Percentage of ownership interest and voting right	**20%**	**49%**	
Carrying amount of NCI (RM'000)	**206**	**(53)**	**153**
Net loss allocated to NCI (RM'000)	**(1)**	**(16)**	**(17)**
2019			
Percentage of ownership interest and voting right	20%	49%	
Carrying amount of NCI (RM'000)	7	(37)	(30)
Net loss allocated to NCI (RM'000)	(105)	(37)	(142)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below:

	2020	
	ESSB RM'000	UBSB RM'000
Summary of financial position as at 31 December		
Non-current assets	**6,234**	**673**
Current assets	**–**	**2,949**
Non-current liabilities	**–**	**(2,214)**
Current liabilities	**(5,202)**	**(1,517)**
Net assets/liabilities	**1,032**	**(109)**
Summary of financial performance for the financial year ended 31 December		
Net loss for the year	**(5)**	**(33)**
Total comprehensive loss	**(5)**	**(33)**
Summary of cash flows for the financial year ended 31 December		
Cash flows used in operating activities	**–**	**(1,434)**
Cash flows used in investing activities	**–**	**(1,105)**
Cash flows from financing activities	**–**	**2,539**
Net cash and cash equivalents	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

6. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interest in subsidiaries (cont'd)

The summary of financial information before intra-group elimination for the Group's subsidiaries that have material non-controlling interests are as below (cont'd):

	2019 ESSB RM'000	2019 UBSB RM'000
Summary of financial position as at 31 December		
Non-current assets	–	5,930
Current assets	37	230
Non-current liabilities	–	(3,509)
Current liabilities	–	(2,188)
Net assets	37	463
Summary of financial performance for the financial year ended 31 December		
Net loss for the year	(2)	(77)
Total comprehensive loss	(2)	(77)
Summary of cash flows for the financial year ended 31 December		
Cash flows used in operating activities	(7)	(243)
Cash flows used in investing activities	–	(1,123)
Cash flows from financing activities	–	1,366
Net decrease in cash and cash equivalents	(7)	–

7. INVESTMENT IN A JOINTLY-CONTROLLED ENTITY

Group	2020 RM'000	2019 RM'000
At cost		
Unquoted shares in Malaysia	–	250

On 21 January 2020, Agrow Corporation Sdn. Bhd., a subsidiary of the Company, acquired 250,000 ordinary shares representing the remaining 50% equity interest in Agrow Healthtech Sdn. Bhd. ("AHSB"), which principally operates in Malaysia and is involved in the business of promoting, marketing, distributing and selling of medical and hospital equipment. AHSB is structured as a special purpose vehicle and provides the Company the rights to the net assets of the entity.

Upon completion of the acquisition, AHSB became an indirect wholly-owned subsidiary of the Company.

NOTES TO THE FINANCIAL STATEMENTS
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7. INVESTMENT IN JOINTLY-CONTROLLED ENTITY (CONT'D)

The following table summarises the information of AHSB, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the joint venture.

	2019 RM'000
Financial position as at 31 December	
Current assets/Total assets	428
Summary of financial performance for the financial period ended 31 December	
Total comprehensive loss for the period	(72)
Reconciliation of net assets to carrying amount as at 31 December	
Company's share of net assets	214
Group's share of results for the financial period ended 31 December	
Group's share of profit or loss	*

* The Group has not recognised share of profit or loss for the financial year as it is immaterial.

Contingent liabilities and capital commitments

The jointly-controlled entity has no contingent liabilities or capital commitments as at the reporting dates.

8. GOODWILL ON CONSOLIDATION

Group	2020 RM'000	2019 RM'000
At 1 January	**60,339**	60,339
Less: Accumulated impairment losses		
- At beginning of year	**44,228**	23,174
- Recognised in profit or loss during the year under Other Expenses	**–**	21,054
- At end of year	**44,228**	44,228
At 31 December	**16,111**	16,111

Impairment testing for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest cash – generated unit level within the Group at which the goodwill is monitored for internal management purpose.

<u>Consumer foods cash-generating unit</u>

The goodwill on consolidation at the financial year ended 31 December 2020 and 31 December 2019 are solely made up from the consumer foods cash-generating unit ("CGU").

The recoverable amount of the CGU is determined based on value in use calculation using cash flows projections based on financial budgets approved by the management covering a 5-year period.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

8. GOODWILL ON CONSOLIDATION (CONT'D)

Impairment testing for cash generating units containing goodwill (cont'd)

Consumer foods cash-generating unit (cont'd)

The key assumptions represent management's assessment of future trends in the consumer foods industries and are based on both external sources and internal sources (historical data).

Key assumptions made in determining the value-in-use are as follows:-

- Cash flows were projected based on actual operating results and the 5-year business plan;
- Revenue was projected at anticipated annual revenue growth of approximately 1.0% (2019: 1.5%) per annum;
- a pre-tax discount rate of 6.7% (2019: 5.5%) was applied in determining the recoverable amount of the unit; and
- The size of operation will remain at least or not lower than the current results.

Bedding products cash-generating unit

During the financial year ended 31 December 2019, the Directors reassessed the recoverable amounts of goodwill from bedding product CGU and the recoverable amount is lower than the carrying amount. Hence an impairment loss of RM21,054,000 has been made in prior financial year.

The recoverable amount of the CGU is determined based on value in use calculation using cash flows projections based on financial budgets approved by the management covering a 5-year period.

The key assumptions represent management's assessment of future trends in the bedding products industries and are based on both external sources and internal sources (historical data).

Key assumptions made in prior year in determining the value-in-use were as follows:-

- Cash flows were projected based on actual operating results and the 5-year business plan;
- Revenue was projected at anticipated annual revenue growth of approximately 2.0% per annum;
- a pre-tax discount rate of 5.5% was applied in determining the recoverable amount of the units.

With regards to the assessments of value-in-use of these CGU, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

9. INTANGIBLE ASSETS

Group	Trademarks RM'000	Licenses RM'000	Total RM'000
Cost			
At 1 January 2019/31 December 2019/ 31 December 2020	**2,030**	**12,367**	**14,397**
Accumulated impairment			
At 1 January 2019	2,000	–	2,000
Recognised in profit or loss during the year under Other Expenses	**–**	**1,946**	**1,946**
At 31 December 2019/31 December 2020	**2,000**	**1,946**	**3,946**

NOTES TO THE FINANCIAL STATEMENTS
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9. INTANGIBLE ASSETS (CONT'D)

Group	Trademarks RM'000	Licenses RM'000	Total RM'000
Net carrying amount			
At 31 December 2020	**30**	**10,421**	**10,451**
At 31 December 2019	30	10,421	10,451

Trademarks relate to the use of the "Miyachi" and "First Knight" for the Group's consumer foods and bedding products' business respectively. The useful lives of the trademarks are estimated to be indefinite because based on the current market share of the trademarks, Directors believe that there is no foreseeable limit to the period over which trademarks are expected to generate net cash inflows for the Group.

Licence consists of "Kingkoil" is relating to the use of the bedding products and is estimated to have indefinite useful lives. During the financial year ended 31 December 2019, impairment loss amounting to RM1,946,000 was recognised in the financial statements resulted from the impairment testing of the bedding products business.

For the purpose of impairment testing, these intangible assets have been allocated to a cash generating unit ("CGU") according to subsidiaries' operation. The recoverable amounts of the CGU have been determined based on the value in use calculations using discounted cash flows projections from financial budgets approved by management covering a 5-year period. The details on the gross margin, growth rate and discount rate for the CGU are disclosed in Note 8 to the Financial Statements.

10. DEFERRED TAX ASSETS/LIABILITIES

Group	2020 RM'000	2019 RM'000
Deferred tax assets		
At beginning of the year	**2,290**	2,750
Transferred from profit or loss (Note 26)	**(1,178)**	104
Overprovision in prior year (Note 26)	**–**	(564)
At end of the year	**1,112**	2,290
Deferred tax liabilities		
At beginning of the year	**3,882**	3,944
Transferred to profit or loss (Note 26)	**167**	(37)
Overprovision in prior year (Note 26)	**(6)**	(25)
At end of the year	**4,043**	3,882
Total	**(2,931)**	(1,592)

NOTES TO THE FINANCIAL STATEMENTS
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10. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

The deferred tax assets/(liabilities) at the end of the reporting date are made up of temporary differences arising from:-

Group	1 January RM'000	Recognised in profit or loss RM'000	31 December RM'000
2020			
Deferred tax assets			
Unutilised tax allowances	**3,554**	**(318)**	**3,236**
Provisions	**93**	**(93)**	**–**
Deferred tax liabilities			
Accelerated capital allowance	**(4,195)**	**(956)**	**(5,151)**
Revaluation of land and buildings	**(1,044)**	**28**	**(1,016)**
	(1,592)	**(1,339)**	**(2,931)**
2019			
Deferred tax assets			
Unutilised tax allowances	4,064	(510)	3,554
Provisions	104	(11)	93
Deferred tax liabilities			
Accelerated capital allowance	(4,289)	94	(4,195)
Revaluation of land and buildings	(1,073)	29	(1,044)
	(1,194)	(398)	(1,592)

Deferred tax assets have not been recognised in respect of the following items as they may not have sufficient future taxable profits to be used to offset or they arose from the subsidiaries that have a recent history of losses.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unabsorbed tax losses	**15,066**	12,964	**1,992**	1,220
Unutilised capital allowances	**1,695**	1,603	**–**	–
Others	**(239)**	(302)	**(33)**	(23)
	16,522	14,265	**1,959**	1,197

Effective year of assessment 2019 as announced in the Annual Budget 2019, the unabsorbed tax losses of the Group and of the Company as of 31 December 2018 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed tax losses will be disregarded.

NOTES TO THE FINANCIAL STATEMENTS
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10. DEFERRED TAX ASSETS/LIABILITIES (CONT'D)

The expiry of the unabsorbed tax losses are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Year of assessment 2025	**12,056**	12,459	**520**	520
Year of assessment 2026	**1,277**	505	**700**	700
Year of assessment 2027	**1,733**	–	**772**	–
	15,066	12,964	**1,992**	1,220

11. AMOUNTS DUE FROM SUBSIDIARIES

Company	**2020 RM'000**	**2019 RM'000**
Amount due from subsidiaries	**10,013**	5,976
Less: Accumulated impairment loss		
At 1 January	**(1,024)**	(1,024)
Add: loss allowance recognised during the year	**(10)**	–
At 31 December	**(1,034)**	(1,024)
	8,979	4,952
Represented by:		
Non-current	**1,577**	3,077
Current	**7,402**	1,875
	8,979	4,952

Amount due from a wholly-owned subsidiary, Agrow Malaysia Sdn. Bhd. amounting to RM1,577,253 (2019: RM3,337,430) is non-trade, non-interest bearing, unsecured and repayable over 2 years (2019: 3 years). Consequently, finance expenses of RM70,660 (2019: RM72,618) are recognised in the profit or loss representing the discounting effect of the amount due from a subsidiary classified under non-current asset based on 5% discount rate (2019: 5%).

Amounts due from other subsidiaries are non-trade, non-interest bearing and unsecured.

NOTES TO THE FINANCIAL STATEMENTS
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12. INVENTORIES

Group	2020 RM'000	2019 RM'000
Raw materials	**15,813**	12,660
Work-in-progress	**931**	993
Finished goods	**16,121**	15,194
Goods in transit	**1,726**	–
	34,591	28,847
Recognised in profit or loss:-		
Inventories recognised as Cost of Sales	**194,692**	197,568
Inventories written off as Other Expenses	**126**	37
Provision of slow moving inventories as Other Expenses	**753**	629
Reversal of impairment loss on slow moving inventories as Other Income	**(869)**	(370)

13. RIGHT OF RETURN ASSETS AND REFUND LIABILITIES

Group	2020 RM'000	2019 RM'000
Right of return assets:-		
- Bedding products	**113**	333
- Consumer foods	**46**	34
	159	367
Refund liabilities:-		
- Bedding products	**142**	416
- Consumer products	**55**	39
	197	455

14. TRADE RECEIVABLES

Group	2020 RM'000	2019 RM'000
Trade receivables	**38,872**	46,806
Less: Impairment loss	**(5,109)**	(4,915)
At 31 December	**33,763**	41,891

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

14. TRADE RECEIVABLES (CONT'D)

The movements of the impairment loss of trade receivables during the year are as follow:

Group	2020 RM'000	2019 RM'000
Loss allowance as at 1 January	**4,915**	5,413
Loss allowance recognised during the year	**2,190**	1,608
Loss allowance unused and reversed during the year	**(1,757)**	(1,112)
Receivables written off during the year	**(239)**	(995)
Loss allowance as at 31 December	**5,109**	4,915

The loss allowances on trade receivables was reversed during the financial year as a result of subsequent receipts and written off of the amount.

Trade receivables are non-interest bearing and the normal credit terms are generally ranging from 14 to 120 (2019: 14 to 120) days.

15. OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Prepayments	**1,628**	2,460	**–**	–
Less: Impairment loss	**(1,079)**	(1,080)	**–**	–
Net prepayment	**549**	1,380	**–**	–
GST receivable	**6**	334	**–**	–
Advances to staff	**6**	7	**–**	–
Deposits	**6,530**	551	**3**	8
Sundry receivables	**732**	1,685	**–**	–
	7,823	3,957	**3**	8

The movements of the impairment loss of other receivables during the year are as follow:

Group	2020 RM'000	2019 RM'000
1 January	**1,080**	1,080
Loss allowance unused and reversed during the year	**(1)**	–
A1 31 December	**1,079**	1,080

The loss allowance on other receivables was reversed during the financial year as a result of subsequent receipts of the amount.

Included in deposits of the Group was RM5,629,000 (2019: Nil) paid in relation to the acquisition of a piece of vacant freehold land as detailed in Note 32 to the Financial Statements.

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16. SHORT TERM DEPOSITS WITH LICENSED BANKS

Group

Short-term deposits are placed with licensed banks. The interest rates are 1.65% - 1.90% (2019: 3.35% to 4.1%) per annum with maturity dates of 1 to 12 months (2019: 1 to 12 months).

17. SHARE CAPITAL

	No. of ordinary shares		Amount	
	2020	2019	2020	2019
Group and Company	Unit	Unit	RM'000	RM'000
Issued and fully paid with no par value:-				
At 1 January/31 December	**102,850,000**	102,850,000	**103,105**	103,105

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry 1 vote per share without restrictions and rank equally with regards to the Company's residual assets.

18. RESERVES

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Foreign currency translation reserve	**127**	127	**–**	–
Distributable				
Retained earnings	**85,520**	82,919	**37,715**	36,488
	85,647	83,046	**37,715**	36,488

19. BANK BORROWINGS

	2020	2019
Group	RM'000	RM'000
Current		
Secured		
Bank overdrafts	**390**	553
Term loans	**3,722**	3,975
Bankers' acceptance	**12,697**	10,201
Trust receipt	**64**	197
Bill payables	**4,422**	2,760
Revolving credit	**5,000**	3,500
	26,295	21,186

NOTES TO THE FINANCIAL STATEMENTS
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19. BANK BORROWINGS (CONT'D)

Group	2020 RM'000	2019 RM'000
Non-current		
Secured		
Term loans	**10,293**	14,020
Total bank borrowings	**36,588**	35,206

Bank borrowings obtained from local banks bear interest rates ranging from 3.45% to 8.54% (2019: 1.00% to 8.54%) per annum.

Bank borrowings of the Group are secured by:-

(i) Corporate guarantee by the Company and subsidiaries;
(ii) Letter of negative pledge over the present and future floating assets of subsidiaries;
(iii) Trade financing general agreement;
(iv) Facilities agreement and first party first legal charge on certain properties of the subsidiaries;
(v) Specific debenture over plant and machineries financed by the banks;
(vi) Blanket counter indemnity;
(vii) Open all monies first party debenture by way of fixed and floating charges over the property of a subsidiary;
(viii) Open all monies facilities agreement by a subsidiary; and
(ix) Open all monies corporate guarantee by the Company.

20. LEASE LIABILITIES

Group	2020 RM'000	2019 RM'000
Current liabilities		
- less than 1 year	**914**	991
Non-current liabilities		
- more than 1 year but less than 2 years	**1,435**	1,061
- more than 2 years but less than 5 years	**1,472**	2,315
- more than 5 years	**–**	591
Total non-current liabilities	**2,907**	3,967
Total	**3,821**	4,958

The lease liabilities bear interest at rates ranging from 2.13% to 5.00% (2019: 2.13% to 3.79%) per annum.

NOTES TO THE FINANCIAL STATEMENTS
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20. LEASE LIABILITIES (CONT'D)

Set out below are the movements of the lease liabilities during the financial year:-

Group	2020 RM'000	2019 RM'000
At 1 January	**4,958**	437
Additions	**715**	4,923
Accretion of interest	**59**	39
Lease modification	**(953)**	–
Payments	**(958)**	(441)
At 31 December	**3,821**	4,958

The following are the amounts relating to lease liability recognised in profit or loss:-

	2020 RM'000	2019 RM'000
Interest expense on lease liabilities	**59**	39

The lease liabilities are secured by the related underlying asset.

The maturity analysis of lease liabilities is disclosed in Note 31.2 (b) to the Financial Statements.

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in property, plant and equipment on the statements of financial position:

2020	Range of remaining term	Number of leases with extension options	Number of leases with variable payment linked to an index	Number of leases with termination options
Leasehold land and buildings	**2 – 64 years**	**1**	**–**	**–**
Motor vehicles	**1 – 3 years**	**–**	**–**	**–**
Forklifts	**4 years**	**–**	**–**	**–**
2019				
Leasehold land and buildings	3 – 65 years	1	–	–
Motor vehicles	1 – 4 years	–	–	–
Forklifts	5 years	–	–	–

21. TRADE PAYABLES

The normal trade credit terms granted by the trade payables range from 30 to 120 (2019: 30 to 120) days.

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– 31 DECEMBER 2020

22. OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sundry payables	**3,605**	4,347	**–**	–
Goods services tax payable	**27**	27	**–**	–
Sales and services tax payable	**454**	493	**–**	–
Accruals of expenses	**6,905**	5,961	**375**	442
Deposits received	**11**	25	**–**	–
	11,002	10,853	**375**	442

23. CONTRACT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Advances collected	**3,216**	1,316
Secured deposits received	**2,947**	3,147
	6,163	4,463
At beginning of year	**4,463**	3,952
Recognised as revenue during the year	**(6,148)**	(3,825)
Advances collected during the year	**7,848**	4,336
At end of year	**6,163**	4,463

The Group recorded contract liabilities which represent secured deposits received and advances collected from customers for the future sale of goods. The advances collected are expected to be recognised as revenue over a period of 90 days.

24. REVENUE FROM CONTRACT WITH CUSTOMERS

24.1 Disaggregated revenue information

	Group		Company	
Segments	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Types of income				
- Sales of goods	**273,502**	245,286	**–**	–
- Management fees	**–**	–	**990**	1,118
- Dividend income	**–**	–	**2,070**	–
- Rental income	**110**	121	**–**	–
Total revenue from contracts with customers	**273,612**	245,407	**3,060**	1,118

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24. REVENUE FROM CONTRACT WITH CUSTOMERS (CONT'D)

24.1 Disaggregated revenue information (cont'd)

	Group		Company	
Segments	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Geographical markets				
- Malaysia	**182,358**	176,797	**3,060**	1,118
- Republic of Singapore	**6,610**	5,386	**–**	–
- Indonesia	**50,042**	48,160	**–**	–
- Brunei	**3,772**	3,096	**–**	–
- Australia	**1,826**	64	**–**	–
- United States of America	**22,714**	7,941	**–**	–
- Others	**6,290**	3,963	**–**	–
	273,612	245,407	**3,060**	1,118

24.2 Nature of the revenue from contract with customers

Revenue is recognised at a point in time when the performance obligation representing sales of consumer goods are satisfied upon delivery of goods to the customers generally with credit term of 14 to 120 (2019: 30 to 120) days.

The details of variable considerations of revenue recognition are as follows:-

(i) *Trade discounts*

Discount will be given to the customers when the customers paid within 30 days from the invoice date.

(ii) *Trade rebates/incentives*

Trade discount/incentive will be given to certain customers if the customers meet the quarterly target on purchase of consumer products.

(iii) *Right of goods returns*

The Group allows customers of consumer goods and bedding products segment to return goods within 60 days from the date of delivered the goods.

(iv) *Warranty*

There is no warranty given for the customers of the Group.

The remaining performance obligations which is represented by the amount of contract liabilities are expected to be recognised within a period of 90 days.

Revenue amounted to RM1,316,000 (2019: RM2,109,000) was recognised in contract liabilities at the beginning of the year.

NOTES TO THE FINANCIAL STATEMENTS
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25. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax is determined after charging/(crediting) amongst others, the following items:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Audit remunerations				
- auditors of the Company	**176**	172	**34**	34
- other auditors	**99**	92	**–**	–
Non-audit fees charged by auditors	**83**	57	**63**	33
Short term lease of premises	**1,279**	1,162	**60**	60
Realised loss/(gain) on foreign exchange	**415**	242	**(2)**	–
Interest expenses	**1,693**	2,283	**–**	–
Interest income	**(752)**	(802)	**–**	–
Gain on disposal of property, plant and equipment	**(22)**	(114)	**–**	(15)
Unrealised gain on foreign exchange	**(2)**	(3)	**–**	–

26. TAX EXPENSES/(INCOME)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current year:				
- Current tax	**1,030**	734	**–**	22
- Deferred tax	**1,345**	(141)	**–**	–
	2,375	593	**–**	22
(Over)/under provision in prior year:				
- Current tax	**3**	102	**(50)**	–
- Deferred tax (Note 10)	**(6)**	539	**–**	–
	(3)	641	**(50)**	–
	2,372	1,234	**(50)**	22

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profits for the financial year.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

26. TAX EXPENSES/(INCOME) (CONT'D)

The reconciliation of income tax expenses/(income) applicable to (loss)/profit before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Profit/(loss) before tax	**4,956**	(25,385)	**1,177**	(1,094)
Tax at 24%	**1,189**	(6,093)	**282**	(263)
Tax effects in respect of:-				
Expenses not deductible for tax purposes	**1,917**	7,837	**58**	285
Income not subject to tax	**(1,273)**	(964)	**(523)**	–
Movement of deferred tax assets not recognised	**542**	(187)	**183**	–
	2,375	593	**–**	22
(Over)/under provision in prior year	**(3)**	641	**(50)**	–
Tax at effective tax rate	**2,372**	1,234	**(50)**	22

27. EARNINGS/LOSS PER SHARE

Basic earnings per share

Basic earnings per share is calculated based on Group's net profit/(loss) for the year attributable to owners of the Company of RM2,601,000 (2019: RM26,477,000) over the number of ordinary shares during the financial year of 102,850,000 (2019: 102,850,000).

There is no diluted earnings per share during the financial year as the Company does not have any potential dilutive shares as at the end of the reporting year.

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28. EMPLOYEES BENEFITS EXPENSES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Salaries and other emoluments	**31,032**	28,241	**467**	471
Defined contribution plan	**2,549**	2,314	**99**	101
Social security contributions	**269**	237	**–**	–
Other benefits	**2,248**	1,585	**165**	163
	36,098	32,377	**731**	735

The remuneration receivable by Directors and other member of key management personnel of the Group and of the Company during the financial year are as follows:-

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Executive Directors:-				
Salaries and other emoluments	**430**	385	**430**	385
Defined contribution plan	**44**	45	**44**	45
	474	430	**474**	430
Non-Executive Directors:-				
Fees	**332**	348	**332**	348
Salaries and other emoluments	**397**	472	**18**	19
	729	820	**350**	367
Key management personnels:-				
Salaries and other emoluments	**4,835**	3,948	**–**	–
Total	**6,038**	5,198	**824**	797

NOTES TO THE FINANCIAL STATEMENTS
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29. RELATED PARTY DISCLOSURES

(a) Significant related party transactions during the financial year are as follows:-

	Company	
	2020	**2019**
	RM'000	**RM'000**
Dividend income received from subsidiaries	**2,070**	–
Management fees received from subsidiaries	**990**	1,118
Rental paid to a subsidiary	**60**	60

The Directors of the Company are of the opinion that the terms of the above transactions were entered on a negotiated basis between the companies.

(b) Compensation of key management personnel

Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group.

Key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly.

The remuneration of key management personnel is disclosed in Note 28 to the Financial Statements.

(c) The outstanding balances arising from related party transactions as at the reporting date are disclosed in Note 11 to the Financial Statements.

30. OPERATING SEGMENT

(a) Business segments

Management currently identifies the Group's manufacturing and trading activities as operating segments. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results. The following summary describes the operations in each of the Group's reportable segments:-

(i) Building materials : Trading in building materials

(ii) Bedding products : Manufacturing and trading of various types of bedding products

(iii) Consumer foods : Manufacturing and trading of various types of consumer foods

(iv) Others : Investment and property holding

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

30. OPERATING SEGMENT (CONT'D)

(a) Business segments (cont'd)

	Note	Building materials RM'000	Bedding products RM'000	Consumer foods RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
2020							
Revenue:-							
External revenue		36,339	76,983	160,290	–	–	273,612
Inter-segment revenue	(i)	90	–	–	3,060	(3,150)	–
		36,429	76,983	160,290	3,060	(3,150)	273,612
Results:-							
Interest income		37	375	340	111	(111)	752
Finance cost		(261)	(590)	(842)	–	–	(1,693)
Depreciation of property, plant and equipment		(641)	(3,198)	(4,531)	(49)	–	(8,419)
Amortisation of investment properties		(414)	(109)	–	–	–	(523)
Income tax expense		(20)	(959)	(1,443)	50	–	(2,372)
Other non-cash							
- income	(ii)	1,023	780	848	–	–	2,651
- expenses	(ii)	(1,235)	(1,317)	(566)	–	–	(3,118)
Segment profit/(loss)	(iii)	(3,095)	2,999	6,991	1,060	(2,058)	5,897
Assets:-							
Additions to non-current assets	(iv)	398	2,734	5,670	4	–	8,806
Segment assets	(v)	41,980	110,279	101,764	147,427	(124,680)	276,770
Liabilities:-							
Segment liabilities	(vi)	11,843	35,052	45,586	5,575	(10,191)	87,865

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

30. OPERATING SEGMENT (CONT'D)

(a) Business segments (cont'd)

	Note	Building materials RM'000	Bedding products RM'000	Consumer foods RM'000	Others RM'000	Adjustments and eliminations RM'000	Total as per consolidated financial statements RM'000
2019							
Revenue:-							
External revenue		49,821	68,499	127,087	–	–	245,407
Inter-segment revenue	(i)	90	–	–	1,118	(1,208)	–
		49,911	68,499	127,087	1,118	(1,208)	245,407
Results:-							
Interest income		209	220	420	–	(47)	802
Finance cost		(736)	(388)	(1,086)	(73)	–	(2,283)
Depreciation of property, plant and equipment		(727)	(2,651)	(4,868)	(48)	–	(8,294)
Amortisation of investment properties		(414)	(109)	–	–	–	(523)
Income tax expense		(12)	(754)	(446)	(22)	–	(1,234)
Other non-cash							
- income	(ii)	1,025	426	133	15	–	1,599
- expenses	(ii)	(1,074)	(23,775)	(430)	–	–	(25,279)
Segment profit/(loss)	(iii)	(1,111)	(1,168)	433	(1,023)	(21,035)	(23,904)
Assets:-							
Additions to non-current assets	(iv)	694	6,722	3,125	124	–	10,665
Jointly controlled entity		250	–	–	–	–	250
Segment assets	(v)	47,844	114,478	93,935	140,100	(119,851)	276,506
Liabilities:-							
Segment liabilities	(vi)	14,367	41,076	40,733	470	(6,261)	90,385

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

30. OPERATING SEGMENT (CONT'D)

(a) Business segments (cont'd)

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

(i) Inter-segment revenues are eliminated on consolidation.

(ii) Other non-cash (income)/expenses consist of the following items:-

	2020 RM'000	2019 RM'000
Income		
Reversal of impairment loss on slow moving inventories	**(869)**	(370)
Reversal of impairment loss on trade receivables	**(1,757)**	(1,112)
Unrealised gain on foreign exchange	**(2)**	(3)
Gain on disposal of property, plant and equipment	**(22)**	(114)
Reversal of impairment loss on other receivables	**(1)**	–
	(2,651)	(1,599)
Expenses		
Loss on derecognition of jointly-controlled entity	**36**	–
Property, plant and equipment written off	**13**	5
Impairment loss on goodwill	**–**	21,054
Impairment loss on intangible assets	**–**	1,946
Inventories written off	**126**	37
Provision of slow moving inventories	**753**	629
Impairment loss on trade receivables	**2,190**	1,608
	3,118	25,279

(iii) The following items are added to/(deducted from) segment profit to arrive at "Net profit/loss for the financial year" presented in the consolidated statements of profit or loss and other comprehensive income:-

	2020 RM'000	2019 RM'000
Segment profit/(loss)	**5,897**	(23,904)
Interest income	**752**	802
Finance costs	**(1,693)**	(2,283)
Tax expense	**(2,372)**	(1,234)
Net profit/(loss) for the financial year	**2,584**	(26,619)

NOTES TO THE FINANCIAL STATEMENTS
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30. OPERATING SEGMENT (CONT'D)

(a) Business segments (cont'd)

Notes to the nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements (cont'd):-

(iv) Additions to non-current assets consist of:-

	2020 RM'000	2019 RM'000
Property, plant and equipment		
- cash purchase	**8,091**	5,742
- addition of right-of-use asset	**715**	4,531
- acquired through hire purchase arrangements	**–**	392
Total additions	**8,806**	10,665

(v) The following items are adjusted from segments assets to arrive at total assets reported in the consolidated statements of financial position:-

	2020 RM'000	2019 RM'000
Investment in subsidiaries	**(114,898)**	(93,844)
Inter-segment balances	**(9,782)**	(26,007)
	(124,680)	(119,851)

(vi) The following item is adjusted from segments liabilities to arrive at total liabilities reported in the consolidated statements of financial position:-

	2020 RM'000	2019 RM'000
Inter-segment balances	**(10,191)**	(6,261)

NOTES TO THE FINANCIAL STATEMENTS
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30. OPERATING SEGMENT (CONT'D)

(b) Geographical information

The Group's revenue and non-current assets information based on geographical location are as follows:-

	Revenue		Non-current assets	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Geographical markets				
- Malaysia	**182,358**	176,797	**137,243**	138,390
- Republic of Singapore	**6,610**	5,386	**3,611**	3,826
- Indonesia	**50,042**	48,160	**–**	–
- Brunei	**3,772**	3,096	**–**	–
- Australia	**1,826**	64	**–**	–
- United States of America	**22,714**	7,941	**–**	–
- Others	**6,290**	3,963	**–**	–
	273,612	245,407	**140,854**	142,216

Non-current assets information presented above consist of the following items as presented in the consolidated statements of financial position:-

	2020	2019
	RM'000	RM'000
Property, plant and equipment	**102,524**	103,111
Investment properties	**11,768**	12,293
Investment in jointly controlled entity	**–**	250
Goodwill on consolidation	**16,111**	16,111
Intangible assets	**10,451**	10,451
	140,854	142,216

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL INSTRUMENTS

31.1 Categories of Financial Instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") and financial liabilities categorised as other financial liabilities measured at AC:-

Group	Carrying amount RM'000	AC RM'000
2020		
Financial assets		
Trade receivables	**33,763**	**33,763**
Other receivables	**1,549**	**1,549**
Short term deposits with licensed banks	**15,156**	**15,156**
Cash and bank balances	**41,926**	**41,926**
	92,394	**92,394**
Financial liabilities		
Trade payables	**25,676**	**25,676**
Other payables	**10,510**	**10,510**
Bank borrowings	**36,588**	**36,588**
	72,774	**72,774**
2019		
Financial assets		
Trade receivables	41,891	41,891
Other receivables	2,243	2,243
Short-term deposits with licensed banks	13,568	13,568
Cash and bank balances	41,289	41,289
	98,991	98,991
Financial liabilities		
Trade payables	30,537	30,537
Other payables	10,308	10,308
Bank borrowings	35,206	35,206
	76,051	76,051

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 Categories of Financial Instruments (cont'd)

The table below provides an analysis of financial instruments categorised as amortised cost ("AC") and financial liabilities categorised as other financial liabilities measured at AC (cont'd):-

Company	Carrying amount RM'000	AC RM'000
2020		
Financial assets		
Other receivables	**3**	**3**
Amount due from subsidiaries	**8,979**	**8,979**
Cash and bank balances	**235**	**235**
	9,217	**9,217**
Financial liabilities		
Other payables	**375**	**375**
	375	**375**
2019		
Financial assets		
Other receivables	8	8
Amount due from subsidiaries	4,952	4,952
Cash and bank balances	3,924	3,924
	8,884	8,884
Financial liabilities		
Other payables	442	442
	442	442

31.2 Financial Risk Management Objectivities and Policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and the Company's businesses whilst managing their credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows:-

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group does not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group's portfolio of financial instrument is broadly diversified along industry, product and geographical lines, and transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group does not offer credit terms without the approval of the head of credit control.

Following are the areas where the Group and the Company are exposed to credit risk:-

Trade Receivables

As at the end of the reporting year, the maximum exposure to credit risk arising from receivables is limited to the carrying amounts in the statement of financial position.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external rating, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the management.

More than 63% (2019: 67%) of the Group's customers have been transacting with the Group for long-term basis, and none of these customer's balances have been written off or are credit-impaired at the reporting date. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, whether they are a wholesale, retail or end-user customer, their geographic location, industry, trading history with the Group and existence of previous financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Trade Receivables (cont'd)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The Group does not hold collateral as security. The letters of credit and other forms of credit insurance are considered integral part of trade receivables and considered in the calculation of impairment.

The Group evaluates the concentration of risk with respect to trade receivables and as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		←	Days past due	→	
	Not past due RM'000	**1 - 30 days RM'000**	**30 - 60 days RM'000**	**More than 60 days RM'000**	**Total RM'000**
31 December 2020					
Expected credit loss rate	**0% - 1.1%**	**0% - 3.0%**	**0% - 9.8%**	**5% - 66.7%**	
Estimated total gross carrying amount	**25,863**	**4,043**	**2,259**	**6,707**	**38,872**
Expected credit loss	**(294)**	**(120)**	**(221)**	**(4,474)**	**(5,109)**
31 December 2019					
Expected credit loss rate	0% -0.1%	0% - 0.7%	0% - 1.3%	5% - 43%	
Estimated total gross carrying amount	23,944	7,908	3,756	11,198	46,806
Expected credit loss	(2)	(56)	(50)	(4,807)	(4,915)

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31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Trade Receivables (cont'd)

The credit risk concentration profile of the Group at the end of the reporting year is as follows:-

	2020		2019	
	RM'000	% of total	RM'000	% of total
By country:-				
Malaysia	**32,987**	**97.7**	41,060	98.0
United States	**463**	**1.4**	297	0.7
Singapore	**–**	**–**	259	0.6
Others	**313**	**0.9**	275	0.7
	33,763	**100.0**	41,891	100.0

Trade receivables that are neither past due nor impaired are credit worthy receivables with good payment records with the Group.

As at the reporting date, approximately 22% (2019: 17%) of trade receivables was due from 2 (2019: 2) major customers, namely Customer A (14%) and Customer B (8%) (2019: Customer A (9%) and Customer B (8%)).

The net carrying amounts of trade and other receivables are considered a reasonable approximate of their fair values. The maximum exposure to credit risk is the carrying value of each class of receivables mentioned above. Trade receivables that are individually determined to be impaired at the end of reporting year relate to receivables that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Other Receivables

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position. At the end of the reporting year, there was no indication that the other receivables are not recoverable.

NOTES TO THE FINANCIAL STATEMENTS
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31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(a) Credit risk (cont'd)

Following are the areas where the Group and the Company are exposed to credit risk (cont'd):-

Corporate guarantees

The maximum exposure to credit risk of RM38,447,000 (2019: RM35,206,000) is represented by the outstanding banking facilities utilised by the subsidiaries as at the end of the reporting year.

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the borrowers and their repayments to the banks. As at the end of the reporting year, there was no indication that any of the subsidiaries would default on repayments.

Intercompanies balances

The maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

The Company provides unsecured advances to subsidiaries and monitors the results of the subsidiaries regularly. As at the end of the reporting year, there was no indication that the advances to the subsidiaries are not recoverable.

Cash and cash equivalents

The credit risk for cash and cash equivalent is considered negligible since the counterparties are reputable banks with high quality external credit ratings.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due.

In managing its exposures to liquidity risk arises principally from its various payables, loans and borrowings, the Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

The Group aims at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(b) Liquidity risk (cont'd)

Following are the areas where the Group and the Company are exposed to liquidity risk:-

Group	Carrying amount RM'000	Contractual cash flows RM'000	Maturity Within 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000
2020						
Trade payables	**25,676**	**25,676**	**25,676**	**–**	**–**	**–**
Other payables	**10,510**	**10,510**	**10,510**	**–**	**–**	**–**
Bank borrowings	**36,588**	**37,790**	**26,734**	**5,364**	**4,794**	**898**
Lease liabilities	**3,821**	**4,556**	**996**	**973**	**2,587**	**–**
	76,595	**78,532**	**63,916**	**6,337**	**7,381**	**898**
2019						
Trade payables	30,537	30,537	30,537	–	–	–
Other payables	10,308	10,308	10,308	–	–	–
Bank borrowings	35,206	43,214	20,000	6,920	10,117	6,177
Lease liabilities	4,958	4,966	4,671	217	78	–
	81,009	89,025	65,516	7,137	10,195	6,177

Company	Carrying amount RM'000	Contractual cash flows RM'000	Maturity Within 1 year RM'000
2020			
Other payables	**375**	**375**	**375**
Financial guarantees	**38,447**	**38,447**	**38,447**
2019			
Other payables	442	442	442
Financial guarantees	35,206	35,206	35,206

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

To mitigate the Group's exposure to foreign currency risk, the Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Brunei Dollar ("BND").

The Group's exposure to foreign currency risk, based on carrying amounts as at the end of the reporting year is as follows:-

	Group Denominated in		
	USD RM'000	**SGD RM'000**	**BND RM'000**
2020			
Trade receivables	**463**	**–**	**313**
Cash and bank balances	**987**	**342**	**–**
Trade payables	**(1,641)**	**–**	**–**
	(191)	**342**	**313**
2019			
Trade receivables	645	259	275
Cash and bank balances	1,045	325	–
Trade payables	(5,427)	–	–
	(3,737)	584	275

Exposure to foreign exchange rates vary during the financial year depending on the volume of overseas transactions.

As at the reporting date, the management of the Group determined the effects of sensitivity of the Group's net profit for the financial year to a reasonable possible changes in USD, SGD and BND to be immaterial.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group's targets a mix of fixed and floating debts based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's significant interest bearing financial instruments based on the carrying amounts as at the end of the reporting year is as follows:-

Group	**2020 RM'000**	**2019 RM'000**
Fixed rate instruments		
Financial asset		
Short-term deposits with licensed banks	**15,156**	13,568
Financial liabilities		
Bank borrowings	**22,183**	16,658
Lease liabilities	**3,821**	4,958
	26,004	21,616
Floating rate instrument		
Financial liabilities		
Bank borrowings	**14,405**	18,548

The Group does not account for any fixed rate financial assets and liabilities through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rate at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 Financial Risk Management Objectivities and Policies (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies in respect of the major areas of treasury activity are set out as follows (cont'd):-

(d) Interest rate risk (cont'd)

The following table illustrates the sensitivity of net profit to a reasonable possible change in interest rates of +/- 50 basis point ("bp"). These changes considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each year and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant.

	Group (Increased)/decreased net loss for the financial year	
	RM'000 +50 bp	RM'000 -50 bp
2020	**(72)**	**72**
2019	(93)	93

31.3 Fair value of financial instruments

The carrying amounts of financial assets and liabilities of the Company at the reporting date approximate their fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date or insignificant impact of discounting.

31.4 Fair value hierarchy

No fair value hierarchy has been disclosed due to the financial instruments of the Group and the Company measured at fair value as at the end of the financial year is immaterial.

31.5 Reconciliation of liabilities arising from financing activities

	At 1 January RM'000	Repayments RM'000	Drawndowns RM'000	At 31 December RM'000
2020				
Loans and borrowings				
- Term loan	**17,995**	**(3,980)**	**–**	**14,015**
- Bankers' acceptance and bill payable	**12,961**	**(12,331)**	**16,489**	**17,119**
- Trust receipts	**197**	**(133)**	**–**	**64**
- Revolving credit	**3,500**	**–**	**1,500**	**5,000**
- Lease liabilities	**4,958**	**(1,852)**	**715**	**3,821**

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 Reconciliation of liabilities arising from financing activities (cont'd)

	At 1 January RM'000	Repayments RM'000	Drawndowns RM'000	At 31 December RM'000
2019				
Loans and borrowings				
- Term loan	22,487	(4,492)	–	17,995
- Bankers' acceptance and bill payable	14,892	(17,330)	15,399	12,961
- Trust receipts	56	–	141	197
- Revolving credit	2,500	–	1,000	3,500
- Lease liabilities	437	(402)	4,923	4,958

32. SIGNIFICANT EVENTS DURING AND AFTER THE FINANCIAL YEAR

(a) On 17 August 2020, 80%-owned subsidiary, Enigma Sinar Sdn. Bhd. entered into a Sale and Purchase Agreement in relation to the acquisition of a piece of vacant freehold land at a total consideration of RM56,286,746. Deposit has been paid as detailed in Note 15 to the Financial Statements. As at to-date, the acquisition has yet to be completed.

(b) On 11 March 2020, the World Health Organisation declared the Coronavirus Disease 2019 ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. During the year 2020, the Malaysian Government imposed the various MCO, Conditional Movement Control Order ("CMCO") and Recovery Movement Control Order ("RMCO") to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak had also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 outbreak since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

Subsequent to the financial year end, the Malaysian Government on 11 January 2021 imposed the MCO for selected states which were severely affected by the COVID-19. In addition, on 12 January 2021 the Malaysian King declared a state of emergency for the country until 1 August 2021 to curb the spread of COVID-19.

The Group and the Company had performed assessment of the overall impact of the situation on the Company's operations, including the recoverability of the carrying amount of assets and measurement of assets and liabilities. As at the date of authorisation of the financial statements, the scale and duration of the economic uncertainties arising from the COVID-19 pandemic could not be reasonably estimated.

The Group and the Company are closely monitoring the evolving situation of the COVID-19 pandemic and its related financial effects, if any, on the financial statements of the Group and of the Company which will be reflected in the audited financial statements for the financial year ending of 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS
– 31 DECEMBER 2020

33. CAPITAL COMMITMENTS

	Group	
	2020	**2019**
	RM'000	**RM'000**
Authorised and contracted for:		
- Property, plant and equipment	**50,658**	–

The authorised and contracted for property, plant and equipment in relation to the acquisition of a piece of vacant freehold land are detailed in Note 32 to the Financial Statements.

34. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital are to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as going concerns, so as to maintain investor, creditor and market confidence and to sustain future development of the businesses. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group and the Company set the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group and the Company manage the capital structure and make adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

Total capital managed at Group level is the shareholders' funds as shown in the statements of financial position.

During 2020, the Group's strategy, which was unchanged from 2019, was to maintain the debt-to-equity ratio not more than 1.0.

	2020	**2019**
	RM'000	**RM'000**
Bank borrowings	**36,588**	35,206
Lease liabilities	**3,821**	4,958
	40,409	40,164
Total equity	**188,905**	186,121
Debt-to-equity ratio	**0.21**	0.22

There were no changes in the Group's and the Company's approach to capital management during the financial year.

LIST OF PROPERTIES
AS AT 31 DECEMBER 2020

Location	Tenure	Area (Square Metres)	Description and Existing Use	Approximate Age of Buildings (Years)	Net Book Value as at 31.12.2020 (RM)	Year of Last Revaluation/ Acquisition
Lot 1, Lorong Perak 2 42500 Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Leasehold 99 years expiring 2086 Residual lease 66 years	5,236 Built-up 2,913	1½ Storey Factory	32	2,596,384	1998
Lot 2137, Jalan Enggang Kg. Batu 9, Kebun Baru 42500 Teluk Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	20,233 Built-up 11,148	1 Storey Factory	22	17,754,425	1998
Lot 2447, Jalan Pulau Carey 42500 Telok Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	20,158 Built-up 3,345	1 Storey Factory	16	4,575,465	2011
Lot 2448, Jalan Pulau Carey 42500 Telok Panglima Garang Kuala Langat Selangor Darul Ehsan Malaysia	Freehold	21,954	Vacant Land	Not Applicable	5,147,000	2011
2B, Jalan SS 6/6, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia	Freehold	372 Built-up 1,802	4 Storey Commercial Shoplot/Office	24	2,590,969	1994
2C, Jalan SS 6/6, Kelana Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia	Freehold	372 Built-up 1,802	4 Storey Commercial Shoplot/Office	24	4,466,000	1998
Lot 1956 Jalan Bangi Lama Batu 1 ½ 43500 Semenyih Selangor Darul Ehsan Malaysia	Freeehold	40,696 Built-up 22,360	1 Storey Detached Factory cum 3 Storey Office and 1 Storey Detached Warehouse	21	16,636,240	2009
1A, Jalan Helang Bukit Kepong Baru Industrial Area 52100 Kepong Kuala Lumpur Wilayah Persekutuan Malaysia	Freehold	1,478 Built-up 870	1 Storey Warehouse	42	1,057,349	1998
Lot 10-05, Level 10 Pinnacle Tower Jalan Dato' Abdullah Tahir Taman Abad 80300 Johor Bharu Johor Darul Takzim Malaysia	Freehold	123	Service Apartment	4	756,935	2016

LIST OF PROPERTIES
AS AT 31 DECEMBER 2020

Location	Tenure	Area (Square Metres)	Description and Existing Use	Approximate Age of Buildings (Years)	Net Book Value as at 31.12.2020 (RM)	Year of Last Revaluation/ Acquisition
Lot 32-06, Level 32 Pinnacle Tower Jalan Dato' Abdullah Tahir Taman Abad 80300 Johor Bharu Johor Darul Takzim Malaysia	Freehold	121	Service Apartment	4	872,169	2016
A-6-P, Cameron Green Jalan Kemunting Tanah Rata 39100 Cameron Highlands Pahang Darul Makmur Malaysia	Leasehold 99 years expiring 2087 Residual lease 67 years	196.11	Apartment	19	264,964	1999
Lots 13 & 14 Kawasan Perusahaan Senawang 70450 Seremban Negeri Sembilan Darul Khusus Malaysia	Leasehold 99 years expiring 2078 Residual lease 58 years	15,060 Built-up 7,530	1 Storey Factory	17	6,105,650	2006
Lots 916, 917 & 918 Block 5 Seduan Land District Sungai Aup, Sibu Sarawak Malaysia	Leasehold 60 years expiring 2060 Residual lease 40 years	10,004 Built-up 5,340	2 Storey Detached Factory	18	5,679,189	2002
No. 49-P Lorong Sempadan Dua Bandar Air Itam 11400 Pulau Pinang Malaysia	Freehold	138 Built-up 220	2 Storey Shoplot	37	488,685	2012
No. 49-Q Lorong Sempadan Dua Bandar Air Itam 11400 Pulau Pinang Malaysia	Freehold	264 Built-up 357	2 Storey Shoplot	37	938,433	2012
11 Woodlands Close Woodlands 11 #10-32 Singapore 737853	Leasehold 60 years expiring 2070 Residual lease 50 years	170 Built-up 170	Flatted Office	9	1,804,542	2013
11 Woodlands Close Woodlands 11 #10-33 Singapore 737853	Leasehold 60 years expiring 2070 Residual lease 50 years	170 Built-up 170	Flatted Office	9	1,804,541	2013

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Total number of issued shares	:	102,850,000
Class of shares	:	Ordinary shares
Voting rights	:	1 vote per ordinary share held

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of shareholdings	No. of shareholders	%	No. of shares held	%
Less than 100 shares	25	1.02	1,067	*
100 to 1,000 shares	648	26.52	606,488	0.59
1,001 to 10,000 shares	1,315	53.83	5,344,925	5.20
10,001 to 100,000 shares	405	16.58	10,341,140	10.05
100,001 to 5,142,499 shares	49	2.01	56,990,700	55.41
5,142,500 shares and above	1	0.04	29,565,680	28.75
Total	**2,443**	**100.00**	**102,850,000**	**100.00**

Note:
* *Negligible*

SUBSTANTIAL SHAREHOLDERS

(According to the Register of Substantial Shareholders)

Name	Direct		Indirect		Total	
	No. of shares held	%	No. of shares held	%	No. of shares held	%
Rangkai Kartika Sdn. Bhd. ("RKSB")	29,565,680	28.75	–	–	29,565,680	28.75
Zeigells (M) Sdn. Bhd. ("ZSB")	–	–	29,565,680 [(a)]	28.75 [(a)]	29,565,680	28.75
Ng Kok Yin	–	–	29,565,680 [(b)]	28.75 [(b)]	29,565,680	28.75
Ho Kit Heng	–	–	29,565,680 [(b)]	28.75 [(b)]	29,565,680	28.75
Patricia Woon Lai Ching @ Lee Yah Seng	5,308,700	5.16	–	–	5,308,700	5.16

Notes:
(a) Deemed interest by virtue of its 100% shareholding in RKSB.
(b) Deemed interest by virtue of his substantial shareholding in ZSB, which in turn holds 100% equity interest in RKSB.

DIRECTORS' SHAREHOLDINGS

(According to the Register of Directors' Shareholdings)

Name	Direct		Indirect		Total	
	No. of shares held	%	No. of shares held	%	No. of shares held	%
Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil	–	–	–	–	–	–
Abd Aziz Bin Attan	–	–	–	–	–	–
Agnes Maria Sam A/P John Sam	–	–	–	–	–	–
Fong Heng Leong	–	–	–	–	–	–
Wong Choon Shein	–	–	–	–	–	–
Mohd Harris Bin Pardi	–	–	–	–	–	–

ANALYSIS OF SHAREHOLDINGS
AS AT 31 MARCH 2021

LIST OF THIRTY (30) LARGEST SHAREHOLDERS
(According to the Record of Depositors)

No.	Name	No. of shares held	%
1.	Rangkai Kartika Sdn. Bhd.	29,565,680	28.75
2.	Yap Ah Fatt	5,132,000	4.99
3.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Taipanmatics Sdn. Bhd.*	4,184,600	4.07
4.	Alliancegroup Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Patricia Woon Lai Ching @ Lee Yah Seng*	3,835,000	3.73
5.	Tan Han Chuan	3,734,200	3.63
6.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Exosoft Sdn. Bhd.*	3,700,000	3.60
7.	Unifonte Sdn. Bhd.	3,304,000	3.21
8.	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Ong Huey Peng*	3,260,420	3.17
9.	Kam Loong Mining Sdn. Bhd.	3,160,000	3.07
10.	Bukit Feringhi Resort Sdn. Bhd.	3,122,600	3.04
11.	Chan Wan Moi	2,631,600	2.56
12.	Suasana Proaktif Sdn. Bhd.	2,267,100	2.20
13.	Chan Wan Moi	1,833,900	1.78
14.	Choy Cheng Choong	1,678,200	1.63
15.	Khor Saw Hoon	1,600,000	1.56
16.	Patricia Woon Lai Ching @ Lee Yah Seng	1,473,700	1.43
17.	Teo Kwee Hock	1,096,900	1.07
18.	HLIB Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for Cheong Pooi Leong*	1,010,900	0.99
19.	Choy Cheng Choong	917,600	0.89
20.	Amsec Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account - AmBank (M) Berhad for Yeoh Jin Hoe*	680,000	0.66
21.	Kenanga Nominees (Tempatan) Sdn. Bhd. *- Derrick Kong Ying Kit (PCS)*	578,600	0.56
22.	CIMB Nominees (Asing) Sdn. Bhd. *- Exempt An for DBS Bank Ltd (SFS)*	554,000	0.54
23.	Tan Pak Nang	500,000	0.49
24.	Juliet Yap Swee Hwang	498,300	0.48
25.	Maybank Nominees (Tempatan) Sdn. Bhd. *- Pledged Securities Account for TNTT Realty Sdn. Bhd.*	485,000	0.47
26.	Tay Teck Ho	370,000	0.36
27.	Hoo Wan Fatt	364,900	0.35
28.	Tan Cheit Chai	360,000	0.35
29.	Tay Ying Lim @ Tay Eng Lim	346,500	0.34
30.	Ng Teng Song	339,000	0.33
	Total	**82,548,700**	**80.30**

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Sixty-Second Annual General Meeting ("AGM") of OCB Berhad will be conducted fully virtual and live-streamed from the broadcast venue at the Conference Room, 2B-5, Level 5, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Thursday, 24 June 2021 at 10.00 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Group and of the Company for the financial year ended 31 December 2020 and the Reports of the Directors and Auditors thereon. **(Please refer to Note C of this Agenda)**

2. To declare a first and final single-tier dividend of 1.5 sen per share in respect of the financial year ended 31 December 2020. **Resolution 1**

3. To re-elect the following Directors of the Company who retire pursuant to Clause 82 of the Company's Constitution.

   (i) Fong Heng Leong **Resolution 2**
   (ii) Wong Choon Shein **Resolution 3**

4. To re-elect Director of the Company, Agnes Maria Sam A/P John Sam who retires pursuant to Clause 86 of the Company's Constitution. **Resolution 4**

5. To approve the payment of Directors' fees amounting to RM392,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 31 December 2020. **Resolution 5**

6. To approve the payment of benefits of up to RM150,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2021. **Resolution 6**

7. To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors. **Resolution 7**

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass the following as an Ordinary Resolution:

   Continuation of office of Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil as an Independent Non-Executive Director **Resolution 8**

   "THAT Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil continues to serve as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

9. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016 **Resolution 9**

"THAT subject to the Companies Act, 2016, the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, if applicable, the Board of Directors of the Company ("Board") be and is hereby empowered pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time at such issue price which is at a not more than a ten per centum (10%) discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date to such Qualified Placee(s) as the Board may in its absolute discretion deem fit or appropriate, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares in the Company for the time being (excluding treasury shares), and upon such other additional terms and conditions (if any) to be determined by the Board. For the purposes of this resolution, "Qualified Placee(s)" shall refer to persons who are not (in accordance with Paragraph 6.04(c) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad) (a) a director, major shareholder or chief executive of the Company or a holding company of the Company (if applicable), or person(s) connected with such director, major shareholder or chief executive; or (b) nominee corporations, unless the names of the ultimate beneficiaries are disclosed. Qualified Placees shall also be person(s) or party(ies) who/ which qualify under Schedules 6 and 7 of the Capital Markets and Services Act 2007;

THAT such authority if/when passed shall constitute an authority for the issue of shares with prior shareholders' approval in a general meeting of the precise terms and conditions of the issue;

THAT such authority shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that Meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first;

AND THAT the Board be and is empowered to apply for and obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

10. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

Proposed renewal of authority for the Company to purchase its own shares **Resolution 10**

"THAT subject to compliance with the Companies Act, 2016, the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Company's Constitution and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised to purchase such number of ordinary shares in the Company as may be determined by the Board of Directors of the Company ("Board") from time to time through Bursa Securities upon such terms and conditions as the Board may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares to be purchased pursuant to this resolution shall not exceed ten per centum (10%) of the total number of issued shares in the Company as at the date of the share buy-back;

(ii) an aggregate amount of the funds not exceeding the retained profits of the Company as at the date of the share buy-back, be utilised by the Company for the purchase of its own shares; and

(iii) the shares of the Company to be purchased may be cancelled, retained as treasury shares, distributed as dividends or resold on Bursa Securities, or a combination of any of the above, at the absolute discretion of the Board;

AND THAT the authority conferred by this resolution will commence immediately upon the passing of this resolution and will continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it shall lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the MMLR of Bursa Securities or any other relevant authorities;

AND FURTHER THAT the Board be and is hereby authorised to do all such acts and things and to take all such steps as it deems fit, necessary, expedient and/or appropriate in order to complete and give full effect to the purchase by the Company of its own shares with full powers to assent to any condition, modification, variation and/or amendment as may be required or imposed by the relevant authorities."

11. To transact any other business of which due notice shall have been given in accordance with the Company's Constitution and/or the Companies Act, 2016.

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND PAYMENT AND DIVIDEND ENTITLEMENT DATE

NOTICE IS HEREBY GIVEN THAT a first and final single-tier dividend of 1.5 sen per share in respect of the financial year ended 31 December 2020 ("Dividend"), if approved by shareholders at the Sixty-Second Annual General Meeting of the Company, will be paid to shareholders on 30 July 2021. The entitlement date for the Dividend shall be 19 July 2021.

Shareholders will be entitled to the Dividend only in respect of:

(a) shares transferred into their Securities Account before 4.30 p.m. on 19 July 2021, for transfers; and

(b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board

TAN BEE KENG
SSM PC No. 201908002597
MAICSA 0856474
Company Secretary

Petaling Jaya
Selangor Darul Ehsan
Malaysia
28 April 2021

Notes:

(A) GENERAL MEETING RECORD OF DEPOSITORS

Only a depositor whose name appears on the General Meeting Record of Depositors as at 17 June 2021 shall be entitled to participate at the Sixty-Second AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(B) MODE OF MEETING AND PROXY

(i) The venue of the Sixty-Second AGM of the Company is strictly a Broadcast Venue as the conduct of the Sixty-Second AGM of the Company will be fully virtual and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Members will not be allowed to attend the Sixty-Second AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively,"participate") remotely at the Sixty-Second AGM of the Company via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor" or "TIIH") through its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Sixty-Second AGM.

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

(B) MODE OF MEETING AND PROXY (CONT'D)

(ii) A member of the Company entitled to participate at the Sixty-Second AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

(iii) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Sixty-Second AGM of the Company. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

(iv) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney duly authorised in writing or by 2 officers, 1 of whom shall be a director, on behalf of the corporation. Any alteration to the instrument appointing a proxy must be initialled.

(v) A member who has appointed a proxy or attorney or authorised representative to attend, speak and vote at the Sixty-Second AGM of the Company via RPV facilities must request his/her proxy to register himself/herself for RPV facilities at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Sixty-Second AGM.

(vi) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by the Company's Share Registrar, Tricor, not less than 48 hours before the time appointed for holding the Sixty-Second AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(vii) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

(viii) In the case of appointment by electronic form, the Proxy Form must be electronically lodged with the Company's Share Registrar, Tricor via TIIH Online at https://tiih.online. Please refer to the Administrative Details for the Sixty-Second AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

(C) AUDITED FINANCIAL STATEMENTS

This agenda item is meant for discussion only as under the provision of Section 340(1) of the Companies Act, 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

(D) POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), all the resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

(E) PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Sixty-Second AGM of the Company and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the Sixty-Second AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Sixty-Second AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");

(ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and

(iii) agrees that the member will indemnify the Company in respect of any penalty, claim, demand, loss and damage as a result of the member's breach of warranty.

(F) EXPLANATORY NOTES ON SPECIAL BUSINESS

Resolution 8 - Continuation of office of Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil as Independent Non-Executive Director

Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil, who was appointed as an Independent Non-Executive Director of the Company on 2 January 2007, has served the Company for 14½ years. The Board of Directors ("Board"), after having assessed the independence of Tan Sri Dato' Nik Ibrahim Kamil, recommends that he continues to serve as an Independent Non-Executive Director based on the following reasons:

(i) he fulfils the criteria stated under the definition of "Independent Director" as defined in the Main Market Listing Requirements of Bursa Securities and he is able to provide proper check and balance thus bringing an element of objectivity to the Board;

(ii) he actively participated in Board's and Board Committees' deliberations and decision making in an objective and independent manner; and

(iii) he has devoted sufficient time and attention to his professional obligations for informed and balanced decision making.

NOTICE OF SIXTY-SECOND ANNUAL GENERAL MEETING

(F) EXPLANATORY NOTES ON SPECIAL BUSINESS (CONT'D)

Resolution 9 - Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of Companies Act, 2016

Ordinary Resolution 9 proposed, if passed, will give a mandate to the Board, from the date of the forthcoming Sixty-Second AGM of the Company, to allot and issue ordinary shares of the Company at any time at such issue price which is at a not more than a 10% discount to the 5-day volume weighted average market price of the shares of the Company immediately before the relevant price fixing date, to such Qualified Placee(s) as the Board may in its absolute discretion, consider to be in the interest of the Company and upon such other additional terms and conditions (if any) to be determined by the Board, without having to convene a general meeting provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares in the Company for the time being ("Mandate"). The Mandate from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

The Mandate will provide flexibility to the Company to raise more capital expeditiously and efficiently during this challenging time, to meet its funding requirements including but not limited to working capital, operational expenditures, future investment(s), and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Group, is of the opinion that the Mandate is in the best interests of the Company and its shareholders.

As at the date of this notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last AGM of the Company held on 25 June 2020. Hence, no proceeds were raised.

Resolution 10 - Proposed renewal of authority for the Company to purchase its own shares

Ordinary Resolution 10 proposed, if passed, will renew the authority for the Company to purchase through Bursa Securities such number of ordinary shares in the Company up to an aggregate amount not exceeding 10% of the total number of issued shares in the Company. The renewed authority from the shareholders will be effective immediately upon passing of the Ordinary Resolution and shall continue to be in force until:

(i) the conclusion of the next AGM of the Company; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first.

For further information, please refer to the Share Buy-Back Statement dated 28 April 2021 which is made available together with the Company's Annual Report 2020 at http://ocbb.com.my/62nd-annual-general-meeting/.

ADMINISTRATIVE DETAILS FOR THE SIXTY-SECOND ANNUAL GENERAL MEETING

Date of AGM	:	Thursday, 24 June 2021
Time of AGM	:	10.00 a.m.
Broadcast Venue	:	Conference Room, 2B-5, Level 5, Jalan SS 6/6, Kelana Jaya 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia

MODE OF MEETING

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the Sixty-Second AGM in person at the Broadcast Venue on the day of the meeting.

REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

The RPV facilities are available on Tricor Investor & Issuing House Services Sdn. Bhd.'s ("Tricor") **TIIH Online** website at https://tiih.online.

Shareholders are to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the Sixty-Second AGM using RPV facilities from Tricor.

Kindly refer to Procedures for RPV facilities as set out below for the requirements and procedures.

PROCEDURES FOR RPV FACILITIES

Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the Sixty-Second AGM using the RPV facilities:

	Procedure	Action
BEFORE THE AGM DAY		
(a)	Register as a user with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services", select the "Sign Up" button and followed by "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.
(b)	Submit your request to attend the AGM remotely	• Registration is open from **Wednesday, 28 April 2021** until the day of the Sixty-Second AGM on **Thursday, 24 June 2021**. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the Sixty-Second AGM to ascertain their eligibility to participate at the Sixty-Second AGM using the RPV facilities. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "**(REGISTRATION) OCB 62ND AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an e-mail to notify that your registration for remote participation is received and will be verified. • After verification of your registration against the General Meeting Record of Depositors as at 17 June 2021, the system will send you an e-mail after **22 June 2021** to approve or reject your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV facilities).*

ADMINISTRATIVE DETAILS
FOR THE SIXTY-SECOND ANNUAL GENERAL MEETING

	Procedure	Action
ON THE DAY OF THE AGM		
(c)	Login to TIIH Online	• Login with your user ID and password for remote participation at the Sixty-Second AGM at any time from **9.30 a.m.** i.e. 30 minutes before the commencement of the AGM on **Thursday, 24 June 2021 at 10.00 a.m.**
(d)	Participate through Live Streaming	• Select the corporate event: "**(LIVE STREAM MEETING) OCB 62ND AGM**" to engage in the proceedings of the Sixty-Second AGM remotely. • If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will endeavor to respond to questions submitted by remote participants during the Sixty-Second AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
(e)	Online Remote Voting	• Voting session commences **from 10.00 a.m. on Thursday, 24 June 2021** until a time when the Chairman announces the end of the voting session of the Sixty-Second AGM. • Select the corporate event: "**(REMOTE VOTING) OCB 62ND AGM**" or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
(f)	End of remote participation	• Upon the announcement by the Chairman on the closure of the Sixty-Second AGM, the live streaming will end.

Notes to users of the RPV facilities:

1. Should your registration for RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.
3. In the event you encounter any issues with logging-in, connection to the live streamed meeting or online voting, kindly call Tricor Help Line at +6011-40805616 / +6011-40803168 / +6011-40803169 / +6011-40803170 or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

Only shareholders whose names appear on the Record of Depositors as at 17 June 2021 shall be eligible to participate at the Sixty-Second AGM or appoint a proxy(ies) and/or the Chairman of the meeting to attend and vote on his/her behalf.

In view that the Sixty-Second AGM will be conducted on a virtual basis, a shareholder can appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Proxy Form.

If you wish to participate in the Sixty-Second AGM yourself, please do not submit any Proxy Form for the Sixty-Second AGM. You will not be allowed to participate in the Sixty-Second AGM together with a proxy appointed by you.

Accordingly, Proxy Forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the Sixty-Second AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Tuesday, 22 June 2021 at 10.00 a.m**:

(i) In hard copy:

By hand or post to the office of our Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia;

ADMINISTRATIVE DETAILS
FOR THE SIXTY-SECOND ANNUAL GENERAL MEETING

(ii) By electronic form:

All shareholders can have the option to submit their Proxy Forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
i. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of Proxy Form	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**OCB 62ND AGM - SUBMISSION OF PROXY FORM**". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. • Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(ies) appointment. • Print the Proxy Form for your record.
ii. Steps for corporation or institutional shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects the "Sign Up" button and followed by "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working day(s). • Proceed to activate your account with the temporary password given in the email and re-set your own password. *(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)*
Proceed with submission of Proxy Form	• Login to TIIH Online at https://tiih.online. • Select the corporate event: "**OCB 62ND AGM - SUBMISSION OF PROXY FORM**". • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Login to TIIH Online, select corporate event: "**OCB 62ND AGM - SUBMISSION OF PROXY FORM**". • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

ADMINISTRATIVE DETAILS FOR THE SIXTY-SECOND ANNUAL GENERAL MEETING

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

Shareholders may submit questions for the Board in advance of the Sixty-Second AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically no later than **Tuesday, 22 June 2021 at 10.00 a.m.**. The Board will endeavor to answer the questions received at the AGM.

NO DOOR GIFT/FOOD VOUCHER

There will be no distribution of door gifts or food vouchers for the Sixty-Second AGM since the meeting is being conducted on a fully virtual basis.

OCB Berhad would like to thank all its shareholders for their kind co-operation and understanding in these challenging times.

ENQUIRY

If you have any enquiries on the above, please contact our Share Registrar, Tricor at +603-2783 9299 during office hours on Mondays to Fridays from 8.30 a.m. to 5.30 p.m. (except on public holidays).

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OCB BERHAD

[Registration No. 195901000114 (3465-H)]

PROXY FORM

I/We .... (NRIC/Company No. ....)
(Full Name in Block Letters)

of ....
(Address)

and telephone no./email address ……………………………………………being a member/members of OCB Berhad ("the Company"), hereby appoint:

Full Name (In Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

and

Full Name (In Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholdings

or failing him/her, THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Sixty-Second Annual General Meeting ("AGM") of the Company to be conducted fully virtual and live-streamed from the broadcast venue at the Conference Room, 2B-5, Level 5, Jalan SS 6/6, Kelana Jaya, 47301 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Thursday, 24 June 2021 at 10.00 a.m. and at any adjournment thereof. *I/We indicate with an "X" in the spaces below how *I/we wish *my/our vote to be cast.

Resolution	Ordinary Business	For	Against
1	To declare a first and final single-tier dividend of 1.5 sen per share in respect of the financial year ended 31 December 2020		
2	To re-elect Fong Heng Leong as Director		
3	To re-elect Wong Choon Shein as Director		
4	To re-elect Agnes Maria Sam A/P John Sam as Director		
5	To approve the payment of Directors' fees amounting to RM392,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ended 31 December 2020		
6	To approve the payment of benefits of up to RM150,000 to the Non-Executive Directors of the Company and its subsidiaries for the financial year ending 31 December 2021		
7	To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company to hold office until the conclusion of the next AGM of the Company and to authorise the Directors to fix the remuneration of the Auditors		
	Special Business		
8	Continuation of office of Tan Sri Dato' Nik Ibrahim Kamil Bin Tan Sri Dato' Nik Ahmad Kamil as an Independent Non-Executive Director		
9	Proposed authority to Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
10	Proposed renewal of authority for the Company to purchase its own shares		

Subject to the abovestated voting instructions, *my/our proxy may vote or abstain from voting on the resolutions as *he/she/they may think fit.

If appointment of proxy is under hand: _________________________ Signed by *individual member/officer or attorney of *member/authorised nominee of .... (beneficial owner)	No. of shares held: .... Securities Account No.: .... *(CDS Account No.) (Compulsory)* Date: ....
If appointment of proxy is under seal: The Common Seal of .... was hereto affixed in accordance with its Constitution in the presence of: _____________ ________________ Director Director/Secretary In its capacity as *member/attorney of *member/authorised nominee of ....(beneficial owner)	No. of shares held: .... Securities Account No.: .... *(CDS Account No.) (Compulsory)* Date: ....

Signed this ……….….. day of ………………..…....….., 2021.

* *Strike out whichever is not desired.*
[Unless otherwise instructed, the proxy may vote as he/she thinks fit.]

Notes:

(i) Only a depositor whose name appears on the General Meeting Record of Depositors as at 17 June 2021 shall be entitled to participate at the Sixty-Second AGM of the Company or appoint proxy(ies) to participate and vote in his/her stead.

(ii) The venue of the Sixty-Second AGM of the Company is strictly a Broadcast Venue as the conduct of the Sixty-Second AGM of the Company will be fully virtual and live-streamed. The Broadcast Venue is also for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

(iii) Members will not be allowed to attend the Sixty-Second AGM of the Company in person at the Broadcast Venue on the day of the Meeting.

(iv) Members are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the Sixty-Second AGM of the Company via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor" or "TIIH") through its TIIH Online website at https://tiih.online. Please follow the Procedures for RPV facilities in the Administrative Details for the Sixty-Second AGM.

(v) A member of the Company entitled to participate at the Sixty-Second AGM of the Company is entitled to appoint not more than 2 proxies of his/her own choice to participate in his/her stead. A proxy may but need not be a member of the Company. Where a member appoints more than 1 proxy, the member shall specify the proportion of his/her shareholding to be represented by each proxy, failing which, the appointment shall be invalid.

Notes: (cont'd)

(vi) Where a member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account to participate at the Sixty-Second AGM of the Company. Where a member of the Company is an Exempt Authorised Nominee ("EAN") which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), such EAN may appoint multiple proxies in respect of each Omnibus Account it holds. In both cases, such appointment shall be invalid unless the Authorised Nominee or EAN specifies the proportion of its shareholdings to be represented by each proxy it has appointed.

(vii) The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorised in writing or if the appointor is a corporation, under its common seal or signed by its attorney duly authorised in writing or by 2 officers, 1 of whom shall be a director, on behalf of the corporation. Any alteration to the instrument appointing a proxy must be initialled.

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(ix) The appointment of a proxy may be made in hard copy form or by electronic form and must be deposited with/received by the Company's Share Registrar, Tricor, not less than 48 hours before the time appointed for holding the Sixty-Second AGM of the Company or any adjournment thereof, and in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, otherwise the person so named shall not be entitled to vote in respect thereof.

(x) In the case of an appointment made in hard copy form, the Proxy Form, together with the power of attorney (if any) under which it is signed or a notarially certified copy of that power or authority, must be deposited with Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

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(xii) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to the vote by way of poll. Independent Scrutineers will be appointed to verify the results of the poll.

(xiii) By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the forthcoming Sixty-Second AGM of the Company and/or any adjournment thereof, the member of the Company accepts and agrees to the Personal Data Privacy terms as set out in the Notice of Sixty-Second AGM of the Company dated 28 April 2021.

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AFFIX
STAMP

The Share Registrar
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.
[Registration No. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia

2nd Fold Here

Fold This Flap For Sealing

OCB BERHAD
[Registration No. 195901000114 (3465-H)]

2B-5, Level 5
Jalan SS 6/6, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Tel No.	:	603-7880 7539
Fax No.	:	603-7880 7536
Website	:	www.ocbb.com.my